FORSYTH BARR

Kiwi Property Group

OUTPERFORM

1H20 Result — Mixing It Up

Kiwi Property Group has reported a 1H20 result close to expectations, continuing to highlight its focus on mixed use assets and the move away from standalone retail, whilst establishing its residential expertise. We view KPG as the best value of the large cap LPVs and remain with an OUTPERFORM rating.

What's changed?

- **Earnings:** EPS downgrade reflecting the dilution from the recent capital raise with FY21E EPS -3% and FY22E -3%
- **Target Price:** Remains NZ$1.62
- **Rating:** Remains OUTPERFORM

Strong strategic shift again highlighted — no longer a retail REIT

KPG has signalled it is looking at residential options at LynnMall and Sylvia Park mixed use sites alongside a further office tower and a hotel at Sylvia Park. In terms of acquisitions, it will look at standalone office assets and brownfield mixed use sites, not stand alone retail. Standalone retail is now down to less than 20% of the portfolio. Retail at the mixed use sites continues to track well with +14% rental growth during the period.

The focus of its initial residential aspirations are 'build to rent' developments at Sylvia Park and LynnMall. No one has got this type of project to stack up in size in NZ to date. KPG has the scale and site locations to leverage, and the residential component is complementary to the retail operations. We watch this space with interest.

Close to expectations — no changes to operational forecasts

Net property rental income was flat due to asset sales but up +2.1% like-for-like. Distributable profit was NZ$49.6m (3.45cps), in line with our NZ$49.5m (3.44cps). AFFO was 3.21cps, ahead of the pcp and our forecast, but still below the level of distributions. KPG will continue to look to grow its AFFO into its dividend over the next few years, indicating a fairly flat dividend over this period with KPG paying out 110% of AFFO in 1H20. As per recent history, KPG has re-iterated its guidance for a modest +1.4% dividend lift to 7.05cps for FY20, in line with our forecasts.

Forecast changes for recent equity issue

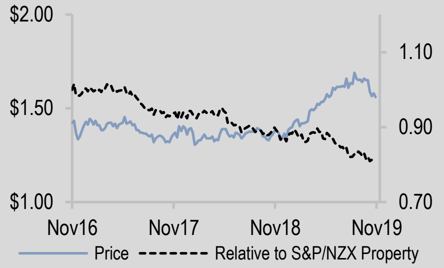
We have left our operational forecasts unchanged but have updated our numbers for the NZ$180m institutional placement allotted, increasing underlying profit but decreasing underlying EPS. We have upgraded FY21E and FY22E DPS by KPG's target level of minimum dividend growth of +1.4%. No changes to our Target Price of NZ$1.62.

Investment View

KPG has an attractive and large diversified portfolio of prime mixed-use and standalone retail and office assets. While retail headwinds remain, catchment-dominant shopping centres are relatively well positioned. Around 30% of its asset base is a defensive office portfolio with a mix of well-located Auckland assets and government leased property in Wellington. Standalone retail is now under 20% of the portfolio. KPG has a cost efficient internalised management structure. Our rating is OUTPERFORM.

NZX Code	KPG
Share price	NZ$1.56
Target price	NZ$1.62
Risk rating	Low
Issued shares	1432.8m
Market cap	NZ$2,235m
Average daily turnover	1,439k (NZ$2,214k)

Share Price Performance



Financials: March	19A	20E	21E	22E
NPAT* (NZ$m)	99.9	104.0	112.9	114.3
EPS* (NZc)	7.0	7.1	7.2	7.2
EPS growth* (%)	-6.2	1.6	1.5	0.5
DPS (NZc)	7.0	7.1	7.1	7.2
Imputation (%)	100	100	100	100

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	19.9	19.5	18.0	17.3
EV/EBIT	19.9	19.5	18.0	17.3
PE	22.3	22.0	21.6	21.5
Price / NTA	1.1	1.1	1.0	n/a
Cash dividend yield (%)	4.5	4.5	4.6	4.6
Gross dividend yield (%)	6.4	6.5	6.5	6.6

