

# INVESTOR UPDATE



MARCH 2006

## NEW CENTRE "A DYNAMIC HUB"

Sylvia Park is set to become a dynamic community hub, Mayor Dick Hubbard said after touring the project.

Mayor Hubbard said that the location – within a 20-minute drive for half of Auckland's population – means Sylvia Park is ideally placed to be a sought after shopping and entertainment destination. Exceptional public transport links, including bus stops and a proposed train station, as well as 3,000 car parks will ensure easy access for shoppers and entertainment seekers.

Mr Hubbard also welcomed the fact that Sylvia Park will provide thousands of jobs and generate many positive economic opportunities for the wider region.

Chief Executive Angus McNaughton with Auckland Mayor Dick Hubbard.



IN THIS ISSUE :: 02 More Top Retailers for Sylvia Park  
04 Brent Sheather Writes

03 Environmentally Friendly is Commercially Smart  
04 A Vero Happy Christmas

03 Meeting Outcome  
04 Financial Calendar



Welcome to the second issue of Investor Update. This bi-annual news briefing aims to keep you in touch with the Trust's activities. Sylvia Park marches ahead, with stage one expected to open on schedule mid year. The overall Centre at the end of November 2005 was 65% pre-leased. Inside, I'm delighted to present an article from noted financial commentator Brent Sheather, who observes that listed property looks particularly attractive at present. As always, to find out more about the latest performance of Kiwi Income Property Trust's \$1.3 billion portfolio please visit [www.kipt.co.nz](http://www.kipt.co.nz) or contact us.

Angus McNaughton – Chief Executive, Kiwi Income Properties Limited.



Left: Tiling of internal mall walkway. Right: Pedestrian walkway on eastern side. Bottom: The Warehouse.

# SYLVIA PARK: FASHION PRECINCT SECURES AUSTRALASIA'S BEST

A RUSH OF SIGNINGS FOR SYLVIA PARK'S STAGE TWO FASHION PRECINCT CONFIRMS THAT AUCKLAND WILL SOON HAVE A SUPERIOR NEW FASHION DESTINATION.

Many of Australasia's top brand retailers have been won over by the precinct's superb location, easy access and sophisticated design. Well ahead of the scheduled stage two opening, leases are in place with Hartleys, Country Road, Cue, Shine, Preview and Barkers, as well as with brands such as Bendon, Hallensteins, Glassons, Hannahs, Hush Puppies, Line 7 and Amazon.

As released to the market in November 2005, 79% of the net lettable area of stage two is now leased. Overall, leases have been completed for over 65% of the net lettable area of the Centre. Leasing focus is now on stages three and four.

The Centre is on track to be complete by mid-2007 at which stage it will be the

country's largest entertainment and retail complex, spanning more than 60,000m<sup>2</sup>.

Construction continues on programme, the PAK'nSAVE building is well advanced to open mid-2006 and the main northern structure is taking shape. This will house the flagship Hoyts 10 cinema complex, mini-majors, restaurants and other specialty retailers, opening in 2007.

# GIANT CONES PEAK INTEREST

A SERIES OF GIANT CONES RISING ABOVE SYLVIA PARK IS CREATING HUGE INTEREST FROM PEOPLE DRIVING ALONG THE SOUTHERN MOTORWAY.

“People are calling us every day to ask what the cones are for,” said Chief Executive Angus McNaughton.

In fact the cones are just that: a striking representation of Auckland’s volcanic landscape. Architects Jasmx created the conical concept to reflect the site’s history and the wider landscape.

A “mother cone” sits above a key focal point of the Centre, where retail stores give way to an indoor-outdoor food court and relaxation area, said architect Euan McKellar. Further cones occur at ground and roof levels throughout the Centre to provide a uniquely “Auckland” theme.

There are practical benefits. The cones form giant screens for services such as air conditioning, adding to the aesthetics of the Centre. Inside, there’s the effect of a huge light-filled dome.

“Historically, volcanic cones have been used as beacon points, marking areas and helping people set their bearings. The idea of bringing the community together sits well with Sylvia Park”, said Mr McKellar.



## UNIT HOLDERS APPROVE CHANGES TO TRUST DEED

A meeting of Unit Holders in Auckland on 9 December 2005 saw Unit Holders pass the two resolutions to amend the Trust Deed, as detailed in the Notice of Meeting.

- The first resolution lowered the threshold for Unit Holder requisitioned meetings from 10% to 5%, and set time limits for convening such meetings.
- The second resolution makes it easier for Unit Holders to propose matters for discussion and/or put forward resolutions at annual meetings.

Sean Wareing, Chairman of the Manager of the Trust, was pleased with the outcome of the meeting. “The Trust Manager endorsed the changes and encouraged all Unit Holders to vote in favour of the Resolutions,” he said.

The Trust has always recognised the importance of Unit Holder meetings. An annual meeting has been held since the Trust’s inception, providing the opportunity to update investors and enabling investors to meet those entrusted with their investment and ask any questions.

“The Trust Deed had already been amended to enshrine the requirement for the Manager to hold an annual meeting of Unit Holders within 15 months of the last one,” said Mr Wareing.



