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annual result

FOR THE YEAR ENDED 31 MARCH 2018



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This annual result presentation, for the year ended 31 March 2018, should be read in conjunction with the NZX announcement, online Annual Report, online Property Compendium and online Sustainability Report also released on 21 May 2018. Refer to our website kp.co.nz/annual-result or nzx.com.

Property statistics within this presentation represent owned assets only; property interests managed on behalf of third parties are excluded.

Unless otherwise indicated, all of the numerical data provided in this Presentation is stated as at or for the year ended 31 March 2018. All amounts are in New Zealand dollars. Due to rounding, numbers within this Presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Refer to Appendix 5.01 of this presentation for a glossary of terms.

strategy positioned for growth

our investment strategy

we invest in a diversified portfolio of retail and office assets that are expected to outperform by consistently attracting high levels of tenant demand

our core portfolio

Auckland	we have a strong bias to Auckland given its superior prospects for economic, population and employment growth
retail assets	we target <ul style="list-style-type: none">- prominent regional shopping centres- large format retail centres that are in <ul style="list-style-type: none">- the 'golden triangle', predominantly Auckland (in particular locations favoured by the Auckland Unitary Plan) and the Waikato- regions outside of Auckland with positive growth prospects
office assets	we target <ul style="list-style-type: none">- prime-grade assets in Auckland- Wellington assets that attract long-term government leases
town centres	we increasingly see ourselves as investors in town centres; comprising a mix of retail, office, service, entertainment, civic and ultimately hotel and residential uses, all supported by pedestrian and transport linkages

our strategy is evolving – it responds to increasing urbanisation, with a focus on areas of population growth and town centre opportunities at key transport nodes

during FY18, we consolidated our portfolio to focus on core assets and growth

recycling capital from non-core assets

The Majestic Centre

- sold in Dec-17 for \$123.2 million
- retained building management on behalf of the new owner, Investec



through our asset sales, we have strengthened our portfolio by reducing exposure to regions and sectors identified as 'non-core'

on settlement of North City, 77% of our portfolio will be located within the 'golden triangle'

North City

- post balance date, secured an unconditional agreement for sale at \$100 million
- settlement by Jul-18
- new owner to assume management




capital will be recycled into value-enhancing opportunities across our core portfolio, in line with strategy

capital management initiatives executed to fund growth

equity raise	- raised \$157 million (net) through a 1 for 11 pro-rata entitlement offer
debt diversification	- further diversified our debt facilities with the addition of China Construction Bank and HSBC to our pool of banking lenders
bond issue	- raised \$125 million through an issue of seven-year fixed-rate senior secured bonds at an interest rate of 4.33%
credit rating	- secured a corporate credit rating of BBB (stable) and an issue rating of BBB+ for all fixed-rate senior secured bonds from S&P Global Ratings

we have further diversified our sources of funding, paid down debt and created headroom to fund future investment and development opportunities

 4.10 finance debt facilities
4.11 capital management metrics

realising our town centre vision for Sylvia Park

- 2.04 The Grove Dining District
- 2.05 No.1 Sylvia Park
- 2.06-2.07 central carpark



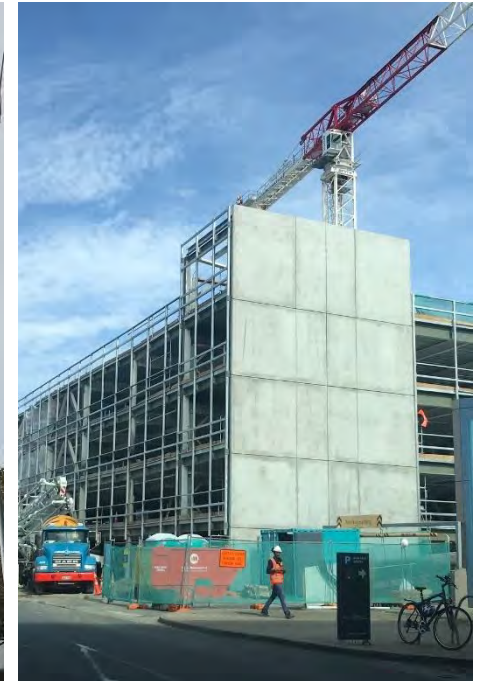
The Grove Dining District **COMPLETED**

- opened fully leased in Dec-17
- operators report pleasing trading performance
- on track to exceed targeted investment returns
 - 7.8% initial yield
 - 10.0% IRR



No.1 Sylvia Park **NEARING COMPLETION**

- achieved 5-star Green Star design rating
- completion date Jul-18
- 90% leased with new 6,740 sqm lease to ANZ Bank and 3,324 sqm lease to IAG
- target investment returns update
 - Y1 yield 5.4% - partial occupancy with IAG
 - Y3 yield 7.4% - on full occupancy
 - IRR >9%



central carpark **IN PROGRESS**

- on budget and on programme for completion in Nov-18
- will provide ~600 carparks



galleria *IN PROGRESS*

- \$223 million expansion (incl. south carpark)
- ~60 new retailers over ~18,000 sqm, including
 - a two-level, 8,100 sqm Farmers department store
 - a next generation casual dining experience
 - new international brands and concepts
- target investment returns
 - Y1 yield 5.7% increasing to 6.2% in Y3
 - IRR >10%



south carpark *IN PROGRESS*

- a new multi-deck carpark
- provides ~900 carparks
- on completion, will increase overall site parking to ~5,000 spaces



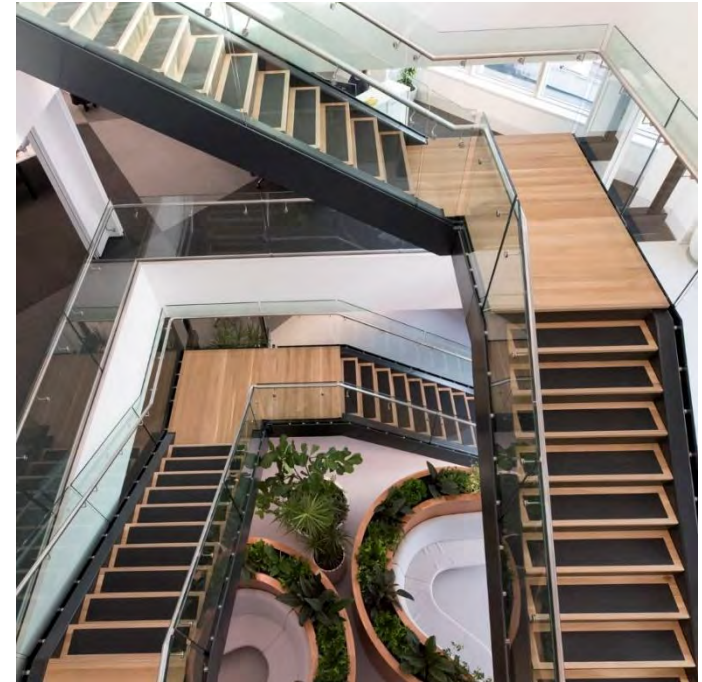
Langdons Quarter, Northlands *IN PROGRESS*

- new dining and entertainment precinct
 - 13 food operators including two external restaurants
 - HOYTS cinemas refurbishment (will continue to trade)
- progressing on budget
- on programme to open Nov-18 completion
- 62% of leasing committed

compelling food experiences

- *we're creating contemporary lifestyle destinations through food, hospitality and entertainment*
- *in FY18, one-third of all new lease deals across our shopping centre portfolio were to food tenants. Half of those were new to our centres*

creating exceptional places to work



Suncorp New Zealand, Vero Centre

- facilitated transformation of Suncorp's workplace to promote greater collaboration, productivity and connectivity

tenant focus

- we're supporting our tenants with
 - opportunities for wellness and collaboration
 - flexible working modes
 - provision of services to save time
 - connected business communities

building long-term investment opportunities



Drury land

- total land controlled 51.3 hectares
- Auckland Council-led structure plan for Drury East/West due to be released for consultation in 2018
- subject to outcome, zoning changes could be sought from 2019
- Auckland Transport Alignment Project (ATAP) investment priorities support Drury development



Sylvia Park adjoining land

- secured a further 3.2 hectare strategic landholding adjacent to Sylvia Park for \$27.1 million (shown shaded pink at left)
- with adjoining land, forms a 7.7 hectare contiguous redevelopment opportunity
- total Mount Wellington land holdings now >31 hectares

strategy execution drives strong results

\$192.1m

rental income

+\$9.6m +5.2%

\$120.1m

profit after tax

-\$22.9m -16.0%


\$111.3m

FFO

+\$8.5m +8.2%

a record rental income and operating result (FFO) driven by contributions from acquisitions and recently completed developments

our profit after tax result reflects lower revaluation gains on our property portfolio and the absence of fair value gains on interest rate derivatives experienced in the prior year

 1.04 rental income
4.01 profit after tax
4.04 FFO

FFO and AFFO

7.84 cps

FFO

-0.11 cps -1.4%

6.67 cps

AFFO

+0.63 cps +10.4%

full-year dividend in line with guidance

intention is to transition over time to a dividend policy based on AFFO

6.85 cps

FY18 cash dividend


+0.10 cps +1.5%

87%

FFO payout ratio

103%

AFFO payout ratio

 4.04 FFO
4.05 dividends
4.06 AFFO

balance sheet strengthened to fund future growth

\$3.1b

property assets

+\$82.6m +2.8%

29.7%

gearing¹

-480 bps

\$1.40


net asset backing per share

FY17: \$1.39

our asset base has grown due to a favourable investment market together with value-added expenditure across our portfolio, predominantly at Sylvia Park

year-end gearing is comfortably within our target band (25%-35%) following repayment of debt from the proceeds of the equity raise and sale of The Majestic Centre

Note 1 Pro-forma gearing post the sale of North City is 27.4%. Refer to slide 4 for sale details and appendix 4.13 for pro-forma gearing.

-  1.03 portfolio statistics
- 4.07 balance sheet
- 4.09 net finance debt movement
- 4.13 pro-forma gearing

we're delivering on our capital management strategy

4.99%

weighted average cost of debt

FY17: 4.61%

we've diversified our sources of debt funding, secured a credit rating and maintained a low cost of debt

3.6 years

weighted average term to maturity of debt

FY17: 3.5 years


credit ratings

BBB⁺

issue rating
(fixed-rate bonds)

BBB (stable)

corporate
credit rating

-  4.07 balance sheet
- 4.09 net finance debt movement
- 4.10 finance debt facilities
- 4.11 capital management metrics
- 4.12 fixed-rate debt profile

we've created a stronger property portfolio

3.5%

rental growth from new leasing and rent reviews

FY17: +3.3%

99.6%

occupancy

FY17: 98.8%

5.3 years

weighted average lease term

FY17: 5.6 years

portfolio strength has been enhanced through intensive asset management and strategy execution

- rental growth was provided through rental reviews (+3.4%) and new leasing activity (+3.7%)
- a strong leasing result for the office portfolio (+10.6%) followed a successful year for Vero Centre with good uplift (+12.5%) from 2,700 sqm of new leasing
- occupancy and weighted average lease term are at healthy levels and remain above the long-term averages




1.03 portfolio statistics
1.04 rental income
1.10 new leasing and rent reviews
1.11 lease expiry profile

positive retail sales trend

	retail portfolio (all large format and shopping centres)	shopping centres (excl. large format centres)	shopping centres (excl. large format centres and North City)
total sales	\$1.77b	\$1.60b	\$1.49b
total sales growth	+3.4%	+3.9%	+4.5%
like-for-like sales growth	+0.9%	+1.3%	+1.8%
specialty sales (\$/sqm)	N/A	\$10,600	\$10,800
specialty GOC	N/A	12.1%	12.0%

total retail sales of \$1.77 billion have been recorded, \$1.60 billion of those from our shopping centre portfolio, up 3.9% from last year

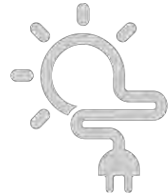
- excluding North City which was sold post balance date, sales growth improves to +4.5% overall
- specialty sales productivity has improved +7.1% from \$9,900/sqm at Mar-17
- specialty GOC has improved from 12.4% at Mar-17, providing scope for rental growth

 1.13 retail sales by centre
1.14 retail sales by category

continuing to lead in sustainability



solar



- Kiwi Property set to become **New Zealand's largest commercial solar power user** after signing a non-binding agreement with Meridian Energy to install solar arrays at four more of our shopping centres (in addition to Sylvia Park)

EV chargers



- expanded our range of **free electric vehicle chargers**
 - 26 free chargers available across five shopping centres
 - includes eight Tesla superchargers
- EV usage has risen significantly
 - 900 uses a month across the portfolio
 - total plug in time of 1,100 hours per month
 - typical EV customer stay is 1 hour 10 minutes, longer than a typical customer stay

waste, water and energy



- continuous improvement in our ongoing programme to reduce waste, water and energy consumption has resulted in our current year achievements
 - **221 jumbo bins** of waste diverted from landfill
 - saved enough water to fill **101 domestic swimming pools**
 - energy savings equivalent to powering **199 typical houses**

continuing to lead in sustainability



carbon



FTSE4Good

- achieved an **A-** rating in the **Carbon Disclosure Project**
 - the highest rating of any NZX-listed entity
- retained our **FTSE4Good** rating
 - one of only five New Zealand entities included in this index
- retained the highest level of carbon certification – **Carbon Managed**
 - our carbon footprint has reduced by 40% over our 2012 base year

NABERSNZ



- continued our programme to obtain 4-5 star **NABERSNZ** ratings for our office buildings by FY20
 - **4.5-star** - ASB North Wharf
 - **4.5-star** - 44 The Terrace (2017)
 - **5.5-star** - The Aurora Centre (an exceptional outcome for an older, refurbished building)

sponsorship



- encouraging sustainable shop fitouts through sponsorship of the 2017 New Zealand Retail Interiors Association's first **sustainability award** using ESD criteria developed by Kiwi Property to assess submissions

we will continue to deliver on our strategy

our priorities for 2019

advance our town centre vision

Sylvia Park

- complete No.1 Sylvia Park and the central carpark projects
- advance construction of the galleria and south carpark development

