

AN INVESTMENT SECURED OVER PRIME CBD REAL ESTATE.

Simplified Disclosure Prospectus

for an offer of fixed rate senior secured bonds.



Arranger, Organising
Participant &
Joint Lead Manager



Joint Lead Managers

DeutscheCRAIGS

FIRST NZ CAPITAL

Co-Manager



This Prospectus is a Simplified Disclosure Prospectus for an offer of bonds that will rank in priority to the ordinary shares of Precinct Properties New Zealand Limited which are listed on the NZX Main Board.

Precinct is subject to a continuous disclosure obligation that requires it to notify certain material information to NZX, a registered exchange under the Securities Markets Act 1988, for the purpose of that information being made available to participants in the NZX Main Board, a market operated by NZX.



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REALISING PRECINCTS



CHAIRMAN'S LETTER

DEAR INVESTOR

On behalf of the Board of directors, I am pleased to offer investors¹ the opportunity to invest in senior secured fixed rate Bonds to be issued by Precinct Properties New Zealand Limited ("Precinct").

Precinct is New Zealand's only specialist listed investor in Premium and A-Grade commercial office property and is a NZX 20 listed company. Precinct owns and operates 17 New Zealand buildings located in the Auckland and Wellington CBDs. These are some of New Zealand's best quality office buildings including PwC Tower and ANZ Centre in Auckland and Vodafone on the Quay and State Insurance Tower in Wellington.

The Board believes a key feature of Precinct is the quality of its underlying rental streams and its strong weighted average lease term ("WALT") of 5.4 years.² 21% of Precinct's gross rental income is generated by Government organisations. In addition to this high quality cashflow, Precinct benefits from a degree of earnings certainty reflecting that around 50%, by income, of its next rent review events are either fixed or indexed to the consumer price index.

Precinct has a track record of delivering operational performance as demonstrated by an average historical occupancy rate since listing in 1997 of 96.5%. Currently the portfolio is close to fully let with occupancy of 98%.

The Bonds offered will be secured by Mortgages over properties owned by Precinct's subsidiaries, which were collectively valued at \$1.73 billion as at 30 June 2014, and will rank equally with our other senior lenders (banking syndicate and USPP Noteholders). Secured against these assets Precinct had total borrowings of \$572 million at 30 June 2014 resulting in a Loan to Value Ratio of 33.1%.

Bondholders will be paid a fixed rate of interest semi annually over the 7 year term of the Bonds, with the rate expected to be announced through NZX on 12 December 2014.

Precinct is seeking to raise \$50 million with the ability to take up to an additional \$25 million of oversubscriptions. The proceeds of the Bond offer (net of issue costs) will be used to repay bank debt. The Board believes this will strengthen Precinct's overall capital structure by diversifying funding sources and extending the average term of its borrowings.

There are a number of risks that may affect your returns and repayment of your investment in the Bonds. An overview of the key risks is contained within this Prospectus which you must read before deciding whether to invest in the Bonds.

I encourage you to seek financial, investment, or other professional advice from a qualified professional adviser and that you take the time to consider this Offer.

On behalf of the Board I look forward to your involvement in this Offer and support of our business.

For more information on the Bonds please visit our website www.precinctbondoffer.co.nz.

Craig Stobo

CRAIG STOBO

CHAIRMAN, PRECINCT PROPERTIES NEW ZEALAND LIMITED
27 NOVEMBER 2014

1. The Bonds are offered in New Zealand to New Zealand resident investors. This Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand.
2. The property statistics and valuations are based on the Group's portfolio as at 30 June 2014.

PORTFOLIO HIGHLIGHTS

AS AT 30 JUNE 2014

33.1%

LOAN TO VALUE RATIO

60%

WEIGHTING, BY VALUE,
TO AUCKLAND

02

5.4 YEARS

WEIGHTED AVERAGE LEASE TERM
("WALT") YEARS

86%

OF OUR OFFICE TOWERS (BY VALUE)
ARE PREMIUM OR A-GRADE

OVER

300

CLIENTS

98%

OCCUPANCY

21%

OF GROSS RENTAL INCOME IS
GENERATED BY GOVERNMENT
ORGANISATIONS

IMPORTANT INFORMATION

Prospectus

This Prospectus is a Simplified Disclosure Prospectus prepared in accordance with regulation 10 of, and schedule 12 to, the Securities Regulations.

Capitalised terms are defined in the *Glossary* section or within the relevant section of this Prospectus.

All references to dates and times are to New Zealand dates and times.

This Prospectus is prepared as at, and dated, 27 November 2014. A copy of this Prospectus, signed by or on behalf of the directors of Precinct, and having endorsed on it or attached to it the documents required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration under section 42 of the Securities Act. The documents required by section 41 of the Securities Act to be endorsed on or attached to the copy of this Prospectus delivered to the Registrar of Financial Service Providers are:

- a copy of the audited financial statements for the Group for the financial year ended 30 June 2014;
- copies of the Disclosed Information;
- the Bond Trustee's statement as set out in the *Trustee's Statement* section on page 32;
- any relevant authorities where an agent has signed the Prospectus on behalf of a director of Precinct; and
- the consents of the Valuers referred to under the heading *Details of the Valuers* on page 33 as experts to the statements of property valuations appearing in this Prospectus.

Continuous disclosure

Precinct is subject to a continuous disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants on the NZX Main Board operated by NZX under the Securities Markets Act and the Listing Rules. Copies of that information are provided on Precinct's page on NZX's website (www.nzx.com/companies/PCT).

Selling restrictions

This Prospectus only constitutes an offer of Bonds in New Zealand. Precinct has not and will not take any action which would permit a public offering of Bonds, or possession or distribution of any offering material in respect of the Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Bonds may only be offered for sale or sold in a jurisdiction other than New Zealand with the written consent of Precinct and in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

Any information memorandum, prospectus, circular, advertisement or other offering material in respect of the Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

By subscribing for Bonds, each investor agrees to indemnify Precinct, the Bond Trustee, the Security Trustee, the Arranger, the Organising Participant, the Joint Lead Managers and the Co-Manager and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions described above.

This Prospectus does not constitute a recommendation by the Bond Trustee, Security Trustee, Arranger, Organising Participant, Joint Lead Managers or the Co-Manager or any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any Bonds.

The Bond Trustee, Security Trustee, Arranger, Organising Participant, Joint Lead Managers, and the Co-Manager, their directors, officers, employees, agents or advisers to the extent allowable by law:

- do not accept any responsibility or liability whatsoever for any loss arising from this Prospectus or its contents or otherwise arising in connection with the Offer; and
- have not independently verified the information contained in this Prospectus and make no representation or warranty, express or implied, and do not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Prospectus.

Each recipient of this Prospectus must make his, her, or its own independent investigation and assessment of the financial condition and affairs of Precinct before deciding whether or not to apply for Bonds.

NZX waivers

NZX Listing Rule 5.2.3 requires a class of securities quoted on the NZDX to be held by at least 500 members of the public holding at least 25% of the securities issued or NZX to be otherwise satisfied that the Issuer will maintain a spread of security holders that is sufficient to ensure that there is a liquid market in the class of securities. It is possible that these minimum spread requirements may not be satisfied on the date the Bonds are quoted on the NZDX. NZX has provided a temporary waiver in favour of the Issuer to Listing Rule 5.2.3 for a period of one year from the quotation date for the Bonds.

NZX Listing Rule 11.1.1 provides that no restriction may be imposed on the ability of a security holder to transfer their securities (subject to registration of a properly completed transfer). NZX has provided a waiver of Listing rule 11.1.1 to enable the Issuer to decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.

Consideration period

Pursuant to section 43D of the Securities Act, the Issuer is unable to allot any Bonds or accept any applications or subscriptions for Bonds during the Financial Markets Authority consideration period. The consideration period commences on the date this Prospectus is registered and ends at the close of five working days after the date of registration. On the basis of the timeframe set out under the heading *Important Dates* on page 4, the consideration period will commence on 28 November 2014 and will cease at the close of 5 December 2014. The Financial Markets Authority may extend the consideration period by no more than five additional working days.

Forward looking statements

This Prospectus contains certain statements which relate to the future. Such statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Precinct and which may cause actual results, performance or achievements of Precinct to differ materially from those expressed or implied by such statements.

IMPORTANT DATES

OPENING DATE
8 DECEMBER 2014

CLOSING DATE
12 DECEMBER 2014

RATE SET DATE
12 DECEMBER
2014

ISSUE DATE
17 DECEMBER 2014

**EXPECTED DATE OF
QUOTATION ON THE
NZX DEBT MARKET**
18 DECEMBER 2014

**FIRST INTEREST
PAYMENT DATE**
17 JUNE 2015

**INTEREST
PAYMENT DATES**
17 JUNE AND
17 DECEMBER IN
EACH YEAR

MATURITY DATE
17 DECEMBER 2021

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These dates are indicative only and are subject to change. Precinct has the right in its absolute discretion and without notice to open or close the Offer early, to accept late applications, and to extend the Closing Date. If the Closing Date is extended, subsequent dates (including the Issue Date, the Interest Payment Dates and the Maturity Date) will be extended accordingly. Any such change will not affect the validity of any applications received before or after that point.

Precinct reserves the right to cancel the Offer and the issue of Bonds in which case all Application Monies received will be refunded (without interest) as soon as practicable.

KEY TERMS OF THE BONDS

The following is a summary of the main terms of the Offer and the Bonds. Investors should also refer to the more detailed information in the other sections of this Prospectus, including the *Statutory Information* section on pages 33 to 46.

Issuer	Precinct Properties New Zealand Limited. A description of Precinct is set out in the <i>Our business</i> section on pages 14 to 17.
Guarantors	As at the date of this Prospectus, the Guarantors are Precinct Holdings, Precinct Downtown and Precinct Wynyard. The Guarantors may change from time to time. A more detailed description of the Guarantors is set out in the <i>Statutory Information</i> section under the heading <i>Guarantors</i> on page 38.
Status of Bonds	The Bonds are senior secured fixed rate debt obligations of Precinct. The Bonds will rank equally among themselves. The Bonds will be secured by Mortgages and will rank equally with certain other senior obligations of Precinct also secured by the Mortgages. The Bonds are expected to be quoted on the NZX Debt Market. ³
Offer amount	Up to \$50 million (plus up to \$25 million oversubscriptions).
Maturity Date	17 December 2021.
Interest Rate	The Bonds will pay a fixed rate of interest from the Issue Date until the Maturity Date. The Interest Rate will be set and announced through NZX on the Rate Set Date and will also be available on www.precinctbondoffer.co.nz .
Interest payments	Interest will be paid semi-annually in arrear in equal amounts on each Interest Payment Date (17 June and 17 December of each year).
First interest payment	The first interest payment will be made on 17 June 2015.
Security	The Bonds are secured by Mortgages over certain properties owned by the Precinct Group Companies. The Mortgages will be held by the Security Trustee on behalf of Bondholders, the Bank Facility Agent, the Bank Facility Lenders, the Hedging Provider, the USPP Noteholders and any future Beneficiaries under the Security Trust Deed. Further detail on the security arrangements is set out in the <i>Security for the Bonds</i> section from page 8.
Loan to Value Ratio	Precinct must ensure the Loan to Value Ratio is less than 50% at all times. Further detail on how this is calculated is set out in the <i>Glossary</i> on page 47.

3. Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Prospectus. The NZX Debt Market is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Market Act.


Other indebtedness

The Bonds will be senior secured obligations of the Precinct Group Companies. They will rank equally with certain other obligations which are secured by the Mortgages but behind creditors preferred by law.

If the proceeds from the Mortgaged Properties are insufficient to repay Bondholders in full, Bondholders will be unsecured for the shortfall and will rank equally with all other unsecured creditors of the Precinct Group Companies (other than those preferred by law).

As at 30 June 2014, the Precinct Group Companies had senior secured liabilities of \$578.8 million. The Precinct Group Companies may, without the consent of Bondholders incur further senior secured liabilities from time to time which will rank equally with the Bonds or may be secured over other assets of the Precinct Group Companies which the Bondholders do not have security over.

Illustration of ranking of Bonds on the liquidation or winding up of Precinct

Ranking		Illustrative examples	As at 30 June 2014 ⁴
Higher  Lower	Creditors preferred by law	Liabilities preferred by law (including IRD for unpaid tax)	\$3.4 million
	Senior secured obligations	Bank facilities, accrued interest, USPP Notes, senior bonds including the Bonds ⁵	\$578.8 million ⁶
	Unsecured debt	Trade and general creditors	\$10.2 million
	Ordinary shares	Shares	\$876.2 million ⁷

4. This diagram is set out solely for the purpose of illustrating the ranking of creditors upon liquidation of Precinct. This data will change over time.

5. To the extent of the proceeds of the Mortgaged Properties only. Any shortfall will be unsecured debt.

6. This does not include the Principal Amount of the Bonds to be issued under this Prospectus or the USPP Notes to be issued in January 2015, the proceeds of which will be applied in repayment of bank facilities.

7. Shareholders' equity. The NZX Main Board market value of the Shares in Precinct as at 20 November 2014 was \$1,187 million, based on a market price of \$1.12 per Share and 1,059.7 million Shares.

Credit rating	Precinct and the Bonds are unrated
Risks	<p>Investment in the Bonds is subject to risks. The principal risks for you, as a Bondholder, are:</p> <ul style="list-style-type: none"> • you may not be able to sell your Bonds or, if you can sell them, the price you get may be less than the amount you have paid; • the Bank Facility Lenders or USPP Noteholders may take enforcement action under the Mortgages and the amount recoverable under the Mortgages may be less than the Principal Amount and/or interest due on the Bonds; and • Precinct may become insolvent and be unable to pay the Principal Amount and/or interest due on the Bonds. The circumstances that may give rise to insolvency risk include: <ul style="list-style-type: none"> • Financial risk – Precinct has insufficient funds to meet its operational expenses, capital commitments or to refinance its debt when it falls due or there is a change in interest rate market conditions causing interest rates to rise to a level where Precinct cannot meet its interest obligations; • Insurance risk – Precinct cannot continue to obtain insurance cover or, following an insured event, the cover in place is not sufficient to repay all creditors (including Bondholders). One off catastrophic events (such as earthquakes and volcanic eruptions) in Auckland or Wellington could cause significant damage to the Group's property portfolio and could result in significant business interruption; • Market risks – there are adverse changes in the New Zealand economic environment, regulatory environment, local property market (such as fluctuations in supply and demand for CBD office assets) or the broader investment market which may impact on the value of the Group's assets and the amount of income those properties generate as well as the Group's ability to acquire, manage or develop assets; • Direct property risks – rental income and/or the market value of the Group's property portfolio is materially reduced. Reasons for this could include unforeseen capital expenditure or material repairs and maintenance costs that are not recoverable from clients, changing in leasing terms, the financial condition of the Group's major clients and obsolescence risk; and • Development risks – the cost, value and/or income levels at the completion of a property development project are adversely impacted. Factors leading to this could include project delays and holding costs, a change in the assumed rental levels and occupancy levels and a change in the investment market conditions. <p>The risks in connection with the Bonds are discussed in detail in the <i>Risks</i> section beginning on page 27.</p>
Use of proceeds	Precinct intends to use the proceeds (net of issue costs) from the Bonds to repay bank debt.
Taxation	A description of the applicable New Zealand taxes is set out in the <i>Statutory Information</i> section under the heading <i>Taxation of returns</i> on pages 37 to 38.
Governing law	New Zealand.

SECURITY FOR THE BONDS

The following is a summary of the security provided in relation to the Bonds.

Security	<p>The Bonds are secured by Mortgages granted by the Precinct Group Companies over the Mortgaged Properties in favour of the Security Trustee.</p> <p>The Mortgages will be held by the Security Trustee for the benefit of the Beneficiaries in equal proportions based on the outstanding indebtedness owing to them, and can be enforced by the Security Trustee in accordance with the Security Trust Deed.</p>
Security Value	The value of the Mortgaged Properties as at 30 June 2014 was \$1.73 billion.
Beneficiaries	As at the date of this Prospectus, the Beneficiaries are the Security Trustee, the Bank Facility Agent, the Bank Facility Lenders and the Hedging Provider. The Bond Trustee and the Bondholders will become Beneficiaries once the Bonds are issued. The USPP Noteholders will become Beneficiaries when the USPP Notes are issued in January 2015.
Majority Beneficiaries	<p>The Majority Beneficiaries can instruct the Security Trustee to give certain waivers and to amend certain provisions of the Security Trust Deed and also give instructions in relation to enforcement (as further described below). Precinct expects the Bank Facility Lenders will make up the Majority Beneficiaries so instructions from the Bondholders are likely not to be required.</p> <p>To the extent that the Bond Trustee is entitled to give instructions to the Security Trustee, given the limited time periods to provide instructions, the Bond Trustee is unlikely to have time to obtain instructions from the Bondholders in most instances.</p>
Loan to Value Ratio	Precinct must ensure that while the Bonds are outstanding the amount of indebtedness secured by the Mortgages (other than in respect of Ancillary Transactions, other than Ancillary Transactions entered into to hedge the foreign currency risk of foreign currency borrowings, the value of which shall be added to or subtracted from the foreign currency borrowing amount) does not exceed 50% of the Mortgaged Property Value.
New Mortgages	The Precinct Group Companies may from time to time designate properties owned by them as Mortgaged Properties by granting a mortgage to the Security Trustee. Precinct will give notice to the Bond Trustee of the granting of a Mortgage and shall provide the Bond Trustee with a valuation of that property dated not more than three months prior to the date of the Mortgage.
Discharges of Mortgages	<p>Precinct can request the Security Trustee to discharge Mortgages provided that the Loan to Value Ratio will be less than 50% after the discharge. The consent of Bondholders and the Bond Trustee is not required.</p> <p>Any sale of a Mortgaged Property may impact on the Loan to Value Ratio. The value of the Mortgaged Properties will decrease and the amount of the debt secured may vary depending on whether the sale proceeds have been applied in repayment of debt.</p> <p>Bondholders will not have security over any properties owned by the Precinct Group Companies which are not subject to a Mortgage. As at the date of this Prospectus there are no properties owned by the Precinct Group Companies which are not subject to a Mortgage.</p>

Guarantee

As at the date of this Prospectus, the Guarantors are Precinct Holdings, Precinct Downtown and Precinct Wynyard. The Guarantors may change from time to time.

A Guarantor may resign from being a guarantor without the Bond Trustee's consent if it has ceased to be a guarantor under the Bank Facility. A company which ceases to be a Guarantor will no longer be bound by the covenants in the Bond Trust Documents.

A Guarantor may be released as a guarantor under the Bank Facility if:

- no event of default nor any potential event of default under the Bank Facility has occurred and is continuing, or will be continuing immediately after the relevant release and the financial covenants under the Bank Facility (including the Loan to Value Ratio covenant) are being complied with at the time of, and will continue to be complied with immediately after, the release of such Guarantor; or
- the Bank Facility Agent, acting on the instructions of the Bank Facility Lenders, has provided its prior written consent to such release.

For example, if Precinct Downtown requires funding to complete the re-development of the Downtown Shopping Centre and determines to obtain this funding from a source other than the Bank Facility, it may request the Bank Facility Lenders to release Precinct Downtown as a guarantor under the Bank Facility and request the Security Trustee to discharge the mortgage over the Downtown Shopping Centre. In this event, Precinct Downtown will also cease to be a Guarantor under the Bond Trust Documents. Precinct Downtown will be entitled to grant security over the Downtown Shopping Centre to other parties and that property will not be a security for the Bonds.

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Enforcement

Enforcement of the Mortgages may occur after the occurrence of an event of default under the Bond Trust Documents, the Bank Facility, the USPP Notes or any other Beneficiary's financing documents.

If any Event of Default under the Bond Trust Documents occurs (as described in the *Statutory Information* section on pages 33 to 46), the Bond Trustee may in its discretion, and must immediately after being directed to do so by an Extraordinary Resolution of the Bondholders, declare the Principal Amount of the Bonds together with interest and any other amounts payable in respect of the Bonds to be immediately due and payable by notice in writing to Precinct.

If a Beneficiary is entitled to instruct the Security Trustee to enforce the security following an event of default under the relevant documents, all Beneficiaries are required to consult with each other for a period of fifteen Business Days with a view to agreeing what (if any) enforcement action is appropriate. Given this limited time period, the Bond Trustee is unlikely to have time to obtain instructions from the Bondholders on the enforcement process.