Sylvia Park reflects the Trust’s continuing commitment to environmentally friendly and commercially sensible development. Each of the following environmentally sustainable features have been incorporated in the design of the proposed office precinct with only a limited impact on the cost of the buildings:

- Innovative western façade fabric solar shading system to mitigate the impact of the setting sun.
- Rain water harvesting for uses other than drinking water.
- High quality filtering of stormwater prior to discharging from the site.
- Recycling of materials on-site. All the original concrete bases, paving and roading on-site have been crushed and used as on-site fill.
- Efficient air conditioning systems which provide fresh air at four times the building code requirement to assist delivery of a healthy indoor environment.
- The provision of bicycle racks and showers.
- Base building lighting which can accommodate controls that will turn off lighting when sufficient daylight is available.
- The use of timber from renewable sources.
- The use of water efficient saving sanitary fittings and taps.

In addition to the above, we are actively supporting the provision of public transport at Sylvia Park and are jointly funding with Auckland Regional Transport Authority, the preparation of a “Needs Assessment” and Green Travel Plan for the development. This will identify what public transport services are currently in place, and where they are needed to be augmented to ensure Sylvia Park is appropriately served with bus and rail services.

## BRENT SHEATHER WRITES

THE PROPERTY SECTOR OF THE NZ STOCKMARKET HAS BEEN A SUPERB INVESTMENT OVER THE LAST FIVE YEARS, RETURNING MORE THAN 15% P.A.

This is a little better than the broader market at 14.7% p.a. and is particularly noteworthy because property is quite a bit less volatile than the stockmarket as a whole.

Whilst some analysts are cautious about future returns from the property sector, the fundamentals look reasonably positive. Economics tells us that the return on an asset in the longer term will be equal to its dividend plus the rate at which dividends grow.

The historic dividend yield for the property sector of the New Zealand stockmarket is around 7%. If we assume that rents and thus dividends grow at the rate of inflation, say around 3%, listed property looks likely to deliver returns of 10% p.a.

This looks particularly attractive relative to many overseas stockmarkets where dividends are less than 3% and dividend growth per share has averaged about 4% p.a. over the long term.

BRENT SHEATHER IS A WHAKATANE BASED FINANCIAL ADVISER AND COMMENTATOR.

## A VERO HAPPY CHRISTMAS

JUST BEFORE CHRISTMAS, 200 FOSTER CHILDREN AND THEIR FOSTER FAMILIES GATHERED AT THE VERO CENTRE IN DOWNTOWN AUCKLAND FOR A MUCH-NEEDED CELEBRATION.

The "From Vero Centre With Love" party created a Christmas playground in the Vero Centre's lobby and gave the children a rare opportunity to enjoy a special time with their foster families.

The wealth of fun activities included face painting, movie themed wonderlands and Christmas carols. Visitors included celebrities, sport stars, and of course Santa with gifts.

Pacific Road's Corporate Finance Director, Greg Kay, a tenant at the Vero Centre, came up with the idea. Greg gathered our support and the support of building tenants, who offered willing volunteers as well as financial assistance. Barnados was also a partner in the event.

"This was a superb opportunity to reflect our commitment to play a positive role in the community – it was a wonderful occasion" said Mark Sinclair, Vero Centre's Facilities Manager.



## RECENT PORTFOLIO LEASING ACTIVITY



**21 Pitt Street** – Auckland Regional Council (ARC) has leased the 1,461m<sup>2</sup>, seventh floor at 21 Pitt Street.

The space has been added to ARC's existing lease, which now comprises 12,500m<sup>2</sup>. As a consequence, ARC are the Trust's largest office tenant by floor area.

As part of the arrangement, ARC's lease has been extended from 2009 to 2015.



**The Majestic Centre** – A new nine year lease has been agreed with Airways Corporation of New Zealand Limited for approximately 2,100m<sup>2</sup> over levels 26, 27 and part of 28 of The Majestic Centre in Wellington.

Airways Corporation will occupy the building from early 2007 when the existing lease to Brierley Investments Limited expires.

## NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

COMPLIANCE WITH NEW ZEALAND EQUIVALENTS FOR ALL INTERNATIONAL FINANCIAL REPORTING STANDARDS (NZ IFRS) WILL BE REQUIRED FROM 1 JANUARY 2007.

The New Zealand Accounting Standards Review Board has made the determination that all New Zealand reporting entities will be required to report their results in accordance with NZ IFRS.

The move to NZ IFRS will result in fundamental changes to the way in which entities in New Zealand report their financial results.

We are on schedule to complete the adoption of NZ IFRS which will be first reflected in the Trust's financial statements in the year commencing 1 April 2007. Further updates on the new standards will be included in the Interim and Annual Reports as well as in these Investor Updates.

## CHARITY DONATIONS

IN 2001 THE TEAM AT KIWI PROPERTY MANAGEMENT DECIDED THAT, IN LIEU OF SENDING CHRISTMAS CARDS AND GIFTS, WE WOULD MAKE A DONATION TO A SELECTED CHARITY.

Over the past few years we have supported the Child Cancer Foundation (both in 2001 and 2003), the Youth Suicide Awareness Trust in 2002, and both Canteen and the NZ Breast Cancer Foundation in 2004.

In December 2005 our team voted to support The Hearing House and the Leukaemia & Blood Foundation, with a donation of \$5,000 to each of these organisations. The cost of this donation is borne by the Manager.

## FINANCIAL CALENDAR

MID MAY 2006	Preliminary announcement of full year result
MID JUNE 2006	Dividend payment and Annual Report mailed out
30 JUNE 2006	Interest payment on Mandatory Convertible Notes

### CONTACT DETAILS

YOUR FEEDBACK IS WELCOME

PHONE +64 9 357 9322  
FAX +64 9 358 3044  
WEB SITE [www.kipt.co.nz](http://www.kipt.co.nz)  
EMAIL [info@kipt.co.nz](mailto:info@kipt.co.nz)