

NZX RELEASE

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Kiwi Property gives green light to build-to-rent

Kiwi Property today announced it is moving ahead with the construction of New Zealand's first major build-to-rent development, marking an important milestone in the delivery of the company's mixed-use strategy. The 295 apartment complex will be located at Sylvia Park in Auckland, accelerating the site's evolution into an integrated retail, office and residential community.

Build-to-rent accommodation is developed, owned and managed by institutional landlords, specifically for long-term rental. Featuring a combination of studio, one, two and three bedroom apartments, the Sylvia Park build-to-rent development will offer residents the security of long-term tenure, coupled with quality amenities, resident services and curated events.

Enabling works are already underway at the Lynton Road site, with construction set to commence in late 2021 and renting to begin in early 2024. The \$221 million development will target a stabilised net yield of approximately 4.5%, and a 10 year property internal rate of return of over 8.0%¹. The project will be debt funded, pending the outcome of the process to sell The Plaza and Northlands, which is currently underway.

"This is a proud moment for Kiwi Property, as we take a decisive step forward in the execution of our mixed-use strategy. Build-to-rent is poised to become an important part of our portfolio, further diversifying our asset base, unlocking growth and promoting valuation uplift," says Kiwi Property CEO, Clive Mackenzie.

"With our large mixed-use landholdings, including Sylvia Park and LynnMall, we're in a unique position to deliver build-to-rent. The size of these assets and ability to overlay multiple developments creates an area of distinct competitive advantage. We're excited to be moving ahead with build-to-rent today and are just getting started."

Kiwi Property's ability to develop build-to-rent on its own sites enables the company to mitigate upfront costs and drive more attractive returns. In addition, by leveraging the asset management, security and maintenance platforms already in place at its mixed-use assets, Kiwi Property is able to unlock greater operational efficiency and economies of scale.

"The structural case for build-to-rent is strong. More than half of Aucklanders over the age of 15 currently rent, with this number expected to rise to 60% by 2043. This new asset class has the potential to play an important role in helping address the growing demand for rental accommodation and alleviate New Zealand's housing shortfall," added Mackenzie.



Kiwi Property has a clear pathway to scale in build-to-rent. Under the Sylvia Park masterplan, approximately 1,200 apartments could potentially be built across the site over the medium term, transforming the location into a major residential hub. Resource consent is also being sought for a 25-storey mixed-use building at Auckland's LynnMall, which will include 245 build-to-rent apartments, as well as three floors of office and additional ground floor retail. More than 600 apartments could be accommodated at the location in the coming years. Further details regarding the LynnMall mixed-use development will be provided once a decision has been made to proceed with the project.

A live webcast for analysts and institutional investors will be held at 10.30am (NZT) today to provide further details regarding the build-to-rent announcement.

The webcast can be viewed online at:
<https://edge.media-server.com/mmc/p/mzhwcv2y>

Alternately, participants may pre-register to join via conference call at:
<https://apac.directeventreg.com/registration/event/3177225>

> Ends

Note

1. IRR assumes interest deductibility being permitted for new builds, as per "Design of the interest limitation rule and additional bright line rules – a Government discussion document" (June 2021).

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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 proudly own and manage a significant real estate portfolio, 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 an issuer 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 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