

Quarterly update

Dec 2016

Financial information is shown as at 30 September 2016



DEAR SHAREHOLDER,

2016 has been an exciting and positive year for the business with the commencement of works at Commercial Bay in Auckland and Bowen Campus in Wellington.

We now have around \$1 billion of development in progress. Importantly, 74% of all office space under development is already leased and with strong leasing enquiry continuing we look forward to 2017.

KAIKOURA EARTHQUAKE

The 7.8 magnitude earthquake which occurred on 14 November has had a significant impact on the office market in Wellington.

Precinct's portfolio performed very well with all but one building being assessed by engineers and reopened within 48 hours. Deloitte House, valued at \$45 million, remains under assessment.

GOVERNMENT LEASING SUCCESS

In August, we were very pleased to announce the commitment by the Crown to 68,000 sqm of Precincts Wellington office space. This will transform the quality of our Wellington Government portfolio.

Across Bowen Campus, Pastoral House and Mayfair House the Crown have committed to 15 year leases with varying commencement dates while the 12 year lease at 3 The Terrace provides for an overall transaction weighted average lease term of 14.6 years.

At Bowen Campus, the project is expected to have a total cost of \$203 million. It will be valued on completion at \$229 million and generate a yield on cost of 7.5%.

OUTLOOK

The board expects full year earnings for the 2017 financial year of approximately 6.2 cents per share (cps), before performance fees and expects to pay a dividend of 5.6 cps. This represents a 3.7% increase in dividend to shareholders.

Our 2017 interim results announcement will be on the 16th of February.

I thank you for your continued support. I wish you a merry Christmas, safe travels and an enjoyable summer break.

Yours faithfully,

Craig Stobo

Chairman

DIVIDEND

Payment date	8 December 2016
Excluded dividend per share	0.9304 cents per share (cps)
Fully imputed dividend per share	0.4696 cps
Cash dividend per share	1.40 cps
Imputation credits	0.1826 cps

INDICATIVE DIVIDEND PAYMENT DATES

	Proposed
2nd Quarter 2017 financial year	16 March 2017
3rd Quarter 2017 financial year	8 June 2017

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

FINANCIAL SUMMARY

as at 30.09.2016

Year to date (Unaudited)

Dividends declared	1.40 cps
Full year forecast operating earnings per share (before performance fees)	6.20 cps
Full year forecast dividend per share	5.60 cps

Balance sheet	Unaudited 30 September 16	Audited 30 June 16
Total assets	\$1,769 m	\$1,739 m
Net equity	\$1,411 m	\$1,411 m
Number of shares on issue	1,211.1 m	1,211.1 m
Net tangible assets per share	\$1.17	\$1.17
Bank covenant gearing (%)	15.8%	14.4%

SHAREHOLDER RETURNS

Total gross return	Precinct (NZX: PCT)	Listed Property
Sept quarter	5.5%	2.1%

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

Commercial Bay – update

At Commercial Bay we are developing a \$850 million, 39 level commercial office tower and a world class retail centre.

We continue to enjoy leasing success within the new tower. We committed to the project after achieving 52% pre-commitment from major anchor clients PwC and Chapman Tripp.

Since then, we have secured a further 6,000sqm from outside the portfolio, with MinterEllisonRuddWatts committing to 4,000 sqm at the Commercial Bay Tower.

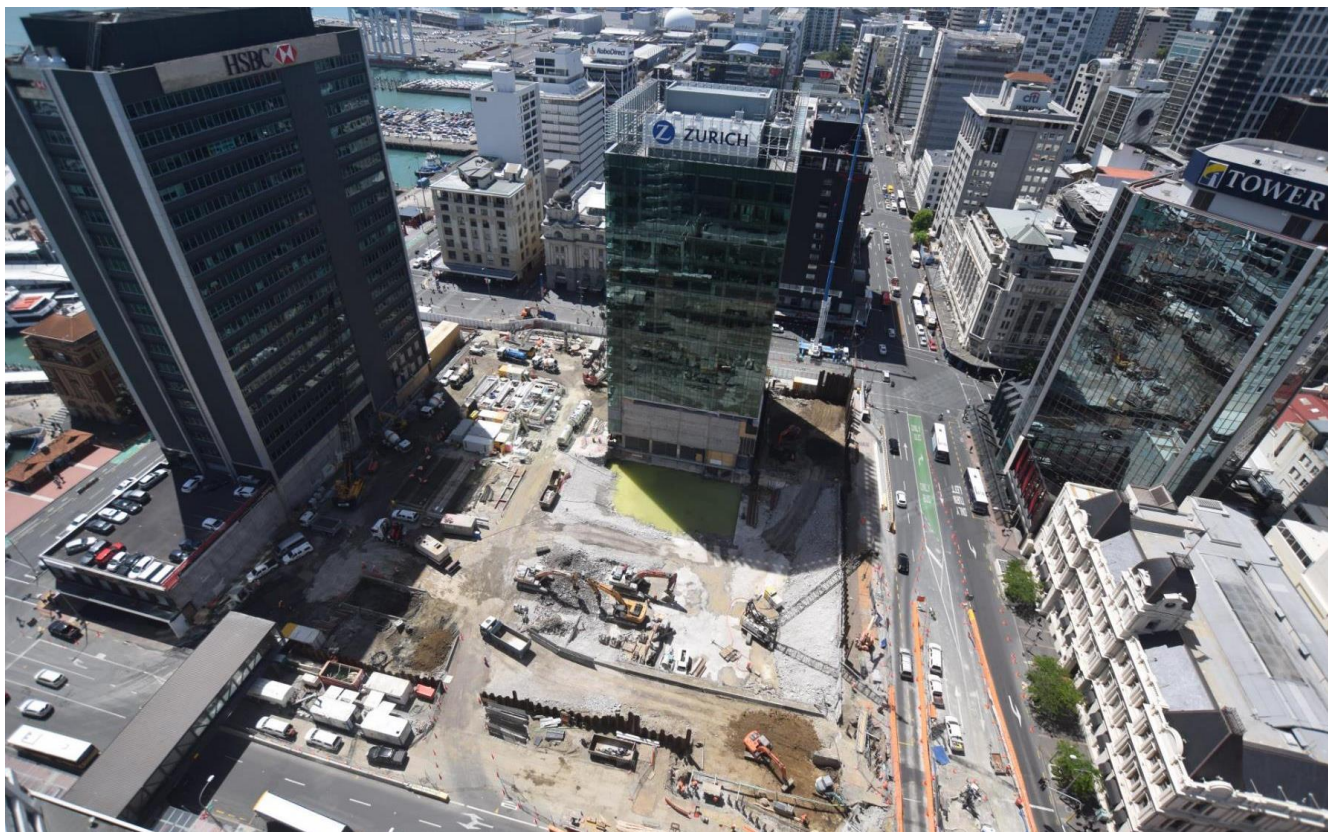
We have leased 60% of the office tower by income on a weighted average lease term of around 13 years.

We expect to lease a further 10-15% of office space this financial year.

CONSTRUCTION UPDATE

Demolition of the old Downtown Shopping Centre is now complete (shown in the photo below).

We have now commenced excavation and retaining which will be completed in the middle of 2017.



PRECINCT KEY METRICS (30.09.16)

\$1.7bn

Portfolio value

98%

Overall occupancy

6.1 years

Weighted average lease term

\$1.4bn

Market cap

6.5%

Weighted average cap rate

69%

Weighting to Auckland (by value)

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Please contact our registrar, Computershare

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

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