Drury

- progress structure planning process with Auckland Council

continue to strengthen our core portfolio

- settle the sale of **North City**
- complete the Langdons Quarter development at **Northlands** and progress planning for future retail stages
- progress value-adding initiatives at **The Base**
- lease up vacant office space at **Vero Centre**
- pursue asset acquisitions directly in line with our investment strategy

create customer-centric retail and office assets

- enhance our customers' experience through inspiring food, entertainment and retail concepts
- create healthy, collaborative and connected office communities

grow funds and external assets under management

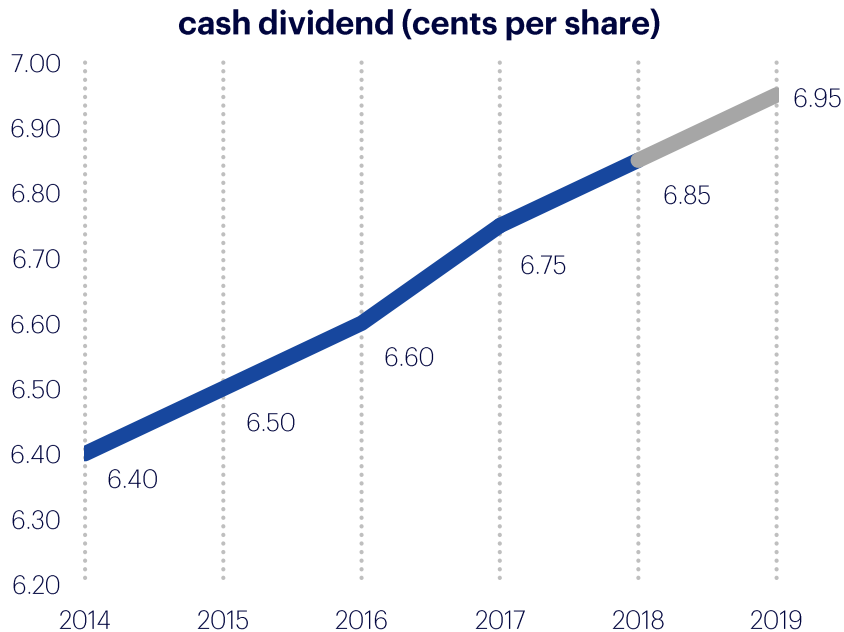
- look for opportunities to leverage our management platform and improve equity returns for shareholders

outlook and dividend guidance

FY19 cash dividend guidance


6.95

cents per share¹



Kiwi Property is well positioned for growth

- clear strategy
- high-quality portfolio
- strong balance sheet
- pipeline of development opportunities
- exceptional team of committed people

 4.04 FFO
4.05 dividends

Note 1 Subject to a continuation of reasonable economic conditions.

the future of retail

instore sales are forecast to grow



over the next 10 years, instore retail sales can be expected to grow by 2.6% year-on-year even allowing for strong online sales growth

- over the period from 2017 to 2027 if total retail sales growth is 3.5% per annum and online penetration more than doubles to 15%, then instore sales will increase from \$50 billion to \$65 billion (2.6% per annum) over the period

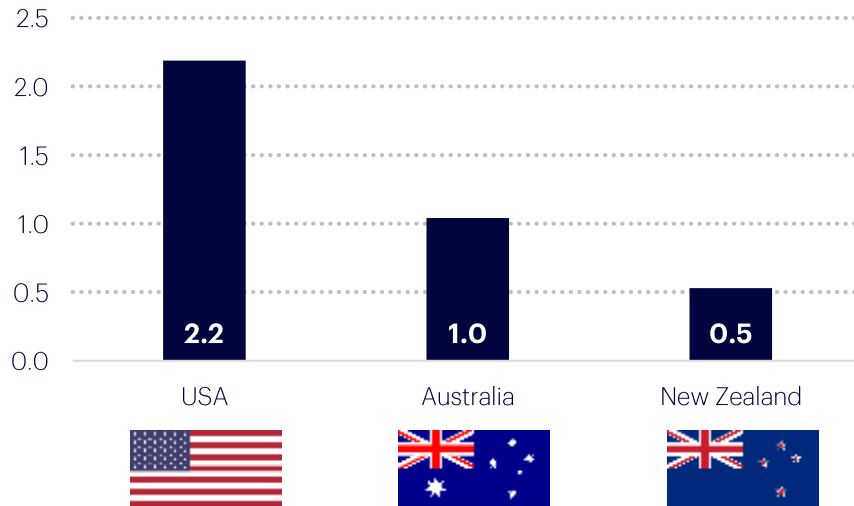
	CAGR %		proportion of total sales %	
	instore	online	instore	online
2008 – 2013A	1.8	26.9	94	6
2013 – 2017A	4.5	12.1	93	7
2017 – 2027F	2.6	11.0	85	15

Note 1 Data used to inform the modelling on this slide has come from published statistics, research or reports prepared by Statistics New Zealand, BNZ, NZIER, Euromonitor International, UBS Global Research, AT Kearney, Bain & Co and Forbes/McKinsey Research.

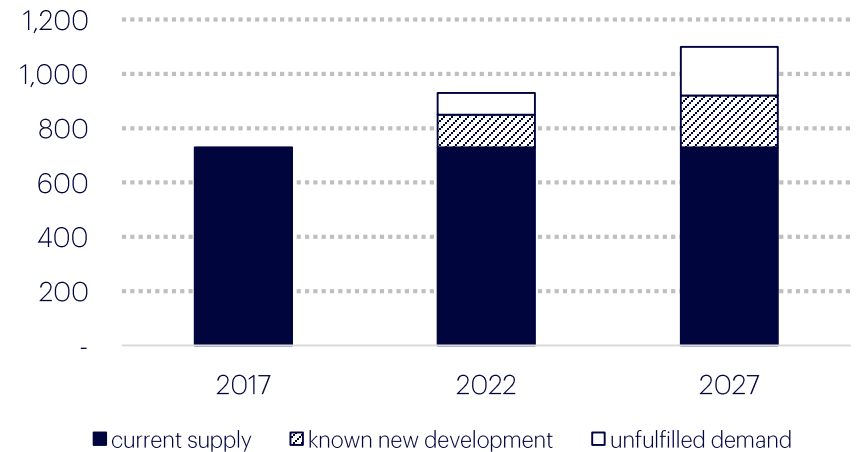
the future of retail

floorspace supply

retail floorspace per capita
(sqm)



Auckland shopping centre supply/demand
(000 sqm)



New Zealand is under-supplied in retail floorspace compared to the United States and Australia

after allowing for known new development, there is still scope for additional retail floorspace in Auckland

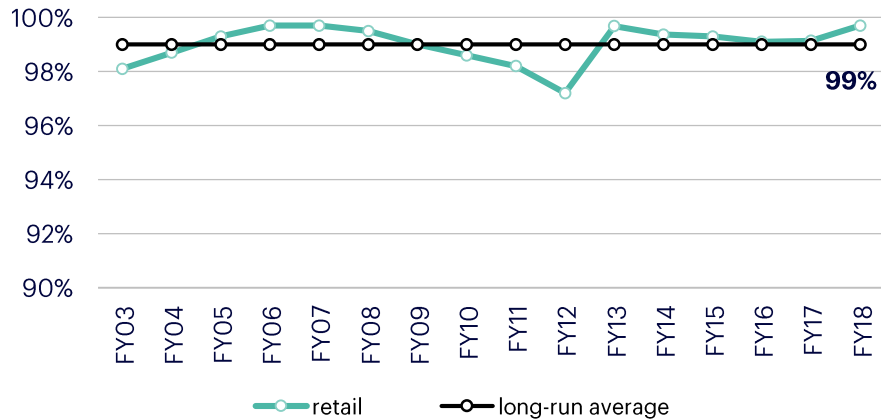
Note 1 Retail floorspace per capita statistics have been sourced from the International Council of Shopping Centres (as at Dec-16). **Note 2** Data used to inform the shopping centre supply/demand modelling is taken from published statistics, research or reports prepared by Statistics New Zealand, BNZ, NZIER, CBRE, Market Economics, Euromonitor International, UBS Global Research, AT Kearney, Bain & Co and Forbes/McKinsey Research.

the future of retail

Kiwi Property's performance has been resilient

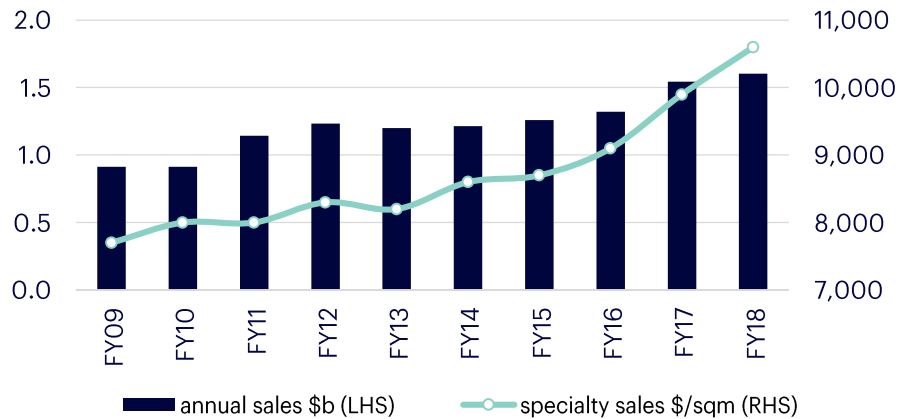
our long run average occupancy is 99%

occupancy (by NLA)



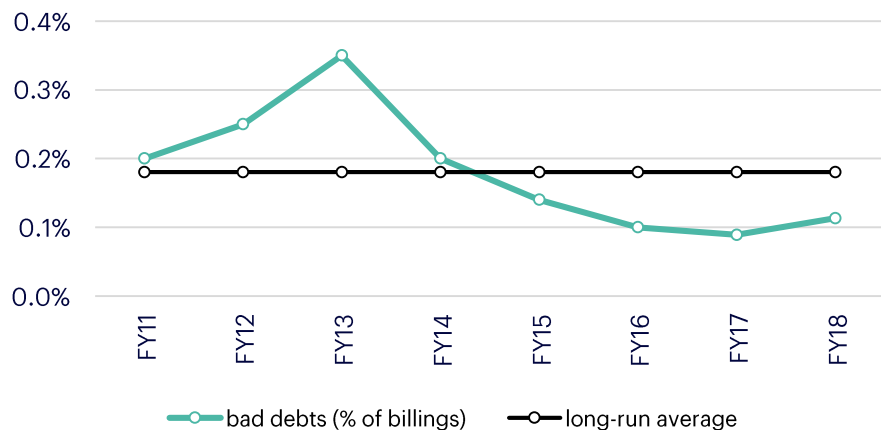
our sales and productivity continue to improve

annual sales (\$b) and specialty sales (\$/sqm) (excl. LFR)



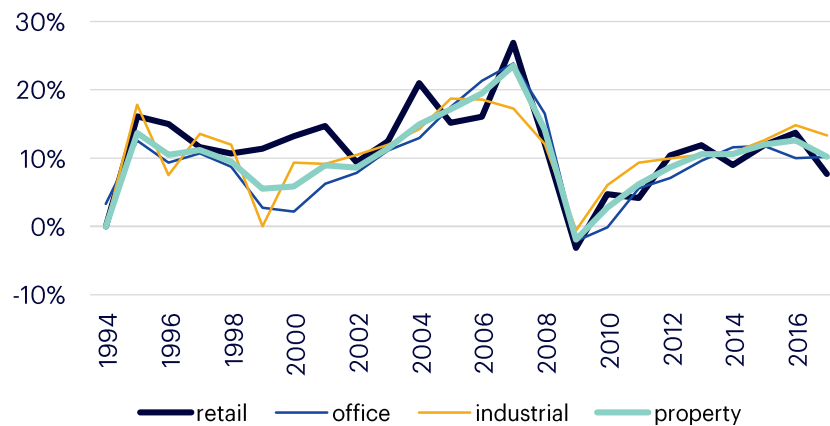
our bad debts are low

bad debts as % of billings



retail has performed in line with other NZ sectors

annual total returns (MSCI/IPD)



property appendices: index



property portfolio review

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development update

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market update

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retail portfolio



Sylvia Park



Sylvia Park Lifestyle



LynnMall



Westgate Lifestyle



The Base (50%)



Centre Place - North



The Plaza



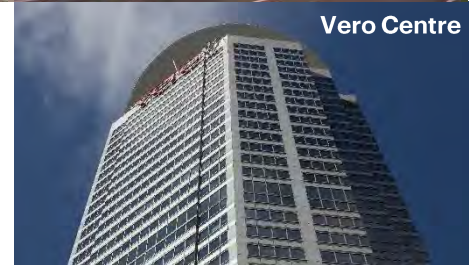
North City
sold post balance date



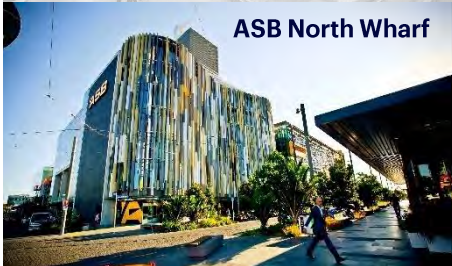
Northlands



office portfolio



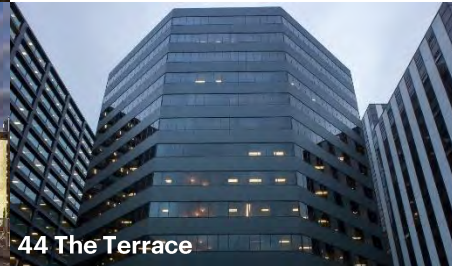
Vero Centre











ASB North Wharf



The Aurora Centre






44 The Terrace

		31-Mar-18			31-Mar-17		
		retail	office	total	retail	office	total
number of assets	 1.03	9	4	13	9	5	14
value (\$000) ¹	 1.03	2,080.6	831.2	2,911.8	2,019.4	879.1	2,898.5
proportion of total portfolio by value	 1.07	68%	27%	95%	68%	30%	98%
weighted average capitalisation rates ²	 1.03	6.25%	5.76%	6.11%	6.52%	6.13%	6.40%
over/(under) renting		+0.7%	0.0%	+0.6%	-0.8%	+0.3%	-0.5%
net lettable area (sqm)	 1.03	355,235	95,995	451,230	353,761	120,620	474,381
number of tenants	 1.12	964	59	1,023	959	83	1,042
proportion of investment portfolio by gross income	 1.12	75%	25%	100%	72%	28%	100%
occupancy (by area) ³	 1.03	99.7%	99.3%	99.6%	99.1%	97.8%	98.8%
weighted average lease term (by income)	 1.03	3.8 years	10.1 years	5.3 years	3.8 years	10.1 years	5.6 years

The following notes apply to all of appendix 1.00 (where applicable): **Note 1** At 31-Mar-18, excludes other properties and development land which had a combined value of \$140.2 million (5% of total portfolio value). At 31-Mar-17, excluded other properties and development land which had a combined value of \$70.9 million (2% of total portfolio value).


Note 2 Due to development activity, the capitalisation rate for Sylvia Park is the 'as if complete' assessed rate. On 11-Apr-18, Kiwi Property entered into an unconditional agreement for the sale of North City, Porirua. The asset is recorded at its net disposal proceeds of \$99.1 million and the capitalisation rate is the equivalent rate based on the asset's gross sale price of \$100 million. **Note 3** Vacant tenancies with current or pending development works are excluded from the occupancy statistics. At 31-Mar-18 excludes 671 sqm at Sylvia Park.

