

NZX RELEASE

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Green light for Sylvia Park Galleria expansion

Kiwi Property has today given the green light to a \$223 million 'Galleria' retail expansion of New Zealand's favourite shopping centre¹, Sylvia Park, following 11 years of outstanding performance and growth at the centre.

The Galleria retail expansion will add approximately 60 new retailers and 18,000 sqm of retail space to the centre including

- > a new two-level, 8,100 sqm flagship Farmers department store
- > new international brands and concept stores, including selected retailers from Sylvia Park's current waiting list of specialty tenants
- > a new generation, sophisticated café dining precinct with a unique mix of tenants, and
- > a new multi-deck carpark, offering approximately 900 carparks, with direct access to the Galleria, taking the total number of carparks at the centre to around 5,000.

Sylvia Park is New Zealand's largest shopping centre and on completion of the expansion project will have total retail floor space of over 90,000 sqm.

Kiwi Property Board Chair, Mark Ford, said: "Our vision for Sylvia Park is the creation of a world-class town centre offering our customers exceptional retail, dining, entertainment and workplace experiences. This latest retail expansion will consolidate the centre's position as New Zealand's favourite shopping destination¹."

The projected value of Sylvia Park on completion of the Galleria project has been assessed by independent valuer CBRE at \$1.12 billion.

Chief Executive, Chris Gudgeon, said: "Sylvia Park has been a runaway success since we first opened our doors in 2006.

"Since the 2009 financial year, annual retail sales at the centre have grown by over \$185 million to \$547 million and our net income has grown by more than \$14 million to \$41 million per annum.

"By bringing the right stores and operators to Sylvia Park, we have created a highly productive retail environment. Our retailers have seen customer numbers grow to more than 14 million visitors every year, with specialty sales productivity increasing from \$7,200 per sqm in 2009 to current levels greater than \$12,400 per sqm," said Mr Gudgeon.

Sylvia Park is currently home to more than 200 retailers - including New Zealand's only Zara store and a flagship H&M, along with Seed, Adairs, Kiehls, Country Road, Hoyts Cinemas, PAK'nSAVE and The Warehouse.

Mr Gudgeon said that construction cost certainty had been secured by working through an early contractor involvement process with its builder, Naylor Love.

"By working collaboratively through critical design, planning and programming elements we have been able to negotiate a fixed price lump sum contract," said Mr Gudgeon.

¹ In 2017, Sylvia Park was named New Zealand's favourite shopping centre in a nationwide Nielsen survey. The survey was conducted by Nielsen from 20 February to 13 March 2017. Nielsen had a sample size of 2,507 interviews, with a predicted margin of error of +/- 2.0% at the 95% confidence level.



The construction programme will see works commencing in March 2018 with completion expected in mid-2020.

In addition to the Galleria retail expansion project, other general remedial works costing approximately \$11 million will be carried out.

The project will be debt funded from existing facilities and is expected to provide an initial net incremental income yield on capital expenditure of 5.7%, growing to 6.2% by year three and an incremental internal rate of return in excess of 10%.

Mr Gudgeon said: "We have built up considerable momentum in the delivery of our world-class town centre vision at Sylvia Park. Since opening New Zealand's first H&M and Zara stores in October 2016 we successfully opened The Grove dining district in December 2017, featuring an expanded range of contemporary dining experiences. By mid-2018 we expect to successfully complete construction of our new \$80.2 million, 10-level office building on the site and by the end of this year we will complete our new \$36.3 million five-level, central carpark building.

"We are positioning the centre for the future by constantly evolving our retail mix in response to consumer preferences, focussing on high performing stores and in-demand retailers," said Mr Gudgeon.

Aubrey Cheng, Manager – Retail Leasing for Kiwi Property, said: "From the moment we announced our intention to expand Sylvia Park, we have enjoyed strong tenant enquiry from high-quality local retail brands, as well as in-demand international retailers, some of whom, if secured, would be new to the New Zealand market.

"We remain encouraged by this strong level of tenant enquiry and look forward to bringing further excitement to New Zealand's favourite shopping centre," said Mr Cheng.

Kiwi Property has today also released a presentation providing further information on the Galleria project. This is available for download on the Company's website kp.co.nz or from nzx.com.

Further information about Sylvia Park can be obtained from the centre's website kiwiproperty.com/sylvia-park.

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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 S&P/NZX 15 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. S&P Global Ratings has assigned Kiwi Property a corporate credit rating of BBB (stable) and an issue credit rating of BBB+ for each of its fixed-rate senior secured bonds. Kiwi Property is licensed under the Real Estate Agents Act 2008. To find out more, visit our website kp.co.nz