

Subordinated Convertible Notes Offer

August 2023



ARRANGER & JOINT LEAD MANAGER



JOINT LEAD MANAGERS



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Agenda

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Precinct Properties New Zealand Limited

Scott Pritchard, CEO

George Crawford, Deputy CEO

Richard Hilder, CFO

Note: All \$ are in NZD

The Offer



An offer of up to \$150m (with ability to accept oversubscriptions of up to an additional \$50 million)



Subordinated convertible notes



Two tranches sought:

3-year term

4-year term



Provides Precinct capital management and strategic benefits



Enables investors to potentially share in upside from share price growth

Section 1

Business
overview and
highlights



Our business

Precinct is a central city real estate investment business. It invests in high quality strategically located real estate with a focus on sustainability.



Strategy encompasses three key areas of outperformance:

1. Investment

- ❖ Well-located prime assets have significantly outperformed lower grade stock
- ❖ Precinct's market leading position and high performing team continue to deliver asset management excellence

2. Development

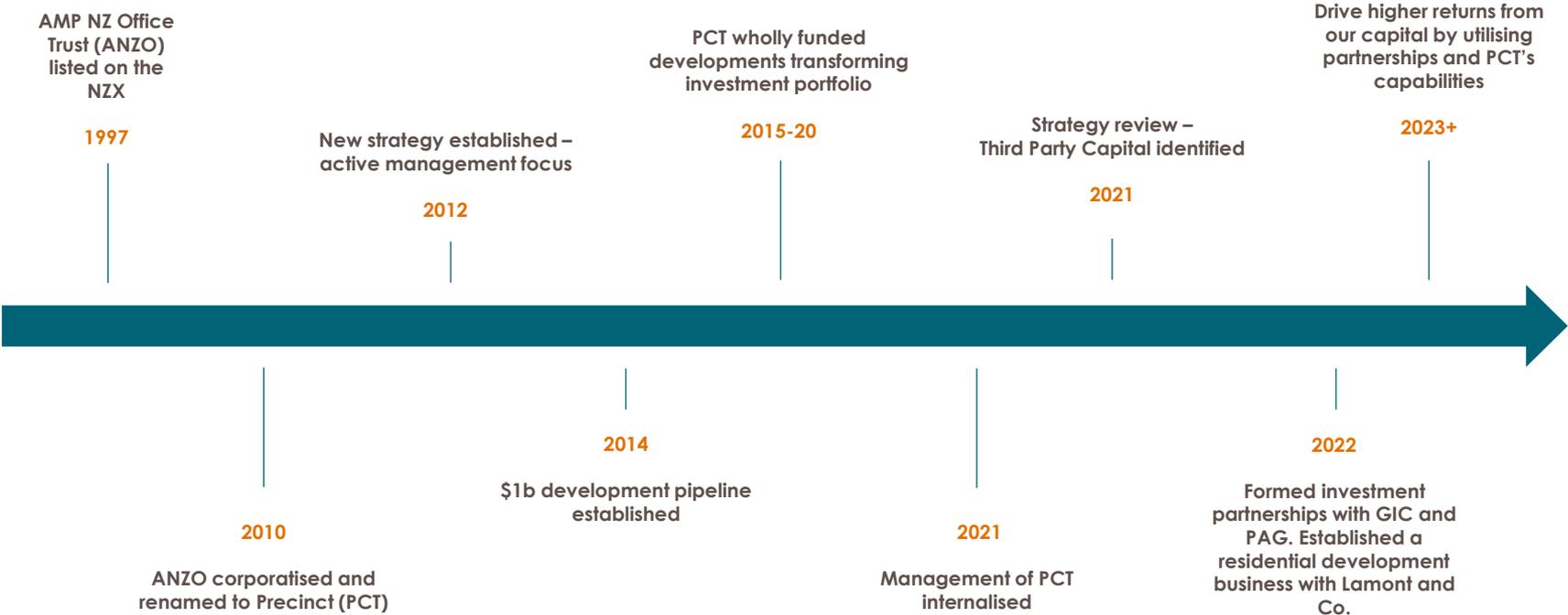
- ❖ Recycling and deploying capital into projects that generate returns over and above stable investments
- ❖ Combining the development strategy with the capital partnering strategy enables the scale of development activity to increase and provides a strong lever for Precinct to outperform

3. Capital Partnering

- ❖ Partnering with direct investors expands the capital base and enables Precinct to explore a broader set of opportunities
- ❖ Enhances the return on invested capital through aligned investment performance, maintaining access to high quality real estate, and freeing up capital for future opportunities

Strategy evolution

As we continue to work with our partners and consider future opportunities, the active management of Precinct's high-quality portfolio is supporting both the evolution and execution of our strategy.



FY23 highlights



Operational excellence

- Portfolio occupancy maintained at **99%** with a WALT of **6.0 years**
- Over **53,000m²** of leasing completed in the period including over 35,000m² of development leasing
- Achieved **13.8% growth** in contract rents on new leases

Strategic execution

- Successfully commenced the partnership with Singaporean sovereign wealth fund, GIC, and grew the partnership with the acquisition of Wynyard Stage 3 and the conditional acquisition of 56 The Terrace, Wellington
- Established a new joint venture investment partnership with global private asset manager, PAG, to acquire 40 and 44 Bowen Street
- Entered the multi-unit residential development market through a 50% acquisition of the established Lamont & Co business
- Completed corporate restructure (stapling)
- Established a joint venture with Ngāti Whātua Ōrākei to acquire Te Tōangaroa portfolio in partnership with PAG



Development pipeline

- Secured development opportunity at 61 Molesworth Street, with 100% of the office space leased by MFAT on a 20+ year lease
- Agreed a 12-year lease to Beca at Wynyard Quarter Stage 3, enabling commitment to 117 Pakenham, the last remaining building
- Selected as preferred development partner for the Downtown Carpark with exclusive negotiations with Eke Panuku Development Auckland advanced

Investment portfolio

Directly held portfolio FY23

99%

occupancy (by area)

73%

weighting to Auckland (by value)

19%

Local & Central government income

13.8%

growth in contract rent on new leases

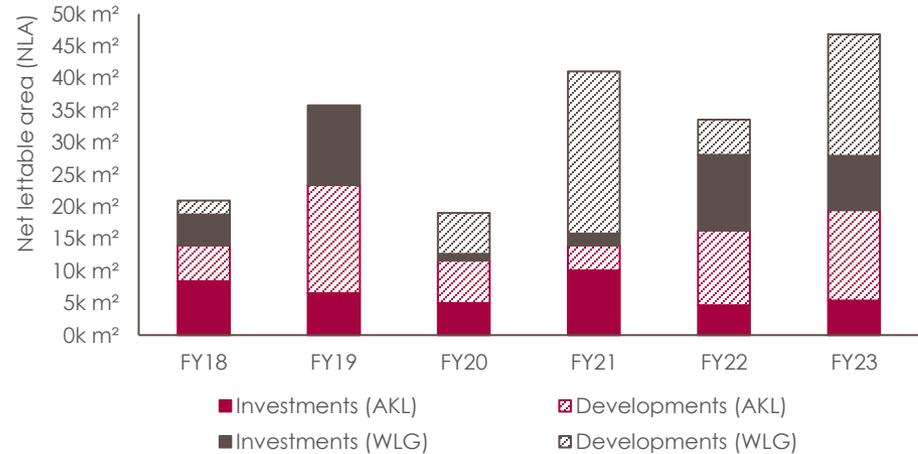
10.6%

under-renting (contract vs. market rents)

6.0 years

weighted average lease term

Precinct leasing transactions

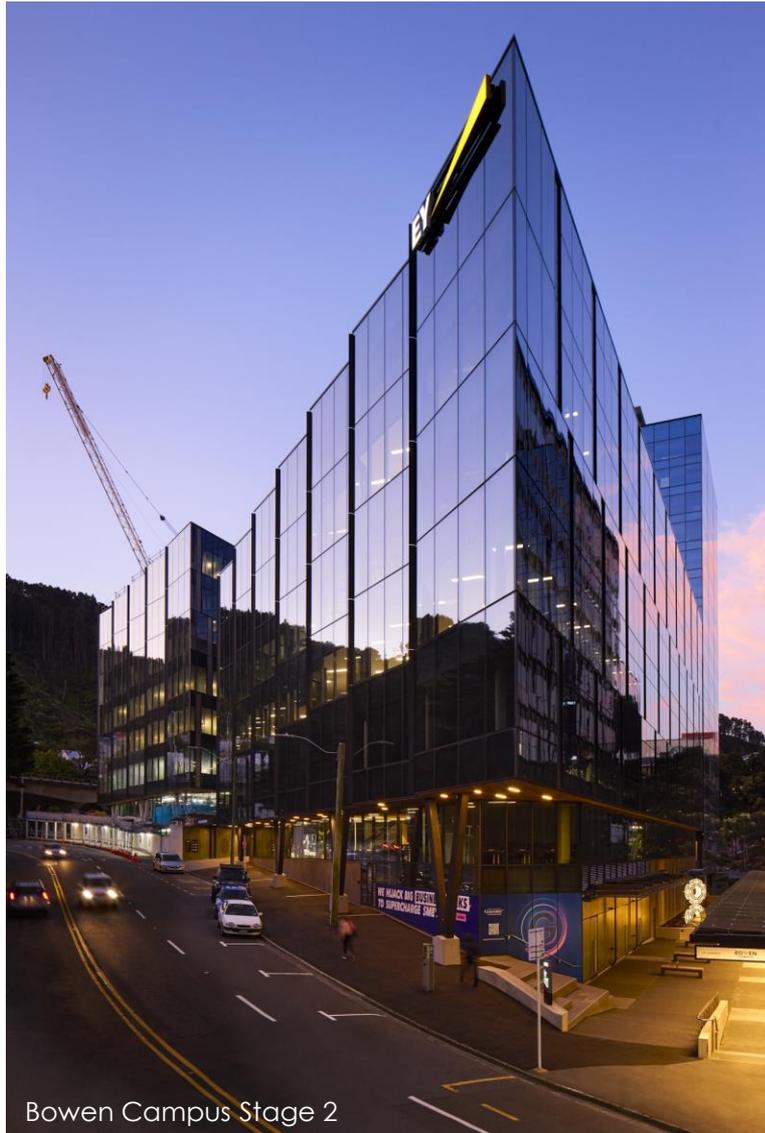


Portfolio snapshot as at 30 June 2023¹

| | Investment portfolio including cornerstone | Investment portfolio – directly held | Auckland | Wellington |
|-------------------------------------|--|--------------------------------------|-----------|------------|
| WALT | 6.2 years | 6.0 years | 5.5 years | 7.3 years |
| Occupancy (by NLA) | 98% | 99% | 98% | 99% |
| Investment portfolio value | \$2,716 m | \$2,574 m | \$1,877 m | \$697 m |
| Weighted average cap rate | 5.6% | 5.6% | 5.4% | 6.0% |
| Net lettable area (m ²) | 288 k | 223 k | 138 k | 85 k |

Note 1 – Investment portfolio metrics including Precinct cornerstone are weighted based on Precinct's ownership interest except for NLA which reflects total unweighted lettable area. Cornerstone portfolio includes 40 & 44 Bowen Street which settled on 15 August 2023.

Development track record



Bowen Campus Stage 2

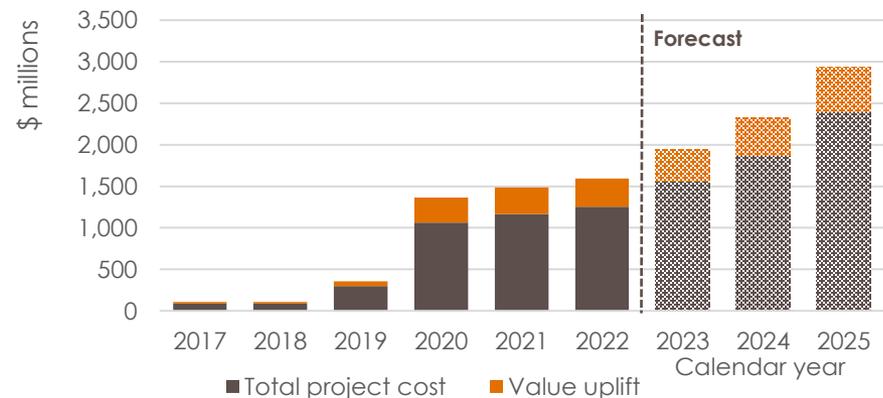
Delivering material value uplift

- \$1.8 billion of development completions since 2017 have delivered aggregate return on cost of 27% and contributed approximately 24 cents per share to NTA
- Value of completions will increase to \$2.3 billion by end of 2024 financial year

Pipeline

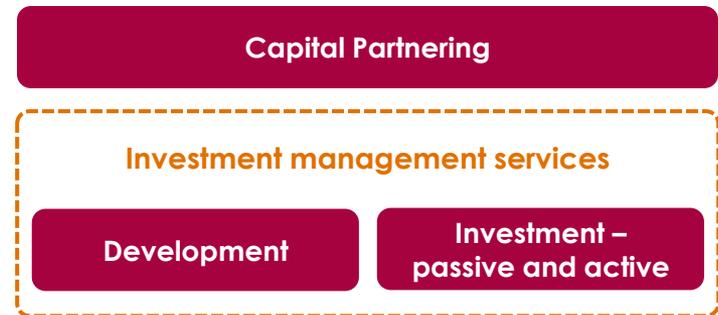
- Around \$1 billion¹ of committed projects due to complete progressively through to end of 2025 calendar year including Wynyard Quarter Stage 3 (in partnership with GIC)
- Secured WALT of 14.1 years on committed projects
- Replenishment of development pipeline expected to occur through strategies such as residential development and opportunities such as Downtown Carpark site

Cumulative development completions



Note 1: Total project cost. Disregards Precinct ownership level. Adjusting for ownership, pipeline is around \$0.7 billion.

Capital partnerships – strategic approach



Key benefits

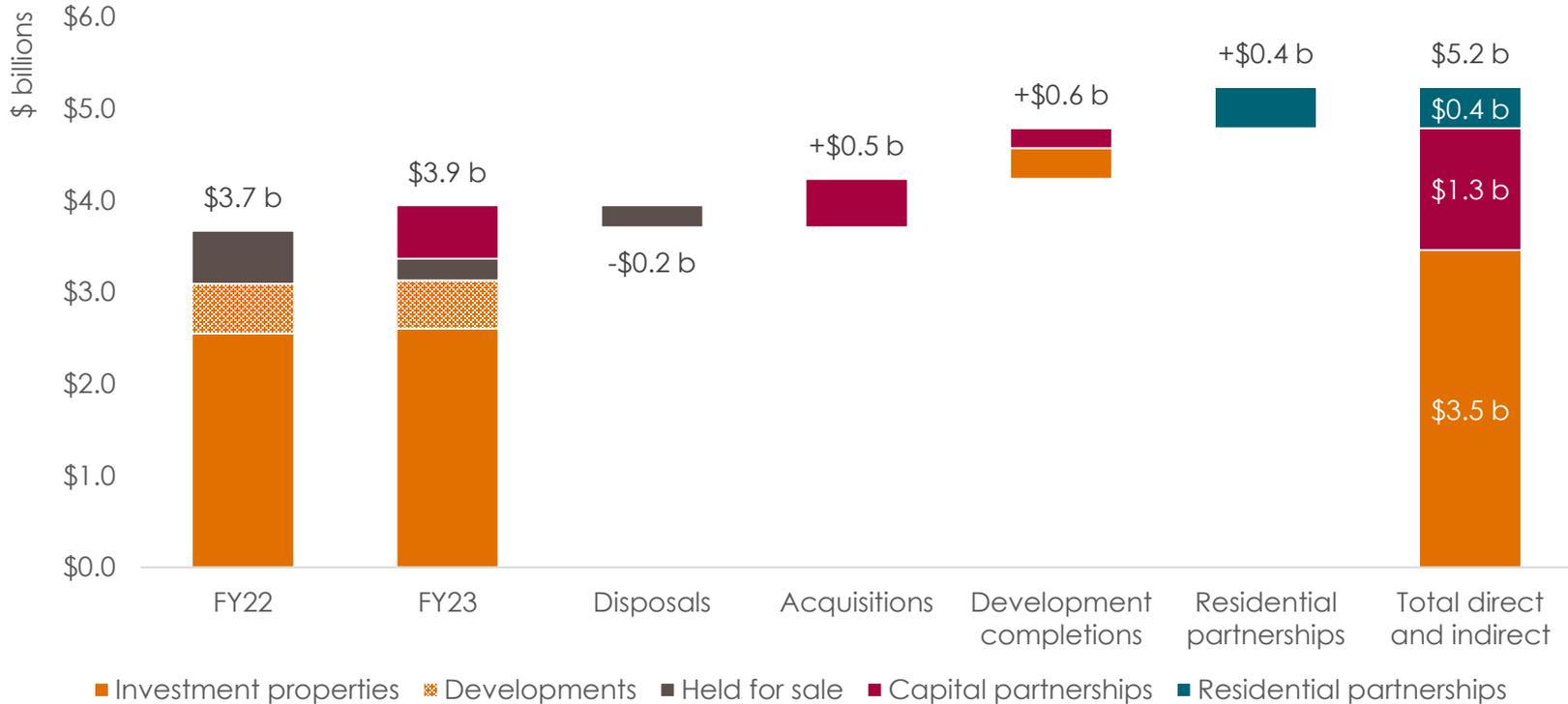
- ❖ Increases liquidity, diversifies capital sources and leverages partners' greater access to capital
- ❖ Leverages Precinct's balance sheet, enabling a wider set of opportunities to be explored
- ❖ Improves return on equity to Precinct shareholders
- ❖ Facilitates takeouts and further follow-on investment
- ❖ Provides access to new income streams and continued access to development profits
- ❖ Ability to participate in wider range of asset types, locations and risk spectrum

Partnering principles

- ❖ Deliver market-leading risk-adjusted returns for partners, leveraging Precinct's market position, capabilities and management platform
- ❖ Alignment of values focusing on Health & Safety, Sustainability and Business Ethics
- ❖ Strong alignment through co-investment and investment objectives
- ❖ Prioritise strong, open and collaborative relationships with capital partners, adopting a long-term view

Existing partnerships

Precinct is delivering on its strategy with \$1.8 billion of capital partnerships formed since FY22 (completion value) ¹. Value of direct portfolio and partnerships now \$5.2 billion.



General note – Values in chart may not add precisely due to rounding

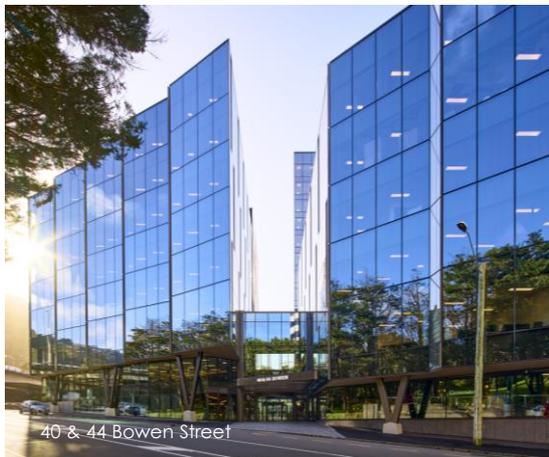
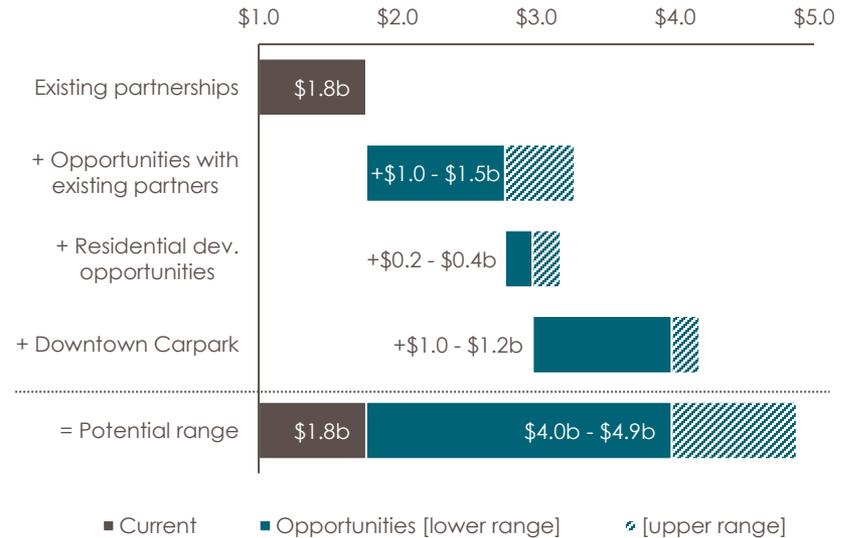
Note 1 – Includes the gross realisation value (excl. GST) of residential projects in progress or near commencement.

