

# Precinct subordinated convertible notes (Notes)

## Summary of terms and conditions

Issued by Precinct Properties New Zealand Limited (Precinct) on 27 September 2017



## Key features

|                                     |   |   |   |
|-------------------------------------|---|---|---|
| <b>Issuer:</b>                      | Precinct Properties New Zealand Limited<br>Level 12<br>PWC Tower<br>188 Quay Street<br>Auckland Central<br>Auckland 1010                  | <b>Registrar:</b>                         | Computershare Investor Services Limited<br>Level 2<br>159 Hurstmere Road<br>Takapuna<br>Auckland 0622 |
| <b>Class of security:</b>           | Subordinated convertible notes  | <b>Number of Notes issued:</b>            | 150,000,000   |
| <b>Conversion Date:</b>             | 27 September 2021   | <b>Interest Rate:</b>                     | 4.80% per annum   |
|                                     | On the Conversion Date, all outstanding Notes will be converted into ordinary shares of Precinct, subject to a Cash Election by Precinct. |   |   |
| <b>First Interest Payment Date:</b> | 27 December 2017  | <b>Subsequent Interest Payment Dates:</b> | 27 March, 27 June, 27 September and 27 December in each year until and including the Conversion Date  |
| <b>Interest suspension:</b>         | Payments of interest on the Notes will be suspended if Precinct does not meet the Payment Condition in respect of such interest           | <b>Minimum Holding of Notes:</b>          | \$1,000   |

## Summary of terms and conditions

### GENERAL

This statement is a summary only of the principal terms and conditions for the issue of subordinated convertible notes (Notes) by Precinct. For full details, see the terms and conditions of the Notes in the:

- Master Trust Deed dated 27 November 2014 (as most recently amended and restated on 25 August 2017) between Precinct and The New Zealand Guardian Trust Company (the Supervisor) (Master Trust Deed); and
- Supplemental Trust Deed dated 25 August 2017 between Precinct and the Supervisor (Supplemental Trust Deed), (together, the Trust Documents).

The Notes are issued pursuant to the Trust Documents and the Product Disclosure Statement dated 25 August 2017 (PDS).

Precinct has passed a board resolution dated 16 August 2017 approving the issuance of:

- the Notes, in accordance with Listing Rule 7.3.5, as if that Listing Rule applied to the Notes and determining the number of Shares into which the Notes convert using a conversion price equal to the volume weighted average market price of Shares over the 20 business days before the earlier of the day the issue of the Notes is made or announced to the market; and
- the Shares on conversion of the Notes, in accordance with Listing Rule 7.3.10(b)(i).

Copies of the Trust Documents and the PDS may be obtained from the online offer register at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose).

Capitalised terms not defined in this statement have the meanings given to them in the Trust Documents or the PDS.

# Summary of terms and conditions continued

## STATUS AND RANKING OF NOTES

The Notes are subordinated, convertible and interest bearing debt obligations of Precinct. On a liquidation of Precinct, each Note (before any Conversion into Shares) will be a subordinated obligation of Precinct, ranking:

- behind all claims on Precinct (including bank borrowing, USPP Notes, Secured Bonds, trade creditors and other unsubordinated debt), except as described below;
- equally with other Notes, and any other subordinated securities that, by their terms, rank equally with the Notes; and
- ahead of Shareholders and holders of other subordinated securities that, by their terms, rank after the Notes.

Shares issued on Conversion of Notes will rank equally with all other Shares on issue and behind all other claims on Precinct.

## UNSECURED

The Notes are not secured against any assets of any member of the Precinct Group or any other person.

## NO GUARANTEE

The Notes are not guaranteed by any member of the Precinct Group or any other person. Precinct is solely responsible for repayment of the securities.

## CONVERSION

On the Conversion Date, all outstanding Notes will be Converted into Shares, subject to a Cash Election by Precinct. The number of Shares into which each holding of Notes Converts will be determined by dividing their Principal Amount (together with any Unpaid Interest (and any interest thereon)) by the Conversion Price, which is the lesser of:

- the Conversion Price Cap of \$1.40; and
- a 2% discount to the Market Price.

The Market Price is determined based on the arithmetic average of the daily volume weighted average price of Shares on the NZX Main Board in the 20 Business Days prior to (but not including) the Conversion Announcement Date. The Conversion Announcement Date is 5 Business Days before the Conversion Date (expected to be 27 September 2021). The Conversion Price Cap may be adjusted in certain circumstances.

## CASH ELECTION

Rather than Converting the Notes into Shares, Precinct may elect to instead pay a cash amount to Noteholders at the end of the term. In this case, Noteholders would be paid an amount equal to the Market Price (calculated as set out above) of all the Shares that would have otherwise been issued to them on Conversion of their Notes, so that they receive an equivalent value to those Shares (as determined under the terms of the Notes) and will similarly benefit from any appreciation of the Share price above the Conversion Price Cap prior to the Conversion Date.

Precinct may only elect to pay the cash amount if it satisfies the Payment Condition.

## INTEREST

The Notes will pay a fixed rate of interest at the Interest Rate from the Issue Date until the Conversion Date.

Interest will be paid quarterly in arrear in equal amounts on each Interest Payment 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.

Scheduled interest payments made on each Interest Payment Date will be paid to the person registered as the Noteholder as at the record date immediately preceding the relevant Interest Payment Date, which will be 5pm on the date that is 10 days before the relevant Interest Payment Date. If the record date fall on a day which is not a Business Day, the record date will be the immediately preceding Business Day.

## INTEREST SUSPENSION AND PAYMENT CONDITION

Payments of interest on the Notes will be suspended if Precinct does not meet the Payment Condition. Any Unpaid Interest will accumulate and interest will accrue on it at the Interest Rate (compounding on each Interest Payment Date) until paid. No dividend or other return will be made to Shareholders while any interest on the Notes is suspended.

Precinct may only elect to pay the cash amount or interest on the Notes if it is not insolvent and no event of default in respect of borrowed money is continuing (and Precinct would not become insolvent, and no such event of default would occur, as a result of making such payment).

## EARLY CONVERSION

Neither the Noteholder nor any other person has a right to redeem or Convert the Notes prior to the Conversion Date, except for Conversion:

- after an Event of Default as set out in the Supplemental Trust Deed;
- at the Noteholders' option after a Compulsory Acquisition Event; or
- at Precinct's option after a Tax Event.

## MODE OF TRANSFER

The minimum holding of Notes is an aggregate Principal Amount of \$1,000 of Notes. Precinct may refuse to accept or register a transfer if such transfer would result in the transferor or transferee holding Notes with an aggregate Principal Amount of less than \$1,000 of Notes (other than zero).

Transfers must be effected using a registrable transfer form, by any method of transfer permitted by NZX for securities quoted on the NZX Main 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 Note.