If the Beneficiaries are unable to reach agreement, the Security Trustee may be directed to enforce its security rights by the Majority Beneficiaries, the Bond Trustee, the USPP Noteholders or the Bank Facility Agent. The Bond Trustee (other than as part of the Majority Beneficiaries) is only entitled to give directions to the Security Trustee if the Event of Default is a Major Bond Default Event. If conflicting instructions are given by the Beneficiaries entitled to give instructions, the Security Trustee must act on the instructions of the Majority Beneficiaries. The Bond Trustee (and Bondholders) will be bound by any such instructions given by the Majority Beneficiaries. Precinct expects the Bank Facility Lenders will make up the Majority Beneficiaries so Bondholder consent will not be required to enforce the Mortgages.

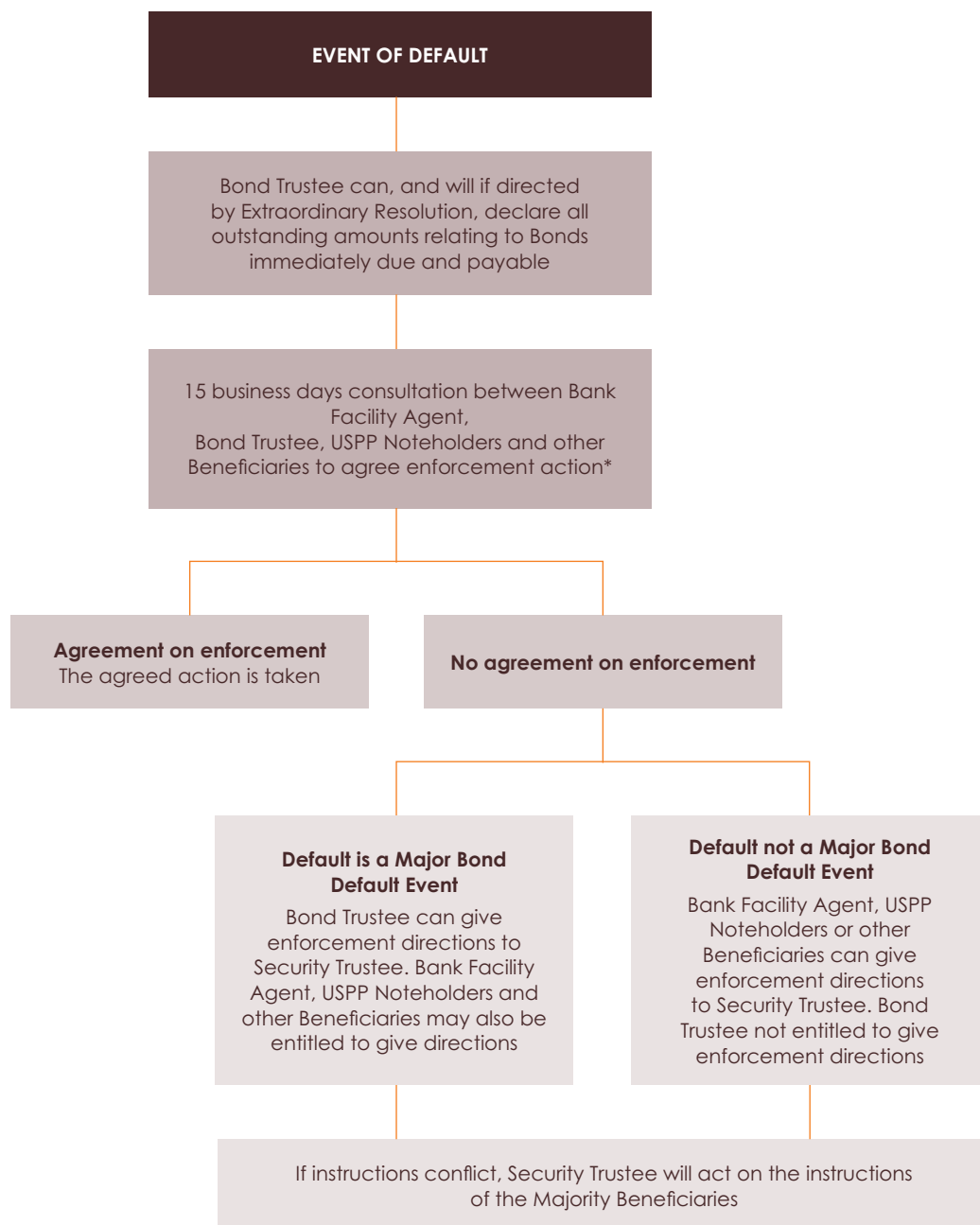
No Bondholder can enforce the security directly against Precinct unless the Bond Trustee fails to do so having become bound to do so under the Bond Trust Documents.

A diagram setting out the enforcement process following an Event of Default is set out below in the *Enforcement of Security* section on page 11.

Sharing of security proceeds	In the event of enforcement, the proceeds of the sale of the Mortgaged Properties will, after payment of any costs, expenses and remuneration payable to the Security Trustee or any receiver, be distributed among the Beneficiaries (including the Bond Trustee on behalf of the Bondholders) on an equal ranking basis in proportion to the respective outstanding indebtedness owing to them.
Permitted Security	<p>Precinct Group Companies may grant security over their assets:</p> <ul style="list-style-type: none"> • which does not secure indebtedness exceeding in aggregate 15% of the Group's total tangible assets and no Event of Default has occurred or will occur as a result of granting the security; or • if the security arises by statute; or • in favour of the Security Trustee; or • with the consent of the Bank Facility Lenders and the USPP Noteholders. <p>The consent of Bondholders is not required in those circumstances.</p> <p>This security may rank behind the Mortgages or may be over assets which Bondholders do not have security over.</p> <p>These covenants do not apply to any member of the Group which is not Precinct or a Guarantor.</p>
Role of the Security Trustee	<p>The Security Trustee is appointed in a representative capacity on behalf of the Beneficiaries. The Security Trustee has very limited discretions under the Security Trust Deed and will act primarily on the instructions of the Majority Beneficiaries, as set out in the Security Trust Deed. Bondholders have no rights to directly instruct the Security Trustee to act or not act under the Security Trust Deed or the Mortgages.</p> <p>The Security Trustee has only the duties and obligations which are expressly specified in the Security Trust Deed. Those duties and obligations are solely of a mechanical and administrative nature and the Security Trustee does not have any duty, obligation or responsibility to, or relationship of trust or agency with any Precinct Group Company.</p> <p>The liability of the Security Trustee under the Security Trust Deed and each Mortgage is limited to amounts it is able to recover from the Mortgaged Properties. It has no personal liability to any Beneficiary other than in circumstances where the Security Trustee has acted fraudulently, grossly negligently or in wilful misconduct.</p>
Security Trustee	The Security Trustee will be Public Trust.
Indemnity	If the Security Trustee incurs any liability or loss in the course of carrying out its duties, each Beneficiary will be required to indemnify the Security Trustee in respect of such liability or loss in proportion to the amount owing to it except to the extent that the liability or loss arises directly from the Security Trustee's fraud, gross negligence or wilful misconduct. The Bond Trustee represents the Bondholders for such purposes and, accordingly, the Bond Trustee may be liable to indemnify the Security Trustee for its proportionate share of any liability or loss amount. Each Bondholder separately indemnifies the Bond Trustee (under the terms of the Bond Trust Documents) for any amounts that it is required to pay to the Security Trustee.
Waivers and amendments	The Majority Beneficiaries can instruct the Security Trustee to give certain waivers and to amend certain provisions of the Security Trust Deed. Notice of any amendment or waiver must be given to the Bond Trustee but its consent is not required, unless any proposed amendment or waiver would have a material adverse effect on Bondholders when compared with the effect it has on the other Beneficiaries.
Leases	The Precinct Group Companies may enter into leases of the Mortgaged Properties without the consent of the Bond Trustee, the Security Trustee or Bondholders.

ENFORCEMENT OF SECURITY

Below is a summary of the process for enforcement of the Mortgages if an Event of Default occurs. A more detailed description of the enforcement process is set out in the *Security for the Bonds* section under the heading *Enforcement* on page 9.



* The Bond Trustee is unlikely to have time to consult with Bondholders during this period

TERMS OF THE OFFER

The following is a summary of the main terms of the Offer. Investors should also refer to the more detailed information in the other sections in this Prospectus, including the *Statutory Information* section on pages 33 to 46.

Offer	Precinct is offering for subscription up to \$50 million (plus oversubscriptions of up to \$25 million) in Principal Amount of Bonds.
Issue Price	\$1.00 per Bond.
Minimum application and holding	<p>The minimum application amount in respect of the Bonds is \$5,000 with multiples of \$1,000 thereafter.</p> <p>The minimum holding of Bonds is an aggregate Principal Amount of \$5,000 of Bonds.</p>
Minimum transfer	Precinct may refuse to accept or register a transfer if the Principal Amount being transferred is not a multiple of \$1,000 and/or if such transfer would result in the transferor or transferee holding Bonds with an aggregate Principal Amount of less than \$5,000 of Bonds (other than zero).
Who may apply	<p>The Bonds are offered in New Zealand to investors who are New Zealand residents.</p> <p>All of the Bonds, including oversubscriptions, are reserved for subscription by clients of the Joint Lead Managers, Co-Manager, institutional investors and other persons invited to participate in the distribution of the Bonds.</p> <p>There will be no public pool for the Bonds.</p> <p>Retail investors should contact any Primary Market Participant for details as to how they may acquire the Bonds. You can find a Primary Market Participant by visiting www.nzx.com/investing/find_a_participant.</p> <p>Precinct reserves the right to refuse all or any part of any application for Bonds without giving a reason.</p>
How to apply	Full application instructions are set out in the <i>Statutory Information</i> section under the heading <i>Applications</i> on page 35, in the <i>How to Apply</i> section on page 51 and in the Application Form attached to this Prospectus.
No underwriting	The Offer is not underwritten.
Brokerage	Applicants are not required to pay brokerage or any charges to Precinct in relation to the Offer.
Sale and transfer	Applicants should not attempt to sell any Bonds until they know whether, and how many, Bonds have been issued to them. None of Precinct, the Joint Lead Managers, the Co-Manager, the Registrar, or any other person accepts any liability should any applicant attempt to sell or otherwise deal with the Bonds before the applicant receives his, her or its holding statement.

Quotation on the NZX Debt Market	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Prospectus. The NZX Debt Market is a registered market operated by NZX (which is a registered exchange), regulated under the Securities Markets Act.
NZX Debt Market ticker code	NZX Debt Market ticker code PCT010 has been reserved for the Bonds.
Arranger and Organising Participant	ANZ Bank New Zealand Limited.
Joint Lead Managers	ANZ Bank New Zealand Limited, Deutsche Craigs Limited and First NZ Capital Securities Limited.
Co-Manager	Macquarie Capital (New Zealand) Limited.
Registrar and paying agent	Computershare Investor Services Limited.
Bond Trustee	The New Zealand Guardian Trust Company Limited.

OUR BUSINESS

OVERVIEW

Precinct is New Zealand's only specialist listed investor in Premium and A-Grade commercial office property. Listed on the New Zealand stock exchange since 1997, Precinct is a NZX 20 company, with around 7,800 New Zealand shareholders who together own approximately 75% of Precinct (but do not guarantee the Bonds).

Precinct owns and operates 17 New Zealand buildings located in Auckland and Wellington collectively valued at \$1.73 billion.⁸ The Board believes that these buildings are some of New Zealand's best known and highly regarded office buildings including PwC Tower and ANZ Centre in Auckland and Vodafone on the Quay and State Insurance Tower in Wellington.

The Board is pleased with Precinct's high levels of occupancy and the relationships it has developed with its clients, many of which are leading New Zealand and international organisations. Major Government occupiers include The Treasury, Department of Corrections, Ministry for Primary Industries and New Zealand Qualifications Authority. Major corporate occupiers include ANZ Bank, PwC, AMP, Deloitte, IAG, Aon, Chapman Tripp, Russell McVeagh, Buddle Findlay and Bell Gully.⁹

OUR APPROACH

The Board believes that its solutions provide businesses with the space to thrive, a place to be proud of and a place to call home. Precinct's business is based on forging partnerships, fostering relationships and providing outstanding service.

The Board understands that while the quality and location of Precinct's buildings remains crucial, success can only be sustained by a continued focus on clients' needs. Precinct's 36-strong in-house team provides specialist support across all building management requirements.

Precinct also believes in creating environments and precincts that add to the life of the cities we operate in. The Board believes that this should enable its clients to benefit from a sense of community and a high level of amenity while enabling Precinct to enjoy high retention and occupancy.

OUR GOVERNANCE AND STRUCTURE

The Board comprises a majority of independent directors who, together with the wider Board, set and review Precinct's strategy on an annual basis.

The Board is committed to providing a level of corporate governance and direction consistent with market best practice. 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 is externally managed by AMP Haumi Management Limited. The Manager provides management services to Precinct, global property expertise, industry experience and additional resources when required in accordance with the direction of the Precinct Board and under delegations from the Precinct Board. The role of the Manager is set out under a Management Services Agreement (available from Precinct on request) between Precinct and the Manager. The Manager is entitled to appoint two directors to the Precinct Board. However, the majority of directors must be independent of the Manager, and will be elected or appointed by Precinct's shareholders. Precinct's constitution grants any security holder holding more than 15% of Precinct's Shares the right to appoint one director of Precinct.

OUR MARKETS

Auckland

The current Auckland CBD office stock totals 1.35 million sqm of which Precinct regards approximately 440,000 sqm as Prime grade (includes both Premium and A-Grade).

Vacancy in Auckland Prime CBD office buildings has continued to fall since its peak in December 2010. As at June 2014, the overall Auckland Prime CBD office vacancy rate had decreased to 1.4% from 5.8% as at June 2013 and 4.7% as at December 2013.

The leasing up of vacancy in Precinct's Auckland Prime office space has resulted in a decrease in supply and has been a contributing factor to growth in effective rentals.

Wellington

Currently the office stock in Wellington's CBD totals 1.54 million sqm of which Precinct regards 260,000 sqm as A-Grade. Half of this (130,000 sqm) is situated within the core Wellington CBD area.

The Government sector continues to be the largest single occupier with approximately 574,000 sqm (42%) as at June 2014. A-Grade vacancy across Wellington has decreased to 2.5% (from 3.6% as at June 2013) as at June 2014. This drop is mainly due to the decrease in CBD core A-Grade vacancy from 4.2% (June 2013) to 0.6% as at June 2014.

The Wellington occupier market is now improving albeit at a slower rate than Auckland due to a combination of low employment growth and uncertainty around the Government's future accommodation plans.

Wellington occupiers remain focused on the risks from seismic events and the quality of assets, in particular their resilience to seismic events.

8. The property statistics and valuations are based on the Group's portfolio as at 30 June 2014.

9. The party liable to pay the rent under the leases for the corporate occupiers is, in most cases, a special purpose vehicle with limited assets. The occupier has not guaranteed the lease in these cases. Further details are set out in the table in the *Our Portfolio* section under the heading *Our Clients* on page 19.

OUR SEISMIC PERFORMANCE

Since the February 2011 Christchurch earthquake Precinct has completed a number of key seismic work streams related to the seismic resilience of its portfolio:

- by August 2011 initial assessments had been undertaken across the whole portfolio;
- following these initial assessments more detailed assessments were undertaken to better understand seismic performance and building specific vulnerabilities;
- based on the advice received, Precinct developed a seismic strengthening capital expenditure programme based on prioritising most urgent works to be undertaken immediately; and
- in 2014 Precinct completed a number of significant seismic upgrades with a total spend of \$10 million at:
 - SAP Tower, Auckland;
 - The Former Central Police Station, Wellington; and
 - 80 The Terrace, Wellington.

As at 30 June 2014 the portfolio had a weighted (by value) New Build Standard Score¹⁰ of 87%. Precinct has identified further strengthening work to be undertaken in its portfolio. This additional work will be undertaken as occupier needs allow and is expected to cost between \$5 million and \$10 million.

OUR LONG TERM VISION

Precinct believes that to maintain the quality of its portfolio it needs to actively manage its assets. This requires a continuous re-assessment of its portfolio of assets and the markets in which it operates. This approach ensures that Precinct invests in assets which meet market demand in terms of trends in location and configuration of office space.

As a result Precinct has developed a long term vision to improve the quality of the portfolio, create unique and vibrant precincts, further increase its weighting to Auckland and deliver an improved earnings outlook whilst retaining an appropriate risk profile.

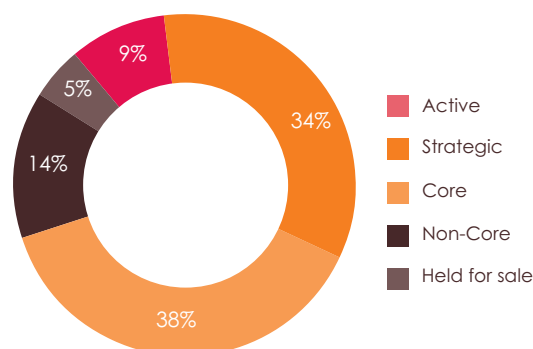
The execution of this vision requires Precinct to undertake development on a number of properties within the portfolio and dispose of a number of properties where the returns

are expected to be relatively lower in the future. Since 2011, Precinct has secured three distinct development opportunities, being the Downtown Shopping Centre and Wynyard Central in Auckland and Bowen Campus in Wellington. The Board expects these opportunities to position Precinct as a property investor capable of being a long term business partner, rather than just a landlord.

In order to help fund these developments Precinct has identified a portfolio of assets that it intends to sell. Precinct has entered into an unconditional agreement to sell SAP Tower in Auckland for \$97 million. Settlement is expected to take place in February 2015. Immediately following the sale, the Loan to Value Ratio is expected to be approximately 30%.¹¹

80 The Terrace in Wellington is currently being marketed for sale. At present no agreement for the sale of this property has been entered into and there is no certainty whether a transaction will proceed. The graph below shows the asset composition of Precinct's current portfolio.

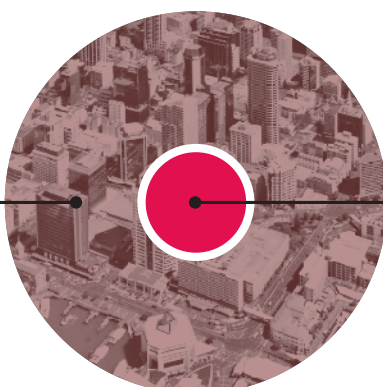
Portfolio asset composition as at 30 June 2014



Importantly, Precinct's long term vision is to remain a specialist investor in CBD offices. By continuing to focus on CBD office space Precinct believes that it will benefit through developing valued relationships, providing world class service levels and owning some of the best office buildings in the country.

In order to execute on the vision, Precinct intends to source the funding required predominantly from the sale of SAP Tower in Auckland and other asset sales. Precinct believes that this approach will help ensure it maintains sufficient financial strength to comply with its obligations to lenders.

1.35 MILLION M²
AUCKLAND CBD OFFICE STOCK



440,000 M²
AUCKLAND'S APPROXIMATE
PRIME CBD OFFICE STOCK

10. A New Build Standard (NBS) Score is essentially the assessed structural standard achieved in the building (taking into account all reasonably available information) compared with requirements for a new building and expressed as a percentage.

11. As at 30 June 2014, the Loan to Value Ratio was 33.1%.

FINANCIAL INFORMATION

Key financial information

The selected financial information¹² set out below contains financial data for the Group over the financial years ending 30 June 2010 to 30 June 2014.

Key financial information

(\$ millions unless otherwise stated)	Year ended 30 June 2014	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2010
Rental Revenue	\$165.4	\$147.7	\$127.3	\$137.0	\$137.9
Operating profit before indirect expenses	\$118.3	\$104.0	\$90.9	\$101.1	\$100.6
Net Profit/(loss) after taxation	\$117.2	\$157.5	\$45.1	\$10.4	(\$43.0)
Total assets	\$1,747.5	\$1,658.5	\$1,350.4	\$1,283.9	\$1,299.3
Total liabilities	\$640.7	\$674.7	\$473.2	\$401.5	\$366.7
Total equity	\$1,106.8	\$983.8	\$877.2	\$882.4	\$932.6
Loan to Value Ratio	33.1%	37.3%	27.0%	23.7%	21.3%
Interest coverage ratio (Bank Facility covenant)	3.2 x	3.0 x	3.5 x	4.1 x	4.1 x

Debt finance

The value of the Mortgaged Properties as at 30 June 2014 was \$1.73 billion. Secured against these assets, Precinct had total borrowings as at 30 June 2014 of \$572 million resulting in Loan to Value Ratio of 33.1%. This is well within the Loan to Value Ratio of 50% as required by the Bond Trust Documents.¹³

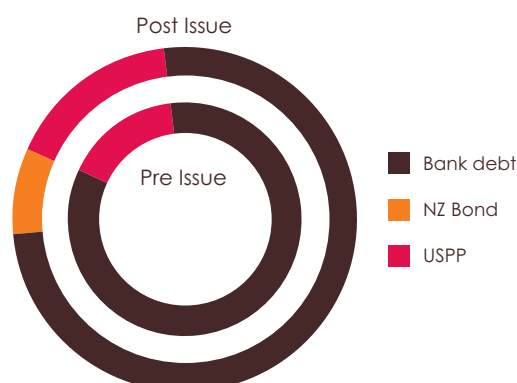
Precinct currently has borrowings from a syndicate of four banks comprising Bank of New Zealand, ANZ Bank New Zealand Limited, Commonwealth Bank of Australia and Bank of Tokyo Mitsubishi UFJ. Limited. It has also agreed to borrow US\$75 million (NZ\$98 million) for 10 and 12 year terms in the US Private Placement (USPP) market. These will be drawn down in January 2015 in 2 tranches – US\$50 million for 10 years and US\$25 million for 12 years. To remove all currency risk, the proceeds have been fully swapped back to New Zealand dollars. The borrowings have a weighted average debt maturity profile as at the date of this Prospectus of 4.4 years.

