Annual Report

For the year ended 31 March 2022

Kiwi Property

Creating

The Grove Dining District, Sylvia Park

communities

For nearly three decades, Kiwi Property has invested in and developed some of New Zealand's best property assets. We can look back with pride on much of what we have achieved, but there's plenty still to do.

connected

Now we're drawing on all our experience and expertise to take us into the future.

We are creating tomorrow's communities, today. Spaces that inspire Kiwis to connect with each other and the world around them. Where living, working, shopping and entertainment intersect seamlessly. And people, businesses, and the environment all thrive. We call that mixed-use.

Right now, we're building a world-class property asset at Sylvia Park in Auckland, featuring an outstanding line-up of retail, office and New Zealand's first major build-to-rent apartment complex. Our extensive Sylvia Park landholding offers a unique ability to enhance the site over time, developing a place of enduring value and appeal.

We're also poised to create a Green Star Community at Drury, which will set a new standard for sustainability, urban design and transit-oriented development.

And we're shaping up to transform the skyline of Auckland's inner-western suburbs with a potential 25-level mixed-use tower at LynnMall that will deliver unparalleled convenience and proximity to public transport.

We're excited and energised by where our commitment to creating connected communities will lead and what it means for our shareholders, our tenants and the people who will call our assets home. By reimagining places and bringing them to life we are securing Kiwi Property's future as an innovator and attractive investment opportunity.

The Terrace, Sylvia Park


Drury High Street. Artist's impression

Contents

2022 highlights

Operating profit before tax

$124.8m

(+7.3%)

Net profit after tax

$224.3m

(+14.1%)

Property portfolio fair value movement

+$120.5m

(+3.5%)

Net rental income

$187.1m

(+7.8%)

Adjusted funds from operations

$100.4m

(+12.3%)

Full year dividend

5.60cps

(+8.7%)

Drury block plan. Artist's impression

Letter from the Chair

"Kiwi Property's robust result will enable the Company to pay a total cash dividend of 5.60 cents per share, up almost 9% on the year before."

“The Company produced a strong operating performance in the 2022 financial year, with increases in key metrics including sales, rents, profit, asset values and adjusted funds from operations.”

Dear shareholders,

While COVID-19 continued to dominate the news headlines over the past 12 months, Kiwi Property has come through the year in good shape, making significant progress on the delivery of its mixed-use strategy.

The Company produced a strong operating performance in the 2022 financial year (FY22), with increases in key metrics including sales, rents, profit, asset values and adjusted funds from operations. This pleasing outcome will enable us to pay a total cash dividend of 5.60 cents per share (cps), up almost 9% on FY21.

More details of Kiwi Property’s financial result can be found in the Chief Executive Officer’s report, which begins on page 10.

Building strategic momentum

Four years ago, we embarked on a journey to diversify our portfolio, decrease our retail exposure and create thriving, mixed-use communities at key metropolitan centres.

We knew that by bringing together the best of retail, office and residential assets on each site, we’d diversify our income sources, drive valuation uplift at our core properties and create enduring assets where Kiwis want to live, work, shop and play. We also understood the process would take time and that there would be challenges along the way.

Over the ensuing period, we’ve been proven right on each of those fronts, and today, Kiwi Property has significant strategic momentum and an exciting pipeline of opportunities ahead.

Maintaining strategic momentum

We began construction of a second office building at Sylvia Park in November 2021, furthering the diversification of our asset portfolio. This development, known as 3 Te Kehu Way, signals the next important step towards the creation of a thriving commercial hub, and the continued evolution of Sylvia Park into a world-class mixed-use asset.

3 Te Kehu Way aims to capitalise on the high levels of interest in office space at Sylvia Park. The development has been designed with flexible working and the specialist requirements of medical practitioners in mind, enabling us to effectively cater to this important market. Despite the challenging leasing environment, 30% of the office space in the building is now committed, with strong interest in the remaining area.

Becoming a leader in build-to-rent

Around half of Aucklanders over the age of 15 currently live in rental accommodation, with this number expected to rise to around 60% by 2043.[1]

1. Source: Stats NZ, JLL Research and Consultancy.

"Our large strategic landholdings at Sylvia Park, LynnMall, The Base and Drury are a source of major competitive advantage."

A lack of quality rental stock and strong demand have pushed up house prices and created fierce competition for housing.

Build-to-rent (BTR) has the potential to play an important role in helping address this imbalance, offering residents the flexibility of renting, coupled with secure lease terms, professional on-site management and transparent costs. The asset class is also attractive to Kiwi Property, helping to broaden our existing asset base and provide a stable, low-risk revenue stream and robust capital growth.

Our ambition is to become a leader in this sector, with our mixed-use assets likely to include a prominent residential presence going forward. Construction of New Zealand's first major BTR development is already underway at Sylvia Park, with the 295-apartment complex likely to begin renting in early 2024. More information about the transformation of Sylvia Park, including the 3 Te Kehu Way and BTR projects, is available on page 14 of this Annual Report.

Land creates competitive advantage

Our large strategic landholdings at Sylvia Park, LynnMall, The Base and Drury are a source of major competitive advantage for our business. Unlike many other property entities, we don't need to compete for new sites or assets in order to grow. With mixed-use assets that span almost 125 hectares, we have the unique ability to focus on improving our existing properties for years to come.

In many ways, this makes us the master of our own destiny, able to move forward with new developments at our own pace, in line with demand, funding and the broader operating environment. This is particularly important in the current environment, where supply chains are being disrupted and input costs are on the rise. Our landholdings give us the flexibility to wait for conditions to normalise before proceeding, or to move quickly when specific opportunities present themselves, as is the case with BTR.

At Sylvia Park, for example, around half of our 34-hectare landholding has capacity for further intensification, providing scope for us to potentially build up to 1,200 BTR apartments, five office towers, a hotel, and around 16,400 square metres of large format retail, over time. Not only does the scale of our landholding give us the scope to undertake this exciting potential future development, it also provided the flexibility to conditionally sell 3.2 hectares of land to IKEA in November 2021, where we have the ambition of them building their first New Zealand flagship store.

Creating a clear funding pathway

Kiwi Property's current development pipeline is one of the most exciting in our history. We have a unique range of opportunities ahead that span both asset classes and locations, positioning the Company for significant growth in the future. Funding this pipeline is a key consideration and not without its challenges. In order to be successful over the long term we will need to be selective about what we pursue and when we pursue it. We will also require a range of funding mechanisms, making the second pillar of our strategy – growing with third party capital – particularly important in FY23.

With this in mind, following detailed analysis to identify our preferred initial funds management project, we have begun the process of establishing a standalone CBD office co-investment platform. We're pleased to be moving ahead with this important initiative, which we expect to attract strong interest.

We also have a range of other mechanisms available to fund our development pipeline, including the establishment of investment platforms across one or more of our mixed-use properties, such as Sylvia Park, LynnMall or Drury. In parallel, our capital recycling programme continues, including the Northlands sales process. We have temporarily withdrawn The Plaza from the market while we conduct seismic assessments of the centre. While this delay is disappointing, we believe it is the right move and will ultimately enable a more certain transaction.

Governance

We are living and working in an incredibly complex period. Factors such as COVID-19, rising inflation, the war in Ukraine and disruption in the construction sector have combined to create an uncertain operating environment. During times such as this, the Board and I are particularly conscious of both our role in helping the business navigate risk and the importance of maintaining the highest standards of governance. We are committed to effectively representing the interests of Kiwi Property's shareholders, with a focus on continuous improvement and enhanced transparency.

This viewpoint has been instrumental in the preparation of this year's Annual Report and the increased levels of disclosure around areas such as executive compensation. On page 90 you will find a comprehensive Remuneration Report, including a fulsome breakdown of the CEO's salary and incentives, and the performance goals used to determine his compensation.