*Historic and forecast numbers based on underlying profits

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Kiwi Property Group Limited (KPG)	Priced as at 18 Nov 2019: NZ$1.56				
Forsyth Barr valuation					
Valuation methodology	Blended DCF (50%) and NAV (50%)				
12-month target price (NZ$)*	**1.62**	**Spot valuations (NZ$)**			
Expected share price return	3.8%	1. DCF	1.67		
Net dividend yield	4.6%	2. NAV	1.54		
Estimated 12-month return	8.4%	n/a	n/a		
Key WACC assumptions		**DCF valuation summary (NZ$m)**			
Risk free rate	2.0%	Total firm value	3,439		
Equity beta	0.67	(Net debt)/cash	(992)		
WACC	5.1%	Value of equity	2,423		
Terminal growth	1.5%	Shares (m)	1,433		

March year end

Profit and Loss Account (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Sales revenue	192	181	186	198	205
Normalised EBITDA	**171**	**160**	**165**	**176**	**183**
Depreciation and amortisation	-	-	-	-	-
Normalised EBIT	**171**	**160**	**165**	**176**	**183**
Net interest	(42)	(37)	(36)	(36)	(38)
Associate income	-	-	-	-	-
Tax	(25)	(23)	(24)	(28)	(31)
Minority interests	-	-	-	-	-
Normalised NPAT	**103**	**100**	**104**	**113**	**114**
Abnormals/other	(17)	(38)	(46)	(46)	(49)
Reported NPAT	**120**	**138**	**150**	**159**	**163**
Normalised EPS (cps)	7.5	7.0	7.1	7.2	7.2
DPS (cps)	6.9	7.0	7.1	7.1	7.2

Growth Rates	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Revenue (%)	5.4	-5.7	2.6	6.6	3.7
EBITDA (%)	4.4	-6.5	3.0	7.1	4.0
EBIT (%)	4.4	-6.5	3.0	7.1	4.0
Normalised NPAT (%)	7.6	-3.4	4.2	8.5	1.2
Normalised EPS (%)	0.4	-6.2	1.6	1.5	0.5
DPS (%)	1.9	1.5	1.4	1.4	1.4

Cash Flow (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EBITDA	**171**	**160**	**165**	**176**	**183**
Working capital change	2	3	3	5	3
Interest & tax paid	(65)	(63)	(61)	(63)	(69)
Other	-	-	-	-	-
Operating cash flow	**108**	**100**	**107**	**118**	**117**
Capital expenditure	(113)	(170)	(165)	(53)	(17)
(Acquisitions)/divestments	62	67	-	-	-
Other	(6)	(3)	-	-	-
Funding available/(required)	**51**	**(5)**	**(58)**	**64**	**100**
Dividends paid	(89)	(81)	(77)	(83)	(114)
Equity raised/(returned)	157	-	180	-	-
Increase/(decrease) in net debt	**(120)**	**87**	**(45)**	**19**	**14**

Balance Sheet (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Working capital	(43)	(47)	(48)	(52)	(53)
Fixed assets	3,052	3,207	3,416	3,514	3,579
Intangibles	-	-	-	-	-
Other assets	4	6	6	6	6
Total funds employed	**3,013**	**3,166**	**3,374**	**3,469**	**3,532**
Net debt/(cash)	903	992	946	965	979
Other non current liabilities	116	124	124	124	124
Shareholder's funds	1,994	2,051	2,304	2,380	2,429
Minority interests	-	-	-	-	-
Total funding sources	**3,013**	**3,166**	**3,374**	**3,469**	**3,532**

Valuation Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EV/EBITDA (x)	18.7	19.9	19.5	18.0	17.3
EV/EBIT (x)	18.7	19.9	19.5	18.0	17.3
PE (x)	20.9	22.3	22.0	21.6	21.5
Price/NTA (x)	1.12	1.09	1.06	1.03	1.01
Free cash flow yield (%)	-0.2	-3.1	-2.6	2.9	4.5
Net dividend yield (%)	4.4	4.5	4.5	4.6	4.6
Gross dividend yield (%)	6.3	6.4	6.5	6.5	6.6
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	92	99	99	99	100

