Precinct

NZX announcement – 20 February 2025

Precinct FY25 first half result

Performance summary for the six months ended 31 December 2024

Financial summary

- Net property income (NPI)[1] of $71.4 million (1H24: $68.4 million)[2].
- Funds from operations (FFO) from investment portfolio of $72.7 million (1H24: $67.7 million)[3].
- Total comprehensive income after tax of $3.2 million (1H24: $12.9 million).
- Adjusted funds from operations (AFFO) of 3.23 cps (1H24: 3.26 cps).
- Net Tangible Asset (NTA) per share of $1.25 (1H24: $1.35).
- FY25 dividend guidance remains at 6.75 cents per stapled security.

Operating performance

- Portfolio occupancy of 96% (1H24: 98%) and 6.3 years (1H24: 6.4 years) weighted average lease term (WALT).
- Strong demand for well-located premium office delivering 22.8% growth in contract rents across 5,720 square metres of office leasing transactions.
- Beca House at Wynyard Quarter Stage 3, final stage of the Wynyard Quarter Innovation Precinct in Auckland sectionally completed with Beca taking occupancy post balance date in February 2025.
- Living sector progress in the period including commencing construction at York House in Parnell and the acquisition of 99 College Hill for residential Build-to-Sell.
- Student accommodation strategy advancing with two projects in construction procurement, and one project under exclusivity with a capital partner.

Funding initiatives supporting delivery of Precinct's strategy

- Post balance date, PAG agreed to acquire the remaining 20% minority interest in 40 and 44 Bowen Street in Wellington for a total purchase price of $48 million.
- Refinanced $165 million of maturing retail bonds and USPP notes with $200 million bank debt and a $75 million wholesale bond providing a new source of funding for Precinct.

Downtown carpark development opportunity update

- Office leasing demand remains elevated with good interest in office component.
- Continue to work in partnership with Ngāti Whātua Ōrākei and growing this relationship to deliver a true mixed-use precinct.
- Resource Consent has been lodged and preliminary design has commenced.
- Discussions with potential capital partners for this project have commenced.

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[1] Net property income excludes IFRS 16 rent expense allocation.

[2] Prior period figures include adjustments made to present on a like-for-like basis with the current period, and do not reconcile with the financial statements.

[3] Ibid.

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- Engagement underway on construction procurement with market participants.

Environmental, Social and Governance (ESG) update

- Improved Global Real Estate Sustainability Benchmark (GRESB) score, from 86 to 89, with Precinct in the top 20% of over 2,000 funds and entities participating globally, and being materially above the global average of 76.
- Precinct published its first climate statement in accordance with the External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards available online at Precinct's website: www.precinct.co.nz

Board changes

- Appointment of Alison Barrass as an Independent Director and Taurua Grant through the Future Directors Programme in an observer capacity.
- Retirement of Graeme Wong from the Boards at Precinct in November 2024.

Note: Further information can be found within the 2025 Interim Financial Statements and results presentation. You can find these at http://www.precinct.co.nz/investors/2025-interim-results

Precinct Properties Group (**Precinct**) (NZX: PCT) reported its financial results for the six months ended 31 December 2024 today.

Scott Pritchard, Precinct CEO said, "Precinct's portfolio has continued to perform well over the first six months of the financial year, demonstrating the underlying resilience of our portfolio of assets against the backdrop of a prolonged weak New Zealand economy. Securing leasing transactions with a positive leasing spread reflects the quality of our office portfolio and the demand for premium-grade space. Trading performance at our Commercial Bay retail precinct has been encouraging with a consistent level of sales recorded demonstrating the high quality of the enhanced retail mix at the centre, a strengthening city centre and increased events taking place in Auckland."

"A key focus for our business has been advancing our living sector strategy which is now well established. This includes three under-construction build-to-sell residential development projects totalling $431 million on behalf of capital partners, securing our next phase of new development opportunities including a substantial residential Build-to-Sell pipeline, and a well-located PBSA pipeline which we expect to commit to in the coming months."

"We have continued to engage with capital partners and are encouraged by the level of interest wanting to invest alongside Precinct. We believe Precinct is well positioned to further grow its capital partnerships over the medium term as the economy moves to a recovery phase and investment market conditions improve."

"In addition to our capital partnering strategy, the capital management initiatives we have completed are supporting Precinct's strategic growth opportunities. Our near-term focus will be on deleveraging initiatives to position Precinct's balance sheet for the next phase of growth. Precinct's gearing as measured under borrower covenant, which disregards subordinated debt is around 39% and remains well under PCT borrower covenant level of 50%."