The proceeds of the offer will be primarily used to repay bank borrowings, reducing these to approximately \$424 million (assuming a \$50 million issue). The weighted average term to expiry of the borrowings (including the Bonds and the USPP Notes) will increase to 4.6 years.

The graphs below show Precinct's debt diversity profile and debt maturity profile after a \$50 million Bond issue (assuming the proceeds of the issue are applied to repayment and cancellation of facilities) and after drawing the USPP Notes.

Following the Bond issue, Precinct will have sufficient capacity to deliver all committed capital projects through its undrawn bank facilities.

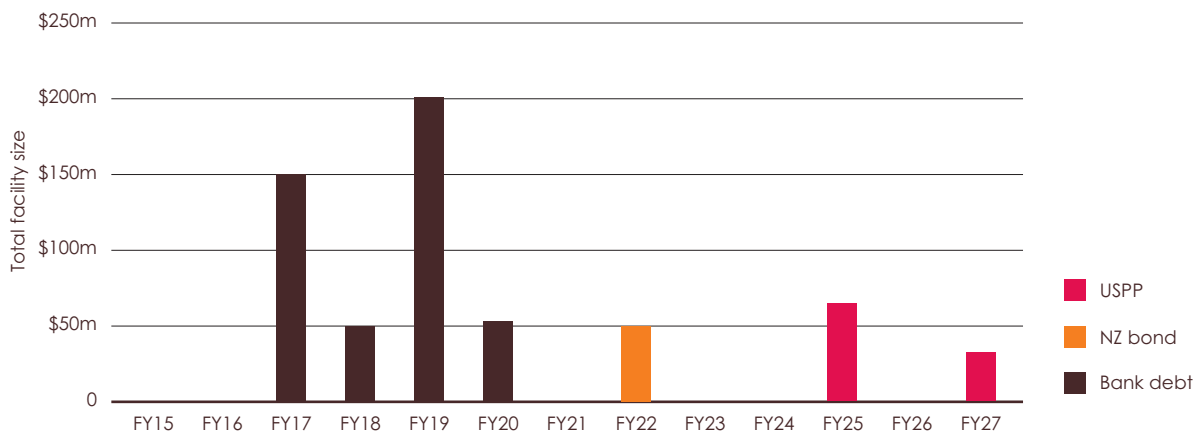
Debt Diversity profile



12. The selected financial information has been extracted from the audited financial statements which have been prepared in accordance with NZ GAAP. The audited financial statements comply with New Zealand Equivalents to International Financial Reporting Standards, as appropriate for profit-oriented entities and with International Financial Reporting Standards. The selected financial information provided cannot be expected to provide as complete an understanding as provided by the full financial statements which are included in the audited financial statements of the Group available at www.precinctbondoffer.co.nz.

13. Any sale of a Mortgaged Property may impact on the Loan to Value Ratio. The value of the Mortgaged Properties will decrease and where the sale proceeds have been applied in repayment of debt, the amount of the debt secured will also decrease. This will usually lead to a reduction in the Loan to Value Ratio although Precinct is not obliged to apply the sale proceeds in repayment of debt (except in certain circumstances).

Debt maturity profile assuming successful \$50 million Bond issue and the drawdown of the USPP Notes



Note: The graph assumes that proceeds from the USPP issue and bond issue are used to repay the July 2019 bank debt facility.

Hedging profile

Precinct's bank borrowings are priced based on short term market interest rates, typically for 90 day periods. As a result, Precinct is subject to interest rate pricing risk. Precinct manages this risk through the use of interest rate swaps, which effectively fix the interest rate on Precinct's debt for the period of the swap.

Of Precinct's drawn debt at 30 June 2014, 67% was effectively fixed for a period of 3.3 years through the use of interest rate swaps. The notional value of Precinct's swaps, including forward swaps, at 30 June 2014 was \$481.5 million.

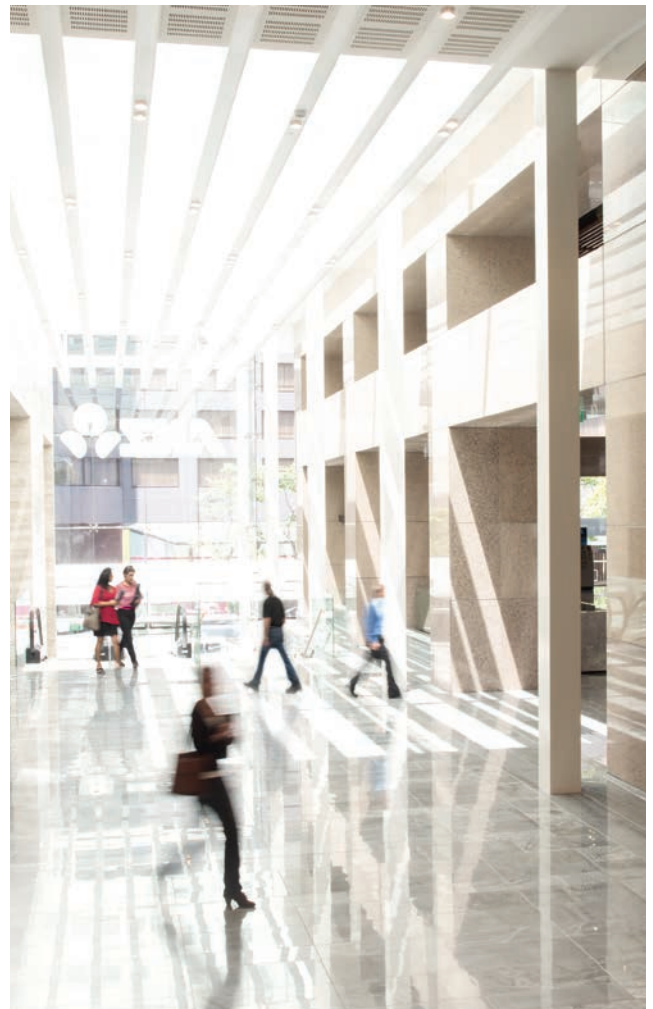
Interest coverage

Precinct is subject to an interest cover covenant under the Bank Facility and the USPP Notes requiring the ratio of earnings before interest and tax of the Group to total interest expense, including capitalised interest and any subordinated debt, to exceed two times.

As at 30 June 2014 Precinct's interest cover ratio was 3.2 times, significantly in excess of the Bank Facility covenant of 2.0 times. Interest cover is not a covenant under the Bond Trust Documents and this covenant can change at any time without the consent of Bondholders.

\$1.7_b

PRECINCT'S PORTFOLIO VALUE



OUR PORTFOLIO

The property statistics and valuations presented within this *Our Portfolio* section are all as at 30 June 2014 (as presented in the Group's audited financial statements for the year ended 30 June 2014).

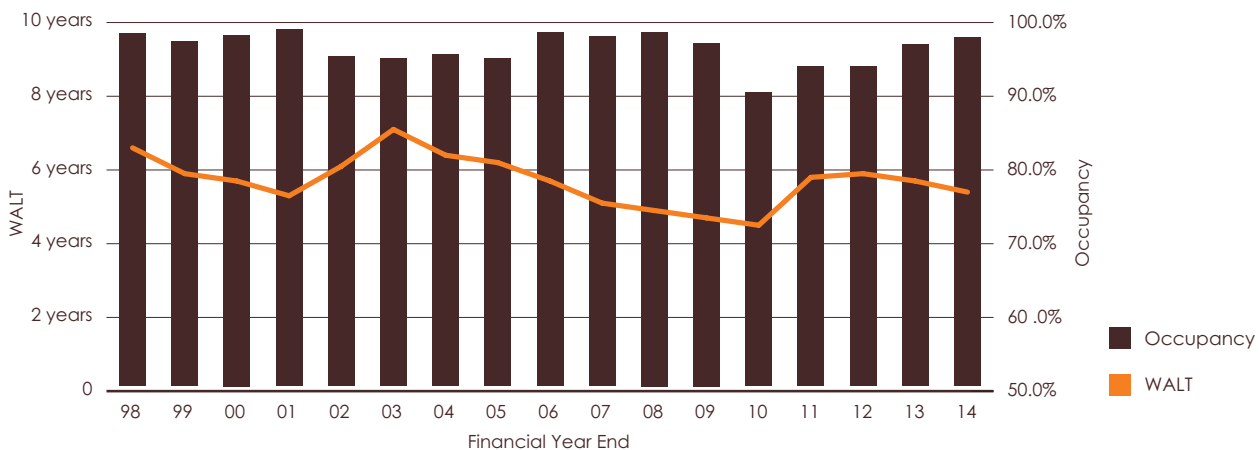
OUR PROPERTIES

Precinct's portfolio was valued at \$1.73 billion as at 30 June 2014 and provides Precinct's clients with some of New Zealand's premier office buildings, strategically located in the Auckland and Wellington CBDs. With 320,000 sqm of net lettable area across 17 buildings, the Board believes that Precinct's portfolio provides quality office accommodation at desirable addresses as well as complementary retail amenity.

The portfolio composition is biased towards Auckland with recent moves over the past 18 months resulting in an increased geographical weighting of approximately 60% to Auckland. The Manager believes that Precinct holds the largest single market share in both of the Auckland and Wellington CBDs and through significant leasing has maintained a high level of occupancy at 96.5% and a 5.4 year weighted average lease term ("WALT") as at 30 June 2014.

The chart below shows Precinct's historical occupancy and WALT. Since 1998 Precinct has achieved an average occupancy of 96.5% and WALT of 5.7 years. Precinct believes that its policy of investing in high quality buildings results in robust cash flows as demonstrated by the high average occupancy and WALT of the portfolio since listing.

Operational performance



320,000_{M²}

NET LETTABLE AREA ACROSS 17 BUILDINGS

OUR CLIENTS

Precinct's portfolio is home to some of the country's leading professional businesses and Government organisations. These clients provide Precinct with quality contracted rental income demonstrated by 99.9% of all billed rent being collected over the previous 3 years. Across the portfolio, 83% of earnings were derived from office with the remainder generated from retail and car parking.

Precinct's largest client (across multiple agencies) is the New Zealand Government with around 21% of Precinct's gross rental income being generated by New Zealand Government organisations. ANZ Bank New Zealand Limited¹⁴ is Precinct's largest individual occupier representing around 10% of total gross rental income.

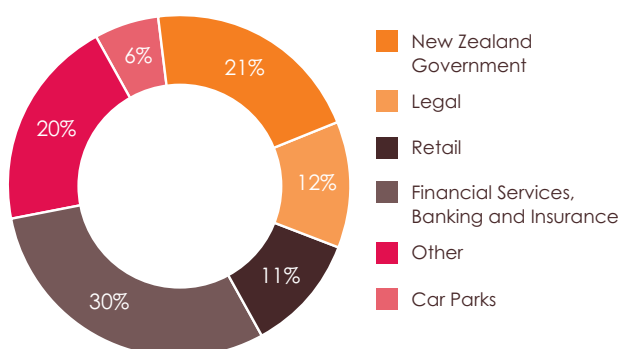
The top 15 clients contribute around 40% of gross rental income. The major Government and corporate occupiers are:

Government occupiers	Corporate occupiers
The Treasury (<i>Her Majesty the Queen</i>)	ANZ Bank New Zealand Limited (<i>Arawata Assets Limited</i>)
Ministry of Social Development (<i>Her Majesty the Queen</i>)	PwC (<i>PWC Administration Limited</i>)
Ministry of Primary Industries (<i>Her Majesty the Queen</i>)	Buddle Findlay (<i>Findgard Investments Auckland Limited</i>)
Department of Corrections (<i>Her Majesty the Queen</i>)	Chapman Tripp (<i>Rendara Holdings Limited</i>)
Ministry of Health (<i>Her Majesty the Queen</i>)	IAG (<i>State Insurance Limited</i>)
	AON (<i>Aon New Zealand</i>)

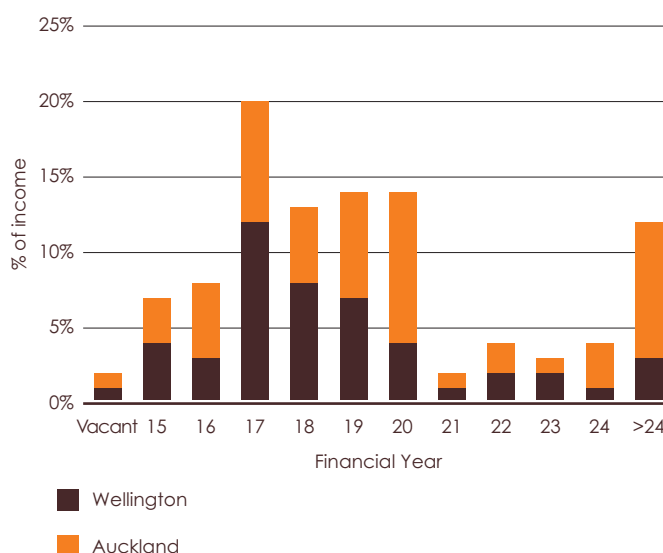
The party liable to pay the rent under the leases for the corporate occupiers is, in most cases, a special purpose vehicle with limited assets. The occupier has not guaranteed the lease in these cases.

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Composition of Revenue by Industry Sector as at 30 June 2014



Lease Expiry Profile as at 30 June 2014 (by Gross Rental Income)



14. ANZ Bank New Zealand Limited is not the lessee and is not liable for the rent. A subsidiary of ANZ Bank New Zealand Limited, Arawata Assets Limited, is the lessee and is liable for the rent.

Mortgaged Property Portfolio as at 30 June 2014

Property	City	Net Lettable Area	Typical Floor plate	Cap rates %	Valuation ¹⁵	WALT	Occupancy
ANZ Centre	Auckland	33,351 m ²	1,000 m ²	6.6%	\$256.0 m	10.5 yrs	97%
SAP Tower ¹⁶	Auckland	17,630 m ²	762 m ²	7.5%	\$95.6 m	3.7 yrs	99%
PwC Tower	Auckland	31,296 m ²	1,350 m ²	6.8%	\$263.0 m	5.9 yrs	98%
AMP Centre	Auckland	25,265 m ²	1,097 m ²	7.4%	\$122.4 m	5.7 yrs	100%
Downtown Shopping Centre	Auckland	13,950 m ²		6.9%	\$101.0 m	1.8 yrs	97%
Zurich House	Auckland	14,445 m ²	912 m ²	6.9%	\$91.5 m	4.8 yrs	100%
HSBC House	Auckland	19,224 m ²	1,060 m ²	7.3%	\$108.0 m	4.1 yrs	100%
Bowen Campus	Wellington	30,167 m ²	1,485 m ²	9.6%	\$49.0 m	2.3 yrs	100%
No.1 The Terrace	Wellington	18,462 m ²	768 m ²	7.6%	\$72.5 m	4.8 yrs	100%
Pastoral House	Wellington	15,522 m ²	800 m ²	8.6%	\$49.5m	2.7 yrs	100%
Vodafone on the Quay	Wellington	16,756 m ²	1,000 m ²	7.5%	\$108.0 m	4.3 yrs	88%
Mayfair House	Wellington	12,332 m ²	1,100 m ²	8.5%	\$37.5m	4.9 yrs	100%
80 The Terrace ¹⁷	Wellington	10,682 m ²	780 m ²	8.4%	\$36.6 m	5.5 yrs	89%
125 The Terrace	Wellington	12,069 m ²	869 m ²	7.9%	\$63.8 m	5.1 yrs	98%
171 Featherston Street	Wellington	11,352 m ²	915 m ²	7.4%	\$75.8 m	7.1 yrs	99%
Deloitte House	Wellington	12,972 m ²	775 m ²	8.1%	\$50.6 m	3.0 yrs	98%
State Insurance Tower	Wellington	26,641 m ²	1,050 m ²	7.6%	\$136.7 m	4.4 yrs	97%
No.3 The Terrace ¹⁸	Wellington	N/A	N/A	6.5%	\$10.6 m	44.2 yrs	N/A
Total		322,115 m²		7.3%	\$1,728.1 m	5.4 yrs	98%



15. Details of the Valuers and valuation methodology are included in the *Statutory Information* section under the heading *Experts and underwriters* starting on page 33. Information presented in these columns are extracted from the respective independent valuations as at 30 June 2014.

16. Precinct has entered into an unconditional agreement to sell SAP Tower in Auckland for \$97 million. Settlement is expected to take place in February 2015.

17. 80 The Terrace in Wellington is currently being marketed for sale. At present no agreement for the sale of this property has been entered into and there is no certainty whether a transaction will proceed.

18. No 3 The Terrace relates to the freehold title in respect to Precinct's leasehold interest.

POTENTIAL FUTURE DEVELOPMENT OPPORTUNITIES

Wynyard Central, Auckland

Precinct has entered into a development agreement with Waterfront Auckland providing the opportunity to develop the commercial office property within the central precinct of Wynyard Quarter.

Wynyard Quarter is going through one of the largest urban regenerations in New Zealand, evolving from an industrial port area that was closed to the public to a place where people can live, visit, be entertained and do business. This regeneration is expected to continue for 20 or more years.

The site Precinct could develop comprises around 1.1 hectares of land area and has the potential to provide a predominantly office development of around 46,000 sqm of gross floor area. Precinct envisages that the development will be undertaken in five stages. The current design is for two sites separated by a public laneway.

Precinct intends to undertake the leasing, design and development of the site and, once commercial terms for each stage are agreed with Waterfront Auckland, Precinct will acquire a 125 year prepaid ground lease to that stage. Progressing to construction of each stage will be subject to approval by both Waterfront Auckland and Precinct.

Precinct expects to determine the consideration for the prepaid ground lease based on a residual valuation allowing for 'market tested' assumptions. Further information on the valuation approach is set out in the *Statutory Information* section under the heading *Valuations* on page 33. The Board expects this structure to provide strong alignment and encourages a partnership approach between Precinct and Waterfront Auckland.

Bowen Campus, Wellington

Bowen Campus is made up of the Bowen State and Charles Fergusson buildings and is situated next to the Beehive and Parliament buildings. Encompassing approximately one hectare of land, the property has 30,000 sqm of net lettable area and has existing resource consent for 60,000 sqm of office space.

The property is currently leased to the Ministry of Social Development until October 2016. Following this expiry, Precinct anticipates re-developing and re-leasing the property.

Post balance date, Bowen Campus was shortlisted by the Crown as part of its Wellington office accommodation project.¹⁹

Downtown Shopping Centre, Auckland

Situated on Auckland's CBD waterfront with a footprint of almost two hectares of land and buildings, the site is believed, by the Board, to offer the best office and retail development opportunity available in the New Zealand market. The project aspires to incorporate HSBC House, Zurich House, PwC Tower, AMP Centre and the Downtown Shopping Centre.

The Downtown Shopping Centre site is subject to a designation relating to Auckland's proposed City Rail Link.

In July 2013 Precinct entered negotiations with Auckland Council with a view to coordinating the timing of works at the Downtown Shopping Centre with the building of a tunnel at the site for the City Rail Link. Auckland Council has approved the conditional disposal by way of sale or long term lease of Queen Elizabeth Square to Precinct subject to successful commercial negotiations, the outcome of associated statutory public processes and the inclusion of design quality requirements for the Downtown development.

The masterplanning phase for the Downtown Shopping Centre project has now concluded. A key objective of the masterplanning process was to explore opportunities to maximise the potential of this 'once in a life time' opportunity. The Downtown Shopping Centre project represents an opportunity to incorporate a number of transformational elements including public transport, international quality retail environments, world class commercial space, urban design and public space.

Precinct has appointed international architects to further develop both the retail and commercial aspects of the masterplan through the concept and preliminary design phases.

