

NZX announcement – 30 October 2026

Precinct announces Downtown decision, capital return and share buyback

Precinct Properties Group (**Precinct**) (NZX: PCT) is today announcing that it will not progress the Downtown Car Park development (**Downtown**) under current market conditions.

Precinct has made significant progress on Downtown, securing resource consent, appointing Built on an early contractor engagement basis and advancing pre-leasing negotiations with high-quality occupiers for around 50% of the office space. However, market conditions for long-duration development projects have become materially more challenging, reflecting renewed inflationary pressure and elevated long-term interest rates.

These changes have reduced confidence in the value of the development on completion, as well as increasing project costs due to higher financing costs during construction, a lower NZD and greater escalation risk due to inflation. Making the decision now provides greater certainty for shareholders, prospective occupiers and project partners.

Precinct will retain the site and continue operating the car park, targeting a yield on cost of around 5%. Precinct continues to believe that Downtown represents one of the strongest city centre development sites in Auckland and future development of the carpark will remain an objective of the company.

The decision reflects disciplined capital allocation in the context of current investment market conditions. Precinct remains confident in the Downtown location and the outlook for Commercial Bay, which continues to perform strongly. Premium office vacancy in Auckland remains low, while higher project costs are expected to constrain new premium supply and support rental growth across Precinct's Auckland portfolio.

Precinct's Chief Executive Officer, Scott Pritchard, said, "We are disappointed that current market conditions do not support proceeding with the Downtown development. It is an outstanding site at the heart of Auckland's waterfront, and the strong occupier interest and rental levels commercially agreed reinforce our conviction in the quality of the opportunity."

"While we are not proceeding with the development, Precinct's strategy remains unchanged. The strength of occupier demand and rental levels evidenced through this process validates our strategy of owning premium, well-located assets in markets where quality space is increasingly scarce. This is positive for Precinct's broader portfolio, including Commercial Bay, and indicates a greater level of under-renting across the portfolio than is currently reflected. With around \$900 million of developments currently underway, Precinct continues to execute its strategy of concentrating investment in premium, well-located assets, strengthening our commitment to the future growth of Auckland"

"However, higher funding costs and return requirements mean the project does not currently justify committing shareholders' capital. This decision reflects Precinct's disciplined approach to capital allocation and, as a result, the Board has resolved to return surplus capital to shareholders. While Precinct's shares trade below NTA this is an attractive and accretive use of capital."

CAPITAL RETURN AND SHARE BUYBACK

Precinct's stapled shares currently trade at a discount to NTA of \$1.13 per share as at 30 June 2026. This is despite recent transaction evidence at or around book value, supporting Precinct's underlying asset values.

To return surplus capital to shareholders, Precinct will make a \$103 million pro rata special capital distribution by Precinct Properties New Zealand Limited (PPNZ) (**Capital Return**), a 17-to-16 share consolidation (**Share Consolidation**), and a \$50 million on-market share buyback (**Buyback**).

The Capital Return and Buyback programme has been sized to preserve some balance sheet flexibility for future opportunities that meet Precinct's return requirements and will be funded through Precinct's existing debt facilities.

The dual approach is designed to provide a fair outcome for all shareholders while also providing a balance between a mandatory return of capital and optional participation through the Buyback.

Capital Return

PPNZ will undertake a special capital distribution of 5.555092 cents per stapled share, returning approximately \$103 million in cash. This will provide an immediate, equitable return to all shareholders in proportion to their holdings prior to the Share Consolidation.

Share Consolidation

Precinct will undertake a 17-to-16 consolidation of its stapled shares. Under the Share Consolidation, every 17 existing stapled shares registered in a shareholder's name at 5.00 p.m. (NZDT) on 6 November 2026 (Record Date) will be consolidated into 16 stapled shares. Fractional entitlements will be rounded to the nearest whole stapled share, with an entitlement of 0.5 or more rounded up.

