



Artist's impression of the Flowers Building at Wynyard Quarter Stage 3, Auckland

26 APRIL 2022

FIXED RATE SECURED GREEN BONDS

INDICATIVE TERMS SHEET

For an offer of \$125,000,000 fixed rate secured green bonds (plus up to \$50,000,000 of oversubscriptions) due 9 May 2028



Arranger, Green Bond
Co-ordinator and Joint
Lead Manager



Joint Lead Managers



INDICATIVE TERMS SHEET

FOR AN OFFER OF UP TO \$125,000,000 FIXED RATE SECURED GREEN BONDS (PLUS UP TO \$50,000,000 OF OVERSUBSCRIPTIONS)

This indicative Terms Sheet ("**Terms Sheet**") sets out the key terms of the offer ("**Offer**") by Precinct Properties New Zealand Limited ("**Precinct**") of up to \$125,000,000 fixed rate secured green bonds ("**Green Bonds**"), with the ability to accept oversubscriptions at Precinct's discretion of up to an additional \$50,000,000 maturing on 9 May 2028 under its master trust deed dated 27 November 2014 (as last amended on 25 August 2017 and as amended from time to time) ("**Trust Deed**"), as modified and supplemented by the supplemental trust deed dated 26 April 2022 (together with the Trust Deed, "**Trust Documents**") entered into between Precinct and The New Zealand Guardian Trust Company Limited ("**Supervisor**"). Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Documents.

Important Notice

The Offer of debt securities by Precinct is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The Offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Precinct's bonds maturing on:

- 27 November 2024 which have a fixed interest rate of 4.42% per annum and are currently quoted on the NZX Debt Market under the ticker code PCT020; and
- 28 May 2027 which have a fixed interest rate of 2.85% per annum and are currently quoted on the NZX Debt Market under the ticker code PCT030,

(together, "**Existing Bonds**").

Accordingly, the Green Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Precinct is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("**NZX**") for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/PCT.

The Existing Bonds are the only debt securities of Precinct that are currently quoted in the same class as the Green Bonds.

Investors can refer to nzx.com/markets/NZDX to find out how the market assesses the returns and risk premium for the Existing Bonds. This website allows investors to compare the yield of the financial products listed on the NZX Debt Market. When comparing the yield of two debt securities, it is important to consider all relevant factors (including the credit rating (if any), maturity and the other terms of the relevant debt securities).

Key terms of the Green Bonds

Issuer	Precinct Properties New Zealand Limited (" Precinct ").
Description	The Green Bonds are fixed rate secured green bonds. The Green Bonds will be secured by Mortgages and will rank equally with certain other senior obligations of Precinct secured by the same Mortgages.
Security	The Green Bonds benefit (on an equal ranking basis with other secured creditors, including Precinct's lenders under the Bank Facility Agreement, holders of the Existing Bonds, holders of USPP notes issued by Precinct in the United States and any future secured creditors) from mortgages over real property (" Mortgages ") granted from time to time by Precinct and the Guarantors (each, a " Security Provider "). In an insolvency of any of those Security Providers, the claims of the senior secured creditors will (by virtue of that security) rank ahead of all other creditors of that Security Provider other than certain statutorily preferred creditors.
Guarantee	The Green Bonds are guaranteed on a joint and several basis by the Guarantors. The guarantee obligations of the Guarantors are not limited and are secured by the Mortgages. As at the date of this Terms Sheet, the Guarantors are Precinct Properties Holdings Limited and Precinct Properties Wynyard Limited.

Purpose

The net proceeds of this offer are intended to be earmarked in accordance with Precinct's Sustainable Debt Framework dated 2020 (as amended from time to time) (the "**Sustainable Debt Framework**") to finance or refinance energy efficient buildings meeting the following criteria ("**Eligible assets**"):

1. Certified as obtaining, or targeting, a minimum 5-Star NZGBC Green Star Built rating; or
2. Certified as obtaining, or targeting, a minimum 4-Star NABERSNZ Energy Base Building Rating or Energy Whole Building Rating.

As at 26 April 2022, Precinct has \$1.7 billion of Eligible assets (excluding assets held for sale to Precinct Pacific Investment Limited Partnership).

In particular, as at the date of this Terms Sheet, Precinct expects to apply the net proceeds of the offer to refinance existing debt, and to track an amount equal to the net proceeds within its systems, earmarked to Eligible assets. Under the Sustainable Debt Framework, Precinct intends to maintain a balance of Eligible assets, based on market value, which is larger than the sum of net proceeds from all Green Bonds and other "use of proceeds" green bonds and loans.

A copy of the Sustainable Debt Framework is available on Precinct's website at www.precinct.co.nz/investors/bondholder-and-noteholder-information.

The Green Bond Principles

Precinct has developed and adopted the Sustainable Debt Framework to ensure that, as at the date of this Terms Sheet, its processes for identifying Eligible assets and managing the use of the proceeds of the Green Bonds are consistent with the Green Bond Principles dated June 2021 (as amended from time to time, the "**Green Bond Principles**") as published by the International Capital Market Association. A copy of the Green Bond Principles is available at www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/.

Precinct intends to seek assurance from an approved verifier of compliance of green bonds under the Sustainable Debt Framework with the Green Bond Principles and the Sustainable Debt Framework, on an annual basis. Most recently, Ernst & Young Limited has provided a limited assurance report dated 22 July 2021 to Precinct in relation to compliance of the Existing Bonds. A copy of that limited assurance report is available on Precinct's website at www.precinct.co.nz/investors/bondholder-and-noteholder-information.

No Event of Default in relation to Sustainable Debt Framework or Green Bond Principles

If:

- Precinct fails to earmark the proceeds of the Green Bonds as described in this Terms Sheet or the Sustainable Debt Framework;
- Precinct fails to comply with the Sustainable Debt Framework;
- the Green Bonds cease to satisfy the Green Bond Principles (or market practices, standards, principles or regulations further develop in a way that the Green Bonds are not consistent with);
- NZX ceases to designate the Green Bonds as "green" on the NZX Debt Market (whether as a result of changes to the NZX Listing Rules or otherwise); or
- Precinct fails to notify holders of Green Bonds ("**Holders**") that the Green Bonds cease to comply with the Sustainable Debt Framework or the Green Bond Principles,

then:

- the bonds may cease to be labelled or trade as green bonds, and Holders and potential investors may consider that the bonds no longer align with their intentions or requirements; and
- no Event of Default or breach of the terms of the Green Bonds will occur and neither the Holders nor Precinct have any right for the Green Bonds to be repaid early.

