

Precinct Policy 2025

Precinct Sustainable Debt Framework

Purpose

The purpose of this Sustainable Debt Framework (the "Framework") is to outline the governance framework under which Precinct Properties issues and manages various Sustainable Debt products. As relevant market standards and best practice continue to evolve over time, Precinct retains the right to make changes to the Framework at its discretion. We welcome feedback on our approach from all market participants.

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Introduction to Precinct

Our Business

We create vibrant, mixed-use precincts that deliver premium experiences for the people who live, visit or come to work in our spaces. Precinct is a specialist real estate investment company and the largest owner and developer of commercial real estate in Auckland and Wellington. Investment management and creating value for our clients, partners and shareholders continues to be a priority for the business.

Precinct launched its capital partnering and living sector strategies in 2022, which have since become core components of our business. Entry into the living sector marks a strategic pivot from our core commercial office portfolio into residential development. Since then, we have also extended our living strategy to include Purpose Built Student Accommodation. This move was a natural extension of our expertise in creating highquality, mixed-use urban precincts.

Own and Invest	Develop	Manage	Partner
Through our concentrated ownership in strategic locations, Precinct has successfully evolved our portfolio since 2021, through internalisation, stapling and expansion of its investible universe.	Precinct has a proven development track record of developing world-class real estate. We deliver projects with people-centric outcomes in mind and premium property solutions. Since 2017, Precinct has developed over \$2.5 billion in premium-grade real estate.	We are trusted managers of real estate, investment funds and operating businesses.	With a focus on value-add opportunities, we are an attractive local partner to global capital with a strong track record in execution and a growing reputation as a capable, professional and aligned capital partner.

Our Ambition

We understand that the operational aspects of Precinct's business as an owner, developer and a manager of property, have an external impact on a number of environmental, social and economic issues.

Our sustainability strategy has therefore been designed in parallel with Precinct's broader business strategy. This alignment has provided us with a sustainability framework which we have adopted to both assist and illustrate Precinct's sustainability context, approach and priorities.

ESG Framework & Approach



Precinct's approach reflects the goal of a more environmentally sustainable management model, recognising the drive to a more environmentally sustainable portfolio. Our objective is to deliver improvements in environmental performance and reduce operational costs, and meet the trend from occupiers to prefer more environmentally sustainable spaces to live, work and thrive. The overarching measure we currently use to benchmark our sustainability performance is the Global

Real Estate Sustainability Benchmark (GRESB). Being able to measure Precinct's sustainability operational performance and having measurable long-term targets is a key priority.

The assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real estate investments. GRESB is considered the global standard for ESG benchmarking and reporting for real estate. Precinct achieved a GRESB score in 2024 of 89 out of 100 (2023: 86). This score compares with the GRESB global average for 2024 of 76. Precinct also reports in accordance with the Global Reporting Initiative (GRI) Standards (core option). This requires Precinct to identify and report against the material sustainability issues facing the business. For more information on all material sustainability issues please see the sustainability section of [Precinct's annual report](#).

In addition to our GRESB target to maintain our position in the top quartile of funds, our individual Directly Owned Eligible Asset targets align to the NZGBC Guidance on green building ratings for sustainable finance, August 2024, version 1 (NZGBC Green Finance Guidance) and include;

Green Star:

Precinct Target:

- a minimum of **5 star Green Star** legacy rating (Design & As- built) or **4 star Green Star** Buildings NZ rating (released 2024) for new developments.
- over 60% of the investment portfolio (by value) obtain at least a 5 star Green Star As Built rating.

Homestar

Precinct Target:

- a minimum of 6 star Homestar rating for at least 60% (by construction cost) for all new residential developments.

NABERSNZ

Precinct Target:

- a minimum of 5 star NABERSNZ Base Building Energy rating for all new developments.
- a minimum of 4 star NABERSNZ Base Building Energy rating for all directly owned commercial office buildings

Notes on the above:

- New development ratings refer to the current NZGBC version of the Green Star or Homestar standard at the time new developments or significant refurbishment projects register, noting on occasion there can be multiple versions available to enrol under.
- As formal NABERSNZ ratings can only be obtained in operation, new development projects complete energy modelling through third party consultants to demonstrate compliance.
- Directly Owned refers to assets 100% owned by Precinct Properties Holdings Limited.

Additional targets are detailed in our Annual Climate Statement and on our website's dedicated page to [Sustainability - Reporting & Disclosures](#).