The establishment of the Environmental, Social and Governance (ESG) Committee two years ago has ensured steady progress towards the ambitions and specific targets set out in our Sustainability Strategy. Our committee works closely with the ESG Leadership Team to discuss, identify and respond to sustainability related issues and opportunities. Our progress is detailed in our standalone Sustainability Report, available for download from our website.

Delivering for shareholders

While the Company delivered a strong operating performance in FY22, its share price has not met expectations. Kiwi Property is a robust business, however over the past year, the market hasn't recognised what we believe to be the true value of the Company, its assets or the pipeline of opportunities we have ahead. Some of this mispricing is likely due to sector and macroeconomic factors beyond our control. In FY23 though, we will continue to focus squarely on those that are, such as delivering on our strategy, unlocking funding, and intensively managing our properties.

We are committed to creating value for our shareholders, including driving an uplift in the price of Kiwi Property stock and delivering sustainable dividend growth. As such, we are targeting a cash dividend of no less than 5.70 cps for FY23, based on current market conditions and barring unforeseen circumstances.

Outlook

The 2023 financial year has the potential to be a decisive one for the Company as we build further momentum in the intensification of our mixed-use assets, move forward with the launch of our CBD office co-investment platform and make substantive progress on the Sylvia Park BTR, and 3 Te Kehu Way developments.

We've worked hard over recent years to transform Kiwi Property into a creator of thriving mixed-use communities. As we head into the new financial year, the benefits from our transformation efforts move ever closer, unlocking exciting opportunities for the Company and its stakeholders.

Thank you for your continued support.

Mark Ford
Chair

"We are committed to effectively representing the interests of Kiwi Property's shareholders, with a focus on continuous improvement and enhanced transparency."

Chief Executive Officer's report

"Net profit after tax was $224.3 million, up 14.1% on the prior year, driven by a $120.5 million or 3.5% gain in the fair value of our diversified asset portfolio."

“As at 31 March 2022, Kiwi Property’s property portfolio was valued at $3.6 billion, placing it amongst the largest in the country.”

Introduction

Kiwi Property achieved a robust annual result for the year ended 31 March 2022 and accelerated its transition into a creator of connected communities.

Although COVID-19 had an inevitable impact on the Company through the financial year, our focus on maintaining strict operational discipline and asset management enabled us to mitigate the effects of the pandemic and end FY22 in a solid financial position.

Strong financial performance

Net profit after tax was $224.3 million, up 14.1% on the prior year, driven by a $120.5 million or 3.5% gain in the fair value of our diversified asset portfolio. Pleasingly, this valuation uplift was broad-based, with The Base, Vero Centre, Westgate Lifestyle, Centre Place North and Drury all performing well. Sylvia Park Precinct (comprising Sylvia Park Shopping Centre, Sylvia Park Lifestyle, ANZ Raranga, Sylvia Park BTR, 3 Te Kehu Way and a number of adjoining properties) continues to go from strength to strength, highlighting the strategic value of our diversification agenda. As at 31 March 2022, Kiwi Property’s property portfolio was valued at $3.6 billion, placing it amongst the largest in the country.

Kiwi Property’s net rental income rose 7.8% to $187.1 million in FY22, despite the headwinds caused by the pandemic, with delays to the sale process of Northlands and The Plaza offsetting the significant cost of providing $17.4 million in rent relief to our hardest hit tenants. Operating profit before tax was also up, growing 7.3% on the prior year to $124.8 million, a particularly pleasing result given the challenging economic climate.

Equally positive was the 4.2% rental increase on new leases and rent reviews, demonstrating the strong continued demand for space at our assets. Although the threat of Omicron prompted a reduction in visitor numbers to our assets in 2022, average spend jumped significantly, resulting in a 6.7% increase in total sales for the year. In parallel, occupancy across our office and mixed-use portfolios was 99.8% at year end. These trends highlight the resilience of our assets and the flight to quality in the property sector, which Kiwi Property is ideally placed to capitalise on.

Employment and administration expenses rose almost 12% in FY22. There are good reasons for this. While the Company maintained tight financial control throughout the year, we have made a number of strategic investments in data and digital technology that will support our growth, and the opportunities that come from it. The upfront cost of this new infrastructure is significant, however the tools we are implementing will help drive efficiency, unlock business insights, enhance our customers’ experience and manage our assets more effectively.

Work is currently underway on a range of digital solutions that will help empower tenant performance, including a bespoke 'customer hub' and the implementation of a new enterprise reporting platform (ERP). This once in a decade investment will help support Kiwi Property's growth ambitions, particularly as we extend our BTR and funds management activities.

Delivering through disruption

While the pandemic has been problematic for many in the retail sector, Sylvia Park has continued to deliver growth in sales, occupancy and rents, reinforcing the asset's standing as the country's favourite shopping centre. Despite the logistical challenges caused by border closures and alert level restrictions, we've worked with iconic retailers such as Culture Kings and JD Sports to deliver a series of ground-breaking store openings, creating a thriving new athleisure precinct at the heart of the centre.

During the year we also made significant progress on our ambition to transform LynnMall into a thriving mixed-use community, obtaining resource consent for an exciting 25-storey tower that is set to change the New Lynn landscape. Integrating ground floor retail, three commercial office levels and 245 build-to-rent apartments, the development will connect directly into the existing shopping centre, offering residents unparalleled convenience and a range of retail, entertainment and transport options virtually on their doorstep.

Elsewhere, our Drury Private Plan Change was approved in May 2022, paving the way for the creation of a major Green Star Community. The successful application will unlock development at our 53-hectare site, which is set to be the location for the new Drury Town Centre.

We intend to create a thriving mixed-use asset that will become a hub for the 60,000 people who are expected to move into the area over the next 25 years. Drury will be the third Auckland Metropolitan Centre zoned location in our portfolio (out of 11), alongside Sylvia Park and New Lynn, offering an exciting range of future possibilities. An earthworks consent has been issued by Auckland Council and this work is now underway. To read more about our development at Drury go to page 18 of this report.

We're focused on proceeding with the Drury and LynnMall developments at the optimum time and in the case of each project, will ensure input costs, market conditions and the macroeconomic climate are conducive, before moving forward with construction.

Taking a long-term view

Over the past two years we've made a range of important decisions about how best to keep our people safe, support our tenants, and complete developments in a disrupted environment. Although our resilience has been tested, from the outset we have been clear that the disruptions caused by the pandemic would not distract us from delivering on our strategy. Staying focused on what we can control, achieve and influence has enabled us to take a long-term view of our sector – and our place in it.

That's crucial given current conditions. The impact of Omicron, labour shortages, rising inflation, and continued supply chain disruptions have all created a climate of volatility that unsettles markets and makes economic forecasting difficult. We are taking current disruption into account, but the strength of our strategy is that it is built on certainties – the first of which, as the Chair outlined, lies in our large strategic landholding.

There is also certainty in our transition from a retail-oriented property owner and developer to our ever-increasing focus on mixed-use community creation. As Sylvia Park demonstrates, intensifying our strategic assets to include retail, office and residential helps drive valuation uplift across the entire site, while promoting a more diversified revenue stream and faster rate of growth.

Mixed-use also helps reduce operational risk by encouraging a broad customer base. Kiwi Property counts a wide range of government departments, banks, law firms and financial services companies, as well as large format and specialty retailers, among its line-up of tenants. Across our portfolio, over half our income comes from essential services and everyday essentials, such as supermarkets, pharmacies and department stores, providing substantial income resilience, even during COVID-19 lockdown periods.

