

NZX RELEASE

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Kiwi Property portfolio valuation update

Kiwi Property today announced the outcome of its draft property portfolio valuations, delivering an expected fair value gain of \$100 million (+3.1%) for the six months ending 31 March 2021. The Company's mixed-use, office, retail and other properties will be worth \$3.3 billion following confirmation of the asset valuations at year-end.

Following the latest valuations, the overall fair value gain on Kiwi Property's portfolio for the 2021 financial year is approximately \$110 million (including the \$9.2 million uplift recorded in the six months to 30 September 2020).

Chief Executive Officer, Clive Mackenzie said it was pleasing to see a rebound in the Company's asset values, following a stabilisation of trading conditions.

"While COVID-19 continues to impact the sector, the outlook is far more positive than it was when valuations were last undertaken in September 2020, especially with the vaccine rollout now underway. Encouragingly, recent transaction evidence suggests investor confidence has returned to the property markets, allowing valuers to remove 'material valuation uncertainty' clauses across many of our assets."

The draft valuations are expected to result in the following movements over the six-month period ending 31 March 2021:

Mixed-use portfolio

Draft valuations show the Company's mixed-use portfolio, which comprises Sylvia Park, Sylvia Park Lifestyle, LynnMall and The Base, has experienced a fair value increase of approximately 2.4% or \$38 million to \$1,623 million. The weighted average capitalisation rate for these assets has firmed four basis points to 5.79%.

Office portfolio

Kiwi Property's office portfolio proved the most resilient of the Company's asset classes, with draft valuations increasing approximately 5.4%, or \$52 million, to \$1,002 million. The uplift is assisted by a 28 basis point capitalisation rate firming to 4.99%, with the Company's Auckland assets growing in value by 5.6%, and Wellington assets increasing 4.9%.

Retail portfolio

Kiwi Property's retail portfolio experienced a fair value decline of approximately 1.7% or \$8 million to \$461 million, according to the draft valuations. The reduction in portfolio value was generally driven by an increase in seismic-related capital expenditure and a softening in market rents. On a positive note, the weighted average capitalisation rate of the Company's retail assets has firmed 30 basis points to 7.75%, assisted by stronger than expected retail sales.



Other properties

Kiwi Property holds a portfolio of other properties, outside of its investment-grade assets, including the Company's Drury and Sylvia Park industrial holdings. This portfolio recorded draft valuation growth of approximately 8.0%, or \$18 million, to \$245 million for the period.

Overall portfolio

Following the draft valuations, the capitalisation rate of Kiwi Property's investment portfolio has firmed 18 basis points, from 6.00% to 5.82%, while net tangible asset backing per share will increase by approximately six cents from \$1.29, as at 30 September 2020, to \$1.35.

The draft 31 March 2021 property valuations are 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 2021, scheduled for release on 24 May 2021.

> Ends

Note:

The fair value movements referred to above relate to independent property valuation movements and exclude any fair value movement arising from accounting for lease liabilities under NZIFRS16.

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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