Net property income (NPI)[4] for the six months to 31 December 2024 of $71.4 million (1H24: $68.4 million)[5] reflects robust leasing performance secured during the period achieving a positive leasing spread. Funds from operations (FFO) from investment portfolio of $72.7 million (1H24: $67.7 million)[6] which has contributed to operating profit before tax of $45.1 million and compares to $54.3 million on the previous comparable period, with the difference mainly attributable to the increase in net interest expense. Total comprehensive income after tax of $3.2 million compares to $12.9 million for the same period last year.

Considering the metrics assessed by the external independent valuations of Precinct's partnership assets as at 31 December 2024, an internal review of Precinct's wholly owned assets was conducted, indicating no material movement in value during the period.

Further financial commentary is provided in Precinct's 2025 Interim Financial Statements, which was released today. A copy has been provided to the NZX as an attachment to this announcement and is available at: http://www.precinct.co.nz/investors/2025-interim-results

Operational performance

As at 31 December 2024, Precinct's occupancy was 96% and WALT of 6.3 years was recorded. A total of 6,450 square metres (1H24: 5,585 square metres) of leasing transactions was recorded across our investment portfolio in the first half of the financial year. Pleasingly, new office leases were secured 22.8% above previous contract rents. Rent reviews were

[4] Refer to footnote 1 on page 1.

[5] Refer to footnote 2 on page 1.

[6] Refer to footnote 2 on page 1.

completed across 78,300 square metres during the period, resulting in an average annual uplift of 3.1%.

The environment for retailers is likely to remain challenging during 2025. Operational performance across our Commercial Bay retail precinct has been consistent with sales turnover for the first half of FY25 up 1.8% on the prior comparable period following the increased events, foot traffic and visitors in Auckland during the later months of 2024.

The hotel at One Queen Street has also performed well and is trading up in the first half of the 2025 financial year with revenue meeting expectations whilst still in a stabilisation phase. We are pleased with the customer base we have established at this asset.

Across our Generator business, we have seen a decline in average membership occupancy during the first half. Events have continued to be in line with the previous period.

Development update

Post balance date, we are pleased to have managed the delivery of the premises at Beca House on time for Beca's occupation, demonstrating Precinct's strong track record and development expertise to deliver large-scale development projects on behalf of its capital partners. While Wynyard Stage 3 has been impacted by cost overruns due to elevated construction market activity, the project completes the final stage of the Wynyard Quarter Innovation precinct, one of the largest urban regeneration projects in New Zealand, with a total realisable value of circa $550 million encompassing circa 48,000 square metres of premium office space across five campus buildings.

Precinct's current active development project at 61 Molesworth Street in Wellington continues to progress and is on target for completion in Q4 2025.

Across our active build-to-sell residential development projects being undertaken on behalf of capital partners, all three development projects are now under construction. Both FABRIC Stage 2 and the Domain Collection are progressing well and remain on budget and programme. Construction works at York House have now commenced.

We have also advanced our Joint Venture with Orams Group with the transaction settled during the period. The commercial development comprising 3,500 square metres of office and marine-related space, as well as car parking, has now commenced. Designs for the residential development are underway and we expect to launch the development to market in 2026.

Resource consent has been lodged for the residential apartment development on the site at the junction of Dominion and Valley Roads in Mount Eden.

At 99 College Hill, resource consent has been lodged for this smaller scale project and designs are progressing, targeting the launch of this premium apartment offering later in the year.

Dividends payment

Precinct shareholders will receive a second-quarter dividend for Precinct Properties New Zealand Limited (“PPNZ”) of 1.497500 cents per share in cash dividends. This dividend has no imputation credits to attach for the quarter and therefore no supplementary dividend to be paid (see note 2). Precinct shareholders will also receive a second-quarter dividend for Precinct Properties Investments Limited (“PPIL”) of 0.261119 cents per share, comprising cash of 0.190000 cents per share, imputation credits of 0.048920 cents per share and a supplementary dividend of 0.022199 cents per share (see note 2).

The record date for both PPNZ and PPIL dividends above is 7 March 2025 and payment will be made on 21 March 2025.

Outlook and guidance

Precinct’s core portfolio has continued to perform well over the last six months reflecting the underlying quality and resilience of our real estate. We have focused on progressing our strategic initiatives to ensure Precinct is well-positioned to deliver on the next phase of its strategy.