2,495 sqm at The Base and 1,356 sqm at Northlands. At 31-Mar-17 excluded 1,296 sqm at The Base. Tenancies at Westgate Lifestyle subject to vendor rental underwrites are treated as occupied. **General note** Kiwi Property owns 100% of all assets except The Base which is 50% owned.

 1.03 portfolio statistics
 1.07 sector and income diversification
 1.12 tenant diversification

as at	adopted value \$m		capitalisation rate %		NLA sqm		occupancy %		WALT years	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Sylvia Park	835.0	755.0	5.38	5.88	74,843	73,852	100.0	100.0	3.7	3.6
Sylvia Park Lifestyle	74.0	70.9	6.25	6.38	16,536	16,536	100.0	100.0	3.5	3.2
LynnMall	274.0	271.0	6.25	6.38	37,570	37,542	100.0	99.3	5.0	4.5
Westgate Lifestyle	90.0	87.0	6.38	6.50	25,581	25,581	100.0	100.0	6.4	7.2
The Base	202.5	195.0	6.25	6.50	85,552	85,155	99.9	98.5	3.1	3.3
Centre Place – North	59.0	66.0	8.75	8.63	15,807	15,822	96.2	92.9	3.2	3.0
The Plaza	207.0	215.5	7.00	7.00	32,202	32,299	100.0	100.0	3.5	4.0
North City	99.1	110.5	8.38	7.63	25,514	25,403	100.0	100.0	3.9	4.0
Northlands	240.0	248.5	7.13	7.25	41,632	41,571	99.6	98.5	2.8	2.9
retail portfolio	2,080.6	2,019.4	6.25	6.52	355,235	353,761	99.7	99.1	3.8	3.8
Vero Centre	420.0	381.0	5.50	5.75	39,542	39,529	98.4	100.0	6.6	6.9
ASB North Wharf	209.0	196.3	5.63	5.75	21,625	21,625	100.0	100.0	12.6	13.7
The Majestic Centre	-	119.4	-	7.25	-	24,615	-	92.1	-	6.8
The Aurora Centre	152.3	140.7	6.38	6.50	24,503	24,526	100.0	100.0	16.2	17.2
44 The Terrace	49.9	41.7	6.63	6.88	10,325	10,325	100.0	92.8	8.5	9.2
office portfolio	831.2	879.1	5.76	6.13	95,995	120,620	99.3	97.8	10.1	10.1
investment portfolio	2,911.8	2,898.5	6.11	6.40	451,230	474,381	99.6	98.8	5.3	5.6
adjoining properties	93.1	57.9								
development land	47.1	13.0								
total portfolio	3,052.0	2,969.4								

For notes supporting these values and statistics, refer to appendix 1.02.

 1.02 property portfolio summary

rental income

 **1.04**

year ended	31-Mar-18	31-Mar-17	variance		like-for-like variance	
	\$m	\$m	\$m	%	\$m	%
Sylvia Park	44.2	40.8	+3.4	+8.2	+1.8	+4.7
Sylvia Park Lifestyle	4.9	4.8	+0.1	+2.2	+0.1	+2.2
LynnMall	18.6	18.3	+0.3	+1.4	+0.3	+1.4
Westgate Lifestyle	5.8	4.4	+1.4	+33.4		
The Base	12.0	9.8	+2.2	+22.3		
Centre Place – North	5.9	5.4	+0.5	+10.0	+0.5	+10.0
Centre Place – South	-	0.8	-0.8	-100.0		
The Plaza	16.6	16.1	+0.5	+3.1	+0.5	+3.1
North City	9.5	9.1	+0.4	+4.8	+0.4	+4.8
Northlands	19.0	19.6	-0.6	-3.2	-0.2	-0.8
retail portfolio	136.5	129.1	+7.4	+5.8	+3.4	+3.1
Vero Centre	20.2	21.5	-1.3	-6.3	+0.1	+0.1
ASB North Wharf	12.1	11.9	+0.2	+2.2	+0.2	+2.2
The Majestic Centre	6.0	7.1	-1.1	-15.9		
The Aurora Centre	8.9	5.7	+3.2	+55.7		
44 The Terrace	3.1	2.5	+0.6	+24.7		
office portfolio	50.3	48.7	+1.6	+3.3	+0.3	+0.9
other properties	3.2	2.7	+0.5	+19.4	+0.0	+0.6
net operating income	190.0	180.5	+9.5	+5.3	+3.7	+2.6
straight-lining fixed rental increases	2.1	2.0	+0.1	+1.0		
net rental income	192.1	182.5	+9.6	+5.2		

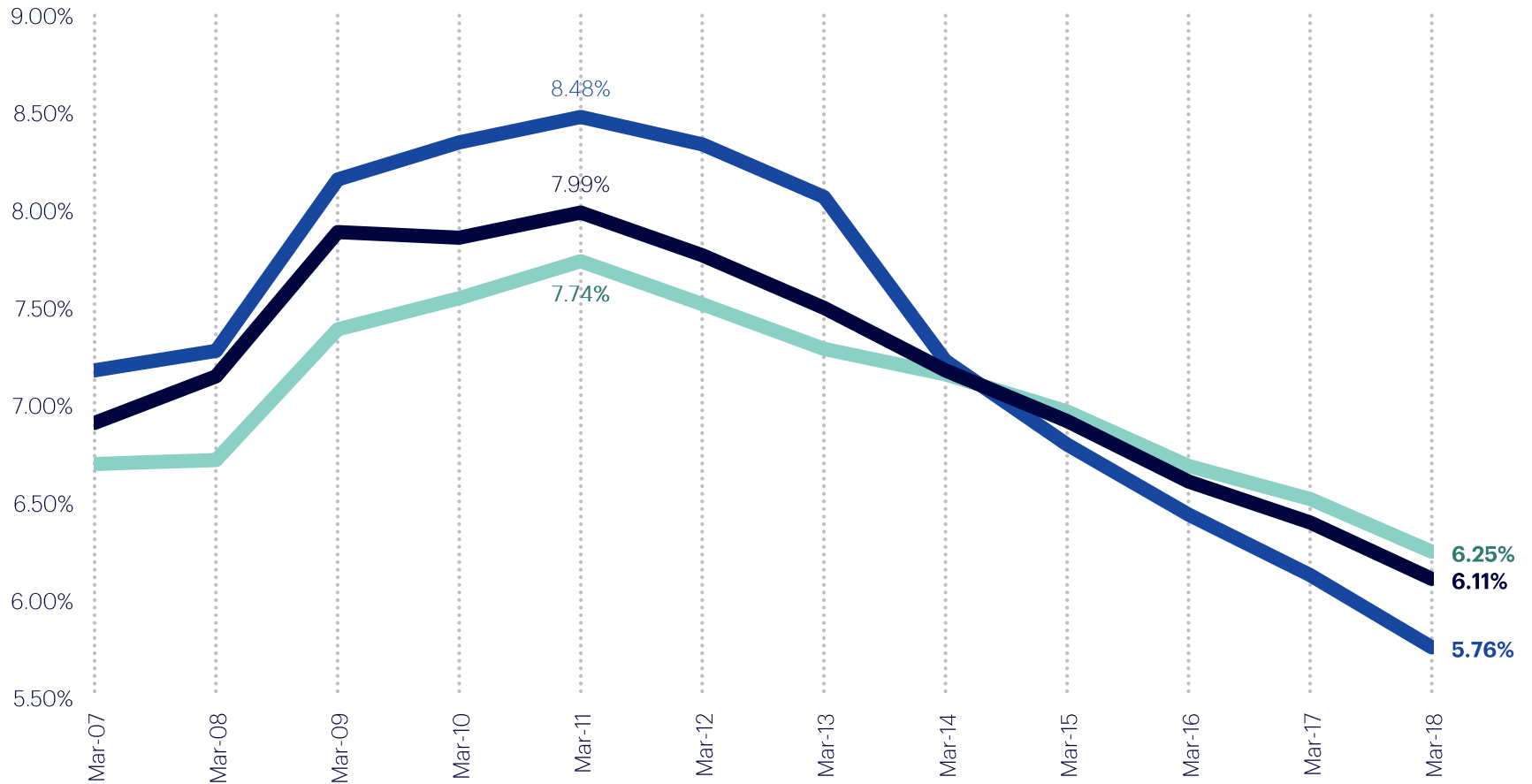
improved rental income

- full period contributions from Westgate Lifestyle, The Base, The Aurora Centre and 44 The Terrace following acquisition or completion of development works in the prior year
- strong performances at Sylvia Park and Centre Place - North
- offset by
 - sale of The Majestic Centre
 - rental downside from decant space during redevelopment works at Vero Centre

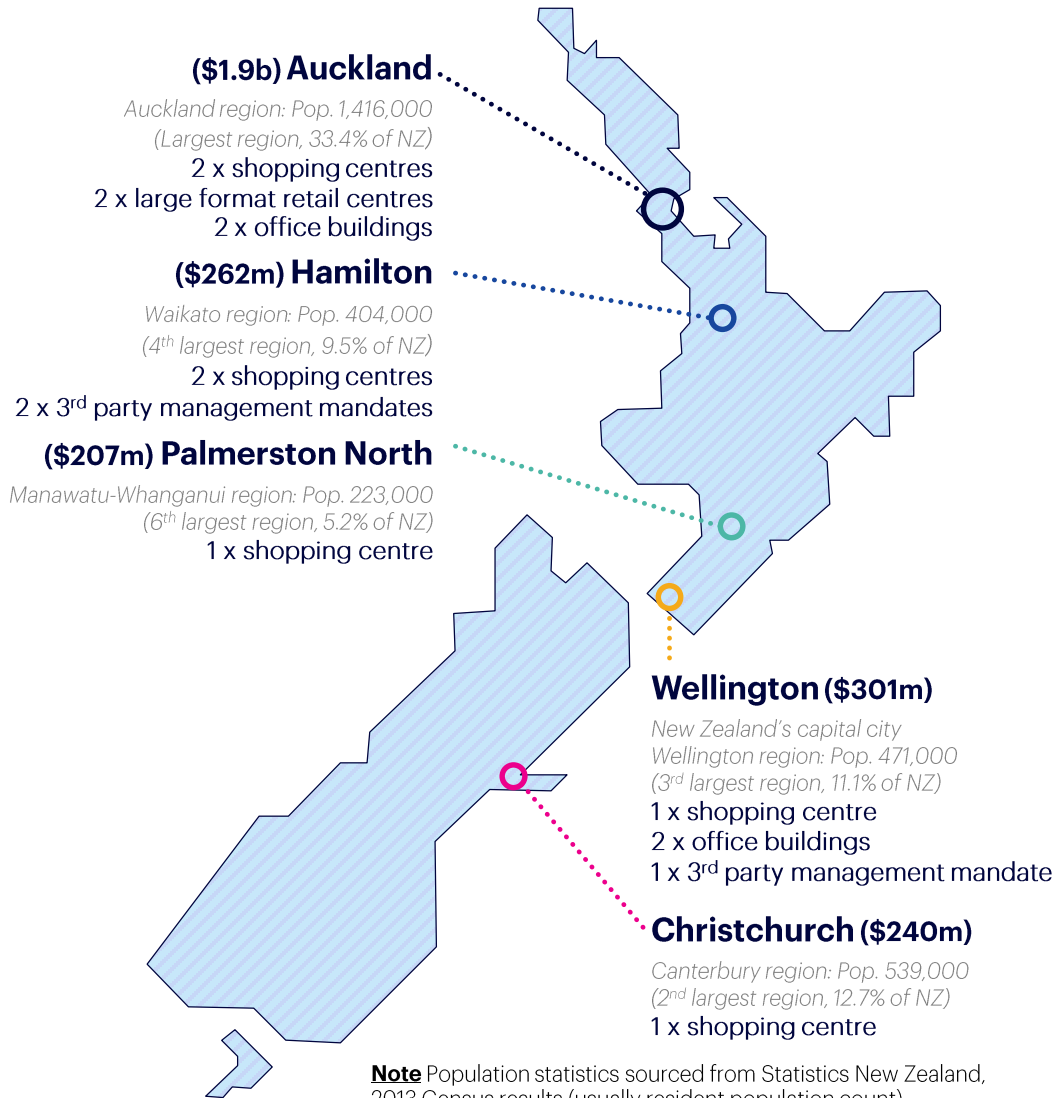
 5.01 profit after tax

capitalisation rate history

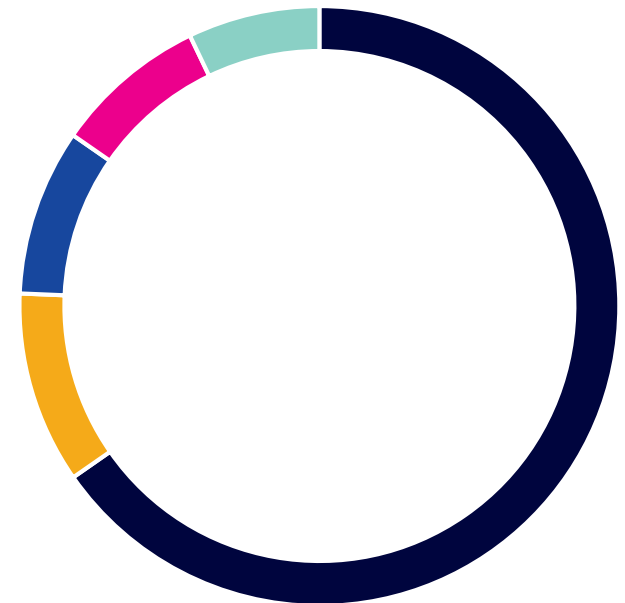
 **1.05**



key:  retail  office  investment portfolio

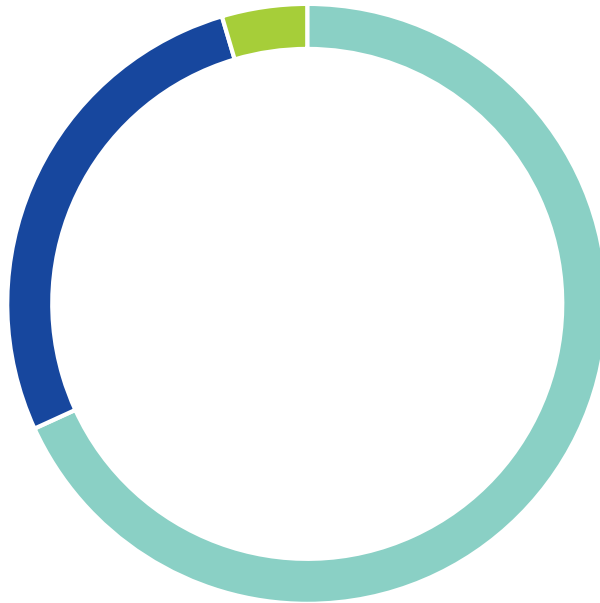


geographic diversification
by portfolio value



	Auckland	66%
	Wellington	10%
	Hamilton	9%
	Christchurch	8%
	Palmerston North	7%

sector diversification
by portfolio value



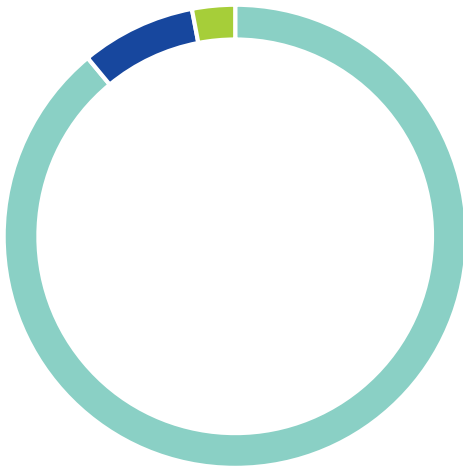
retail	68%
office	27%
other	5%

income diversification
by investment portfolio gross income



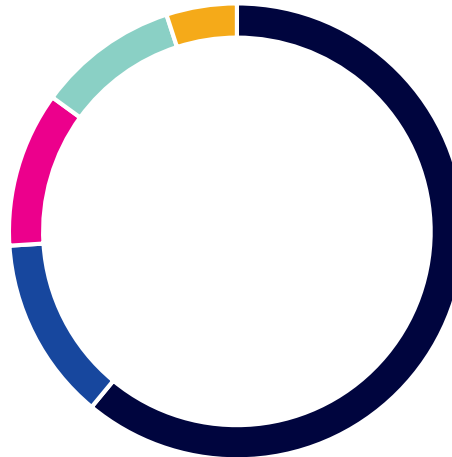
government	6%	majors	14%
banking	6%	mini-majors	12%
legal	4%	specialty	49%
insurance	3%		
financial services	3%		
other	3%		
office	25%	retail	75%