Over many years of reporting our carbon emissions footprint from business operations, Precinct has identified that the majority of our impact lies in the development and operation of our buildings. To address this, we utilise the NZGBC-supported Green Star, Homestar and NABERSNZ standards to guide design, monitor benchmarks, and enhance ongoing performance. These standards provide a credible framework to measure the environmental and sustainability performance of our properties throughout their lifecycle, benchmarking against industry best practices. The use of the Green Star and Homestar standard in design, construction and operation also ensures Precinct can identify and manage perceived, actual or potential environmental and social risks associated with each project and property through the robust environmental management credits aligned and / or certified to ISO14001:2015. Precinct's investment portfolio also operates utilising an Environmental Management system aligned to ISO14001.

To ensure we capture our most significant areas of impact, we prepare an annual carbon emissions inventory, certified through our membership with Toitū Envirocare. This certification assures the accuracy of our Scope 1, 2, and 3 datasets. Through this program, we achieve annual net carbonzero emissions by measuring and offsetting residual emissions.

Additionally, we assign a carbon price to our emissions, which is reviewed annually. Funds accrued from this pricing mechanism are used to purchase offset units, with any surplus allocated to accelerating our emissions reduction initiatives. These initiatives may include energy management and analytics programs, industry partnerships, and investment into capital projects with a decarbonisation lens.

"Since our inaugural Sustainable Debt Framework was issued in 2021, Precinct is very pleased to have secured \$593m in green finance"

Richard Hilder, CFO

Precinct is a member of the New Zealand Green Building Council (NZGBC) and works in partnership with the NZGBC on a wide range of market-based green building practices including the Green Star Advisory Group, established to ensure the tool remains relevant and supported by industry.

In addition to the NZGBC, Precinct has been a *Keystone member* of the International WELL Building Institute (IWBI) since 2023 and pursues an annual Portfolio score out of 100 and Oceania's first WELL Equity rating for a Corporate real estate office. The IWBI facilitate the globally recognised 'WELL Building Standard' and was established to identify targeted and measurable impacts to real estate with the goal of elevating human health and well-being.

Precinct is also a long-term supporter of the Auckland City Mission and Wellington City Mission. In addition to financial support, Precinct works together with both Missions on fundraising initiatives throughout the year including annual Christmas gift collection and donations in our office building lobbies. Precinct supported the Auckland City Mission's HomeGround project which completed in 2023 by sponsoring the cost of an apartment.

Precinct is also a member of GRESB and Amotai, the Māori and Pasifika directory.

Precinct Sustainable Debt Framework

The establishment of the Precinct Sustainable Debt Framework (The “Framework”) aligns naturally with Precinct’s sustainability strategy and commitment to achieving sustainable business outcomes. The Framework outlines the processes by which Precinct will issue and manage Sustainable Debt on an ongoing basis to support the development of low-carbon buildings within its property portfolio.

Sustainable Debt may include:

- Green Bonds and Loans, and
- Sustainability-Linked Bonds and Loans.

These bonds and loans may be designated as Sustainable Debt either at the time of issuance or at a later date.

The Framework provides detailed processes for the issuance and management of each product type. The Framework may be updated at Precinct’s discretion to reflect evolving market standards and best practices.

If the Framework is updated, such update will be made available on Precinct’s website and externally reviewed prior to annual assurance.



Green Bonds and Loans

Use of Proceeds bonds and loans issued under the Framework may take the form of the ICMA/APLMA [Green Bond/ Green Loan Principles](#) as they stood at the time of issuance of this Sustainable Debt Framework.

In accordance with the above market standards and best practice, the Framework covers four key components as follows:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting

Use of Proceeds:

An amount equivalent to the net proceeds from the issuance of Green Bonds or Loans will be used wholly or in part to finance or refinance existing and/or planned Eligible Assets.

Eligible Assets

Precinct intends to allocate proceeds to energy efficient buildings utilising the Green Star, Homestar and / or NABERSNZ ratings tools and apply benchmarks as outlined within the NZGBC '[Guidance on green building ratings for sustainable finance, August 2024, version 1.0](#)'. Eligible Assets will also align with the GBP or GLP. Existing and/or planned buildings, including upgrades will be eligible to be categorised and labelled as an Eligible Asset, and proceeds can be internally allocated to them, if they meet the following criteria (as detailed in the NZGBC Green Finance Guide, August 2024):