Precinct is generally required by the NZX Listing Rules to disclose to the market any material information relating to the Green Bonds, which would include material information relating to their "green" label.

No Rating

Neither Precinct nor the Green Bonds are rated.

INDICATIVE TERMS SHEET (CONTINUED)

Issue Amount	Precinct is offering up to \$125,000,000 of Green Bonds, with the ability to accept oversubscriptions at its discretion of up to an additional \$50,000,000.
Opening Date	Tuesday, 26 April 2022.
Closing Date	12.00pm, Friday, 29 April 2022.
Rate Set Date	Friday, 29 April 2022.
Issue Date and Allotment Date	Monday, 9 May 2022.
Expected Date of initial quotation on NZX Debt Market	Tuesday, 10 May 2022.
Tenor and Maturity Date	6 years maturing on Tuesday, 9 May 2028.
Interest Rate	<p>To be determined by Precinct in conjunction with the Joint Lead Managers following a bookbuild process.</p> <p>The Interest Rate will be the sum of the Issue Margin and the Base Rate, but in any case will not be less than the minimum Interest Rate of 5.00% per annum.</p> <p>The Interest Rate will be announced by Precinct via NZX on or shortly after the Rate Set Date.</p> <p>Interest will accrue from the Issue Date of the Green Bonds.</p>
Indicative Issue Margin	The indicative range of the Issue Margin is 1.30% – 1.40% per annum.
Base Rate	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Precinct, according to market convention, with reference to Bloomberg page ICNZ4 (or any successor page) on the Rate Set Date and rounded to 2 decimal places, if necessary, with 0.005 being rounded up.
Interest Payments	<p>Interest will be payable semi-annually in arrear in equal amounts on 9 May and 9 November of each year up to and including the Maturity Date. If an Interest Payment Date is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and no adjustment will be made to the amount payable as a result of the delay in payment.</p> <p>The First Interest Payment Date is on 9 November 2022.</p>

Loan to Value Ratio

Precinct must ensure that while the Green Bonds are outstanding, the total principal amount of all outstanding borrowed money secured by the Mortgages does not exceed 50% of the Mortgaged Property Value (the "**Loan to Value Ratio**").

A breach of the Loan to Value Ratio covenant will not automatically trigger an Event of Default, but will instead trigger an Event of Review. Following that breach, Precinct may have up to 13 months to remedy the breach before it will trigger an Event of Default (up to six months to remedy the breach and, if the breach is not remedied and after Precinct has given notice of the failure to remedy the breach (such notice to be provided within 20 Business Days after the end of that six month period), six months to execute any plan provided to the Supervisor to remedy the relevant breach).

For full details of the Events of Default and Events of Review, see clauses 11.1 and 11.2 of the Trust Deed.

Permitted Security

As a general matter, Precinct undertakes to the Holders that it will not grant security over any of its assets. There are certain exclusions to this undertaking, being security:

- granted over debt in an amount equal up to 15% of the Group's Total Tangible Assets. However, such security is only permitted if there is no Event of Default at the time the security is granted and one will not occur as a result of granting such security; or
- which arises by statute; or
- which is in favour of the Security Trustee; or
- granted with the consent of the Bank Facility Lenders.

The consent of Holders for Precinct to grant security over any of its assets is not required in the above circumstances. Such security may rank behind the Mortgages or may be over assets which Holders do not have security over.

Distribution Stopper

Precinct is not permitted to make any Distribution to any person outside the Group if an Event of Default has occurred and is continuing or if the making of the Distribution would result in the occurrence of an Event of Default.

Brokerage

0.50% plus 0.25% on firm allocations paid by Precinct.

Record Date

The tenth calendar day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day or such other date as is advised by the Registrar to Holders from time to time.

Principal Amount and Issue Price

\$1.00 per Green Bond.

Minimum Application

The minimum application is \$5,000, with multiples of \$1,000 thereafter.

Registrar

Computershare Investor Services Limited.

Further Indebtedness

Precinct may, without the consent of the Holders of the Green Bonds, issue additional securities or other debt obligations on such other terms and conditions as Precinct may think fit.

INDICATIVE TERMS SHEET (CONTINUED)

How to Apply

All of the Green Bonds, including oversubscriptions, are reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild. There will be no public pool for the offer. Accordingly, retail investors should contact any Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire Green Bonds. You can find a primary market participant by visiting www.nzx.com/services/market-participants.

In respect of oversubscriptions or generally, any allotment of Green Bonds will be at Precinct's discretion, in consultation with the Joint Lead Managers. Precinct reserves the right to refuse all or any part of an application without giving any reason.

Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Green Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant, as well as the costs and timeframes for putting such arrangements in place.

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Transfers

Holders are entitled to sell or transfer their Green Bonds at any time subject to the terms of the Trust Documents and applicable securities laws and regulations. Precinct may decline to register a transfer of Green Bonds for the reasons set out in the Trust Documents.

The minimum amount of Green Bonds a Holder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. No transfer of Green Bonds or any part of a Holder's interest in a Green Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold Green Bonds with an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero).

NZX Quotation

Precinct will take any necessary steps to ensure that the Green Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.

NZX Debt Market Ticker Code PCT040

Selling Restrictions

The Green Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in New Zealand and in any other jurisdiction in which the Green Bonds are offered, sold or delivered.

No action has been or will be taken by Precinct which would permit a public offer of Green Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

No person may purchase, offer, sell, distribute or deliver Green Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Green Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations.

By purchasing the Green Bonds, each Holder agrees to indemnify Precinct, the Arranger, the Green Bond Co-ordinator, the Joint Lead Managers, the Registrar and the Bond Supervisor in respect of any loss, cost, damages, liability or expense sustained or incurred by Precinct, the Arranger, the Green Bond Co-ordinator, the Joint Lead Managers, the Registrar and the Bond Supervisor as a result of the breach by the Holder of these selling restrictions.

The dates set out in this Terms Sheet are indicative only and are subject to change. Precinct has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date (subject to the applicable NZX Listing Rules) or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

Copies of the Trust Documents can be obtained on request to the Registrar or Precinct at the addresses set out below (or such office as may be notified to Holders).

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Precinct, visit www.nzx.com/companies/PCT.