property type
by retail portfolio value



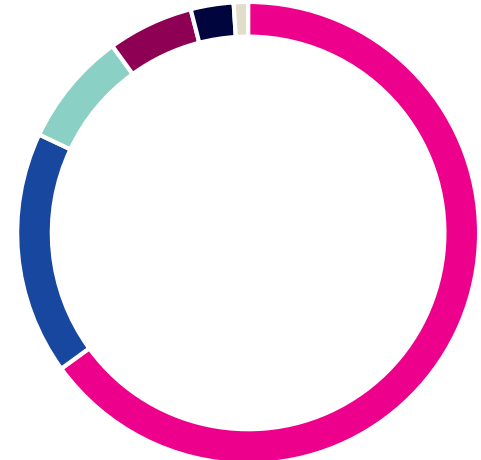
	regional centres	89%
	large format centres	8%
	sub-regional centres	3%

geographic diversification
by retail portfolio value



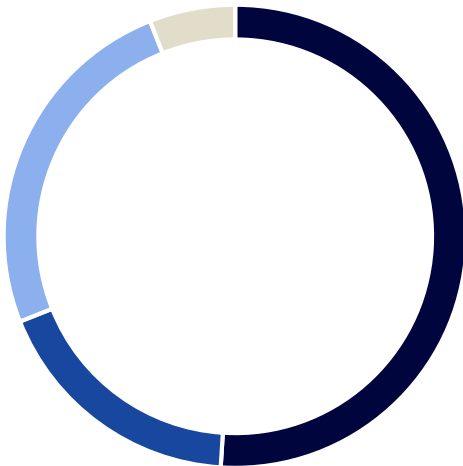
	Auckland	61%
	Hamilton	13%
	Christchurch	11%
	Palmerston North	10%
	Wellington	5%

tenant diversification
by retail portfolio gross income



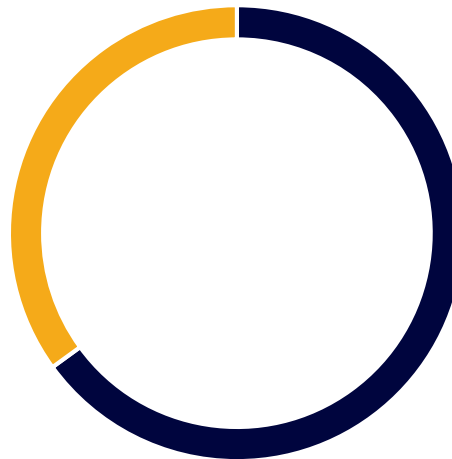
	specialty	65%
	mini-majors	17%
	department stores and DDS	8%
	supermarkets	6%
	cinemas	3%
	home and living majors	1%

property type
by office portfolio value



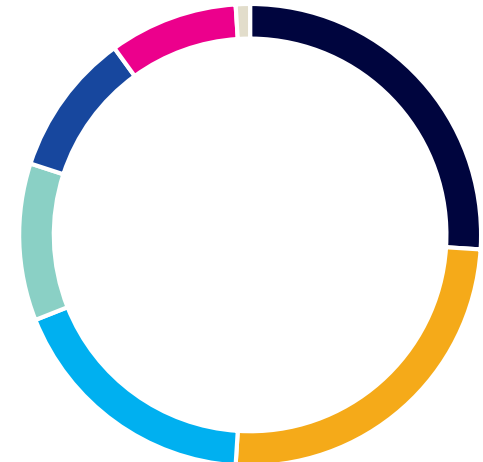
Premium	51%
A-grade	18%
A-grade campus	25%
B-grade	6%

geographic diversification
by office portfolio value



Auckland	76%
Wellington	24%

tenant diversification
by office portfolio gross income



government	26%
banking	25%
legal	18%
insurance	11%
financial services	10%
other	9%
consultancy	1%

new leasing and rent reviews

rent reviews	retail	office	total
no.	605	27	632
NLA (sqm)	161,500	26,100	187,600
% investment portfolio NLA	36	6	42
rental movement (%)	+3.4	+3.3	+3.4
compound annual growth (%)	+3.3	+3.0	+3.2
structured increases (% portfolio)	93	79	89

new leases and renewals			
no.	176	7	183
NLA (sqm)	33,400	4,200	37,600
% investment portfolio NLA	7	1	8
rental movement (%)	+2.9	+10.6	+3.7
WALT (years)	5.1	7.0	5.3

total (static, excl development)			
no.	781	34	815
NLA (sqm)	194,900	30,300	225,200
% investment portfolio NLA	43	7	50
rental movement (%)	+3.3	+4.4	+3.5

development new leases			
new leases	10	-	10

Note Statistics in this table exclude The Majestic Centre which was sold during the year.

retail

- rental performance supported by high percentage (93%) of structured rent reviews
- good leasing uplift reported from a number of centres
 - Sylvia Park +9.8%
 - Sylvia Park Lifestyle +7.0%
 - The Base +3.4%

office

- high occupancy, long WALT and active leasing over the past few years means only a small number of new leasing deals have been concluded. These have shown good uplift over previous rents
 - Vero Centre +12.5%
 - 44 The Terrace +3.8%

retail rent reviews

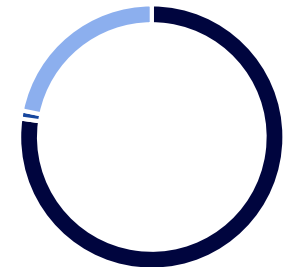
% of gross retail portfolio income



fixed	55%
CPI-based	38%
market and other	7%

office rent reviews

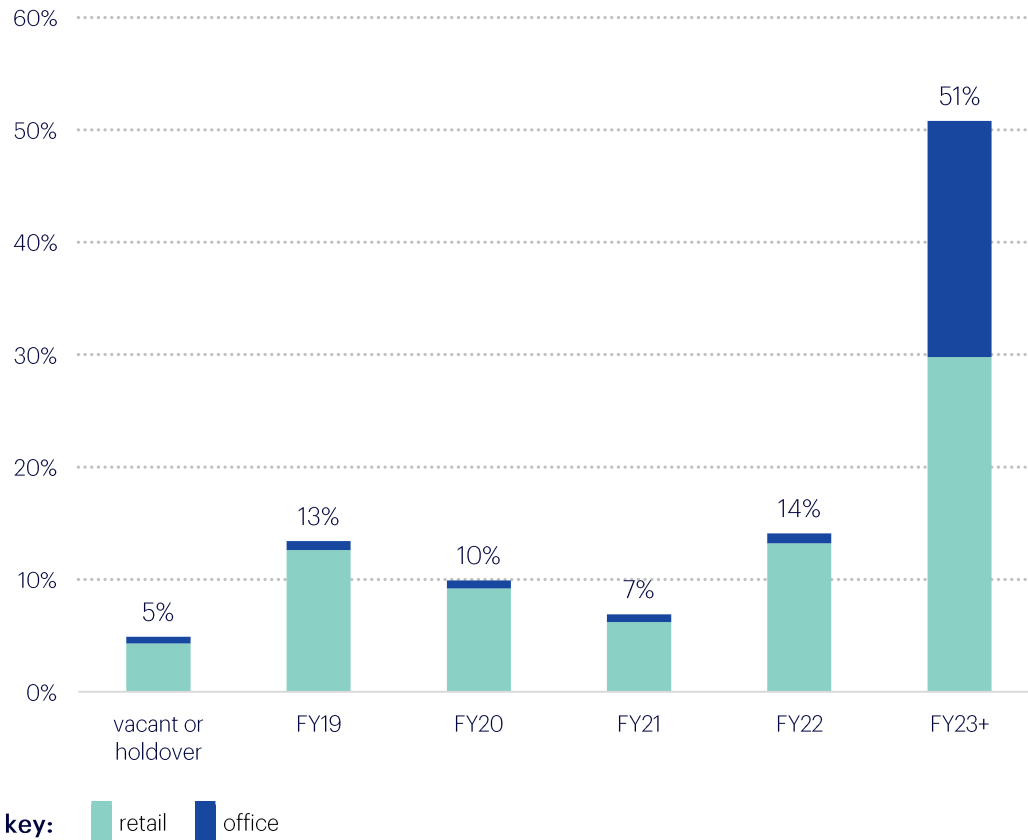
% of gross office portfolio income



fixed	78%
CPI-based	1%
market and other	21%

lease expiry profile

% of investment portfolio gross income



retail

- an increase in vacant or holdover tenancies relates primarily to Northlands which is currently under redevelopment
- a cyclical expiry peak occurs at Sylvia Park in 2019, coinciding with our Galleria retail expansion plans

office

- expiry profile assisted by the completion of long-term Government leases in Wellington, retention of anchor tenants at Vero Centre and sale of The Majestic Centre mean there is minimal office portfolio expiry over the next four financial years
- our focus for FY19 will be on concluding leases for our current and pending vacancy at Vero Centre

weighted average lease term (years)








retail	office	total
3.8	10.1	5.3

tenant diversification

 **1.12**

tenant diversification





















% of investment portfolio gross income

 supermarkets	5
 department stores	3
 discount department stores (DDS)	3
 cinemas	2
 home and living	1
 mini-majors	12
 fashion	18
 food	10
 general	7
 pharmacy and wellbeing	6
 home and living	2
 other	6
retail (964 tenants)	75
government	6
banking	6
legal	4
insurance	3
financial services	3
consultancy	1
other	2
office (59 tenants)	25

key:  majors  mini-majors  specialty

top 20 tenants

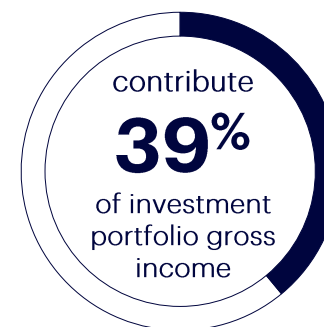
% of investment portfolio gross income

 ASB Bank	6.8
 Ministry of Social Development	4.7
 Farmers ¹	3.1
 Progressive Enterprises	2.8
 Cotton On Clothing	1.8
 Foodstuffs	1.8
 Bell Gully	1.8
 Just Group	1.8
 Suncorp	1.8
 The Warehouse	1.7
 Hallenstein/Glasson	1.5
 Russell McVeagh	1.4
 HOYTS Cinemas	1.4
 Kmart	1.3
 ANZ Bank	1.0
 Whitcoulls ¹	1.0
 Craigs Investment Partners	0.9
 Pascoes ¹	0.8
 Hannahs	0.8
 Westpac	0.7

Note 1 Controlled by the James Pascoe Group.

key:  retail portfolio tenant  office portfolio tenant

our top 20 tenants



have a weighted
average lease term of

7.7 years

retail sales by centre

1.13

year ended	MAT \$m	% var. from Mar-17		shopping centre specialty sales ¹		pedestrian count millions per annum
	31-Mar-18	total	like-for-like	\$/sqm	GOC%	31-Mar-18
shopping centres						
Sylvia Park	550.8	+9.0	+2.8	13,400	12.1	15.1
LynnMall	241.8	+2.7	+2.7	9,700	10.9	8.2
The Base – Te Awa	144.2	+2.8	+2.6	10,100	11.7	4.7
Centre Place – North	68.2	+11.7	-0.1	8,200	11.5	5.1
The Plaza	193.1	+5.1	+3.3	9,600	13.9	6.3
North City	113.6	-3.9	-3.9	8,800	12.5	5.0
Northlands	291.3	-2.6	-1.5	11,300	12.2	8.0
total	1,603.1	+3.9	+1.3	10,600	12.1	52.5

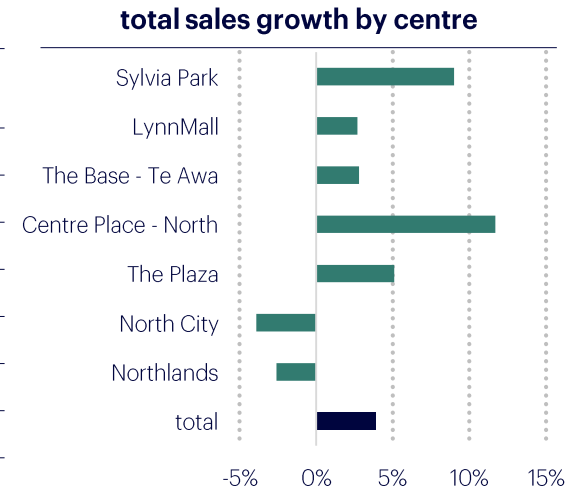
large format retail

Sylvia Park Lifestyle ²	8.0	-	-
Westgate Lifestyle ²	21.7	-	-
The Base – LFR	132.4	-6.8	-2.7
total	162.1	-1.2	-2.7

retail portfolio

total	1,765.2	+3.4	+0.9
--------------	----------------	-------------	-------------

Note 1 Specialty sales \$/sqm and GOC% include commercial services categories. **Note 2** Sales data is being requested, however most tenants are not obliged to provide under current leases. Total sales reported are shown, but due to the changing composition of those who do report, comparable statistics are not meaningful.