Total rental growth on new leases and rent reviews

+4.2%

Total sales growth

+6.7%

Stepping up on sustainability

Sustainability has been at the heart of our business for 20 years and today, our Environmental, Social and Governance (ESG) performance is amongst the best in our sector. Full details of the Company's delivery against our Sustainability Strategy are available in our standalone 2022 Sustainability Report, available on our website. The comprehensive document outlines our ESG performance over the past 12 months, including our achievement against the three pillars of our strategy: Places, People and Partnerships, and the actions we're taking to mitigate climate risk.

This year, we continued to make significant progress against our aspirational goal to become net carbon negative in our operations by 2030 and have now reduced our greenhouse gas emissions by 60% compared to our 2012 baseline.

Reaching the target won't be easy, but it's the right thing to do for both our current and next generation of stakeholders. We've recently announced plans to create New Zealand's largest rooftop solar power installation at Sylvia Park, capable of producing enough electricity annually to power the average household for over 200 years or charge over 60,000 electric vehicles.

We believe strongly that we will only achieve enduring success if the communities we operate in do as well. To this end, we've recently begun working with the Mental Health Foundation and look forward to collaborating on initiatives to improve Kiwis' wellbeing, including bringing the highly regarded Pink Shirt Day campaign to life at our assets.

In July 2021, we also undertook a successful $150m Green Bond issue. The oversubscribed offer highlights the growth of sustainable finance and the level of market support for Kiwi Property's sustainability performance, both of which place the Company in good stead for future debt raising activity, if required.

Subsequent to balance date, we also further diversified our debt facilities by introducing MUFG into our banking panel, providing access to an additional $100 million of debt facilities on three, four and five year terms.

Outlook

Kiwi Property's robust financial performance and strong delivery against strategy in FY22 have set the platform for an exciting year ahead. We have made significant strides on our ambition to intensify our mixed-use assets and bring build-to-rent to life, starting at Sylvia Park.

In FY23, we will look to broaden that focus to Drury and LynnMall, as well as striving to ignite the second pillar of our strategy – growing with third-party capital. While COVID-19 may continue to be a consideration going forward, we are squarely looking to the future, with a commitment to creating value for our shareholders and other stakeholders, and a focus on creating connected communities.

Ngā mihi,

CA Mackenzie

Clive Mackenzie
Chief Executive Officer

Sylvia Park Shopping Centre

A sense of place gains pace at Sylvia Park

Sylvia Park Precinct Vital Stats

$1.5b value

34-hectare landholding

178,999sqm net lettable area

282 tenants

295 build-to-rent apartments in development

7,540sqm of office space under construction

“As both the owner and developer of Sylvia Park, we’re in a powerful position to ensure each new project aligns to and enhances our vision for the precinct, as well as optimising the asset’s long-term income generation potential.”

Sylvia Park’s evolution into a world-class mixed-use community is picking up pace.

Following the successful completion of the shopping centre’s 20,000 square metre Level 1 expansion, the next phase of Sylvia Park’s ambitious development programme has begun, marking the start of what could be one of the most transformative periods in the asset’s history. We’re excited to be moving forward with plans to evolve Sylvia Park from a retail-centric destination into a thriving, urban village where people can live, work, shop and play.

In late 2021, construction of New Zealand’s first major BTR development started at Lynton Road, near the site’s northern boundary. The $221 million project will feature 295 residential apartments spread across three separate buildings, varying in scale up to 12 storeys high. Based on the current site masterplan, there’s potential for us to build as many as 1,200 BTR apartments at Sylvia Park over the next 10 years, establishing Kiwi Property as a leader in this exciting new asset class.

BTR is set to challenge renting’s status quo in this country, putting more control and certainty in residents’ hands. Our residential proposition will feature flexible long-term leases, stable rents, professional on-site management and service standards on par with many hotel complexes. The development will include an array of amenities, such as a rooftop terrace and barbeque area, gym, co-working spaces and residents’ lounge, all designed to foster a sense of community and connection.

Elsewhere at Sylvia Park, we’ve begun development of an attractive new office building at 3 Te Kehu Way, which aims to capitalise on the success of the ANZ Raranga tower and marks the next step in our journey to create a dynamic commercial hub at the precinct. The six-level building will be ideally suited to the increasing number of tenants seeking hub and spoke office networks. Featuring outstanding amenities, flexible working configurations, infrastructure geared to the specialist requirements of medical services and targeting a 6 Green Star rating, 3 Te Kehu Way is an exciting proposition.

In September 2021, we extended our landholding at Sylvia Park with the purchase of a 7,144 square metre site directly adjacent to Sylvia Park Lifestyle occupied by the City Impact Church. The acquisition provides a range of future development opportunities that take advantage of the location’s sunny northern slope and sea views. Choices could potentially include BTR apartments, office towers or additional large format retail.

As both the owner and developer of Sylvia Park, we're in a powerful position to ensure each new project aligns to and enhances our vision for the precinct, as well as optimising the asset's long-term income generation potential. It also enables us to prioritise outstanding placemaking and the adoption of international best practice in terms of asset design and operations, helping to create an enduring asset that will deliver value for our customers, tenants, and shareholders for years to come.

This approach is also important when it comes to working with multinational retailers considering opening a store in New Zealand. An example is the recent conditional agreement to sell IKEA 3.2 hectares of land at Sylvia Park, marking an important step towards our ambition for the iconic retailer to have a presence on the site. The deal paves the way for the creation of a complementary 6,430 square metre large format retail centre and home and living precinct.

Maintaining Sylvia Park's accessibility will continue to be a priority for Kiwi Property in the years ahead. The asset is strategically connected to Auckland's Southern Motorway, and is well-served by around 5,000 free carparks. In addition, the centre features a bus interchange and train station, offering direct public transport connectivity to the Auckland CBD that departs approximately every 10 minutes in peak times.


ANZ Raranga, Sylvia Park

Sylvia Park Shopping Centre

Creating a major Green Star community at Drury

Drury Town Plaza. Artist's impression

"Earthworks began at Kiwi Property's Drury development in May 2022, setting the stage for our plans to create a major Green Star Community. Drury is poised to set a new standard for large-scale construction projects, bringing together the best of sustainability, transit-oriented development and urban design."

“Drury represents a rare opportunity to create a community from the ground up. The location has been identified as one of just five urban growth areas in the region and is ultimately expected to feature 25,000 new homes and a population of 60,000 people, making it around the same size as Napier.”

Sustainability has been at the heart of our business for 20 years and in that time we’ve achieved a number of exciting milestones, including receiving an A rating from the Carbon Disclosure Project in 2020. We’re proud to again be leading from the front on sustainability, this time at Drury, where we’re planning to create a major Green Star Community.

Only developments that meet the highest standards of liveability, economic prosperity, environmental performance and innovation are awarded this standard. Achieving the Green Star Community rating isn’t just about our commitment to doing well by doing good though – it’s a signal to the town’s future residents that it has been built with the next generation in mind.

According to the Drury-Opaheke Structure Plan, the region is ultimately expected to accommodate 25,000 new homes and a population of 60,000 people, making it around the same size as Napier. Drury’s strategic importance is highlighted by the Government’s commitment of approximately $2.8 billion to fund infrastructure in the area, including the extension of State Highway 1 from Papakura to Drury and the enhancement of the rail corridor.

Kiwi Property’s 53-hectare site at Drury has been designated as the location of the future town centre. Our ownership of this large strategic landholding puts us in a unique position to shape the character, quality and design of Drury’s urban heart, enabling the creation of a thriving mixed-use asset. Great placemaking will sit at the core of the development, which will feature around 10 hectares of new parks, cycleways and walking paths, all designed to foster a vibrant and connected community.