Partnership platforms positioned for growth

Precinct continues to explore opportunities to scale its capital partnerships platform through:

1. **Existing partnerships** providing opportunities for further growth where Precinct can leverage its dominant market position, asset management expertise and track record to take advantage of value-enhancing opportunities in a more volatile market: ~\$1.0b - \$1.5b (medium term)
2. The **residential development** platform established through JV with Lamont & Co.: ~\$0.2b - \$0.4b (medium term)
3. The **Downtown Carpark** site where Precinct is the preferred development partner with Eke Panuku Development Auckland: ~\$1b - \$1.2b (long term)

Partnership opportunities (\$b)



Sustainability at Precinct

Our Strategy includes the integration of sustainability across all areas of our business.

- \$1.5 billion of green assets (excl. partnership assets)
- Committed to the World Green Building Council Net Zero Carbon Buildings Commitment and a target that all assets be certified Green by 2030
- Offsetting development embodied emissions for several years
- Focus on preparing for XRB climate reporting, refining the pathway to net zero carbon and social initiatives with a focus on future developments



| Participation | Overview | | Current ¹ | Target |
|---|---|--------------------------|----------------------|---|
|  | <p>The overarching measure Precinct have chosen to use as its core ESG performance benchmark is the Global Real Estate Sustainability Benchmark (GRESB).</p> <p>It is considered the global standard for ESG benchmarking and reporting for real estate entities.</p> | Score | 82 | + Global Average 74 |
| | | Public Disclosure | A | + Global Average B |
| | | Ranking | Top 33% | Top 25% |
|  | Carbon Disclosure Project which is the gold standard for corporate environmental reporting and is fully aligned with the TCFD recommendations. | | B | A |
|  | NABERSNZ is a ratings scheme to measure and rate the energy performance of office buildings in New Zealand. | | 57% | Portfolio: >100% 4 star by 2030 (Excellent) |
|  | Green Star is an internationally recognised, rating system for the sustainable design, construction and operation of buildings, fitout and communities. | | 52% | Portfolio: >60% 5 Star (Excellence) |

Note 1: GRESB and CDP metrics relate to 2022. The 2023 submission is currently being assessed with scores available in November 23.



Section 2

Our markets

Auckland city centre office market

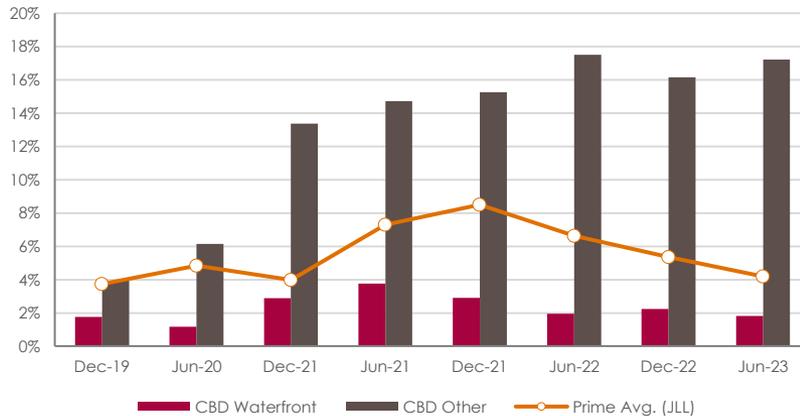
Key themes

- **Strong occupier demand despite economic headwinds** with four consecutive halves of positive net absorption recorded for prime grade assets
 - Strong demand for prime waterfront assets which continue to enjoy below-market levels of vacancy (1.8% vs. 4.2% prime grade average as at Jun-23)
- **Flight to quality accelerating** with the prime-secondary gap widening over the past 24 months
 - Prime grade assets recorded positive net absorption totalling 41,893m² over this period compared to a negative 19,467m² for secondary grade assets
 - Prime grade net effective rents increased 9.8% compared to only 0.5% for secondary grade

Prime office market indicators (source: JLL)

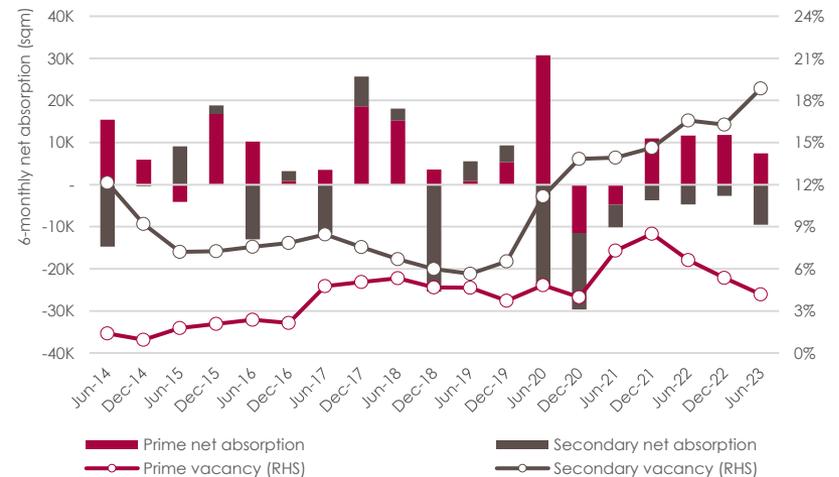
| | Jun-23 | Jun-22 | 20Y avg. |
|---|---------------|--------|----------|
| Annual net absorption (m ²) | +19.2k | +22.7k | +12.4k |
| Annual net supply (m ²) | +3.9k | +19.8k | +23.0k |
| Vacancy rate (%) | 4.2% | 6.6% | 5.8% |
| Effective rent change (%) | +6.3% | +3.3% | +2.2% |

Prime vacancy rates by submarkets (source: Colliers, JLL, PCT analysis)



Note – Submarket vacancy rates provided by Colliers. CBD Waterfront data reflects vacancy within the Commercial Bay and Britomart precincts as analysed by PCT.

Auckland CBD net absorption vs. vacancy rates (source: JLL)



Wellington city centre office market

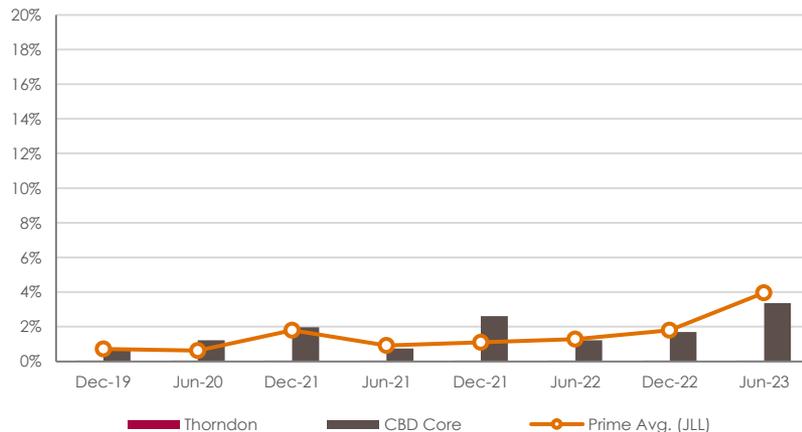
Key themes

- **Tightest city centre office market in Australia and NZ** despite ~32,900 m² of prime grade supply being added to the market over the past 12 months
 - Strong demand underpinned by government occupation along with corporates seeking high quality seismically resilient space
 - Quality of existing stock remains low relative to other major Australasian markets, providing opportunities to capture growing demand for prime grade assets
- **Continued stock withdrawals for seismic strengthening** and high level of leasing pre-commitments **supporting low vacancies** and prime grade market rentals
 - Precinct's portfolio recorded 13.4% growth in gross market rentals over the past 12 months, well above JLL's reported rate over the same period

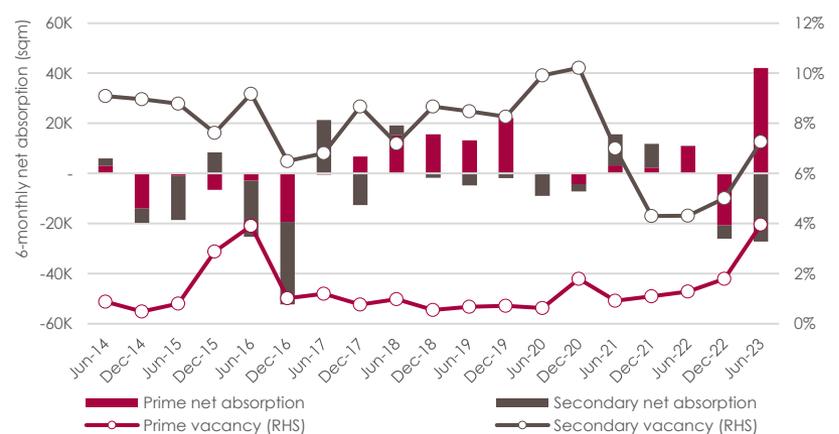
Prime office market indicators (source: JLL)

| | Jun-23 | Jun-22 | 20Y avg. |
|---|---------------|--------|----------|
| Annual net absorption (m ²) | +21.4k | +13.3k | +9.2k |
| Annual net supply (m ²) | +32.9k | +14.8k | +9.5k |
| Vacancy rate (%) | 4.0% | 1.3% | 2.1% |
| Effective rent change (%) | +0.7% | +2.9% | +3.0% |

Prime vacancy rates by submarkets (source: Colliers, JLL, PCT analysis)



Wellington CBD office net absorption vs. vacancy rates (source: JLL)



Other city centre markets



Flex space

- Clear trend reversal from work-from-home to 'Work-from-Work' with Generator reporting surge in hot-desking demand with some desks being booked six months out
- Meetings and events demand are also stronger than pre-pandemic levels confirming return of in-person collaboration
- Demand also growing for managed suite offers which appeals to capital-constrained businesses



Retail

- City centre retail trading conditions continue to improve, albeit modestly, in line with return of office workers and tourist arrivals, resulting in an increase in leasing activity and vacancy rate falling to 7.3% according to JLL research (Jun-22: 8.6%)
- Despite increased cost of living, retail spend remains resilient underpinned by strong F&B (food and beverage) spend
- Occupiers are now positioning to take advantage of upcoming completions of new demand drivers including the City Rail Link



Hotels

- International flight capacity and visitor arrivals continue to gradually recover with arrivals now 31% below the pre-pandemic peak per CBRE analysis
- Room night demand has largely recovered to peak levels however occupancy rates remain below peak due to new supply added since 2019 (albeit high development costs will impede additional new supply)
- Room rates have benefited from recovering travel demand and are tracking over 20% above pre-pandemic levels per CBRE analysis

Office market themes

Obsolescence supporting tight market conditions

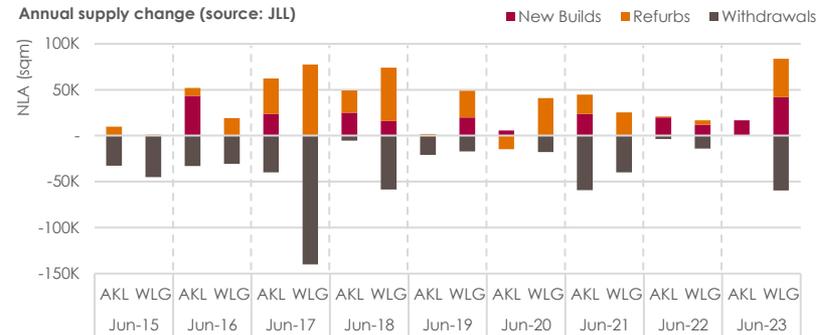
- Ongoing seismic and functional obsolescence is underpinning demand for prime grade assets while at the same time reducing overall supply through stock withdrawals
- Prime vacancies anticipated to remain at low levels despite economic headwinds and committed new supply completing in the near term

Return to office and significant leasing transactions

- A return of workers to offices is being observed, as evidenced in access card activity with most monitored buildings near or above pre-COVID levels
- Continued strong demand for Precinct's high quality office space, with occupancy at 99% and over 79,000sqm of new development leasing transactions completed in the last three years

Low vacancies provide relative affordability

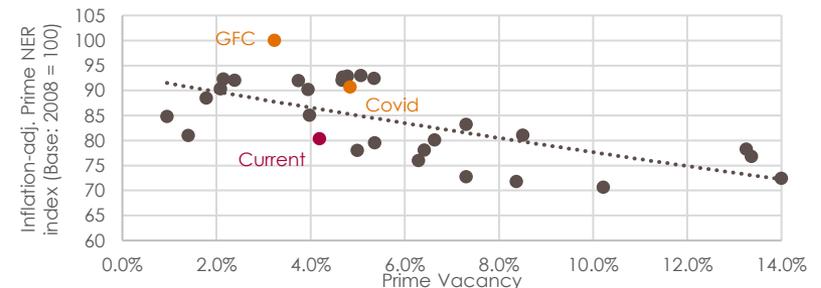
- Clear relationship between vacancy rates and market rentals adjusted for inflation, indicating relative affordability at present compared to pre-COVID, pre-GFC, and historic trend
- Implies potential rental upside with most of the recent rental growth likely a response to high inflation



Access card usage relative to pre-pandemic¹



Auckland inflation-adjusted Prime net effective rent index (source: JLL, PCT analysis)



Note 1: Represents rolling four-week card usage relative to usage in the month prior to the first NZ lockdown.

Occupier market dynamics support rent growth

Economic rents expected to restrict new supply

- Rising development costs, combined with easing cap rates, are driving a material uplift in economic rents
- New stock unlikely to eventuate except in premium locations where new rental benchmarks could be set
- A reduction in supply will benefit existing prime grade assets, supporting continued market rental growth

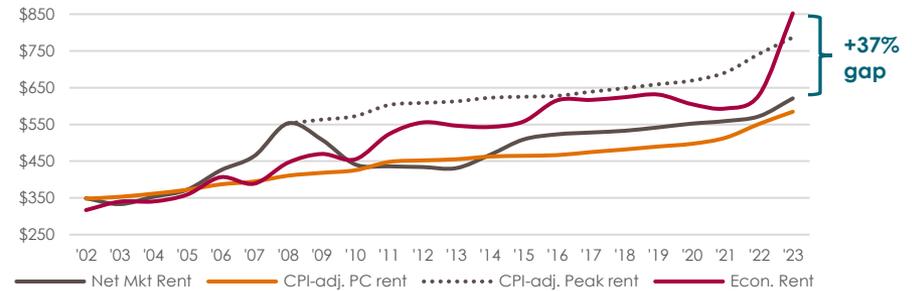
Low vacancy rates supportive of market rental growth

- Strong occupier demand and low vacancy rates offer opportunity for rental growth
- JLL forecasts vacancy rates in Auckland and Wellington Prime office markets to remain around existing levels over the next 3-4 years
- Correlation between market rent growth and vacancy rates suggests continued market rental growth

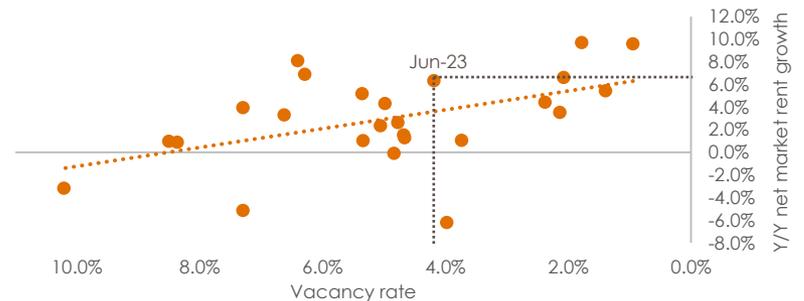
Under-renting and net leases underpin income growth

- Portfolio under-renting (10.6%), combined with shorter leases, allows rents to revert more quickly to market
- Net leases, fixed growth and indexation (3.3% forecast rental growth in FY24) provide protection from inflation
- 50% of the portfolio is expected to revert to market over the next 3-4 years through expiries and market reviews

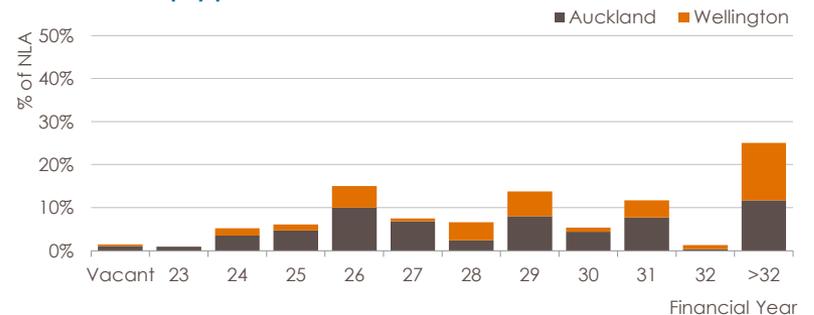
188 Quay St average tower net rent \$/sqm (source: PCT analysis)



Auckland Prime office market rent growth vs. vacancy rate (source: JLL, PCT analysis)



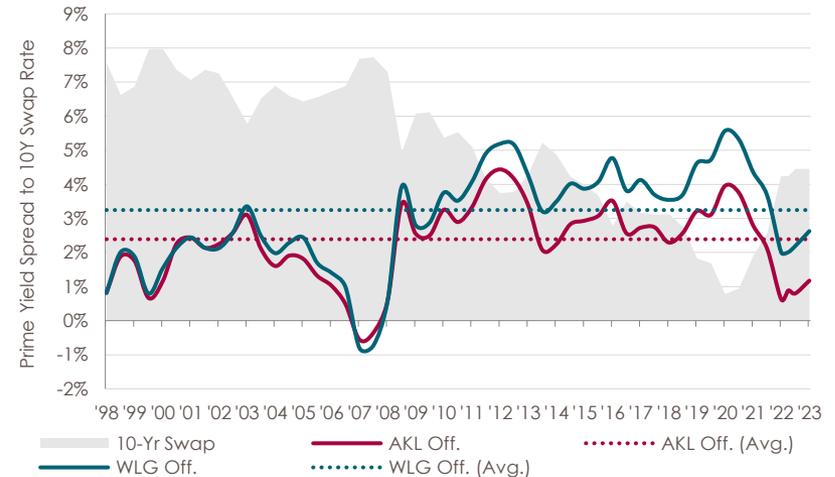
Precinct lease expiry profile



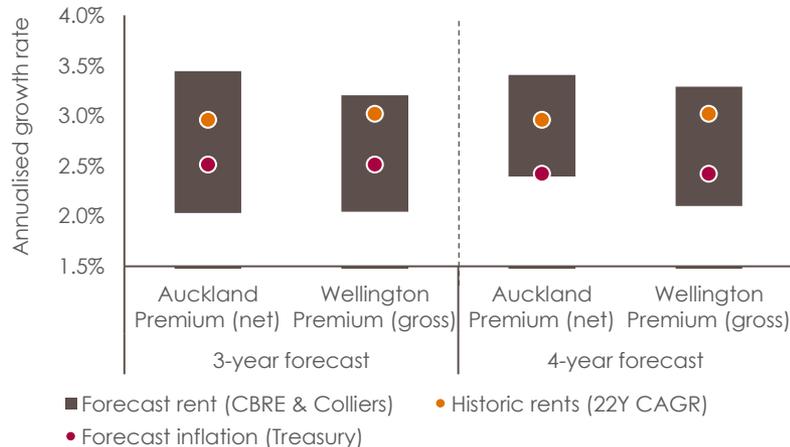
Cap rate spreads consistent with inflationary outlook

- Rising interest rates have led to yield spreads below long-term averages
- Rent and asset values are correlated with rising prices. Therefore, during periods of high inflation expectations yield spreads are generally tighter
 - Implies higher market rent growth
 - If interest rates remain high it will be in response to persistent inflation, which suggests continued rent growth
- Market rent growth forecasts from Colliers and CBRE for premium grade stock in both Auckland and Wellington compare well relative to inflation forecasts over the next three to four years.

