

NZX RELEASE

20 April 2020

Kiwi Property portfolio valuation update

Kiwi Property today reported a decrease of approximately \$290 million (-8.5%) in the fair value of its property portfolio. The Company's mixed-use, office, retail and other property assets were worth \$3.1 billion as at 31 March 2020, following their independent revaluation.

Chief Executive Officer, Clive Mackenzie said the valuations have been heavily impacted by the COVID-19 pandemic.

"The significant uncertainty caused by the coronavirus has prompted valuers to include an assessment of its effects on property values. As a result, their assumptions around rental growth, vacancy, downtime, leasing up allowances and trading conditions have all softened. The challenging investment market conditions and an expected decline in capital inflows are also contributing to an expansion in capitalisation and discount rates.

"This uncertain environment is likely to continue for some time. We will regularly review further changes in asset values and make additional announcements as appropriate," Mr Mackenzie added.

MIXED-USE PORTFOLIO

Kiwi Property's mixed-use portfolio, which includes Sylvia Park, Sylvia Park Lifestyle, LynnMall and The Base, experienced a fair value decline of -10.6% or \$177 million to \$1,499 million. These assets account for 48% of the Company's overall holdings and have a weighted average capitalisation rate of 5.87%, an expansion of 16 basis points over the prior financial year.

RETAIL PORTFOLIO

The Company's retail portfolio declined in fair value by \$126 million, or -20.8% to \$481 million. Regional shopping centre values have been the hardest hit by the effects of COVID-19, contributing to a capitalisation rate expansion of 58 basis points to a weighted average of 8.11%. Regional retail assets continue to decrease as a proportion of Kiwi Property's overall holdings, comprising just 15.5% of the Company's total portfolio at 31 March 2020.

OFFICE PORTFOLIO

Kiwi Property's office portfolio proved the most resilient of its asset classes, increasing in value by \$15 million or 1.6% to \$910 million.

In Wellington, The Aurora Centre and 44 The Terrace, delivered growth of 7.1% and 7.4% respectively, underpinned by long-term New Zealand Government leases. In Auckland, ASB North Wharf increased in value by 3.1% while Vero Centre decreased by -1.7%. The weighted average capitalisation rate of the Company's office portfolio remained stable at 5.46%.



OTHER PROPERTIES

Kiwi Property holds a portfolio of other properties, outside of its investment-grade assets. These include the Company's Drury landholdings, as well as industrial redevelopment landholdings around Sylvia Park. This portfolio recorded a \$1 million, or -0.5%, decrease in value, to \$215 million.

In recent years, Kiwi Property has signalled its strategy of creating mixed-use assets. The 'other properties' portfolio holds many of the assets that will enable that transformation.

"Mixed-use is critical to Kiwi Property's growth. With our significant landholdings at Sylvia Park and Drury, we are in a position to develop master-planned communities that contain a mix of asset classes, and are potentially more resilient in the face of market shocks, such as those caused by COVID-19," said Mr Mackenzie.

OVERALL PORTFOLIO

Following the valuation result, Kiwi Property's investment portfolio capitalisation rate has softened by 12 basis points from 5.99% to 6.11% and decreased net tangible asset backing per share by 18 cents from \$1.42 to \$1.24 per share. Gearing has increased to 32%, which remains within the target range.

The property valuations as at 31 March 2020 were determined by independent valuers and are subject to external audit. They will be confirmed in the company's audited financial statements for the year ended 31 March 2020.

> Ends

Contact us for further information

Clive Mackenzie
Chief Executive Officer

Campbell Hodgetts
Communications Lead

clive.mackenzie@kp.co.nz

campbell.hodgetts@kp.co.nz
0275634985

About us

Kiwi Property (NZX: KPG) is one of the largest listed property companies on the New Zealand Stock Exchange and is a member of the S&P/NZX 20 Index. We've been around for over 25 years and we proudly own and manage a significant portfolio of real estate assets, comprising some of New Zealand's best mixed-use, retail and 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 benchmarks and tradeable indices 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