Our landholding sits adjacent to the site of the proposed Drury Central train station and electrified rail link, which will serve the local area and support the creation of a modern transit-oriented development. With Drury’s central plaza less than a five minute walk from the station, around half of those commuters to the city are ultimately expected to use public transport, significantly reducing the need for private vehicle use. This approach will help keep the town congestion free, while also reducing its emissions profile.

By building Drury from the grass roots, we’re able to incorporate the sustainable qualities one would expect from a Green Star community in our development, such as stormwater recycling and rainwater harvesting. We’re also planning to make extensive use of solar energy and plant thousands of native trees as part of the Hingaia Stream restoration project. All our buildings will target a minimum five Green Star rating.

Drury will be more than an attractive place to live and play, with potential to become a significant economic hub between Auckland and Hamilton. The developments being undertaken by Kiwi Property, Oyster Capital and Fulton Hogan are expected

Drury Station Plaza. Artist's impression

to create around 7,000 jobs between them, while the industrial park being built at Drury South is set to generate additional employment opportunities.

A range of office buildings are planned for Kiwi Property's town centre, to be built in line with population growth, while a possible future regional medical facility would stimulate additional growth at Drury in the years ahead.

The green-light to begin work at Drury follows three years of intense preparation and effort to obtain approval for Kiwi Property's Private Plan Change application. Our success in this process highlights the quality of the proposed development and the scale of its anticipated benefit to the region. The Stage 1 earthworks now underway are expected to be finished by late 2023 or early 2024, with commercial, large format retail and residential homes set to follow in line with demand, funding and supportive conditions.

Getting on-board the flight to quality in commercial property

While COVID-19 impacted many parts of New Zealand's economy in FY22 it also prompted a flight to quality in the property sector, as tenants sought out the best offices and most productive retail space. Fortunately, quality is one of the hallmarks of our property portfolio.

Omicron saw many people work from home over recent months, however high-quality, amenity-rich CBD office buildings have continued to attract strong demand among corporate and public sector tenants. In parallel, hub and spoke office networks have risen in popularity as employers respond to their workers' calls for more flexibility and reduced travel times. Leading shopping centres such as Sylvia Park bounced back quickly post lockdown, fuelled by pent-up retail demand, while large format retail came through COVID as one of the asset classes more resistant to pandemic related headwinds.

Kiwi Property's strategy, which is based on intensifying our mixed-use assets, growing with third party capital and empowering the success of our customers, has positioned us well through the pandemic. Our investment portfolio maintained an occupancy rate of 99.8% in FY22, while rental uplift of 4.2% was achieved on new leases and rent reviews, continuing their upward trajectory from recent years. Premium office assets such as the Vero Centre highlighted the flight to quality accelerated by COVID-19, with the landmark building achieving record rents.

The Company's diversified portfolio and focus on reducing our retail exposure helped spread our COVID risk, however we weren't entirely sheltered from the pandemic. We provided just over $17 million of rent relief to our hardest hit tenants in FY22, sharing a fair proportion of COVID-19's financial impact.

Offering these abatements was the right thing to do. Each of our customers is a vital part of Kiwi Property's stakeholder ecosystem and an important cog in the wider economy, providing direct and indirect employment. Supporting our tenants helped protect their businesses, safeguard jobs and maintain productive assets

The Brickworks, LynnMall

Meeting the need

Regardless of restrictions or lockdowns, everyone needs the basics. With customer shopping behaviour often driven more by needs than wants, during the pandemic, the strong retail centres capable of supplying everything from shoes to groceries, and medicine to microwaves, often had the edge because of their scale, safe environment and easy access.

Shopping patterns continued to evolve in FY22, with customers often researching goods online before heading out with a list to shop in person. While online sales were strong during lockdowns, supply chain bottlenecks and a strong desire among Kiwis to get back to 'normal' saw a surge in sales at many physical stores once those restrictions eased. Even where Omicron slowed foot traffic to some centres, consumers are regaining the confidence to return to shopping as a social activity. This will benefit food and beverage tenants, in particular, whose recovery was slowed by COVID-19 restrictions.

Going forward, we expect retail to become an increasingly omni-channel experience, with online and offline shopping fulfilling distinct but equally important roles in a customer's sales journey – from awareness through to action. Kiwi Property is well equipped to respond to this trend.

In the CBD, offices with high quality amenities are still attracting large corporates, law firms and accounting practices, while Government departments are setting increasingly high sustainability standards.

Like attracts like

The flight to quality in retail property was highlighted by the number of prominent international chains that launched new stores at Kiwi Property centres over the past year, despite the logistical hurdles created by COVID-19. Nowhere has this been more apparent than at Sylvia Park, where iconic retailers, Culture Kings and JD Sports, opened flagship locations, creating the core of an exciting new urban and athleisure precinct. In 2021, around 13%[1] of all spending at Sylvia Park was by visitors to the city, highlighting its position as a tourism attraction for both inbound and domestic travellers. As the country continues to put Omicron behind it, we look forward to this number continuing to grow, as even more Kiwis take the opportunity to come to the country's favourite shopping centre.

The new world of work

Quality has also proved to be a differentiator in a market where some commentators initially questioned the role of the office in a post-COVID world. While the pandemic has seen thousands working from home, after more than two years making do in a spare bedroom, many people are eagerly looking forward to getting back to the office. Hybrid working models are evolving to deliver the best of remote working, overlaid with the culture and collaboration benefits that can only be found in a physical environment.

In the CBD, offices with high quality amenities are still attracting large corporates, law firms and accounting practices, while Government departments are setting increasingly high sustainability standards. Kiwi Property's office portfolio delivers on these fronts, promoting strong continued demand from private and public sector tenants alike.

One of the more interesting trends accelerated by COVID-19 has been the rise of hub and spoke office configurations, where businesses are augmenting their inner-city locations with smaller suburban offices. This approach helps optimise lease costs, while enabling employees to work closer to home or to be more convenient for the customers and communities they serve. We're in a strong position to cater to hub and spoke tenants in the Auckland market, in particular, thanks to our ability to offer office space in the inner city as well as ANZ Raranga at Sylvia Park, with 3 Te Kehu Way set to follow.

1. Source: Marketview, Urbis.

Vero Centre Lobby

Board

Mark Ford, Chair

Mark is a professional director based in Australia with extensive property industry experience. Mark holds the roles of non-executive director for Dexus Property Group and non-executive director for the manager for China Commercial Trust and Prime Property Fund Asia GP Pte. Mark's previous directorships include Cbus Property Pty Limited (Chair), Comrealty Limited, South East Asia Property Company (Chair), Property Council of Australia, Deutsche Asset Management Australia and Trafalgar Corporate Group Limited.

Board membership

Non-executive Chair

Other committees

Member of the Audit and Risk Committee, ESG Committee and the Remuneration and Nominations Committee

Date appointed

May 2011

Date last re-elected

June 2020

Chris Aiken

Chris is an Auckland-based professional director, with a wealth of property experience spanning both the public and private sectors. He is Chair of the Kainga Ora Construction Programme Assurance Panel and was previously a director of both Metlifecare and Piritahi. Prior to commencing his governance career, Chris was Chief Executive of HLC, a subsidiary of Housing New Zealand, responsible for developing large urban communities, including Hobsonville Point.

Board membership

Non-executive member

Other committees

Member of the Remuneration and Nominations Committee

Date appointed

June 2021

Mary Jane Daly

Mary Jane is an Auckland-based professional director with significant banking, finance and risk experience. She is the Chair of the Earthquake Commission and a director of both Kiwibank and the Fonterra Shareholders Fund. Mary Jane is a former director of Auckland Transport, Cigna Life Insurance New Zealand, Onepath Life, Airways Corporation and the NZ Green Building Council.