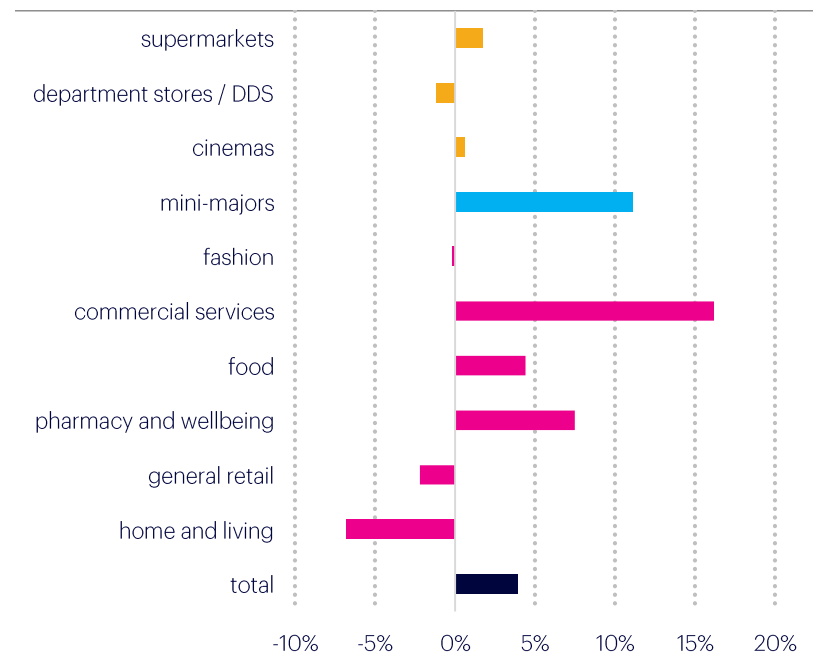
- overall, shopping centre sales grew by +3.9%
- strong performance from Centre Place – North (+11.7%) due to a larger and improved cinema offer and a number of new retailers to the centre
- Sylvia Park (+9.0%) and The Plaza (+5.1%) also produced notable sales results
- a sales decline at North City has resulted from increased competition in the CBD and the Petone/Hutt Valley area together with the centre coming off a post-earthquake sales bubble. Similarly at Northlands, increased competition, particularly in the supermarket category, together with redevelopment works, have led to a marginal sales decrease
- in our LFR portfolio, The Base continues to be impacted by an increase in competition in the large format hardware category

retail sales by category

year ended	MAT \$m	% var. from Mar-17	
	31-Mar-18	total	like-for-like
shopping centres			
■ supermarkets	315.5	+1.7	+1.7
■ department stores / DDS	211.0	-1.2	-1.2
■ cinemas	37.8	+0.6	+0.6
■ mini-majors	228.3	+11.1	+1.9
■ fashion	282.1	-0.2	+0.6
■ commercial services	181.0	+16.2	+8.6
■ food	139.4	+4.4	-1.0
■ pharmacy and wellbeing	100.8	+7.5	+0.9
■ general retail	84.9	-2.2	+2.6
■ home and living	22.3	-6.8	-8.8
total	1,603.1	+3.9	+1.3

■ majors
 ■ mini-majors
 ■ speciality

total sales growth by category



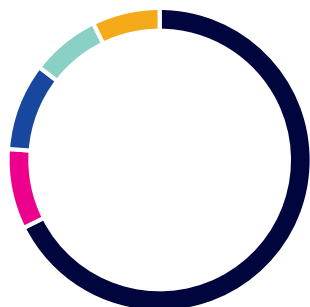
- positive total sales growth has been recorded across most categories, with particularly good uplift from mini-majors, commercial services and pharmacy and wellbeing categories
- a like-for-like fall in sales for department stores can be attributed to new competition in the North City catchment, together with new everyday low price policies adopted by some retailers
- food sales were positive overall with new openings at The Grove Dining District assisting the category. A lower like-for-like result is primarily due to development impacts at Sylvia Park and, at LynnMall's The Brickworks, increased competition in the trade area combined with the end of the 'honeymoon' trading period
- while sales is one measure of performance, many retailers are increasingly focusing on margins and profitability rather than driving sales through discounting

pro-forma statistics excluding North City

1.15

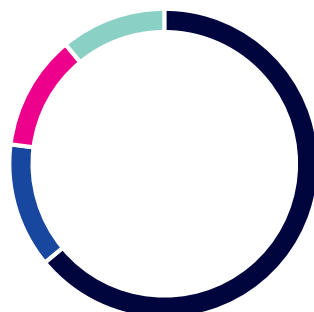
as at 31-Mar-18	retail	office	total
number of assets	8	4	12
value (\$000)	1,981.5	831.2	2,812.7
proportion of total portfolio by value	67%	28%	95%
weighted average capitalisation rates	6.15%	5.76%	6.03%
over/(under) renting	+0.3%	0.0%	+0.2%
net lettable area (sqm)	329,722	95,995	425,716
number of tenants	859	59	918
proportion of investment portfolio by gross income	74%	26%	100%
occupancy (by area)	99.7%	99.3%	99.6%
weighted average lease term (by income)	3.8 years	10.1 years	5.4 years

geographic diversification
by total portfolio value



Auckland	68%
Christchurch	9%
Hamilton	9%
Palmerston North	7%
Wellington	7%

geographic diversification
by retail portfolio value



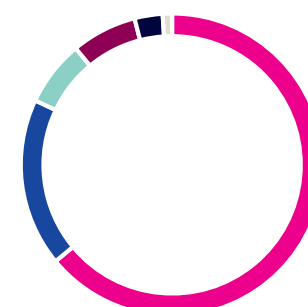
Auckland	64%
Hamilton	13%
Christchurch	12%
Palmerston North	11%

property type
by retail portfolio value



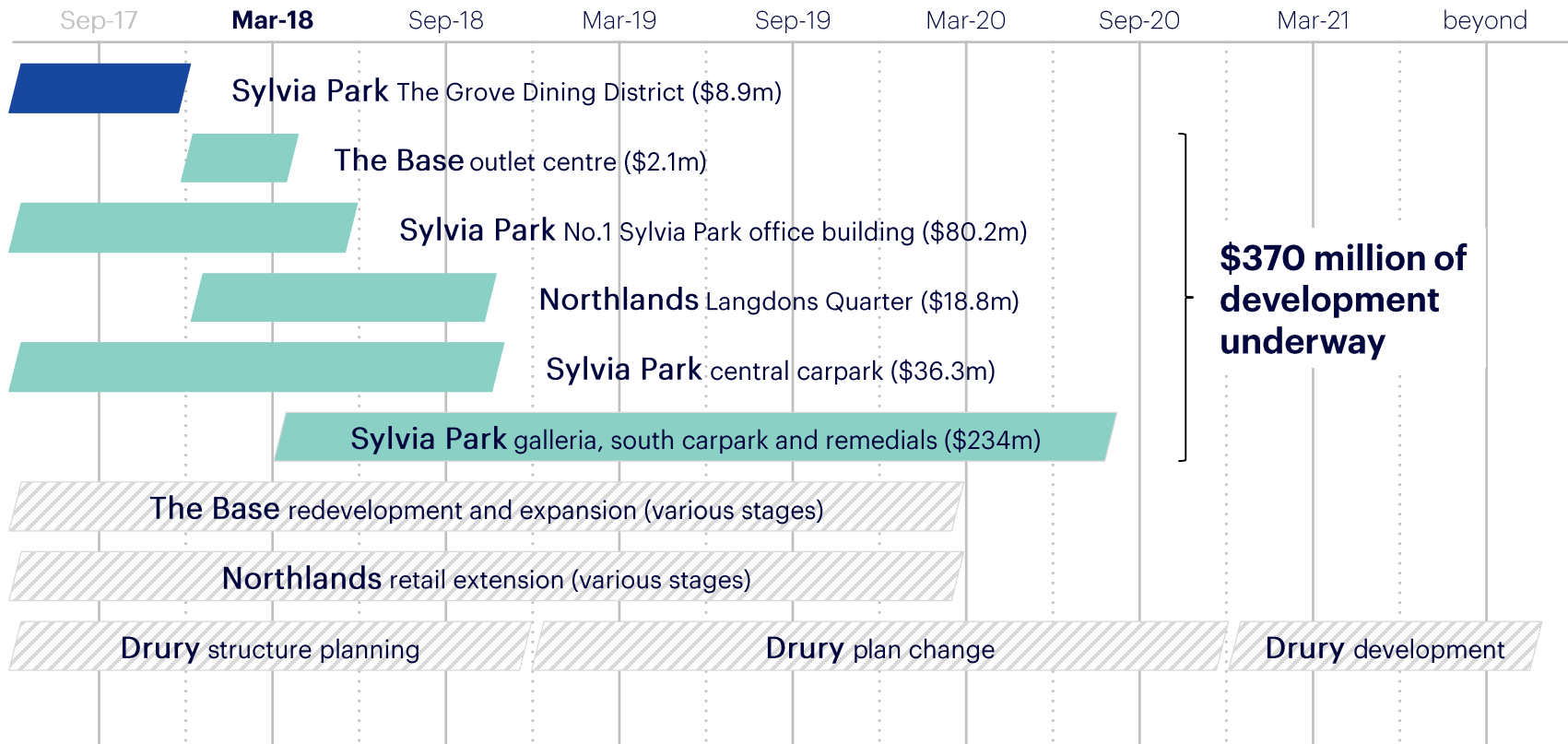
regional centres	89%
large format centres	8%
sub-regional centres	3%

tenant diversification
by retail portfolio gross income



specialty	64%
mini-majors	18%
department stores and DDS	7%
supermarkets	7%
cinemas	3%
home and living majors	1%

development pipeline



key: completed in progress master planning

Sylvia Park

ground floor redevelopment – completed or underway



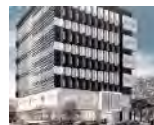
H&M and Zara

COMPLETED OCT-16
the first ever NZ stores for H&M and Zara



The Grove Dining District

COMPLETED DEC-17
contemporary, landscaped alfresco dining experience and upgrade of the existing dining lane



No.1 Sylvia Park

NEARING COMPLETION
11,400 sqm of office space over nine levels, together with ground floor restaurants

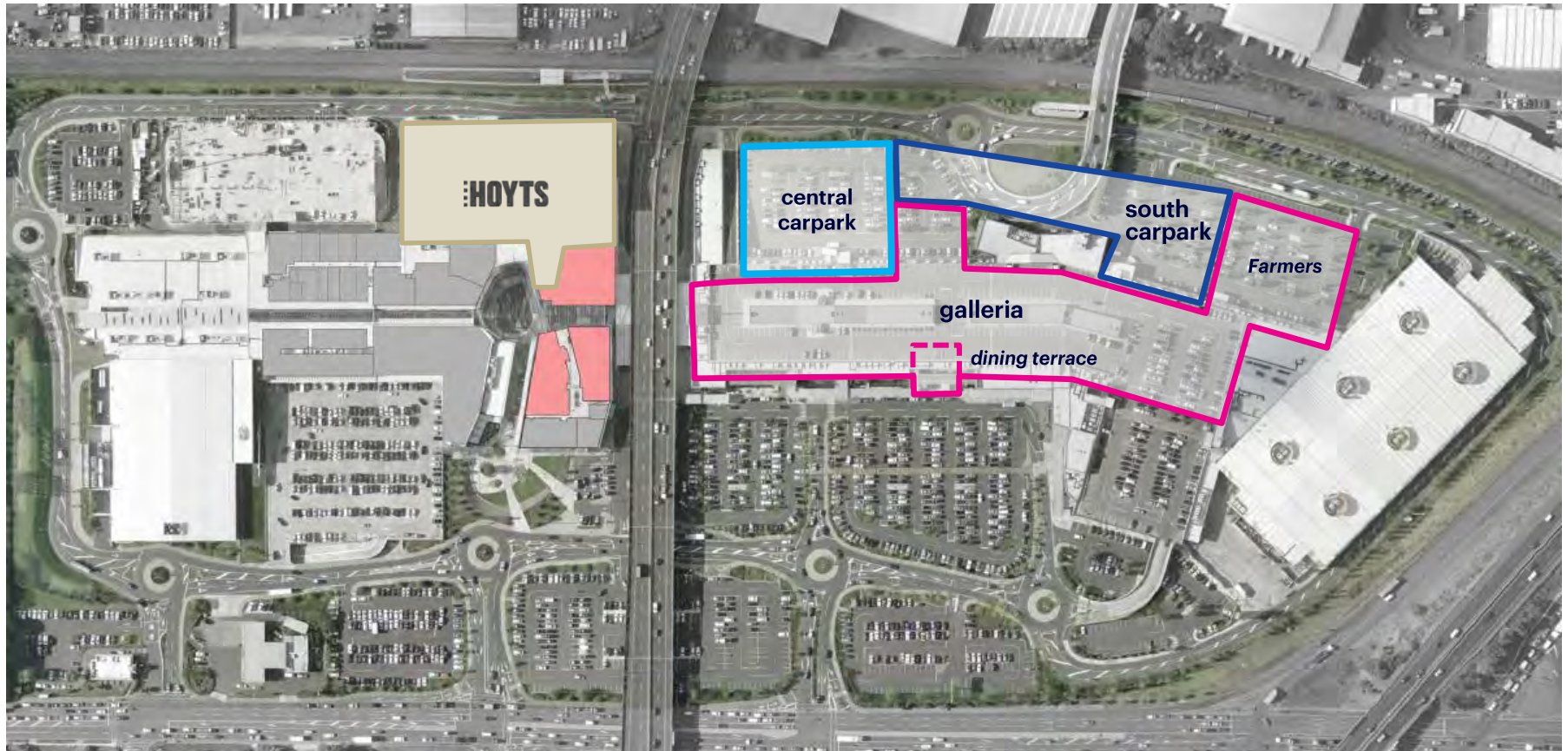


central carpark

IN PROGRESS
a five-level carpark structure providing ~600 parking spaces

Sylvia Park

first floor – galleria expansion



galleria and south carpark

IN PROGRESS

a new galleria level providing a Farmers department store, a next generation casual dining experience, an expanded retail offer including international brands new to New Zealand along with a new ~900 space carpark building

The Grove Dining District

dining lane and pavilion

2.04

project overview

- a contemporary alfresco dining experience
- 100% leased to a range of restaurants
 - Better Burger
 - Birdie's Bar and Deli
 - Casablanca
 - Cleaver & Co¹
 - Garrison Public House
 - Hawker & Roll¹
 - Mexico
 - The Coffee Club
 - The Little District¹
 - Wagamama

financial metrics

total project cost	\$8.9m
projected initial yield on project cost	7.8%
projected 10-year IRR	10.0%

timetable

construction commenced	Jan-17
trading commenced	Dec-17

cost profile (\$m)	spent to		to spend	
	FY18	FY19	FY20	FY21
incl letting up allowances	8.9	-	-	-

Note 1 While forming part of the dining district, these tenants are located on the ground floor of the office building and their rentals are included in the office building financial metrics.