Issuance Period	Certification Requirements
1 November 2024 - 1 August 2025	<p>All Eligible Asset Types (Green Star):</p> <ul style="list-style-type: none"> 4-star Green Star Buildings NZ rating (v1) 5-star Green Star Built rating (v3, v1.0, v1.1) 8/20 (base building) or 9/23 (whole building) Green Star Performance Pathway B <p>Residential (Homestar):</p> <ul style="list-style-type: none"> 6-star Homestar v5 <p>Commercial Office (NABERSNZ):</p> <ul style="list-style-type: none"> 4-star NABERSNZ Energy Base Building rating
1 August 2025 - 31 December 2026	<p>All Eligible Asset Types (Green Star):</p> <ul style="list-style-type: none"> 5-star Green Star Buildings NZ rating (v1) 5-star NZGBC Green Star Built rating (v1.0, v1.1) 10/20 (base building) or 11/23 (whole building) Green Star Performance Pathway B <p>Residential (Homestar):</p> <ul style="list-style-type: none"> 7-star Homestar v5 <p>Commercial Office (NABERSNZ):</p> <ul style="list-style-type: none"> 4.5-star NABERSNZ Energy Base Building rating

Issuance Period	Certification Requirements
1 January 2027 - 31 December 2030	<p>All Eligible Asset Types (Green Star): -</p> <ul style="list-style-type: none"> • 5-star Green Star Buildings NZ rating (v1) • 5-star NZGBC Green Star Built rating (v1.0, v1.1) • 12/20 (base building) or 13/23 (whole building) Green Star Performance Pathway B <p>Residential (Homestar):</p> <ul style="list-style-type: none"> • 8-star Homestar v5 <p>Commercial Office (NABERSNZ):</p> <ul style="list-style-type: none"> • 5-star NABERSNZ Energy Base Building rating

Note: If both a NABERSNZ and Green Star Performance rating is obtained for an existing asset, either pathway may be pursued to determine compliance to the NZGBC Green Finance criteria.

If an Eligible Asset no longer meets the Eligibility Criteria set out in this Framework, then it will no longer be categorised as an Eligible Asset and the total value of Eligible Assets will reduce by the value of this asset.

A list of Eligible Assets which have attained Green Star and / or NABERSNZ certification will be published within annual Use of Proceeds reporting.

Process for project evaluation and selection:

Precinct has processes that are in place to ensure that Eligible Assets are identified and evaluated appropriately to ensure compliance with this Framework.

In determining eligibility of Precinct's low carbon and energy efficient buildings, Precinct will assess the following where applicable:

- **Current NABERSNZ rating.** Demonstrated through a third party certificate and report. NABERSNZ is a framework that benchmarks and rates the energy efficiency of New Zealand-located office buildings (office buildings only as at the time of publication of this Framework) by comparing their performance to similar peers. Eligible Assets within Precinct's portfolio are rated as part of the company's ongoing monitoring of operational assets and decarbonisation strategy. 'Current' is defined as a building that holds a certificate with an expiry date post the date of the assurance review. NABERSNZ is an independent and voluntary tool, administered by the New Zealand Government's Energy Efficiency & Conservation Authority (EECA) in partnership with the New Zealand Green Building Council (NZGBC).
- **Modelled NABERSNZ rating.** Demonstrated through a third party modelled report. As above, for assets in development and initial months of operation where a NABERSNZ rating is not yet eligible to be obtained. The modelled NABERSNZ rating will be supplied by a NABERSNZ accredited assessor and / or energy modeller.
- **Green Star Rating.** Demonstrated through a third party certificate and final scorecard. Green Star is an internationally recognised rating system for the sustainable design, construction and operation of buildings, fit outs and communities. Administered independently by the NZGBC, Green Star provides a trusted mark of verification, supporting transparent sustainability claims across all stages of a property's lifecycle.
- **Modelled Green Star Rating.** Demonstrated through a third party scorecard, current at time of assurance. As above, for assets in development and initial months of operation where a Green Star rating is not yet eligible to be obtained. The current scorecard will be supplied by a Green Star Accredited Professional.
- **Homestar rating.** Demonstrated through a third party certificate and final scorecard. Homestar is a voluntary building standard focused on the development of sustainable residential projects and is also administered independently by the NZGBC.

Once projects are determined to have met all relevant criteria for inclusion, assets will be included as Eligible Assets.

Management of Proceeds:

Precinct commits to tracking the receipt and allocation of net proceeds via internal reporting systems. Precinct maintains a register of Eligible Assets, including the notional allocation of net proceeds against each Eligible Asset.

