



# Northlands Shopping Centre

Investor Information Booklet  
August 2010



KIWI INCOME  
PROPERTY TRUST IS  
MANAGED WITHIN



Global Asset Management

### **Kiwi Income Property Trust**

is New Zealand's largest listed property trust, with \$1.85 billion invested in a diversified portfolio of prime office and retail assets located throughout New Zealand. The Trust listed on the New Zealand Stock Exchange in December 1993 and is a member of the NZX 10 Index.

### **Colonial First State Global Asset Management (CFSGAM)**

is the consolidated asset management arm of the Commonwealth Bank of Australia Ltd ABN 48 123 123 124 (the Bank), and sits within the Bank's wealth management division. Entities within CFSGAM provide management services to the Trust.

## **The Trust's vision**

**is to be New Zealand's leading property investment vehicle with a diversified portfolio of high quality assets providing superior returns.**

## **Contents**

|  |           |
|--|-----------|
| Kiwi Income Property Trust (KIP)         | <b>1</b>  |
| Northlands Shopping Centre, Christchurch | <b>7</b>  |
| KIP portfolio                            | <b>11</b> |
| Market information                       | <b>19</b> |

# Kiwi Income Property Trust

## Kiwi Income Property Trust

### **Fund overview** (all statistics in this document are as at 31 March 2010 unless otherwise stated)

- New Zealand's largest listed diversified property trust listed in 1993
- Only listed property trust in the NZX 10 Index (ranked 10<sup>th</sup>)
- Combined market capitalisation of over **\$1.1 billion** (including MCNs)
- Total assets of **\$1.98 billion**
- Property assets of **\$1.85 billion**
- Cumulative average Total Return of **~9.4%** since inception of the Trust
- Balance sheet strength and flexibility with low net debt to total assets ratio of **25%**
- Solid property fundamentals:
  - Occupancy **97%**
  - Weighted average lease term to expiry of **4.3 years**
- Growth through potential acquisitions, intensive asset management, asset enhancement and prudent development

Kiwi Income Property Trust is one of three publicly listed trusts within Colonial First State Global Asset Management (CFSGAM). CFSGAM is the consolidated asset management division of the Commonwealth Bank of Australia, one of the leading banking groups in the world.

The property division of CFSGAM is a fully integrated real estate investment business with more than A\$18 billion in funds under management.

# Kiwi Income Property Trust

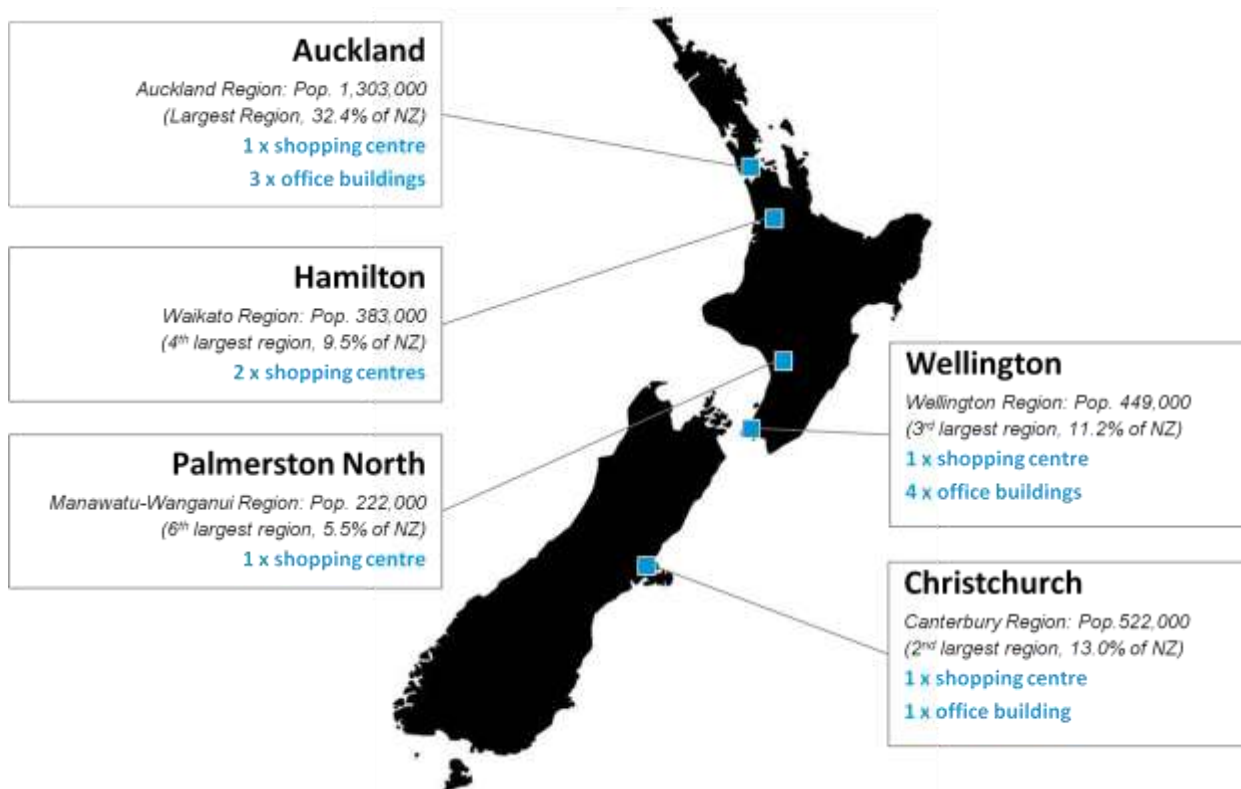
## Portfolio overview

### Key portfolio metrics

| Portfolio metrics <sup>1</sup>           | Retail    | Office  | Total     |
|--|-----------|---------|-----------|
| Number of core assets                    | 6         | 8       | 14        |
| Value [\$000]                            | 1,099,979 | 686,350 | 1,786,329 |
| Percentage of investment portfolio [%]   | 62        | 38      | 100       |
| Net lettable area [sqm] <sup>2</sup>     | 192,730   | 158,038 | 350,768   |
| Number of tenants <sup>2</sup>           | 665       | 133     | 798       |
| Occupancy [%]                            | 99        | 95      | 97        |
| Weighted average capitalisation rate [%] | 7.55      | 8.35    | 7.86      |
| Weighted average lease term [years]      | 4.3       | 4.2     | 4.3       |