Should the development proceed, Precinct's current intent is to develop around 20,000 sqm of lettable retail over four levels and 35,000 sqm of lettable premium commercial office.



19. The Property Management Centre of Expertise (PMCoE) (hosted by the Ministry of Social Development) is running the Wellington office accommodation project. The main goal of this project is to realise the goals of the Government National Property Strategy. The Wellington accommodation project will see multiple agencies provided with accommodation solutions using a collective approach to the market.

OUR BOARD



01. Graeme Henry Wong

DIRECTOR, INDEPENDENT BCA (HONS)
BUS ADMIN, INFINZ (Fellow)

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 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 chairman of Harbour Asset Management Limited, director of Areograph Limited, Tourism Holdings Limited and shareholder and director of Southern Capital Partners (NZ) Limited, member of the Trust Board of Samuel Marsden Collegiate School and member of the Management Board of The Bible Society Development (New Zealand) Incorporated.

02. Donald William Huse

DIRECTOR, INDEPENDENT BCA, CA

Don Huse is a professional director. His previous roles include chief executive officer of Auckland International Airport, chief financial officer of Sydney Airport Corporation, chief executive officer of Wellington International Airport and a director of Trans Alta New Zealand and Sydney Airport Corporation.

He is a director of OTPP New Zealand Forest Investments Limited, Crown Irrigation Investments Limited and Transpower New Zealand Limited.

A chartered accountant, Don holds a degree in economics from Victoria University of Wellington, and is also a member of the Institute of Directors in New Zealand and of the Australian Institute of Company Directors.

03. Graeme John Horsley

DIRECTOR, INDEPENDENT MNZM, LFNZIV/LFPINZ,
FRICS, F INST D

Graeme Horsley is an independent property consultant and professional director with 40 years property valuation and consultancy experience, including 14 years with Ernst & Young New Zealand where he was a partner and national director of the real estate group.

Graeme is a Member of the New Zealand Order of Merit, a Life Fellow of the New Zealand Institute of Valuers (NZIV) now the Property Institute of New Zealand, an Eminent Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Institute of Directors.

In 2006 he was appointed a panel member of the Local Government Rates Inquiry; a ministerial inquiry setup to investigate the cost drivers and funding of local authority rating and in 2007 he was appointed an additional member of the High Court.

He is chairman of Vital Healthcare Properties Trust and an independent director of Willis Bond Capital Partners Limited and Accessible Properties Limited.



04. Christopher James Judd

DIRECTOR, MANAGER APPOINTEE

Chris Judd has over 25 years' experience in the property industry.

Chris is the Head of Property Funds Management for AMP Capital Investors Australia. He is a registered valuer being an Associate of the Australian Property Institute. Chris is chairman of the Property Council of Australia's Unlisted Property Roundtable and is a member of the Property Council of Australia's International and Capital Markets Division Management Committee.

05. Craig Hamilton Stobo

CHAIRMAN, DIRECTOR, INDEPENDENT BA (HONS) FIRST CLASS ECONOMICS

Educated at the University of Otago and Wharton Business School, Craig Stobo has worked as a diplomat, economist, investment banker, and as chief executive officer of BT Funds Management Limited.

He has authored reports for the Government on "The Taxation of Investment Income" and for the Taupo group on "Creating Wealth for New Zealanders", and chaired the Government's International Financial Services Development group in 2010.

Craig is a professional director and entrepreneur. In addition to chairing Precinct, he is chairman of the New Zealand Local Government Funding Agency (LGFA), AIG Insurance NZ Limited, OCG Consulting Limited, Saturn Portfolio Management Limited, Elevation Capital Management Limited and Appello Services Limited.

06. Robert James Campbell

DIRECTOR

Rob Campbell is an appointee of Haumi Company Limited. He has over 30 years' experience in investment management and corporate governance.

Rob is currently chairman of Summerset Group Holdings Limited and Tourism Holdings Limited; director of Guinness Peat Group Limited and Turners & Growers Limited. He is a director of substantial private companies based in Australia and New Zealand. In addition he is a director of or advisor to a number of hedge and private equity funds in a number of countries. Rob trained as an economist and has worked in a variety of capital market advisory and governance roles over a long period.

07. Mohammed Al Nuaimi

DIRECTOR, MANAGER APPOINTEE, CFA

Mohammed is an Investment Manager in the Real Estate and Infrastructure Department at Abu Dhabi Investment Authority (ADIA). He joined ADIA in January 2008 and moved to the Real Estate department in early 2012. He is now in the AsiaPacific investment team covering Australia, New Zealand and specific investments in China.

Mohammed has a Bachelor of IT Security from the United Arab Emirates University and he is a CFA charter holder since September 2011.

OUR PEOPLE



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01. Davida Dunphy

GENERAL COUNSEL AND COMPANY SECRETARY

Davida was appointed in August 2014 bringing over 10 years' experience in all aspects of commercial property (particularly large scale commercial development, acquisitions/disposals and portfolio management) both in New Zealand and the United Kingdom. After working for four years with a large international firm, Davida moved to New Zealand in 2004 and worked for Bell Gully, where she was most recently a Senior Associate.

Davida is a New Zealand and England & Wales qualified solicitor holding a Bachelor of Laws (Hons) from the University of Sheffield and a Legal Practice (Post Dip) from DeMontfort University.

02. Scott Pritchard

CHIEF EXECUTIVE OFFICER

Scott has led the team since 2010 being responsible for the overall strategy and operations of Precinct.

Scott was most recently employed for six years as Fund Manager for Goodman Property Trust.

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

Scott holds a Masters degree in Management from Massey University. He is a director of the New Zealand Green Building Council and is also a member of the Property Council's national council.

03. George Crawford

CHIEF FINANCIAL OFFICER

George was appointed in late 2010. As Chief Financial Officer he is responsible for the capital management and financial and management reporting, as well as taking a leading role in strategy, development and major projects.

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

George has a Bachelor of Science Honours degree from Edinburgh University and qualified as a Chartered Accountant in the United Kingdom.



04. Richard Hilder

CORPORATE ANALYST AND INVESTOR
RELATIONS MANAGER

Richard joined Precinct in 2010 after returning from the United Kingdom where he worked within Goodman Group's European Funds Management business. He gained experience in capital structuring, fund management and developments in both continental Europe and the United Kingdom.

Prior to moving to the United Kingdom Richard 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.

05. Andrew Buckingham

GENERAL MANAGER OF DEVELOPMENT

Andrew has worked in the commercial property industry for the past 30 years in both Australia and New Zealand. For the past 10 years Andrew was employed by Kiwi Income Property Trust as the Project Director. Andrew has also held roles with Westfield, St Lukes Group, CB Richard Ellis and Legal & General.

He was responsible for the development and delivery of the highly successful \$400 million Sylvia Park shopping centre project and more recently Andrew led the development of the award winning \$134 million ASB North Wharf project on the Auckland waterfront. Andrew is an Associate of the Australian Property Institute and a member of the Royal Institution of Chartered Surveyors.

06. Kym Bunting

GENERAL MANAGER OF PROPERTY

Prior to joining Precinct this year, Kym worked for Brookfield Office Properties, a global owner, developer and manager of premier real estate. Kym was responsible for management of all aspects of the company's New Zealand operating platform.

With 25 years of institutional property knowledge Kym is highly experienced in portfolio strategy, and all aspects of asset/ property management, facilities management, and development.



RISKS

The principal risks for you, as a Bondholder, are that:

- you may not be able to sell your Bonds or, if you can sell them, the price you get for them may be less than the amount you have paid;
- the Bank Facility Lenders or USPP Noteholders may take enforcement action under the Mortgages and the amount recoverable under the Mortgages may be less than the Principal Amount and/or interest due on the Bonds; and
- Precinct may become insolvent and be unable to pay the Principal Amount and/or interest due on the Bonds.

Liquidity risk

SALE OF BONDS

Precinct has applied to quote the Bonds on the NZX Debt Market but there is no guarantee that a secondary market will develop that will enable you to sell your Bonds. If you are able to sell them, the price you get for them may be less than the price you have paid. The price for the Bonds will be affected by changes in market interest rates and any change, whether real or perceived, in the creditworthiness of Precinct.

In addition, NZX has granted the Issuer a temporary waiver from Listing Rule 5.2.3 to enable the Issuer to apply for quotation on the NZDX even though the bonds may not initially be held by at least 500 members of the public holding at least 25% of the Bonds issued. The waiver has been granted for a period of one year from the quotation of the Bonds. The effect of the waiver from Listing Rule 5.2.3 and the consequential lack of spread is that, initially, the Bonds may not be widely held and there may be reduced liquidity in the Bonds.

REDEMPTION RISK

You have no right to require redemption of any of the Bonds prior to the Maturity Date, except through the Bond Trustee if an Event of Default occurs. This means that you have no ability to cash in your investment prior to the Maturity Date, except following an Event of Default or by selling your Bonds in the secondary market (if one develops).

Bond risk

ENFORCEMENT RISK

Bondholders are not able to enforce their rights under the Bond Trust Documents directly against Precinct unless the Bond Trustee fails to do so having become bound to do so under the Bond Trust Documents. Generally the Bond Trustee is only bound to enforce such rights if directed to do so by Extraordinary Resolution of Bondholders.

As described in the *Security for the Bonds* section on page 8, the Bond Trustee has limited ability to control the enforcement process. Except in certain circumstances, the Security Trustee will act on instructions from the Majority Beneficiaries and the Bond Trustee and the Bondholders will be bound by those instructions. Precinct expects the Bank Facility Lenders will make up the Majority Beneficiaries so Bondholder consent would not be required. If the Bond Trustee is consulted on

enforcement, it is unlikely to have time to obtain instructions from Bondholders.

The Majority Beneficiaries may also consent to Mortgages being discharged, a Guarantor being released from its guarantee under the Bank Facility and to certain amendments and waivers without the consent of the Bond Trustee or Bondholders.

As described in the *Statutory Information* section under the heading *Borrowing restrictions* on page 43, Precinct is subject to interest coverage and leverage covenants in the Bank Facility and the USPP Notes which, if enforced, may limit the amount of Precinct's indebtedness. Bondholders do not have the benefit of those covenants (other than the Loan to Value Ratio covenant). As a consequence of the unremedied breach of these covenants, the Bank Facility Lenders or USPP Noteholders may demand immediate repayment of all outstanding monies owed by Precinct to them, and if not repaid the Bank Facility Lenders or USPP Noteholders may direct the Security Trustee to take enforcement action in accordance with the Security Trust Deed.

INDEMNITY

If the Bonds are enforced, the Bond Trustee may be liable to indemnify the Security Trustee for its proportionate share of any liability or loss incurred by the Security Trustee. Each Bondholder separately indemnifies the Bond Trustee for any amounts it is required to pay the Security Trustee.

LOAN TO VALUE RATIO

A breach of the Loan to Value Ratio covenant will not automatically trigger an Event of Default, but will instead trigger an Event of Review. Following that breach, Precinct may have up to 13 months to remedy the breach before it will trigger an Event of Default (up to six months to remedy the breach and, if the breach is not remedied and after Precinct has given notice of the failure to remedy the breach (such notice to be provided within 20 Business Days after the end of that six month period), six months to execute any plan provided to the Bond Trustee to remedy the relevant breach).

OTHER BOND RISKS

Precinct may from time to time issue additional bonds or incur debt obligations which rank equally with the Bonds without the consent of the Bondholders. These securities may be issued on such terms as Precinct thinks fit. Precinct is subject to interest coverage and leverage covenants in the Bank Facility and USPP Notes which, if enforced, may limit the amount of Precinct's indebtedness. Bondholders do not have the benefit of those covenants and they may be amended, terminated, waived or replaced at any time without the consent of Bondholders.

In general, the Security Trustee has limited discretion under the Security Trust Deed and will act primarily on the instructions of the Majority Beneficiaries or, on enforcement, on the instructions of the Majority Beneficiaries, the Bond Trustee (following a Major Bond Default Event only) or the Bank Facility Agent or USPP Noteholders (as further described in the *Security for the Bonds* section on page 8). For example, Precinct and

the Guarantors do not require the Bond Trustee's consent to sell a Mortgaged Property if such a sale is permitted under the Bank Facility Agreement and the USPP Notes.

If the Security Trustee is required to enforce the Mortgages, it may take some time for the Mortgaged Properties to be sold and for any proceeds to be available to repay Bondholders.

Insolvency risk

If Precinct becomes insolvent it may be unable to repay the full Principal Amount and/or interest due on the Bonds. The sale proceeds from the Mortgaged Properties may not be sufficient to cover the full amounts owing to Bondholders.

Precinct intends to undertake developments at Wynyard Central and Downtown Shopping Centre in Auckland and Bowen Campus in Wellington. These projects will increase the level of development risk within the business and may impact on Precinct's overall solvency.

Some examples of matters that may impact on Precinct's solvency and the Group's real or perceived creditworthiness are set out below. Not all risks can be fully mitigated and Precinct encourages you to seek financial, investment, or other professional advice from a qualified professional adviser and that you take the time to consider this offer.

Financial risk

The key financial risks for Precinct include liquidity, interest rate and foreign currency risk.

LIQUIDITY RISK

Liquidity risk is the risk that Precinct has insufficient funds to meet its operational expenses, capital commitments and to refinance its debt when it falls due. Liquidity risk may be considered at two levels;

- capital commitment liquidity risk; and
- borrowing and refinancing liquidity risk.

Approach to managing financial risk

To help address financial risk, Precinct developed a Financial Risk Management Policy in 2011. The policy details Precinct's 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. The objective of the policy is to provide a clear framework for the business to operate under whilst ensuring that all financial risks are understood and managed. The policy is subject to annual review by the Board and may be altered by the Board at any time.

Approach to capital commitment liquidity risk

Precinct's approach to capital commitment liquidity risk is to ensure that no capital commitment is entered into without funding in place to meet that capital commitment and that adequate headroom in relation to gearing covenants is maintained to withstand portfolio devaluations which may be anticipated through the property cycle.

Committed gearing levels typically range between 30% and 40% depending on market cycles and transactional activity. As at 30 June 2014, gearing was at the lower end of this range (June 2014: 33.1%). The Board's expectations are that gearing will fall below this range in the short term as non-core assets are sold and then return to a more typical range as development opportunities are progressed.

Approach to borrowing and refinancing liquidity risk

Precinct looks to manage borrowing and refinancing liquidity risk through diversity of funding and staggering the maturity profile of facilities.

Precinct aspires to diversify funding away from sole reliance on bank funding to reduce refinancing risk. This Bond issue and the USPP Notes will help achieve this aspiration and will strengthen Precinct's overall capital structure.

Precinct targets a staggered maturity profile to minimise the risk that temporarily adverse credit market conditions result in refinancing difficulties or unacceptable increases in funding costs. A staggered debt expiry profile may provide adequate time to pursue alternatives to refinancing. This Offer is consistent with this approach and will help extend the debt expiry profile and reduce refinancing risk.

INTEREST RATE RISK

Interest rate risk arises through changes in interest rate market conditions leading to earnings volatility or breach of interest cover covenant levels. The key interest rate risk to Bondholders is that interest rates rise to a level where Precinct cannot meet its interest obligations or breaches its interest cover covenants in the Bank Facility.

Approach to interest rate risk

Precinct's approach to interest rate risk is to manage earnings volatility as a result of interest rate movements. This is achieved through aligning the interest rate re-pricing profile with the re-pricing profile of Precinct's gross rental income.

Interest rate swaps are primarily used to manage Precinct's interest rate risk exposure within a band reviewed by the Board annually and monitored by Precinct's audit and risk committee and Board quarterly.

FOREIGN CURRENCY RISK

Foreign currency risk arises from unhedged liabilities denominated in foreign currencies. The key risk to bondholders is that an adverse movement in exchange rates leads to an increase in the NZ\$ equivalent of interest or principal obligations causing Precinct to breach its interest cover or loan to value ratio covenants.

Approach to Foreign currency risk

Precinct's approach to foreign currency risk is to have no material unhedged liabilities denominated in foreign currencies. Precinct uses derivatives to fully hedge any borrowings denominated in a foreign currency.

Insurance risk

Insurance risk is the risk that Precinct cannot continue to obtain insurance cover or, that following an insured event, the cover in place is not sufficient to repay all creditors (including Bondholders). One off catastrophic events (such as earthquakes and volcanic eruptions) in Auckland or Wellington could cause significant damage to our property portfolio and could result in significant business interruption.

As at 30 June 2014, Precinct has approximately 40% of its portfolio invested in Wellington which is located in the region of highest seismicity in New Zealand. Following the Christchurch earthquakes in 2010 and 2011, the cost of insurance in Wellington increased significantly and the availability of insurance decreased.

Insurance cover is usually put in place for periods of one year and there is no guarantee that insurance will be renewed upon expiry.

Approach to insurance

Precinct's approach to property insurance is to engage directly with a wide range of local and international insurers so that its buildings and risk management processes are understood. Precinct's aim is to ensure that the insurance market has a good understanding of the seismic risk in its portfolio and also the extent of work undertaken with regard to assessment and seismic strengthening capital expenditure.

The primary objective of Precinct's 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.

Generally, buildings are insured at full replacement cost plus an allowance for demolition costs and inflation. In addition, business interruption insurance provides loss of rents cover of between 2 and 4 years. Importantly losses suffered by one off catastrophic events are insured, however Precinct will usually be responsible for losses from catastrophic events up to a pre-agreed limit.

Changes in the valuation and income of properties

Precinct is subject to a range of market and direct property risks that can adversely impact on the valuation and income of properties. The key risk to Bondholders is that either:

- the level of property income net of expenses generated by Precinct's assets falls resulting in a breach of the interest cover covenant in the Bank Facility; or
- the value of Precinct's assets falls resulting in a breach of the Loan to Value Ratio covenant.

If either of these events occur, the Bank Facility Agent may direct the Security Trustee to enforce the Mortgages.

MARKET RISKS

Market risk is the risk of adverse changes in property market conditions. This can include adverse changes in the New Zealand economic environment, regulatory environment, local property market (such as fluctuations in supply and demand for CBD office assets) and the broader investment market.

Precinct is directly exposed to the Auckland and Wellington CBD office markets. Adverse changes in these local property markets may have a material impact on the value of Precinct's assets and on the amount of income that can be generated from them.

Adverse market changes that impact on the valuation and income of properties may also impact on Precinct's ability to acquire, sell or develop assets.

Regulatory changes such as a capital gains tax, building code, fire regulations and tax depreciation rules may have an adverse impact on property values and property income.

DIRECT PROPERTY RISKS

Direct property risks are specific to individual assets. These can result in a material reduction in value and/or in rental income for an individual asset. These risks can include:

- unforeseen capital expenditure requirements;
- unanticipated material repairs and maintenance that are not recoverable from clients;
- vacancy and impending expiry risk (including risks associated with the Crown's Wellington office accommodation project);
- acquisition risk including problems not revealed by due diligence including building defects, latent liabilities such as existence of hazardous materials or environmental liabilities and risk associated with acquisitions such as business integration;
- tenant default and bankruptcy risk; and
- obsolescence risk:
 - Functional obsolescence includes the physical deterioration of the building, which can be either curable (via repairs and maintenance and capital expenditure) or incurable. The property can become obsolete if the configuration of the building is no longer appropriate (such as style, layout, floor to ceiling height and structure).
 - External obsolescence includes changes in work place practices for instance activity based working, changes in environmental or legal factors (such as Green star ratings and National Building Standards) and demographic factors (such as the increasing preference for corporate occupiers to be located in close proximity to the waterfront).

Approach to property risks

Precinct takes a proactive and strategic approach to manage the property risks it can influence. The Board recognises the importance people have in managing a number of these property level risks. Precinct believes that providing quality premises matched by high service levels and building strong relationships will contribute to mitigate some risks, for instance impending expiry.

Precinct undertakes an annual business planning process which reviews its portfolio to help mitigate these risks. The business plan focuses on impending expiry, vacancy strategies, service led initiatives and the forecast capital expenditure programme. In addition, the business plan looks to identify assets which may be at risk from future obsolescence early in order to alleviate or remove the risk where possible.

Development risks

From time to time Precinct undertakes development or material refurbishment projects. A recent example of this was the \$76 million redevelopment of ANZ Centre in Auckland which was completed in 2013. Precinct currently intends to undertake developments at Wynyard Central and Downtown Shopping Centre in Auckland and Bowen Campus in Wellington, subject to Board satisfaction as to market demand, funding and construction pricing amongst other matters.