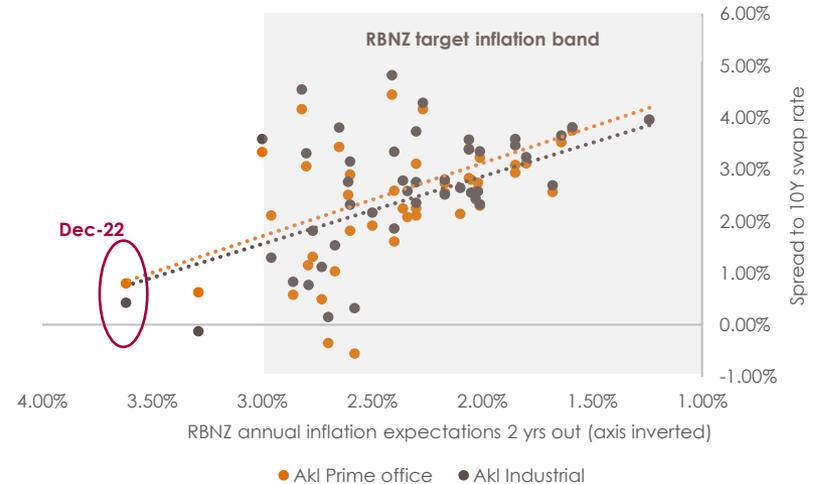
Prime yields spreads to 10-year swap rates



Historic and forecast rents vs. inflation (source: Colliers, CBRE, Treasury, PCT analysis)



Auckland Prime office & industrial yield spreads against inflation expectations



A modern office interior featuring glass-walled rooms, wood-paneled walls, and contemporary furniture. The scene is lit with warm, ambient lighting. In the foreground, there are wooden steps leading up to a glass-walled area. To the left, a lounge area with green armchairs and a small table is visible. To the right, a conference room with a round table and several chairs is seen through the glass. The overall atmosphere is professional and sophisticated.

Section 3

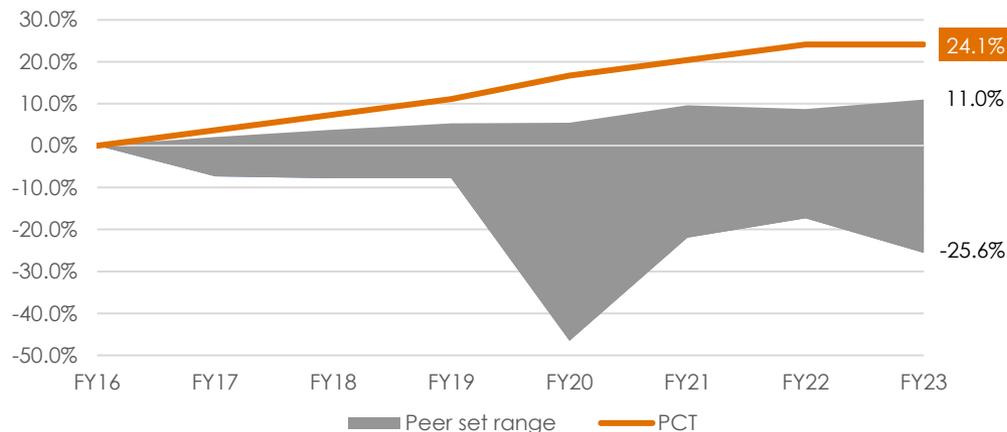
Financial results
and capital
management

Financial performance

Precinct is well-positioned to perform in challenging environments due to its good contracted rental growth, high quality portfolio, long WALT and capital partnering momentum

- Strong leasing performance underpins the FY23 result, with net property income of \$130.2 million (+4.5%) and net operating income before tax up 7.1% relative to FY22
- Unrealised revaluation loss of 7.1% over the 12 months to June 2023, mainly attributable to cap rate expansion
- History of outperformance with dividend growth exceeding listed peers over the last five- and last seven-year periods¹

Cumulative dividend growth from FY16 vs. peers



Note 1: Peer set includes ARG, GMT, KPG, PFI and SPG.

Highlights

9.3%

Gross rental revenue growth

4.5%

Net property income growth

6.69

AFFO (cents per share)

2.8%

AFFO per share growth

\$1.38

NTA per share

Financial policies: Focus on stability and cashflow

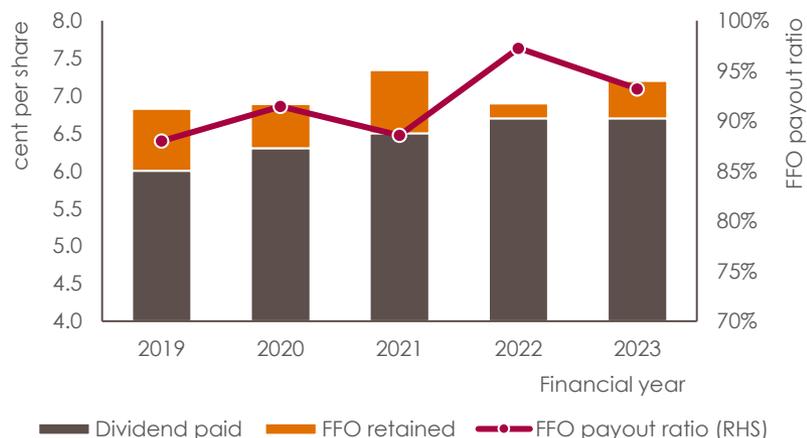
Dividend / AFFO policy

- Moved to a sustainable adjusted funds from operations-based policy in 2011
- Over the past five years the AFFO payout ratio has averaged 101% (92% FFO payout ratio)
- Retained earnings from funds from operations are used to fund the capital expenditure required to maintain the quality of Precinct's property portfolio
- 3.0% annualised AFFO growth FY19 to FY23

Financial Risk Management policy

- Requires that no capital commitment is entered into without funding in place
- Requires adequate headroom in loan to value covenants (50%) in order to withstand a portfolio devaluation of 25%
- Targets a laddered debt maturity profile and diversity of funding sources
- Interest coverage covenant of 1.75 times (FY23: 1.9 times)

Funds from operations and dividend paid



Adjusted funds from operations and dividend paid



Offer benefits

Strategic benefits

- Provides semi-permanent capital and matches capital to investment opportunities, enabling progress of capital partnering strategy and other opportunities
- Investment returns expected to exceed cost of issued capital
- Retains flexibility to convert or repay depending on capital partnering progress and utilisation of other funding levers

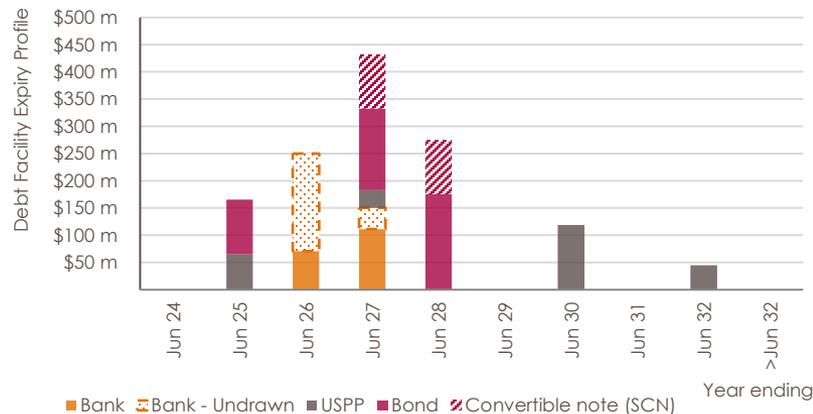
Capital management benefits

- Reduces June 2023 gearing, as measured under borrower covenant which disregards subordinated debt, from 35% (post 40 & 44 Bowen Street sale) to 29% - 30%¹ (covenant level 50%)
- Reduces Precinct's weighting to bank debt, allowing this source of funding to be used within its third-party capital platform.
- Precinct's weighting to non-bank sources increases to around 70%

Key benefits of issue

- ❖ **Semi-permanent capital** aiding delivery of strategy
- ❖ **Matches** capital requirements
- ❖ **29% - 30%¹** proforma gearing
- ❖ **3.8 years** weighted average term to expiry (June 23: 3.5 years)
- ❖ **Improved debt maturity profile**
- ❖ **96%** forecast average hedging for FY24

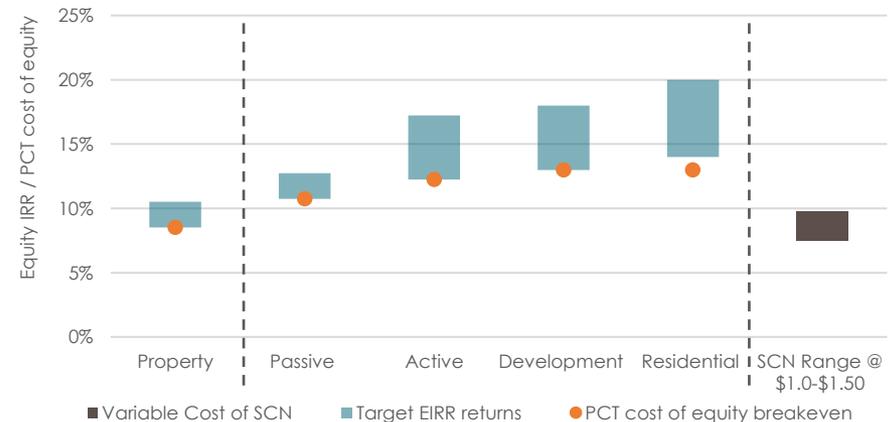
Debt facility expiry profile (post issue)²



Note 1 – Assumes a SCN issue size of \$150 million to \$200 million

Note 2 – Assumes a \$200 million SCN issue equally split into a 3-year and 4-year tranche

Equity Returns – Target and Breakeven



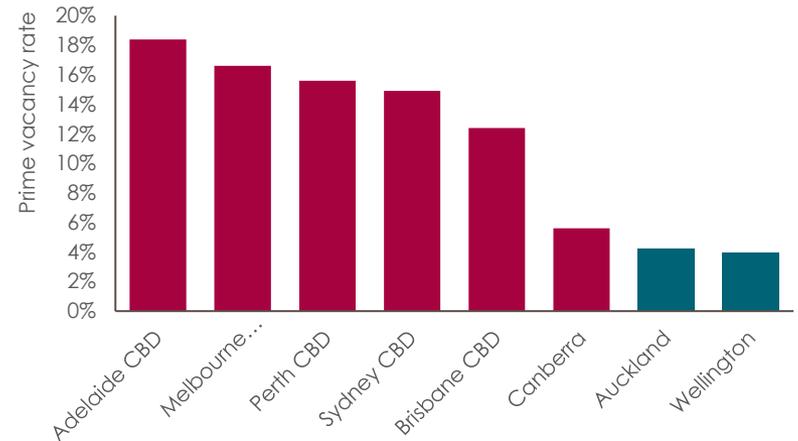
Variable cost of subordinated convertible note (SCN) assumes equity conversion at \$1.00 & \$1.50.

CAPM: RF: 4.5%, MRP: 7.5%, PCT Be: 0.74

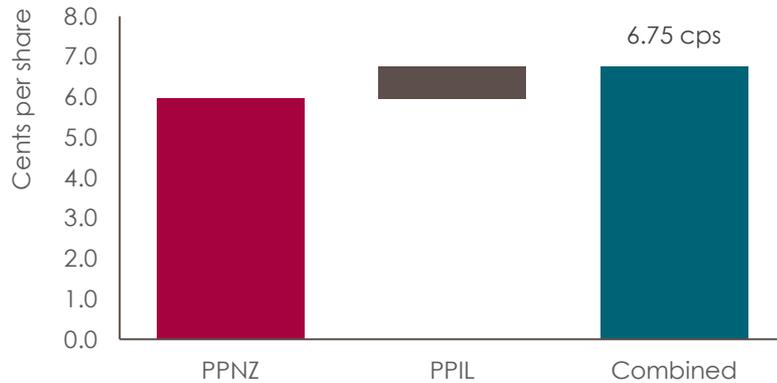
Outlook

- Historically strong & robust dividend growth
- The impact of rising interest rates offset by
 - an investment portfolio benefiting from under renting and strong occupier demand,
 - High hedging levels, and
 - An established and growing third-party capital strategy
- FY23 and FY24 development completions will improve interest coverage

Australia and NZ Prime grade office vacancy (source: JLL)



Contributions of PPNZ and PPIL to FY24 dividend guidance



Hedging profile



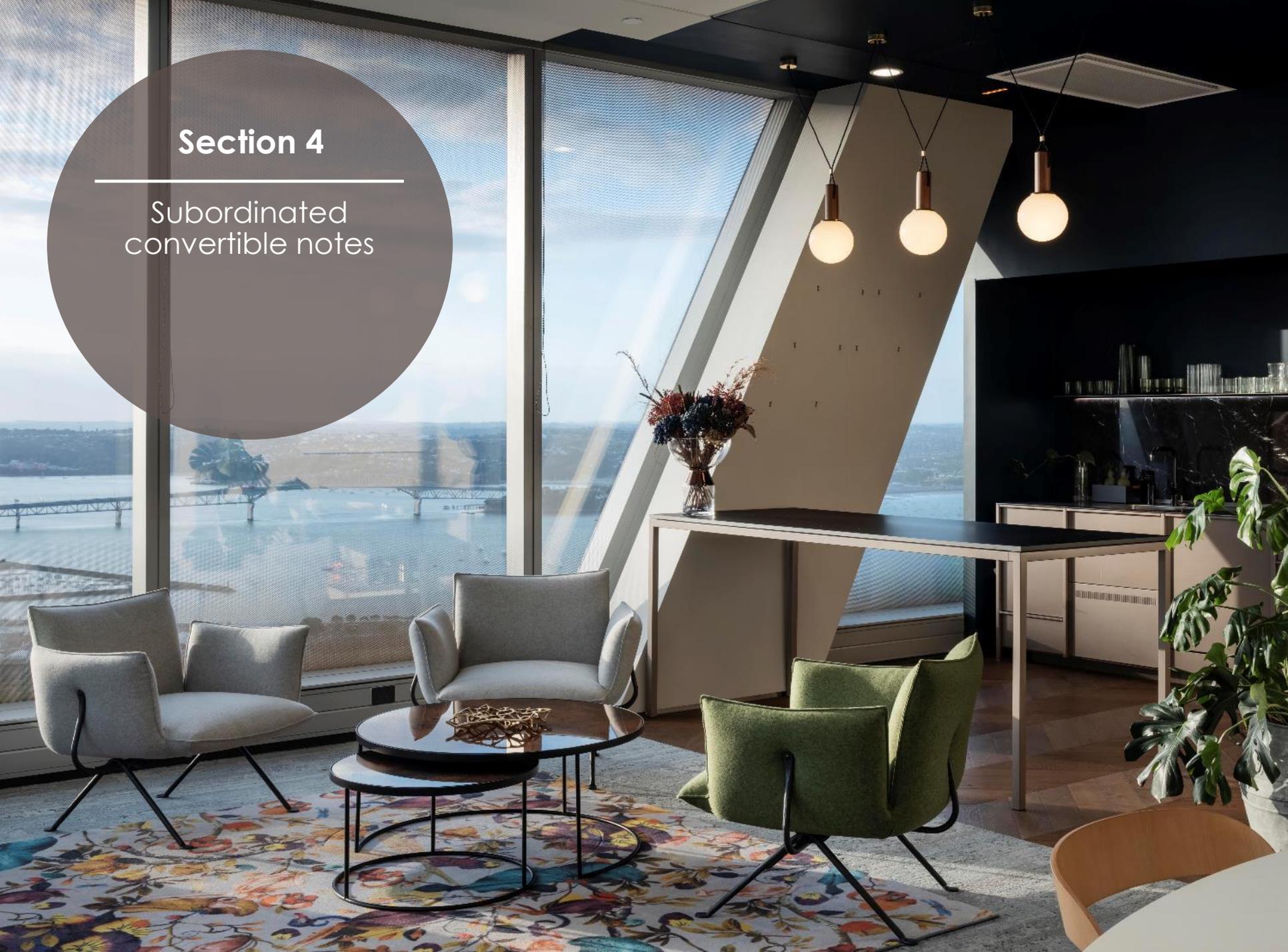
Conclusion

The subordinated convertible notes provide strategic benefits to Precinct and allow for opportunities such as the Downtown Carpark and capital partnering strategy to be progressed

- Strong occupier markets as a result of flight to quality, return to office dynamic and inflationary environment, have led to low vacancy rates, strong market rent growth and an under-rented portfolio
- High economic rents are expected to restrict new supply and coupled with continued low vacancy rates and predominantly net lease structures, supports continued market and net property income growth
- Proven track record of delivering NTA growth through successful development completions
- Development pipeline remains robust with Downtown Carpark opportunity
- Capital partnering strategy repositioning the business and expected to deliver earnings growth
- Residential participation expected to provide additional earnings accretion
- Positions the balance sheet to enable the business to execute on strategy and opportunities

Section 4

Subordinated
convertible notes



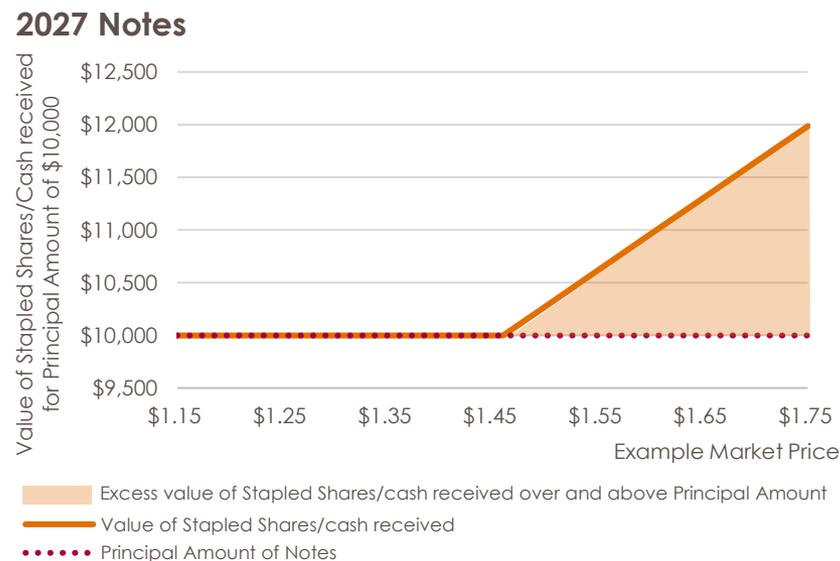
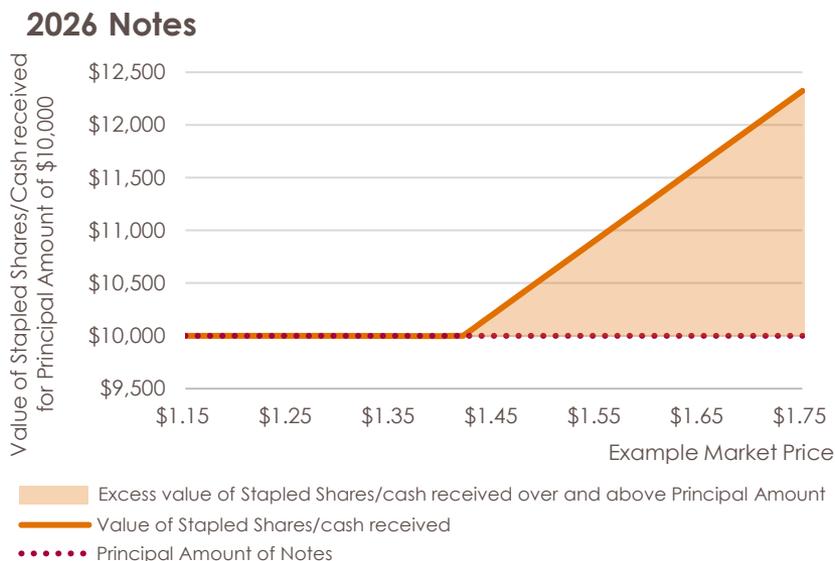
Key terms

| | |
|----------------------|---|
| Description | Subordinated convertible notes ("Notes") issued in two series by Precinct Properties New Zealand Limited (as used below, "Precinct NZ") with a subordinated guarantee from Precinct Properties Investments Limited ("Precinct Investments"). The Notes will Convert and Stapled Shares will be issued, subject to a Cash Election by Precinct |
| Offer size | Up to \$150 million with the ability to accept oversubscriptions of up to an additional \$50 million at Precinct NZ's discretion across the two series of Notes. Eligible Shareholders can apply for Notes through the Shareholder Priority Offer of up to \$25 million in aggregate across both series of Notes (or such other amount as Precinct NZ may determine in its discretion) (the offer amounts above are inclusive of the Shareholder Priority Offer) |
| Term | 2026 Notes: 3 years 2027 Notes: 4 years |
| Interest Rate | Equal to the sum of the swap rate and the issue margin |
| Interest Payments | Quarterly in arrears in equal amounts (subject to suspension in limited circumstances as described in the PDS) |
| Conversion Mechanism | As described on the following pages |
| Cash Election | At Precinct's option on Conversion, as described on the following pages |
| Joint Lead Managers | Jarden, Craigs Investment Partners, Forsyth Barr |
| Retail brokerage | <ul style="list-style-type: none"> • General Offer (retail investors) <ul style="list-style-type: none"> • 0.50% retail brokerage fee • 0.50% firm fee • Shareholder Priority Offer <ul style="list-style-type: none"> • 0.50% brokerage fee |

The offer of the Notes is made in the Product Disclosure Statement dated 25 August 2023 ("PDS"). The PDS is available through www.companies.govt.nz/disclose or by contacting the Joint Lead Managers any other Primary Market Participant or your usual financial adviser, and must be given to investors before they decide to acquire any Notes. No applications will be accepted or money received unless the applicant has been given the PDS. Capitalised terms used but not defined have the meanings given to them in the PDS.