1 Excludes investment properties classified as 'other property' (ie adjoining, development and non-core) (value \$62.3 million/3.4% of total portfolio)

2 NLA and tenant number statistics updated to reflect JB Hi-Fi opening at The Plaza in May 2010

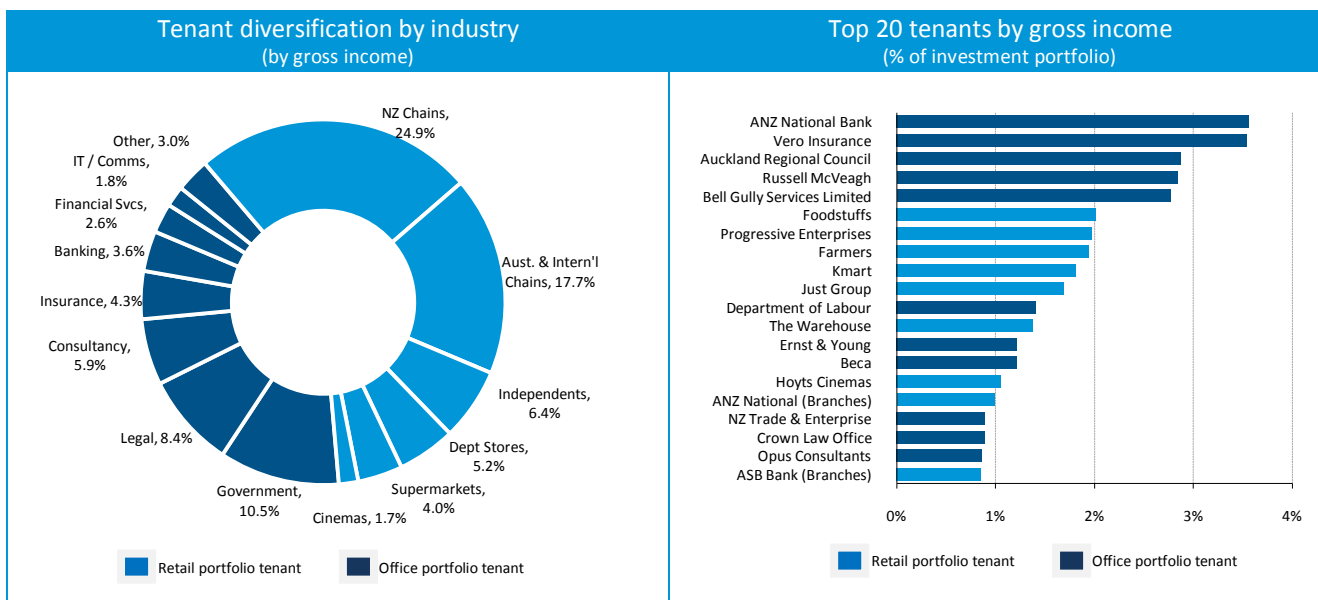


## Kiwi Income Property Trust Portfolio overview

### Diversification – sector and regional

| By value [%]                     | Auckland  | Wellington | Christchurch | Palmerston North | Hamilton | TOTAL [% total by sector] |
|----------------------------------|-----------|------------|--------------|------------------|----------|---------------------------|
| Retail                           | 25        | 5          | 13           | 11               | 6        | 60                        |
| Office                           | 22        | 12         | 3            | -                | -        | 37                        |
| Other                            | 2         | -          | -            | -                | 1        | 3                         |
| <b>TOTAL [% total by region]</b> | <b>49</b> | <b>17</b>  | <b>16</b>    | <b>11</b>        | <b>7</b> | <b>100</b>                |

### Diversification – tenant



## Kiwi Income Property Trust



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**Karl Retief**  
**Manager – Retail Portfolio**

Karl is responsible for all aspects of performance of the Trust's retail assets, including strategising remodels, improving net operating income, reviewing marketing strategies, and management of shopping centre teams. Karl joined the Trust in 2000 and managed North City Shopping Centre in Porirua before taking up his current position in 2003.

Prior to that he held senior retail management roles for over 22 years in New Zealand and South Africa. He has an MBA and is a representative member of the NZ Council of Shopping Centres.





NORTHLANDS

## Northlands Shopping Centre, Christchurch

### Property details

#### General property information

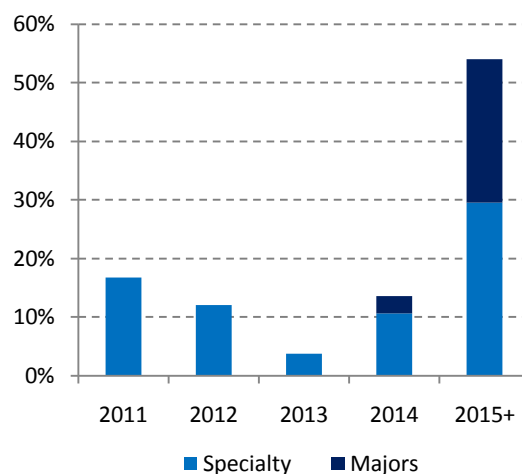
|                   |                               |
|-------------------|-------------------------------|
| Location          | Main North Road, Christchurch |
| Date acquired     | March 1994, March 1998        |
| KIP ownership [%] | 100                           |

#### Property breakdown

|                        | No. of Tenants | NLA [sqm] | Income [%] |
|------------------------|----------------|-----------|------------|
| Majors                 | 5              | 26,385    | 28.6       |
| Mini majors            | 2              | 1,048     | 4.0        |
| Specialty <sup>1</sup> | 122            | 14,670    | 67.4       |
| Storage                | 8              | 144       | -          |
| Total                  | 137            | 42,247    | 100.0      |

1 Specialty includes foodcourt and kiosks

#### Lease expiry profile (by gross income)



#### Retail statistics

|   |        |
|---|--------|
| Vacancy (by area) [%]                         | 0.3    |
| Over/(under) renting [%]                      | (1.02) |
| Weighted average lease term by income [years] | 4.8    |
| Carparks [no./ratio per 100 sqm NLA]          | 4.26   |

#### Valuation

|                         |               |
|-------------------------|---------------|
| Valuation [\$m]         | 236           |
| Valuation date          | 31 March 2010 |
| Capitalisation rate [%] | 7.50          |
| Discount rate [%]       | 10.00         |

