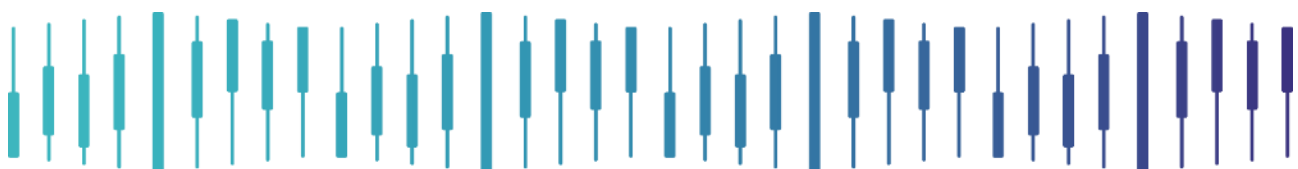


24.03.21

NZ RegCo Decision

Precinct Properties New Zealand Limited (NS) (PCT)
Application for waiver from NZX Listing Rule 5.2.1



Waiver from Listing Rule 5.2.1

Decision

1. Subject to the conditions set out in paragraph 2 below, and on the basis that the information provided by Precinct Properties New Zealand Limited (NS) (**PCT**) is complete and accurate in all material respects, NZX Regulation Limited (**NZ RegCo**) grants PCT a waiver from NZX Listing Rule 5.2.1 (**Rule**), to the extent that this Rule would otherwise require PCT to obtain the approval of shareholders to enter into a Material Transaction with Related Parties.
2. The waiver in paragraph 1 above is provided on the conditions that:
 - a. the directors of PCT who are not Associated Persons of the Manager (i.e. the Committee of Independent Directors) certify that:
 - i) the terms of the Material Transaction have been entered into and negotiated on an arm's length commercial basis;
 - ii) entry into the Material Transaction is in the best interests of PCT and is fair and reasonable to PCT and its shareholders who are not related to, or Associated Persons of, the Manager; and
 - b. the 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 to this decision. This waiver will not apply if that information is not or ceases to be full and accurate in all material respects.
4. The Rule to which this decision relates is set out in Appendix Two to this decision.
5. Capitalised terms which have not been defined in this decision 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, NZ RegCo has considered that:
 - a. the policy of Rule 5.2.1 is to ensure that a Related Party does not exercise undue influence or use personal connections to reach a favourable outcome for, or a transfer of value to, the Related Party in respect of a transaction and that shareholders are given an opportunity to review transactions where the board may have been subject to actual or perceived influence from a Related Party;
 - b. PCT submits, and NZ RegCo has no reason not to accept, that these circumstances are not applicable because:
 - i) all actions of PCT relating to the Transaction have been undertaken by the Committee of Independent Directors and its advisers. ADIA, AMP, the Manager-appointed directors of PCT, and executive officers of the Manager, have not been involved. Accordingly, the Committee of Independent Directors considers that the terms of the Transaction were negotiated on an arms' length commercial basis with the Manager, ADIA and AMP (as applicable);
 - ii) the Committee of Independent Directors managed the Transaction for PCT so the Manager and its executive officers (who were appointed, and are employed by the Manager) were not in a position to exercise undue influence over PCT's decision to enter into the Transaction;

- iii) the Committee of Independent Directors considers that the Transaction is in the best interests of PCT and its non-related shareholders. PCT submits that while AMP was conducting its portfolio review (as reported in the media), PCT, through the Committee of Independent Directors, wished to put the strongest possible transaction forward to AMP/ADIA (as owners of the Manager) and not requiring shareholder approvals was a key component of delivering more execution certainty; and
- iv) as the Transaction was negotiated on arm's length terms, the terms of the Transaction were not materially different to similar transactions entered into with non-Related Parties. The Committee of Independent Directors' deliberations included consideration of the valuations undertaken by their advisers and their own judgements.

Confidentiality

- 7. PCT requested this decision be kept confidential until PCT releases an announcement relating to the Transaction.
- 8. In accordance with Rule 9.7.2, NZ RegCo granted PCT's request.

Appendix One

1. PCT is a Listed Issuer with ordinary shares quoted on the NZX Main Board.
2. PCT currently operates under an external management structure pursuant to a management agreement dated 27 September 2010 (**Management Agreement**) with AMP Haumi Management Limited (**Manager**). The Manager employs PCT's executive officers, as well as most other employees in PCT's business.
3. The Manager is a joint-venture company, owned 50/50 by Haumi Development Auckland Limited and AMP Capital Investors International Holdings Limited (**AMPCIHL**) which are themselves ultimately owned by Abu Dhabi Investment Authority (**ADIA**) and AMP Limited (**AMP**), respectively.
4. On 30 October 2020, AMP advised the ASX and NZX that it had received an indicative, non-binding, conditional proposal from Ares Management Corporation, a US-based company, to acquire 100 per cent of the shares in AMP by way of scheme of arrangement.

Material Transaction with Related Parties

5. PCT subsequently established a committee comprising of only independent directors of PCT (**Committee of Independent Directors**) and advisers in response to the potential corporate activity affecting AMP and how that might impact PCT.
6. In particular, the Committee of Independent Directors engaged in discussions with ADIA and AMP in relation to a transaction (the **Transaction**) that could result in:
 - a. PCT and/or ADIA acquiring all of AMPCIHL's shares in the Manager; and
 - b. PCT internalising its management function by terminating the Management Agreement and paying a termination fee to the Manager.
7. The Committee of Independent Directors resolved to progress the internalisation of the Management Agreement, subject to reaching agreement with AMP/ADIA. The termination fee payable by PCT to the Manager is expected to be at or about the value of the Management Agreement. The gross cost of that fee will exceed 1% of PCT's Average Market Capitalisation (**AMC**), which was approximately \$2.19 billion as at 23 March 2021. The money to be paid in respect of the Termination Fee may exceed 10% of PCT's AMC.
8. The Manager is a Related Party of PCT, as:
 - a. ADIA is a Related Party of PCT, as it has an indirect interest (through its subsidiary Haumi Company Limited) in 17.737% of the shares in PCT; and
 - b. the Manager is an Associated Person of ADIA, as ADIA is able, directly or indirectly, to exert a substantial degree of influence over the activities of the Manager.
9. An internalisation proposal of this nature is a transaction governed by paragraph (e) of the definition of Material Transaction and, depending on the final amount of the Termination Fee, paragraph (c). Therefore, Rule 5.2.1 would require PCT to seek shareholder approval for the Transaction. Other than in respect of Rule 5.2.1 PCT is not required to seek any other shareholder approvals for the Transaction.

PCT sought a waiver from Rule 5.2.1 to the extent that the Rule would otherwise require PCT to obtain the approval of shareholders to enter into a Material Transaction with Related Parties.

Appendix Two

Rule 5.2.1 Transaction with Related Parties

Rule 5.2.1 An Issuer must not enter into a Material Transaction if a Related Party is, or is likely to become:

- (a) a direct party to the Material Transaction, or
- (b) a beneficiary of a guarantee or other transaction which is Material Transaction,

unless that Material Transaction is approved by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 6.3) or conditional on such approval.