Conversion mechanism

- On the relevant Conversion Date, all outstanding Notes in a series will Convert into Stapled Shares, subject to a Cash Election by Precinct
- The number of Stapled Shares into which each holding of Notes Converts will be determined by dividing their Principal Amount (\$1.00 per Note) (together with any Unpaid Interest (including any interest thereon)) by the Conversion Price, which is the lesser of:
 - the Conversion Price Cap of:
 - \$1.36 for the 2026 Notes;
 - \$1.40 for the 2027 Notes; and
 - the Market Price (calculated as per the statement below)
- Market Price is determined based on the arithmetic average of the daily VWAP of the Stapled Shares over the 20 Business Days prior to the Conversion Announcement Date. Please refer to the PDS for example scenarios of Conversion at different Market Prices



Cash Election

- Rather than Converting the Notes, Precinct NZ may elect to instead pay a cash amount to Noteholders at the end of the relevant term
- In this case, Noteholders would be paid an amount equal to the Market Price of all the Stapled Shares that would have otherwise been issued to them following Conversion, so that they receive an equivalent value to those Stapled Shares (as determined by the terms of the Notes) and will similarly benefit from any appreciation of the Stapled Share price above the Conversion Price Cap prior to the relevant Conversion Date
- Precinct NZ will announce whether it intends to make a Cash Election via NZX on or before the Conversion Announcement Date
- See the PDS for further detail on the Cash Election

Offer structure

- Bookbuild Process – General offer
 - All Notes (including any oversubscriptions) in the General Offer have been reserved for subscription by clients of the Arranger, Joint Lead Managers, Primary Market Participants and other persons invited to participate in the bookbuild
- Shareholder Priority Offer
 - Up to \$25 million (or such other amount as Precinct NZ may determine in its discretion)
 - Open to eligible New Zealand resident retail shareholders
 - Eligible Shareholders can subscribe at www.precinctnotesoffer.co.nz
- Minimum Applications
 - \$5,000 for the General Offer
 - \$1,000 for the Shareholder Priority Offer
- Selling restrictions
 - No public offering outside New Zealand. Selling restrictions are set out in the PDS, including restrictions that apply to an offer of the Notes in the United States, Australia, Hong Kong and Singapore.

Key dates

Opening Date 4 September 2023

Shareholder Priority Offer Closing Date 5pm (NZT), 7 September 2023

General Offer Closing Date 12 noon (NZT), 8 September 2023

Rate Set Date 8 September 2023

Issue Date and allotment date 21 September 2023

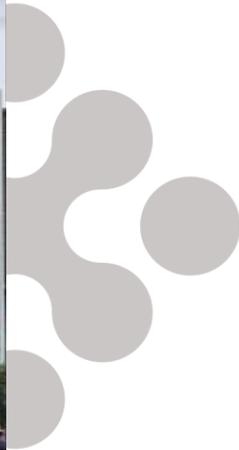
Expected date of quotation and trading on the NZX Debt Market 22 September 2023

Conversion Announcement Dates
3 Year Notes: 14 September 2026
4 Year Notes: 14 September 2027

Conversion Dates
3 Year Notes: 21 September 2026
4 Year Notes: 21 September 2027



Thank You



Appendix I: Five year summary

| (Amounts in \$ millions unless otherwise stated) | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------|---------|---------|---------|----------------|
| Financial performance | | | | | |
| Gross rental revenue | 135.7 | 151.8 | 199.8 | 200.3 | 218.9 |
| Operating profit before indirect expenses | 95.3 | 105.8 | 127.7 | 129.4 | 141.0 |
| Net profit after taxation (NPAT) | 190.2 | 30.2 | 187.7 | 110.0 | (153.1) |
| Financial position | | | | | |
| Total assets | 2,891.4 | 3,185.2 | 3,456.4 | 3,839.2 | 3,642.8 |
| Total liabilities | 936.2 | 1,276.8 | 1,235.8 | 1,403.7 | 1,459.7 |
| Total equity | 1,955.2 | 1,908.4 | 2,220.6 | 2,435.5 | 2,183.1 |
| Covenants | | | | | |
| Loan to value ratio (%) | 22.4 | 28.8 | 28.2 | 34.3 | 38.0 |
| Interest coverage ratio | 2.0 | 2.4 | 2.4 | 2.5 | 1.9 |
| Precinct owned key portfolio metrics | | | | | |
| Average portfolio cap rate (%) | 5.7 | 5.3 | 4.8 | 4.9 | 5.6 |
| Weighted average lease term (years) | 9.0 | 8.0 | 7.7 | 7.1 | 6.0 |
| Occupancy (% by NLA) | 99 | 98 | 98 | 99 | 99 |
| Precinct owned development metrics | | | | | |
| % pre-leasing (%) | 80 | 78 | 89 | 72 | 94 |
| Total Project Cost | 1,066 | 162 | 678 | 850 | 733 |
| % completing in next 12 months (%) | 65 | 46 | 4 | 27 | 67 |



Artist's impression of 117 Pakenham Street, Auckland

PRECINCT PROPERTIES NEW ZEALAND LIMITED (AS ISSUER)

AN OFFER OF TWO SERIES OF SUBORDINATED CONVERTIBLE NOTES



PRODUCT DISCLOSURE STATEMENT DATED 1 SEPTEMBER 2023

This is a replacement product disclosure statement. It replaces the product disclosure statement dated 25 August 2023 for the offer of two series of subordinated convertible notes by Precinct Properties New Zealand Limited.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose.

Precinct Properties New Zealand Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advisor to help you to make an investment decision.

Arranger and Joint Lead Manager

Joint Lead Managers



1. KEY INFORMATION SUMMARY

WHAT IS THIS?

This is an offer (**Offer**) of two series of subordinated convertible notes (the **2026 Notes** and the **2027 Notes**, and together the **Notes**). The Notes are debt securities issued by Precinct Properties New Zealand Limited (**Precinct NZ**). You give Precinct NZ money, and in return Precinct NZ promises to pay you interest and (subject to the following paragraph) convert the Notes (**Conversion**) at the end of the term into ordinary shares of Precinct NZ. If Precinct NZ issues shares on Conversion, Precinct Properties Investments Limited (**Precinct Investments**) must issue a corresponding number of fully paid ordinary shares for no consideration. The Precinct NZ shares and Precinct Investments shares will be stapled under the Stapling Deed described below (**Stapled Shares**). The Stapled Shares will have a value (as determined under the terms of the Notes and subject to rounding) at least equal to the Principal Amount of the Notes, and a potentially higher amount depending on the Stapled Share price at the time of Conversion.

Rather than Converting the Notes, Precinct NZ may elect to instead pay you a cash amount equivalent to the value of those Stapled Shares as determined under the terms of the Notes (provided it meets the Payment Condition described below).

If your Notes are Converted, you may receive a return if dividends are paid on Stapled Shares or if you subsequently sell those Stapled Shares for more than you paid for the Notes.

If Precinct NZ runs into financial trouble, you might lose some or all of the money you invested.

ABOUT THE PRECINCT NZ GROUP

The **Precinct NZ Group** includes Precinct NZ and the companies that it owns.

The Precinct NZ Group is part of the **Precinct Properties Group**, which includes Precinct NZ and Precinct Investments together and any companies that either of them own. The Precinct Properties Group is a stapled structure pursuant to a stapling deed dated 7 June 2023 (**Stapling Deed**). A stapled structure comprises two listed parent companies whose shares are held by the same shareholders in equal proportions. The shares in each parent company are "stapled" together, meaning they can only be transferred or dealt with together. Each Stapled Share comprises one ordinary share of Precinct NZ and one ordinary share of Precinct Investments.

The Precinct NZ Group, and the Precinct Properties Group of which it is part, is New Zealand's only listed city centre real estate specialist, investing predominantly in premium and A-Grade city centre real estate.

The Stapled Shares are listed on the NZX Main Board and, as at the date of this PDS, the Precinct Properties Group has a market capitalisation of approximately \$1.9 billion.

PURPOSE OF THIS OFFER

The proceeds of this Offer (net of issue costs) are expected to be used to repay existing bank debt and for general corporate purposes.

KEY TERMS OF THE OFFER

| | |
|-----------------------------------|---|
| Issuer | Precinct Properties New Zealand Limited. |
| Description of the Notes | Subordinated convertible notes in two series. The Notes will Convert and Stapled Shares will be issued, subject to a Cash Election as described further below. See section 6 of this PDS (<i>Key features of the Notes</i>) for more information. |
| Offer amount | Up to \$150,000,000 with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Precinct NZ's discretion across the two series of Notes. The offer amounts above are inclusive of the Shareholder Priority Offer described below. |
| Shareholder Priority Offer | Eligible Shareholders can apply for Notes through the Shareholder Priority Offer. The amount of Notes of each series allocated in the Shareholder Priority Offer will be determined during the Bookbuild by Precinct NZ in consultation with the Joint Lead Managers, subject to a maximum size of \$25,000,000 in aggregate across both series of Notes (or such other amount as Precinct NZ may determine in its discretion). See "Shareholder Priority Offer" in section 3 of this PDS (<i>Terms of the Offer</i>) for more information. |
| Term | 2026 Notes: 3 years with a Conversion Date of 21 September 2026. 2027 Notes: 4 years with a Conversion Date of 21 September 2027. |

Conversion

On the relevant Conversion Date, all outstanding Notes in a series will Convert and Stapled Shares will be issued, subject to a Cash Election as described below.

The number of Stapled Shares to be issued following Conversion of each holding of Notes will be determined by dividing their Principal Amount (\$1.00 per Note) (together with any Unpaid Interest (including any interest thereon)) by the Conversion Price, which is the lesser of:

1. the Conversion Price Cap of:

- **For the 2026 Notes:** \$1.36; and
- **For the 2027 Notes:** \$1.40; and

2. the Market Price (calculated as per the statement below).

The Market Price is determined based on the arithmetic average of the daily volume weighted average price of Stapled Shares traded through the NZX Main Board in the 20 Business Days prior to the Conversion Announcement Date, as described in section 6 of this PDS (*Key features of the Notes*).

The following table illustrates the number of Stapled Shares to be issued following Conversion and the value provided at a range of possible Stapled Share prices. The examples are for illustrative purposes only, are not forward looking statements and do not indicate, guarantee or forecast future Stapled Share prices.

2026 NOTES ILLUSTRATION OF THE VALUE OF SHARES / CASH RECEIVED

| Example Market Price | Conversion Price | Principal Amount to be Converted | Number of Stapled Shares received | Value of Stapled Shares received | Cash amount to be paid if Cash Election selected |
|----------------------|------------------|----------------------------------|-----------------------------------|----------------------------------|--|
| \$1.25 | \$1.25 | \$10,000 | 8,000 | \$10,000 | \$10,000 |
| \$1.35 | \$1.35 | \$10,000 | 7,407 | \$10,000 | \$10,000 |
| \$1.36 | \$1.36 | \$10,000 | 7,352 | \$10,000 | \$10,000 |
| \$1.45 | \$1.36 | \$10,000 | 7,352 | \$10,660 | \$10,660 |
| \$1.55 | \$1.36 | \$10,000 | 7,352 | \$11,396 | \$11,396 |
| \$1.65 | \$1.36 | \$10,000 | 7,352 | \$12,131 | \$12,131 |

Explanatory notes and assumptions for the above table are set out on page 17.

2027 NOTES ILLUSTRATION OF THE VALUE OF SHARES / CASH RECEIVED

| Example Market Price | Conversion Price | Principal Amount to be Converted | Number of Stapled Shares received | Value of Stapled Shares received | Cash amount to be paid if Cash Election selected |
|----------------------|------------------|----------------------------------|-----------------------------------|----------------------------------|--|
| \$1.25 | \$1.25 | \$10,000 | 8,000 | \$10,000 | \$10,000 |
| \$1.35 | \$1.35 | \$10,000 | 7,407 | \$10,000 | \$10,000 |
| \$1.40 | \$1.40 | \$10,000 | 7,142 | \$10,000 | \$10,000 |
| \$1.45 | \$1.40 | \$10,000 | 7,142 | \$10,356 | \$10,356 |
| \$1.55 | \$1.40 | \$10,000 | 7,142 | \$11,070 | \$11,070 |
| \$1.65 | \$1.40 | \$10,000 | 7,142 | \$11,784 | \$11,784 |

Explanatory notes and assumptions for the above table are set out on page 17.

Cash Election

Rather than Converting a series of Notes, Precinct NZ may elect to instead pay a cash amount to Noteholders at the end of the relevant term. In this case, Noteholders would be paid an amount equal to the Market Price (calculated as set out above) of all the Stapled Shares that would have otherwise been issued to them following Conversion of their Notes, so that they receive an equivalent value to those Stapled Shares (as determined under the terms of the Notes) and will similarly benefit from any appreciation of the Stapled Share price above the relevant Conversion Price Cap prior to the relevant Conversion Date.

See section 6 of this PDS (*Key features of the Notes*) for further information.

Precinct NZ may only elect to pay the cash amount for a series of Notes if it is not insolvent and no event of default in respect of borrowed money is continuing (and Precinct NZ would not become insolvent, and no such event of default would occur, as a result of making such payment) (the **Payment Condition**).

1. KEY INFORMATION SUMMARY (CONTINUED)

| | |
|--|---|
| Interest Rate | <p>Each series of Notes will pay a fixed rate of interest.</p> <p>The Interest Rate for each series of Notes will be determined by Precinct NZ in conjunction with the Arranger following a bookbuild, and announced via NZX on or about the Rate Set Date.</p> |
| Interest payments | <p>Interest is scheduled to be paid quarterly in arrear in equal amounts.</p> <p>Interest payments may be suspended in certain circumstances as described below.</p> |
| Interest suspension | <p>Payments of interest on the Notes will be suspended if Precinct NZ does not meet the Payment Condition (as described above) in respect of such interest.</p> <p>Any suspended interest payment (Unpaid Interest) will accumulate and interest will accrue on it at the Interest Rate (compounding on each Interest Payment Date) until paid. No dividend or other return will be made to Shareholders while any interest on the Notes is suspended.</p> <p>Unpaid Interest is required to be paid no later than 5 Business Days after Precinct NZ meets the Payment Condition in respect of such interest. Any Unpaid Interest (including any interest thereon) will be added to the Principal Amount on Conversion.</p> <p>See section 6 of this PDS (<i>Key features of the Notes</i>).</p> |
| Early conversion | <p>The Notes of either series may Convert prior to the relevant Conversion Date:</p> <ul style="list-style-type: none"> • after an Event of Default; • at the Noteholders' option after a Compulsory Acquisition Event; or • at Precinct NZ's option after a Tax Event, <p>as described in section 6 of this PDS (<i>Key features of the Notes</i>).</p> |
| Further payments, fees or charges | <p>Taxes may be deducted from interest payments on the Notes. See section 9 of this PDS (<i>Tax</i>) for further details.</p> <p>The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 10 of this PDS (<i>Selling restrictions</i>).</p> <p>You are not required to pay brokerage or any other fees or charges to Precinct NZ to purchase the Notes or for Stapled Shares to be issued following Conversion of the Notes. However, you may have to pay brokerage to the firm from whom you receive an allocation of Notes, for the transfer of Notes or, after Conversion, for the sale of the Stapled Shares.</p> |
| Offer Opening Date | 4 September 2023. |
| Shareholder Priority Offer Closing Date | 5pm (New Zealand time) on 7 September 2023. |
| Offer Closing Date | 12pm (New Zealand time) on 8 September 2023. |
| Minimum application amounts | <p>For the Shareholder Priority Offer, \$1,000.</p> <p>For the General Offer, \$5,000.</p> |

WHO IS RESPONSIBLE FOR REPAYING YOU?

Precinct NZ as Issuer is responsible for repaying, and paying interest on, the Notes.

Payments on the Notes are guaranteed by Precinct Investments under the Subordinated Guarantee contained in the Supplemental Trust Deed relating to those Notes. The Notes are not guaranteed by any member of the Precinct NZ Group or any other member of the Precinct Properties Group. See section 6 of this PDS (*Key features of the Notes*) for further details.

HOW YOU CAN GET YOUR MONEY OUT EARLY

Neither you nor any other person has a right to redeem or Convert the Notes of either series prior to the Conversion Date, except after an Event of Default, (at the Noteholders' option) after a Compulsory Acquisition Event or (at Precinct NZ's option) after a Tax Event. See section 6 of this PDS (*Key features of the Notes*) for further details.

Precinct NZ intends to quote these Notes on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Notes, the price you get will vary depending on factors such as the financial condition of the Precinct NZ Group and movements in market interest rates. You may receive less than the full amount that you paid for them.

As the Notes are Convertible, changes in the Stapled Shares price may also affect the price you get on a sale of your Notes. Precinct NZ intends that Stapled Shares issued following any Conversion will be quoted on the NZX Main Board. This means you may be able to sell them on the NZX Main Board after Conversion if there are interested buyers. You may get less than you invested in the Notes upon any sale of your Stapled Shares. The price will depend on the demand for the Stapled Shares.

HOW NOTES RANK FOR REPAYMENT

On a liquidation of Precinct NZ, each Note (before any Conversion) will be a subordinated obligation of Precinct NZ, ranking:

- behind all claims on Precinct NZ (including bank borrowing, USPP Notes, Secured Bonds, trade creditors and other unsubordinated debt), except as described below;
- equally with other Notes, and any other subordinated securities that, by their terms, rank equally with the Notes; and
- ahead of Shareholders and holders of other subordinated securities that, by their terms, rank after the Notes. Stapled Shares issued following Conversion will rank equally with all other Stapled Shares on issue and behind all other claims on Precinct NZ.

Further important information on the ranking of the Notes on the liquidation of the Precinct NZ can be found in section 6 of this PDS (*Key features of the Notes*). In particular, Precinct Investments' obligations under each Subordinated Guarantee will be subordinated to its unsubordinated obligations (including as guarantor of Precinct NZ's bank borrowing, USPP Notes and Secured Bonds), and to trade creditors.

NO SECURITY

The Notes are not secured against any assets of any member of the Precinct NZ Group, any member of the Precinct Properties Group or any other person.

WHERE YOU CAN FIND THE PRECINCT NZ GROUP'S FINANCIAL INFORMATION

The financial position and performance of the Precinct NZ Group are essential to an assessment of Precinct NZ's ability to meet its obligations under the Notes. You should also read section 7 of the PDS (*The Precinct NZ Group's Financial Information*).

KEY RISKS AFFECTING THIS INVESTMENT

Investments in debt securities have risks. A key risk is that Precinct NZ does not meet its commitments to repay you or pay you interest (credit risk). Section 8 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Notes should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer is fair.

Precinct NZ considers that the most significant risk factors are:

- changes affecting the valuation and income of the Precinct NZ Group's property portfolio, including increasing interest rates;
- the risk that one or more of the Precinct NZ Group's developments may be subject to delays, cost overruns or other construction-related issues. Such risks may be difficult to predict or adequately mitigate, and may have significant financial and reputational impacts on the Precinct NZ Group's business;
- the risk that Precinct NZ cannot continue to obtain insurance cover or that, following an insured event, the cover in place is not sufficient;
- funding risks given the Precinct Properties Group's reliance on external funding as a real estate specialist. Any default or breach of the financial covenants included in such funding may have a significant adverse impact on Precinct NZ and the Precinct Properties Group's ability to obtain funding and its financial condition.