#### Major tenants

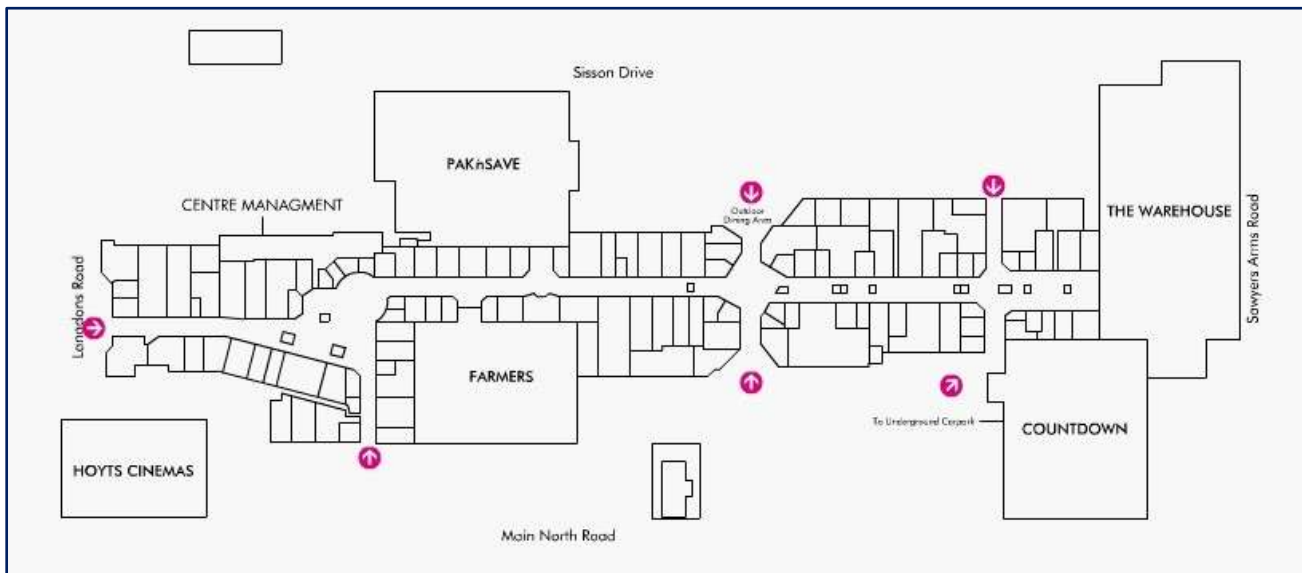
|                     | Category            | NLA [%] | Next rent review |
|---------------------|---------------------|---------|------------------|
| The Warehouse Extra | Discount dept store | 17      | Jul-10           |
| PAK'nSAVE           | Supermarket         | 15      | Feb-11           |
| Farmers             | Department store    | 13      | Apr-12           |
| Countdown           | Supermarket         | 12      | Jul-10           |
| Hoyts               | Cinemas             | 7       | Apr-12           |



# Northlands Shopping Centre, Christchurch

## Property details

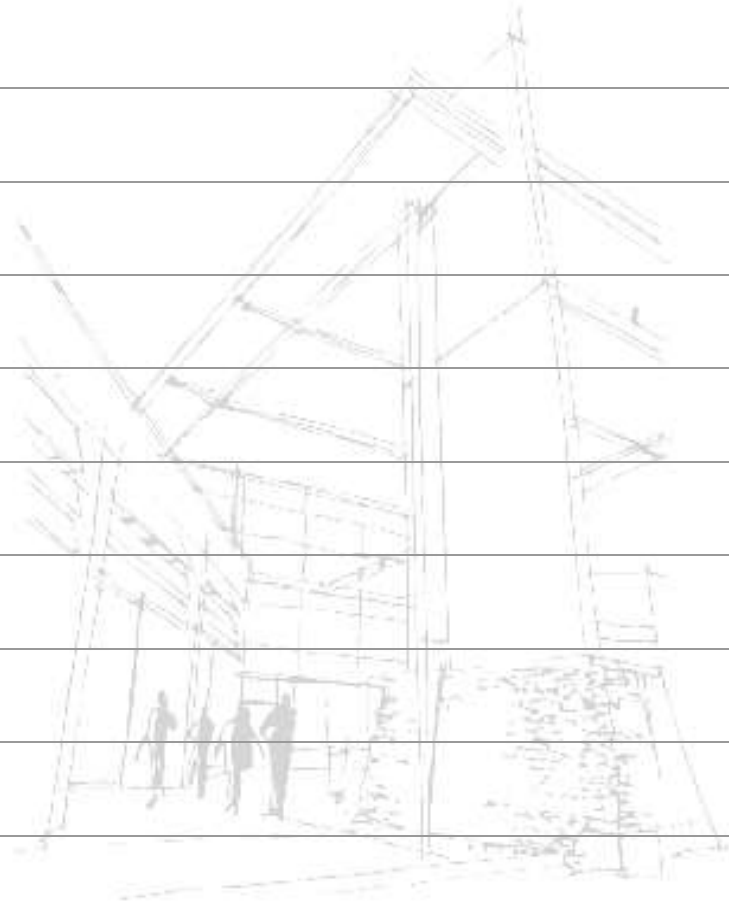
### Centre profile



### Location map



## Notes





**KIP  
portfolio**

## Sylvia Park Auckland



Sylvia Park is the Trust's flagship retail asset and the largest shopping centre in New Zealand. It is located at the demographic and geographic heart of Auckland and boasts the broadest retail mix of any New Zealand shopping centre, anchored by a strong mix of major tenants. The centre's design focus creates a unique retail environment, and reflects the rich local history and geography.

