

## NZX RELEASE

3 April 2017

# Kiwi Property portfolio value increases to \$3 billion

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Kiwi Property today reported a net increase of approximately \$38 million (+1.3%) in the value of its portfolio of shopping centres and office buildings for the year ended 31 March 2017, with the total portfolio value lifting to \$3.0 billion.

Chief Executive, Chris Gudgeon, said: "Kiwi Property's portfolio has benefited from a general strengthening in investment market conditions with capitalisation rates firming to a record low across the portfolio. New leasing deals and strong sales at our key retail centres have assisted value growth, albeit our overall gain was moderated by our continued proactive approach to earthquake strengthening which effectively reduced the gain by approximately \$22 million."

The weighted average capitalisation rate for the portfolio firmed 21 basis points to 6.4% and the valuations indicate that, overall, the portfolio is marginally under-rented by 0.5%.

The March 2017 property valuations were determined by independent valuers and will be confirmed in the Company's audited financial results for the year to 31 March 2017, to be announced on 22 May 2017.

### RETAIL PORTFOLIO

The value of the retail portfolio increased to \$2.0 billion and its weighted average capitalisation rate firmed 17 basis points to 6.52%. This represented a net value gain (after allowing for capital expenditure and IFRS adjustments) of approximately \$8 million (+0.4%).

Sylvia Park, the Company's flagship asset, increased in value by \$11 million (+1.5%) to \$755 million. On completion of the office and dining lane developments now underway (requiring further expenditure of \$75 million in remaining development costs), the value of Sylvia Park is projected to increase to \$840 million.

### OFFICE PORTFOLIO

The net value gain for the office portfolio was approximately \$22 million (+2.5%) with the portfolio value increasing to \$879 million and the weighted average capitalisation rate firming 31 basis points to 6.13%.

Auckland office buildings provided a net value gain of \$23 million, with capitalisation rates for both Vero Centre and ASB North Wharf firming to 5.75%. The increase in value of the Vero Centre is assisted by limited vacancy in the Prime-grade sector and higher market rents.

In Wellington, Kiwi Property's core government precinct buildings, The Aurora Centre and 44 The Terrace, produced a combined \$4 million of value uplift. The value of the Majestic Centre increased to \$119.4 million but a net value loss of \$5 million was recorded after allowing for capital expenditure on the seismic upgrade programme which completed in January.



## VALUATION SUMMARY

The valuation summary as at 31 March 2017 is as follows:

Property and portfolio	Capitalisation rate			Value	Net change in value	
	Mar-16	Mar-17	Variance	Mar-17		
	%	%	bps	\$	\$m	%
Sylvia Park	6.00	5.88	12	755.0	11	1.5
Sylvia Park Lifestyle	6.50	6.38	12	70.9	1	1.3
LynnMall	6.75	6.38	37	271.0	0	0.0
Westgate Lifestyle	6.75	6.50	25	87.0	-1	-0.8
The Base (50%)	N/A	6.50	N/A	195.0	1	0.8
Centre Place – North	8.75	8.63	12	66.0	-3	-5.0
The Plaza	7.00	7.00	-	215.5	-2	-1.0
North City	7.75	7.63	12	110.5	0	0.0
Northlands	7.25	7.25	-	248.5	1	0.5
<b>Total: Retail portfolio</b>	<b>6.69</b>	<b>6.52</b>	<b>17</b>	<b>2,019.4</b>	<b>8</b>	<b>0.4</b>
Vero Centre	6.13	5.75	38	381.0	15	4.2
ASB North Wharf	6.05	5.75	30	196.3	7	3.8
The Majestic Centre	7.50	7.25	25	119.4	-5	-4.0
The Aurora Centre	6.75	6.50	25	140.7	2	1.8
44 The Terrace	7.25	6.88	37	41.8	2	4.0
<b>Total: Office portfolio</b>	<b>6.44</b>	<b>6.13</b>	<b>31</b>	<b>879.1</b>	<b>22</b>	<b>2.5</b>
<b>Total: Investment portfolio</b>	<b>6.61</b>	<b>6.40</b>	<b>21</b>	<b>2,898.5</b>	<b>29</b>	<b>1.0</b>
Other property				70.9	9	14.0
<b>Total: Portfolio</b>				<b>2,969.4</b>	<b>38</b>	<b>1.3</b>

This table may not add due to rounding

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## Contact us for further information

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## About us

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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 \$3.0 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](https://kp.co.nz)