The office market is benefitting from limited supply and a return-to-office trend, with the premium market outperforming. Precinct has focused on securing strong rental growth through the capitalisation rate softening cycle, and we are confident in the underlying property market fundamentals which will support our key portfolio metrics over the next 12-18 months.

Continued execution of our capital partnering strategy is an ongoing focus. The interest from potential capital partners gives us confidence in this strategy, enabling further progress in our living sector and long-term strategic growth opportunities. In addition to advancing our capital partnership strategy, we will look to proactively manage our capital. An improving investment market and stabilising valuation environment both supports our capital partnering strategy and provides opportunities for capital recycling, with Precinct targeting further asset sales during 2025.

Consistent with earlier guidance provided, the Board expects no change to the total combined cash dividends for Precinct Properties New Zealand Limited and Precinct Properties Investment Limited for the 2025 financial year of 6.75 cents per stapled security to be paid.

FY25 may see our dividend payout ratio modestly exceed 100% of our AFFO. With a focus on providing a long term stable dividend profile for our shareholders, Precinct's dividend policy has been to pay out approximately 100% of AFFO as dividends. Over the last 10 years, Precinct's AFFO pay out ratio has averaged 101%.

Further information can be found within Precinct's 2025 Interim Financial Statements and results presentation.

You can find this at: http://www.precinct.co.nz/investors/2025-interim-results

Ends

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About Precinct

Listed on the NZX Main Board under the ticker code PCT and ranked in the NZX top 30, Precinct is the largest owner, manager and developer of premium city centre real estate in Auckland and Wellington. Precinct is predominantly invested in office buildings and also includes investment in Generator, Commercial Bay retail and a multi-unit residential development business.

As at 31 December 2024, Precinct's directly-held portfolio (on-completion value) totalled $3.3 billion and Precinct had a further $1.6 billion of capital partnering assets under management (on-completion value): $1.1 billion of these were assets in which Precinct holds a minority interest; with the balance being managed on behalf of third party partners. For information visit: www.precinct.co.nz

On 1 July 2023, Precinct 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 Precinct Properties Group ("Precinct") hold an equal number of shares in Precinct NZ and Precinct Investments Limited 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.

Note 1

AFFO is a non-GAAP financial measure that shows the organisation's underlying and recurring earnings from its operations and is considered industry best practice for a REIT. This is determined by adjusting statutory net profit (under IFRS) for certain non-cash and other items. AFFO has been determined based on guidelines established by the Property Council of Australia and is intended as a supplementary measure of operating performance.

Reconciliation of net profit after tax to adjusted funds from operations (AFFO)

Amounts in $ millions unless otherwise stated	**Unaudited six months ended 31 December 2024**	**Unaudited six months ended 31 December 2023**
Net profit after taxation	**9.2**	15.3
Adjust for non-cash items		
Unrealised net (gain) / loss in value of investment and development properties	**0.8**	5.5
Unrealised net (gain) / loss on financial instruments	**28.6**	11.1
Net realised gain / (loss) on disposal of investment in joint venture	**(2.8)**	-
Depreciation - property, plant and equipment	**2.1**	2.3
Deferred tax (benefit) / expense	**(7.7)**	1.1
IFRS 16 lease adjustments	**(0.5)**	(0.3)
Share-based payments scheme	**1.3**	0.3
Amortisations	**10.1**	7.0
Straightline rents	**(0.9)**	(2.5)
Adjust for non-cash equity-accounted investments (profit)/loss	**(3.3)**	4.7
Adjust for net impact of disposals and acquisitions	**16.3**	10.8
Adjust for one-off items	**1.8**	-
Funds from operations (FFO)	**55.0**	55.3
Funds from operations per share (cents)	**3.47**	3.49
Maintenance capex	**(1.1)**	(1.9)
Incentives and leasing costs	**(2.6)**	(1.7)
Adjusted funds from operations (AFFO)	**51.3**	51.7
Weighted average number of shares for net operating income per share (millions)	**1,586.9**	1,586.3
Adjusted funds from operations per share (cents)	**3.23**	3.26

This additional performance measure is provided to assist shareholders in assessing their returns for the period.

Note 2:

A supplementary dividend is paid to non-resident shareholders to offset the amount of non-resident withholding tax ("NRWT") that New Zealand companies are required to deduct from dividends paid to non-resident shareholders. A supplementary dividend is paid to ensure equitable treatment between non-resident shareholders and resident shareholders (whose dividends are not subject to NRWT).

Note 3:

All portfolio metrics are as at 31 December 2024 and reflect Precinct's direct ownership in assets, unless otherwise stated.