In the context of Precinct's business, the scale of these projects taken together is considered to be significant. Based on Precinct's current expectations:

- Wynyard Central is envisaged to be built over five stages and several years. The cost of each stage is expected to range between \$25 million and \$80 million.
- Bowen Campus, which is made up of the Bowen State and Charles Fergusson buildings, is anticipated to be re-developed and re-leased following the expiry of the Ministry of Social Development lease in 2016. The incremental cost of the re-development could range between \$10 million and \$140 million depending on the level of specification, pre-leasing and scale of the re-development and is anticipated to take one to two years from commencement.
- The incremental costs of the Downtown Shopping Centre development, which could incorporate around 55,000 sqm of lettable retail and office space plus associated carparking, is expected to be around \$500 million. Development is currently anticipated to commence in 2016 and to take two to three years to complete.

Development projects are inherently subject to uncertainties as they are entered into on the basis of assumed future costs, values and income levels. The project outcomes may vary from the assumed levels at project commencement.

These projects will increase the level of development risk within the business and have the potential to impact Precinct's ability to meet its covenant obligations under the Bank Facility and/or overall solvency. The key risk to

Bondholders is that one or a combination of factors results in the cost, value and/or income levels at completion of the project(s) being adversely impacted. This may result in:

- cashflows on completion being insufficient to meet interest and principal debt payment obligations and/or to meet Precinct's interest cover covenant under the Bank Facility and USPP Notes; and/or
- a reduction in the value of Precinct's total assets or an increase in the cost of the developments (and of the amount borrowed to pay for the developments) resulting in a breach of the Loan to Value Ratio covenant.

At this stage the key factors which are considered most likely to cause changes to the assumptions are as follows:

- Project delays and holding cost risks. While the use of fixed price construction contracts can mitigate the impact of delays, there will be some risks which cannot be passed onto the construction contractor and which could cause project delays leading to increased costs. Examples of this could include unforeseen ground conditions, discovery of artefacts and adverse weather conditions.
- The level of leasing success. While securing pre-commitments can reduce the level of risk, there is likely to be a level of residual leasing risk and this is particularly the case for the Downtown Shopping Centre development. There is a risk that the market conditions change during the development and that the assumed rental levels and occupancy levels on completion differ from those assumed at commencement.
- Changes in the broader investment market. As set out above, the time frames for the developments stretch over multiple years and there is therefore a risk that the investment market conditions change during the development, resulting in the value on completion being lower than anticipated at project commencement.

Other factors which may cause changes to the assumptions are as follows:

- Contractor counterparty and receivership risk
- Changes in exchange rates
- Overall design and viability risk
- Contractor shortages
- Unforeseen development costs
- Industrial disputes
- Insufficient project governance
- Planning disputes and delays
- Insufficient human resource
- Labour and material shortages
- Development funding risk
- Economic environment
- Adverse changes in credit market conditions
- Regulatory environment
- Adverse weather conditions and natural disasters
- The local property market

Development activity may also impact on the market price of the Bonds. If investors believe that increased development risk has an adverse impact on the creditworthiness of Precinct, the market price of the Bonds may fall as a result.

Approach to development risk

Our approach to managing development risk is to minimise the risks associated with developments by:

- ensuring that expected returns from the development above the cost of the development adequately compensate Precinct for the level of risk undertaken before the project is signed off;
- having a preference to hold income producing development opportunities and development options that provide a degree of control over the level and timing of development activity, rather than “bare land”:
 - Downtown Shopping Centre remains as an operating shopping centre generating an income yield of 6.9%. If no development commitment is made then the income from this asset is expected to be able to be largely maintained.
 - Wynyard Central provides Precinct with a development opportunity without Precinct itself holding the land. Whilst it is the intention to fully develop this opportunity, if adverse factors make the opportunity less attractive Precinct can decide not to proceed;
- ensuring, through due diligence, that before any commitment is made Precinct has a good understanding of project risks;
- ensuring no capital commitment is made without sufficient funding in place and that committed gearing is maintained within an acceptable level;
- having a transparent and thorough project reporting and delegation process;
- establishing a procurement plan and engaging contractors early in order to mitigate cost escalation or contractor default. Precinct looks to pass on development risk through the use of fixed price or maximum price construction contracts which provide for a level of pricing certainty, although there will generally remain some risks for which the price consequences are not fixed; and
- undertaking a substantive level of pre-leasing prior to commencement of development.

Precinct targets a normal development return as part of feasibility plans. To the extent that this is achieved on each project, the total asset value of Precinct is enhanced and the interests of Bondholders gain additional security.

The statements made in this section are based on the position as at the date of this Prospectus and Precinct's current estimate of cost and timing. These statements are not a guarantee of what will occur and involve unknown and known risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Precinct and which may cause the actual results, performance or achievements of the developments to differ materially from those expressed or implied by such statements.

Other risks

REGULATORY ISSUES AND CHANGES IN LAW

Precinct is exposed to Government regulatory policies that could have a direct bearing on business operations. Precinct believes that it currently complies with applicable laws and regulations. However, no assurance can be given that current laws and regulations or the adoption of new laws and regulations or Government regulatory policy, particularly those related to the property market, tenancy and tax, may not have a material adverse effect on Precinct's operations, financial performance or prospects. Precinct will seek to engage constructively with applicable regulatory bodies wherever possible to ensure that the impact of any such regulatory change is minimised, but it may not be able to influence the outcome of those policies or their impact on Precinct's business.



TRUSTEE'S STATEMENT

27 November 2014

TO: THE INVESTORS UNDER THIS PROSPECTUS OF PRECINCT PROPERTIES NEW ZEALAND LIMITED

Dear Investor

Clause 9(3) of Schedule 12 to the Securities Regulations 2009 requires us to confirm that the offer of the securities (**Bonds**) by Precinct Properties New Zealand Limited (**Precinct**) set out in the simplified disclosure prospectus dated 27 November 2014 (**Prospectus**), complies with any relevant provisions of:

a) the Master Trust Deed between Precinct and The New Zealand Guardian Trust Company Limited (**Trustee**) dated 27 November 2014; and

b) the Supplemental Trust Deed between Precinct and the Trustee dated 27 November 2014,

(together, the **Trust Documents**).

The relevant provisions of the Trust Documents are those which:

a) entitle Precinct to constitute and issue under the Trust Documents the Bonds offered under the Prospectus; and

b) impose any restrictions on the right of Precinct to offer the Bonds,

and are described in the "Provisions of the Trust Documents and other restrictions on Precinct" section on pages 38 to 43 of the Prospectus.

The Trustee's statement does not refer to any financial information, or to any material contained in the Prospectus, which does not relate to the Trust Documents.

The Trustee confirms that the offer of Bonds set out in the Prospectus complies with any relevant provisions of the Trust Documents. We have given the confirmation on the basis set out above.

The inclusion of this Trustee's statement in the Prospectus should not be taken to imply that the Trustee has responsibility for the material in the Prospectus other than the Trustee's statement.

The Trustee does not guarantee or provide any assurance as to the repayment of the Bonds offered or the payment of interest thereon or any other aspect of the Bonds.

Signed for and on behalf of the Trustee
The New Zealand Guardian Trust Company Limited



M P Jephson
Senior Relationship Manager - Corporate Trusts

STATUTORY INFORMATION

The Offer is an offer of debt securities that will rank in priority to the Shares (which are quoted on the NZX Main Board). The information in this section is provided in accordance with Schedule 12 to the Securities Regulations.

Names, addresses and other information

The issuer of the Bonds is Precinct Properties New Zealand Limited, whose registered office is Level 12, 188 Quay Street, Auckland Central, Auckland 1010, New Zealand.

The directors of Precinct as at the date of this Prospectus are Mohammed Ahmed Ali Mohammed Awad Al Nuaimi, Robert James Campbell, Graeme John Horsley, Donald William Huse, Christopher James Judd, Craig Hamilton Stobo and Graeme Henry Wong.

There is no promoter in relation to the Offer.

The Bond Trustee in respect of the Bonds is The New Zealand Guardian Trust Company Limited, who may be contacted at Level 15, 191 Queen Street, Auckland.

The Bond Trustee has been granted a licence by the Financial Markets Authority under section 16(1) of the Securities Trustees and Statutory Supervisors Act 2011 to act as a trustee for a term expiring on 16 March 2018.

Further information on the Bond Trustee's licence and applicable conditions is publicly available on the Financial Markets Authority website at www.fma.govt.nz/help-me-comply/supervisors/licensed-supervisors.

Experts and underwriters

The Offer is not underwritten.

VALUATIONS

The Group's accounting policy is for investment properties to be measured at fair value, which reflects market conditions at balance date. To determine fair value, the Group obtains investment property valuations at least annually by independent Registered Valuers. In line with this policy, all properties were fully inspected and valued as part of the annual valuation process for the year ended 30 June 2014 by one of the Group's valuers. The Group's valuers include CBRE Limited (CBRE), Colliers International New Zealand Limited (Colliers), Jones Lang LaSalle Limited (JLL) and Bayleys Valuations Limited (Bayleys) (for the purposes of this section, collectively referred to as the Valuers).

The names, addresses and qualifications of these experts are set out below. The valuations comply with applicable valuation standards.

The current valuation of each Mortgaged Property is included in the *Our Portfolio* section under the heading *Mortgaged Property Portfolio as at 30 June 2014* on page 20.

In carrying out an assessment of market value, the Valuers have utilised the following primary methods of valuation:

- the Capitalisation of Income Approach (whereby estimated maintainable net income is capitalised in perpetuity);

- the Discounted Cash Flow Approach (whereby estimated net income and capital growth over a 10 year investment horizon are discounted to a net present value); and
- Residual Valuation Approach, applied for properties with development characteristics (whereby a hypothetical development is assumed and a residual value estimated based on value on completion less total development costs and assumed development margin).

All approaches have utilised comparable market data in calculating the key assumptions.

DETAILS OF THE VALUERS

CBRE Limited

CBRE prepared valuation reports as at 30 June 2014, based on certain material assumptions, in respect of the following properties:

- ANZ Centre;
- SAP Tower;
- Downtown Shopping Centre;
- HSBC House;
- 125 The Terrace;
- Pastoral House; and
- Mayfair House.

Valuations provided by CBRE in respect of ANZ Centre, SAP Tower and HSBC House were conducted by Campbell Stewart (National Director) SPINZ, ANZIV and Registered Valuer. The valuation in respect of Downtown Shopping Centre was provided by Timothy Arnott (Director), BCom (VPM), MPINZ and Registered Valuer. The valuations in respect of 125 The Terrace, Pastoral House and Mayfair House were provided by David Cook (Associate Director), B.Com, B.Prop, MPINZ and Registered Valuer.

CBRE can be contacted at Level 14, Zurich House, 21 Queen Street, Auckland.

CBRE (through a Management Services Agreement (available from Precinct on request) with the Manager) provides the office portfolio with a Management Information System, helpdesk solution, facilities management services and property accounting. The value of these services are recovered by the Manager from Precinct on a cost recovery basis.

Colliers International New Zealand Limited

Colliers prepared valuation reports as at 30 June 2014, based on certain material assumptions, in respect of the following properties:

- Zurich House;
- No.1 The Terrace;
- No.3 The Terrace;
- State Insurance Tower;
- 80 The Terrace;
- Deloitte House; and
- Bowen Campus.

The valuation provided by Colliers in respect of Zurich House was conducted by Kane Sweetman (National Director) BA, B.Prop, MPINZ, FRICS and Registered Valuer. Valuations provided in respect of No.1 The Terrace, No.3 The Terrace, State Insurance Tower, 80 The Terrace, Deloitte House and Bowen Campus were conducted by Andrew Washington (Director), B.Com (VPM), ANZIV, SPINZ and Registered Valuer.

Colliers can be contacted at Level 27, SAP Tower, 151 Queen Street, Auckland.

Colliers (through a Management Services Agreement (available from Precinct on request) with the Manager) provides property and facilities management and property accounting services for Downtown Shopping Centre. The value of these services are recovered by the Manager from Precinct on a cost recovery basis.

Jones Lang LaSalle Limited

JLL prepared valuation reports as at 30 June 2014, based on certain material assumptions, in respect of the following properties:

- AMP Centre; and
- PwC Tower.

Valuations provided by JLL in respect of AMP Centre and PwC Tower were conducted by Ron Macdonald (Director) FRICS, FNZIV, FPINZ and Registered Valuer.

JLL can be contacted at Level 16, PwC Tower, 188 Quay Street, Auckland.

JLL has a lease over 1,019m² at PwC Tower.

Bayleys Valuations Limited

Bayleys prepared valuation reports as at 30 June 2014, based on certain material assumptions, in respect of the following properties:

- Vodafone on the Quay; and
- 171 Featherston Street.

Valuations provided by Bayleys in respect of Vodafone on the Quay and 171 Featherston Street were conducted by Paul Butchers (Director) BBS, FPINZ, FNZIV and Registered Valuer.

Bayleys can be contacted at 4 Viaduct Harbour Ave, Maritime Square, Auckland.

CONSENTS

Each of the Valuers is not (and does not intend to be) a director, officer, or employee of Precinct. However, each of the Valuers may from time to time be engaged as a professional adviser to Precinct.

Each of the Valuers has given, and has not before the date of this Prospectus withdrawn, their written consent to the distribution of this Prospectus with the current valuation amounts referred to in the *Our Portfolio* section under the heading *Mortgaged Property Portfolio as at 30 June 2014* on page 20 included in the form and context in which each of them is included.

None of the Valuers has:

- any relationship apart from those noted on pages 33 and 34 (other than that of valuer) with, or interest in, Precinct or any associated person of Precinct;
- any interest in properties of the Precinct Group Companies valued by that Valuer; or
- any relationship with any other person who has a material interest in any of the properties of the Precinct Group Companies valued by that Valuer.

AFFIRMATION OF VALUATION FIGURES

Each of the Valuers has affirmed each of their respective valuation figures that are set out in the *Our Portfolio* section under the heading *Mortgaged Property Portfolio as at 30 June 2014* on page 20 and has consented to the inclusion of this statement of affirmation.

Main terms of Offer

A summary of the key terms of the Offer is set out under the section headed *Key Terms of the Bonds* on page 5.

THE BONDS

The Bonds offered under this Prospectus are debt securities. The Bonds are fixed rate, senior, secured bonds of Precinct. This means that Precinct will pay you a fixed rate of interest, and that the Bonds are secured by Mortgages granted over certain properties owned by the Precinct Group Companies. The Bonds will rank equally with the other senior obligations of the Precinct Group Companies which are secured by the Mortgages. As at the date of this Prospectus, the Bonds are guaranteed by Precinct Holdings, Precinct Downtown and Precinct Wynyard.

The Bonds are not shares and no voting rights will attach to the Bonds (other than the right to attend and vote at meetings of Bondholders). The Bonds will rank equally and without preference among themselves. A brief description of the Bonds is set out in the *Key Terms of the Bonds* section on pages 5 to 7. A description of the main terms of the Offer is set out in the *Terms of the Offer* section on pages 12 to 13. The terms and conditions of the Bonds are contained in the Bond Trust Documents. A summary of the principal provisions of the Bond Trust Documents is set out in this *Statutory Information* section under the heading *Summary of the Bond Trust Documents* on pages 38 to 43.

MAXIMUM AMOUNT OF SECURITIES BEING OFFERED

Precinct is offering Bonds with an aggregate Principal Amount of up to \$75 million. This includes oversubscriptions of up to \$25 million.

ISSUE PRICE

The Issue Price of each Bond is \$1.00, being the Principal Amount of each Bond. The Issue Price must be paid in full on application for the Bonds in accordance with the payment instructions below.

PAYMENTS

Applicants must make their application payment with the Application Form, through the NZClear System with the Arranger or any other method acceptable to the Arranger. Further details on how to make your application and application payment are set out in the *How to Apply* section on page 51.

APPLICATIONS

Applications to subscribe for the Bonds must be for a minimum aggregate Principal Amount of \$5,000 and in multiples of \$1,000 afterwards. There is no maximum amount of Bonds you may apply for (other than the maximum amount of the Offer), but applications for an aggregate Principal Amount of less than \$5,000 will not be accepted.

The Bonds are offered in New Zealand to New Zealand resident investors. Applications to subscribe for the Bonds must be made on the Application Form contained at the back of this Prospectus in accordance with the instructions set out in the *How to Apply* section on page 51.

Retail investors should contact a Primary Market Participant or their financial adviser for details as to how the Bonds may be acquired as there is no public pool for the Bonds. Contact details for Primary Market Participants can be found at www.nzx.com/investing/find_a_participant.

WHERE TO SEND YOUR APPLICATION FORM AND PAYMENT

Completed Application Forms (together with payment) must be received by the Arranger in time to enable forwarding to the Registrar before 5.00pm on the Closing Date (12 December 2014).

Precinct reserves the right to refuse all or any part of any application for Bonds without giving a reason including (but without limitation) where an applicant has not provided account details for payments by direct credit. An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Any Application Monies received in respect of an application which are not accepted by Precinct in whole or in part, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as reasonably practicable after Precinct decides not to accept the application and, in any event, within five Business Days of the Closing Date.

If you do not return your Application Form and payment to the Arranger in time to enable forwarding to the Registrar by 5.00pm on the Closing Date, you may not receive any Bonds. Precinct reserves the right to accept applications that are received by the Registrar after the Closing Date, but has no obligation to do so.

By signing and submitting a valid Application Form with full payment, an applicant irrevocably offers to subscribe for and acquire the Principal Amount of Bonds specified in the Application Form (or such lesser number which Precinct may determine) on the terms set out in this Prospectus, the Bond Trust Documents and the Application Form, despite any changes to the timetable or other dates set out in the *Important Dates* section on page 4.

Primary Market Participants or financial intermediaries may not be allocated the number of Bonds for which they apply and accordingly, allocations made through Primary Market Participants or financial intermediaries may be scaled or may not be accepted in full or in part.

The Joint Lead Managers will provide further details of the application and settlement arrangements for institutional investors.

Relationship with listed securities and ranking of securities

RANKING COMPARED TO OTHER LISTED SECURITIES

Precinct's Shares are currently quoted on the NZX Main Board of the securities market operated by NZX. The Bonds will rank in priority to the Shares on liquidation of Precinct.

PRIOR RANKING SECURITIES

As at 30 June 2014 (being the date of the latest financial statements referred to in this Prospectus), there were no securities that were secured by a mortgage or charge over any of the assets of Precinct ranking in point of security ahead of the Bonds.

EQUAL RANKING SECURITIES

Precinct has other borrowings in addition to the Bonds. The Bonds will rank equally on a senior secured basis with the debt owing to all other Beneficiaries, being, as at the date of this Prospectus, the Bank Facility Lenders, the Bank Facility Agent and the Hedging Provider. As at the latest statement of financial position referred to in the Prospectus (being 30 June 2014), the indebtedness owing by the Group to the Bank Facility Lenders was \$572 million.

Precinct has also agreed to borrow US\$75 million in the US Private Placement (USPP) market. This debt will be drawn down in January 2015 and will be secured equally with the Bonds.

Those borrowings are described in this *Statutory Information* section under the heading *Consequences of insolvency* on pages 43 to 44.

Precinct may, from time to time, without the consent of the Bondholders issue further bonds, or incur other debts (including bank debt), which rank equally with, or subordinate to, the Bonds (whether as to payment of interest, principal or otherwise) or may be secured by assets over which the Bondholders do not have security. Other than the Loan to Value Ratio covenant, there is no restriction, as between Precinct and the Bondholders, on the amount of debt which the Precinct Group Companies may issue or guarantee.

Additional information in relation to the ranking of the Bonds is set out in this *Statutory Information* section under the heading *Consequences of insolvency* on pages 43 to 44.

Issue expenses

There are no fees or charges payable by you to Precinct to invest in the Bonds, other than the Issue Price. You may be required to pay brokerage if you purchase the Bonds through a broker, and you should ask your broker or financial adviser for details of any charges.

Precinct will pay brokerage on total accepted applications of 0.5% and a firm allocation fee of 0.5% of the Principal Amount in respect of the firm allocations to the Arranger. Such brokerage will be distributed as appropriate to Primary Market Participants and approved financial intermediaries for applications carrying that firm's stamp. Precinct estimates the issue expenses, including brokerage, legal, accounting, audit, registry, printing, distribution and promotion expenses, and other fees to be incurred will be approximately NZ\$1.5 million based on an issue size of NZ\$50 million. These are payable by Precinct.

A fee or commission may be charged by the Primary Market Participant or financial intermediary through whom an investor receives an allocation of Bonds and will be the responsibility of the investor and not Precinct. Precinct takes no responsibility for the pricing actions of market participants and any fee or commission is to be directly negotiated between the applicant and the relevant market participant.

Returns

INTRODUCTION

The information set out below in relation to returns on the Bonds should be read in conjunction with the information set out in the Risks section on pages 27 to 31. Certain events could reduce or eliminate the returns intended to be derived from holding the Bonds.