Capital Structure	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Interest cover EBIT (x)	4.0	4.3	4.5	4.9	4.8
Net debt/ tangible assets (%)	30.0	31.3	28.0	27.8	27.7
Net debt/ND+E (%)	31.2	32.6	29.1	28.9	28.7
Net debt/EBITDA (x)	5.3	6.2	5.7	5.5	5.3

Key Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Return on assets (%)	5.6	4.9	4.8	5.0	5.1
Return on equity (%)	5.2	4.9	4.5	4.7	4.7
Return on funds employed (%)	4.7	4.3	4.1	4.2	4.2
EBITDA margin (%)	89.3	88.5	88.7	89.2	89.4
EBIT margin (%)	89.3	88.5	88.7	89.2	89.4
Capex to sales (%)	58.7	93.9	88.7	27.0	8.4
Capex to depreciation (%)	n/a	n/a	n/a	n/a	n/a

Property Statistics	**2015A**	**2016A**	**2017A**	**2018A**	**2019A**
Retail portfolio					
No. properties	7	9	9	4	4
WALT (years)	3.4	3.9	3.8	3.6	3.3
Occupancy rate (%)	99.3%	99.1%	99.1%	99.4%	99.4%
Cap rate (%)	6.97%	6.69%	6.52%	6.25%	7.53%
Office portfolio					
No. properties	5	5	5	4	4
WALT (years)	7.6	8.2	10.1	10.1	9.3
Occupancy rate (%)	96.1%	97.4%	97.8%	99.3%	98.7%
Cap rate (%)	6.80%	6.44%	6.13%	5.76%	5.45%
Mixed-use portfolio					
No. properties				4	4
WALT (years)				4.0	4.1
Occupancy rate (%)				100.0%	99.5%
Cap rate (%)				5.72%	5.71%
Total portfolio					
WALT (years)	4.5	5.1	5.6	5.3	5.2
Occupancy rate (%)	98.4%	98.7%	98.8%	99.6%	99.3%
Cap rate (%)	6.92%	6.61%	6.40%	6.11%	5.99%
NTA per share (NZ$)	1.214	1.345	1.390	1.392	1.431
Portfolios values (NZ$m)					
Sylvia Park	601	704	755	835	955
Sylvia Park Lifestyle	64	70	71	74	77
Lynn Mall	226	269	271	274	284
Westgate Lifestyle	-	70	87	90	90
The Base	-	-	195	203	218
The Plaza	206	211	216	207	207
Northlands	220	243	249	240	247
Vero Centre	323	358	381	420	450
ASB North Wharf	175	188	196	209	230
The Aurora Centre	71	126	141	152	160
Other properties	390	431	409	348	290
Total portfolio	**2,276**	**2,670**	**2,969**	**3,052**	**3,207**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

1H20 — key points of interest

Similar themes to recent periods — close to expectations in all areas

Net property rental income was flat at NZ$89.6m (due to the impact of prior period asset sales) and up +2.1% on a like-for-like basis. Distributable profit was NZ$49.6m (3.45cps), versus our forecast of NZ$49.5m (3.44cps). AFFO was 3.21cps, ahead of the pcp and our forecast but still below the level of distributions. AFFO was up due to lower maintenance capex and incentives, with Funds from operations (FFO) back -1%. Operating cash flow was up +11% to NZ$49.5m while gearing was up slightly at 32.8%, but drops to ~27% on a proforma basis post the recent capital raise.

