

NZX announcement – 25 June 2018

Precinct announces \$202 million revaluation gain

Precinct Properties New Zealand Limited (Precinct) (NZX: PCT) today reported a draft revaluation gain on its property portfolio of approximately \$202 million (2017: \$77.5 million) or 8.8% uplift, increasing the value of Precinct's portfolio to around \$2.5 billion. Precinct's NTA per share will increase from \$1.23 to around \$1.41 cents per share.

Draft asset valuations at 30 June 2018 were carried out by independent valuers, are subject to final audit, finalisation of year end book values and will be confirmed in the financial results for the year ending 30 June 2018, to be announced on 16 August 2018.

The development portfolio contributed significantly to the revaluation gain, reflecting development profit recognition and capitalisation rate firming on these projects.

On a like for like basis, Auckland asset valuations increased by around 13% compared with 30 June 2018 forecast book values and Wellington has remained largely unchanged. The increase recorded in Auckland was mainly attributable to a firming in capitalisation rates supported by recent asset sales evidence, together with market rental growth.

In Wellington, while rentals and capitalisation rates have further improved over the last 12 months, this has been offset by additional operating expenses, mainly insurance premiums and rates.

Scott Pritchard, Precinct's CEO said, "This strong result reflects Precinct's active management approach with the investment portfolio value increasing by around \$100 million and the current development projects benefitting from a \$100 million gain."

"Forecast net profit, which considers a project's status and estimated cost to complete, from both Commercial Bay and Bowen Campus developments has increased to \$313 million. This follows Commercial Bay's value on completion increasing to just over \$1.0 billion. Pleasingly, based on current project metrics there remains a further \$125 million of unrecognised profit which is expected to materialise on completion of these projects which would add a further 10 cents per share to proforma NTA," he said.

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For further information, please contact:

Scott Pritchard
Chief Executive Officer
Office: +64 9 927 1640
Mobile: +64 21 431 581
Email: scott.pritchard@precinct.co.nz

George Crawford
Chief Operating Officer
Office: +64 9 927 1641
Mobile: +64 21 384 014
Email: george.crawford@precinct.co.nz

Richard Hilder
Chief Financial Officer
Office: +64 9 927 1645
Mobile: +64 29 969 4770
Email: richard.hilder@precinct.co.nz

About Precinct (PCT)

Precinct is New Zealand's only listed city centre specialist investing predominately in premium and A-grade commercial office property. Listed on the NZX Main Board, PCT currently owns 14 New Zealand buildings – Auckland's PwC Tower, AMP Centre, ANZ Centre, Zurich House, HSBC House, Mason Brothers Building, 12 Madden Street and Commercial Bay; and Wellington's AON Centre, Dimension Data House, No. 1 and No. 3 The Terrace, Pastoral House, Mayfair House and Bowen Campus.