

## NZX RELEASE

2 April 2019

# Kiwi Property portfolio value rises to \$3.2 billion

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Kiwi Property today reported a net fair value gain of approximately \$47 million (+1.5%) in respect of its portfolio of mixed-use, retail and office assets for the year ended 31 March 2019, with the total property portfolio value lifting to \$3.2 billion.

Chief Executive Officer, Clive Mackenzie, said: "Our property portfolio has benefited from a strong investment market with robust international capital inflows contributing to a firming in the weighted average investment portfolio capitalisation rate."

"This year we have made an important change to our asset classifications, recognising the evolution of our strategy which increases our focus on intensifying some of our holdings to create mixed-use communities," said Mr Mackenzie.

As a result, Kiwi Property's investment portfolio now has three asset class classifications: mixed-use, retail and office.

### Mixed-use portfolio

"Our mixed-use portfolio includes those assets that are strategically located in centres of higher population growth, close to town centres or key transport linkages and have existing or longer-term potential to develop a variety of uses on site including retail, commercial, entertainment, hotel, residential or civic uses," said Mr Mackenzie.

Kiwi Property's evolution to focus on these assets is borne out in this year's valuation result where mixed-use assets have performed better than traditional retail centres.

Our mixed-use portfolio, comprising Sylvia Park (including Sylvia Park Lifestyle), LynnMall and The Base, has grown in fair value by \$20 million or 1.3%. Our mixed-use assets are collectively valued at \$1.53 billion – 48% of Kiwi Property's overall holdings – and provide a weighted average capitalisation rate of 5.71%, in line with March 2018.

### Retail portfolio

Our retail portfolio has decreased in fair value by \$28 million, or 4.5%, primarily as a result of softening capitalisation rates for this asset class together with, in some instances, an increase in seismic related expenditure. With a total value of \$598 million – less than 20% of Kiwi Property's overall holdings – our retail portfolio has a weighted average capitalisation rate of 7.53%, 23 basis points higher than last year.

### Office portfolio

Our office portfolio performed very strongly over FY19 with fair value growth of \$53 million or 6.3%. Growth was positive across both Auckland (+6.5%) and Wellington (+5.6%) assets, driven by not only strong market sentiment and demand for this asset class but also the quality of the buildings in Kiwi Property's portfolio. Our office portfolio, at a total value of \$893 million, comprises 28% of Kiwi Property's overall holdings. The portfolio weighted average capitalisation rate has firmed 31 basis points since March 2018 to 5.45%.



## Overall portfolio

The revaluation result has firmed our investment portfolio capitalisation rate by 12 basis points, from 6.11% to 5.99% and will increase our net tangible asset backing from \$1.40 per share to approximately \$1.43 per share.

The March 2019 property valuations were determined by independent valuers and will be confirmed in the Company's audited financial results for the year ended 31 March 2019, to be announced on 20 May 2019.

A summary of valuations follows:

Property / Portfolio	Capitalisation rate			Value Mar-19 \$m	Fair value movement	
	Mar-18 %	Mar-19 %	Variance bps		\$m	%
Sylvia Park	5.38%	5.38%	-	955	3	0.4%
Sylvia Park Lifestyle	6.25%	6.25%	-	77	3	3.9%
LynnMall	6.25%	6.38%	-13	284	1	0.4%
The Base	6.25%	6.13%	13	218	13	6.3%
<b>Mixed-use portfolio</b>	<b>5.72%</b>	<b>5.71%</b>	<b>1</b>	<b>1,534</b>	<b>20</b>	<b>1.3%</b>
Westgate Lifestyle	6.38%	6.38%	-	90	-0	-0.1%
Centre Place North	8.75%	10.25%	-150	54	-7	-11.5%
The Plaza	7.00%	7.38%	-37	207	-6	-2.9%
North City <sup>1</sup>	8.38%					
Northlands	7.13%	7.50%	-38	247	-15	-5.7%
<b>Retail portfolio</b>	<b>7.31%</b>	<b>7.53%</b>	<b>-23</b>	<b>598</b>	<b>-28</b>	<b>-4.5%</b>
Vero Centre	5.50%	5.13%	38	450	22	5.0%
ASB North Wharf	5.63%	5.38%	25	230	20	9.6%
The Aurora Centre	6.38%	6.13%	25	160	7	4.8%
44 The Terrace	6.63%	6.50%	13	54	4	7.9%
<b>Office portfolio</b>	<b>5.76%</b>	<b>5.45%</b>	<b>31</b>	<b>893</b>	<b>53</b>	<b>6.3%</b>
<b>INVESTMENT PORTFOLIO</b>	<b>6.11%</b>	<b>5.99%</b>	<b>12</b>	<b>3,024</b>	<b>45</b>	<b>1.5%</b>
<b>Other properties</b>				183	2	1.0%
<b>TOTAL PORTFOLIO</b>				<b>3,207</b>	<b>47</b>	<b>1.5%</b>

**Note 1** On 9 July 2018, Kiwi Property settled the sale of North City, Porirua. The capitalisation rate shown as at March 2018 is the equivalent rate based on the asset's gross sale price.

> Ends

## Contact us for further information

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## About us

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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 25 years and we proudly own and manage a \$3.2 billion portfolio of real estate, comprising some of New Zealand's best mixed-use, retail and prime office buildings. Our objective is to provide investors with a reliable investment in New Zealand property 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 the highest rated New Zealand company within CDP (Carbon Disclosure Project) and is a member of FTSE4 Good, a series of benchmark and tradable indexes for ESG (Environmental, Social and Governance) investors. Kiwi Property is licensed under the Real Estate Agents Act 2008. To find out more, visit our website [kp.co.nz](https://kp.co.nz)