Figure 1. 1H20 Operating Summary

Financial period	**1H18**	**1H19**	**1H20**	**Chg**	**Forecast**
Six months ending:	*03/17*	*03/18*	*03/19*		
Underlying profit & loss (NZ$000s)					
Net rental income	95.6	89.5	89.6	0.5%	90.9
Corporate costs	(10.1)	(11.1)	(11.0)	-0.7%	(10.4)
EBITDA	**85.5**	**78.4**	**78.9**	**0.6%**	**80.5**
Net interest	(22.2)	(18.3)	(19.3)	5.3%	(19.3)
PBT	63.2	60.1	59.6	-0.8%	61.2
Current tax	(12.1)	(11.2)	(11.4)	2.0%	(11.7)
NPAT (underlying)	**51.1**	**49.0**	**48.3**	**-1.4%**	**49.5**
Adjustments:					
Investment property revaluations	-	0.6	-		-
Other non-operating adjustments	(3.2)	(1.3)	(11.5)		-
NPAT (reported)	**47.9**	**48.3**	**36.8**	**-23.8%**	
Adjusted Funds from operations					
NPAT underlying	51.1	49.0	48.3	-1.4%	49.5
Amortisation of incentives and leasing costs	3.1	3.3	3.6	9.1%	3.6
FFO	**54.2**	**52.3**	**51.9**	**-0.8%**	**53.1**
Maintenance capex	(2.6)	(2.9)	(2.5)	-13.8%	(5.0)
Other AFFO adjustments	(8.5)	(5.0)	(3.2)	-36.0%	(3.6)
AFFO	**43.1**	**44.4**	**46.2**	**4.0%**	**44.5**
Financials per share (cps)					
Period weighted shares on issue	1,354	1,425	1,439	1.0%	1,440
Net income per share	7.06	6.28	6.25	-0.5%	6.31
EBITDA per share	6.31	5.50	5.48	-0.3%	5.50
PBT per share	4.67	4.22	4.14	-1.7%	4.25
NPAT per share (underlying)	**3.77**	**3.43**	**3.35**	**-2.4%**	**3.44**
FFO per share	**4.00**	**3.67**	**3.60**	**-1.7%**	**3.69**
AFFO per share	**3.18**	**3.11**	**3.21**	**3.0%**	**3.10**
Dividends					
1H cash dividend (cps)	3.43	3.48	3.53	1.4%	3.50
2H cash dividend (cps)	-	-	-	-	-
FY cash dividend (cps)	**-**	**-**	**-**	-	**7.05**
Payout - NPAT (underlying)	91%	101%	105%	4.0pp	102%
Payout - FFO	86%	95%	98%	3.1pp	95%
Payout - AFFO	108%	112%	110%	-1.7pp	113%
Balance sheet					
Operating cash flow	47.1	44.5	49.5	11%	52.4
NTA	1.38	1.40	1.42	1%	n/a
Gearing (ND / Total assets)	30.8%	28.9%	32.8%	12%	n/a

Source: Forsyth Barr analysis, Company Reports

Flattish outlook with +1.4% dividend growth

The 1H20 dividend was 3.525cps (record date is 3 December / payment is on 18 December) and was up +1.4% as expected and in line with the FY20 growth guidance. KPG will continue to look to grow its AFFO into its dividend over the next few years, indicating a fairly flat dividend over this period with KPG paying out 110% of AFFO in 1H20. As per recent history, KPG has re-iterated its guidance for a modest +1.4% dividend lift to 7.05cps for FY20, in line with our forecasts.

Figure 2. Net Rental Income (NRI) by property (NZ$m)

Property	1H19A	2H19A	1H20A	Chg YoY	Chg HoH
Mixed-use					
Sylvia Park	21.4	23.5	21.8	1.9%	-7.2%
Sylvia Park Lifestyle	2.5	2.6	2.6	4.0%	0.0%
Lynn Mall	9.3	9.2	9.4	1.1%	2.2%
The Base	6.0	6.5	6.4	6.7%	-1.5%
Mixed-use total	**39.2**	**41.8**	**40.2**	**2.6%**	**-3.8%**
Westgate Lifestyle	3.0	2.9	3.0	0.0%	3.4%
Centre Place - North	3.0	2.9	2.6	-13.3%	-10.3%
The Plaza	8.2	8.6	8.3	1.2%	-3.5%
Northlands	9.3	9.8	9.9	6.5%	1.0%
Retail total	**23.5**	**24.2**	**23.8**	**1.3%**	**-1.7%**
Office					
Vero Centre	8.9	10.0	10.9	22.5%	9.0%
ASB North Wharf	6.2	6.3	6.4	3.2%	1.6%
The Aurora Centre	4.5	4.3	4.2	-6.7%	-2.3%
44 The Terrace	1.6	1.6	1.6	0.0%	0.0%
Office total	21.2	22.2	23.1	9.0%	4.1%
Other properties	1.9	2.0	2.1	10.5%	5.0%
Net Operating Income	**85.8**	**90.2**	**89.2**	**4.0%**	**-1.1%**
Sold assets					
North City	2.7	-	-	n/a	n/a
Total NRI (ex straight lining)	**88.5**	**90.2**	**89.2**	**0.8%**	**-1.1%**
External management fees	1.0	1.2	-	n/a	n/a
Total NRI and fees (reported)	**89.5**	**91.4**	**89.2**	**-0.3%**	**-2.4%**