If these Notes Convert into shares, these risks will change significantly. You should consider whether the degree of uncertainty about the Precinct NZ Group's future performance and returns is suitable for you and whether the degree of uncertainty about the Precinct Properties Group's future performance and returns is suitable for you.

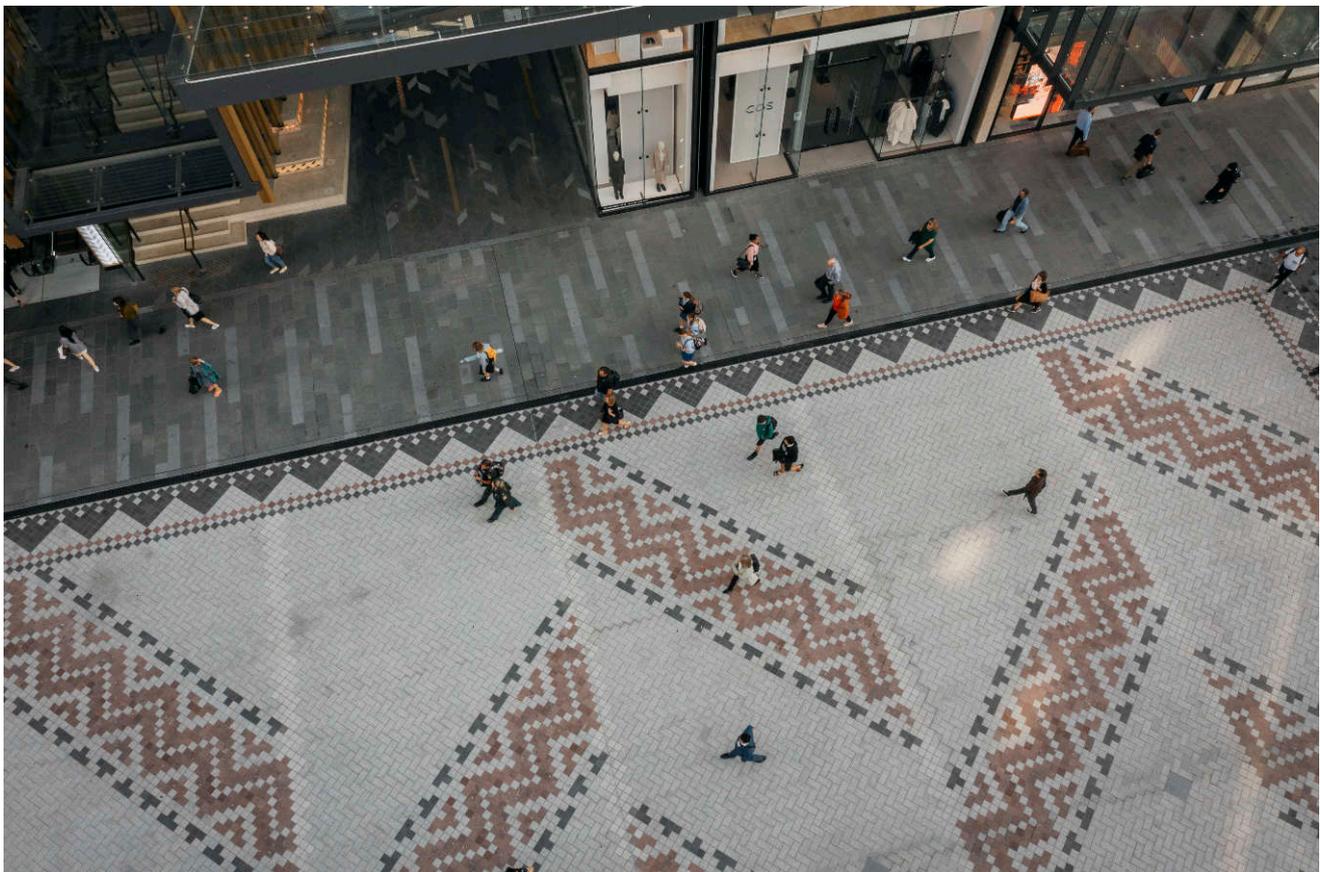
This summary does not cover all of the risks of investing in the Notes. You should also read section 8 of this PDS (*Risks of investing*) and section 6 of this PDS (*Key features of the Notes*).

NO CREDIT RATING

Precinct NZ's credit worthiness has not been assessed by an approved rating agency in connection with the Notes. This means that Precinct NZ has not received an independent opinion of its capability and willingness to repay the Notes from an approved source.

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CHAIR'S LETTER

Dear Investor

On behalf of the Board of Directors, I am pleased to provide investors with the opportunity to invest in subordinated convertible notes to be issued by Precinct NZ. Precinct NZ is seeking to issue up to \$200 million through a Shareholder Priority Offer and a General Offer. The proceeds of the Offer (net of issue costs) are expected to be used to repay existing bank debt and for general corporate purposes, providing Precinct NZ with flexibility and additional debt capacity to fund its future development pipeline and any other opportunities as they may arise.

The Notes pay a fixed rate of interest (expected to be announced via NZX on 8 September 2023), with quarterly interest payments over two series of 3-year and 4-year terms subject to meeting the Payment Condition.

In addition to interest payments, on Conversion of the Notes, or payment by Precinct NZ of an equivalent cash amount determined under the terms of the Notes under a Cash Election, Noteholders will receive a minimum value (as determined in accordance with the terms of the Notes and subject to rounding) at least equal to the principal amount of the Notes, and will benefit from any appreciation of the Stapled Share price above the relevant Conversion Price Cap (\$1.36 for the 2026 Notes and \$1.40 for the 2027 Notes).

The Precinct NZ Group (and the Precinct Properties Group of which it is part) is ranked in the NZX top 20 and is the largest owner, manager and developer of premium inner-city real estate in Auckland and Wellington. The Precinct NZ Group and the Precinct Properties Group predominantly invest in office buildings and also invest in Generator, Commercial Bay retail, third party capital partnerships, and management of a multi-unit residential development business.

Precinct NZ has continued to evolve over the past several years. Following the internalisation of Precinct NZ's management in 2021, Precinct NZ's structure has evolved from being externally managed to an internally managed real estate investment company. Our strategy has broadened to now include the ability to partner with direct investors, offering the opportunity for joint investment into our assets and large-scale development projects. We have made significant progress on our partnership strategy, with the value of the assets owned by our partnerships now \$1.65 billion.

On 1 July 2023, Precinct NZ effected a restructuring to create a stapled group structure. A stapled group comprises two listed parent companies whose shares are held by the same shareholders in equal proportions. The shares in each parent company can only be transferred or dealt with together. Shareholders in the Precinct Properties Group hold an equal number of shares in Precinct NZ and Precinct Investments and these shares can only be dealt with together. The stapled issuers are described as "Precinct Properties NZ Ltd & Precinct Properties Investments Ltd (NS)" on NZX systems and the ticker code for the Stapled Shares remains PCT on the NZX Main Board.

Since 2017, Precinct NZ has completed \$1.8 billion of development projects. At the date of this PDS, the Precinct NZ Group has a current development pipeline of around \$1.0 billion (total project cost and disregarding ownership level) of committed projects, namely Bowen House, Deloitte Centre, 61 Molesworth Street and Wynyard Quarter Stage 3 (Precinct Pacific Investment Limited Partnership).

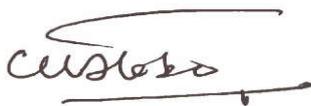
Precinct NZ continues to focus on an active capital management strategy. Post issue, the Notes are expected to reduce Precinct NZ's gearing, as measured under its borrower covenant, which disregards subordinated debt. This places Precinct NZ's balance sheet in a strong position to enable the business to execute on strategy and future opportunities while also diversifying its funding sources.

Eligible investors should contact their financial advisor to participate in the Offer. Our New Zealand resident retail shareholders can alternatively apply for Notes directly under the Shareholder Priority Offer.

There are a number of risks that may affect returns on your investment in the Notes. An overview of the key risks is contained within this PDS which you should read before deciding whether to invest in the Notes. I encourage you to seek financial, investment or other professional advice from a qualified professional advisor and that you take the time to consider this Offer.

On behalf of the Board, I look forward to your involvement in this Offer and support of our business. For more information on the Notes, please visit our website at www.precinctnotesoffer.co.nz.

Thank you,



CRAIG STOBO

Independent Director and Chair
Precinct Properties Group

1 SEPTEMBER 2023

2. KEY DATES AND OFFER PROCESS

| | |
|--|---|
| Opening Date | 4 September 2023 |
| Shareholder Priority Offer Closing Date | 7 September 2023 at 5pm (New Zealand time) |
| General Offer Closing Date | 8 September 2023 at 12pm (New Zealand time) |
| Rate Set Date | 8 September 2023 |
| Issue Date and allotment date | 21 September 2023 |
| Expected date of initial quotation and trading of the Notes on the NZX Debt Market | 22 September 2023 |
| Interest Payment Dates | 21 March, 21 June, 21 September and 21 December in each year ¹ |
| First Interest Payment Date | 21 December 2023 |
| Market Price calculation period | The 20 Business Day period prior to (but not including) each Conversion Announcement Date. |
| Conversion Announcement Date | 5 Business Days before each Conversion Date (expected to be 14 September 2026 and 14 September 2027). On each of these dates Precinct NZ will announce the relevant final Conversion Price. On or before these dates Precinct NZ will announce whether it intends to make a Cash Election. |
| Conversion Date ² | For 2026 Notes: 21 September 2026 For 2027 Notes: 21 September 2027 |

¹ If any date on which an interest payment is due to be made is not a Business Day, payment shall instead be made on the next Business Day. Interest payments may be suspended in some circumstances, as described in this PDS.

² The Notes may Convert before the relevant Conversion Date in some circumstances, as described in this PDS.

The timetable is indicative only and subject to change. Precinct NZ may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending any Closing Date).

If any Closing Date is extended, the Issue Date, the expected date of initial quotation and trading of the Notes on the NZX Debt Market, the Interest Payment Dates, the Conversion Announcement Date and the relevant Conversion Date may also be extended. Any such changes will not affect the validity of any applications received.

Precinct NZ reserves the right to cancel the Offer and the issue of the Notes, in which case all application monies received will be refunded (without interest) as soon as practicable (within 10 Business Days).

3. TERMS OF THE OFFER

| | |
|-----------------------------------|---|
| Issuer | Precinct Properties New Zealand Limited. |
| Description of the Notes | <p>Subordinated convertible notes in two series. The Notes will Convert and Stapled Shares will be issued, subject to a Cash Election as described further below.</p> <p>On Conversion of the Notes, or payment by Precinct NZ of an equivalent cash amount determined under the terms of the Notes under a Cash Election, Noteholders will receive a minimum value (as determined in accordance with the terms of the Notes and subject to rounding) at least equal to the Principal Amount of the Notes, and will benefit from any appreciation of the Stapled Share price above the relevant Conversion Price Cap (\$1.36 for 2026 Notes and \$1.40 for 2027 Notes).</p> <p>See section 6 of this PDS (<i>Key features of the Notes</i>) for more information.</p> |
| Issue price | \$1.00 per Note, being the Principal Amount of each Note. |
| Shareholder Priority Offer | <p>Eligible Shareholders can apply for Notes through the Shareholder Priority Offer.</p> <p>The amount of Notes of each series allocated in the Shareholder Priority Offer will be determined during the Bookbuild by Precinct NZ in consultation with the Joint Lead Managers, subject to a maximum size of \$25,000,000 in aggregate across both series of Notes (or such other amount as Precinct NZ may determine in its discretion).</p> <p>There is no guarantee that an Eligible Shareholder will receive all of the Notes for which it has applied.</p> <p>Precinct NZ may, in its absolute discretion, determine whether to accept or scale all or part of any application without giving any reason.</p> |
| Eligible Shareholder | Members of the public resident in New Zealand who are Shareholders (at the time of applying for Notes and on the Shareholder Priority Offer Closing Date for the Shareholder Priority Offer), excluding institutional Shareholders, as determined by Precinct NZ. |
| Term | <p>2026 Notes: 3 years with a Conversion Date of 21 September 2026.</p> <p>2027 Notes: 4 years with a Conversion Date of 21 September 2027.</p> |
| Conversion | <p>On the relevant Conversion Date, all outstanding Notes in a series will be Converted and Stapled Shares will be issued, subject to a Cash Election.</p> <p>The number of Stapled Shares to be issued following Conversion of each holding of Notes will be determined by dividing their Principal Amount (together with any Unpaid Interest (and any interest thereon)) by the Conversion Price, which is the lesser of:</p> <ol style="list-style-type: none"> the Conversion Price Cap of: <ul style="list-style-type: none"> for the 2026 Notes: \$1.36; and for the 2027 Notes: \$1.40; and the Market Price (calculated as per the statement below). <p>The Market Price is determined based on the arithmetic average of the daily volume weighted average price of Stapled Shares on the NZX Main Board in the 20 Business Days prior to (but not including) each Conversion Announcement Date, as described in section 6 of this PDS (<i>Key features of the Notes</i>).</p> <p>The Conversion Announcement Date is 5 Business Days before the relevant Conversion Date.</p> <p>The Conversion Price Cap may be adjusted in certain circumstances (see section 6 of this PDS (<i>Key features of the Notes</i>)).</p> |

3. TERMS OF THE OFFER *(CONTINUED)*

Cash Election

Rather than Converting a series of Notes, Precinct NZ may elect to instead pay a cash amount to Noteholders at the end of the relevant term. In this case, Noteholders would be paid an amount equal to the Market Price of all the Stapled Shares that would have otherwise been issued to them following Conversion of their Notes, so that they receive an equivalent value to those Stapled Shares (as determined under the terms of the Notes) and will similarly benefit from any appreciation of the Stapled Shares price above the relevant Conversion Price Cap prior to the Conversion Date.

See section 6 of this PDS (*Key features of the Notes*) for further information.

Precinct NZ may only make a Cash Election for a series of Notes if it meets the Payment Condition in respect of such cash amount.

Precinct NZ will announce whether it intends to make a Cash Election for a series of Notes via NZX on or before the Conversion Announcement Date.

Interest Rate

Each series of Notes will pay a fixed rate of interest.

The Interest Rate for each series of Notes will be determined by Precinct NZ in conjunction with the Arranger following a bookbuild, and announced via NZX on or about the Rate Set Date.

Interest Payment Dates

Interest is scheduled to be paid quarterly in arrear on 21 March, 21 June, 21 September and 21 December each year (or if that day is not a Business Day, the next Business Day) until and including the relevant Conversion Date, with the first Interest Payment Date being 21 December 2023.

Interest payments may be suspended in certain circumstances as described below.

Interest payments and entitlement

Regular payments of interest on Interest Payment Dates will be of equal quarterly amounts. Any other payment of interest on the Notes (including Unpaid Interest discussed below), will be calculated based on the number of days in the relevant period and a 365-day year.

Scheduled interest payments made on each Interest Payment Date will be paid to the person registered as the Noteholder as at the record date immediately preceding the relevant Interest Payment Date.

The record date for interest payments is 5pm on the date that is 10 days before the relevant Interest Payment Date. If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.

Interest suspension

Payments of interest on the Notes will be suspended if Precinct NZ does not meet the Payment Condition.

Unpaid Interest will accumulate and interest will accrue on it at the relevant Interest Rate (compounding on each Interest Payment Date) until paid. No dividend or other return will be made to Shareholders while any interest on the Notes is suspended.

Unpaid Interest is required to be paid no later than 5 Business Days after Precinct NZ meets the Payment Condition. Any Unpaid Interest (including any interest thereon) will be added to the Principal Amount on Conversion.

See section 6 of this PDS (*Key features of the Notes*).

| | |
|--|--|
| Ranking | <p>On a liquidation of Precinct NZ, each Note (before any Conversion) will be a subordinated obligation of Precinct NZ, ranking:</p> <ul style="list-style-type: none"> • behind all claims on Precinct NZ (including bank borrowing, USPP Notes, Secured Bonds, trade creditors and other unsubordinated debt), except as described below; • equally with other Notes, and any other subordinated securities that, by their terms, rank equally with the Notes; and • ahead of Shareholders and holders of other subordinated securities that, by their terms, rank after the Notes. <p>Stapled Shares issued following Conversion will rank equally with all other Stapled Shares on issue and behind all other claims on Precinct NZ.</p> <p>Further important information on the ranking of the Notes on the liquidation of the Precinct NZ can be found in section 6 of this PDS (<i>Key features of the Notes</i>). In particular, Precinct Investments' obligations under each Subordinated Guarantee will be subordinated to its unsubordinated obligations (including as guarantor of Precinct NZ's bank borrowing, USPP Notes and Secured Bonds, and to trade creditors).</p> |
| Subordinated Guarantee | <p>The Notes have the benefit of a Subordinated Guarantee from Precinct Investments. More information on each Subordinated Guarantee can be found in section 6 of this PDS (<i>Key features of the Notes</i>).</p> |
| Early Conversion | <p>Neither you nor any other person has a right to redeem or Convert the Notes of either series prior to the relevant Conversion Date, except for Conversion:</p> <ul style="list-style-type: none"> • after an Event of Default; • at the Noteholders' option after a Compulsory Acquisition Event; or • at Precinct NZ's option after a Tax Event, <p>as described in section 6 of this PDS (<i>Key features of the Notes</i>).</p> |
| Events of Default | <p>If an Event of Default occurs and is continuing in relation to a series of Notes, the Supervisor may in its discretion, and must upon being directed to do so by an Extraordinary Resolution of Noteholders, declare the Notes of that series to be immediately Convertible.</p> <p>The Events of Default are set out in clause 10 of the Supplemental Trust Deed for each series of Notes (copies of which are contained on the Disclose Register for each series of Notes) and are summarised in section 6 of this PDS (<i>Key features of the Notes</i>).</p> |
| Offer Opening Date | 4 September 2023. |
| Shareholder Priority Offer Closing Date | 5pm (New Zealand time) on 7 September 2023. |
| Offer Closing Date | 12pm (New Zealand time) on 8 September 2023. |
| Scaling | Precinct NZ may scale applications at its discretion, and may scale preferentially to existing Shareholders. |
| Refunds | <p>If Precinct NZ does not accept your application (whether because of late receipt or otherwise) or accepts it in part, all or the relevant balance of your application money received will be repaid to you as soon as practicable and, in any event, no later than 5 Business Days after the Issue Date.</p> <p>No interest will be paid on refunds.</p> |
| Minimum application amounts | <p>For the Shareholder Priority Offer, \$1,000.</p> <p>For the General Offer, \$5,000.</p> |
| Who may apply | <p>The Shareholder Priority Offer is open to all Eligible Shareholders.</p> <p>Outside of the Shareholder Priority Offer, all of the Notes (including any oversubscriptions) have been reserved for clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries and institutional investors invited to participate in the Bookbuild conducted by the Joint Lead Managers.</p> |

3. TERMS OF THE OFFER (CONTINUED)

| | |
|--|---|
| How to apply | <p>Application instructions are set out in section 14 of this PDS (<i>How to apply</i>).</p> <p>Precinct NZ reserves the right to refuse all or any part of any application for Notes under the Offer without giving a reason.</p> |
| No underwriting | The Offer is not underwritten. |
| Brokerage | You are not required to pay brokerage or any other fees or charges to Precinct NZ or Precinct Investments to purchase the Notes or for Stapled Shares to be issued following Conversion of the Notes. However, you may have to pay brokerage to the firm from whom you receive an allocation of Notes, for the transfer of Notes or, after Conversion, for the sale of the Stapled Shares. |
| Quotation | <p>Application has been made to NZX for permission to quote the Notes on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of this PDS have been duly complied with. However, the Notes have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>The following NZX ticker codes have been reserved for the Notes:</p> <ul style="list-style-type: none"> • 2026 Notes: PCTHB • 2027 Notes: PCTHC <p>Precinct NZ intends that any Stapled Shares issued on Conversion of Notes will be quoted on the NZX Main Board.</p> |
| Further payments, fees or charges | <p>Taxes may be deducted from interest payments on the Notes. See section 9 of this PDS (<i>Tax</i>) for further details.</p> <p>The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 10 of this PDS (<i>Selling restrictions</i>).</p> <p>You may have to pay brokerage to the firm from whom you receive an allocation of Notes, for the transfer of Notes or, after Conversion, for the sale of the Stapled Shares, as described above.</p> |
| Governing law | New Zealand. |
| Trust Documents | <p>The terms of the Notes and other key terms of the Offer are set out in the Master Trust Deed, as supplemented by the Supplemental Trust Deed for each series of Notes. Each Supplemental Trust Deed amends the application of the Master Trust Deed to the relevant series of Notes as subordinated obligations, including disapplying certain provisions set out in the Master Trust Deed (such as the loan to value ratio, negative pledge and senior guarantees) and amending or replacing others (including those relating to ranking, redemption and events of default). The Subordinated Guarantee for each series of Notes is contained in the Supplemental Trust Deed relating to those Notes.</p> <p>You should read these documents. Copies may be obtained from the Disclose Register for each series of Notes at www.companiesoffice.govt.nz/disclose.</p> |
| Supervisor | The New Zealand Guardian Trust Company Limited. |
| Registrar | Computershare Investor Services Limited. |

4. THE PRECINCT NZ GROUP AND WHAT IT DOES

OVERVIEW

The Precinct NZ Group is part of the Precinct Properties Group, which includes Precinct NZ and Precinct Investments together and any companies that either of them own.