## Northlands Christchurch

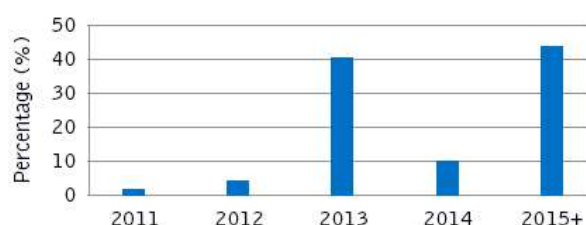


Northlands is a substantial, freestanding, single-level regional shopping centre originally constructed in 1967. The centre was extensively redeveloped in 2004 to incorporate an enviable mix of anchor tenants, making it the dominant shopping centre in northwest Christchurch.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



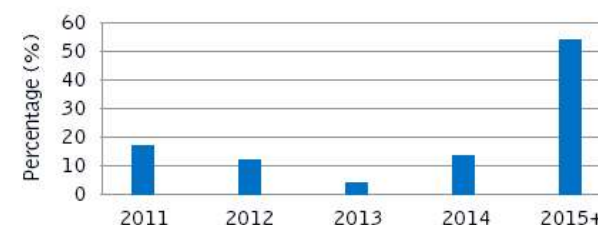
### Key property statistics

| Centre type                           | Regional SC |
|---------------------------------------|-------------|
| Date acquired                         | June 2007   |
| Net lettable area [sqm]               | 71,168      |
| Carparks [no.]                        | 4,002       |
| 2010 net rental income [\$m]          | 31.1        |
| Valuation [\$m]                       | 452.0       |
| Capitalisation rate [%]               | 6.88        |
| Terminal yield [%]                    | 6.88        |
| Indicated internal rate of return [%] | 9.77        |
| Occupancy [%]                         | 100.0       |
| Weighted average lease term [years]   | 4.4         |

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

| Centre type                           | Regional SC            |
|---------------------------------------|------------------------|
| Date acquired                         | March 1994, March 1998 |
| Net lettable area [sqm]               | 42,247                 |
| Carparks [no.]                        | 1,800                  |
| 2010 net rental income [\$m]          | 16.0                   |
| Valuation [\$m]                       | 236.0                  |
| Capitalisation rate [%]               | 7.50                   |
| Terminal yield [%]                    | 7.50                   |
| Indicated internal rate of return [%] | 10.05                  |
| Occupancy [%]                         | 99.7                   |
| Weighted average lease term [years]   | 4.8                    |

## The Plaza Palmerston North

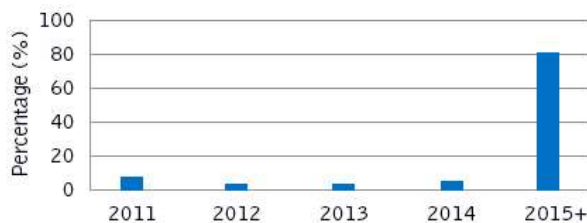


The Plaza is Manawatu's premium shopping destination, located on the city square, in the heart of Palmerston North's CBD. The centre was redeveloped in 2010 to include a Farmers department store and JB Hi-Fi electronics store (opened May 2010) together with an expanded food and retail offer and extensive carparking.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

|                                       |                     |
|---------------------------------------|---------------------|
| Centre type                           | Regional SC         |
| Date acquired                         | August 1993         |
| Net lettable area [sqm]               | 30,676 <sup>1</sup> |
| Carparks [no.]                        | 1,251               |
| 2010 net rental income [\$m]          | 6.6                 |
| Valuation [\$m]                       | 194.2 <sup>1</sup>  |
| Capitalisation rate [%]               | 7.50                |
| Terminal yield [%]                    | 7.63                |
| Indicated internal rate of return [%] | 9.95                |
| Occupancy [%]                         | 97.3                |
| Weighted average lease term [years]   | 6.3                 |

## North City Porirua

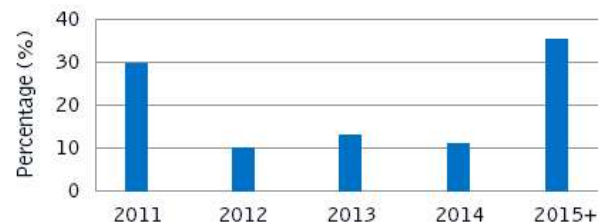


North City is a two-level regional shopping centre that opened in 1990 and was extensively refurbished and expanded in 1997 and 2004. The centre boasts strong anchor tenants and a broad range of quality national and international specialty retailers.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

|                                       |               |
|---------------------------------------|---------------|
| Centre type                           | Regional SC   |
| Date acquired                         | December 1993 |
| Net lettable area [sqm]               | 25,757        |
| Carparks [no.]                        | 1,171         |
| 2010 net rental income [\$m]          | 8.4           |
| Valuation [\$m]                       | 103.0         |
| Capitalisation rate [%]               | 8.75          |
| Terminal yield [%]                    | 9.00          |
| Indicated internal rate of return [%] | 10.27         |
| Occupancy [%]                         | 96.9          |
| Weighted average lease term [years]   | 3.0           |

<sup>1</sup> In May 2010 the addition of a new JB Hi-Fi store increased the net lettable area to over 32,000 sqm and increased the valuation to \$195.5 million.

## Centre Place Hamilton



Centre Place is Waikato's leading CBD retail and fashion destination. Tenants include a wide range of quality national and international retailers, a foodcourt and cinemas all serviced by an integrated multi-storey carpark.

## Downtown Plaza Hamilton

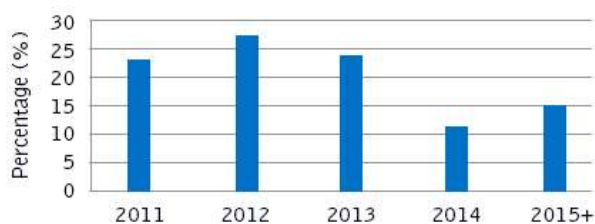


Downtown Plaza is a fully enclosed single-level shopping centre opened in 1994. The centre was refurbished and remixed in 2007, with the introduction of popular large-format retailers.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



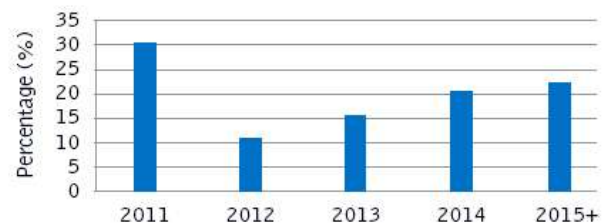
### Key property statistics

|                                       |               |
|---------------------------------------|---------------|
| Centre type                           | CBD SC        |
| Date acquired                         | December 1994 |
| Net lettable area [sqm]               | 15,110        |
| Carparks [no.]                        | 604           |
| 2010 net rental income [\$m]          | 8.3           |
| Valuation [\$m]                       | 92.9          |
| Capitalisation rate [%]               | 9.13          |
| Terminal yield [%]                    | 8.63          |
| Indicated internal rate of return [%] | 11.39         |
| Occupancy [%]                         | 93.3          |
| Weighted average lease term [years]   | 2.2           |