Precinct intends to fully allocate net proceeds immediately following issuance of any Sustainable Debt. Precinct intends to monitor proceeds and balances of Eligible Assets at all times.

Unallocated proceeds or surplus funds

Precinct does not intend to have any unallocated proceeds. Precinct intends to maintain a balance of Eligible Assets as described above, based on market value, which is larger than the sum of net proceeds from all Use of Proceeds bonds or loans.

In the unlikely event of any unallocated proceeds or surplus funds, Precinct will ensure any unallocated proceeds are applied to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to Eligible Assets within 24 months.

Reporting

Precinct understands the importance of transparency and disclosure. All reporting will be in line with applicable market standards. Impact reporting may be provided where applicable or incorporated within Use of Proceeds reporting.

The following reporting will be made publicly available following issuance:

Document	Timing
Sustainable Debt Framework	At time of first issuance (subsequently updated at Precincts discretion)
Assurance statements	At time of first issuance and annually thereafter (for Green Bonds only)
Use of proceeds reporting	Annually

Use of Proceeds Reporting:

Precinct intends for annual Use of Proceeds reporting to include:

- Summary of Eligible Assets (location, type of asset, asset value)
- Current third party rating referenced in 'Eligible Asset' criteria
- Confirmation of aggregated amount of proceeds
- Details of allocation of proceeds per Eligible Assets
- Disclosure of any unallocated proceeds
- Confirmation of accordance with applicable market standards
- Assurance updates or the most recent assurance report

Assurance:

In accordance with the applicable market standards, Precinct will seek assurance from an approved verifier prior to first issuance and on an annual basis, and as deemed necessary by Precinct.

Confirmation of assurance will be made publicly available.

Important Notice:

For the avoidance of doubt, and unless otherwise specified in relation to specific Green Bonds or Loans, if Precinct fails to earmark the proceeds in the manner described in the Framework or fails to comply with the Framework or related matters; Green Bonds or Loans cease to satisfy the GBP or GLP; or Precinct undertakes non-eligible projects outside of this Framework:

- no event of default or any other breach will occur in relation to the Green Bonds or Loans; and
- neither investors nor Precinct have any right for the Green Bonds or Loans to be repaid early.

Whilst this does not diminish Precinct's commitment to align with the Framework and applicable market standards, it clarifies that there is no legal obligation to earmark proceeds or maintain ongoing compliance with the Framework, the GBP or the GLP. Bonds and loans may cease to be labelled as green, in which case investors may consider that the bonds or loans no longer align with their intentions or requirements and may (as applicable) have increased difficulty finding interested buyers or obtaining an acceptable price.

Sustainability-Linked Bonds and Loans

Sustainability-Linked Bonds and Loans (collectively referred to as Sustainability-Linked Instruments or SLIs) are distinct from Green Bonds and Loans as previously defined. Proceeds from Sustainability-Linked Instruments are utilised for general corporate purposes, for which the financial and / or structural characteristics can vary depending on Precinct's performance against predefined material, quantifiable and ambitious sustainability performance objectives. Proceeds do not need to be earmarked to specific assets and projects.

When issuing or managing any Sustainability-Linked Instruments, Precinct will clearly communicate how its SLIs, including the associated Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs), are both material to its overall business strategy and aligned with its ESG Framework and Approach.

The issuance and management of SLIs will seek to be consistent with the components of the [ICMA Sustainability-Linked Bond Principles \(SLBP\)](#) and the [LMA Sustainability Linked Loan Principles \(SLLP\)](#) as they stood at the time of issuance of this Sustainable Debt Framework. This section of the Framework covers the following five core components:

1. Selection of KPIs
2. Calibration of SPTs
3. Sustainable-Linked Instrument Characteristics
4. Reporting
5. Verification

1. Selection of KPIs

Precinct will tie the terms of its Sustainability-Linked Instrument(s) with its sustainability performance over the term of each Sustainability-Linked Instrument, using one or more KPIs. The KPIs will be selected based on their relevance, strategic importance and materiality to Precinct. The KPIs will be consistent with our overall Sustainability Strategy, and will be measurable, quantifiable and externally verifiable.