The Precinct Properties Group is the largest owner, manager and developer of premium inner-city real estate in Auckland and Wellington. The Precinct Properties Group is predominantly invested in office buildings and also includes investment in Generator, Commercial Bay retail, third party capital partnerships, and management of a multi-unit residential development business.

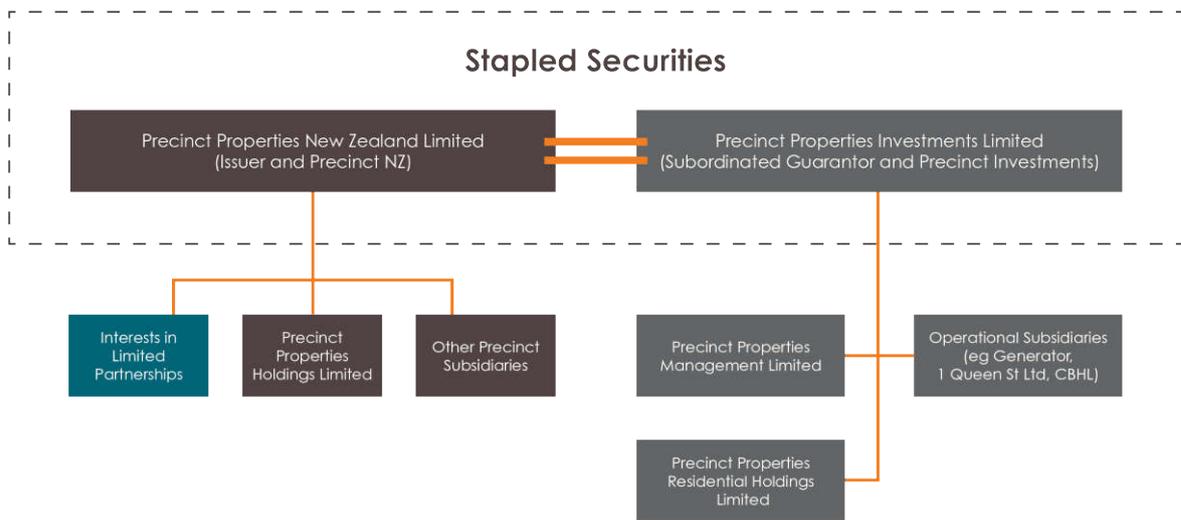
Precinct NZ originated as AMP NZ Office Trust, which was floated and listed on NZX under the symbol of APT in December 1997. In November 2010 it changed its legal structure from a unit trust into a corporate. The company name was changed to AMP NZ Office Limited (ANO) at the same time. In September 2012 the company's name was changed to Precinct Properties New Zealand Limited, with the ticker code PCT.

On 1 July 2023, Precinct NZ effected a restructuring to create a stapled group structure. A stapled group comprises two listed parent companies whose shares are held by the same shareholders in equal proportions. The shares in each parent company can only be transferred or dealt with together. Shareholders in the Precinct Properties Group hold an equal number of shares in Precinct NZ and Precinct Investments and these shares can only be dealt with together. The stapled issuers are described as "Precinct Properties NZ Ltd & Precinct Properties Investments Ltd (NS)" on NZX systems and the ticker code for the Stapled Shares remains PCT.

Precinct NZ's investments and income that qualify for the purposes of Portfolio Investment Entity (PIE) status (such as long-term holding of commercial real estate assets) is mainly undertaken by the Precinct NZ Group, while investments and income that do not qualify for PIE status (such as management income and operational businesses) is mainly undertaken by Precinct Investments and the companies it owns.

PRECINCT PROPERTIES GROUP STRUCTURE

FIGURE 1: PRECINCT PROPERTIES GROUP AND MANAGED ENTITIES



 Precinct NZ Group

5. PURPOSE OF THE OFFER

The proceeds of the Offer (net of issue costs) are expected to be used to repay existing bank debt and for general corporate purposes. This will not change, irrespective of the total amount that is raised.

The Offer is not underwritten and is not conditional on raising a minimum amount.

6. KEY FEATURES OF THE NOTES (CONTINUED)

- An "interest coverage" ratio. Under each of these provisions (as relevant), Precinct NZ agrees to ensure that at the end of each financial year and half year the ratio of EBIT to interest expense of the Precinct Properties Group for the 12 months then ending shall not be less than 1.75 times.

For this purpose, "EBIT" is net operating profit before income tax and interest expense (including distributions from joint venture entities, but adjusted to exclude certain gains or losses, including those resulting from unrealised revaluations on investment property, those derived from asset sales, and equity accounted gains or losses in relation to joint ventures).

- A "gearing" ratio. Under each of these provisions, Precinct NZ agrees to ensure that the ratio of total liabilities to total tangible assets (in each case with certain adjustments) of the Precinct NZ Group must not be more than 50%.

Interest on the Notes is included as an interest expense for the purpose of the above interest coverage ratios, but the Notes are excluded from total liabilities in the above gearing ratios.

- In addition, the Bank Facility Agreement, the USPP Notes and the Secured Bonds are all secured via the Security Trust Deed and each contains a "loan to value" ratio. Under each of these provisions, Precinct NZ agrees to ensure that the ratio of the total principal amount of all outstanding borrowed money secured by certain mortgages in favour of the security trustee to the total value of the properties subject to those mortgages is not more than 50%. As unsecured obligations, the Notes do not affect this loan to value ratio.

GUARANTEES

Precinct NZ as issuer is responsible for repaying, and paying interest on, the Notes. Payments on the Notes are guaranteed by Precinct Properties Investments Limited under the Subordinated Guarantee contained in the Supplement Trust Deed relating to those Notes. Precinct Investments is not a member of the Precinct NZ Group but is a member of the Precinct Properties Group and is an associated person of Precinct NZ.

The Subordinated Guarantee of each series of Notes is not limited or subject to conditions.

The Subordinated Guarantee of each series of Notes does not have the benefit of any security and is subordinated. This means that Precinct Investments' obligations under each Subordinated Guarantee will be subordinated to its unsubordinated obligations (including its secured obligations as guarantor of Precinct NZ's bank borrowing, USPP Notes and Secured Bonds, and to trade creditors).

CONDITION TO PAYMENTS ON THE NOTES

Payments of interest on the Notes, and Precinct NZ's ability to make a Cash Election on Conversion, are subject to the Payment Condition, as described further below.

In respect of any payment, Precinct NZ will meet the **Payment Condition** if:

- Precinct NZ is not, and would not be immediately after such payment, insolvent; and
- no event of default (howsoever described) is continuing, or will occur as a result of such payment, in respect of any borrowed money of Precinct NZ.

For this purpose, Precinct NZ is "insolvent" if it does not satisfy the solvency test in section 4 of the Companies Act 1993. This solvency test requires that:

- Precinct NZ is able to pay its debts as they become due in the normal course of business; and
- the value of Precinct NZ's assets is greater than the value of its liabilities, including contingent liabilities.

The Payment Condition does not restrict the issue of Stapled Shares following Conversion of the Notes.

CONVERSION

Conversion and issue of Stapled Shares

On the relevant Conversion Date, subject to a Cash Election, Precinct NZ will Convert the Notes into ordinary shares of Precinct NZ. If Precinct NZ issues shares on Conversion, Precinct Investments must issue a corresponding number of fully paid ordinary shares for no consideration. The Precinct NZ and Precinct Investments shares will be stapled under the Stapling Deed, as Stapled Shares.

Stapled Shares issued following Conversion will rank equally with, and be of the same class as, the existing Stapled Shares, which are quoted on the NZX Main Board (NZX: PCT).

The number of Stapled Shares to be issued following Conversion of each holding of Notes will be determined by the following formula:

$$\text{Number of Stapled Shares} = \frac{\text{Principal Amount of the Notes} + \text{Unpaid Interest (and any interest thereon)}}{\text{Conversion Price}}$$

The Conversion Price is the lesser of:

1. the Conversion Price Cap (\$1.36 for the 2026 Notes and \$1.40 for the 2027 Notes); and
2. the Market Price (referred to as the Market Price approach and calculated as per the statement below).

The Market Price is based on the arithmetic average of the daily volume weighted average price of Stapled Shares traded through the NZX Main Board on each Business Day during the period of 20 Business Days prior to (but not including) each Conversion Announcement Date. Further details on the calculation of Market Price on any Business Day are set out in the Trust Documents.

If the total number of Stapled Shares to be issued to you includes a fraction of a Stapled Share, that fraction will be rounded down to the nearest whole number.

The Conversion Price Cap results in Noteholders benefitting from any increase in the Stapled Share price above the relevant Conversion Price Cap prior to each Conversion Date (subject to any adjustment of the Conversion Price Cap as described below). If the Market Price approach is used, Noteholders will receive Stapled Shares with a value (as determined under the terms of the Notes and subject to rounding) equal to the Principal Amount of the Notes. The Conversion Price is based on the arithmetic average of the volume weighted average price calculated over a 20 Business Day period so may not be the same as the price of the Stapled Shares on each Conversion Date.

Precinct NZ will announce the final Conversion Price via NZX on each Conversion Announcement Date.

Precinct NZ and Precinct Investments may issue further Stapled Shares from time to time before each Conversion Date, which may negatively affect the Stapled Share price. This may reduce the value Noteholders receive on Conversion (but subject to the minimum provided by the Market Price approach). As described below, the Conversion Price Cap can be adjusted from time to time.

The following table illustrates the number of Stapled Shares to be issued following Conversion and the value provided at a range of possible Stapled Share prices. The examples are for illustrative purposes only. The figures in the examples are not forward looking statements and do not indicate, guarantee or forecast future Stapled Shares prices.

6. KEY FEATURES OF THE NOTES (CONTINUED)

2026 NOTES ILLUSTRATION OF THE VALUE OF STAPLED SHARES/CASH RECEIVED

| Example Market Price ¹ | Conversion Price ² | Principal Amount to be Converted ³ | Number of Stapled Shares received ⁴ | Value of Stapled Shares received ⁵ | Cash amount to be paid if Cash Election selected ⁶ |
|-----------------------------------|-------------------------------|---|--|---|---|
| \$1.25 | \$1.25 | \$10,000 | 8,000 | \$10,000 | \$10,000 |
| \$1.35 | \$1.35 | \$10,000 | 7,407 | \$10,000 | \$10,000 |
| \$1.36 | \$1.36 | \$10,000 | 7,352 | \$10,000 | \$10,000 |
| \$1.45 | \$1.36 | \$10,000 | 7,352 | \$10,660 | \$10,660 |
| \$1.55 | \$1.36 | \$10,000 | 7,352 | \$11,396 | \$11,396 |
| \$1.65 | \$1.36 | \$10,000 | 7,352 | \$12,131 | \$12,131 |

1 The actual Market Price on the Conversion Announcement Date could be above or below the illustrative range provided.

2 The Conversion Price will be the lesser of \$1.36 and the Market Price as described above. These examples assume that there has been no adjustment to the Conversion Price Cap.

3 These examples assume that there is no Unpaid Interest.

4 Fractions of Stapled Shares arising on the Conversion of the Notes are disregarded.

5 The value of Stapled Shares received assumes no change between the Market Price used in the calculation of the Conversion Price and the Stapled Share price following Conversion, and ignores transaction costs and any impact on the Stapled Share price caused by the potential dilution that may occur given the additional Stapled Shares created by Conversion. Amounts are rounded to the nearest cent.

6 The cash amount is calculated by multiplying the Market Price by the Conversion Number.

2027 NOTES ILLUSTRATION OF THE VALUE OF STAPLED SHARES/CASH RECEIVED

| Example Market Price ¹ | Conversion Price ² | Principal Amount to be Converted ³ | Number of Stapled Shares received ⁴ | Value of Stapled Shares received ⁵ | Cash amount to be paid if Cash Election selected ⁶ |
|-----------------------------------|-------------------------------|---|--|---|---|
| \$1.25 | \$1.25 | \$10,000 | 8,000 | \$10,000 | \$10,000 |
| \$1.35 | \$1.35 | \$10,000 | 7,407 | \$10,000 | \$10,000 |
| \$1.40 | \$1.40 | \$10,000 | 7,142 | \$10,000 | \$10,000 |
| \$1.45 | \$1.40 | \$10,000 | 7,142 | \$10,356 | \$10,356 |
| \$1.55 | \$1.40 | \$10,000 | 7,142 | \$11,070 | \$11,070 |
| \$1.65 | \$1.40 | \$10,000 | 7,142 | \$11,784 | \$11,784 |

1 The actual Market Price on the Conversion Announcement Date could be above or below the illustrative range provided.

2 The Conversion Price will be the lesser of \$1.40 and the Market Price as described above. These examples assume that there has been no adjustment to the Conversion Price Cap.

3 These examples assume that there is no Unpaid Interest.

4 Fractions of Stapled Shares arising on the Conversion of the Notes are disregarded.

5 The value of Stapled Shares received assumes no change between the Market Price used in the calculation of the Conversion Price and the Stapled Share price following Conversion, and ignores transaction costs and any impact on the Stapled Share price caused by the potential dilution that may occur given the additional Stapled Shares created by Conversion. Amounts are rounded to the nearest cent.

6 The cash amount is calculated by multiplying the Market Price by the Conversion Number.



Adjustments to Conversion Price Cap

The Conversion Price Cap will be adjusted if, prior to the Conversion Date:

- *Bonus issues:* Precinct NZ, and/or Precinct Investments' issues any Stapled Shares or other instruments to its Shareholders as a class by way of bonus issue capitalisation of profits, reserves or otherwise; or
- *Rights issues:* Precinct NZ, and/or Precinct Investments, issues or grants any rights to subscribe for, purchase or otherwise acquire, Stapled Shares to its Shareholders as a class offered on a pro rata basis (excluding any Shareholders if they have an address outside New Zealand); or
- *Placements or Share Purchase Plans:* Precinct NZ, and/or Precinct Investments, issues or grants any rights to subscribe for, purchase or otherwise acquire Stapled Shares (including under any share purchase plan), other than pursuant to the first two bullet points above, at less than 98% of the Market Price; or
- *Divisions etc:* there is a division, consolidation or reclassification of Stapled Shares.

Further details of the process for adjustments are set out in the Supplemental Trust Deed for each series of Notes.

However, no adjustments will be made in respect of any actions pursuant to a dividend reinvestment plan, any further issuances of convertible notes, or any other transactions which may affect the price of the Stapled Shares (including, for example, any return of capital, buy back or cash dividend paid by Precinct NZ or Precinct Investments).

Cash Election

Rather than Converting the Notes, Precinct NZ may elect to instead pay a cash amount in respect of all (but not some only) of the relevant series of Notes determined by the following formula for each Noteholder:

$$\text{Cash amount} = \text{Conversion Number} \times \text{Market Price}$$

where the Conversion Number is the number of Stapled Shares that would be (in the absence of a Cash Election) issued following Conversion of that Noteholder's holding of Notes.

In effect, Noteholders would receive an equivalent value to those Stapled Shares (as determined under the terms of the Notes) and as such will similarly benefit from any appreciation of the Stapled Shares price above the relevant Conversion Price Cap prior to the relevant Conversion Date.

Precinct NZ is only permitted to make a Cash Election for a series of Notes if it meets the Payment Condition as described above.

Precinct NZ will inform Noteholders whether it intends to make a Cash Election for a series of Notes (subject to meeting the Payment Condition on the relevant Conversion Date) by announcement to NZX on or before the relevant Conversion Announcement Date.

If Precinct NZ announces an intention to make a Cash Election but does not, on the relevant Conversion Date, meet the Payment Condition then Precinct NZ will Convert the Notes as set out above.

Conversion Price for early Conversion

If the Notes of either series become Convertible prior to the relevant Conversion Date due to an Event of Default, a Compulsory Acquisition Event or a Tax Event (as described below), then Conversion will occur in substantially the same manner as described above in respect of Conversion on the Conversion Date. However, in accordance with the Supplemental Trust Deed for each series of Notes:

- In the case of an Event of Default or Tax Event, the Market Price shall instead be calculated over the period of 20 Business Days ending (but not including) 5 Business Days prior to the date of such early Conversion.
- In the case of a Compulsory Acquisition Event, the Market Price shall be deemed to be the price offered for each Stapled Share in the relevant Compulsory Acquisition Event.

The Cash Election does not apply to any Conversion of a series of Notes before the relevant Conversion Date.

Stapled Shares may be issued to a nominee instead of you

If any of your Notes are Converted, the relevant Stapled Shares may be issued to a nominee instead of you if you are not, or Precinct NZ believes you may not be, a New Zealand resident at the time of Conversion and Precinct NZ determines in its absolute discretion, that the laws of your country of residence are unduly onerous to permit the issue of Stapled Shares to you on Conversion (or you otherwise request Precinct NZ to do so, by notice in writing at least 5 Business Days before the date of Conversion, or you do not provide such information as may be required to issue the Stapled Shares to you). If this occurs, the nominee will sell those Stapled Shares and pay you the proceeds less the sale charges.

6. KEY FEATURES OF THE NOTES (CONTINUED)

SUSPENSION OF INTEREST PAYMENTS

Payments of interest on the Notes will be suspended if Precinct NZ does not satisfy the Payment Condition on the relevant Interest Payment Date.

Any such Unpaid Interest will remain outstanding and will accumulate. Interest will accrue on Unpaid Interest at the Interest Rate (compounding on each Interest Payment Date) until paid.

No dividend or other return will be made to Shareholders while any interest on the Notes is due but unpaid.

Unpaid Interest (and any interest thereon) is required to be paid no later than 5 Business Days after Precinct NZ satisfies the Payment Condition (which does not need to be an Interest Payment Date). No Event of Default arises if Precinct NZ fails to pay Unpaid Interest before such date.

If there is any Unpaid Interest at the time of Conversion of a Note, that Unpaid Interest (and any interest thereon) will be taken into account when determining the number of Stapled Shares to be issued. See further under the heading "Conversion" above.

EVENTS OF DEFAULT

The Events of Default for each series of Notes include:

- a failure by Precinct NZ to pay the cash amount due for the Notes on the relevant Conversion Date if a Cash Election is made;
- a failure by Precinct NZ to make any other payment on the Notes that continues for 10 Business Days after the due date (other than Unpaid Interest);
- a breach by Precinct NZ of a material undertaking in the Trust Documents that (if capable of remedy) is not remedied within 30 days after Precinct NZ becomes aware of such default and that has or is likely to have (in the reasonable opinion of the Supervisor) a material adverse effect (as defined in the Trust Documents);
- termination of the Subordinated Guarantee contained in the Supplemental Trust Deed relating to those Notes; or
- Precinct NZ becoming insolvent.

This summary does not cover all Events of Default. For full details of the Events of Default, see clause 10 of the Supplemental Trust Deed for each series of Notes. The events of default set out in clause 11.1 of the Master Trust Deed do not apply to the Notes as subordinated obligations.

If an Event of Default occurs in relation to a series of Notes, the Supervisor may in its discretion, and must upon being directed to do so by an Extraordinary Resolution of Noteholders, declare the Notes of that series to be immediately Convertible.