Board membership

Non-executive member

Other committees

Chair of the Audit and Risk Committee

Date appointed

September 2014

Date last re-elected

June 2019

Jane Freeman

Jane is an Auckland-based professional director who has extensive retail experience and expertise in the field of customer driven technology. She was previously a director of Foodstuffs North Island, ASB Bank, Delegat Group and Air New Zealand. Prior to her governance career, Jane held a number of senior general management roles in major New Zealand businesses including Telecom, ASB Bank and Bank Direct.

Board membership

Non-executive member

Other committees

Chair of the Remuneration and Nominations Committee

Date appointed

August 2014

Date last re-elected

July 2021

Mark Powell

Mark is a Trans-Tasman professional director based in Auckland and Melbourne. He is the former Chief Executive of The Warehouse Group and has extensive experience in strategy, transformation, mergers and acquisitions, and joint venture management. Mark is a current director of ASX-listed companies JB Hi-Fi Group and Bapcor, as well as Australia's third largest private business 7-Eleven Australia. He previously sat on the board of Stihl Shop New Zealand and Trinity Lands.

Board membership

Non-executive member

Other committees

Chair of the ESG Committee

Date appointed

October 2017

Date last re-elected

July 2021

Simon Shakesheff

Simon is an Australian-based professional director, with significant property and finance experience covering strategy, mergers and acquisitions, and debt and equity finance. He is a director of Cbus Property, Assembly Funds Management, SGCH (formerly St George Community Housing) and Chair of the Daily Needs Real Estate Investment Trust. Simon previously held a number of executive roles at Stockland, Bank of America Merrill Lynch, UBS, J.P. Morgan and Macquarie Bank.

Board membership

Non-executive member

Other committees

Member of the ESG Committee and the ARC Committee

Date appointed

November 2019

Date last re-elected

June 2020

Executive Team

Jo Harris

GM PEOPLE

Jo Harris leads Kiwi Property's people and culture function, with a focus on building an engaged and high performing organisation. Jo joined the company from Waka Kotahi where she worked as Portfolio Change Lead, with responsibility for leading organisational wide culture and transformation initiatives. Prior to this, Jo held a variety of senior HR roles at large organisations in New Zealand and offshore, including Air New Zealand, Vodafone Australia and AAPT.

Clive Mackenzie

CHIEF EXECUTIVE OFFICER

Clive is responsible for the leadership, strategic direction and management of the Company. He has been involved with property and finance for over 20 years and commenced as Kiwi Property's Chief Executive Officer in July 2018. Clive was previously Senior Vice President – Development, East Coast for Westfield USA, where he was involved in the creation and implementation of transformational strategies to evolve, strengthen and develop the company's real estate portfolio.

Aubrey Cheng

GM INCOME AND LEASING

Aubrey leads our income and leasing team and is responsible for all property-related income, and new revenue initiatives at both our existing assets and development projects. He is charged with developing and maintaining our key client relationships, and driving leasing activity across our mixed-use, office, retail, activate and industrial portfolios. Aubrey has 20 years' property experience and prior to joining Kiwi Property was a founding Director of Match Realty.

Angela Henderson

GM DIGITAL

Angela leads Kiwi Property's digital and information technology teams and has overall responsibility for the Company's digital transformation strategy. Angela joined Kiwi Property in 2021 and prior to this was GM Digital Strategy and Transformation, and Innovation at Air NZ. She has a wealth of experience leading innovative technology teams, and has held senior digital roles at high profile New Zealand organisations including Westpac and Watercare.

Ian Passau

GM DEVELOPMENT

Ian leads our development team and is responsible for all development activities and major capital works programmes. He has 30 years' experience in property design, construction and development across a range of asset classes. Prior to joining us, Ian held senior positions in Foodstuffs North Island, Auckland Airport and Arrow International. He is a past president of the Waikato Branch of the Property Council of New Zealand and past member of the Auckland Urban Design Panel.

Gavin Parker

CHIEF FINANCIAL OFFICER

Gavin leads the Company's finance and legal functions, as well as playing a key role in the development and execution of the Company's corporate strategy. He has more than 25 years' experience in property investment, funds management, capital management and investor relations. Gavin joined Kiwi Property in 2002 and has held a number of executive positions at the Company in the ensuing period, including GM Funds Management and Capital Markets, and Chief Operating Officer.

Steve Penney

GM FUNDS MANAGEMENT

Steve is responsible for Kiwi Property's funds management, capital transactions, joint venture and valuations activity, including leadership and delivery of the Company's investment strategy. He has more than 20 years' finance and investment experience, and prior to joining Kiwi Property was General Manager, Investment, at Stride Property Group. Before that he was Investment Director and Partner at H.R.L. Morrison & Co Limited and Associate Director at PwC.

Linda Trainer

GM ASSET MANAGEMENT

Linda has overall responsibility for the strategic and operational aspects across the asset classes, with a view to optimising their investment performance. She has more than 20 years' experience in property, retail, management and marketing. Prior to joining Kiwi Property in April 2018, she was most recently New Zealand Regional Manager at Scentre Group.

Financials

**For the year ended
31 March 2022**

Sylvia Park 10 year vision. Artist's impression

Five-year summary

Financial performance

FOR THE YEAR ENDED 31 MARCH 2022

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Property revenue and management fees	**246.8**	234.0	243.6	237.5	251.0
Total income	**246.8**	234.0	243.6	237.5	251.0
Direct property expenses	**(58.0)**	(58.9)	(54.5)	(54.6)	(57.2)
Employment and administration expenses	**(25.8)**	(23.1)	(22.6)	(20.9)	(20.5)
Total expenses	**(83.8)**	(82.0)	(77.1)	(75.5)	(77.7)
Profit before net finance expenses, other income/(expenses) and tax	**163.0**	152.0	166.5	162.0	173.3
Interest income	**0.2**	0.3	0.2	0.2	0.3
Interest and finance charges	**(38.4)**	(36.0)	(37.0)	(37.7)	(42.6)
Net fair value gain/(loss) on interest rate derivatives	**18.5**	6.3	(9.9)	(11.0)	(2.4)
Net finance expenses	**(19.7)**	(29.4)	(46.7)	(48.5)	(44.7)
Profit before other income/(expenses) and tax	**143.3**	122.6	119.8	113.5	128.6
Net fair value gain/(loss) on investment properties	**120.5**	99.8	(289.9)	47.7	26.5
(Loss)/gain on disposal of investment properties	**(3.1)**	-	-	0.9	(7.1)
Other income/(expenses)	**117.4**	99.8	(289.9)	48.6	19.4
Profit/(loss) before income tax	**260.7**	222.4	(170.1)	162.1	148.0
Income tax expense	**(36.4)**	(25.9)	(16.6)	(24.0)	(27.9)
Profit/(loss) after income tax[1]	**224.3**	196.5	(186.7)	138.1	120.1

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 consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

Reconciliation of profit/(loss) before tax to operating profit before tax

FOR THE YEAR ENDED 31 MARCH 2022

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Profit/(loss) before income tax	**260.7**	222.4	(170.1)	162.1	148.0
Adjusted for:					
Net fair value (gain)/loss on investment properties	**(120.5)**	(99.8)	289.9	(47.7)	(26.5)
Loss/(gain) on disposal of investment properties	**3.1**	-	-	(0.9)	7.1
Net fair value (gain)/loss on interest rate derivatives	**(18.5)**	(6.3)	9.9	11.0	2.4
Operating profit before income tax[1]	**124.8**	116.3	129.7	124.5	131.0

1 Operating profit before income tax is an alternative non-GAAP performance measure used by Kiwi Property to assist investors in assessing the Company's performance for the year by adjusting for a number of non-operating items. Operating profit before income tax does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. The reported operating profit before income tax has been extracted from the Company's annual consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

Five-year summary (continued)