No.1 Sylvia Park

office building

project overview

- new 10-level building
 - nine levels of offices (11,370 sqm)
 - ground floor food and beverage (800 sqm)

leasing status

- 90% leased by income
 - 8 of 9 office floors leased to IAG (3,320 sqm) and ANZ (6,740 sqm)
 - ground floor retail tenancies fully leased

financial metrics

total project cost	\$80.2m
projected Y1 yield	5.4%
projected Y3 yield (on full ANZ occupation)	7.4%
projected 10-year IRR	>9.0%

timetable

construction commenced	Aug-16
construction completion	Jul-18

cost profile (\$m)

	spent to		to spend	
	FY18	FY19	FY20	FY21
incl letting up allowances	48.8	31.4	-	-



2.05

Sylvia Park

central carpark

 2.06

project overview

- new five-level carpark building
 - ~600 carparks
 - vehicle management system
 - well located between Zara and H&M
 - enhanced customer amenity

financial metrics

total project cost	\$36.3m
--------------------	---------

timetable

construction commenced	Apr-17
construction completion	Nov-18

cost profile (\$m)	spent to		to spend	
	FY18	FY19	FY20	FY21
total	20.0	16.3	-	-



Artist's impression. Concept only. Subject to change.

Sylvia Park

central carpark progress at May 2018

2.07



Sylvia Park

galleria and south carpark

2.08

project overview

- new galleria retail level
 - ~18,000 sqm with ~60 new retailers
 - two-level Farmers department store
 - next generation casual dining experience
 - new international brands and concept stores, including selected retailers from our waiting list of specialty tenants
- additional multi-deck providing ~900 spaces
- fixed-price lump-sum construction contract with Naylor Love

financial metrics

total project cost (excl. existing centre remedials)	\$223m
target Y1 yield on project cost (FY22)	5.7%
target Y3 yield on project cost (FY24)	6.2%
target 10-year IRR	>10%
target development margin	\$20m

timetable

construction commenced	Mar-18
construction completion	mid-20

cost profile (\$m)¹

	spent to		to spend	
	FY18	FY19	FY20	FY21
incl letting up allowances	16.8	49.1	109.2	47.9

Note 1 FY19 to FY21 cost profile projected and subject to change.



Artist's impression. Concept only. Subject to change.

Sylvia Park

galleria and south carpark

 2.09

	existing centre	other projects ¹	galleria (lost)	galleria (new)	completed centre
net lettable area (sqm)					
majors	30,600	-	-	8,100	38,700
mini-majors	17,600	-	-	2,200	19,800
specialty/other	26,800	-	(400)	7,700	34,100
offices	-	11,400	-	-	11,400
total centre	75,000	11,400	(400)	18,000	104,000
tenancies (no.)					
majors	4	-	-	1	5
mini-majors	16	-	-	3	19
specialty/other	200	-	(6)	59	253
offices (levels)	-	9	-	-	9
total centre	220	9	(6)	63	286
carparks					
number	3,937	825	(662)	900	5,000
ratio ² (overall)	5.3				4.8
ratio ² (retail)	5.3				5.4

Note 1 Other projects include No.1 Sylvia Park, the central carpark and Carbine Road staff parking. **Note 2** Carpark ratios are stated per 100 sqm of NLA. The 'retail' measure excludes office and storage.



Artist's impression. Concept only. Subject to change.

Langdons Quarter, Northlands

a vibrant food and entertainment precinct

2.10

project overview

- active response to customer demand
- new food and entertainment precinct below the existing cinema complex
 - 13 tenancies including two new external restaurant structures
 - undertaking required seismic strengthening work
 - cinema refurbishment by HOYTS
- following Langdons Quarter, a reconfiguration and remix of former foodcourt to complete by Mar-19

financial metrics

	seismic	non-seismic	total
total project cost (\$m)	6.8	12.0	18.8
target initial yield on non-seismic project cost		6.0%	
target 10-year IRR		8.0%	

timetable

construction commences	Jan-18
target construction completion	Nov-18

cost profile (\$m)

	spent to		to spend	
	FY18	FY19	FY20	FY21
incl letting up allowances	3.2	15.6	-	-





Artist's impression. Concept only. Subject to change.

New Zealand economic overview



gross domestic product (GDP)¹

GDP growth pa (Mar-18 estimate)		3.0%
GDP (2018 estimate)		\$284 billion
GDP per capita (2018 estimate)		\$59,053

inflation²

annual inflation (Mar-18)		1.1%
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labour market²

unemployment rate (Mar-18)		4.4%
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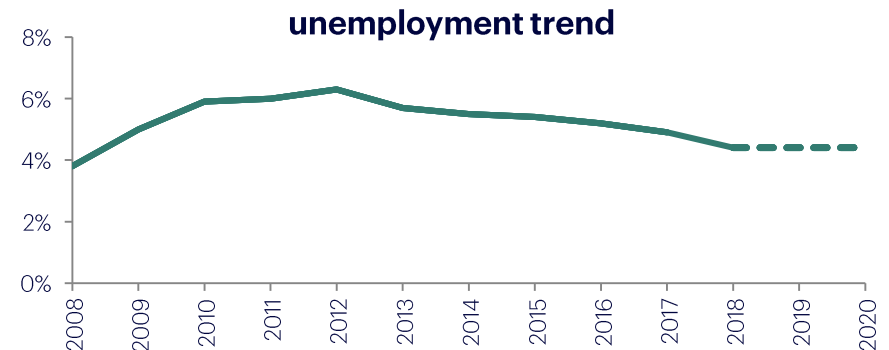
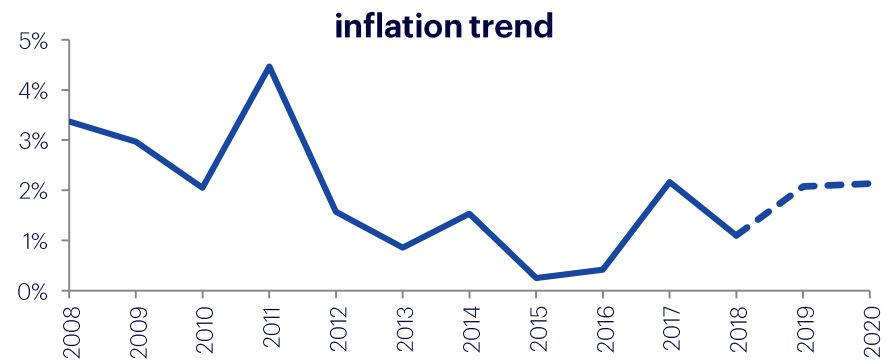
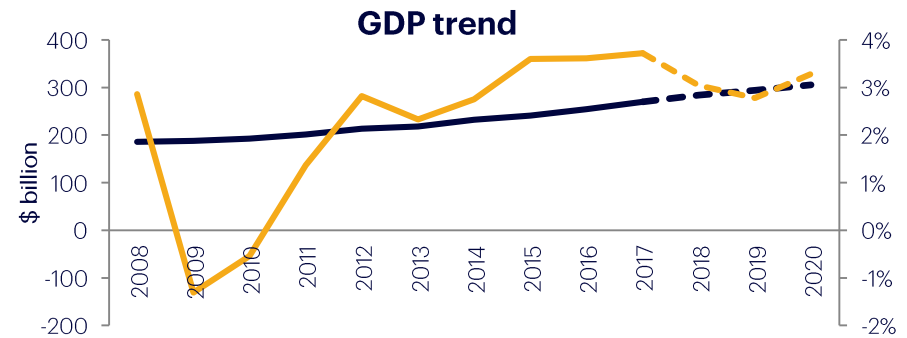
currency³

currency	US \$1.00 = NZ \$1.42
	JPY100 = NZ \$1.31

household economic information

annual wages growth rate ²	1.8%
---------------------------------------	------

Note 1 Sourced from New Zealand Institute of Economic Research Quarterly Predictions (Mar-18). **Note 2** Sourced from Statistics New Zealand (statistics as at Mar-18). **Note 3** Sourced from XE.com cross rates (as at 7-May-18).



outlook key points (Premium and A-grade accommodation)

- ▶ **supply**
 - no change to Premium-grade stock until the 2019 completion of the 39,000 sqm PwC Tower
 - ~50,000 sqm of new A-grade space added over 2017, including 17,000 sqm at the refurbished 125 Queen Street
- ▲ **absorption**
 - solid tenant demand environment expected to result in positive absorption across Prime office grades in the short-term as new supply comes on-board and landlords backfill remaining space
- ▲ **vacancy**
 - Premium-grade vacancy is currently 1.4% and is expected to increase from 2018 (peaking at 10.6% in 2019) as existing tenants downsize and new supply enters the market
 - A-grade vacancy currently 8.3%, primarily as a result of 125 Queen Street returning to supply, and is forecast to remain around this level through to 2021
- ▶ **rents** (\$/sqm/net effective)
 - Premium and A-grade net effective rents average \$475/sqm and \$362/sqm respectively.
 - for both grades, negligible rental growth is expected over the short term
- ▲ **yield**
 - for both Premium and A-grade space, yields are forecast to soften from this year, however a pending transaction of a Premium-grade building may reset yields at a new low level if it proceeds as predicted

Note Sourced from CBRE Research: Auckland Property Market Outlook (Nov-17).

our Auckland office exposure



	Premium	A-grade
buildings	Vero Centre	ASB North Wharf
value \$m	420.0	209.0
office portfolio % by value	50.5	25.1
total portfolio % by value	13.8	6.8
WALT years	6.6	12.6
occupancy %	98.4	100
expectations	With high Premium-grade occupancy and no new supply until 2019, Vero Centre has benefited from rental growth and strong investment interest in the asset class. A stable tenant base has translated into high retention rate with current vacancy resulting from existing tenants downsizing	ASB North Wharf has excellent investment qualities; an unparalleled and improving location, new, high-quality building and a long-term lease in place to a secure tenant. Its value should continue to benefit from high investor demand for these attributes

outlook key points (A-grade and B-grade accommodation)

- | | | |
|---|------------------------------|--|
| ▲ | supply | <ul style="list-style-type: none"> - in 2018 and 2019, over 50,000 sqm of A-grade space is expected to re-enter supply, predominantly the return of buildings withdrawn for repair post the 2016 earthquake and the completion of WAP2 projects - over 44,000 sqm of B-grade space was removed in 2016 and 2017 with over 42,000 sqm coming back on stream over the next two years |
| ▶ | absorption | <ul style="list-style-type: none"> - A-grade absorption is expected to be positive as vacant space is filled by tenants from lower grades - B-grade absorption is expected to be positive over the next two years as stock returns to market |
| ▶ | vacancy | <ul style="list-style-type: none"> - A-grade vacancy is currently 0.4% and expected to fluctuate but remain below 2.0% though to 2021 - B-grade vacancy is 6.0% and is expected to remain largely between 6.0% and 7.0% over the next few years |
| ▲ | rents (\$/sqm/net effective) | <ul style="list-style-type: none"> - net effective rents average \$287/sqm and \$219/sqm for A and B-grade respectively - A-grade is expected to experience good compound annual growth of 7.3% per annum over the next four years while B-grade is expected to grow by 2.7% per annum over the same period |
| ▼ | yield | <ul style="list-style-type: none"> - some further yield firming is expected over the next one to two years after which stabilisation is expected in response to interest rates and supply/demand conditions |

Note: Sourced from CBRE Research: Wellington Property Market Outlook (Dec-17).

our Wellington office exposure



	A-grade	B-grade
buildings	The Aurora Centre	44 The Terrace
value \$m	152.3	49.9
office portfolio % by value	18.3	6.0
total portfolio % by value	5.0	1.6
WALT years	16.2	8.5
occupancy %	100.0	100.0
expectations	The Aurora Centre and 44 The Terrace both present as solid investment-grade assets. Both have been strengthened and refurbished to an excellent standard within the last two years and benefit from long-term government leases over all office space	

group

group appendices: index



financial review

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other information

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profit after tax

 **4.01**

year ended		31-Mar-18	31-Mar-17	variance	
		\$m	\$m	\$m	%
property revenue	 1.04	249.3	238.1	+11.2	+4.7
property management income		1.7	1.5	+0.2	+13.3
interest and other income		0.3	0.3	-	-
net fair value gain on investment properties		26.5	41.0	-14.5	-35.4
net fair value gain on interest rate derivatives		-	9.7	-9.7	-100.0
total income		277.8	290.6	-12.8	-4.4
direct property expenses	 1.04	-57.2	-55.6	-1.6	-2.9
interest and finance charges	 4.02	-42.6	-43.2	+0.6	+1.4
employment and administration expenses	 4.03	-20.5	-18.0	-2.5	-13.9
net fair value loss on interest rate derivatives		-2.4	-	-2.4	-100.0
loss on disposal of investment properties		-7.1	-1.3	-5.8	-446.2
litigation settlement expenses		-	-0.8	+0.8	+100.0
total expenses		129.8	118.9	-10.9	-9.2
profit before tax		148.0	171.7	-23.7	-13.8
current tax		-25.4	-24.9	-0.5	-2.0
deferred tax		-2.5	-3.8	+1.3	+34.2
profit after tax ¹ (GAAP ² measure)		120.1	143.0	-22.9	-16.0


- our strategy has again delivered strong results for the year
- acquisitions and developments completed during the prior financial year have supported underlying rental growth and an increase in funds from operations


Note 1 The reported profit has been prepared in accordance with New Zealand generally accepted accounting practice (GAAP) and complies with New Zealand Equivalents to International Financial Reporting Standards. The reported profit information has been extracted from the annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board. **Note 2** Generally Accepted Accounting Practice (GAAP) is a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements. Kiwi Property's financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and other guidance as issued by the External Reporting Board, as appropriate for profit-oriented entities, and with International Financial Reporting Standards.

-  1.04 rental income
 4.02 interest and finance charges
 4.03 management expense ratio
 5.01 glossary

interest and finance charges


 **4.02**

year ended	31-Mar-18	31-Mar-17	variance	
	\$m	\$m	\$m	%
interest on bank debt	-31.6	-35.1	+3.5	+10.0
interest on bonds	-14.8	-10.8	-4.0	-37.0
interest expense incurred	-46.4	-45.9	-0.5	-1.1
interest capitalised to				
Sylvia Park	2.0	0.5	+1.5	+300.0
Westgate Lifestyle	-	1.3	-1.3	-100.0
The Aurora Centre	-	0.3	-0.3	-100.0
Drury land	1.3	-	+1.3	+100.0
other properties under development	0.5	0.6	-0.1	-16.7
total capitalised interest	3.8	2.7	+1.1	+40.7
interest and finance charges	 4.01 -42.6	-43.2	+0.6	+1.4

 4.01 profit after tax
 4.09 net finance debt movement
 4.10 finance debt facilities

management expense ratio (MER)


 **4.03**







year ended		31-Mar-18	31-Mar-17
		\$m	\$m
employment and administration expenses	 4.01	20.5	18.0
less recovered through property management fees		-8.1	-7.9
net expenses		12.4	10.1
weighted average assets		3,011.8	2,848.0
management expense ratio¹ (non-GAAP measure)		41 bps	35 bps

Note 1 MER is an alternative non-GAAP measure used by Kiwi Property to assist investors in assessing the Company's underlying operating costs. MER is a measure commonly used by real estate entities. MER does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. Kiwi Property determines MER through an annualised calculation, where employment and administration expenses, net of expenses recovered from tenants, is divided by the weighted average value of its property assets. The reported MER information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.