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

|                                       |                          |
|---------------------------------------|--------------------------|
| Centre type                           | CBD SC                   |
| Date acquired                         | July 2003, December 2005 |
| Net lettable area [sqm]               | 6,156                    |
| Carparks [no.]                        | 146                      |
| 2010 net rental income [\$m]          | 2.0                      |
| Valuation [\$m]                       | 21.9                     |
| Capitalisation rate [%]               | 10.00                    |
| Terminal yield [%]                    | 8.75                     |
| Indicated internal rate of return [%] | 12.00                    |
| Occupancy [%]                         | 100.0                    |
| Weighted average lease term [years]   | 2.8                      |

## Vero Centre Auckland

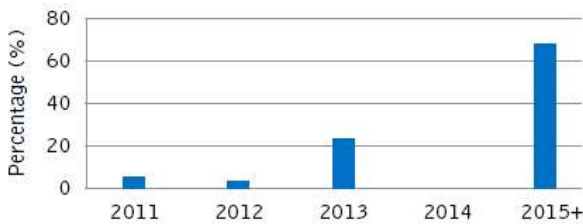


Since Vero's completion in 2000, this impressive 39-level office tower has been New Zealand's premier business address; a benchmark for quality and the Trust's flagship office asset. Vero sits in the heart of Auckland's legal and financial precinct. The building continues to attract many of New Zealand's most respected companies. It has won numerous awards for excellence in design, construction and efficiency.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

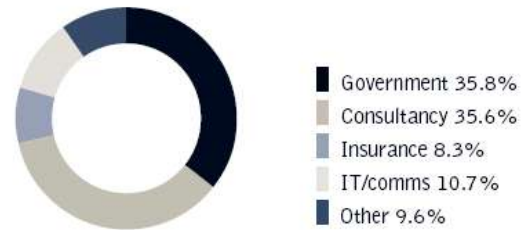
|                                       |            |
|---------------------------------------|------------|
| Building grade                        | Premium    |
| Date acquired                         | April 2001 |
| Net lettable area [sqm]               | 39,490     |
| Carparks [no.]                        | 421        |
| 2010 net rental income [\$m]          | 20.7       |
| Valuation [\$m]                       | 265.4      |
| Capitalisation rate [%]               | 7.75       |
| Terminal yield [%]                    | 7.50       |
| Indicated internal rate of return [%] | 9.22       |
| Occupancy [%]                         | 91.0       |
| Weighted average lease term [years]   | 5.4        |

## The Majestic Centre Wellington

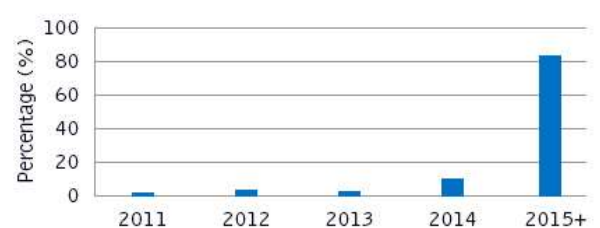


Completed in 1991, The Majestic Centre is a prominent feature of the Wellington CBD and offers tenants spectacular harbour and city views. The 28-level A-grade property provides 21 large office floors, podium office space, street level retail and six levels of basement carparking. It continues to attract and retain quality corporate tenants. The property includes the adjacent Henry Pollen House, a restored character building housing The General Practitioner bar.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

|                                       |                           |
|---------------------------------------|---------------------------|
| Building grade                        | A-grade                   |
| Date acquired                         | March 1994, December 1997 |
| Net lettable area [sqm]               | 24,387                    |
| Carparks [no.]                        | 263                       |
| 2010 net rental income [\$m]          | 8.6                       |
| Valuation [\$m]                       | 103.4                     |
| Capitalisation rate [%]               | 8.50                      |
| Terminal yield [%]                    | 8.75                      |
| Indicated internal rate of return [%] | 9.76                      |
| Occupancy [%]                         | 100.0                     |
| Weighted average lease term [years]   | 5.4                       |

## National Bank Centre Auckland

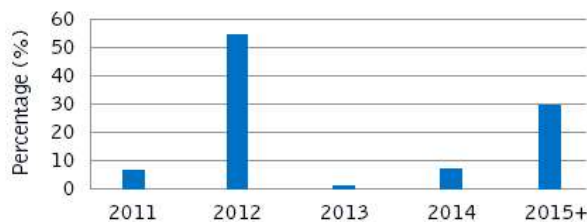


The National Bank Centre is well located on an entire block, at one of the city's busiest pedestrian intersections. The property was completed in 1990. It comprises twin towers of 17 levels and 22 levels, with a recently refurbished podium lobby and basement carparking. The landmark property has a distinctive design.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

|                                       |                              |
|---------------------------------------|------------------------------|
| Building grade                        | A-grade                      |
| Date acquired                         | November 1996, November 2006 |
| Net lettable area [sqm]               | 26,141                       |
| Carparks [no.]                        | 216                          |
| 2010 net rental income [\$m]          | 8.4                          |
| Valuation [\$m]                       | 97.5                         |
| Capitalisation rate [%]               | 8.75                         |
| Terminal yield [%]                    | 9.00                         |
| Indicated internal rate of return [%] | 9.71                         |
| Occupancy [%]                         | 86.8                         |
| Weighted average lease term [years]   | 2.5                          |

## Unisys House Wellington

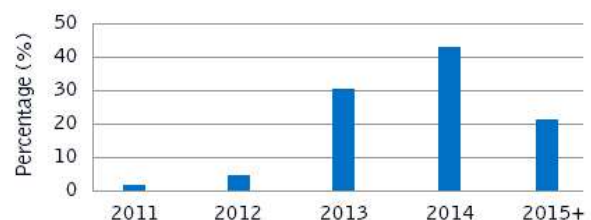


Unisys House comprises two adjoining properties: a 19-storey office tower, constructed in 1968; and Aurora Chambers, an eight-storey tower, constructed in 1975. The property is ideal for government tenants being within short walking distance from Parliament House. It enjoys a high-profile position at the northern end of the CBD. This property offers large, efficient floor plates of around 1,200 sqm.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

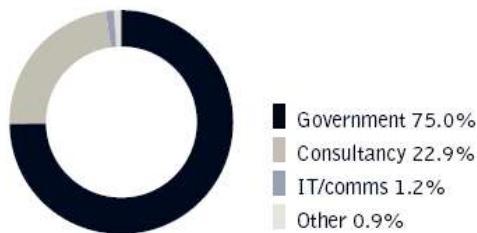
|                                       |            |
|---------------------------------------|------------|
| Building grade                        | B-grade    |
| Date acquired                         | April 2004 |
| Net lettable area [sqm]               | 22,158     |
| Carparks [no.]                        | 325        |
| 2010 net rental income [\$m]          | 6.9        |
| Valuation [\$m]                       | 79.8       |
| Capitalisation rate [%]               | 8.75       |
| Terminal yield [%]                    | 9.00       |
| Indicated internal rate of return [%] | 9.61       |
| Occupancy [%]                         | 100.0      |
| Weighted average lease term [years]   | 3.5        |