COMPULSORY ACQUISITION EVENT

Noteholders may choose to Convert their Notes before the relevant Conversion Date if any person (or persons acting jointly or in concert) become bound, or become entitled and elect, to compulsorily acquire Stapled Shares held by minority Shareholders, whether following a takeover offer, a scheme of arrangement or otherwise (a **Compulsory Acquisition Event**).

If a Compulsory Acquisition Event occurs, Precinct NZ will announce this via the NZX (an **Early Conversion Notice**) and each Noteholder may elect to Convert all (but not some only) of its Notes by notice to Precinct NZ or the Registrar on its behalf.

In the Early Conversion Notice, Precinct NZ will set:

- the last date on which Noteholders may make an election to Convert their Notes, which must be at least 14 days after the date of the Early Conversion Notice; and
- the date of Conversion of such Notes, which must be no more than 21 days after the date of the Early Conversion Notice.

A scheme of arrangement interposing a company between Precinct NZ (or both Precinct NZ and Precinct Investments) and its existing Shareholders (such as a non-operating holding company) will not be a Compulsory Acquisition Event provided that the Notes become Convertible in that company (or, as applicable, that company and Precinct Investments) and various other requirements are met as set out in clause 11 of the Supplemental Trust Deed for each series of Notes.

TAX EVENT

Precinct NZ may choose to Convert all (but not some only) of the Notes in a series before the relevant Conversion Date if a Tax Event has occurred and is continuing. Broadly, a Tax Event will occur if there has been, or there will be, a change in New Zealand law applying after the Issue Date, as a result of which:

- any coupon interest payable on the Notes is not, or will not be, allowed as a deduction for the purposes of New Zealand income tax; or
- Precinct NZ would be, or is likely to be, exposed to any other adverse tax consequence in relation to any Notes, provided such event is not minor and Precinct NZ did not expect such event on the Issue Date.

If Precinct NZ chooses to Convert the Notes in these circumstances, it will announce this via NZX together with the date set for Conversion (which must be at least 30 days and not more than 60 days after such announcement). If the Notes Convert prior to the relevant Conversion Date, interest will be calculated to the date of Conversion based on the number of days since the last Interest Payment Date and a 365-day year.

OTHER RELEVANT INFORMATION ABOUT THE TRUST DOCUMENTS

The Trust Documents also contain a number of standard terms, including relating to:

- The role of the Supervisor, and the powers and duties of the Supervisor.
- The right of the Supervisor to be indemnified.
- The payment of fees, expenses and other amounts owing to the Supervisor (including that amounts owing to the Supervisor are, on a default, paid from the proceeds of enforcement before payments to Noteholders).
- Holding meetings of Noteholders.
- The process for amending the Trust Documents, including amendments that may be made without the consent of Noteholders. Any amendment to the Trust Documents will be binding on all Noteholders. You should read clause 20 of the Master Trust Deed for further information.

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STAPLING AND NON-STANDARD DESIGNATION

On 1 July 2023 the shares of Precinct NZ were stapled together with shares of Precinct Investments in accordance with a Stapling Deed dated 7 June 2023 between Precinct NZ and Precinct Investments. The stapled shares of Precinct NZ and Precinct Investments have traded since 3 July 2023 under the ticker code 'PCT'.

NZX has granted Precinct NZ and Precinct Investments a non-standard designation, due to the complexity of the Stapling arrangements.

LISTING RULE WAIVERS AND RULINGS RELATING TO STAPLING

On 18 April 2023, NZX Regulation Limited (**NZ RegCo**) agreed to grant certain waivers and rulings in connection with the Stapling, subject to certain conditions, as follows:

- A ruling that the Directors do not have a "Disqualifying Relationship" as a consequence of their appointment as directors of Precinct Investments under Precinct Properties Group structure, in order to allow the Independent Directors of Precinct Investments to also be Independent Directors of Precinct NZ, as required by the Listing Rules;
- A waiver from Listing Rules 2.2 to 2.5 and 2.7 to 2.8 to permit:
 - the Precinct NZ board and Precinct Investments board to be made up of the same people;
 - the Precinct NZ board to be deemed to be appointed (or removed) if appointed to (or removed from) Precinct Investments board; and
 - the Precinct NZ board members to retire from the Precinct NZ board by rotation at the same time as they retire from Precinct Investments board;
- A waiver from Listing Rule 2.10.1 to permit the directors of one stapled entity to vote on matters in which they are "interested" due to being a director of the other stapled entity. Directors will not be permitted to vote on matters in which they are "interested" by virtue of a relationship or interest other than their directorship of the stapled entities;
- A waiver from Listing Rule 2.11 to permit the pooling of director remuneration for Precinct Properties Group, and the approval of director remuneration by way of single resolution of shareholders;
- A waiver from Listing Rules 2.14.1, 2.14.2, 7.8 and 7.9 to permit Precinct Properties Group to provide consolidated notices of meetings to shareholders;
- A waiver from Listing Rules 3.13, 3.14 and 3.15 to permit the stapled entities to announce, via NZX, issues, acquisitions, conversions or redemptions of securities on a consolidated basis;

6. KEY FEATURES OF THE NOTES (CONTINUED)

- A ruling under Listing Rule 4.6.1 to enable Stapled Shares to be issued to any employee of the Precinct Properties Group;
- A ruling that, for the purposes of paragraph (f) of the definition of "Related Party" in the Listing Rules the word "Issuer" be interpreted as a reference to either Precinct NZ or Precinct Investments;
- A ruling that, for the purposes of the Listing Rules in respect of Precinct Properties Group, "Material Information" means information in respect of Precinct Properties Group;
- A waiver from Listing Rules 3.5, 3.6, 3.7 and 3.8 to permit Precinct Properties Group to provide the information required in annual reports and annual and half-yearly results announcements on a consolidated basis;
- A waiver from Listing Rule 8.3 to permit Precinct Properties Group to provide consolidated statements of shareholdings to shareholders which shows their Precinct Properties Group holdings; and
- A ruling that, for the purposes of the Listing Rules in respect of Precinct Properties Group, the "Average Market Capitalisation" and "Average Market Price", where used in the Listing Rules refers to the combined "Average Market Capitalisation" and "Average Market Price" of Precinct Properties Group respectively.

A full copy of the NZ RegCo waiver and ruling decision dated 18 April 2023 is available from <https://www.nzx.com/companies/PCT/documents>.

For the purpose of this section "Listing Rule waivers and rulings relating to Stapling", terms used but not otherwise defined in this PDS shall have the meaning given to those terms in the Listing Rules.

7. THE PRECINCT NZ GROUP'S FINANCIAL INFORMATION

This table provides selected financial information about the Precinct NZ Group. Full financial statements are available on the offer register at www.companiesoffice.govt.nz/disclose. The Precinct NZ Group's financial performance and position is critical to Precinct NZ's ability to meet its obligations, including those owed to you. If you do not understand this sort of financial information, you can seek professional advice.

The Notes are issued by Precinct NZ and have the benefit of the Subordinated Guarantee from Precinct Investments.

The Notes are not guaranteed by any member of the Precinct NZ Group. However, Precinct NZ's financial position and performance is relevant to the repayment of the Notes because the ability of Precinct NZ, as a non-operating holding company, to repay the Notes is dependent on the financial performance of the Precinct NZ Group as a whole.

The financial information in this table has been taken from the Precinct NZ Group's audited annual financial statements.

The financial information set out in the table below shows the financial position of the Precinct NZ Group (as at 30 June).

SELECTED FINANCIAL INFORMATION AND RATIOS

| <i>(Amounts in \$ millions unless otherwise stated)</i> | 2021 | 2022 | 2023 |
|---|---------|---------|---------|
| Rental revenue | 199.8 | 200.3 | 218.9 |
| Operating profit before interest, tax, depreciation, and amortisation (EBITDA) | 110.2 | 129.4 | 146.4 |
| Net profit / (loss) after taxation attributable to equity holders | 187.7 | 110.0 | (153.1) |
| Net cash flows from operating activities | (136.0) | 87.9 | 118.1 |
| Cash and cash equivalents | 8.3 | 11.5 | 16.6 |
| Total assets | 3,456.4 | 3,839.2 | 3,642.8 |
| Total debt (total interest-bearing liabilities) | 1,096.1 | 1,275.8 | 1,258.4 |
| Total liabilities | 1,235.8 | 1,403.7 | 1,459.7 |
| Equity | 2,220.6 | 2,435.5 | 2,183.1 |
| Debt/EBITDA | 9.9 | 9.9 | 8.6 |
| <i>Debt/EBITDA is an indicator of the degree to which an entity has borrowed against earnings. The higher the number, the greater the risk that the entity will not be able to pay off its debts.</i> | | | |
| Interest expense | 27.2 | 23.9 | 30.8 |
| EBITDA/interest expense | 4.1 | 5.4 | 4.8 |
| <i>EBITDA/interest expense is a measure of the ability of an entity to pay interest on borrowings. The lower the number, the greater the risk that the entity will not be able to pay interest</i> | | | |

The financial information set out in the table below shows the financial position of Precinct Investments as subordinated guarantor as at 30 June 2023, based on values determined for the purpose of the Stapling. These amounts have not been audited by a qualified auditor.

PRECINCT INVESTMENTS SELECTED FINANCIAL INFORMATION

The financial information set out in the table below shows the financial position of Precinct Investments as subordinated guarantor.

| <i>(Amounts in \$ millions unless otherwise stated)</i> | 2023 |
|--|------|
| Total assets | 83.4 |
| Total tangible assets (being total assets less total intangible assets and goodwill) | 81.8 |
| Total liabilities | 38.1 |
| Total net tangible assets (being total tangible assets less total liabilities) | 43.7 |

Precinct Investments has been recently incorporated and financial statements have not been prepared. Going forward, under an exemption that is expected to be granted by the Financial Markets Authority, group financial statements will be prepared and published in respect of Precinct Properties Group rather than separate group financial statements for each of Precinct NZ and Precinct Investments.

Each of Precinct NZ and Precinct Investments financial statements will be made available to the public at the times and in the manner prescribed by the Listing Rules. If the exemption referred to above is granted, Precinct Properties Group financial statements will be made available rather than separate financial statements for each of Precinct NZ and Precinct Investments.

Precinct NZ and Precinct Investments' page on the NZX website, which will include any financial statements referred to above, can be found at www.nzx.com/companies/PCT.

8. RISKS OF INVESTING

INTRODUCTION

This section 8 describes the following potential key risk factors:

- general risks associated with an investment in the Notes and the Stapled Shares; and
- specific risks relating to Precinct NZ's creditworthiness.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and its potential impact (individually or in combination with other key risks) at the date of this PDS. There is no guarantee or assurance that key risks will not change, alter in their significance or that other risks will not emerge.

Investors should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the Notes.

Before making any investment decision it is important that investors consider the suitability of an investment in the Notes in light of their own individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). The risks described in this section do not take account of the personal circumstances, financial position or investment requirements of any particular person other than Precinct NZ.

GENERAL RISKS

An investment in the Notes is subject to the following general risks.

Credit risk of Precinct NZ

The principal risk of Noteholders not being able to recover their full principal investment is that Precinct NZ encounters severe financial difficulty or becomes insolvent. In that case Precinct NZ may be unable to meet its obligations under the Notes or satisfy the Payment Condition. If Precinct NZ suspends interest payments in accordance with the terms of the Notes you will not be able to take any action against Precinct NZ, unless an Event of Default subsequently occurs. See section 6 of this PDS (*Key features of the Notes*).

Secondary market risk

Precinct NZ intends to quote the Notes on the NZX Debt Market, which means Noteholders may be able to sell them on the NZX Debt Market before the Conversion Date. However there may be no active trading market and an investment in Notes may not be very liquid. You may be unable to find a buyer, or the price at which you are able to sell the Notes may be less than the amount you paid for them.

The price (if any) at which you may be able to sell Notes may also be affected by factors related to the creditworthiness of Precinct NZ, movements in the market price of the Stapled Shares, and market-related factors such as movements in market interest rates. For example, if market interest rates go up, the market value of the Notes would typically be expected to go down and vice versa.

The subordination of the Notes, Conversion and possibility of interest payment suspension may also increase the volatility of the market price of the Notes, and they may be more sensitive

generally to adverse changes in Precinct NZ's financial condition, than other debt securities. Unless and until Noteholders receive Stapled Shares following Conversion of the Notes, they will have no rights with respect to the Stapled Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Stapled Shares. Following Conversion, Noteholders will be entitled to exercise the rights of Shareholders only as to actions for which the applicable record date occurs after the date of Conversion.

Risk relating to Conversion of Notes

The risks in respect of your investment will change significantly on any Conversion of the Notes. For instance:

- as a Shareholder, you may receive a return only if dividends are paid on the Stapled Shares, or if the Stapled Shares increase in value and you are able to sell them at a higher price than you paid for your Notes. Dividends on Stapled Shares are payable at the absolute discretion of Precinct NZ and Precinct Investments and the amount of each dividend is discretionary. The Precinct Properties Group's current dividend policy is available at www.precinct.co.nz/frequentlyaskedquestions;
- the price of the Stapled Shares may go up or down at any time, and may be more volatile than the market price of the Notes or other debt securities. There is no certainty as to the future value of the Stapled Shares;
- you may lose some or all of your investment in the Stapled Shares. For example, this could occur if one or more of the specific risks relating to Precinct NZ's creditworthiness occur; and
- in a winding up of Precinct NZ, claims of Shareholders rank behind claims of holders of all other securities (including any preference shares) and debts of Precinct NZ. You will only be paid after all creditors and, if applicable, holders of preference shares have been paid.

SPECIFIC RISKS RELATING TO PRECINCT NZ'S CREDITWORTHINESS

Precinct NZ considers that the circumstances which could significantly affect, either individually or in combination, Precinct NZ's future financial position and financial performance, and therefore significantly increase the risk that Precinct NZ may default on its obligations under the Notes or impact the value of Stapled Shares issued following Conversion are as follows.

Changes affecting the valuation and income of the Precinct NZ Group's property portfolio

The Precinct NZ Group's returns are highly dependent on the rental income generated from its property investment assets, which is the Precinct NZ Group's primary source of income, and the expenses incurred in the operation, management and maintenance of those properties.

- Returns may be affected by changes in property market conditions arising as a result of changes in economic and credit conditions, changes in business conditions leading to tenant defaults, obsolescence of existing buildings over time, and the cyclical nature of property markets generally. Reductions in the returns from a property resulting from any of these factors could materially negatively impact the Precinct NZ Group's financial performance, and would also be expected to adversely affect the value of that property, and therefore the Precinct NZ Group's net worth. General changes in market conditions would be expected to impact the Precinct NZ Group's wider portfolio rather than being isolated to a single property, and may have significant impacts. Most recently, COVID-19 has increased flexible working and there remain questions around long term impacts for city centres. These risks are mitigated by the Precinct NZ Group's strategy of investing in well-located premium and A-Grade buildings close to amenity and public transport links. Demand remains strong for waterfront location and quality buildings. More generally, high quality clients recognise the importance of working from office for collaboration and creativity. The Wellington occupier market remains strong, with growth in the public sector workforce and minimum NABERSNZ requirements for crown agencies as well as seismic awareness and a demand for resilience, together driving demand for the Precinct NZ Group's premium buildings.
- Changes in regulation, as well as earthquakes and other natural disasters in the areas in which the Precinct NZ Group operates (in central Auckland and central Wellington) may also decrease demand for properties that Precinct NZ owns or increase costs to maintain, repair and upgrade them.

Insurance risk

Insurance risk is the risk that Precinct NZ cannot continue to obtain insurance cover or, that following an insured event, the cover in place is not sufficient to repay all creditors (including Noteholders). One off catastrophic events (such as earthquakes and volcanic eruptions) in Auckland or Wellington could cause significant damage to Precinct NZ's property portfolio and could result in significant business interruption.

Insurance cover is usually put in place for periods of one year and there is no guarantee that insurance will be renewed upon expiry or the premium of such cover.

Precinct NZ's approach to property insurance is to engage directly with a wide range of local and international insurers highlighting the quality of Precinct NZ's portfolio, its risk management processes and very low historic loss history.

The primary objective of Precinct NZ's annual insurance programme is to protect Shareholders from material loss in the value of assets as a result of events such as fire, natural disaster or accidental damage. This approach protects creditors and Noteholders as well.

Generally, buildings are insured at full replacement cost plus an allowance for demolition costs and inflation. In addition, business interruption insurance provides loss of rents cover of between 2 and 4 years. Importantly losses suffered by one off catastrophic events are insured, however Precinct NZ will usually be responsible for losses from catastrophic events up to a pre-agreed limit which is informed by natural catastrophe modelling.

Property development risks

The Precinct NZ Group is involved in several large scale, high profile development projects, including Wynyard Quarter (24.9% ownership) and the Deloitte Centre in the Auckland CBD and 61 Molesworth Street in the Wellington CBD, as well as ongoing maintenance and upgrades to several of its existing properties, and is likely to be involved in further such projects in the future. As at 30 June 2023, development properties comprise approximately 15.5% of the Precinct NZ Group's property portfolio by valuation. Precinct NZ has also provided an update on the Precinct NZ Group's property development activities as part of its FY23 annual results. These are available at www.precinct.co.nz/annual-reporting/2023-annual-results.

Property development faces a number of risks which may be difficult to effectively manage, including delays due to labour and supply shortages, construction difficulty and inclement weather, the existence of liabilities (such as asbestos and other hazardous materials) and health and safety issues. The nature of property development means that some cost overruns are a material possibility, and the large scale of the Precinct NZ Group's developments (discussed above) increases the risks that cost overruns could be significant. For example, 61 Molesworth Street has an expected total project cost as at 30 June 2023 of approximately \$250 million. A relatively small percentage increase in such expected cost may have a material impact on the Precinct NZ Group's cash flows and returns. The Precinct NZ Group also relies on third party contractors to undertake construction on its behalf, and is reliant on them completing their contractual obligations. Delays in construction and tenancing, as well as other related issues, may have financial and reputational impacts which in turn can adversely affect returns on properties. The Precinct NZ Group seeks to mitigate such risks where practical through contractual provisions and by maintaining its own team of development managers, project managers and quantity surveyors to monitor key projects and identify and address any issues arising.

8. RISKS OF INVESTING (CONTINUED)

Funding covenant compliance risk

As a real estate specialist, the Precinct NZ Group has a high degree of dependency on external funding sources. Such funding often requires compliance with financial covenants, breach of which may have a significant impact on the Precinct NZ Group's ability to obtain sufficient funding. If any of the risks described above occur and are sustained and significant, the Precinct NZ Group could be put at risk of breaching such covenants. The Precinct NZ Group may in turn be forced to sell properties to reduce its debt, and its financial condition may be significantly negatively affected.

The Precinct NZ Group manages this risk by forecasting covenant impacts of transactions before approval (with material transactions considered at Board level), and maintaining a moderate level of debt with headroom under such covenants in the ordinary course of business. The key covenants Precinct NZ is subject to are set out on page 16 of this PDS. As at the date of this PDS, Precinct NZ's "loan to value" ratio was 38.0% and its "interest coverage" ratio was 1.9 times. Precinct NZ's FY23 annual results (available at www.precinct.co.nz/annual-reporting/2023-annual-results) provide further information about Precinct NZ's external funding sources.

9. TAX

Taxes may affect your returns. The information set out below does not constitute taxation advice to any Noteholder, is general in nature and limited to consideration of New Zealand taxation impacts only.

RESIDENT WITHHOLDING TAX

If you are resident in New Zealand for tax purposes or you otherwise receive payments of interest on the Notes that are subject to the resident withholding tax (**RWT**) rules, RWT will be deducted from interest paid or credited to you, unless you notify the Registrar that you have RWT-exempt status (as that term is defined in the Income Tax Act 2007) and the status remains valid on the record date for the relevant payment date.

APPROVED ISSUER LEVY

If you are not a resident of New Zealand for tax purposes and the interest you receive is subject to the non-resident withholding tax (**NRWT**) rules, approved issuer levy (**AIL**) will be deducted from the interest paid or credited to you in lieu of deducting NRWT, unless you elect for NRWT to be deducted or AIL is not applicable under the law.

If the AIL regime applies, Precinct NZ will apply a zero rate of AIL, if possible, and otherwise pay AIL at the applicable rate. If the AIL regime or rate changes in the future, Precinct NZ reserves the right not to deduct AIL. See the Trust Documents for further details.

INDEMNITY

If, in respect of any of your Notes, Precinct NZ becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify Precinct NZ in respect of such liability. Any amounts paid by Precinct NZ in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Notes. See the Trust Documents for further details.