The Share Consolidation will reduce each shareholder's holding proportionately but will not change their relative percentage ownership of Precinct or any ownership rights attached to their shares, except for any immaterial effect arising from the treatment of fractional entitlements. Following implementation, Precinct's registrar will issue shareholders with updated holding statements confirming their post-consolidation holdings.

Following the consolidation, the number of securities on issue will reduce from 1,854.2 million to 1,745.1 million, a net reduction of approximately 109.1 million securities, or 5.9%.

Buyback

Following completion of the Capital Return and Share Consolidation, Precinct intends to undertake an on-market buyback of stapled shares in Precinct Properties New Zealand Limited (PPNZ) and Precinct Properties Investments Limited (PPIL).

Precinct will acquire up to 60 million stapled shares with an aggregate value of up to \$50 million (whichever limit is reached first) over a period of up to 12 months ending on 29 October 2027.

The timing and number of stapled shares ultimately acquired will depend on market conditions, Precinct's prevailing stapled share price and other relevant considerations.

Any stapled shares acquired under the Buyback will be cancelled on acquisition. Precinct may vary, suspend or terminate the Buyback at any time and will not acquire stapled

shares during blackout periods or while it holds material information that is not generally available to the market.

OUTLOOK AND DIVIDEND GUIDANCE

Precinct's medium-term outlook for earnings growth remains positive, underpinned by anticipated rental growth for premium office buildings from limited new supply, continued execution across the development pipeline and capital partnering initiatives. However, the decision not to progress the project will reduce Precinct's near-term earnings through the cessation of capitalising interest and management expenses associated with the project.

The impact of ceasing the capitalisation of expenses associated with Downtown will be partly offset by the expected accretive impact of the capital management initiatives announced today, continued car park income and targeted annual cost savings of at least \$3 million.

Accordingly, the Board has approved a rebased annualised dividend rate of 6.50 cents per stapled share for the 2027 financial year. The rebased dividend will apply from and including the first quarter of FY27, with that quarter's dividend payable in December 2026.

The FY27 payout ratio is expected to be above Precinct's dividend policy range of 80% to 95% of FFO, reflecting the impacts of the Downtown decision on FY27 earnings. As the benefits of the Capital Return, Buyback and planned cost savings are realised, the Board expects the payout ratio to return to the policy range in FY28.

TIMETABLE

Key dates for the Capital Return, Share Consolidation and Buyback are itemised below.

Event	Date
Announcement of Capital Return, Share Consolidation and Buyback	Friday, 30 October 2026
Last day of trading on a pre-consolidation basis	Wednesday, 4 November 2026
Trading halt	Thursday, 5 November and Friday, 6 November 2026

Event	Date
Capital Return and Share Consolidation Record Date (5.00pm NZDT)	Friday, 6 November 2026
Implementation Date; trading halt lifted; post-consolidation trading resumes	Monday, 9 November 2026
Capital Return payment date	Friday, 13 November 2026
Annual Meeting of Shareholders	Friday, 20 November 2026
Buyback period ends (12 months from NZX notice)	Friday, 29 October 2027

ADDITIONAL INFORMATION

Further information regarding the Downtown decision and capital management initiatives is contained in the accompanying investor presentation released to the NZX today.

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, developer and investment partner of premium city-centre real estate in Auckland and Wellington. Precinct's markets span office, retail, flexible workspace and living, which includes purpose-built student accommodation and high-end, multi-unit residential development.

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As at 30 June 2026 on a pro forma basis following completion of the PwC Tower transaction, Precinct's directly-held portfolio totals \$3.0 billion and Precinct has a further \$2.2 billion of committed capital partnering assets under management; Precinct is co-invested in \$2.0 billion of these assets, with the balance being managed on behalf of third-party partners (all amounts presented on a committed, completion value basis).

Shareholders in Precinct hold an equal number of shares in Precinct Properties New Zealand Limited and Precinct Properties Investments Limited and these shares can only be dealt with together. The stapled issuers are described as "Precinct Properties NZ & Precinct Properties Investments Ltd" on NZX systems and the ticker code for the stapled securities is PCT.

For more information visit: www.precinct.co.nz.