The returns to Bondholders comprise interest paid on the Bonds and either the Principal Amount payable by Precinct on the Maturity Date or the price received for any Bonds sold.

The Bonds do not benefit directly from any capital growth in the Precinct Group Companies and Bondholders will not participate in any dividend, bonus issue, rights issue or any other distribution made in respect of the shares in the company.

It is not possible to quantify, as at the date of this Prospectus, the exact amount of returns Bondholders will receive. Therefore, no amount of returns on the Bonds are promised by Precinct.

KEY FACTORS DETERMINING RETURNS

The key factors that will determine the returns to Bondholders are:

- the Interest Rate;
- each Bondholder's individual circumstances for tax purposes;
- the Precinct Group Companies' financial condition, financial performance and financial position to the extent that they affect:
 - Precinct's ability to pay interest on the Bonds or repay the Principal Amount;
 - the value of the Mortgaged Properties; or

- the price of the Bonds on the secondary market (if one develops); and

- the other risk factors described in the Risks section on pages 27 to 31.

There are no reserves or retentions that will impact on Bondholders returns.

INTEREST RATE

Precinct will pay a fixed rate of interest on each Bond at the Interest Rate.

The Interest Rate for the Bonds will be set and announced through NZX on the Rate Set Date and will also be available on www.precinctbondoffer.co.nz.

The Interest Rate will be determined by Precinct in consultation with the Arranger.

INTEREST PAYMENTS

Interest will be paid semi-annually in arrear in equal amounts on each Interest Payment Date (17 June and 17 December of each year) until the Maturity Date, and on the Maturity Date. If an Interest Payment Date falls on a weekend or public holiday, payment will be made on the next Business Day without adjustment or further payment as a result thereof. The first Interest Payment Date is 17 June 2015.

Each interest payment will be made to the relevant Bondholder on the Register as at the Record Date, which will be 10 days prior to the relevant Interest Payment Date. Should the Record Date fall on a weekend or public holiday, the relevant interest payment will be made to the Bondholder on the Register on the previous Business Day.

REDEMPTION BY BONDHOLDERS

The Principal Amount of the Bonds will be repaid by Precinct on the Maturity Date. The Maturity Date is 17 December 2021.

You have no right to require redemption of any of the Bonds prior to the Maturity Date, except through the Bond Trustee if an Event of Default occurs. This means that you have no ability to cash in your investment prior to the Maturity Date, except following an Event of Default or by selling your Bonds in the secondary market (if one develops). The Events of Default applicable to the Bonds are set out in full in the Bond Trust Documents and are summarised in this *Statutory Information* section under the heading *Events of Default*.

REDEMPTION BY PRECINCT

Precinct does not have the ability to redeem the Bonds early.

PAYMENTS

All payments in relation to a Bond shall be by direct credit to the bank account nominated in writing (before the Record Date) by the Bondholder unless Precinct determines otherwise. If any payment falls due on a day that is not a Business Day, that payment will instead be made on the next day that is a Business Day without adjustment or further payment as a result thereof.

PERSON LEGALLY LIABLE TO PAY RETURNS

Precinct is legally liable for payment of all returns on the Bonds (other than if you sell your Bonds). Precinct Holdings, Precinct Downtown and Precinct Wynyard have guaranteed the payments in relation to the Bonds as described below under the heading *Guarantors* so will be legally liable for any of those amounts Precinct fails to pay.

If you sell your Bonds, the purchaser of the Bonds will be legally liable to pay the purchase price of those Bonds to you.

TAXATION OF RETURNS

Introduction

The returns on the Bonds will be affected by taxes. If a law requires Precinct (which for the purposes of this section of this Prospectus includes the Registrar acting on Precinct's behalf) or the Bond Trustee to deduct an amount in respect of taxes from a payment to a Bondholder, then Precinct or the Bond Trustee will deduct the amount for the taxes and pay it to the relevant authority. Neither Precinct nor the Bond Trustee is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Bondholder as a consequence of or otherwise in connection with such deduction.

The information set out below relates solely to New Zealand taxation and does not constitute taxation advice to any Bondholder. The information is believed by Precinct to be correct as at the date of this Prospectus. All applicable rates of tax are prescribed by current legislation (as modified by any relevant double tax treaty to which New Zealand is a party). Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Bonds. You should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances.

All Bondholders (including those resident outside New Zealand) must give written notice to the Registrar (or, where applicable, to the custodian/nominee registered as the Bondholder in respect of Bonds held on behalf of the beneficial owner) of their country of residence for taxation purposes and, if not a New Zealand tax resident, whether the Bondholder is engaged in business in New Zealand through a fixed establishment in New Zealand. This requirement for written notice is satisfied for initial Bondholders where the relevant parts of the Application Form are completed by applicants.

Resident withholding tax: Resident Bondholders and New Zealand Branch Bondholders

If you are either a New Zealand resident for tax purposes (*Resident Bondholder*) or are engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand (*New Zealand Branch Bondholders*), resident withholding tax (RWT) will be deducted from the gross amount of interest paid or credited to you in accordance with the provisions of the Tax Act. As at the date of this Prospectus, RWT of 33% will be deducted from interest paid to a Resident Bondholder or New Zealand

Branch Bondholder that is an individual or trustee unless the Bondholder's IRD number is supplied to the Registrar and the Bondholder elects for RWT to be deducted at a lesser rate.

As at the date of this Prospectus, Bondholders who have provided the Registrar with their IRD number can elect to have RWT deducted at the following rates if they are individuals, trusts or Maori authorities:

- 10.5% (this rate is only available to individual Bondholders who have a reasonable expectation at the time of making the election that the individual's income for the income year will be \$14,000 or less, or for trustees of certain testamentary trusts);
- 17.5%;
- 30%; or
- 33%.

Resident Bondholders or New Zealand Branch Bondholders who are companies (other than a Maori authority or trustee), and have supplied their IRD number to the Registrar, are subject to RWT at a rate of 28%.

Where the Bondholder's IRD number is not supplied to the Registrar, RWT will be deducted at a rate of 33% from all interest paid or credited to the Bondholder.

Depending on the Resident Bondholder's level of annual income, electing an RWT rate lower than the Bondholder's personal tax rate may result in a requirement to file a tax return (or the provision of an income statement by Inland Revenue), to account for the tax shortfall. Conversely, if a Resident Bondholder elects an RWT rate higher than the Bondholder's personal tax rate, a tax return may need to be filed in order to obtain the relevant tax refund. Investors are urged to seek tax advice in this respect by reference to their particular circumstances.

Resident Bondholders and New Zealand Branch Bondholders should promptly notify the Registrar of any changes to their elected RWT rate as a result of changes to their particular circumstances.

RWT will not be deducted where the Resident Bondholder or New Zealand Branch Bondholder provides a copy of its RWT exemption certificate to the Registrar that is current at the Record Date for the interest payment.

Approved Issuer Levy and non-resident withholding tax: Non-Resident Bondholders

Precinct will register as an approved issuer and will register the Bonds as registered securities with Inland Revenue for the purposes of the Approved Issuer Levy (AIL) regime. Unless otherwise agreed, Precinct will, via the Registrar, where it is lawfully able, deduct an amount equal to the applicable AIL rate from the interest payments made or credited to Bondholders who are neither Resident Bondholders nor New Zealand Branch Bondholders (Non-Resident Bondholders). The current rates of AIL are 0% and 2% of the amounts treated as interest. In the event Precinct is not lawfully able to deduct AIL at a rate of 0%, AIL will be deducted at 2%.

Non-Resident Bondholders may request by written notice to the Registrar that AIL not be deducted from interest paid or credited in respect of their Bonds, and that non-resident withholding tax (NRWT) be deducted instead, at the rate required by law (as reduced by any applicable double tax agreement, where the Non-Resident Bondholder provides satisfactory evidence to the Registrar of their entitlement to such rate).

If the Non-Resident Bondholder derives interest under the Bonds jointly with one or more New Zealand tax residents, NRWT must be deducted from the interest paid or credited to the Non-Resident Bondholder at the applicable RWT rate as reduced by any foreign withholding tax.

New Zealand financial arrangements rules

Resident Bondholders and New Zealand Branch Bondholders who acquire Bonds for the purpose of their New Zealand fixed establishment will, in doing so, be entering into a financial arrangement which is subject to the "financial arrangements rules" in the Tax Act. Interest paid to these Bondholders under the Bonds will be income that is taxable at the Bondholder's relevant tax rate (with a credit for RWT deducted – see above).

The timing of that income will be governed by the financial arrangements rules. The financial arrangements rules may require that income or expenditure arising in relation to the Bonds be spread over the life of the Bonds using an applicable method under those rules.

Resident Bondholders and New Zealand Branch Bondholders who are "cash basis persons" for the purposes of the financial arrangements rules will be entitled to recognise income on a receipt basis and therefore not be required to spread the income or expenditure. Resident Bondholders and New Zealand Branch Bondholders who are not cash basis persons will be required to spread the income or expenditure using the spreading methods prescribed in the financial arrangements rules. Methods available may depend on the particular circumstances of the Bondholder.

The financial arrangements rules may cause Resident Bondholders and New Zealand Branch Bondholders to derive income or incur a loss on the transfer of Bonds held by them. For example, if a gain is made on the transfer of Bonds by Bondholders to whom the financial arrangements rules apply, the "base price adjustment" performed under the financial arrangements rules will bring the gain to account for New Zealand tax purposes and will cause that gain to be included in their income. Where a Bondholder incurs a loss on the transfer of Bonds, this loss may be deductible to the Bondholder in some circumstances.

New Zealand Branch Bondholders who do not acquire Bonds for the purpose of their New Zealand fixed establishment may also be subject to New Zealand income tax, but the financial arrangements rules will not apply.

In some circumstances, Non-Resident Bondholders may be subject to tax in New Zealand if a gain is made on the transfer of the Bonds.

Provisional tax

All Bondholders should ascertain whether they are subject to New Zealand's provisional tax regime.

Guarantors

As at the date of this Prospectus, Precinct Holdings, Precinct Downtown and Precinct Wynyard, subsidiaries of Precinct, guarantee Precinct's obligations under the Bond Trust Documents pursuant to the Guarantee. Their obligations under the Guarantee are secured by the Mortgages.

A Guarantor may resign from being a guarantor without the Bond Trustee's consent if it has ceased to be a guarantor under the Bank Facility. A company which ceases to be a Guarantor will no longer be bound by the covenants in the Bond Trust Documents.

A Guarantor may be released as a guarantor under the Bank Facility if:

- no event of default nor any potential event of default under the Bank Facility has occurred and is continuing, or will be continuing immediately after the relevant release and the financial covenants under the Bank Facility (including the Loan to Value Ratio covenant) are being complied with at the time of, and will continue to be complied with immediately after, the release of such Guarantor; or
- the Bank Facility Agent, acting on the instructions of the Bank Facility Lenders, has provided its prior written consent to such release.

For example, if Precinct Downtown requires funding to complete the re-development of the Downtown Shopping Centre and determines to obtain this funding from a source other than the Bank Facility, it may request the Bank Facility Lenders to release Precinct Downtown as a guarantor under the Bank Facility and request the Security Trustee to discharge the mortgage over the Downtown Shopping Centre. In this event, Precinct Downtown will also cease to be a Guarantor under the Bond Trust Documents. Precinct Downtown will be entitled to grant security over the Downtown Shopping Centre to other parties and that property will not be a security for the Bonds.

Provisions of the Trust Documents and other restrictions on Precinct

SUMMARY OF THE BOND TRUST DOCUMENTS

The Bonds will be issued under the Master Trust Deed dated on or about 27 November 2014 between Precinct and the Bond Trustee and the Supplemental Trust Deed dated on or about 27 November 2014 between Precinct and the Bond Trustee. The guarantee from the Guarantors is documented in the Guarantee. The Bond Trust Documents contain the Conditions of the Bonds, and are available for inspection at the places indicated in this *Statutory Information* section under the heading *Access to information* on page 46.

Introduction

The following is a summary of the principal provisions of the Bond Trust Documents not set out elsewhere in this Prospectus. Applicants requiring further information should refer to the Bond Trust Documents. Bondholders are bound by, and are deemed to have notice of, the provisions of the Bond Trust Documents.

The Bond Trustee and the Bondholders

The Bond Trustee is appointed under the Master Trust Deed to act as trustee for the Bondholders. It may also act as trustee for the holders of any other Series of bonds issued under the Master Trust Deed and any relevant supplemental trust deed.

The Bond Trustee does not guarantee the payment of interest or the Principal Amount on the Bonds.

Issue and form of the Bonds

The Master Trust Deed does not create any security over the assets of the Precinct Group Companies or any of their subsidiaries or other entities in which Precinct has an interest. The security is granted separately under the Mortgages granted to the Security Trustee.

The Master Trust Deed provides that Precinct may issue bonds (including the Bonds) at such times, in such amounts, to such persons, on such terms and conditions and at the prices determined by Precinct. Precinct also has the power to incur other indebtedness under separate documentation. Any such indebtedness or further services may or may not be guaranteed and may rank equally with or subordinate to the Bonds or may be secured by assets over which the Bondholders do not have security.

Under the terms of the Master Trust Deed, Precinct has the power, from time to time, to create and issue further Series of bonds without the consent of the Bondholders.

Covenants

The Bond Trust Documents contain a number of covenants by Precinct, including to:

- not create or permit to subsist any security interest over, in relation to or otherwise affecting any of its assets other than certain permitted security interests (including those created with the consent of the Bank Facility Lenders or in favour of the Security Trustee or any security which secures indebtedness which does not exceed in aggregate 15% of the Group's total tangible assets (provided no Event of Default is subsisting or will occur as a result of the security being created). This covenant is also given by the Guarantors in the Guarantee;
- not make any distributions to any person outside the Group if an Event of Default is continuing or the distribution would cause an Event of Default;
- not make any material change to its or the Group's core business from that being carried on at the date of the Trust Documents;
- ensure that the Loan to Value Ratio is less than 50% at all times;

- provide valuations of the Mortgaged Properties to the Bond Trustee on a yearly basis;
- whenever so requested in writing, give to the Bond Trustee such information relating to Precinct and any of its subsidiaries or their business or financial condition as may reasonably be required for the purposes of the discharge of the duties, trusts and powers vested in the Bond Trustee under the Master Trust Deed or imposed upon it by law;
- promptly notify the Bond Trustee of the occurrence of any Event of Default;
- do all things necessary to maintain its corporate existence in New Zealand and not to change its place of incorporation or move its principal place of business outside New Zealand. This covenant is also given by the Guarantors in the Guarantee;
- maintain in full effect all material authorisations required to enable it to perform or comply fully with its obligations under the Master Trust Deed;
- comply with the applicable provisions of the FMCA, the Financial Markets Conduct Regulations 2014, the Securities Act, the Securities Regulations, and any other applicable laws, except where failure to do so would not have a material adverse effect;
- comply in all material respects with its obligations under the Agency Agreement;
- comply in all material respects with its obligations under the Bond Trust Documents;
- use all reasonable endeavours to cause the Registrar to keep the Register and give notice to the Bondholders of any resignation or removal of the Registrar and the appointment of any replacement Registrar promptly following such event; and
- use reasonable endeavours to quote and maintain quotation of the Bonds on the NZX Debt Market.

Duties and powers of the Bond Trustee

The Bond Trustee is appointed under the Master Trust Deed to act in the interests of the Bondholders and the holders of any further Series of bonds issued under the Master Trust Deed and any relevant supplemental trust deed.

The principal duties of the Bond Trustee under the Bond Trust Documents in relation to the Bondholders are summarised as follows:

- upon the occurrence of any Event of Default, the Bond Trustee may at its discretion (and must if directed by an Extraordinary Resolution of Bondholders) exercise the powers of enforcement available to it and apply all monies received in accordance with the provisions of the Master Trust Deed (which includes the prior payment to the Bond Trustee of all amounts due to the Bond Trustee);
- receive the regular financial and other reports and certificates furnished to it by Precinct;
- to perform functions relating to the ongoing administration of the Bond Trust Documents including in relation to the meetings of Bondholders, and the exercise of discretions or the giving or withholding of consents (as appropriate) relating to such administration and other matters out of the ordinary, such as making application to the High Court

of New Zealand under the Securities Act or the FMCA, the substitution of an obligor in place of Precinct as issuer of the Bonds and agreeing to modifications of the Bond Trust Documents, all upon the terms set out in the Bond Trust Documents; and

- on being satisfied that all amounts owing in relation to the Bonds and any other bond monies owing under the Bond Trust Documents have been paid or provided for upon the terms of the Bond Trust Documents, and on being indemnified to its reasonable satisfaction, to execute a deed of release of the Bond Trust Documents.

In addition, the Bond Trustee has a statutory duty under the Securities Act, the Securities Regulations and the FMCA to exercise reasonable diligence to:

- ascertain whether or not there has been any breach of the terms of the Bond Trust Documents or of the terms of the Bonds and to do all it is empowered to do to cause any such breach of those terms to be remedied (except where the Bond Trustee is satisfied that the breach will not materially prejudice the interests of the Bondholders); and
- ascertain whether or not the assets of Precinct Group Companies that are or may be available, are sufficient or likely to be sufficient to discharge the amounts of the Bonds as they become due.

The Bond Trustee receives the benefit of a general indemnity from Precinct for any expenses or liabilities it reasonably sustains or incurs while acting as Bond Trustee unless the claim arises out of wilful default, fraud, gross negligence or wilful breach of trust by the Bond Trustee. The Bond Trustee is not indemnified against liability for wilful default, fraud, gross negligence or wilful breach of trust where the Bond Trustee has failed to show the degree of care and diligence required of it having regard to the powers, authorities and discretions conferred on it under the Trust Documents and the provisions of the Master Trust Deed.

Except as otherwise expressly provided in the Bond Trust Documents, the Bond Trustee has absolute and uncontrolled discretion as to the exercise or non-exercise of its powers in relation to the Bonds. Under the Bond Trust Documents, the Bond Trustee may, amongst other things, in relation to the Bonds:

- decline to act or exercise any power, take any action or comply with any request or direction (including direction by an Extraordinary Resolution of Bondholders) unless it has first been indemnified to its satisfaction against all reasonable expenses, losses and liabilities it may sustain or incur by so doing;
- represent and act on behalf of Bondholders in any matter concerning them generally;
- invest any monies held in its capacity as Bond Trustee, in the name of the Bond Trustee or its nominee, in any investment, with power to vary, deal with or dispose of such investment, and all income arising from all such investments will belong to the person on behalf of whom such money is held by the Bond Trustee;

- in the performance of its duties, act on, or decline to act on, certificates signed by at least one Authorised Officer (as defined in the Master Trust Deed) of Precinct, the advice or opinion of professional advisers or any certificate or report provided to the Bond Trustee under the Master Trust Deed; or
- require Precinct to report to Bondholders on certain matters, convene meetings of Bondholders or otherwise seek directions from a court of New Zealand.

Reporting

Precinct undertakes to supply to the Bond Trustee various reports, annual and half-yearly financial statements and other information as to the financial condition of Precinct and its subsidiaries and as to compliance with the Bond Trust Documents.

This requires two directors of Precinct, on behalf of the Board, to provide a report to the Bond Trustee, following the end of each financial year and each financial half-year, as to various matters relating to Precinct and the Bonds, including details of the Bonds which are on issue, compliance by Precinct with the provisions of the Bond Trust Documents (including the Loan to Value Ratio), and confirmation that all payments in relation to the Bonds which have fallen due for payment have been paid or otherwise satisfied.

Events of Default

The Events of Default are set out in the Bond Trust Documents. A summary of the key Events of Default is set out below:

- non-payment of:
 - any Principal Amount on the Maturity Date or any other amount on its due date if the default continues for a period of 10 Business Days; or
 - interest on any Interest Payment Date if the default continues for a period of three Business Days;
- a Precinct Group Company defaults in its obligations (other than a payment obligation) under the Bond Trust Documents and the default is not remedied within 30 days after the relevant Precinct Group Company becomes aware of the default and the default has or is likely to have a material adverse effect (in the reasonable opinion of the Bond Trustee);
- a breach of the Loan to Value Ratio covenant is not remedied within the required time frame as set out under Event of Review below;
- any representation, warranty or statement made by a Precinct Group Company in the Bond Trust Documents is untrue or incorrect in a material respect and is not remedied within 60 days of the relevant Precinct Group Company becoming aware of the misrepresentation;
- any indebtedness for borrowed money of a Precinct Group Company (other than in respect of the Bonds) in excess of \$15,000,000 becomes due and payable as a result of an event of default by that Precinct Group Company;

- other than as provided for in the Guarantee, the Guarantee is terminated or any of the provisions are amended or waived in a manner materially adverse to the interests of the Bondholders (in the reasonable opinion of the Bond Trustee);
- Precinct ceases to carry on all or substantially all of its business or an order is made for its dissolution, except in certain circumstances;
- a Precinct Group Company is unable to pay its debts as they fall due or is insolvent; and
- a receiver, liquidator, statutory manager or other officer is appointed or an encumbrancer takes possession, in all instances in respect of any material part of the assets of a Precinct Group Company.