## 21 Pitt Street Auckland

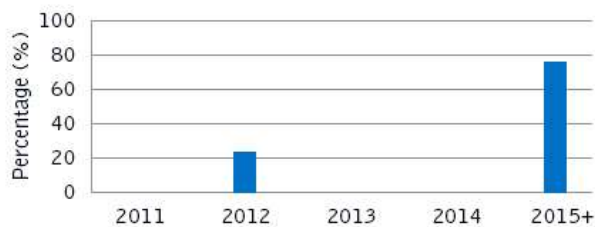


This prominent 10-level building, on Auckland's CBD periphery, enjoys high exposure and convenient access to the nearby central motorway junction. The building was completed in 1990. It enjoys 360-degree views with outstanding harbour scenery from most floors. Quality services and generous floor plates appeal to large occupiers.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

|                                       |            |
|---------------------------------------|------------|
| Building grade                        | A-grade    |
| Date acquired                         | March 1997 |
| Net lettable area [sqm]               | 17,229     |
| Carparks [no.]                        | 249        |
| 2010 net rental income [\$m]          | 4.4        |
| Valuation [\$m]                       | 52.0       |
| Capitalisation rate [%]               | 8.88       |
| Terminal yield [%]                    | 9.00       |
| Indicated internal rate of return [%] | 9.79       |
| Occupancy [%]                         | 100.0      |
| Weighted average lease term [years]   | 4.0        |

## PricewaterhouseCoopers Centre Christchurch

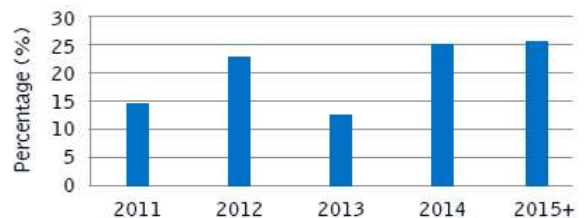


PricewaterhouseCoopers Centre is Christchurch's premier CBD office tower. Completed in 1990 this 21-level building comprises 18 levels of office space, ground floor retail, gymnasium, swimming pool, sauna and two levels of carparking. The tower offers 360-degree views of the city to the Southern Alps and has efficient 860 sqm floor plates.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

|                                       |               |
|---------------------------------------|---------------|
| Building grade                        | A-grade       |
| Date acquired                         | December 1997 |
| Net lettable area [sqm]               | 16,082        |
| Carparks [no.]                        | 158           |
| 2010 net rental income [\$m]          | 4.5           |
| Valuation [\$m]                       | 51.8          |
| Capitalisation rate [%]               | 8.88          |
| Terminal yield [%]                    | 8.88          |
| Indicated internal rate of return [%] | 9.68          |
| Occupancy [%]                         | 96.6          |
| Weighted average lease term [years]   | 2.9           |

## 44 The Terrace Wellington

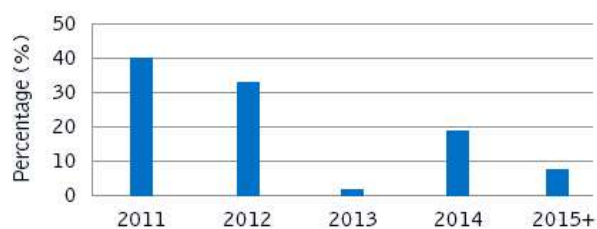


With quality ground floor retail and 12 levels of office space, 44 The Terrace is an appealing building that stands alongside Unisys House. Just before the Trust's acquisition of the property, an extensive retrofit and refurbishment was undertaken. The Trust has continued to improve services and amenities, ensuring ongoing demand for space.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

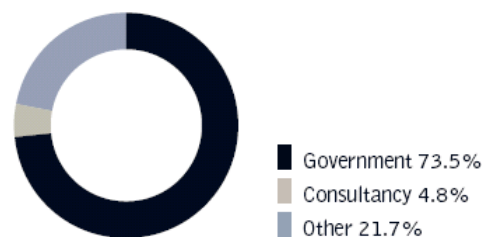
|                                       |                |
|---------------------------------------|----------------|
| Building grade                        | B-grade        |
| Date acquired                         | September 2004 |
| Net lettable area [sqm]               | 10,109         |
| Carparks [no.]                        | -              |
| 2010 net rental income [\$m]          | 2.7            |
| Valuation [\$m]                       | 30.3           |
| Capitalisation rate [%]               | 8.75           |
| Terminal yield [%]                    | 9.00           |
| Indicated internal rate of return [%] | 9.74           |
| Occupancy [%]                         | 100.0          |
| Weighted average lease term [years]   | 2.3            |

## 50 The Terrace Wellington

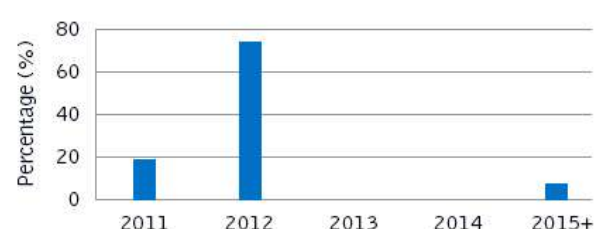


Completed in 1988, 50 The Terrace is a three storey office building located adjacent to the Trust's two larger assets on The Terrace and is within an office precinct popular with government tenants.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

|                                       |              |
|---------------------------------------|--------------|
| Building grade                        | B-grade      |
| Date acquired                         | January 2005 |
| Net lettable area [sqm]               | 2,442        |
| Carparks [no.]                        | 66           |
| 2010 net rental income [\$m]          | 0.6          |
| Valuation [\$m]                       | 6.2          |
| Capitalisation rate [%]               | 9.75         |
| Terminal yield [%]                    | 10.00        |
| Indicated internal rate of return [%] | 10.47        |
| Occupancy [%]                         | 100.0        |
| Weighted average lease term [years]   | 1.8          |