Source: Forsyth Barr analysis, Company Reports

No interim revaluation — NTA steady at NZ$1.42

KPG noted that its assessment was that there had not been any material change in valuation of its assets, so did not undertake an interim revaluation. Management did not provide any colour on valuation trends which are of interest given negative investor sentiment to retail assets and the number of shopping centres for sale across NZ and Australia.

The NTA was back slightly from 31 March 2019, NTA of NZ$1.43 to NZ$1.42.

Encouraging rent reviews for mixed use and office

New leasing and rent reviews had rental growth of +14.1% for the mixed-use portfolio (mostly from Sylvia Park and The Base retailers) and +8.5% from the office portfolio (mainly Vero Centre) and just +0.8% for the retail portfolio (key leasing at The Plaza) providing total rental growth of +4.6%.

Key retail sales metrics were steady verses the pcp with like-for-like sales growth of +2.4%. Across all centres (excluding large format) gross occupancy costs for the specialty tenants were steady at 11.9%, as were specialty sales per sqm at $11,400 and the pedestrian count at 46.2m.

Sylvia Park Galleria update — 66% preleased

Sylvia Park Galleria is on track for a mid-2020 opening with August 2020 the expected date. KPG stated its preleasing is on programme with 66% preleased and good enquiry on the balance. KPG also noted that the total project cost remains NZ$258m, with an unchanged initial yield of 5.7% and NZ$30m development margin.

Other major projects

In 2H20 KPG is looking to progress plans for a second office tower at Sylvia Park and to complete its feasibility on a possible build to rent residential apartment developments at Sylvia Park. If this goes ahead this will be ground-breaking in NZ and leverages KPG's existing scale, land footprint and location attributes at LynnMall and Sylvia Park. It also diversifies the revenue stream and will be positively received by retailers.

KPG is also planning for an entertainment and F&B precinct at the Base (~NZ$20m), as well as advancing master planning for the Drury mixed use asset in 2H20. The Northlands F&B opened successfully in 1H20 and KPG acquired additional adjacent land at Sylvia Park.

Strong portfolio metrics maintained

Strong overall portfolio metrics were maintained with occupancy at 99.4% and WALT 5.1 years. Centre Place North looks the worst positioned of KPG's assets in terms of the near-term rental outlook and vacancy.

Forecast changes

We have left our operational forecasts unchanged but have updated our numbers for the NZ$180m institutional placement allotted on 4 November. This has reduced forecast interest costs, increased underlying profit but decreased underlying EPS slightly.

We have upgraded FY21E and FY22E DPS by KPG's target level of minimum dividend growth of +1.4%. No changes to our Target Price of NZ$1.62 and we remain with an OUTPERFORM rating, with KPG offering the best value of the large-cap LPVs.

Figure 3. Forecast changes (NZ$m)

		2020E			2021E			2022E	
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Net income	**185.6**	**185.6**	**-**	**197.8**	**197.8**	**-**	**205.2**	**205.2**	**-**
Corporate costs	(20.9)	(20.9)	-	(21.4)	(21.4)	-	(21.8)	(21.8)	-
EBITDA	**164.7**	**164.7**	**-**	**176.4**	**176.4**	**-**	**183.4**	**183.4**	**-**
Net interest	(38.6)	(36.3)	-6.0%	(41.3)	(35.7)	-13.6%	(44.2)	(38.2)	-13.6%
Current tax	(23.9)	(24.4)	2.1%	(26.4)	(27.8)	5.4%	(29.2)	(30.8)	5.6%
NPAT (underlying)	**102.2**	**104.0**	**1.8%**	**108.7**	**112.9**	**3.9%**	**109.9**	**114.3**	**4.0%**
EPS (cps)	7.10	7.11	0.1%	7.45	7.21	-3.3%	7.48	7.24	-3.2%
DPS (cps)	7.05	7.05	-	7.05	7.15	1.4%	7.05	7.25	2.8%