FY18 MER result has normalised back to FY16 levels. The FY17 result was lower given a lag between asset growth and the recruitment required to service the increased asset base


- expense growth due to
 - one-off costs associated with recruitment and moving head office premises including associated IT
 - increased valuation costs
 - expanding our management team
- asset growth due to
 - new acquisitions
 - completed developments

 4.01 profit after tax
5.01 glossary

year ended		31-Mar-18 \$m	31-Mar-17 \$m	variance	
				\$m	%
profit after tax	 4.01	120.1	143.0	-22.9	-16.0
adjusted for					
net fair value gain on investment properties	 4.01	-26.5	-41.0	+14.5	+35.4
loss on disposal of investment properties	 4.01	7.1	1.3	+5.8	+446.2
net fair value loss/(gain) on interest rate derivatives	 4.01	2.4	-9.7	+12.1	+124.7
litigation settlement expenses	 4.01	-	0.8	-0.8	-100.0
straight-lining of fixed rental increases		-2.1	-2.1	-	-
amortisation of tenant incentives and leasing fees		7.8	6.7	+1.1	+16.4
deferred tax expense		2.5	3.8	-1.3	-34.2
funds from operations (FFO)¹ (non-GAAP measure)	 4.05	111.3	102.8	+8.5	+8.2

Note 1 FFO is an alternative non-GAAP performance measure used by Kiwi Property to assist investors in assessing the Company's underlying operating performance and to determine income available for distribution. FFO is a measure commonly used by real estate entities to describe their underlying and recurring earnings from operations. FFO does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. FFO is calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia (the Guidelines). During the financial year, the Guidelines amended the method used to derive FFO and AFFO to include the amortisation of leasing fees and gross leasing fees paid. Kiwi Property has amended its current year FFO and AFFO calculation to reflect this change. The reported FFO information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

 4.01 profit after tax
 4.05 dividends
 5.01 glossary

year ended		31-Mar-18 \$m	31-Mar-17 \$m	31-Mar-18 cps ²	31-Mar-17 cps ²
funds from operations (FFO)¹	 4.04	111.3	102.8	7.84	7.95
amount retained		-14.1	-15.5	-0.99	-1.20
cash dividend		97.2	87.3	6.85	6.75
imputation credits		26.8	24.8	1.89	1.92
gross dividend		124.0	112.1	8.74	8.67
cash dividend payout ratio to FFO		87%	85%	87%	85%

Note 1 FFO is an alternative non-GAAP performance measure used by Kiwi Property to assist investors in assessing the Company's underlying operating performance and to determine income available for distribution. FFO is a measure commonly used by real estate entities to describe their underlying and recurring earnings from operations. FFO does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. FFO is calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia (the Guidelines). During the financial year, the Guidelines amended the method used to derive FFO and AFFO to include the amortisation of leasing fees and gross leasing fees paid. Kiwi Property has amended its current year FFO and AFFO calculation to reflect this change. The reported FFO information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing standards issued by the External Reporting Board. **Note 2** Calculated using the number of shares entitled to the relevant dividend. **General note** The Dividend Reinvestment Plan is operational for eligible shareholders in respect of the final dividend for FY18. No discount will be applied to the price at which shares will be issued.

dividend policy

Kiwi Property's dividend policy is to pay out up to 100% of FFO as cash dividends. To provide sufficient flexibility for dividends to be maintained despite variations in economic conditions or volatility of earnings arising from property-specific matters such as a development or redevelopment, income is retained from time to time and used to normalise future dividends.

In fixing a dividend for any period, consideration will be given to, amongst other things, current and forecast earnings and operating cash flows, capital requirements, the Company's gearing position, general business and financial conditions, and the solvency requirements of the Companies Act.

The payment of dividends is not guaranteed by Kiwi Property and Kiwi Property's dividend policy may change from time to time.


payout ratio target range


Kiwi Property's target payout ratio is typically between 85% and 95% of FFO.

AFFO

For some investors, Adjusted Funds From Operations (AFFO) represents an important measure of dividend sustainability. The use of dividend policies based on AFFO is an increasing trend in New Zealand and becoming prevalent amongst Australian entities.

It is our intention to transition to a new dividend policy, based on AFFO earnings. Therefore, over the next few years, the Board will be looking to balance the competing priorities of maintaining and gradually increasing cash dividends, while at the same time seeking to grow AFFO earnings to cover those dividends.





 4.04 FFO
5.01 glossary

year ended		31-Mar-18 \$m	31-Mar-17 \$m	variance	
				\$m	%
funds from operations (FFO)¹	 4.04	111.3	102.8	+8.5	+8.2
adjusted for					
maintenance capital expenditure		-4.7	-8.6	+3.9	+45.3
tenant incentives and leasing fees		-11.9	-16.2	+4.3	+26.5
adjusted funds from operations (AFFO)² (non-GAAP measure)		94.7	78.0	+16.7	+21.4
AFFO (cents per share) ³		6.67	6.04	+0.63	+10.4
cash dividend payout ratio to AFFO		103%	112%		

- FY18 payout ratio assisted by low level of maintenance capital expenditure in FY18

Note 1 FFO is an alternative non-GAAP performance measure used by Kiwi Property to assist investors in assessing the Company's underlying operating performance and to determine income available for distribution. FFO is a measure commonly used by real estate entities to describe their underlying and recurring earnings from operations. FFO does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. FFO is calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia (the Guidelines). During the financial year, the Guidelines amended the method used to derive FFO and AFFO to include the amortisation of leasing fees and gross leasing fees paid. Kiwi Property has amended its current year FFO and AFFO calculation to reflect this change. The reported FFO information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board. **Note 2** AFFO is an alternative non-GAAP performance measure used by Kiwi Property. AFFO is a measure used by real estate entities to describe their underlying and recurring cash flows from operations. Broadly, AFFO adjusts FFO by deducting the cost of lease incentives provided to tenants, leasing fees and annual maintenance capital expenditure. AFFO does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. AFFO is calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia. **Note 3** Calculated using the number of shares entitled to the relevant dividend.

 4.04 FFO
4.05 dividends
5.01 glossary

as at		31-Mar-18 \$m	31-Mar-17 \$m	movement \$m %	
investment properties	 4.08	3,052.0	2,969.4	+82.6	+2.8
cash	 4.09	10.7	9.8	+0.9	+9.2
deferred tax assets		4.1	4.2	-0.1	-2.4
other assets		18.7	16.5	+2.2	+13.3
total assets		3,085.5	2,999.9	+85.6	+2.9
finance debt	 4.09	913.5	1,030.4	-116.9	-11.3
deferred tax liabilities		95.8	93.4	+2.4	+2.6
other liabilities		82.1	70.0	+12.1	+17.3
total liabilities		1,091.4	1,193.8	-102.4	-8.6
total equity		1,994.1	1,806.1	+188.0	+10.4
total equity and liabilities		3,085.5	2,999.9	+85.6	+2.9
<hr/>					
gearing ratio (requirement <45%)	 4.11	29.7%	34.5%	-480 bps	
net asset backing per share (NTA)		\$1.40	\$1.39	+\$0.01	

investment properties

- increased due to
 - revaluation gains
 - acquisition of Drury land and Sylvia Park adjoining property
 - capital expenditure, predominantly at Sylvia Park

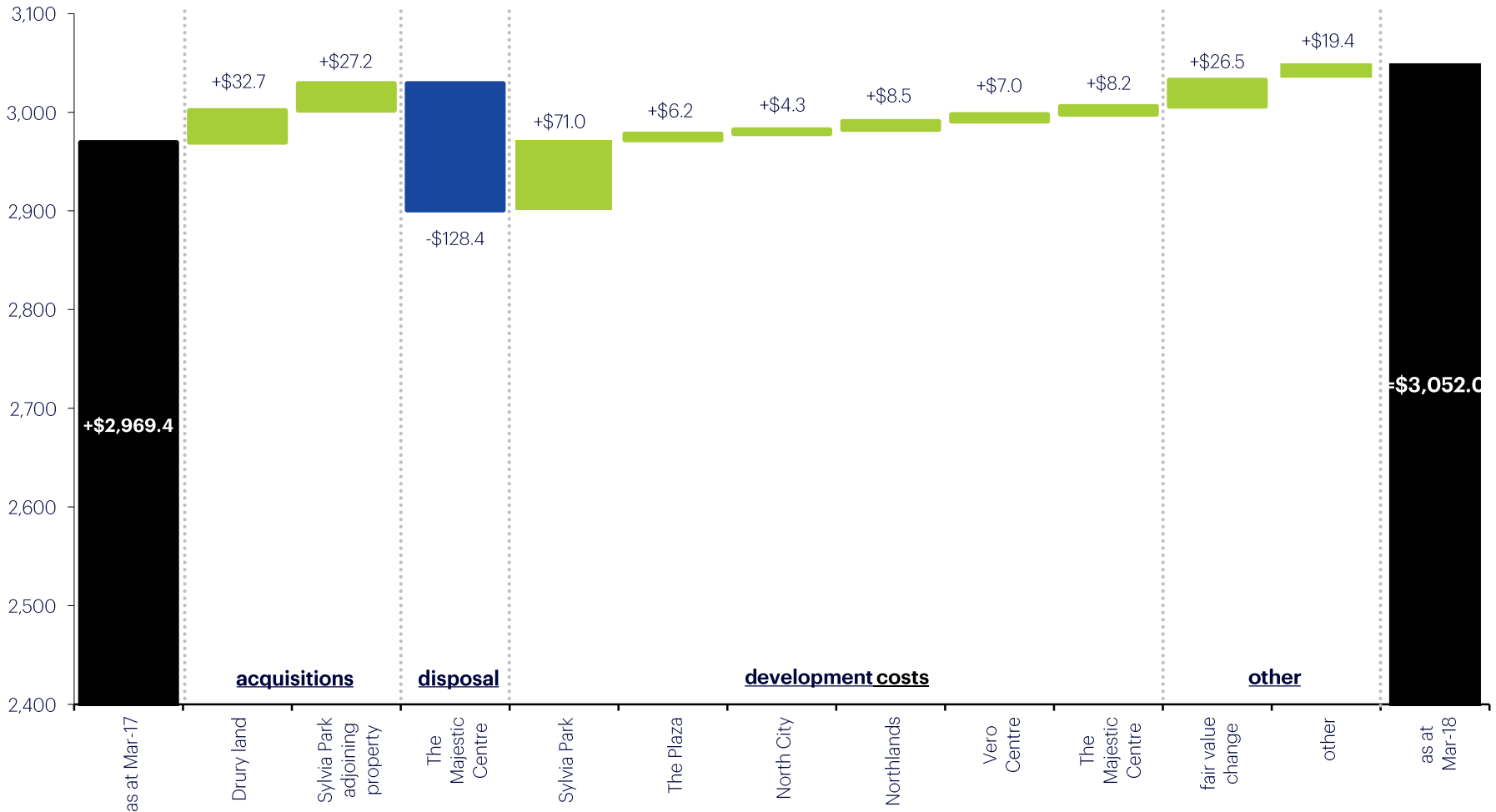
finance debt/gearing


- decreased following repayment of debt from
 - equity raise
 - completed: Jul-17
 - net proceeds: \$157 million
 - sale of The Majestic Centre
 - sold: Dec-17
 - net proceeds: \$122.1 million
- offset by
 - acquisitions and capital expenditure

 4.08 investment property mvmt
 4.09 net finance debt mvmt
 4.11 capital management metrics

investment properties movement (\$m)

 **4.08**

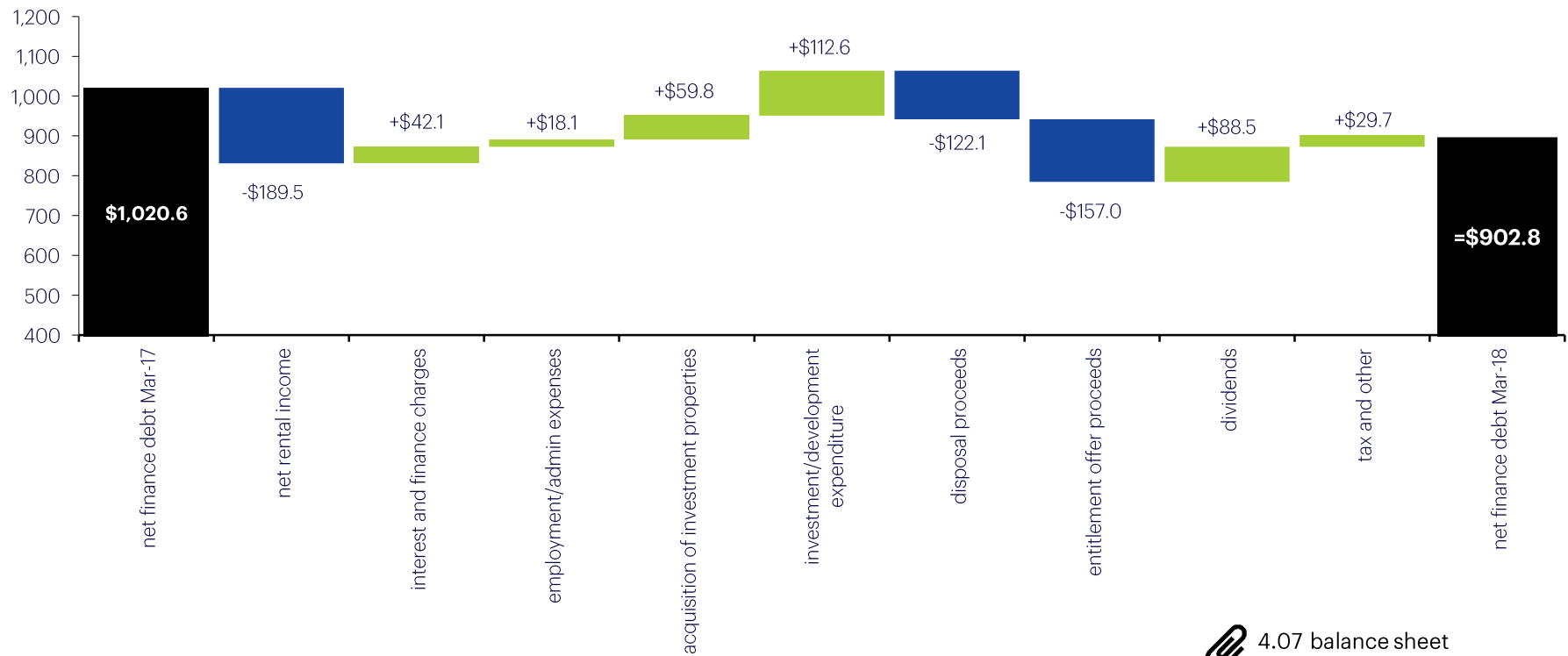



 4.07 balance sheet

net finance debt movement (\$m)