# Market information



## Market information

### New Zealand overview

| Key facts         |  |
|-------------------|--|
| Population        | 4.36 million                                     |
| Population growth | 2.3% (migration 0.5%, natural 1.8%)              |
| Area              | 269,000 sqkm (similar in size to United Kingdom) |

| Economic statistics                  |   |
|--------------------------------------|---|
| Nominal GDP (year to Dec-09)         | NZ\$183.4 billion   |
| GDP per capita (year to Dec-09)      | NZ\$43,021  |
| Real GDP growth                      | +0.8% (Dec-09 quarter), +0.3% (Sept-09 quarter),<br>-1.6% (over year to Dec-09) |
| Inflation (at Mar-10)                | 2.0%  |
| Unemployment rate (at Mar-10)        | 6.0%  |
| Foreign credit rating                | AA+ (S&P)   |
| Currency (at 20-Jul-10)              | NZ\$1:US\$0.70, NZ\$1:A\$0.80   |
| Government net debt (at 30-Apr-10)   | NZ\$27.8 billion (15% of GDP)   |
| Market capitalisation (at 20-Jul-10) | NZ\$49.9 billion (166 listed securities)  |

Sources: Investment New Zealand, Reserve Bank of New Zealand, Statistics New Zealand, Standard & Poors and NZX.



## Market information

### Retail

#### Summary of centres – KIP, AMP and Westfield <sup>1,2</sup>

| Summary by owner | No.       | NLA            | No. of Tenants | Turnover (incl GST) |              | Value Cap. Rate |                |
|------------------|-----------|----------------|----------------|---------------------|--------------|-----------------|----------------|
|                  |           | [sqm]          |                | [\$m]               | [\$/sqm]     | [%]             | [\$m]          |
| KIPT             | 6         | 192,730        | 665            | 1,041               | 5,399        | 7.55            | 1,101.3        |
| Westfield        | 12        | 423,421        | 1,723          | 2,112               | 4,989        | 7.42            | 2,882.1        |
| AMP              | 4         | 154,749        | 551            | 906                 | 5,854        | -               | -              |
|                  | <b>22</b> | <b>770,900</b> | <b>2,939</b>   | <b>4,059</b>        | <b>5,265</b> | <b>7.45</b>     | <b>3,983.4</b> |

| Summary by region | No.       | NLA            | No. of Tenants | Turnover (incl GST) |              | Value Cap. Rate |                |
|-------------------|-----------|----------------|----------------|---------------------|--------------|-----------------|----------------|
|                   |           | [sqm]          |                | [\$m]               | [\$/sqm]     | [%]             | [\$m]          |
| Auckland          | 12        | 452,194        | 1,763          | 2,308               | 5,105        | 7.35            | 2,408.6        |
| Waikato           | 3         | 43,029         | 227            | 222                 | 5,157        | 8.86            | 252.8          |
| Bay of Plenty     | 1         | 33,760         | 104            | 221                 | 6,531        | -               | -              |
| Manawatu-Wanganui | 1         | 32,292         | 106            | 125                 | 3,867        | 7.50            | 195.5          |
| Wellington        | 2         | 77,215         | 283            | 335                 | 4,344        | 7.50            | 443.5          |
| Canterbury        | 3         | 132,410        | 456            | 848                 | 6,403        | 7.25            | 683.0          |
|                   | <b>22</b> | <b>770,900</b> | <b>2,939</b>   | <b>4,059</b>        | <b>5,265</b> | <b>7.45</b>     | <b>3,983.4</b> |

#### Notes:

- 1 Shopping centre information has been sourced from the NZCSC/PCNZ New Zealand Shopping Centre Directory 2009/10
- 2 AMP's shopping centre valuations not publicised

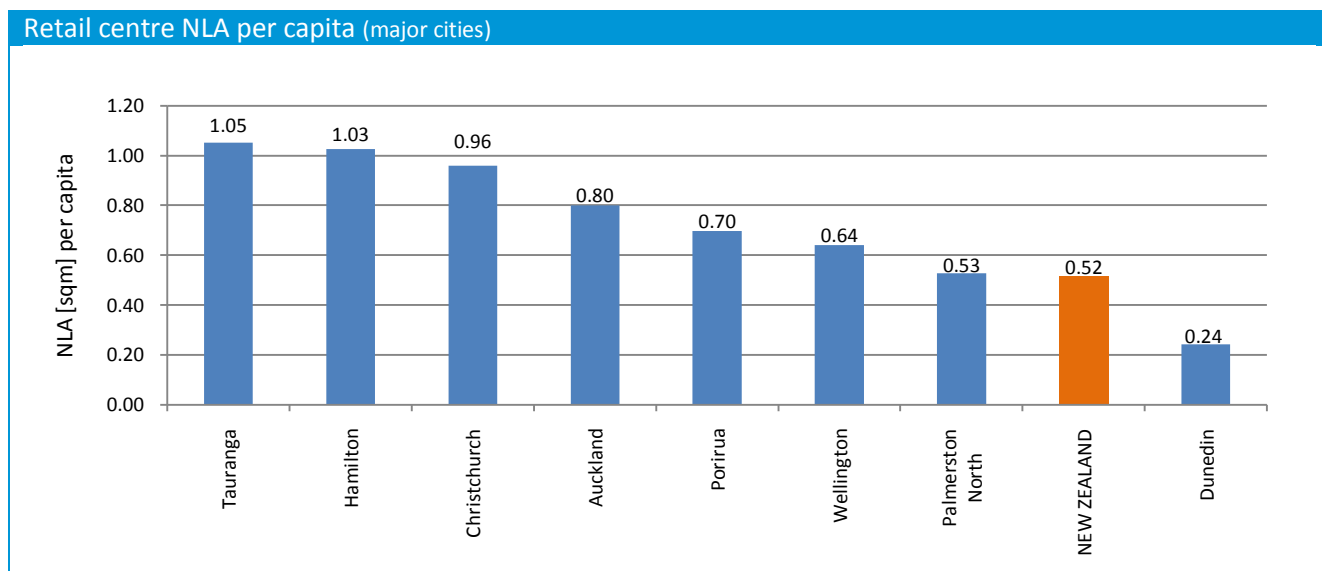


The Plaza, Palmerston North

## Market information

### Retail

#### Retail centres per capita



#### Notes:

- 1 Shopping centre information has been sourced from the NZCSC/PCNZ New Zealand Shopping Centre Directory 2009/10
- 2 Auckland data above includes the four main sub-cities only (North Shore, Waitakere, Auckland, Manukau)
- 3 Population data sourced from Statistics New Zealand 2006 Census results and excludes Chatham Islands