CONTACT DETAILS

	Name	Contact details
Issuer	Precinct Properties New Zealand Limited	Level 12 188 Quay Street Auckland 1010 Email: hello@precinct.co.nz
Registrar	Computershare Investor Services Limited	Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Private Bag 92119 Auckland 1142
Arranger and Green Bond Co-ordinator	ANZ Bank New Zealand Limited	Level 26, ANZ Centre 23-29 Albert Street Auckland 1010
Joint Lead Managers	ANZ Bank New Zealand Limited	Level 26, ANZ Centre 23-29 Albert Street Auckland 1010
	Craigs Investment Partners Limited	Level 32, Vero Centre 48 Shortland Street Auckland 1010
	Forsyth Barr Limited	Level 23, Shortland & Fort 88 Shortland Street Auckland 1010
	Jarden Securities Limited	Level 32, PwC Tower 15 Customs Street West Auckland 1010
Supervisor	The New Zealand Guardian Trust Company Limited	Level 6 191 Queen Street Auckland 1010
Security Trustee	Public Trust	Level 9 34 Shortland Street Auckland 1010
Legal advisors to Precinct	Chapman Tripp	Level 34, PwC Tower 15 Customs Street West Auckland 1010

**Fixed Rate Secured
Green Bonds Offer
April 2022**



Artist Impression of Wynyard Stage 3 currently under development

ARRANGER, GREEN BOND
CO-ORDINATOR AND JOINT
LEAD MANAGER



JOINT LEAD MANAGERS

Disclaimer

The information and opinions in this presentation were prepared by Precinct Properties New Zealand Limited (Precinct) in relation to its offer of green bonds described in this presentation (Green Bonds). The offer of the Green Bonds is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA). The Green Bonds will have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Precinct's bonds maturing on:

- 27 November 2024 which have a fixed interest rate of 4.42% per annum and are currently quoted on the NZX Debt Market under the ticker code PCT020; and
- 28 May 2027 which have a fixed interest rate of 2.85% per annum and are currently quoted on the NZX Debt Market under the ticker code PCT030, (together, the Existing Bonds). Accordingly, the Green Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Precinct is subject to a disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/PCT. The Existing Bonds are the only debt securities of Precinct that are currently quoted in the same class as the Green Bonds. Investors should look to the market price of the Existing Bonds to find out how the market assesses the returns and risk premium for those bonds.

This presentation is provided for information purposes only and is of a general nature. The information contained in this presentation does not constitute financial product advice, investment advice or any recommendation by Precinct, ANZ Bank New Zealand Limited (the Arranger and Green Bond Co-ordinator), Craigs Investment Partners Limited, Forsyth Barr Limited and Jarden Securities Limited (together with the Arranger and Green Bond Co-ordinator, the Joint Lead Managers), The New Zealand Guardian Trust Company Limited (the Supervisor) or any of their respective directors, officers, employees, affiliates, agents or advisers to subscribe for, or purchase, any of the Green Bonds. Nothing in this presentation constitutes legal, financial, tax or other advice. The information in this presentation does not take into account the particular investment objectives, financial situation, taxation position or needs of any person. You should make your own assessment of an investment in Precinct and should not rely on this presentation. In all cases, you should conduct your own research on Precinct and analysis of any offer, the financial condition, assets and liabilities, financial position and performance, profits and losses, prospects and business affairs of Precinct, and the contents of this presentation.

Opinions including estimates and projections in this presentation constitute the current judgement of Precinct as at the date of this presentation and are subject to change without notice. Such opinions are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Precinct's control, and which may cause actual results to differ materially from those expressed in this presentation.

Precinct undertakes no obligation to update any information or opinions whether as a result of new information, future events or otherwise.

No contract or other legal obligations shall arise between Precinct, the Arranger and Green Bond Co-ordinator, the Joint Lead Managers or the Supervisor and any recipient of this presentation.

None of Precinct, the Arranger and Green Bond Co-ordinator, the Joint Lead Managers or the Supervisor or any of their respective directors, officers, employees and agents: (a) accept any responsibility or liability whatsoever for any loss arising from this presentation or its contents or otherwise arising in connection with the offer of Green Bonds; (b) authorised or caused the issue of, or made any statement in, any part of this presentation; or (c) make any representation, recommendation or warranty, express or implied regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this presentation and accept no liability (except to the extent such liability is found by a court to arise under the FMCA or cannot be disclaimed as a matter of law).

The Green Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in New Zealand and in any other jurisdiction in which the Green Bonds are offered, sold or delivered. No action has been or will be taken by Precinct which would permit a public offer of Green Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this presentation have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

The Offer



An offer of \$125m senior secured Green Bonds (with ability to accept oversubscriptions of up to an additional \$50m)



6-year term
Maturing on 9 May 2028



Security of \$2.8bn of prime grade assets



\$1.7bn¹ of Green Assets. Over \$0.5b World leadership or Aspirational Performance

Note 1: Assumes establishment of Precinct Pacific Investment Limited Partnership

Precinct Portfolio

The execution of Precinct's long-term strategy has successfully transformed the quality of our business and portfolio

98%

Portfolio Occupancy

6.6 years

Weighted average lease term

77%

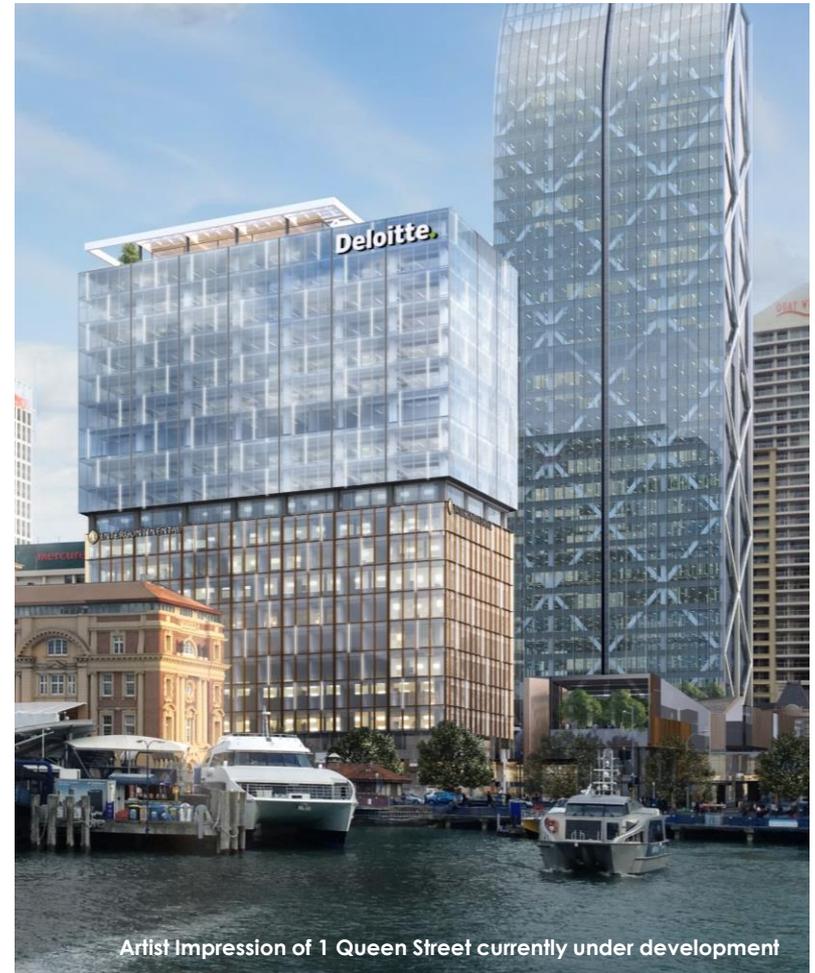
Investment portfolio weighting to Auckland

