

Precinct Properties New Zealand Limited

Summary report
Non-executive directors' fees benchmarking

16 August 2023



Remuneration Service provider Independence declaration



PwC's Reward Services team was engaged by Precinct's Board of Directors (the Board) to provide independent remuneration benchmarking services in relation to Precinct's Directors' fees (the Services).

As lead engagement Partner for the provision of the Services to the Board, I declare that no influence has been brought to bear upon me or, to the best of my knowledge and belief, any member of the PwC Reward Services team, by any Board member, employee or executive of Precinct or any other party regarding the Services or outcomes of the Services.

Dated: 16 August 2023

A handwritten signature in black ink, appearing to read 'Chris Place', written in a cursive style.

Chris Place

Partner
PricewaterhouseCoopers

Summary data

PwC was engaged by the Board of Precinct to provide Non-executive director (NED) fee benchmarking. The table below summarises market remuneration data for directors' fees from a comparator group of 12 NZX-listed companies approved by the Precinct Board for the purposes of this exercise. The basis for the comparator group composition was comparable market capitalisation, together with inclusion of relevant industry comparators. Median market capitalisation across the group was \$1,908 million, compared to Precinct's market capitalisation of \$1,951 million (when the peer group was developed in May 2023). Details of the comparator group are provided in Appendix 1.

The table below summarises the market median position for specified Board roles and aggregate fees and also compares Precinct's current directors' fees against the median of the comparator group, in line with Precinct's stated policy position.

Data is current to the date of this report and has been sourced from publicly available information, including annual reports and NZX disclosures. Where the Board chooses to position its fees against this market data will depend on the Board's view of the overall relevance of the comparator group and specifically Precinct's perceived relative complexity of operations, relative scale, ranking (by scale) and risk profile as compared with the comparator companies.

Data summary table (please see table notes overleaf):

Position	Sample size	Market median	Precinct current fees	Comparison to the median
Board Chair ¹	12	180,600	204,840	113%
NED ²	12	98,800	91,170	92%
Chair of Audit & Risk Committee ³	12	20,000	15,000	75%
Chair of Audit & Risk Committee (aggregated with NED fee)	12	118,800	106,170	89%
Member of Audit & Risk Committee ⁴	8	11,900	7,500	63%
Member of Audit & Risk Committee (aggregated with NED fee)	8	112,100	98,670	88%
Chair of People & Performance Committee ⁵	11	15,000	15,000	100%
Chair of People & Performance Comm. (aggregated with NED fee)	11	115,000	106,170	92%
Member of People & Performance Committee ⁶	8	10,000	7,500	75%
Member of People & Performance Comm. (aggregated with NED fee)	8	109,300	98,670	90%
Chair of 'Other' Committee ⁷	6	17,500	15,000	86%
Chair of 'Other' Committee (aggregated with NED fee)	6	114,800	106,170	92%
Member of 'Other' Committee ⁸	6	10,000	7,500	75%
Member of 'Other' Committee (aggregated with NED fee)	6	114,300	98,670	86%
Total approved fee pool ⁹	10	892,200	-	-
Total fees paid ¹⁰	12	781,600	752,980	96%

Summary data

Notes pertaining to Summary table (page 3)

1. Analysis of all 12 companies in the sample. The majority of Chair roles receive no committee fees, with the base fee recompensing all Board contribution/roles held. Where committee fees were paid on top of base Chair fees, these are captured in the market fee analysis for this position.
The Precinct incumbent fee includes a base fee of \$182,340 and \$22,500 for three committee roles held.
2. Analysis of base NED fees for all 12 roles in the comparator group.
3. Analysis of each of the 12 companies' committee fees for the Chair of Audit & Risk position. Aggregated remuneration analysis - which reflects payment of the NED fee + committee fee - has also been illustrated for completeness (for this role, as well as for the remaining Committee Chair and Member roles).
4. Analysis of each of the 8 companies that had this role/paid additional remuneration to the Member of the Audit & Risk Committee .
5. Analysis of each of the 11 companies that paid additional fees to the Chair of the People & Performance Committee role. Some companies combined this committee portfolio e.g. People & Remuneration Committee. The median is positioned at \$15,000, with a 75th percentile observation of \$20,000 and an average of \$18,500. Relative complexity and time commitments for this Committee in the context of Precinct, relative to the peer group companies, will be a factor for the Board's consideration in determining fee levels.
6. Analysis of each of the 8 companies that had this role/paid additional remuneration to the Member of the People & Performance Committee.
7. Analysis of each of the 6 companies that had another Committee role for which the Chair of Committee attracted an additional fee to base NED remuneration. Sample includes Clinical Governance Committee, Development & Construction Committee, Sustainability Committee, ESG Committee, Corporate Governance & Nominations Committee etc. *Precinct's 'Other' Committee fee pertains to the Chair of the ESG Committee*.*
8. Analysis of each of the 6 companies that had this role/paid additional remuneration to a Member of 'Other' Committee role. *Precinct's fee pertains to the member of the ESG Committee.*
9. Analysis of each of the 10 companies where a pool fee was set/disclosed. One company did not disclose their set fee pool and another company had moved to an alternate approach i.e. where a per director aggregate was determined by agreed role rates, as opposed to setting and disclosing a fee pool.
10. Analysis for all 12 companies of actual fees paid.

* ESG Committee data for those companies in the peer group which had this committee are included, for completeness, on page 5.

Supplementary data – ESG Committee

For those companies in the peer comparator group of 12 where there was a dedicated ESG Committee, Chair (and member fees where paid) are summarised in table 2 below.

Table 2:

Company	Committee Role	Fee
Argosy Property	Chair of Environmental, Social & Governance	\$15,000
	Member of Environmental, Social & Governance	\$10,000
Kiwi Property	Chair of Environmental, Social & Governance	\$20,000
	Member of Environmental, Social & Governance	\$11,500
SkyCity Entertainment Group	Chair of Sustainability Committee	\$35,000
	Member of Sustainability Committee	\$15,000

Appendix 1 – Comparator Group

Table 3:

Organisation name	Market capitalisation (\$ millions)	Annual revenue (\$ millions)	Total assets (\$ millions)
Port of Tauranga	4,348	375	2,744
Ryman	4,146	571	12,510
Chorus Limited	3,639	965	5,846
Goodman Property Trust	3,052	177	4,854
Genesis Energy	2,897	2,834	5,272
Summerset Group Holdings	2,097	238	5,840
SKYCITY Entertainment Group	1,718	639	2,744
Freightways Limited	1,645	873	1,089
Manawa (formerly Trustpower)	1,493	437	2,104
Kiwi Property Group Limited	1,445	259	3,238
Property For Industry Limited	1,165	111	2,163
Argosy Property Limited	932	105	2,213
Precinct Properties	1,951	200	3,839
Median	1,908	406	2,991

Source: Market capitalisation data: www.nzx.com May 2023, revenue and total assets data was taken from the latest annual reports

Thank you

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