GENERAL

The tax treatment applying to Notes is dependent on the particular term of the Notes. Typically, Noteholders will be taxed on the interest received on the Notes and any "gain" arising on conversion in relation to increase in the value of shares will be treated as equity. For most Noteholders this will be a capital gain. Due to the particular terms of the Notes, there is a technical risk that any gain that might arise on Conversion (or Cash Election) relates to the debt component of the Notes, meaning it is required to be included as taxable income in the base price adjustment under New Zealand's "financial arrangements" rules.

Precinct NZ intends to work with Inland Revenue officials to change the legislation to achieve a tax outcome for Noteholders, whereby Noteholders are only taxed on the coupon interest received. Precinct NZ does not expect Inland Revenue to have policy concerns with the proposed legislative change as it reflects the outcomes in financial arrangement determinations that have been issued for similar types of convertible note offerings.

In the absence of a change in legislation, Precinct NZ does not intend on taking a deduction for any loss and therefore expects that any gain to Noteholders may not need to be recognised as taxable income. Taxation advice should be sought by Noteholders as to the appropriate treatment.

There may be other tax consequences from acquiring or disposing of the Notes (or any Staped Shares issued following Conversion), and otherwise from the maturity, Conversion or cash settlement of the Notes, including under New Zealand's "financial arrangements" rules.

If you have any queries relating to the tax consequences of the investment, you should obtain professional taxation advice on those consequences.

10. SELLING RESTRICTIONS

General

You may only offer for sale or sell any Note in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered.

Precinct NZ has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Notes may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

Set out below are specific selling restrictions that apply to an offer of the Notes in the United States, Australia, Hong Kong and Singapore. These selling restrictions do not apply to an offer of the Notes in New Zealand.

By subscribing for or otherwise acquiring any Notes, you agree to indemnify, among others, Precinct NZ and the Supervisor for any loss suffered as a result of any breach by you of the selling restrictions referred to in this section.

Australia

This PDS and the offer of Notes are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (the **Corporations Act**). This PDS is not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a "disclosure document" under Australian law. This PDS has not been and will not be lodged or registered with the Australian Securities & Investments Commission or the Australian Securities Exchange and Precinct NZ is not subject to the continuous disclosure requirements that apply in Australia.

Prospective investors should not construe anything in this PDS as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Investors in Australia should be aware that the offer of Notes and underlying shares for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the re-sale.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this PDS or to permit the distribution of this PDS or any documents

issued in connection with it. Accordingly, the Notes have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Notes has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Notes may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this PDS have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this PDS, you should obtain independent professional advice.

Singapore

Securities and Futures Act Product Classification: Solely for the purposes of sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the **SFA**), Precinct NZ has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

This PDS and any other materials relating to the Notes have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this PDS and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes, may not be issued, circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This PDS has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this PDS immediately. You may not forward or circulate this PDS to any other person in Singapore.

Any offer is not made to you with a view to the Notes or the underlying shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Notes or the underlying shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

The Notes and the underlying shares have not been, and will not be, registered under the Securities Act of 1933 and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

The Notes will not be offered or sold in the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes, as determined by the Joint Lead Managers except in accordance with Rule 903 of Regulation S. Any Notes sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

"The Notes or the underlying shares have not been registered under the US Securities Act of 1933 or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States, or to or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the US Securities Act. Terms used above have the meaning given to them by Regulation S."

Until 40 days after the completion of the distribution of all Notes, an offer or sale of the Notes in the United States by any Joint Lead Manager or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

11. WHO IS INVOLVED?

| | Name | Role |
|--------------------------|--|--|
| Issuer | Precinct Properties New Zealand Limited | Issuer of the Notes. |
| Supervisor | The New Zealand Guardian Trust Company Limited | Holds certain covenants on trust for the benefit of the Noteholders, including the right to enforce Precinct NZ's obligations under the Notes and to enforce Precinct Investments' obligations under the Subordinated Guarantee. |
| Arranger | Jarden Securities Limited | Provide assistance to Precinct NZ in arranging the Offer and assist with the marketing and distribution of the Offer. |
| Joint Lead Managers | Jarden Securities Limited Craig's Investment Partners Limited Forsyth Barr Limited | Assist with the marketing and distribution of the Offer. |
| Registrar | Computershare Investor Services Limited | Maintains the register of Noteholders. |
| Solicitors to Issuer | Chapman Tripp | Provides legal advice to Precinct NZ in respect of the Offer. |
| Solicitors to Supervisor | Buddle Findlay | Provides legal advice to the Supervisor in respect of the Offer. |

ROLE OF THE ARRANGER AND JOINT LEAD MANAGERS

This PDS does not constitute a recommendation by the Arranger, any Joint Lead Manager, or any of their respective directors, officers, employees, agents or advisors to purchase any Notes.

The role of the Arranger in relation to the Offer is solely to provide professional assistance to Precinct NZ with arranging the Offer and assisting with quotation of the Notes. The Joint Lead Managers will assist with the marketing and distribution of the Notes. The Arranger and Joint Lead Managers are otherwise not involved in the Offer.

The Arranger has participated in the due diligence process for the Offer undertaken by Precinct NZ, but neither it, nor the other Joint Lead Managers, nor their respective directors, employees, agents and advisors have independently verified the content of the PDS.

You must make your own independent investigation and assessment of the financial condition and affairs of Precinct NZ before deciding whether or not to invest in the Notes.

12. HOW TO COMPLAIN

Complaints about the Notes can be directed to:

Precinct NZ, in the first instance, at

Investor Relations Advisor
Precinct Properties New Zealand Limited
Level 12
188 Quay Street
Auckland 1010
New Zealand
Telephone: +64 9 222 0070
Email: companysecretary@precinct.co.nz

The Supervisor at

Manager, Corporate Trusts
The New Zealand Guardian Trust Company Limited
Level 6
191 Queen Street
Auckland
PO Box 274, Auckland 1140
Telephone: 0800 300 299
Facsimile: +64 9 969 3732
Email: ct-auckland@nzgt.co.nz

The Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Minister of Consumer Affairs. If the Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by emailing info@fscl.org.nz, or calling FSCL on 0800 347 257, or by contacting the Complaint Investigation Officer, Financial Services Complaints Limited, Level 4, 101 Lambton Quay, Wellington 6011.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website www.fma.govt.nz.

13. WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Precinct NZ and the Notes is available free of charge on the online offer register maintained by the Companies Office known as 'Disclose'. The Disclose Register can be accessed at www.companiesoffice.govt.nz/disclose.

A copy of the information on the Disclose Register is also available on request to the Registrar of Financial Service Providers at www.fsp-register.companiesoffice.govt.nz. The information contained on the Disclose Register includes copies of the Trust Documents.

Precinct NZ and Precinct Investments are subject to a disclosure obligation in relation to the Stapled Shares that requires them to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Precinct NZ's and Precinct Investments' page on the NZX website, which includes information made available under the disclosure obligations referred to above, can be found at www.nzx.com/companies/PCT.

14. HOW TO APPLY

SHAREHOLDER PRIORITY OFFER

If you are an Eligible Shareholder you may apply for Notes of each series in the Shareholder Priority Offer. Precinct NZ may, in its absolute discretion, determine whether any application is eligible under the Shareholder Priority Offer.

If you are an Eligible Shareholder and wish to apply for Notes in the Shareholder Priority Offer, you must apply online at www.precinctnotesoffer.co.nz before 5pm (New Zealand time) on the Shareholder Priority Offer Closing Date.

You will be required to download a copy of this PDS as part of that online process. To complete your application in the Shareholder Priority Offer you will need your common shareholder number (**CSN**). You must also remain a shareholder in Precinct NZ at the time of the Shareholder Priority Offer Closing Date and this will be verified by the Registrar.

There is no guarantee that an Eligible Shareholder will receive all of the Notes for which it has applied. Precinct NZ may, in its absolute discretion, determine whether to accept or scale any application without giving any reason.

OTHER APPLICATIONS

Outside of the Shareholder Priority Offer, all of the Notes offered under the Offer (including any oversubscriptions) have been reserved for clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries and institutional investors invited to participate in a bookbuild conducted by the Joint Lead Managers and will be allocated to those persons by Precinct NZ in conjunction with the Joint Lead Managers.

There is no public pool for the Notes. This means you can only apply for Notes under the General Offer through a Joint Lead Manager, Primary Market Participant or approved financial intermediary. You can find a Primary Market Participant by visiting www.nzx.com/services/market-participants/find-a-participant.

The Primary Market Participant or approved financial intermediary will:

- (a) provide you with a copy of this PDS (if you have not already received a copy);
- (b) explain what you need to do to apply for the Notes; and
- (c) explain what payments need to be made by you (and by when).

Your financial adviser will be able to advise you as to what arrangements will need to be put in place for you to trade the Notes (including obtaining a 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.

15. CONTACT INFORMATION

| | Name | Contact details |
|---------------------------------|---|---|
| Issuer | Precinct Properties New Zealand Limited | Level 12 188 Quay Street Auckland 1010 Telephone: +64 9 222 0070 Email: hello@precinct.co.nz |
| Registrar | Computershare Investor Services Limited | Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Private Bag 92119 Auckland 1142 Email: precinctnotes@computershare.co.nz Telephone: 0800 650 034 |
| Arranger and Joint Lead Manager | Jarden Securities Limited | Level 32, PwC Tower 15 Customs Street West Commercial Bay Auckland 1010 Telephone: 0800 805 584 |
| Joint Lead Managers | Craigs Investment Partners Limited | Level 32, Vero Centre 48 Shortland Street Auckland 1010 Telephone: 0800 226 263 |
| | Forsyth Barr Limited | Level 23, Shortland & Fort 88 Shortland Street Auckland 1010 Telephone: 0800 367 227 |

GLOSSARY

| Term | Description |
|-------------------------------------|--|
| \$ | New Zealand dollars. |
| 2026 Notes | The series of Notes with a Conversion Date of 21 September 2026. |
| 2027 Notes | The series of Notes with a Conversion Date of 21 September 2027. |
| Bank Facility Agreement | The syndicated facilities agreement dated 10 December 2015 (as amended from time to time) made between (among others) Precinct NZ (as borrower), the guarantors named therein and ANZ Bank New Zealand Limited as facility agent. |
| Bookbuild | The process whereby an issue margin is determined for the Interest Rate of the relevant Notes by reference to bids from market participants for an allocation of Notes at different margins. |
| Business Day | A working day (as defined in the Legislation Act 2019), except that in the context of the Listing Rules or the determination of Market Price it means a day on which the NZX Main Board is open for trading. |
| Cash Election | An election by Precinct NZ (at its option) to pay a cash amount rather than Converting Notes on a Conversion Date, where the cash amount is equivalent to the value of the Stapled Shares that would otherwise be issued as determined under the terms of the Notes. Precinct NZ may only make such an election if the Payment Condition is satisfied. |
| CBD | Central business district. |
| Closing Date | For the Shareholder Priority Offer, 7 September 2023 at 5pm (New Zealand time). For the General Offer, 8 September 2023 at 12pm (New Zealand time). |
| Compulsory Acquisition Event | A Compulsory Acquisition Event will occur if any person (or persons acting jointly or in concert) become bound, or become entitled and elect, to compulsorily acquire Stapled Shares held by minority Shareholders, whether following a takeover offer, a scheme of arrangement or otherwise (except as described in section 6 of this PDS (<i>Key features of the Notes</i>)). |
| Conversion | The conversion of Notes under the Trust Documents by the issue of fully paid ordinary shares of Precinct NZ. As a consequence of the issue of shares by Precinct NZ, under the Stapling Deed, Precinct Investments must issue a corresponding number of fully paid ordinary shares for no consideration. Accordingly, following Conversion, relevant Noteholders will hold Stapled Shares. Convert, Converted, Converting and Convertible have corresponding meanings. |
| Conversion Announcement Date | The date 5 Business Days before the relevant Conversion Date (expected to be, for the 2026 Notes, 14 September 2026 and for the 2027 Notes, 14 September 2027). |
| Conversion Date | For the 2026 Notes: 21 September 2026 For the 2027 Notes: 21 September 2027 |
| Conversion Number | In relation to a Cash Election, the number of Stapled Shares that would be (in the absence of the Cash Election) issued on Conversion of a holding of Notes. |
| Conversion Price Cap | For the 2026 Notes: \$1.36, as adjusted from time to time in accordance with the relevant Supplemental Trust Deed. For the 2027 Notes: \$1.40, as adjusted from time to time in accordance with the relevant Supplemental Trust Deed. |
| Disclose Register | The online offer register maintained by the Companies Office known as 'Disclose'. |
| Early Conversion Notice | A notice provided to Noteholders via NZX in connection with a Compulsory Acquisition Event, notifying them of their rights to Convert their Notes before the Conversion Date. |
| Eligible Shareholder | Members of the public resident in New Zealand who are Shareholders (at the time of applying for Notes and on the Shareholder Priority Offer Closing Date), excluding institutional Shareholders as determined by Precinct NZ. |
| Event of Default | Each event set out in clause 10 of the Supplemental Trust Deed for each series of Notes, which are summarised in section 6 of this PDS (<i>Key features of the Notes</i>). |
| Extraordinary Resolution | Means, in respect of a series of Notes, a resolution passed with the support of Noteholders of that series holding not less than 75% of the aggregate Principal Amount of Notes of that series held by those persons voting. |
| FMCA | Financial Markets Conduct Act 2013. |
| General Offer | The offer of Notes made by Precinct NZ under this PDS to investors resident in New Zealand and certain overseas institutional investors. |
| Inland Revenue | The New Zealand Inland Revenue Department. |
| Interest Payment Dates | 21 March, 21 June, 21 September and 21 December in each year (or if that day is not a Business Day, the next Business Day) until and including the Conversion Date, with the first Interest Payment Date being 21 December 2023. |
| Interest Rate | The rate of interest per annum payable on the Principal Amount of the Notes as announced by Precinct NZ via NZX on or about the Rate Set Date. |
| Issue Date | 21 September 2023. |
| Arranger | Jarden Securities Limited. |
| Joint Lead Managers | Jarden Securities Limited, Craigs Investment Partners Limited and Forsyth Barr Limited. |
| Listing Rules | The listing rules applying to the NZX Main Board and NZX Debt Market, as amended from time to time. |

GLOSSARY (CONTINUED)

| Term | Description |
|-----------------------------------|---|
| Market Price | The arithmetic average of the daily volume weighted average price of Stapled Shares traded through the NZX Main Board on each Business Day during the period of 20 Business Days prior to (but not including) the Conversion Announcement Date (or, in the case of Conversion before the Conversion Date, the date falling 5 Business Days before the date of such early Conversion) and as otherwise defined in the Supplemental Trust Deed. |
| Master Trust Deed | The Master Trust Deed dated 27 November 2014 (as amended from time to time) between Precinct NZ and the Supervisor pursuant to which certain debt securities may be issued (as amended or supplemented from time to time). |
| Noteholder | A person whose name is entered as a holder of a Note in the register in respect of the Notes maintained by the Registrar. |
| Notes | The notes constituted and issued pursuant to the relevant Trust Documents and offered pursuant to this PDS. |
| NZX | NZX Limited. |
| NZX Debt Market | The debt security market operated by NZX. |
| NZX Main Board | The main registered market for trading equity securities operated by NZX. |
| Offer | The offer of the Notes in each series (being the 2026 Notes and the 2027 Notes) made by Precinct NZ under this PDS, consisting of the Shareholder Priority Offer for each series of Notes and the General Offer for each series of Notes. |
| Opening Date | 4 September 2023. |
| Payment Condition | In respect of any payment, Precinct NZ will meet the Payment Condition if: <ul style="list-style-type: none"> • Precinct NZ is not, and would not be immediately after such payment, insolvent (where Precinct NZ shall be "insolvent" if it does not satisfy the solvency test in section 4 of the Companies Act 1993); and • no event of default (howsoever described) is continuing, or will occur as a result of such payment, in respect of any borrowed money of Precinct NZ. |
| PDS | This replacement product disclosure statement for the Offer dated 1 September 2023. |
| Precinct NZ | Precinct Properties New Zealand Limited. |
| Precinct Investments | Precinct Properties Investments Limited. |
| Precinct NZ Group | Precinct NZ and the companies it owns. |
| Precinct Properties Group | Precinct NZ and Precinct Investments together, and companies owned by either of them. |
| Primary Market Participant | Has the meaning given to that term in the NZX Participant Rules as amended from time to time. |
| Principal Amount | \$1.00 per Note. |
| Rate Set Date | 8 September 2023. |
| Registrar | Computershare Investor Services Limited. |
| Secured Bonds | Each of (i) the \$100 million in principal amount of senior secured fixed rate bonds issued by Precinct NZ on 17 November 2017, (ii) the \$150 million in principal amount of senior secured fixed rate bonds issued by Precinct NZ on 28 May 2021 and (iii) the \$175 million in principal amount of senior secured fixed rate bonds issued by Precinct NZ on 29 April 2022. |
| Security Trust Deed | The security trust deed dated 20 June 2013 (as amended from time to time) made between (among others) Precinct NZ (as borrower), Precinct Properties Holdings Limited (as a Guarantor), and the initial security trustee. The Security Trust Deed does not apply to the Notes. |
| Shareholder | A holder of a Stapled Share. |
| Shareholder Priority Offer | The offer of Notes made by Precinct NZ under this PDS which is open only to New Zealand retail Shareholders. |
| Stapled Share | One ordinary share in Precinct NZ and one ordinary share in Precinct Investments. |
| Stapling Deed | The stapling deed dated 7 June 2023 between Precinct NZ and Precinct Investments. Under the Stapling Deed: <ul style="list-style-type: none"> • The shares in Precinct NZ and Precinct Investments are "stapled" together, meaning they can only be transferred or dealt with together. • If Precinct NZ issues ordinary shares on Conversion, Precinct Investments must issue a corresponding number of fully paid ordinary shares for no consideration. |
| Stapling | The process that resulted in Precinct NZ shares and Precinct Investments shares being and remaining Stapled Shares. |
| Subordinated Guarantee | In respect of the 2026 Notes, means the subordinated guarantee of payments on the 2026 Notes provided by Precinct Investments and in respect of the 2027 Notes, means the subordinated guarantee of payments on the 2026 Notes provided by Precinct Investments, as contained, in each case, in the Supplemental Trust Deed relating to those Notes. Precinct Investments' obligations under each Subordinated Guarantee will be subordinated to its unsubordinated obligations (including as guarantor of Precinct NZ's bank borrowing, USPP Notes and Secured Bonds, and to trade creditors). |
| Supervisor | The New Zealand Guardian Trust Company Limited or such other person as may hold office as trustee and supervisor under the Trust Documents from time to time. |

| Term | Description |
|--------------------------------|---|
| Supplemental Trust Deed | In respect of the 2026 Notes, means the Supplemental Trust Deed dated 25 August 2023 between Precinct NZ, Precinct Investments and the Supervisor setting the terms and conditions of the 2026 Notes (as amended on 1 September 2023 and as further amended or supplemented from time to time) and in respect of the 2027 Notes, means the Supplemental Trust Deed dated 25 August 2023 between Precinct NZ, Precinct Investments and the Supervisor setting the terms and conditions of the 2026 Notes (as amended on 1 September 2023 and as further amended or supplemented from time to time). |
| Tax Event | Broadly, a Tax Event will occur if there has been, or there will be, a change in New Zealand law applying after the Issue Date, as a result of which: <ul style="list-style-type: none"> <li data-bbox="384 658 1482 703">• any interest payable on the Notes is not, or will not be, allowed as a deduction for the purposes of New Zealand income tax; or <li data-bbox="384 710 1482 757">• Precinct NZ would be, or is likely to be, exposed to any other adverse tax consequence in relation to any Notes, provided such event is not minor and Precinct NZ did not expect such event on the Issue Date. |
| Trust Documents | The Master Trust Deed as supplemented by the relevant Supplemental Trust Deed for each series of the Notes. |
| Unpaid Interest | Interest that has accrued on a series of Notes but payment of which has been suspended in accordance with clause 7.3 of the Supplemental Trust Deed for that series of Notes. |
| USPP Notes | The US\$75 million in principal amount of senior secured notes issued (in two series) by Precinct NZ to investors in the United States on 27 January 2015 and the US\$110 million in principal amount of senior secured notes issued (in two series) by Precinct NZ to investors in the United States on 11 April 2019. |

GLOSSARY (CONTINUED)

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