Adjusted funds from operations

FOR THE YEAR ENDED 31 MARCH 2022

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Profit/(loss) after income tax	**224.3**	196.5	(186.7)	138.1	120.1
Adjusted for:					
Net fair value (gain)/loss on investment properties	**(120.5)**	(99.8)	289.9	(47.7)	(26.5)
Loss/(gain) on disposal of investment properties	**3.1**	-	-	(0.9)	7.1
Net fair value (gain)/loss on interest rate derivatives	**(18.5)**	(6.3)	9.9	11.0	2.4
Reversal of lease liability movement in investment properties	**(0.1)**	(0.1)	(0.1)	-	-
Straight-lining of fixed rental increases	**(3.0)**	-	(1.2)	(2.0)	(2.1)
Amortisation of tenant incentives and leasing fees	**8.3**	7.2	7.1	7.0	7.8
Amortisation of rent abatements (COVID-19)	**4.8**	5.9	-	-	-
Rent deferrals received/(rent deferrals) (COVID-19)	**1.5**	(1.7)	-	-	-
Depreciation recovered on disposal of investment properties	**3.6**	-	-	4.5	-
Share-based payment expense[1]	**1.2**	-	-	-	-
Depreciation of property, plant and equipment[1]	**1.3**	-	-	-	-
Deferred tax expense/(benefit)	**13.9**	11.3	(5.3)	(3.1)	2.5
Funds from operations[2]	**119.9**	113.0	113.6	106.9	111.3
Maintenance capital expenditure	**(3.0)**	(5.3)	(7.5)	(6.9)	(4.7)
Capitalised tenant incentives and leasing fees	**(3.4)**	(3.1)	(3.9)	(8.4)	(11.9)
Capitalised rent abatements (COVID-19)	**(13.1)**	(15.2)	-	-	-
Adjusted funds from operations[3]	**100.4**	89.4	102.2	91.6	94.7

1 Represents non-cash expenses that are now included in the determination of funds from operations. No adjustment has been made in respect of prior years.

2 Funds from operations (FFO) is an alternative non-GAAP performance measure used by Kiwi Property to assist investors in assessing the Company's underlying operating performance. 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). The reported FFO information has been extracted from the Company's annual consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

3 Adjusted funds from operations (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, leasing fees, rental abatements and annual maintenance capital expenditure for sustaining and maintaining existing space. AFFO does not have a standard 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 Guidelines). The reported AFFO information has been extracted from the Company's annual consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

Five-year summary (continued)

Dividends

FOR THE YEAR ENDED 31 MARCH 2022

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Funds from operations	**119.9**	113.0	113.6	106.9	111.3
Adjusted funds from operations	**100.4**	89.4	N/A	N/A	N/A
Less amount retained	**(12.5)**	(8.6)	(58.3)	(7.4)	(14.1)
Cash dividend	**87.9**	80.8	55.3	99.5	97.2
Payout ratio[1]	**88%**	90%	49%	93%	87%
	cps	cps	cps	cps	cps
Cash dividend	**5.60**	5.15	3.53	6.95	6.85
Imputation credits	**1.43**	1.36	0.79	2.00	1.89
Gross dividend	**7.03**	6.51	4.32	8.95	8.74

1 With effect from 1 April 2020, the Group revised its dividend policy to be based on adjusted funds from operations (previously funds from operations).

Financial position

AS AT 31 MARCH 2022

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Assets					
Investment properties[1]	**3,567.6**	3,331.5	3,114.7	3,207.4	3,052.0
Cash and cash equivalents	**11.6**	16.0	21.3	9.9	10.7
Other assets	**15.3**	18.8	20.4	19.1	18.6
Total assets	**3,594.5**	3,366.3	3,156.4	3,236.4	3,081.3
Liabilities					
Interest bearing liabilities	**1,135.9**	1,049.9	1,009.9	1,001.7	913.5
Deferred tax liabilities	**108.5**	94.5	83.2	88.5	91.7
Other liabilities	**78.5**	87.1	91.8	95.3	82.0
Total liabilities	**1,322.9**	1,231.5	1,184.9	1,185.5	1,087.2
Equity					
Share capital	**1,663.5**	1,661.9	1,661.0	1,449.6	1,432.9
Share-based payments reserve	**2.0**	1.9	1.6	0.6	0.4
Retained earnings	**606.1**	471.0	308.9	600.7	560.8
Total equity	**2,271.6**	2,134.8	1,971.5	2,050.9	1,994.1
Total equity and liabilities	**3,594.5**	3,366.3	3,156.4	3,236.4	3,081.3
Gearing ratio (finance debt / total tangible assets)	**31.6%**	31.2%	32.0%	31.0%	29.7%
Net tangible assets per share	**$1.45**	$1.36	$1.26	$1.43	$1.40

1 Includes investment properties classified as held for sale as at 31 March 2022 and 31 March 2021.

Five-year summary (continued)

Property metrics

AS AT 31 MARCH 2022

	2022	2021	2020	2019	2018
Number of core properties	**8**	8	12	12	13
Net lettable area (sqm)	**400,159**	341,914	435,528	436,870	451,230
Occupancy	**99.8%**	99.7%	99.5%	99.3%	99.6%
Weighted average lease expiry (years)	**4.9**	5.3	4.9	5.2	5.3
Weighted average capitalisation rate	**5.23%**	5.49%	6.11%	5.99%	6.11%

Property metrics exclude The Plaza, Northlands, Westgate Lifestyle and Centre Place North which have been reclassified to either 'investment properties held for sale' or 'other properties' as at 31 March 2022 and 31 March 2021.

Property metrics as at 31 March 2022 include the adjoining properties located at Sylvia Park. No adjustment has been made in respect of prior years.

Interpretation

The following commentary is provided to assist with the interpretation of the five-year summary:

2022

- Commenced development of build-to-rent scheme at Sylvia Park.
- Commenced development of 3 Te Kehu Way at Sylvia Park.
- Acquired additional properties adjacent to Sylvia Park, Auckland and Drury, South Auckland, for $38.8 million.
- Entered into a 50:50 joint venture with Tainui Group Holdings in respect of Centre Place North and adjoining properties.
- Provided rental abatements of $17.4 million as a result of the COVID-19 pandemic.
- A $150 million bond issue was completed (2028 expiry) following the maturity of the $125 million bond in August 2021.
- The Plaza was reclassified from 'investment properties held for sale' to 'other properties'.

2021

- Concluded development of Sylvia Park Level 1.
- Acquired additional properties adjacent to Sylvia Park, Auckland and Drury, South Auckland, for $4.0 million.
- Provided rental abatements of $19.5 million as a result of the COVID-19 pandemic.
- The Plaza, Northlands and 50% of Centre Place North were reclassified as 'investment properties held for sale'. Westgate Lifestyle and 50% of Centre Place North were reclassified as 'other properties'.

2020

- Raised $193.7 million (net of issue costs) of new equity through a placement and retail entitlement offer.
- Acquired additional properties adjacent to Sylvia Park, Auckland, for $25.5 million.
- COVID-19 declared a global pandemic by the World Health Organisation in March 2020, impacting investment property valuations at balance date and causing the Board to cancel the final dividend for the year ended 31 March 2020.

2019

- Concluded development of an office tower (ANZ Raranga) and the central carpark at Sylvia Park, Auckland, and Langdons Quarter at Northlands, Christchurch.
- Acquired property adjacent to Sylvia Park, Auckland, for $25 million.
- Acquired a further 8.6 hectares of land at Drury, South Auckland, for $9.1 million.
- North City, Porirua, was sold.
- A $100 million bond issue was completed (2025 expiry).