\$2.7bn

Size of investment portfolio

216,600m²

Net Lettable Area



Artist Impression of 1 Queen Street currently under development

Portfolio metrics represent Precinct's residual portfolio following establishment of the Precinct Pacific Investment Limited Partnership (PPILP) with long term strategic partner, Singapore sovereign wealth fund GIC. Includes Precinct's 24.9% minority interest in investment partnership. Portfolio Metrics are reported as at 31 December 2021

Our strategy

Incorporates the following principles of success:

- Focusing on concentrated ownership in strategic locations
- Maintain and grow great client relationships
- Investing in quality, both in assets and environments
- Maintaining a long-term view



We are focused on the next stage in Precinct's strategic evolution which will enable our business to grow:

- The internalisation of Precinct's management last year has provided the opportunity to establish a third party capital platform with the announcement of the Precinct Pacific Investment Limited Partnership (PPILP)
- The platform provides an alternative capital source with proforma gearing as at 31 December 2021 falling to 21%.
- By utilising third party capital, Precinct can further leverage its market position and capability, driving higher returns from its capital with the opportunity to extend participation in more market opportunities

Market Overview

Auckland city centre

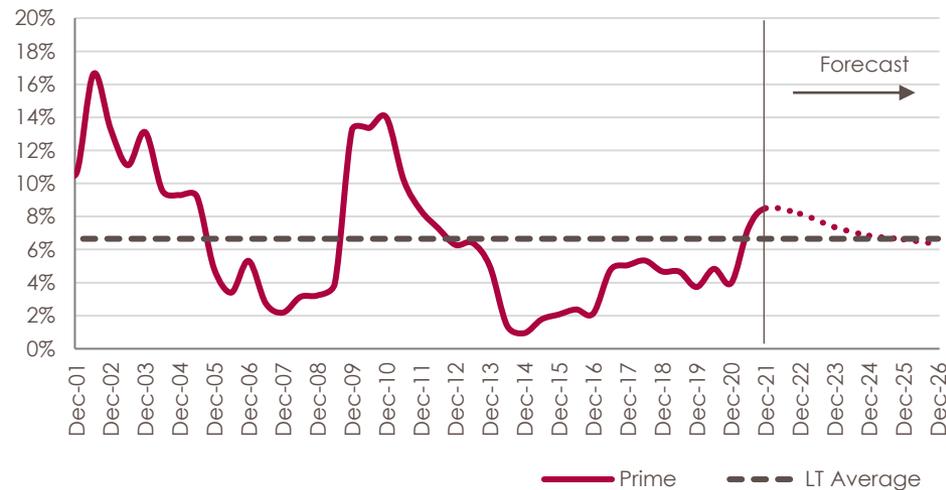
- Sentiment remains positive with occupiers taking a long term view and securing their future premises
 - +11,000m² prime grade net absorption in H1FY22 (Jun-21:-4,800m²)
- Flight to quality remains a prevailing trend
 - Vacancies continue to be unevenly spread through building grades/location
 - CBD waterfront* prime vacancy estimated at 3.0% (Jun-21: 3.8%)
 - +1.0% uplift in prime rentals in the half year to Dec-21 vs. a -2.9% fall in secondary rentals

* Estimate based on Commercial Bay and Britomart precinct vacancy data

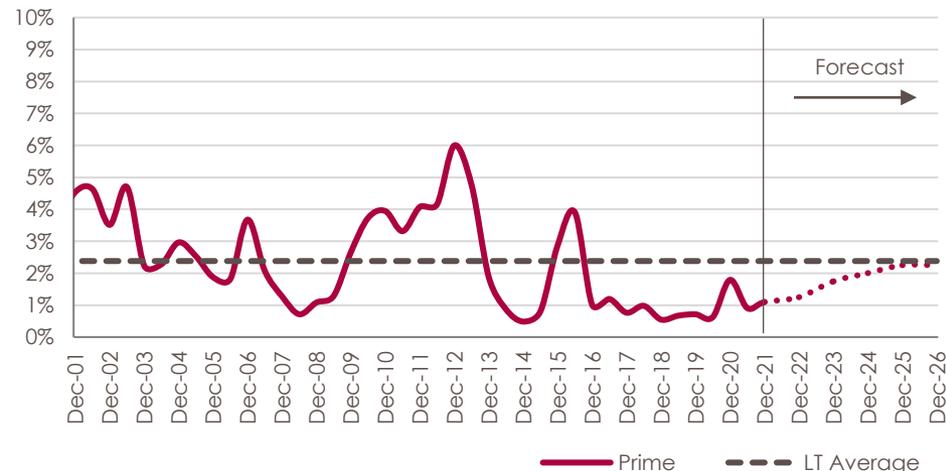
Wellington city centre

- Continues to outperform, underpinned by demand/supply imbalances
 - Prime vacancy rates continue to be, and forecast to remain, below long-term average
 - Government precinct remains fully occupied with zero prime vacancy reported for Thorndon
- Upward pressure on rentals expected to continue
 - Prime rentals increased 2.1% in the half year to Dec-21 resulting in a y-o-y increase of 5.1%

Auckland prime vacancy (Source: JLL)



Wellington prime vacancy (Source: JLL)