Source: Forsyth Barr analysis

Investment summary

Kiwi Property Group (KPG) owns a portfolio of large prime mixed-use, retail and office assets, with rental income diversified across a substantial tenant base. Recent sales of non-core assets have improved portfolio quality and made KPG more defensive to softening property market fundamentals. KPG is not immune to the structural headwinds for retail property, with e-commerce growth impacting; however, we expect KPG's catchment-dominant malls to outperform. In our report *'Real Estate Reflections'* dated 5 September, we adopted our new Research team risk free rate of 2% and market risk premium of 7.5% which increased the KPG target price by +12.5%. Our rating is OUTPERFORM.

Earnings and cash flow outlook

- **Rental growth:** KPG achieved solid +4.6% 1H20 rental growth driven by strong rent reviews and new leases in the Office and Mixed-use portfolio.
- **Revaluation gains:** KPG announced an FY19 revaluation gain of +1.5% with a solid office portfolio gain (+6.3%) offset by a weak retail portfolio gain (-4.5%) and no gain for its mixed-use portfolio. The portfolio cap rate firmed -11bps to 5.99%.
- **Sylvia Park Galleria expansion:** KPG has committed to an NZ$223m expansion of Sylvia Park with an additional 18,000sqm of retail space, a new café court, and 900 additional car parks. KPG has also announced an additional NZ$35m for "design enhancements and additional space to accommodate key retailers". The total cost of the project is NZ$258m with a development margin of ~NZ$30m.

Business quality

- **Property fundamentals strong reflecting strength of assets:** Portfolio metrics remain strong with WALT and occupancy at 5.1 years and 99.4% respectively. The office portfolio has an impressive WALT of 9.1 years.

Risks factors

- **Retail exposure:** Competitive pressures from e-commerce growth are a structural headwind. Repositioning malls and increased remixing of specialty tenants results in higher capex. There is also a significant amount of Auckland retail development coming online at Commercial Bay and Westfield, Newmarket which may impact KPG's Auckland based malls.
- **CBD office asset volatility:** Rental growth expectations have improved recently with tight supply but remain volatile through the cycle.
- **Rising interest rates:** Higher interest rates make other yield investments more attractive relative to listed property dividend yields.

Company description

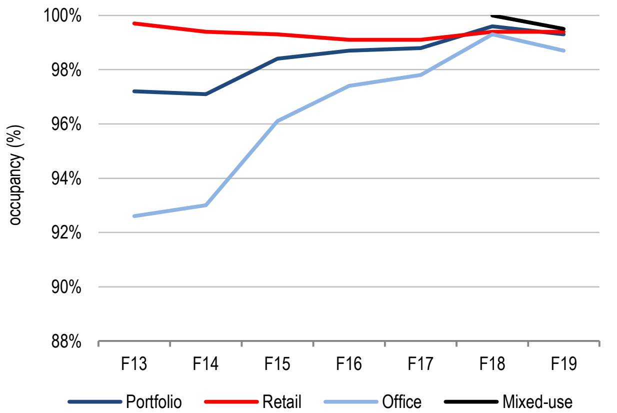
Kiwi Property Group (KPG) is the largest listed property vehicle in the NZ market. Its diversified asset base of NZ$3.1bn comprises of 68% retail assets and 32% office assets. KPG owns NZ's largest shopping centre Sylvia Park, as well as prime office assets in Auckland and Wellington. It is geographically weighted 61% to Auckland. KPG listed in 1994 (as Kiwi Income Property Trust). In December 2013 KPG internalised its management structure, and in December 2014 it changed its legal structure from a trust to a company.

