

NZX and media announcement – 14 May 2014

Precinct secures development agreement at Wynyard Quarter

Precinct Properties New Zealand (NZX: PCT) announced today that it has entered into a development agreement with Waterfront Auckland to develop the commercial office property within the Central precinct of Wynyard Quarter. The agreement marks the successful conclusion of the exclusive negotiations which were announced earlier this year.

Scott Pritchard, Precinct's Chief Executive, said, "We are very pleased to have reached this agreement to work in partnership with Waterfront Auckland. We now have two unique and exciting opportunities on Auckland's CBD Waterfront. It is widely accepted that there has been a shift in Auckland's CBD from a historic north-south or Queen Street orientation to one that follows the waterfront. We believe this development complements our existing portfolio but importantly will support our aspirations for the Downtown Shopping Centre site."

"Securing this opportunity has been design led and the team together with our architects Warren and Mahoney have done a fantastic job."

The current design is for two sites separated by a 15m wide public laneway "the Water Street". Both sites have frontage to the Water Street that runs from east to west between the sites.

Wynyard Quarter is one of New Zealand's largest urban regeneration projects and has benefited from considerable public investment which is also set to continue. Its public spaces and level of amenity in Auckland is unrivalled.

The sites will accommodate the Innovation Precinct and have a land area of approximately 1.1 hectares with the potential to develop around 46,000 square metres of gross floor area.

It is envisaged that these two sites will be developed in 5 stages. The leasing strategy for the sites will build upon existing efforts to create a purpose-built information communication technology and digital media hub that brings together innovative entrepreneurs and larger scale companies as part of Auckland Tourism Events and Economic Development's (ATEED's) plans for a multi-building innovation precinct in the Wynyard Quarter.

Precinct will undertake the leasing, design and development of the site and once agreed with Waterfront Auckland, Precinct will acquire a 125 year prepaid ground lease to that stage. Progressing to construction of each stage will require both Waterfront Auckland and Precinct approval.

The consideration for the prepaid ground lease will be determined based on a residual valuation allowing for market tested assumptions. The structure provides strong alignment and encourages a partnership approach between Precinct and Waterfront Auckland.

Precinct retains its city centre office sector specialist strategy. This opportunity caters to corporate occupiers whose operations would benefit from low rise, larger floor plate accommodation in a city centre location and with a focus on sustainable and innovative design. The Innovation Precinct also widens Precinct's client base to provide accommodation for high-growth technology businesses that may not otherwise be located in the CBD.

Precinct's previously announced programme of recycling capital out of its existing portfolio will provide funding for this opportunity, taking advantage of strong investment market conditions and a lack of competing stock.

SAP Tower is currently being marketed for sale. Additional assets identified for sale are currently being repositioned.

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About Precinct (PCT)

Precinct is New Zealand's only specialist listed investor in prime and A-grade commercial office property. Listed on the New Zealand Exchange, PCT currently owns 17 New Zealand buildings – Auckland's PricewaterhouseCoopers Tower, ANZ Centre, SAP Tower, AMP Centre, Zurich House, HSBC House and Downtown Shopping Centre; and Wellington's State Insurance Tower, Vodafone on the Quay, 171 Featherston Street, 125 The Terrace, No. 1 and 3 The Terrace, Pastoral House, Mayfair House, 80 The Terrace, Deloitte House and Bowen Campus.