Occupier trends

Work from office impacted

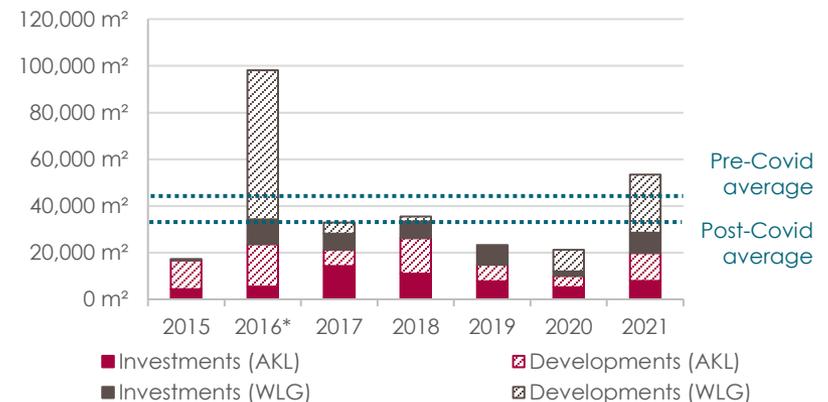
- Major corporates have directed staff to work from home during Omicron
- Impacted retail and hospitality activity during this time due to lack of footfall
- Expectation that premium office occupation will return strongly



Leasing resilience despite pandemic impacts

- Leasing activity over the past 12 months is the second highest in Precinct's history
- Uplift in leasing during 2021 with occupiers taking a long-term view and securing future accommodation
- Office demand and growth in economic rents bodes well for market rental growth once market normalises

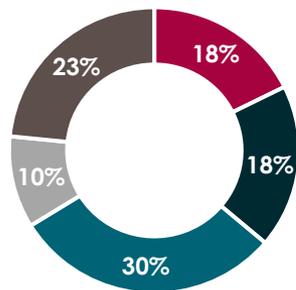
PCT portfolio office leasing (new leases only)



* Wellington Accommodation Project - 2 Government bulk leasing

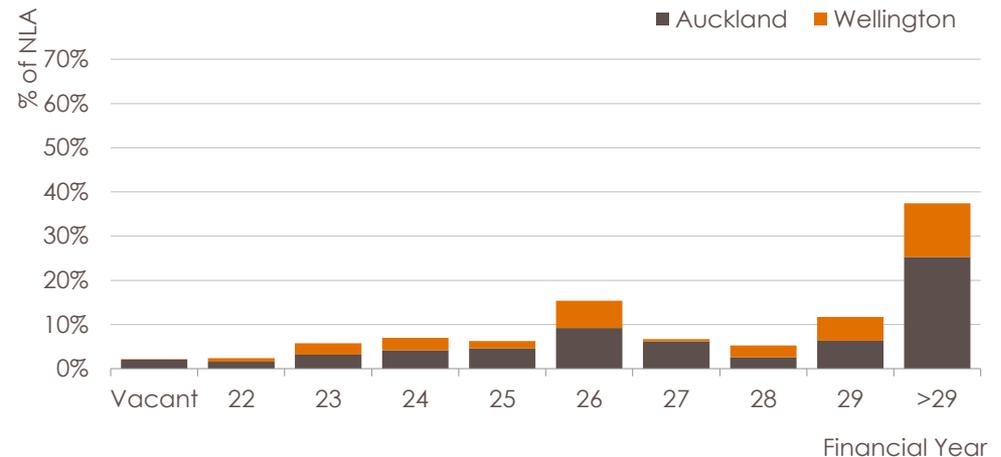
Portfolio earnings certainty

Office Revenue by Industry



- Government (Local and Central)
- Legal
- Financial Services, Banking, and Insurance
- Information Technology
- Other

Office lease expiry profile



We are focused on the next stage in Precinct's strategic evolution which will enable our business to grow:

- **Limited expiry** over next 6 years
- 24.9% interest in partnership targeting, stable, **secure low risk returns**, from Government income
- 58% of the portfolio benefits from **structured reviews**, providing **secure cashflow**

Portfolio metrics represent Precinct's residual portfolio following establishment of PPILP. Includes Precinct's 24.9% minority interest in PPILP.

Sustainability at Precinct

Precinct is **committed to enabling sustainable** and successful business, improving our operational performance and incorporating **sustainable design** across our portfolio of properties. Our sustainability strategy has been **designed in parallel with Precinct's broader business strategy**.

Governance:

- Sustainability Committee
- Dedicated Board ESG Committee

Best practice disclosure:

- GRI and TCFD reporting
- GRESB, CDP & MSCI benchmarking

Measurement and targets:

- Greenstar and NABERSNZ ratings
- Measure and verify carbon emissions
- Toitū carbonzero certification
- Offset unavoidable operational emissions
- Offset embodied emissions from developments
- Adopted measurable targets



ESG progress

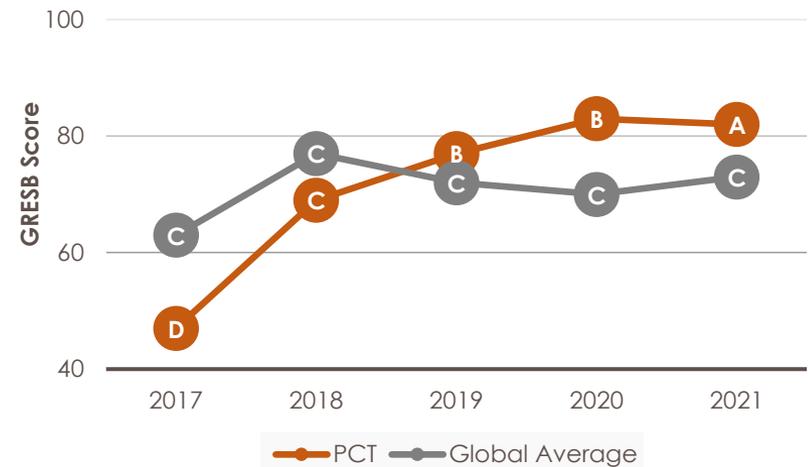
Improved our key performance measures, GRESB, to 82 (Global average: 73)

- GRESB is the most relevant ESG measure for real estate entities (1,500 entities)
- Improved **disclosure score** reflecting TCFD
- Measuring embodied carbon from developments and offsetting as a project cost
- Intention to lift **TCFD targets** in 2022



Last reported	2020	2021	TCFD Target
GRESB Score	83	82	-
Global Average	70	73	-
GRESB Public Disclosure	B	A	-
Global Average	C	C	-
GRESB Ranking	Top 25%	Top 33%	Top 25%
CDP	B-	B	A
NABERSNZ	93%	92%	100% > 3 star
Green star	52%	53%	50% > 4 star