 **4.09**

as at	31-Mar-18	31-Mar-17
bank debt	540.0	782.5
bonds	373.5	247.9
cash on deposit	-10.7	-9.8
net finance debt	902.8	1,020.6



 4.07 balance sheet
4.10 finance debt facilities

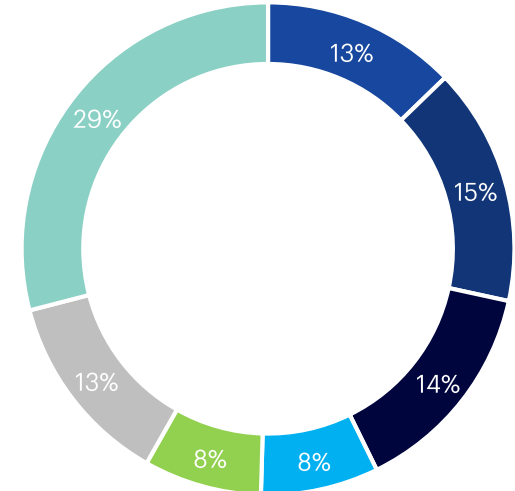
finance debt facilities (\$m)

debt maturity profile

as at 31-Mar-18		\$m	%
FY19		-	-
FY20	\$52.5 \$73 \$80 \$52.5	258.0	20
FY21	\$52.5 \$74 \$80 \$52.5 \$33	292.0	23
FY22	\$60 \$55 \$25 \$60 \$125 \$34	359.0	28
FY23	\$33	33.0	2
FY24	\$125 \$100.0	225.0	17
FY25	\$125	125.0	10
total facilities		1,292	100
facilities drawn		915	71
undrawn facilities		377	29

key: ANZ BNZ CBA CCB HSBC Westpac Bonds

debt sources



diversified debt sources

- added China Construction Bank and HSBC to the pool of banking lenders
- issued a further \$125 million, seven-year, fixed-rate bonds with a coupon of 4.33%
- reduced bank debt facilities following completion of capital management initiatives – equity raise and sale of The Majestic Centre

4.09 net finance debt mvmt
4.11 capital management metrics

capital management metrics

 **4.11**

finance debt metrics

as at	31-Mar-18	31-Mar-17
weighted average term to maturity	3.6 years	3.5 years
weighted average interest rate (incl. of bonds, active interest rate derivatives, margins and line fees)	4.99%	4.61%

covenants – gearing

as at	31-Mar-18	31-Mar-17
gearing (must be <45%, target 25%-35%) calculated as finance debt / total tangible assets	29.7%	34.5%

covenants – interest cover ratio

for the year ended	31-Mar-18	31-Mar-17
interest cover ratio (must be >2.25 times) calculated as net rental income / net interest expense	4.17	4.07

credit ratings – S&P Global Ratings¹

corporate	BBB (stable)
fixed-rate bonds	BBB+

Note 1 Further information about S&P Global Ratings' credit rating scale is available at www.standardandpoors.com. A rating is not a recommendation by any rating organisation to buy, sell or hold Kiwi Property securities. The rating is current as at the date of this presentation and may be subject to suspension, revision or withdrawal at any time by S&P Global Ratings.

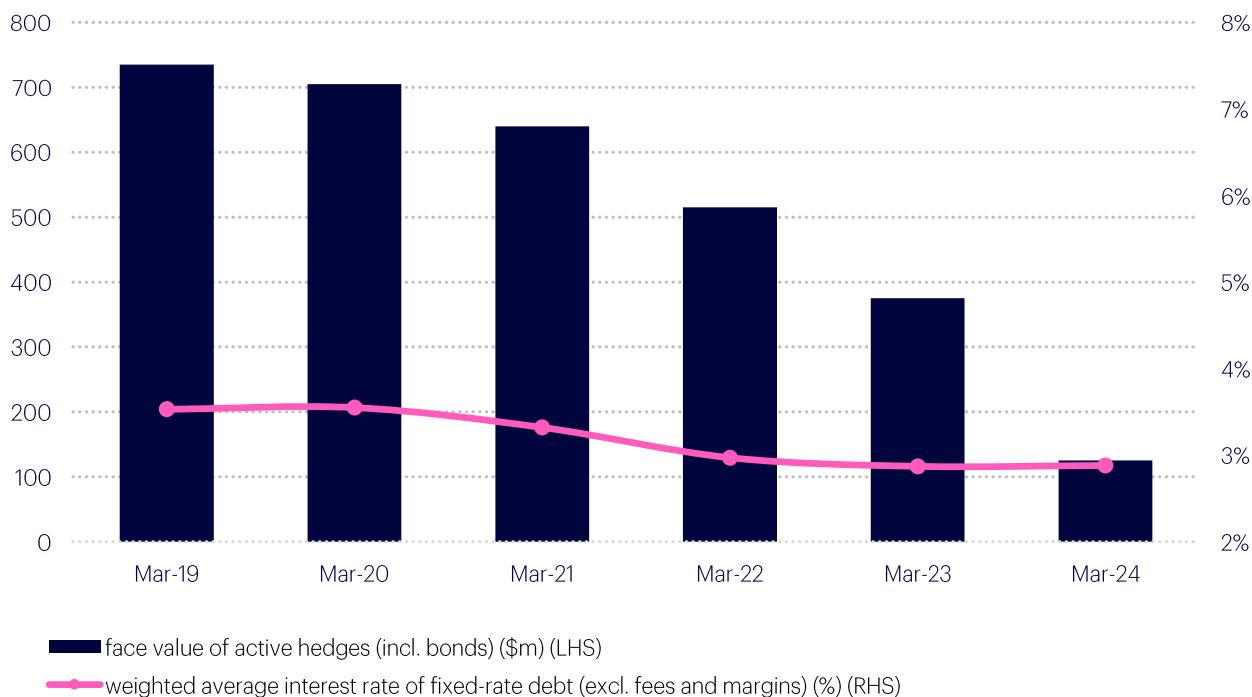
gearing

- decreased following repayment of debt from the proceeds of the equity raise and sale of The Majestic Centre

fixed-rate debt profile

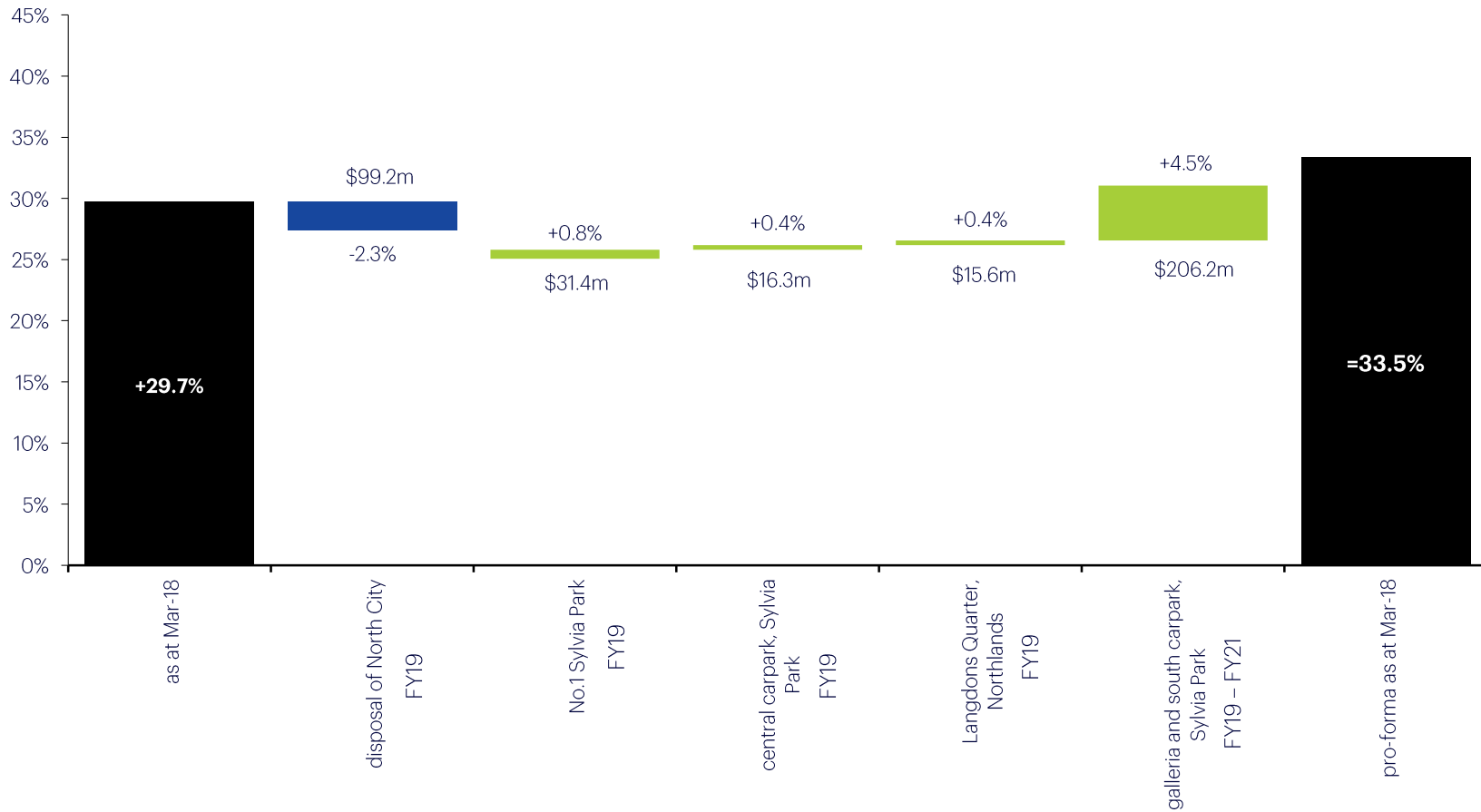
fixed-rate profile (inclusive of bonds on issue (Mar-18: \$375 million, Mar-17: \$250 million))	31-Mar-18	31-Mar-17
percentage of drawn finance debt at fixed rates	83%	65%
weighted average interest rate of active fixed-rate debt (excl. fees and margins)	3.55%	3.76%
weighted average term to maturity of active fixed-rate debt	3.7 years	3.5 years


fixed-rate debt maturity profile



pro-forma gearing

 **4.13**



 4.07 balance sheet

adjusted funds from operations (AFFO)	AFFO is an alternative non-GAAP performance measure used by Kiwi Property. AFFO is a measure commonly used by real estate entities to describe their underlying and recurring cash flows from operations. Broadly, AFFO adjusts FFO by deducting the cost of lease incentives provided to tenants, leasing fees and annual maintenance capital expenditure. AFFO does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. AFFO is calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia. The reported AFFO information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.
discount department store (DDS)	includes Kmart and The Warehouse.
funds from operations (FFO)	FFO is an alternative non-GAAP performance measure used by Kiwi Property to assist investors in assessing the Company's underlying operating performance and to determine income available for distribution. FFO is a measure commonly used by real estate entities to describe their underlying and recurring earnings from operations. FFO does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. FFO is calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia. The reported FFO information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.
gearing ratio	calculated as finance debt (which includes secured bank debt and the face value of bonds) over total tangible assets (which excludes interest rate derivatives and deferred tax assets).
generally accepted accounting practice (GAAP)	a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements. Kiwi Property's financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and other guidance as issued by the External Reporting Board, as appropriate for profit-oriented entities, and with International Financial Reporting Standards.

gross occupancy cost (GOC)	total gross occupancy costs expressed as a percentage of moving annual turnover (excluding GST).
like-for-like rental income	excludes rental income from assets or portions of assets purchased, disposed of or undergoing development in either year of comparison.
like-for-like retail sales	only includes sales from those tenancies who have traded for the past 24 months.
management expense ratio (MER)	MER is an alternative non-GAAP measure used by Kiwi Property to assist investors in assessing the Company's underlying operating costs. MER is a measure commonly used by real estate entities. MER does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. Kiwi Property determines MER through an annualised calculation, where employment and administration expenses, net of expenses recovered from tenants, is divided by the weighted average value of its property assets. The reported MER information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.
moving annual turnover (MAT)	annual sales on a rolling 12-month basis (excluding GST).
net operating income (NOI)	excludes income resulting from straight-lining of fixed rental increases and includes the amortisation of lease incentives and property management fee income.
net rental income (NRI)	NOI, including rental income resulting from straight-lining of fixed rental increases.
profit after tax	the reported profit has been prepared in accordance with New Zealand generally accepted accounting practice and complies with New Zealand Equivalents to International Financial Reporting Standards. The reported profit information has been extracted from the annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

annual meeting of shareholders	7 June 2018
<ul style="list-style-type: none">• 10.00am, Eden Park, Auckland	
final dividend payment (for the six months ended 31 March 2018)	
<ul style="list-style-type: none">• ex date	5 June 2018
<ul style="list-style-type: none">• record date	6 June 2018
<ul style="list-style-type: none">• payment date	21 June 2018
KPG030 bond interest payment (2024 maturity)	19 June 2018
KPG010 bond interest payment (2021 maturity)	20 August 2018
KPG020 bond interest payment (2023 maturity)	7 September 2018
1H FY19 interim result announcement	19 November 2018
interim dividend payment (for the six months ending 30 September 2018)	
<ul style="list-style-type: none">• ex date	3 December 2018
<ul style="list-style-type: none">• record date	4 December 2018
<ul style="list-style-type: none">• payment date	19 December 2018
KPG030 bond interest payment (2024 maturity)	19 December 2018

Note Dates are subject to change.

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This Presentation includes forward-looking statements regarding future events and the future financial performance of Kiwi Property. Any forward-looking statements included in this Presentation involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to Kiwi Property, its directors, officers, employees, agents and associates.

Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which those statements are based including, without limitation, in particular because of risks associated with the New Zealand economy which could affect the future performance of Kiwi Property's property portfolio, its ability to obtain funding on acceptable terms, the risks inherent in property ownership and leasing, and Kiwi Property's business generally. Given these uncertainties, you are cautioned that this Presentation should not be relied upon as a recommendation or forecast by Kiwi Property, any of its directors, officers, employees, agents or associates. None of Kiwi Property, any of its directors, officers, employees, agents or associates undertakes any obligation to revise the forward-looking statements included in this Presentation to reflect any future events or circumstances.

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