2018

- Acquired 30.6 hectares of land at Drury, South Auckland, for $32.7 million.
- Acquired property adjacent to Sylvia Park, Auckland, for $27.1 million.
- 1 for 11 entitlement offer completed, raising $157 million (net of costs).
- The Majestic Centre, Wellington, was sold.
- A $125 million bond issue was completed (2024 expiry).

Consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2022

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2022

	Note	**2022 $000**	2021 $000
Income			
Property revenue	2.1	**245,070**	232,436
Property management income		**1,759**	1,547
Total income		**246,829**	233,983
Expenses			
Direct property expenses		**(57,953)**	(58,859)
Employment and administration expenses	2.2	**(25,828)**	(23,087)
Total expenses		**(83,781)**	(81,946)
Profit before net finance expenses, other income/(expenses) and income tax		**163,048**	152,037
Interest income		**152**	274
Interest and finance charges	2.2	**(38,397)**	(35,959)
Net fair value gain on interest rate derivatives	3.4.2	**18,496**	6,305
Net finance expenses		**(19,749)**	(29,380)
Profit before other income/(expenses) and income tax		**143,299**	122,657
Net fair value gain on investment properties	3.2	**120,473**	99,756
Loss on disposal of investment properties		**(3,124)**	-
Other income/(expenses)		**117,349**	99,756
Profit before income tax		**260,648**	222,413
Income tax expense	2.3	**(36,375)**	(25,884)
Profit and total comprehensive income after income tax attributable to shareholders		**224,273**	196,529
Basic and diluted earnings per share (cents)	3.6.3	**14.29**	12.52

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Share capital $000	Share-based payments reserve $000	Retained earnings $000	Total equity $000
Balance at 1 April 2020		1,660,961	1,600	308,944	1,971,505
Profit after income tax		-	-	196,529	196,529
Dividends paid	3.6.2	-	-	(34,516)	(34,516)
Long-term incentive plan	3.6.4	883	300	23	1,206
Employee share ownership plan		72	(10)	-	62
Balance at 31 March 2021		1,661,916	1,890	470,980	2,134,786
Balance at 1 April 2021		**1,661,916**	**1,890**	**470,980**	**2,134,786**
Profit after income tax		**-**	**-**	**224,273**	**224,273**
Dividends paid	3.6.2	**-**	**-**	**(89,440)**	**(89,440)**
Long-term incentive plan	3.6.4	**1,519**	**88**	**314**	**1,921**
Employee share ownership plan		**64**	**9**	**-**	**73**
Balance at 31 March 2022		**1,663,499**	**1,987**	**606,127**	**2,271,613**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

AS AT 31 MARCH 2022

	Note	2022 $000	2021 $000
Current assets			
Cash and cash equivalents		**11,600**	16,040
Other assets		**600**	-
Trade and other receivables	3.1	**7,730**	11,840
Investment properties held for sale	3.2	**208,764**	356,199
		228,694	384,079
Non-current assets			
Investment properties	3.2	**3,358,872**	2,975,295
Property, plant and equipment		**3,319**	4,115
Interest rate derivatives	3.4.2	**3,604**	2,822
		3,365,795	2,982,232
Total assets		**3,594,489**	3,366,311
Current liabilities			
Trade and other payables	3.5	**62,954**	53,265
Interest bearing liabilities	3.4.1	**-**	125,664
Income tax payable		**9,302**	2,672
Interest rate derivatives	3.4.2	**175**	-
Lease liabilities		**1,385**	8,737
		73,816	190,338
Non-current liabilities			
Interest bearing liabilities	3.4.1	**1,135,944**	924,197
Interest rate derivatives	3.4.2	**1,076**	18,965
Deferred tax liabilities	3.3	**108,462**	94,518
Lease liabilities		**3,578**	3,507
		1,249,060	1,041,187
Total liabilities		**1,322,876**	1,231,525
Equity			
Share capital	3.6.1	**1,663,499**	1,661,916
Share-based payments reserve		**1,987**	1,890
Retained earnings		**606,127**	470,980
Total equity		**2,271,613**	2,134,786
Total equity and liabilities		**3,594,489**	3,366,311

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorised these consolidated financial statements for issue on 20 May 2022.

Mark Ford
Chair

Mary Jane Daly
Chair of the Audit and Risk Committee

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2022

	2022 $000	2021 $000
Cash flows from operating activities		
Property revenue	**245,222**	227,767
Property management income	**1,702**	1,448
Interest and other income	**152**	274
Direct property expenses	**(56,348)**	(52,960)
Interest and finance charges	**(36,859)**	(34,258)
Interest costs paid on lease liabilities	**(324)**	(1,072)
Employment and administration expenses	**(22,337)**	(21,263)
Income tax expense	**(15,804)**	(13,663)
Goods and Services Tax received	**196**	944
Net cash flows from operating activities	**115,600**	107,217
Cash flows from investing activities		
Proceeds from disposal of investment properties	**8,293**	-
Acquisition of investment properties	**(38,830)**	(4,017)
Expenditure on investment properties	**(81,032)**	(103,221)
Interest and finance charges capitalised to investment properties	**(3,800)**	(8,593)
Acquisition of property, plant and equipment	**(353)**	(981)
Net cash flows used in investing activities	**(115,722)**	(116,812)
Cash flows from financing activities		
Payment of lease liabilities	**(51)**	(124)
Net proceeds from bank loans	**62,000**	39,000
Proceeds from fixed-rate green bonds	**148,158**	-
Repayment of fixed-rate green bonds	**(125,000)**	-
Dividends paid	**(89,425)**	(34,493)
Net cash flows (used in)/from financing activities	**(4,318)**	4,383
Net decrease in cash and cash equivalents	**(4,440)**	(5,212)
Cash and cash equivalents at the beginning of the year	**16,040**	21,252
Cash and cash equivalents at the end of the year	**11,600**	16,040

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows (continued)

Reconciliation of profit after income tax to net cash flows from operating activities	2022 $000	2021 $000
Profit after income tax	**224,273**	196,529
Items classified as investing or financing activities:		
Movement in working capital items relating to investing and financing activities	**(14,148)**	(8,903)
Non-cash items:		
Net fair value gain on interest rate derivatives	**(18,496)**	(6,305)
Net fair value gain on investment properties	**(120,473)**	(99,756)
Increase in deferred tax liabilities	**13,944**	11,301
Amortisation of lease incentives, abatements and fees	**13,083**	13,557
Straight-lining of fixed rental increases	**(3,012)**	36
Movements in working capital items:		
Decrease in trade and other receivables	**4,110**	92
Increase in income tax payable	**6,630**	924
Increase/(decrease) in trade and other payables	**9,689**	(258)
Net cash flows from operating activities	**115,600**	107,217

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 MARCH 2022

1. General information

FOR THE YEAR ENDED 31 MARCH 2022

1.1 Reporting entity

The consolidated financial statements are for Kiwi Property Group Limited (Kiwi Property or the Company) and its controlled entities (the Group). The Company is incorporated and domiciled in New Zealand, is registered under the Companies Act 1993 and is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Company is listed with NZX Limited with its ordinary shares quoted on the NZX Main Board and fixed-rate green bonds quoted on the NZX Debt Market.

The principal activity of the Group is to invest in New Zealand real estate.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) and the Financial Markets Conduct Act 2013. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other guidance as issued by the External Reporting Board, as appropriate to for-profit entities, and with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared on the basis the Group is a going concern.

The consolidated financial statements are prepared on the basis of historical cost, except where otherwise identified. The functional and presentation currency used in the preparation of the consolidated financial statements is New Zealand dollars.

Certain comparative figures have been reclassified to accord with current year presentation.