GRESB Score and Disclosure Rating



Green assets

Precinct's \$1.7bn¹ of green assets meet or exceed excellence levels for Green Star and NABERSNZ

Star Rating	NABERSNZ	Greenstar	Green Asset Value (\$m)
6	Aspirational performance	World Leadership	525
5	Market leading	NZ Excellence	1,178
4	Excellent Performance	Best Practice	-
3	Good Performance	Good	-

Green office assets² as at Dec 2021



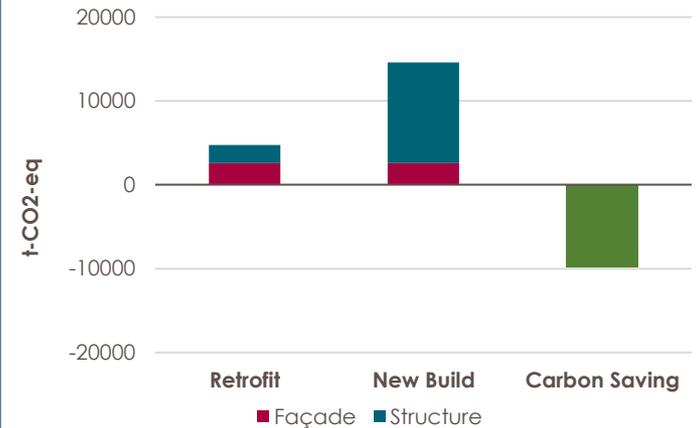
■ Green Development Assets ■ Green Assets ■ Non-Green

Note 1: Green assets defined as per sustainable debt framework (minimum 5 star Greenstar or 4 star NABERSNZ)

Note 2: Excludes assets held for sale to Precinct Pacific Investment Limited Partnership

Fixed rate secured green bonds – April 2022, Slide 11

One Queen Street - Embodied Carbon for Retrofit and New-Build Options



Green Portfolio Initiatives

- PV Solar Panels at 10 Madden Street
- Removing gas at Bowen House, Targeting 5 Star NABERSNZ
- Undertaking energy audits and reviewing HFC use
- Flowers building our first cross laminated timber (CLT) building

Transaction benefits

- Increases tenor and enhances debt maturity profile
- Offer proceeds used to repay the July 2022 bank debt facility
 - PPILP proceeds will further reduce bank debt
- Increases non-bank secured funding diversity from 31% to 39%

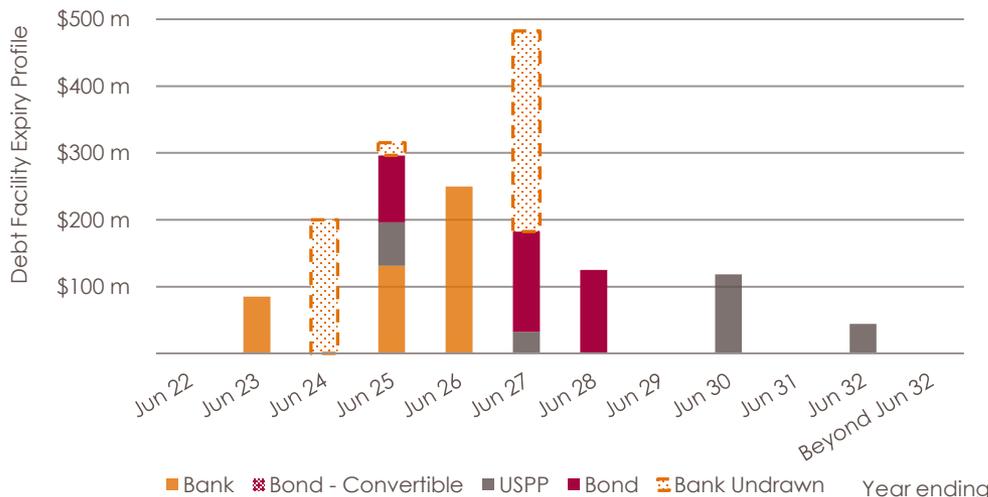
4.3 years

Weighted average term to expiry post issue

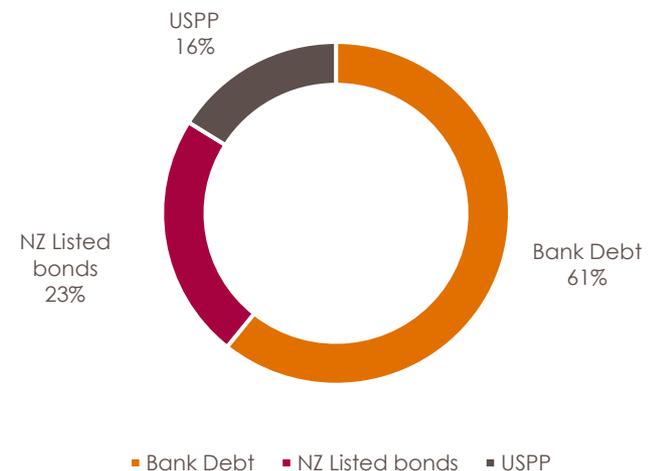
39%

Non-bank secured funding post issue

Debt facility expiry profile (post issue)



Secured borrowings funding diversity (post issue)



Security and covenants

- The Green Bonds are secured by mortgages granted by Precinct and the Guarantors over the Mortgaged Properties
- Value of the Mortgaged Properties as at 26 April 2022 totalled \$3.4bn¹
- The Bond Trustee can give enforcement directions for Major Bond Default Events
 - Non-payment of principal at maturity (for 10 business days) or interest for a period of 3 business days
 - Default by Precinct or a Guarantor for borrowed money in excess of \$15m
 - A breach of the Loan To Value Ratio which must not exceed 50%, subject to the breach not being remedied within a specified time period
- As at 31 December 2021 this Loan to Value Ratio was 32%¹
 - Breach of Loan to Value Ratio is an Event of Review
 - Precinct will have up to 13 months to remedy the breach before it will be an Event of Default
- If bonds cease to be labelled or trade as Green Bonds no Event of Default will occur
- No dividends paid if an Event of Default is occurring

Note 1 – Values based on 30 June 2021 Valuations. Following settlement of the Precinct Pacific Investment Limited Partnership the mortgage property pool will reduce to \$2.8bn. Proforma gearing as at 31 December 21 of 21%.