For the purposes of the Security Trust Deed, the Major Bond Default Events are:

- non-payment of any Principal Amount or interest due on the Bonds and such amount is not paid within 10 Business Days in the case of Principal Amounts or three Business Days in the case of interest;
- a default by a Precinct Group Company leading to any indebtedness for borrowed money (other than in respect of the Bonds) in excess of \$15,000,000 becoming due and payable; and
- a breach of the Loan to Value Ratio covenant which is not remedied within the required timeframe.

Event of Review

An Event of Review occurs if there is a breach of the Loan to Value Ratio covenant by reference to any director's report and that breach is not remedied within six months of the relevant director's report (or the date on which it should have been delivered). Within 20 Business Days of an Event of Review occurring, Precinct shall give notice to the Bond Trustee of the breach and its plan to remedy the breach (by selling assets, effecting a capital restructuring or otherwise). If the breach of the Loan to Value Ratio covenant is not remedied within six months of the date of that notice (or the date on which it should have been delivered), an Event of Default will have occurred.

No enforcement by Bondholders

Except to the extent permitted by law, Bondholders have no direct enforcement rights and they may not bring proceedings directly against the Precinct Group Companies for the enforcement of any of their rights or remedies under the Bond Trust Documents, unless the Bond Trustee has failed to enforce such rights or remedies after having become bound to do so under the provisions of the Bond Trust Documents.

Indemnity

If the Security Trustee incurs any liability or loss in the course of carrying out its duties, each Beneficiary will be required to indemnify the Security Trustee in respect of such liability or loss in proportion to the amount owing to it. The Bond Trustee represents the Bondholders for such purposes and, accordingly, the Bond Trustee may be liable to indemnify the Security Trustee for its proportionate share of any liability or loss amount. Each Bondholder separately indemnifies the Bond

Trustee (under the terms of the Bond Trust Documents) for any amounts that it is required to pay to the Security Trustee.

Substituted obligor

Precinct may, with the consent of the Bond Trustee but without the consent of the Bondholders, substitute any individual, body corporate, an association of persons (being a trust, a state and an agency of a state (in each case whether or not having separate legal personality)) incorporated in New Zealand in substitution for Precinct or a previous substituted obligor under the Bond Trust Documents. Such substitution may only occur if a number of requirements are met, as set out in the Master Trust Deed.

Meetings

Where used in this section, Bondholders means both Bondholders as defined in the Glossary and, if applicable, holders of any other Series of bonds which may be constituted and issued by Precinct under the Master Trust Deed and in relation to which the Bond Trustee is appointed to act.

The Bond Trust Documents contain provisions for meetings of Bondholders and the matters which may be determined by ordinary or Extraordinary Resolutions.

Precinct must call a meeting of Bondholders, or a class of Bondholders, at the request in writing of the Bondholders holding at least 5% in Principal Amount of the Bonds or any Series of bonds (as the case may be). Precinct or the Bond Trustee may also convene a meeting of Bondholders at any time.

Except where an Extraordinary Resolution affects either a particular Bondholder, or a particular Series only, as opposed to the rights of holders generally, an Extraordinary Resolution passed at a meeting of Bondholders or a class of Bondholders is binding on all Bondholders, whether or not they were present at such meeting.

After the occurrence of an Event of Default and while it continues unremedied, Bondholders may by an Extraordinary Resolution direct the Bond Trustee to declare all monies payable in respect of the Bonds, to be immediately due and payable by notice in writing to Precinct.

Bondholders have the power exercisable by Extraordinary Resolution to assent to, approve, authorise and sanction a range of acts, matters and things in relation to, or in connection with, the Bond Trust Documents, the Bonds and the exercise or performance by the Bond Trustee of its powers, duties and discretions. For example, the Bondholders may, by Extraordinary Resolution:

- release the Precinct Group Companies from payment of part of all monies payable on or in relation to the Bonds to the Bondholders under the Conditions;
- postpone the payment of interest on the Bonds and the Maturity Date of the Bonds;
- sanction any alteration, release, modification, waiver, variation or compromise in respect of the rights of the Bondholders or of the Conditions in respect of the Bonds;
- sanction, assent to, release or waive any breach or default of Precinct, or commission or omission of the Bond Trustee; and/or
- remove the Bond Trustee and appoint a new trustee.

An Extraordinary Resolution is a resolution passed at a meeting of Bondholders (or of a class of Bondholders) properly convened at which at least 75% of the Bondholders (or that class of Bondholders) voting at the meeting or, if a poll is demanded, at least 75% of the votes cast, vote in favour of the resolution. A quorum for the purpose of passing an Extraordinary Resolution is the Bondholders holding or representing (in aggregate) at least 25% in Principal Amount of the Bonds or, in the case of a meeting of any class of Bondholders, of the Bonds of the relevant class.

Amendment of Bond Trust Documents

The terms of the Bond Trust Documents may be altered with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution and, in limited circumstances, with the approval only of the Bond Trustee. A description of the requirements for an Extraordinary Resolution is set out in the preceding paragraph of this Prospectus.

In addition, the Bond Trust Documents may be altered, without the consent of Bondholders, in the limited circumstances specified in the Bond Trust Documents. In summary, these circumstances are:

- with the consent of the Bond Trustee in the circumstances set out below;
- with the consent of the Financial Markets Authority pursuant to section 109 of the FMCA (when applicable);
- pursuant to section 22(7) or section 37(6) of the Securities Trustees and Statutory Supervisors Act 2011; or
- pursuant to any other power to amend or replace the Bond Trust Documents under any other enactment.

Notice of the amendment must be given by Precinct to Bondholders within 30 days of the amendment.

Amendments to which the Bond Trustee can agree to make include those:

- of a minor, formal, administrative or technical nature;
- to correct a manifest error;
- desirable, or necessary, to comply with the provisions of any applicable law;
- necessary or desirable for the purpose of obtaining or maintaining a quotation of the Bonds on any stock exchange in New Zealand or elsewhere;
- which are appropriate and reasonable in the circumstances insofar as they relate to the deed or Precinct (for the purpose of complying with any financial markets practice or banking practice or which are convenient or useful for the purpose of any banking or business practice adopted by Precinct), provided the amendments, in Precinct's opinion, are not likely to have a material adverse effect on Precinct or be or become materially prejudicial to the Bondholders;
- in respect of any reporting to the Bond Trustee or in respect of the Bond Trustee's fees or powers; or
- otherwise necessary or desirable in the interests of the Bondholders or any class of them.

The Bond Trustee must not consent to an amendment noted in the paragraph above unless it is satisfied that the amendment does not have a material adverse effect on the Bondholders or the amendment is approved by, or is contingent on approval by, the Bondholders, and the Bond Trustee certifies to that effect and either certifies or obtains a certificate from a solicitor, that the Bond Trust Documents will continue to comply with sections 104 to 106 of the FMCA (when applicable).

Any amendment may be temporary or permanent.

The Bond Trustee may also waive (temporarily or indefinitely) any breach or anticipated breach of the Bond Trust Documents if it is satisfied that the interests of Bondholders generally will not be materially prejudiced by the waiver.

Any amendment to the Bond Trust Documents will be binding on all Bondholders and will only be effective if it is in writing and signed by Precinct and the Bond Trustee.

Supplemental Trust Deed

The Supplemental Trust Deed contains provisions specific to the Bonds to be issued under this Prospectus, although Precinct may elect to issue further Series of bonds on the same terms. It contains the terms and conditions of the Bonds, details of which are summarised in the *Key Terms of the Bonds* section on page 5.

Deed of Guarantee and Indemnity

The Bonds are guaranteed by the companies that are from time to time party to the Guarantee. As at the date of this Prospectus, the Guarantors are Precinct Holdings, Precinct Downtown and Precinct Wynyard.

The Guarantors each jointly and severally and unconditionally guarantee to the Bond Trustee and the Bondholders, the due and punctual payment of all monies payable on or in relation to the Bonds as and when the same shall become due and payable in accordance with the terms and conditions of the Bonds or under the Bond Trust Documents. In the event that Precinct defaults in the due and punctual payment of any monies payable on or in relation to the Bonds, each Guarantor has agreed, immediately upon demand by the Bond Trustee, to pay to the Bond Trustee all amounts then due and unpaid in relation to the Bonds.

A Guarantor may resign from being a guarantor if it has ceased to be a guarantor under the Bank Facility. The Bond Trustee is not required to consent to this. A company which ceases to be a Guarantor will no longer be bound by the covenants in the Bond Trust Documents including the restriction on granting security set out below.

A Guarantor may be released as a guarantor under the Bank Facility if:

- no event of default nor any potential event of default under the Bank Facility has occurred and is continuing, or will be continuing immediately after the relevant release and the financial covenants under the Bank Facility are being complied with at the time of, and will continue to be complied with immediately after, the release of such Guarantor; or

- the Bank Facility Agent, acting on the instructions of the Bank Facility Lenders, has provided its prior written consent to such release.

Other restrictions

Restrictions on new mortgages or charges or ratio of liabilities to assets

The Precinct Group Companies may only grant security over their assets:

- which does not secure indebtedness exceeding in aggregate 15% of the Group's total tangible assets and no Event of Default has occurred or will occur as a result of granting the security; or
- in favour of the Security Trustee; or
- with the consent of the Bank Facility Lenders and the USPP Noteholders.

The consent of Bondholders is not required in these circumstances.

Borrowing restrictions

The Bond Trust Documents do not contain any express restrictions on the ability of the Precinct Group Companies to borrow or incur further indebtedness. However, the Loan to Value Ratio covenant and the restriction on granting security described above will limit their ability to borrow funds which are secured against their assets.

There are no other express restrictions on Precinct borrowing, being restrictions that result from any undertaking given, or contract or deed entered into, by Precinct. Nonetheless there are financial covenants in the Bank Facility and USPP Notes which indirectly affect Precinct's ability to borrow further sums.

As at the date of this Prospectus, these are:

- at the end of each year and each half year, EBIT of the Obligors for the preceding 12 month period will be not less than 85% of EBIT of the Group for the same period;
- at all times, Tangible Assets of the Obligors shall be not less than 85% of Total Tangible Assets;
- at all times, Adjusted Total Liabilities shall be no more than 50% of Adjusted Total Tangible Assets;
- at the end of each year and each half year, EBIT of the Group for the preceding 12 month period will be not less than 2.0 times the Total Interest Expense for the same period;
- at all times the remaining WALT for all leases of directly owned investment properties will be not less than 3 years; and
- at all times the aggregate amount secured by the Mortgages shall not exceed 50% of the Mortgaged Property Value.

Terms used in the paragraph above have the meaning given to them in the Bank Facility.

As a consequence of the unremedied breach of any of the above covenants, the Bank Facility Lenders or USPP Noteholders may demand immediate repayment of all

outstanding monies owed by Precinct to them, and if not repaid the Bank Facility Lenders or USPP Noteholders may direct the Security Trustee to take enforcement action in accordance with the Security Trust Deed.

Bondholders do not have the benefit of these covenants and they may be amended at any time without the consent of the Bondholders.

Miscellaneous

The Bond Trust Documents also contain detailed provisions relating to procedures for holding meetings of Bondholders, transfer and registration of Bonds and various other matters.

Because the Bonds are to be registered (rather than bearer) securities, the Bond Trustee and Precinct are entitled to rely on the Register as the sole and conclusive record of the Bonds held by a Bondholder, despite any discrepancy between the Register and any certificate issued in respect of any Bonds. A certificate will not constitute a document of title.

Transfers must be effected using a registrable transfer form, by any method of transfer permitted by NZX for securities quoted on the NZX Debt Market or by any other means of transfer of marketable securities which is not contrary to law and the Listing Rules and which is approved by Precinct. A transfer will not take effect until the transferee is registered as the holder of the Bond.

The Bond Trustee and Precinct are entitled to treat a person recorded in the Register as the absolute owner of the Bonds it is recorded to own, and shall have no liability to any person for doing so.

Bond Trustee's statement

The statement required to be made by the Bond Trustee under clause 9(3) of Schedule 12 to the Securities Regulations is set out in the *Trustee's Statement* section on page 32.

Consequences of insolvency

Subject to the indemnity obligations described in the *Provisions of the Trust Documents and other restrictions on Precinct* section under the heading *Indemnity* on page 41, Bondholders will not be liable to pay any money to Precinct or any other person in respect of the Bonds as a result of the insolvency of Precinct. However, in the event of the insolvency of Precinct, Bondholders could receive none, or only some, of the returns referred to in this *Statutory Information* section under the heading *Returns* on pages 36 to 38. It is therefore foreseeable in those circumstances that Bondholders would receive less than the amount they paid for their investment in the Bonds.

The Bonds are senior secured, interest bearing debt obligations of Precinct. In a liquidation of the Precinct Group Companies, Bondholders' rights to payment of any amounts owing under the Bonds will rank, in respect of the proceeds of the Mortgaged Properties, ahead of the claims of all unsecured creditors of the Precinct Group Companies (other than those who are preferred by law and the other Beneficiaries who will rank equally with the Bondholders). If the proceeds from the

Mortgaged Properties are insufficient to repay Bondholders in full, Bondholders will be unsecured for the shortfall and will rank equally with all other unsecured creditors of the Precinct Group Companies (other than those preferred by law).

Creditors preferred by law who may rank ahead of Bondholders include employees (for some entitlements), certain taxes (including the IRD for unpaid taxes) and holders of purchase money security interests (in relation to assets other than those secured by Mortgages). The other Beneficiaries will rank equally with Bondholders.

Alteration of securities

The terms of the Bonds can be altered in certain circumstances. Precinct also reserves the right to vary the dates of the Offer including the Opening Date and Closing Date, at its sole discretion. The terms of the Offer and the terms and conditions on which investors may apply for and acquire Bonds may be altered by an amendment to this Prospectus and, if required, the Bond Trust Documents. Details of any amendment to this Prospectus or the Bond Trust Documents must be filed with the Registrar of Financial Service Providers.

A summary of how the Bond Trust Documents may be altered is set out in this *Statutory Information* section under the heading *Amendment of Bond Trust Documents* on page 42.

SUBSTITUTED OBLIGOR

Precinct may, with the consent of the Bond Trustee but without the consent of the Bondholders, substitute any individual, body corporate, an association of persons (being a trust, a state and an agency of a state (in each case whether or not having separate legal personality)) incorporated in New Zealand in substitution for Precinct or a previous substituted obligor under the Bond Trust Documents. Such substitution may only occur if a number of requirements are met, as set out in the Master Trust Deed.

Early termination

There is no right or obligation for Precinct or any other person to redeem the Bonds prior to the Maturity Date except following the occurrence of an Event of Default.

Right to sell securities

Bondholders are entitled to sell or transfer their Bonds at any time, subject to the terms of the Bond Trust Documents and any applicable securities laws and regulations.

Bonds may be transferred by means of the NZCDC Settlement System operated by New Zealand Clearing and Depository Corporation Limited. The appropriate FIN (Authorisation Code) will need to be supplied to the Primary Market Participant, along with the CSN for the Bonds.

To be eligible to trade your Bonds you must have an account with a Primary Market Participant, a CSN and an Authorisation Code. If you do not have an account with a Primary Market Participant you should be aware that opening an account can take a number of days depending on the Primary Market

Participant's new client procedures. If you do not have a CSN you will be automatically assigned one. If you do not have an Authorisation Code, it is expected that you will be sent one as a separate communication by the Registrar. If you have a Primary Market Participant and have not received an Authorisation Code by the date you want to trade your Bonds, your Primary Market Participant can arrange to obtain your Authorisation Code from the Registrar. Your Primary Market Participant will be charged a fee for requesting your Authorisation Code from the Registrar and may pass this cost on to you.

Listing Rule 11.1.1 provides that no restriction may be imposed on the ability of a security holder to transfer their securities (subject to registration of a properly completed transfer). NZX has approved provisions in the Bond Trust Documents that enable Precinct to decline to accept or register a transfer of Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.

The effect of such approval is that the minimum holding amount in respect of Bonds will be Bonds with an aggregate Principal Amount of not less than \$5,000 (or a multiple of \$1,000 thereafter) and Precinct may decline to accept or register a transfer that is not a multiple of \$1,000. Precinct may also direct the Registrar to register any transfer of Bonds where the Bond Trust Documents, the Listing Rules or any applicable legislation permits or requires Precinct to do so.

You should direct any enquiries about buying or selling Bonds to a Primary Market Participant or your usual investment adviser. Brokerage at applicable rates is likely to be payable by a Bondholder on any transfer of the Bonds effected through such a person.

Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Prospectus. The NZX Debt Market is a registered market operated by NZX, which is a registered exchange, regulated under the Securities Markets Act.

As at the date of this Prospectus, there is no established secondary market for the Bonds. On the basis that permission is expected to be granted to quote the Bonds on the NZX Debt Market, Precinct considers that a secondary market for the Bonds will develop following completion of the Offer. However, Precinct gives no assurance as to the existence or liquidity of such secondary market and has obtained an exemption from Listing Rule 5.2.3 to exempt the Issuer from the spread requirements for a period of one year from the quotation date. Consequently, you may not be able to sell your Bonds readily or at all, or at prices that will enable you to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

A summary of the risks involved with selling Bonds on the secondary market (if one develops) is set out in the Risks section under the heading *Liquidity risk* on page 27.

Applicants should not attempt to sell their Bonds until they know whether, and how many, Bonds have been issued to them. None of Precinct, the Guarantors, the Bond Trustee, the Arranger, the Organising Participant, the Joint Lead Managers, the Co-Manager, the Registrar or any of their respective directors, officers, employees or agents, or any other person, accepts any liability or responsibility should any applicant for Bonds attempt to sell or otherwise deal with any Bonds before receiving from the Registrar a holding statement (which is expected to be sent on 17 December 2014) recording the number of Bonds (if any) issued to them.

If Bondholders transfer any Bonds, the price obtained for them may differ from the amount paid to subscribe for, or purchase, them. Factors which may affect the price at which a Bondholder is able to sell the Bonds are set out in this *Statutory Information* section under the heading *Key factors determining returns* on page 36 and the *Risks* section on pages 27 to 31.

Precinct will not compensate Bondholders for any loss they incur if they choose to sell their Bonds.

Other terms of the Offer and securities

All of the terms of the Offer and the Bonds being offered are set out in this Prospectus, except for those:

- implied by law; or
- which are set out in a document that has been registered with a public official, is available for public inspection, and is referred to in this Prospectus.

Information available under Precinct's continuous disclosure obligations

Precinct, as a listed issuer whose Shares are quoted on the NZX Main Board, is subject to the continuous disclosure obligations of the Listing Rules (which are 'continuous disclosure provisions' for the purposes of section 19D of the Securities Markets Act). As such, Precinct is required to immediately notify NZX of any information concerning Precinct of which Precinct is or becomes aware and which a reasonable person would expect to have a material effect on the price of the Shares, subject to certain exceptions.

Copies of announcements made by Precinct through NZX are available on NZX's website (at www.nzx.com/companies/PCT). You are encouraged to monitor Precinct's announcements through this website.

The following information that is material to the Offer has been disclosed by Precinct through NZX before registration of this Prospectus in accordance with Precinct's obligations under the Listing Rules (i.e. the Disclosed Information). This is not a list of all announcements made by Precinct. Copies of

all announcements referred to below have been filed with NZX and the Registrar of Financial Service Providers and are available on request.

Disclosed Information

Disclosure date	Description of disclosure
24 November 2014	Precinct advances capital recycling strategy with SAP Tower
7 November 2014	Precinct 2014 AGM Chairman and CEO Address
7 November 2014	Precinct 2014 AGM results and Director Independence
4 November 2014	Precinct successfully issues long term debt
30 September 2014	Precinct in negotiations for asset sales
12 September 2014	2014 annual report
11 September 2014	Auckland Council approve conditional disposal of QE Square
9 September 2014	Quarterly update – September 2014
4 September 2014	Government announce Wellington accommodation shortlist
13 August 2014	Precinct annual profit of \$117.2 million
9 July 2014	Precinct records \$47 million valuation increase
4 June 2014	Quarterly Update – June 2014
14 May 2014	Precinct secures development agreement at Wynyard Quarter
18 February 2014	Precinct records solid start to year
7 November 2013	Precinct 2013 AGM – Chairman and CEO Address
10 October 2013	Precinct announces successful \$12.5 million equity issue
20 September 2013	2013 Annual Report
4 September 2013	Precinct announces successful \$50 million placement
3 September 2013	Precinct announces \$60 million equity issue
19 August 2013	Company update – Wellington earthquake
8 July 2013	Precinct CRL negotiations with Auckland Council

Financial statements

The audited financial statements for the Group for the financial year ended 30 June 2014, that comply with, and have been registered under, the Financial Reporting Act 1993 (together with the accompanying audit report), were notified to NZX on 13 August 2014 and registered at the Companies Office (available at www.business.govt.nz/companies) on 13 August 2014. Copies of these financial statements are also available online at www.precinctbondoffer.co.nz.