#### Retail centres by type

| Summary by type | No.        | NLA [sqm]        | NLA [%]      |
|-----------------|------------|------------------|--------------|
| Regional        | 22         | 794,146          | 38.2         |
| District        | 15         | 202,875          | 9.8          |
| Neighbourhood   | 34         | 191,088          | 9.2          |
| City            | 37         | 227,334          | 10.9         |
| Town            | 15         | 152,683          | 7.4          |
| Outlet          | 5          | 29,756           | 1.4          |
| Bulk            | 26         | 479,096          | 23.1         |
|                 | <b>154</b> | <b>2,076,977</b> | <b>100.0</b> |

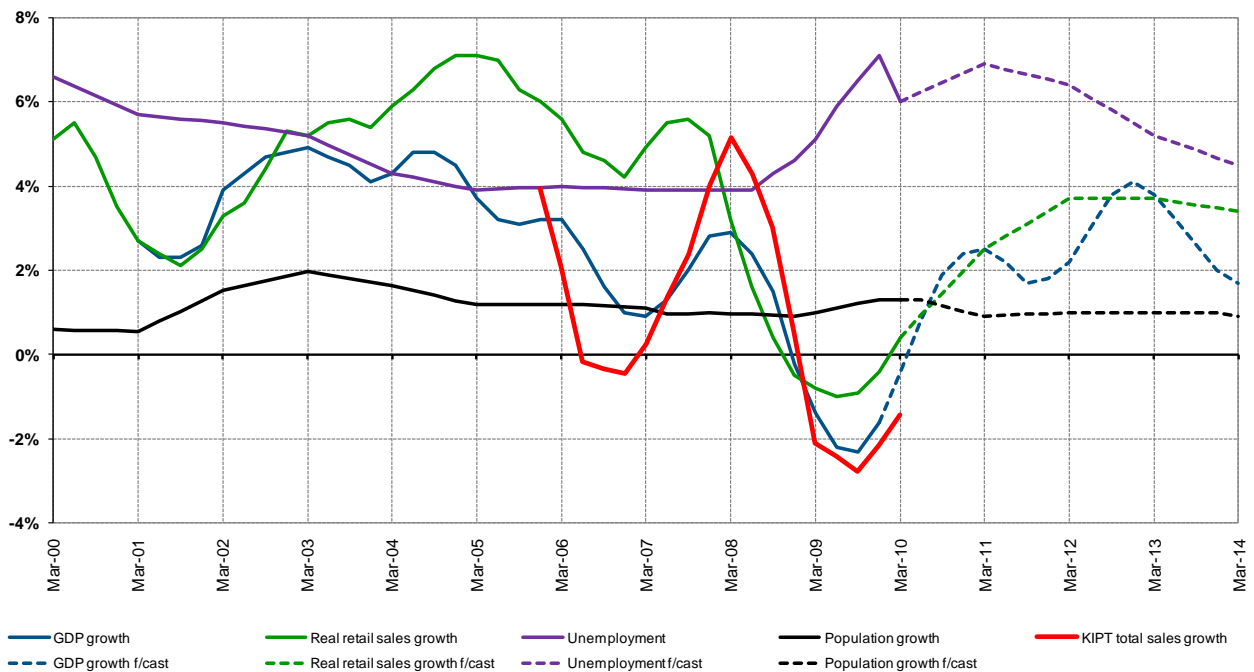
#### Notes:

- 1 Shopping centre information has been sourced from the NZCSC/PCNZ New Zealand Shopping Centre Directory 2009/10

## Market information

### Retail

New Zealand economic indicators and retail sales (annual movement analysis)



Source: NZIER and Statistics New Zealand, KIP sales growth Kiwi Property Management Limited.

## Economy

- The economy is recovering, however indicators of economic growth remain mixed.
  - Indicators influencing economic improvement include:
    - GDP growth - The economy is out of recession, with positive GDP growth in three successive quarters to December 2009
    - More favourable employment markets - Unemployment for the March 2010 quarter fell to 6% (the largest quarterly fall since the survey began in 1986)
    - Dairy industry - Near record payment to dairy farmers (payout for the May 2010 season \$6.10/kg milk-solid), the third highest payout since June 1999
    - Tax cuts - \$15 billion reduction in personal income tax over the next four years
    - Consumer confidence - Surveys have remained in optimistic territory since September 2009
  - Tempering this improvement, indicators of cautiousness include:
    - Migration - Recent impetus from migration is fading as emigration to Australia resumes
    - Higher cost of living - Higher fuel and energy prices following implementation of the Emissions Trading Scheme
    - Household debt - Rising interest rates combined with stagnating house prices means households are focusing on debt reduction rather than borrowing to fuel consumption as occurred in the middle part of the decade

After consideration of the above and other factors, the NZIER is forecasting a subdued economic recovery but with positive economic growth and retail sales growth over at least the next few years.

## Market information

### Retail

#### Sales

- Retail sales across the Trust's portfolio have been constrained since the market peaked in late 2007, however the decline appears to be easing.
- Total sales have held up, more due to new store openings, while like-for-like sales have shown negative growth, as experienced by the wider New Zealand retail market.

| Sales and gross occupancy costs<br>For the year ended [Incl. GST] | 31-Mar-10 | 31-Mar-09 | Variance |       |
|---|-----------|-----------|----------|-------|
| Portfolio moving annual turnover [\$m]                            | 1,045.5   | 1,045.8   | -0.3     | -0.0% |
| Like-for-like moving annual turnover [\$m]                        | 957.3     | 969.4     | -12.1    | -1.2% |
| Specialty gross occupancy costs                                   | 14.7%     | 14.7%     | -        |       |

- For the year to March 2010, the Trust's retail portfolio experienced a decline in like-for-like sales of 1.2%
- The sales decline has mainly been felt in the discretionary spend sectors while non-discretionary expenditure (supermarket and grocery sales) has shown relatively strong growth
  - Supermarkets +2.6%
  - Department stores +1.0%
  - Discount department stores -7.7%
  - Cinemas +12.7%
  - Mini-majors -3.7%
  - Specialty -1.5%
- Gross occupancy cost ratios appear to have peaked

The Trust's total retail sales have historically followed the trend of national retail sales and GDP growth as can be seen on the graph on the previous page. A continuation of this trend should see positive sales growth across our retail portfolio in the near future.



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