Key terms of the offer

Issuer	Precinct Properties New Zealand Limited
Instrument	Fixed rate secured green bonds (Green Bonds)
Guarantors	Precinct Properties Holdings Limited and Precinct Properties Wynyard Limited
Ranking and Security	<p>The Green Bonds benefit (on an equal ranking basis with other secured creditors, including Precinct's lenders under the Bank Facility Agreement, holders of the Existing Bonds, holders of USPP notes issued by Precinct in the United States and any future secured creditors) from mortgages over real property ("Mortgages") granted from time to time by Precinct and the Guarantors (each, a "Security Provider").</p> <p>In an insolvency of any of those Security Providers, the claims of the senior secured creditors will (by virtue of that security) rank ahead of all other creditors of that Security Provider other than certain statutorily preferred creditors.</p>
Issue Amount	Up to \$125 million (with ability to accept oversubscriptions of up to an additional \$50 million)
Tenor and Maturity Date	6 years maturing 9 May 2028
Interest Rate	<p>To be determined by Precinct in conjunction with the Joint Lead Managers following a bookbuild process.</p> <p>The Interest Rate will be the sum of the Issue Margin and the Base Rate, but in any case will not be less than the minimum Interest Rate of 5.00% per annum.</p>
Indicative Issue Margin	1.30% – 1.40% per annum
Brokerage	0.50% plus 0.25% on firm allocations paid by Precinct
Interest Payments	Semi-annually in arrear in equal payments on 9 May and 9 November of each year up to and including the Maturity Date.
Minimum Application	The minimum application is \$5,000, with multiples of \$1,000 thereafter
Listing	It is expected the Green Bonds will be quoted under the ticker code PCT040 on the NZX Debt Market
Credit Rating	Precinct and the Green Bonds are not rated

KEY DATES

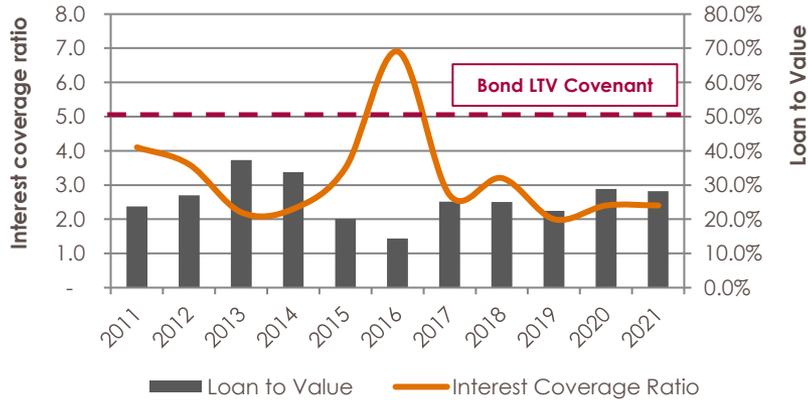
	Date
Offer opens	Tuesday, 26 April 2022
Offer closes	12.00pm, Friday, 29 April 2022
Rate Set Date	Friday, 29 April 2022
Issue Date	Monday, 9 May 2022
Expected date of quotation on the NZX Debt Market	Tuesday, 10 May 2022
Interest payments	9 May and 9 November of each year up to and including the Maturity Date
Maturity Date	Tuesday, 9 May 2028