2. Calibration of SPTs

Precinct has a commitment to achieve a more environmentally sustainable property portfolio. For the issuance and management of Sustainability-Linked Instruments, Precinct has provided the below metrics as a guide for potential KPIs:

- NABERSNZ building ratings
- GRESB rating
- Green Star property ratings
- Science Based Target Initiative
- Ratings on a subset of properties or Precinct's total portfolio
- Energy, water or waste consumption for properties, or on a portfolio basis
- Greenhouse gas (GHG) emissions for properties, or on a portfolio basis
- WELL Certification for properties, or a WELL at Scale score on a portfolio basis
- Other sustainability metrics (environmental or social) that are relevant to Precinct's overall Sustainability Strategy and Framework.

Measurement of performance with respect to KPIs for any Sustainability-Linked Loans will be undertaken periodically as relevant. At a minimum, measurement will be annual. Measurement of performance with respect to KPIs for any Sustainability-Linked Bonds will occur at an agreed observation date.

Precinct intends to ensure the SPTs and KPIs selected will be meaningful to Precinct's sustainability strategy and will involve appropriate ambition. In setting these SPTs, Precinct will consider its historical performance, peer benchmarking and, where relevant, science-based references. In addition, Precinct sees the value in measuring and improving on benchmarks related to Social and Governance metrics as well as Environmental and will utilise additional tools (including the WELL Building Standard) where feasible to demonstrate social outcomes within SLIs.

3. Sustainable-Linked Instrument Characteristics

Sustainability-Linked Instruments that Precinct may issue or manage will incorporate financial characteristics that adjust based on Precinct's annual performance against one or more predefined SPTs. These financial adjustments could include a potential variation to the coupon, or an adjustment to the margin by way of premium and/or discount rate, and/or Neutral Zones.

A Neutral Zone refers to a predefined range of performance outcomes for a Sustainability Performance Target (SPT) within which no financial adjustment, such as a change in coupon or margin, is triggered. It provides a buffer that recognises natural variability in performance and allows for outcomes that are close to, but do not fully meet, the target.

4. Reporting

For Sustainability-Linked Loans, Precinct and the arranging bank(s) or financial institution(s) will agree on the appropriate annual reporting parameters and the schedule for disclosing information on sustainability performance to the lenders.

For Sustainability-Linked Bonds, Precinct will undertake annual public reporting with regards to the issuance and sustainability performance against the selected SPTs. This reporting will be available on Precinct's website.

Precinct will disclose at issuance the reporting that will be provided, including its location, frequency, scope and assurance commitments. Precinct will focus on providing timely information regarding performance in relation to the selected SPTs for each transaction.

5. Verification

To ensure the integrity of Precinct's Sustainability-Linked Instruments, and continued alignment with the SLLPs and SLBPs, Precinct will obtain independent external verification of its performance against each SPT for every KPI:

- **Pre-Issuance:** Precinct will seek an external review to verify that our Sustainability-Linked Instrument(s) align with the applicable SLLP or SLBP.
- **Post-Issuance:** Precinct will obtain ongoing assurance or verification, at least annually. This may also include review of any material changes to KPI methodologies or SPT calibrations.

For transparency, external reviews will be publicly disclosed for Sustainability-Linked Bonds and made available to lenders for Sustainability-Linked Loans at a minimum.

Governance

Precinct's internal working group for updates to the Sustainable Debt Framework will form part of Precinct's ESG sub-committee for Finance & Acquisitions. This committee acts as custodian for Precinct's strategy in relation to finance and acquisitions and comprises members of Precinct's executive alongside the Head of Sustainability with input from various parts of our business including Funds Management, Finance and Analytics. The committee meets bi-annually. The committee is responsible for assessing, actioning and driving sustainability as it relates to finance and acquisition including the application of the Sustainable Debt Framework, reviewing performance and considering Precinct's long-term strategy on sustainable finance activities across the business and reporting on its progress.

In addition, the Sustainable Debt Framework is included in the agenda of the ESG Committee meeting (chaired by a non-executive independent board member) and any matters arising will be noted into the Audit & Risk papers on an ongoing basis and consequently overseen at a Board level.

Precinct's CFO is responsible for Precinct's overall Sustainability Strategy and Emissions Reduction Plan. The CFO will also be responsible for any revisions to the Sustainable Debt Framework which Precinct undertakes and will report to the wider senior management team and at a Board level, quarterly. Where deemed necessary, external reviews will be undertaken on any updates to the Framework prior to publishing.

Appendices & Contacts

Appendices

More information on precincts approach to sustainability can be found:

- **On our website:** <https://www.precinct.co.nz/environmental-social-governance/sustainability>
- **In our Annual Report:** <https://www.precinct.co.nz/investors/reporting-disclosure>

Contacts

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