



# NZX Regulation Decision

Precinct Properties New Zealand Limited ("PCT")  
Application for waiver from NZX Main Board Listing Rule  
9.2.1

29 October 2018



# Waiver from Listing Rule 9.2.1

## Decision

1. Subject to the condition set out in paragraph 2 below, and on the basis that the information provided by PCT is complete and accurate in all material respects, NZXR grants PCT a waiver from Rule 9.2.1 to the extent that the Rule would otherwise require PCT to seek shareholder approval to enter into the ANZ Centre MSA.
2. The waiver in paragraph 1 above is provided on the conditions that:
  - a. the Directors of PCT that are not Associated Persons of AMP Haumi certify to NZXR that:
    - i. the ANZ Centre MSA has been negotiated, and will be entered into, on an arms' length commercial basis;
    - ii. in their opinion, it is in the best interests of PCT that PPHL enter into the ANZ Centre MSA and that entry into that agreements is fair and reasonable to PCT and its shareholders who are not related to, or Associated Persons of, AMP Haumi; and
    - iii. AMP Haumi did not influence the final decision of PPHL to enter into the ANZ Centre MSA; and
  - b. this waiver, its conditions and its implications are disclosed in PCT's next Annual Report.
3. The information on which this decision is based is set out in Appendix One. This waiver will not apply if that information is not, or ceases to be, full and accurate in all material respects.
4. The Rules to which this decision relates are set out in Appendix Two.
5. Capitalised terms that are not defined in these decisions have the meanings given to them in the Rules.

## Reasons

6. In coming to the decision to provide the waiver set out in paragraph 1 above, NZXR has considered that:
  - a. the policy behind Rule 9.2.1 is to regulate transactions where a Related Party to a Material Transaction may gain favourable consideration due to its relationship with the Issuer. NZXR may waive the requirement to obtain approval of a Material Transaction if it is satisfied that the involvement of any Related Party is unlikely to have influenced the promotion of, or the decision to enter into, the transaction. The granting of this waiver will not offend the policy behind Rule 9.2.1;
  - b. PCT submits, and NZXR has no reason not to accept, that AMP Haumi enjoys no further additional benefit after entry into the ANZ Centre MSA that it did not have under the Original MSA prior to the Sale;



- c. the conditions imposed above provide comfort that the ANZ Centre MSA has been, and will continue to be, negotiated on an arms' length commercial basis, and is fair, reasonable and in the best interests of PCT and its shareholders; and
- d. there is precedent for this decision.



## Appendix One

1. Precinct Properties New Zealand Limited (**PCT**) is a Listed Issuer with ordinary shares and Convertible Notes Quoted on the NZX Main Board and fixed rate Bonds Quoted on the NZX Debt Market.
2. PCT, through its wholly owned subsidiary Precinct Properties Holdings Limited (**PPHL**), currently owns a property at 23 Albert Street, Auckland (the **ANZ Centre**).
3. The ANZ Centre is currently managed by AMP Haumi Management Limited (**AMP Haumi**) under a management agreement dated 27 September 2010 (**Original MSA**).
4. On 29 June 2018, PCT announced that PPHL had agreed to sell a 50% interest in the ANZ Centre to NZRE Swan Limited (**NZRE**) for \$181 million (the **Sale**). The Sale is expected to settle on 31 October 2018.
5. As a consequence of the Sale, PPHL, AMP Haumi and NZRE wish to enter into a management services agreement in relation to the ANZ Centre (**ANZ Centre MSA**), whereby AMP Haumi will continue to manage the ANZ Centre on the same essential commercial terms as the Original MSA but that reflects NZRE's 50% ownership.
6. AMP Haumi is a Related Party of PCT for the purposes of Rule 9.2.3(c) as:
  - a. There are a series of relevant ownership relationships, including:
    - i. Haumi Development Auckland Limited (**HDAL**) holding 50% of the Equity Securities of AMP Haumi;
    - ii. HDAL being a wholly owned subsidiary of HIP Company Limited (**HIP**);
    - iii. Haumi Company Limited (**HCL**) also being a wholly owned subsidiary of HIP;  
(together, the **HIP Ownership Relationship**).
  - b. Under Rule 9.2.3(b), HCL holds approximately 18.77% of PCT's Equity Securities carrying Votes and is therefore a Related Party of PCT;
  - c. Under Rule 1.8.2, HCL is and Associated Person of AMP Haumi as, in making a decision or exercising a power affecting PCT, HCL could be influenced as a consequence of the HIP Ownership Relationship which involves both HCL and AMP Haumi.
7. Under Rule 1.6.6, the definition of Issuer extends to PPHL as a subsidiary of PCT.
8. PCT's Average Market Capitalisation (**AMC**) as at 29 October 2018 is approximately \$1.7 billion.
9. Under the Sale PCT, through PPHL, is selling assets having an Aggregate Net Value exceeding 10% of PCT's AMC and is therefore a Material Transaction under the meaning of Rule 9.2.2(a).
10. The fees payable under the ANZ Centre MSA will not themselves comprise a Material Transaction for the purposes of Rule 9.2.2(e). However the ANZ Centre MSA is a direct



consequence of, and was contemplated at the time of, the Sale. The ANZ Centre MSA will therefore form part of a related series of transactions with the Sale.



## Appendix Two

### **Rule 1.6 Interpretation**

1.6.6 Reference to an Issuer in the Rules shall, as the context permits, extend to include all members (other than another Listed entity or a Subsidiary thereof) of any group of companies and/or other entities of which the Issuer is the holding company, or in which the Issuer otherwise has a controlling interest, to the extent that such extension is necessary to ensure that the object of the Rules is not frustrated or avoided by reason of the separate legal personality of members of the group. In relation to the disclosure of information for this purpose the group includes any Associated Persons of the Issuer of which the Issuer has control in law or in fact, other than any such Associated Person which is another Listed entity or a Subsidiary thereof. Assessment of the materiality of any information in relation to such group shall be treated as if the group constituted one business.

### **Rule 1.8 Associated Persons**

1.8.1 In the Rules, a person is an Associated Person of another person if the first person is associated with the other in terms of Rule 1.8.2 to Rule 1.8.7.

1.8.2 A person (the "first person") is associated with another person (the "second person") if, in making a decision or exercising a power affecting an Issuer, the first person could be influenced as a consequence of an Arrangement or relationship existing between, or involving, the first person and the second person.

### **Rule 9.2 Transactions with Related Parties**

9.2.1 An Issuer shall not enter into a Material Transaction if a Related Party is, or is likely to become:

- (a) a direct or indirect party to the Material Transaction, or to at least one of a related series of transactions of which the Material Transaction forms part; or

...

unless that Material Transaction is approved by an Ordinary Resolution of the Issuer.

9.2.2 For the purposes of Rule 9.2.1, "Material Transaction" means a transaction or a related series of transactions whereby an Issuer:

- (a) purchases or otherwise acquires, gains, leases (as lessor or lessee) or sells or otherwise disposes of, assets having an Aggregate Net Value in excess of 10% of the Average Market Capitalisation of the Issuer; or

...

9.2.3 For the purposes of Rule 9.2.1, "Related Party" means a person who is at the time of a Material Transaction, or was at any time within six months before a Material Transaction:

...



(b) the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes

(c) an Associated Person of the Issuer or any of the persons referred to in (a) or (b), other than a person who becomes an Associated Person as a consequence of the Material Transaction itself (or an intention or proposal to enter into the Material Transaction itself); or

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