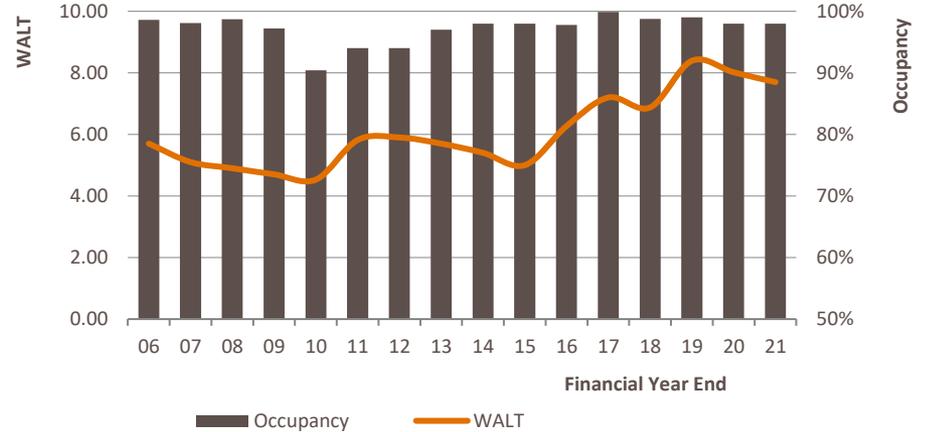
Appendix

10 Year historical performance

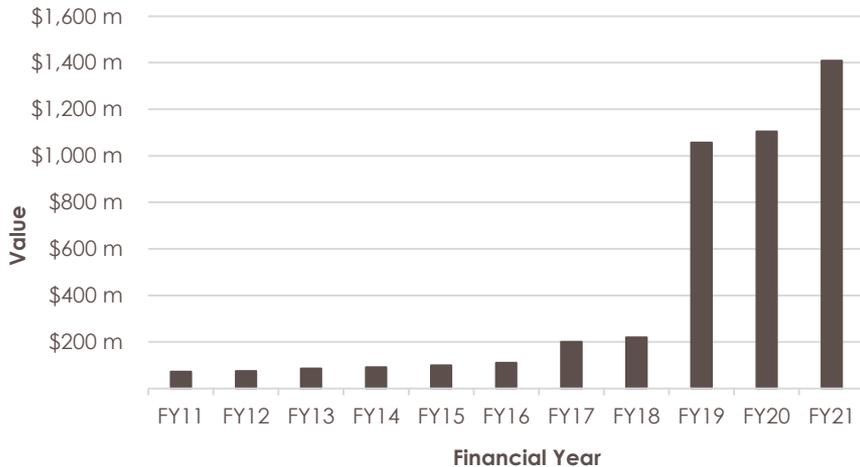
Key financial covenants



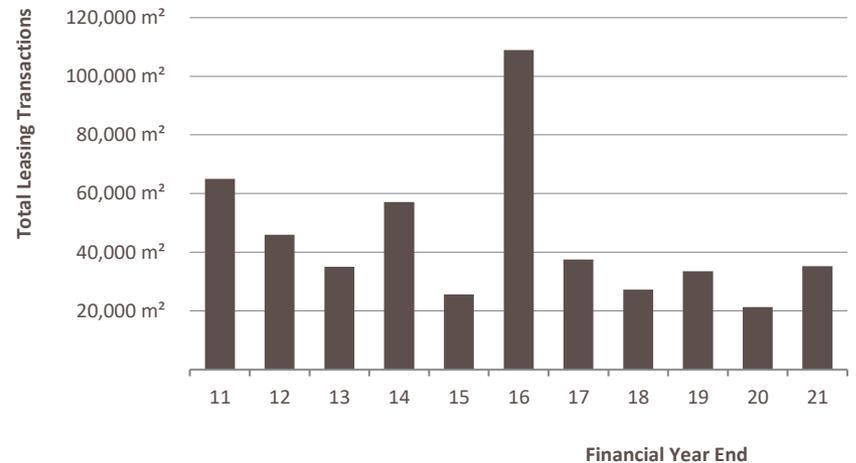
WALT and Occupancy



Value of Green Investment Assets



Total Leasing Transactions



Green bond framework

On our website you can find a copy of Precinct's sustainable debt framework [here](#)



Use of proceeds	An amount equivalent to the net proceeds from the issuance of Green Bonds will be used wholly or in part to finance or refinance existing and/or planned Eligible assets
Eligible assets	Eligible assets are defined as meeting the following criteria: <ol style="list-style-type: none"> 1. Certified as obtaining, or targeting, a minimum 5-Star NZGBC Green Star Built rating; or 2. Certified as obtaining, or targeting, a minimum 4-Star NABERSNZ Energy Base Building Rating or Energy Whole Building Rating
Process for Project Evaluation and Selection	Precinct has processes that are in place to ensure that Eligible assets are identified and evaluated appropriately to ensure compliance with this Framework
Management of Proceeds	<p>Precinct commits to tracking the receipt and allocation of net proceeds via internal reporting systems</p> <p>Precinct will maintain a register of Eligible assets, including the notional allocation of net proceeds against each Eligible asset. Precinct intends to fully allocate net proceeds immediately following issuance of any Green Bonds</p>
Reporting and Assurance	<p>Annual Use of Proceeds reporting</p> <p>In accordance with the applicable market standards, Precinct will seek assurance from an approved verifier on an annual basis, and as deemed necessary by Precinct</p>

Rating definitions

Star Rating	NABERSNZ	Greenstar
6	Aspirational performance	World Leadership
5	Market leading	NZ Excellence
4	Excellent Performance	Best Practice
3	Good Performance	Good

Green assets

Address	City	Building Name	Use	Last Assurance	NABERSNZ Rating	Green Star Rating	Asset Value ¹ (NZ\$m)
Existing Green Assets							
21 Queen Street	Auckland	Jarden House	Office	22 July 2021	4 Star Base Build Rating	5 Star Office Built (v1) Rating (+d)	\$140.0
139 Pakenham Street	Auckland	Mason Brothers	Office	22 July 2021	5.5 Star Base Build Rating	6 Star custom built rating	\$56.4
15 Customs Street	Auckland	PwC Tower	Office	22 July 2021	Targeting 4 Star	5 Star Office Design (2009) Rating	\$665.0
30 Waring Taylor Street	Wellington	30 Waring Taylor	Office	22 July 2021	Targeting 5 Star	Target 5 Star	\$22.0
Total existing green assets							\$883.4

Address	City	Building Name	Use		Current NABERSNZ Rating	Green Star Rating	Total project cost (NZ\$m)
Committed Green Development Assets							
40 & 44 Bowen Street	Wellington	40 & 44 Bowen Street	Office	22 July 2021	Targeting 4 Star	Target 5 Star (design and as built)	\$196.0
1 Queen Street	Auckland	1 Queen Street	Office	22 July 2021	Targeting 4 Star	Target 6 Star (design & as built)	\$312.0
Wynyard Stage 3	Auckland	Halsey & Flowers	Office	22 July 2021	Targeting 5 Star	Target 6 Star (design & as built)	\$157.0
1 Bowen Street	Wellington	Bowen House	Office	22 July 2021	Targeting 5 Star	Target 5 Star (as built)	\$155.0
Total committed green development assets							\$820.0 M

Total value of eligible assets² **\$1,703.4**

Eligible assets must have a minimum (or target) 5-star NZGBC Green Star Built rating or a minimum 4-Star NABERSNZ Energy Base Building Rating

1. Fair value as at 30 June 2021

2. As at 31 December 2021, Total value of eligible assets equals \$2,280.6 m. \$577.2 m has been excluded from the above table due to the assets being held for sale to Precinct Pacific Investment Limited Partnership.

[Click here to view Precinct Green Bond Assurance Statement](#)

Committed Green Development Assets

Development	TPC	NLA	% Let	WALT (Let)	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24	Dec-24
40 Bowen	\$90 m	9,800 m ²	91%	10 years						
44 Bowen	\$106 m	11,500 m ²	100%	13 years						
Bowen House	\$155 m	14,300 m ²	100%	15 years						
Deloitte Centre	\$312 m	14,200 m ² (plus hotel)	91%	19 years*						
Halsey and Flowers	\$157 m	11,400 m ²	-	-						
Total	\$820 m	61,200 m²	79%	16 years*						

40 and 44 Bowen Street



Deloitte Centre - 1 Queen Street



Halsey and Flowers



Security

- The Green Bonds are secured by Mortgages granted by Precinct and the Guarantors over the Mortgaged Properties in favour of the Security Trustee (Public Trust), for and on behalf of the secured creditors
- Total assets as at 31 December 2021 were \$3.66bn and of that the value of the Mortgaged Properties was \$3.4bn¹. Total liabilities were \$1.24bn and of that committed senior secured obligations comprised \$1.06bn
- The Majority Beneficiaries can instruct the Security Trustee to give certain waivers and to amend certain provisions of the Security Trust Deed and also give instructions in relation to enforcement
 - The Bond Trustee can give enforcement directions for Major Bond Default Events. Bank Facility Agent, USPP Noteholders and other Beneficiaries may also be entitled to give directions
 - To the extent that the Bond Trustee is entitled to give instructions to the Security Trustee, given the limited time periods to provide instructions, the Bond Trustee is unlikely to have time to obtain instructions from the Bondholders in most instances

Note 1 – Values based on 30 June 2021 valuations. Following settlement of the PPILP the mortgage property pool will reduce to \$2.8bn. Proforma gearing as at 31 December 21 of 21%