

NZX RELEASE

13 December 2016

Kiwi Property proposes partnership with NPT

Kiwi Property advises that it put a non-binding and confidential strategic partnership proposal to NPT Limited ('NPT') in early September 2016 and that its proposal is one of four considered by NPT and its independent adviser Northington Partners. Kiwi Property has consulted with certain major shareholders of NPT and it now intends to proceed with its proposal, which if approved by NPT shareholders, will be beneficial to both NPT and Kiwi Property.

Key elements of the proposal include:

- > Kiwi Property selling North City Shopping Centre and The Majestic Centre to NPT for cash and NPT shares, for a total consideration of ~\$230 million¹.
- > NPT raising approximately \$100 million of equity from existing and new shareholders, as well as issuing approximately \$50 million of new shares to Kiwi Property, to fund the transaction. As a result, Kiwi Property would become a cornerstone investor in NPT with a shareholding of up to 19.9%.
- > Kiwi Property assuming the management of NPT with a payment to NPT of \$6 million.
- > NPT pursuing a clearly defined 'Core-Plus' investment strategy with access to Kiwi Property's specialist management capabilities.

Kiwi Property Chief Executive, Chris Gudgeon, said: "The partnership proposal will align the interests of the two listed property companies and provide a clear pathway to grow value for both companies."

"The proposal has the potential to deliver NPT shareholders with an immediate lift in earnings and increases NPT's scale and relevance, positioning the company to grow and prosper."

"Our proposed management agreement with NPT is best-in-class and offers NPT shareholders an ability to terminate the agreement without cause, if they should ever deem this to be in the best interests of the company, at some point in the future," said Mr Gudgeon.

"Kiwi Property's interests will be aligned to NPT's shareholders through its up to 19.9% shareholding in NPT and we will be motivated under the terms of the management agreement to perform for NPT shareholders," said Mr Gudgeon.

Kiwi Property Chair, Mark Ford, said: "This partnership proposal is a logical opportunity to create further value for our shareholders by using our existing property and funds management platform to generate additional management fee income."

"Whilst we are happy to retain an interest in North City Shopping Centre and The Majestic Centre, through our shareholding in NPT, the proposal also serves to release capital which we can recycle to fund our planned expansion of Sylvia Park Shopping Centre."

"If we receive the support of NPT shareholders to our proposal, we would drive NPT's future investment performance by using our specialist management capabilities to intensively manage their assets and by seeking investment opportunities that create further value for NPT shareholders," said Mr Ford.

1. Updated independent valuations are currently being obtained to confirm the total consideration.



A copy of Kiwi Property's proposal has been provided to NZX.

About North City Shopping Centre

Located within Porirua's town centre, North City has been providing quality national and international retailing for over 25 years. The two-level, 25,000 sqm centre is anchored by Kmart, Farmers and Reading Cinemas with an adjoining New World supermarket under separate ownership. North City's retailers recorded sales growth of 11% for the 12 months to 30 September 2016 as the centre benefits from population growth from significant new residential development in the centre's catchment.

About The Majestic Centre

One of Wellington's most recognisable office towers, The Majestic Centre offers 21 levels of A-grade office accommodation for high-quality tenants from the public and private sectors. Kiwi Property is undertaking strengthening works, expected to be completed in December 2016, targeting achievement of a 100% NBS rating. Kiwi Property's market leading commitment to strengthening works has resulted in the building now being recognised as one of the most attractive office accommodation options for tenants in the Wellington market.

About NPT

NPT is an NZX-listed property investment company with a diverse property portfolio across retail, industrial and commercial buildings throughout New Zealand. NPT has \$169 million in property assets and a track record in the property sector spanning more than 20 years.

> Ends

Contact us for further information

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About us

Kiwi Property (NZX: KPG) is the largest listed property company on the New Zealand Stock Exchange and is a member of the NZX15 Index. We've been around for more than 20 years and we proudly own and manage a \$2.9 billion portfolio of real estate, comprising some of New Zealand's best shopping centres and prime office buildings. Our objective is to provide investors with a reliable investment in New Zealand property by targeting superior risk-adjusted returns over time through the ownership and active management of a diversified, high-quality portfolio. Kiwi Property is licensed under the Real Estate Agents Act 2008. To find out more, visit our website kp.co.nz