Access to information

Copies of the Disclosed Information referred to above and the Group's audited financial statements for the year ended 30 June 2014 may be obtained, free of charge, from Precinct's website at www.precinctbondoffer.co.nz and are available on request and free of charge, by writing to Precinct at the address specified in the *Directory* at the back of this Prospectus.

Copies of these documents are filed on a public register at the Companies Office of the Ministry of Business, Innovation and Employment and are available for public inspection (including at www.business.govt.nz/companies).

Other material matters

There are no additional material matters relating to the Offer of the Bonds other than those set out in:

- this Prospectus;
- the Disclosed Information;
- the audited financial statements for the Group for the year ended 30 June 2014; and
- contracts entered into in the ordinary course of business of Precinct.

Directors' statement

In the opinion of the directors of Precinct, after due enquiry by them, Precinct is in compliance with the requirements of the continuous disclosure provisions that apply to it.

Signatures

This offer document has been signed by each of the directors of Precinct (or by their authorised agents) on 27 November 2014.

SIGNED by the directors of Precinct Properties New Zealand Limited

Mohammed Al Nuaimi

Robert James Campbell

Graeme John Horsley

Donald William Huse

Christopher James Judd

Craig Hamilton Stobo

Graeme Henry Wong

GLOSSARY

The following definitions apply throughout this Prospectus unless the context requires otherwise.

A-Grade	high-quality modern space including many, but not all, Premium grade features.
Agency Agreement	the registry agreement entered into between Precinct and the Registrar for the provision of registry services dated on or about the date of this Prospectus.
AIL	Approved Issuer Levy.
Ancillary Transactions	Means all transactions under certain treasury products (including currency and interest rate swaps) entered into by Precinct or any Guarantor with any Bank Facility lender or, prior to the date of the Security Trust Deed, the Hedging Provider, or any other transaction under a treasury product approved under the Security Trust Deed.
Application Form	the application form attached to this Prospectus.
Application Monies	money received by Precinct from applicants who have applied for Bonds under the Offer.
Arranger	ANZ Bank New Zealand Limited.
Bank Facility	the facility agreement (including a cross guarantee) dated 20 June 2013 (as amended from time to time) between Precinct as borrower, Precinct Holdings, Precinct Downtown and Precinct Wynyard as guarantors, ANZ Bank New Zealand Limited as agent, the Security Trustee and the Bank Facility Lenders.
Bank Facility Agent	ANZ Bank New Zealand Limited as facility agent for the Bank Facility Lenders.
Bank Facility Lenders	the lenders under the Bank Facility from time to time which, at the date of this Prospectus, are ANZ Bank New Zealand Limited, Bank of New Zealand, Commonwealth Bank of Australia and Bank of Tokyo-Mitsubishi UFJ, Ltd., Auckland Branch.
Bayleys	Bayleys Valuations Limited.
Beneficiaries	the Security Trustee, the Bank Facility Lenders, the Bank Facility Agent, the Hedging Provider, the USPP Noteholders, the Bondholders, the Bond Trustee and any future financier (and/or its trustee, agent or other representative) who becomes a Beneficiary under the terms of the Security Trust Deed.
Board	the board of directors of Precinct.
Bond Trust Documents	the Master Trust Deed, the Supplemental Trust Deed and the Guarantee.
Bond Trustee	The New Zealand Guardian Trust Company Limited as Bond Trustee for the Bondholders or any successor of the Bond Trustee.
Bondholder	a person whose name is recorded on the Register as the holder of a Bond.
Bonds	the bonds offered pursuant to this Prospectus.
Business Day	a day (other than a Saturday, or Sunday) on which registered banks are generally open for business in Auckland except that in the context of the Listing Rules, it means a day on which the NZX Debt Market is open for trading.
CBD	central business district.
CBRE	CBRE Limited.
Closing Date	the end of the offer period for the Bonds, being 12 December 2014 or such other date that Precinct may determine.
Colliers	Colliers International New Zealand Limited.
Co-Manager	Macquarie Capital (New Zealand) Limited.
Conditions	the terms and conditions of the Bonds as set out in the Bond Trust Documents.
Credit Participations	means, in relation to a Beneficiary, the aggregate principal amount owing to that Beneficiary (or, in the case of a Beneficiary representing a syndicate or group of other Beneficiaries, the amounts owing to the Beneficiaries it represents) under a finance document that has been recognised for the purposes of the Security Trust Deed.
CSN	Common Shareholder Number.

Disclosed Information	the information described in the <i>Statutory Information</i> section under the heading <i>Information available under Precinct's continuous disclosure obligations</i> on page 45.
Downtown Shopping Centre	the downtown shopping and office precinct in Auckland known as Downtown Shopping Centre at 11-19 Customs Street West, Auckland.
Event of Default	has the meaning given to that term in the Bond Trust Documents. The key Events of Default are summarised in this Prospectus.
Event of Review	has the meaning given to that term in the Bond Trust Documents, as summarised in this Prospectus.
Extraordinary Resolution	a resolution passed at a meeting of Bondholders and holders of any other Series of bonds which may be constituted and issued by Precinct under the Master Trust Deed and a supplemental trust deed, duly convened at which at least 75% of the persons voting at the meeting upon a show of hands or, if a poll is duly demanded, then at least 75% of the votes given on such a poll voted in favour of the resolution.
FMCA	Financial Markets Conduct Act 2013.
Government	the New Zealand Government.
Group	Precinct and its subsidiaries (within the meaning of section 5 of the Companies Act 1993), being at the date of this Prospectus, Precinct Holdings, Precinct Downtown and Precinct Wynyard.
Guarantee	the deed of guarantee and indemnity dated on or about the date of this Prospectus given by Precinct Holdings, Precinct Downtown and Precinct Wynyard in favour of the Bond Trustee (on behalf of the Bondholders).
Guarantors	at the date of this Prospectus, Precinct Holdings, Precinct Downtown and Precinct Wynyard and includes any person (other than the Bond Trustee) who becomes a party to the Guarantee in accordance with its terms from time to time after the date of this Prospectus but excludes any person who is released from the Guarantee.
Hedging Provider	means Westpac Banking Corporation, as the counterparty under hedging arrangements entered into with Precinct.
Interest Payment Date	17 June and 17 December in each year commencing on 17 June 2015 and ending on 17 December 2021.
Interest Rate	the rate of interest per annum payable on the Principal Amount of the Bonds as announced to NZX.
IRD	Inland Revenue Department.
Issue Date	17 December 2014, or such other date as Precinct may determine.
Issue Price	\$1.00 per Bond.
JLL	Jones Lang LaSalle Limited.
Joint Lead Managers	ANZ Bank New Zealand Limited, Deutsche Craigs Limited and First NZ Capital Securities Limited.
Listing Rules	the NZX Main Board/NZX Debt Market Listing Rules of NZX.
Loan to Value Ratio	<p>the ratio (expressed as a percentage) of:</p> <p>(a) the aggregate of the Outstanding Amount (as defined in the Bank Facility) and the principal amount of all other outstanding borrowed money (other than in respect of Ancillary Transactions, other than Ancillary Transactions entered into to hedge the foreign currency risk of foreign currency borrowings, the value of which shall be added to or subtracted from the foreign currency borrowing amount) of Precinct and the Guarantors which is secured by the Mortgages; to</p> <p>(b) the Mortgaged Property Value.</p>

Major Bond Default Event	<p>an Event of Default which arises as a result of:</p> <p>(a) non-payment of any Principal Amount or interest due on the Bonds and such amount is not paid within 10 Business Days in the case of Principal Amounts or three Business Days in the case of interest;</p> <p>(b) a default by a Precinct Group Company leading to any indebtedness for borrowed money (other than in respect of the Bonds) in excess of \$15,000,000 becoming due and payable; or</p> <p>(c) a breach of the Loan to Value Ratio covenant which is not remedied within the required timeframe.</p>
Majority Beneficiaries	means, at any time, the Beneficiaries whose Credit Participations at that time aggregate to more than 66⅔% of the total Credit Participations at that time.
Manager	AMP Haumi Management Limited.
Master Trust Deed	the Master Trust Deed dated on or about the date of this Prospectus between Precinct and the Bond Trustee.
Maturity Date	17 December 2021.
Mortgage	each first ranking mortgage in respect of real property granted to the Security Trustee by a Precinct Group Company pursuant to the Security Trust Deed.
Mortgaged Property	at any time, each property owned by a Guarantor that is subject to a Mortgage at that time.
Mortgaged Property Value	on any date, the value of the Mortgaged Properties on that date as determined by the most recent valuations delivered to the Bond Trustee under the Bond Trust Documents.
New Zealand Branch Bondholder	a Bondholder that is engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand.
Non-Resident Bondholder	a Bondholder who is not a New Zealand tax resident and who is not engaged in business in New Zealand through a fixed establishment.
NZ GAAP	generally accepted accounting practice in New Zealand.
NZX	NZX Limited.
NZX Debt Market	the registered market for trading debt securities operated by NZX.
NZX Main Board	the registered market for trading equity securities operated by NZX.
Offer	the offer of Bonds by Precinct under this Prospectus.
Opening Date	the first date of the offer period for the Bonds, being 8 December 2014, or such other date as Precinct may determine.
Organising Participant	ANZ Bank New Zealand Limited.
Precinct	Precinct Properties New Zealand Limited.
Precinct Group Companies	Precinct and the Guarantors, being at the date of this Prospectus, Precinct Holdings, Precinct Downtown and Precinct Wynyard.
Precinct Downtown	Precinct Properties Downtown Limited.
Precinct Holdings	Precinct Properties Holdings Limited.
Precinct Wynyard	Precinct Properties Wynyard Limited.
Premium	top quality landmark space which is generally the pace setter in establishing rents and is located in the CBD. Premium grade office buildings include the following general attributes: a prestige lobby, high architectural merit, the latest or recent generation of buildings services, ample natural lighting, good views and outlook, and quality access to and from an attractive street environment.
Primary Market Participant	has the same meaning in the Participant Rules of NZX.

Prime	Premium and A-Grade office grades.
Principal Amount	in relation to a Bond, the amount (other than interest, fees and costs) payable on redemption or repayment of that Bond, being an amount recorded as such in the Register in respect of that Bond.
Prospectus	this registered simplified disclosure prospectus for the Bonds dated 27 November 2014.
Rate Set Date	means 12 December 2014.
Record Date	in relation to a payment due on the Bonds, 5.00pm on the tenth calendar day before the due date for that payment.
Register	the register of Bonds maintained by the Registrar in accordance with the provisions of this deed and the Agency Agreement.
Registrar	Computershare Investor Services Limited.
Resident Bondholder	a Bondholder that is a New Zealand resident for tax purposes.
RWT	Resident Withholding Tax.
Securities Act	Securities Act 1978.
Securities Markets Act	Securities Markets Act 1988.
Securities Regulations	Securities Regulations 2009.
Security Trust Deed	the Security Trust Deed dated 20 June 2013 (as amended from time to time) between Precinct, Precinct Holdings, Precinct Downtown, Precinct Wynyard, the Security Trustee, the Bank Facility Lenders, the Hedging Provider, the Bank Facility Agent and the Security Trustee.
Security Trustee	means Public Trust (in its capacity as Security Trustee under the Security Trust Deed).
Series	has the meaning given to that term in the Master Trust Deed.
Shares	the ordinary shares in Precinct.
sqm	square metres.
Supplemental Trust Deed	the supplemental trust deed dated on or about the date of this Prospectus between Precinct and the Bond Trustee.
Tax Act	Income Tax Act 2007.
USPP Noteholders	the holders of the USPP Notes from time to time.
USPP Notes	the notes to be issued by Precinct in the US Private Placement Market in January 2015.
Valuers	collectively, CBRE, Colliers, JLL and Bayleys.
WALT	weighted average lease term.
Wynyard Central	the development of 3.5 hectares of land at Wynyard Quarter in Auckland, being the land that is bordered by Madden Street, Halsey Street, Pakenham Street West and Beaumont Street and known as Wynyard Central.

HOW TO APPLY

You should read this Prospectus carefully before completing the Application Form.

An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the Principal Amount of Bonds specified in the Application Form (or such lesser number which Precinct may determine) on the terms and conditions set out in this Prospectus, the Bond Trust Documents and the Application Form despite any changes to the Closing Date or subsequent dates (including Issue Date, Interest Payment Dates and Maturity Date).

Precinct's decision on the aggregate Principal Amount of Bonds to be allotted to an applicant and as to whether to accept or reject an Application Form, or to treat it as valid, will be final.

There is no public pool for the Bonds.

Who should use this form?

All of the Bonds, including any oversubscriptions, will be reserved for the Joint Lead Managers, Co-Manager, institutional investors and other Primary Market Participants.

This form should only be completed by Primary Market Participants who are accepting allocations.

All other investors interested in acquiring Bonds should contact any Primary Market Participant for details as to how to acquire Bonds. You can find a Primary Market Participant by visiting www.nzx.com/investing/find_a_participant.

1. Complete details

- Insert the full name, address and telephone numbers for the Primary Market Participant for whom you act.
- Insert the IRD number of the Primary Market Participant for whom you act.
- The minimum investment amount per application is \$5,000 and in multiples of \$1,000 thereafter.
- Insert the New Zealand dollar bank account into which you wish interest payments to be deposited and principal when due.

2. Signing

- Read the Application Form carefully and sign (and date) the form.

3. Payment

- Payment of the total application amount in full must accompany the Application Form by a method of payment acceptable to the Arranger.

4. Offer Opening

- 8 December 2014.

5. Delivery

- Applications cannot be revoked or withdrawn once submitted.
- Application Forms may be mailed or delivered to one of the Joint Lead Managers at the addresses shown in the Directory of this Prospectus.
- Applications must be sent or delivered in time to enable the application to be received by the Arranger to enable forwarding to the Registrar before 5.00pm on the Closing Date (being 12 December 2014).
- Applicants should remember that the Offer period may be changed at the sole discretion of Precinct.
- Precinct may refuse all or any part of an application without giving any reason. Precinct will refuse to accept applications which are for less than the minimum amount.

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APPLICATION FORM FOR PRIMARY MARKET PARTICIPANTS

Precinct Properties New Zealand Limited Bond Offer

NZX PARTICIPANT STAMP

Please complete this form using BLOCK CAPITAL LETTERS.

This Application Form is for an offer of Bonds by Precinct Properties New Zealand Limited (Precinct), under the simplified disclosure prospectus (Prospectus) dated 27 November 2014. Please read the Prospectus carefully. Capitalised words used in this Application Form have the same meaning given to them in the Prospectus. Completed Application Forms, together with payment of the Application Monies payable in respect of the Bonds applied for, must be received by the Arranger in time to enable forwarding to the Registrar, Computershare Investor Services Limited (Computershare), before 5.00pm on the Closing Date (12 December 2014). There is no public pool for the Bonds.

A. Full name details

Applicant – Primary Market Participant

Contact name:

Email address:

B. Postal address

Number and street:

Suburb:

City:

Postcode:

C. Telephone numbers – Primary Market Participant Contact

Home:

Mobile:

NZClear Account No:

Work:

Fax:

D. IRD number

Please write your IRD Number

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If exempt from resident withholding tax please attach a copy of certificate of exemption

Exempt

☐

Country of tax residence: New Zealand

E. Shareholders number

If you have a Common shareholder Number (CSN) then include this in the boxes provided

CSN

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F. Application payment

- Precinct may accept or reject all or part of this application without giving any reason.
- The minimum investment amount per application is \$5,000 and in multiples of \$1,000 thereafter.

Principal Amount (\$) of Bonds applied for

(minimum \$5,000 and in multiples of \$1,000 thereafter): \$

NZClear Mnemonic

G. Bank details for receipt of bond interest & principal

(Complete only one option)

Option 1: Payment to my NZClear Account:

NZClear Mnemonic

The account nominated above will be used for all payments of interest and principal when they become payable.

Option 2: Payment to my nominated New Zealand bank account:

Account Name(s):

Account

Bank

Branch

Account No

Suffix

The account nominated above will be used for all payments of interest and principal when they become payable.

H. Declaration signature(s) of applicants

I/We hereby apply for the Bonds as set out above. I/We agree to accept the investments as applied for or any lesser amount that may be issued to me/us. I/We agree to be bound by the terms and conditions of the Bonds and by the provisions of the Prospectus, a copy of which we have received.

I/we certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you and to give authorisation.

In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this Application Form, the Bonds will be held jointly as joint tenants. I/We have taken this Application Form from the Prospectus, which I/we have read. Please read the whole of this Application Form before signing.

Signature

Date

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INFORMATION: Any personal information provided by applicants subscribing for Bonds will be held by Precinct or the Registrar at the addresses shown in the Directory of the Prospectus or such other place as is notified. This information will be used for the purposes of managing your investment in Precinct. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

SELLING RESTRICTIONS: The Bonds are offered in New Zealand to New Zealand resident investors. The Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand. Precinct reserves the right to reject any application for Bonds under the Offer that it believes comes from a person who is not a New Zealand resident investor. The Prospectus is intended for use only in connection with the Offer and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register the Prospectus or permit an offering of the Bonds to persons in any jurisdiction outside New Zealand. The Prospectus is not to be sent or given to any person in circumstances in which the Offer or distribution of the Prospectus would be unlawful. The distribution of the Prospectus (including an electronic copy) outside New Zealand may be restricted by law. If you come into possession of the Prospectus, you should seek your own advice on any restrictions and observe them. Any failure to comply with such restrictions may contravene applicable securities laws. Precinct disclaims all liability to such persons. Except as set out in the Prospectus, no person may purchase, offer, sell, distribute or deliver Bonds, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. Precinct and its directors accept no responsibility whatsoever for determining whether a person is able to participate in the Offer. By applying for Bonds, each investor agrees to indemnify Precinct and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred as a result of the investor breaching the selling restrictions described above.

The account nominated above will be used for all payments of interest and principal when they become payable.

H. Declaration signature(s) of applicants

I/We hereby apply for the Bonds as set out above. I/We agree to accept the investments as applied for or any lesser amount that may be issued to me/us. I/We agree to be bound by the terms and conditions of the Bonds and by the provisions of the Prospectus, a copy of which we have received.

I/we certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you and to give authorisation.

In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this Application Form, the Bonds will be held jointly as joint tenants. I/We have taken this Application Form from the Prospectus, which I/we have read. Please read the whole of this Application Form before signing.

Signature

Date

		/			/	1	4
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DIRECTORY

THE ISSUER

Precinct Properties New Zealand Limited

Registered Office of Precinct
Level 12,
188 Quay Street
Auckland, 1010
New Zealand

DIRECTORS OF PRECINCT

Mohammed Al Nuaimi
Robert James Campbell
Graeme John Horsley
Donald William Huse
Christopher James Judd
Craig Hamilton Stobo
Graeme Henry Wong

BOND TRUSTEE

The New Zealand Guardian Trust Company Limited

Level 15
191 Queen Street
Auckland

SECURITY TRUSTEE

Public Trust

Level 35, Vero Centre
48 Shortland Street
Auckland 1010

ARRANGER, JOINT LEAD MANAGER AND ORGANISING PARTICIPANT

ANZ Bank New Zealand Limited

Level 26, ANZ Centre
23-29 Albert Street
Auckland 1010

JOINT LEAD MANAGERS

Deutsche Craigs Limited

Level 36, Vero Centre
48 Shortland Street
Auckland 1010

First NZ Capital Securities Limited

Level 14
171 Featherston Street
Wellington

CO-MANAGER

Macquarie Capital (New Zealand) Limited

Level 17, Lumley Centre
88 Shortland Street
Auckland 1010

REGISTRAR

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Auckland

LEGAL ADVISERS TO PRECINCT

Chapman Tripp

Level 38, ANZ Centre
23-29 Albert Street
Auckland 1010

LEGAL ADVISERS TO THE BOND TRUSTEE

Buddle Findlay

Level 18
PwC Tower
188 Quay Street
Auckland 1010