

NZX RELEASE

10 October 2022

Kiwi Property portfolio valuation update

Kiwi Property today released the outcome of its draft valuations for the six months ended 30 September 2022, posting an expected 5.8% decrease in the fair value of its property portfolio. The Company's mixed-use, office, retail and other properties are set to be worth \$3.4 billion at the close of the period, down \$212.5 million from 31 March 2022.

Kiwi Property Chief Executive Officer, Clive Mackenzie said: "The current high inflation, high interest rate environment has led to capitalisation rate softening across the property sector globally, with the New Zealand market particularly impacted over the past few months.

"Kiwi Property's investment portfolio continues to perform well, with increases in occupancy, as well as passing and market rents, driving robust rental income growth. This favourable operating performance has not been enough to offset the volatile macro climate and subsequent capitalisation rate softening, however.

"While the reduction in the fair value of our property portfolio is disappointing, it is not unexpected given the headwinds facing the global economy. By actively managing our assets and tightly managing costs, we will help accelerate the resurgence of our asset values as the financial climate improves."

The draft valuations are expected to result in the following movements over the six-month period ending 30 September 2022:

- Mixed-use portfolio: -4.7% or \$93.3 million, driven by capitalisation rate expansion of 29 basis points.
- Office portfolio: -5.8% or \$60.2 million, led by capitalisation rate expansion of 37 basis points.
- Other properties: -12.4% or \$35.0 million, with increasing seismic strengthening costs a central factor.
- Properties held for sale: -11.1% or \$24.0 million, reflecting the contract price for Northlands.
- Overall investment portfolio: 5.56% weighted average capitalisation rate, an expansion of 32 basis points.
- Net tangible asset backing per share: \$1.32, a reduction of 13 cents.

Kiwi Property's operating earnings are not impacted by the draft valuation movement and the Company's FY23 cash dividend guidance of no less than 5.70 cents per share remains unchanged. This figure represents a New Zealand tax-paid yield of 6.23% or gross equivalent yield of 9.30% (based on a closing share price of 91.5 cents recorded on 7 October 2022 and assuming a 33% tax rate for the gross equivalent yield).



The draft valuations have been determined by independent valuers and are subject to finalisation and external review by Kiwi Property's auditor, PwC. They will be confirmed in the Company's interim FY23 financial statements, scheduled for release on 28 November 2022.

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.

Contact us for further information:

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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 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 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](https://www.kp.co.nz)