

NZX RELEASE

1 April 2015

Property portfolio value rises to \$2.28 billion

Kiwi Property today reported a net increase of \$57 million (+2.6%) in the value of its portfolio of shopping centres and office buildings for the year ended 31 March 2015, lifting the overall value of the portfolio to \$2.28 billion.

Chief Executive, Chris Gudgeon, said: "Kiwi Property's portfolio has benefited from high occupancy rates from our leasing successes, stronger retail sales at our key assets and a general strengthening in investment market conditions, driven by a global reduction in interest rates and strong interest from offshore investors in New Zealand property."

"We are pleased to report an overall lift in the value of the portfolio for our shareholders. Common market factors driving value growth include firming capitalisation rates due to strong investor demand, and a reduction in insurance premiums," said Mr Gudgeon.

The weighted average capitalisation rate for the portfolio firmed 26 basis points to 6.92% and the independent valuations indicate that, overall, portfolio rental rates are at market.

The March 2015 property valuations were determined by independent valuers. These will be confirmed in the Company's audited financial results for the year to 31 March 2015, to be announced on 18 May 2015.

Retail portfolio valuation

The value of the retail portfolio increased \$57 million (+3.9%) to \$1.53 billion. The weighted average capitalisation rate has firmed 18 basis points to 6.97%.

Sylvia Park Shopping Centre, the flagship asset and outstanding performer in the Company's portfolio, increased in value by \$30 million (+5.2%) to \$601 million, reflecting improving rentals following strong sales growth of over 5% in the past year. The asset's capitalisation rate firmed to 6.25%, consistent with the centre's strong trading history as well as its income growth and redevelopment potential. The growth in value of this asset over the past three years has been an impressive \$88 million.

Apex Mega Centre has been recorded at the independent valuation undertaken at the time of its acquisition in December 2014.

Other positive valuations were recorded for Northlands (+7.0%), The Plaza (+5.0%), LynnMall (+4.8%)¹ and North City (+0.8%). A valuation decrease was recorded at Centre Place (-6.6%) due to seismic remediation capex completed in the period, combined with a more moderate outlook for market rental growth.

¹ The valuation methodology for LynnMall has changed since last year following receipt of board approval for the \$36 million redevelopment project currently underway. The independent valuer has assessed the centre's 'as if complete' value and made deductions for costs to complete the redevelopment and associated profit and risk to determine the current fair value.



Office portfolio valuation

The value of the office portfolio declined marginally by \$4 million (-0.6%) to \$673 million. The weighted average capitalisation rate for office assets firmed 43 basis points to 6.80%.

Auckland office buildings provided a value gain of \$33 million, reflecting investor demand, low vacancy rates and prospects for rental growth. Positive valuations were recorded at Vero Centre (+7.4%) and ASB North Wharf (+6.5%). Over the past three years these assets have provided a combined revaluation gain of \$78 million.

Wellington office assets reduced in value by \$37 million due primarily to the \$29.9 million cost increase for the seismic remediation project at The Majestic Centre (-26.1%), as recognised in the September 2014 interim results. Other decreases were recorded for 56 The Terrace (-6.4%), due to a forecast \$4.8 million cost increase for the refurbishment project currently underway, and 44 The Terrace (-14.0%), due to impending lease expiries.

Valuation summary

The valuation summary as at 31 March 2015 is as follows:

Property and portfolio	Capitalisation rate			Value	Net change in value	
	Mar-14	Mar-15	Variance	Mar-15	\$m	%
	%	%	bps	\$m		
Sylvia Park	6.50%	6.25%	25	601.0	30	5.2%
Apex Mega Centre ¹	N/A	7.00%	N/A	64.4	-0	-0.5%
LynnMall	7.13%	7.00%	12	225.5	10	4.8%
Centre Place ²	8.25%	8.32%	-7	117.0	-8	-6.6%
The Plaza	7.25%	7.25%	-	206.0	10	5.0%
North City	8.25%	8.25%	-	97.5	1	0.8%
Northlands	7.75%	7.38%	38	220.4	14	7.0%
Total: Retail portfolio	7.16%	6.97%	18	1,531.8	57	3.9%
Vero Centre ³	6.88%	6.50%	38	323.0	22	7.4%
ASB North Wharf ³	6.88%	6.50%	38	175.0	11	6.5%
The Majestic Centre ³	8.00%	7.75%	25	80.8	-29	-26.1%
56 The Terrace	7.25%	7.25%	-	70.7	-5	-6.4%
44 The Terrace	8.50%	8.63%	-12	23.5	-4	-14.0%
Total: Office portfolio	7.23%	6.80%	43	673.0	-4	-0.6%
Total: Investment portfolio	7.18%	6.92%	26	2,204.7	53	2.4%
Other property				71.0	5	7.2%
Total: Portfolio				2,275.7	57	2.6%

Summary

Six months ended 30 September 2014	2,102.6	-5	-0.2%
Six months ended 31 March 2015	2,275.7	63	2.8%
As at 31 March 2015	2,275.7	57	2.6%

This table may not add due to rounding.



Notes

1. The asset was not valued at 31 March 2015. It is recorded at the independent valuation undertaken at the time of its acquisition in December 2014.
2. The asset was valued at 31 March 2015 as two separate properties, Centre Place North and Centre Place South. Figures shown represent the consolidated position.
3. These assets were also valued at 30 September 2014, therefore part of the fair value change as at 31 March 2015 was recognised in the interim financial statements for the six months ended 30 September 2014

> Ends

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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 \$2.28 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. To find out more, visit our website kp.co.nz