Figure 4. Sector and regional portfolio exposure

	Auckland	Other North Island	South Island	Total
Industrial	-	-	-	-
Office	22%	7%	-	30%
Retail	46%	16%	8%	70%
Total	69%	23%	8%	100%

Source: Forsyth Barr analysis, Company Reports

Figure 5. Occupancy by sector



Source: Forsyth Barr analysis, Company reports Note: retail is back-stated for FY18 and FY19 to reflect the change in classification

Figure 6. Substantial Shareholders

Shareholder	Latest Holding
ANZ NZ Investments	8.3%
ACC	8.2%
The Vanguard Group	5.1%

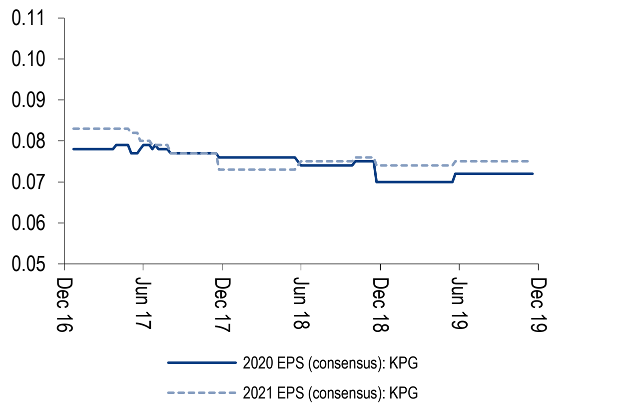
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

Figure 7. International Compcos

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash D/Yld
(metrics re-weighted to reflect KPG's balance date - March)			(m)	2020E	2021E	2020E	2021E	2020E	2021E	2021E
Kiwi Property Group	**KPG NZ**	**NZ$1.56**	**NZ$2,235**	**22.0x**	**21.6x**	**19.6x**	**18.3x**	**19.6x**	**18.3x**	**4.6%**
Argosy Property *	ARG NZ	NZ$1.41	NZ$1,166	21.4x	20.5x	19.7x	18.4x	19.7x	18.4x	4.5%
Goodman Property Trust *	GMT NZ	NZ$2.10	NZ$2,910	31.1x	30.5x	27.3x	24.9x	27.3x	24.9x	3.2%
Investore *	IPL NZ	NZ$1.91	NZ$497	23.4x	23.0x	19.9x	19.7x	19.9x	19.7x	4.0%
Asset Plus *	APL NZ	NZ$0.64	NZ$104	16.6x	17.7x	12.3x	13.2x	12.3x	13.2x	5.6%
Precinct Properties NZ *	PCT NZ	NZ$1.77	NZ$2,325	27.0x	25.6x	27.4x	22.5x	27.4x	22.5x	3.6%
Property For Industry *	PFI NZ	NZ$2.34	NZ$1,165	27.1x	26.8x	20.9x	20.7x	20.9x	20.7x	3.3%
Stride Property *	SPG NZ	NZ$2.23	NZ$815	21.3x	20.1x	20.3x	18.5x	20.3x	18.5x	4.4%
Vital Healthcare *	VHP NZ	NZ$2.67	NZ$1,207	27.5x	26.1x	23.4x	22.1x	23.4x	22.1x	3.4%
			Compco Average:	**24.4x**	**23.8x**	**21.4x**	**20.0x**	**21.4x**	**20.0x**	**4.0%**
EV = Current Market Cap + Actual Net Debt			**KPG Relative:**	**-10%**	**-9%**	**-8%**	**-9%**	**-8%**	**-9%**	**+15%**

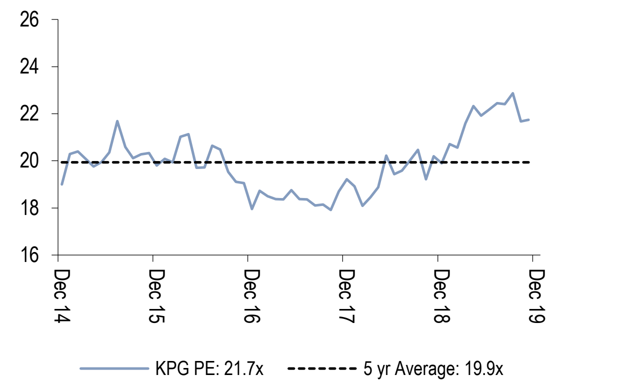
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (KPG) companies fiscal year end

Figure 8. Consensus EPS Momentum



Source: Forsyth Barr analysis, Bloomberg

Figure 9. 12 Month Forward PE



Source: Forsyth Barr analysis