1.3 Significant changes during the year

The financial position and performance of the Group was affected by the following events and transactions during the year:

COVID-19 global pandemic

New Zealand entered a nationwide Alert Level 4 lockdown on 17 August 2021 due to new COVID-19 cases found in the community. Auckland shifted to Alert Level 3 on 21 September 2021, while the rest of New Zealand shifted to Alert Level 3 and Alert Level 2 on 31 August 2021 and 7 September 2021 respectively. During Alert Levels 3 and 4 the operations of many of the Group's tenants were restricted to varying degrees, and at Alert Level 2 businesses were able to operate with restrictions remaining in place around social-distancing and mass gatherings. On 2 December 2021, New Zealand moved to the COVID-19 Protection Framework and the associated traffic light settings. Under the red and orange traffic lights, the Group's hospitality and close-proximity tenants were able to operate with the use of vaccination passes, while retail tenants were able to operate with limited restrictions, including the wearing of face coverings.

The lockdowns resulted in the Group offering rental relief across several of the Group's tenants. This process remained in progress at 31 March 2022 and expected rental relief which was not finalised at balance date has been accrued. Rental relief includes abatements for rental income payable for the months of August 2021 to December 2021, and in some cases for January 2022 to March 2022 following the move to the COVID-19 Protection Framework and the arrival of the Omicron variant of COVID-19. Certain rental abatements have been accounted for as lease modifications under New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), with the change in lease payments amortised over the remaining terms of the leases, while other concessions have been recognised directly as a charge to the Consolidated Statement of Comprehensive Income. Rental abatements incurred and accrued relating to the lockdowns during the period were $17.4 million on a gross basis, which included a charge to the Consolidated Statement of Comprehensive Income of $4.3 million for year ended 31 March 2022.

On 3 November 2021, the Government amended the Property Law Act to insert a clause into commercial leases requiring a 'fair proportion' of rent and operating expenses to be abated where a tenant has been unable to fully conduct their business in their premises due to the COVID-19 restrictions. The Group considers that the abatements offered to tenants impacted by the COVID-19 restrictions during the year represent a reduction of a fair proportion of rent and operating expenses.

Investment property

During the year ended 31 March 2022, the Group acquired property in Drury for $3.5 million and at Sylvia Park for $35.3 million.

Joint venture

On 1 April 2021, the Group entered into a 50:50 joint venture with Tainui Group Holdings (TGH) in respect of Centre Place North. Under the terms of the agreement, the joint venture comprises Centre Place North, 61-65 Bryce Street, 511-523 Victoria Street and land at 10 Ward Street, with a value on 1 April 2021 of $68.3 million. A new 100-year ground lease has been granted by TGH, with rent pre-paid.

1.4 Group structure

Controlled entities

The Company has the following wholly owned subsidiaries:

- Kiwi Property Centre Place Limited
- Kiwi Property Holdings Limited
- Kiwi Property Holdings No. 2 Limited
- Kiwi Property Holdings No. 3 Limited
- Kiwi Property Holdings No. 4 Limited
- Kiwi Property Holdings No. 5 Limited
- Kiwi Property Holdings No. 6 Limited
- Kiwi Property Holdings No. 7 Limited
- Kiwi Property Te Awa Limited
- Sylvia Park Business Centre Limited

The Company has control over the trust fund operated by Pacific Custodians (New Zealand) Limited as trustee for the Company's long-term incentive (LTI) plan (for further details refer to note 3.6.4). The trust fund is consolidated as part of the Group.

Joint ventures

The Group holds a 50% interest in both The Base and The Centre Place unincorporated joint ventures. The Group has determined that its interests constitute a joint arrangement as the relevant decisions about the properties require the unanimous consent of both parties. The joint arrangements have been classified as joint operations on the basis that the parties have direct rights to the assets and obligations for the liabilities relating to their share of the properties in the normal course of business. The Group recognises its share of assets, liabilities, revenue and expenses of the joint ventures.

Principles of consolidation

The consolidated financial statements include the Company and the entities it controls up until the date control ceases. The balances and effects of transactions between controlled entities and the Company are eliminated in full.

1.5 New standards, amendments and interpretations

The International Financial Reporting Interpretations Committee (IFRIC) published an agenda decision in March 2021 which was ratified by the International Accounting Standards Board (IASB) in April 2021. The decision deals with specific circumstances in relation to configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS). As a result, certain costs which previously may have been capitalised now need to be expensed to the Consolidated Statement of Comprehensive Income. The Group's accounting to date has been in line with the requirements of this agenda decision, however, it is expected that the future impact will be more material as the Group undertakes digital transformation activities. There are no other new accounting standards impacting the consolidated financial statements for the financial year ended 31 March 2022. There are no standards issued but not yet effective that will have a material impact on future financial periods.

1.6 Key judgements and estimates

In the process of applying the Group's accounting policies, a number of judgements have been made and estimates of future events applied. Judgements and estimates are found in the following notes:

Note 2.3	Tax expense	Page 48
Note 3.1	Provision for doubtful debts	Page 50
Note 3.2	Investment properties	Page 51
Note 3.4.2	Interest rate derivatives	Page 66
Note 3.6.4	Share-based payments	Page 71

1.7 Accounting policies

Accounting policies that summarise the measurement bases used and are relevant to an understanding of the consolidated financial statements are provided throughout the notes to the consolidated financial statements. Other relevant policies are provided as follows:

Measurement of fair values

The Group classifies its fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of all financial assets and liabilities is equivalent to their fair values apart from the fixed-rate green bonds (refer to note 3.4.1 for further details on the fair value of the fixed-rate green bonds).

Goods and Services Tax

The consolidated financial statements have been prepared on a Goods and Services Tax exclusive basis, with the exception of receivables and payables which are inclusive of Goods and Services Tax where relevant.

Property management income

Property management income is recognised over time as performance obligations are satisfied in accordance with the management contracts.

2. Profit and loss information

FOR THE YEAR ENDED 31 MARCH 2022

2.1 Property revenue

	2022 $000	2021 $000
Gross rental income[1]	**254,150**	245,005
Straight-lining of fixed rental increases	**3,012**	(36)
Amortisation of capitalised lease incentives and abatements	**(12,092)**	(12,533)
Property revenue	**245,070**	232,436

1 Includes $40.8 million of property operating expenses recovered from tenants (2021: $39.1 million).

The contractual future minimum property operating lease income to be received on properties owned by the Group at balance date, including assets held for sale, is as follows:

	2022 $000	2021 $000
Within one year	**260,294**	259,675
Between one and two years	**215,509**	214,015
Between two and three years	**188,712**	190,170
Between three and four years	**153,445**	164,443
Between four and five years	**129,441**	130,424
Later than five years	**443,846**	424,673
Property operating lease income	**1,391,247**	1,383,400

Recognition and measurement

The Group enters into property leases with tenants on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties and has therefore classified the leases as operating leases.

Rental income from those leases, including fixed rental increases, is recognised on a straight-line basis over the term of the lease.

Lease incentives offered to tenants as an inducement to enter into leases are capitalised to investment properties and then amortised over the term of the lease as a reduction of rental income. Certain rental abatements provided to tenants are also capitalised to investment properties and amortised over the lease term as a reduction of rental income.

The share of property operating expenses which are recoverable from tenants is recognised as gross rental income from expense recoveries. This is associated with the provision of services relating to the operations of the Group's properties (for example, council and water rates, insurance, utilities, repairs and maintenance, security costs). The Group recognises revenue in the accounting period the underlying expenses are incurred in accordance with the contractual terms.

2.2 Expenses

	2022 $000	2021 $000
Interest and finance charges on bank loans	**20,495**	20,326
Interest on fixed-rate green bonds	**21,378**	23,154
Interest on lease liabilities	**324**	1,072
Interest capitalised to investment properties being developed	**(3,800)**	(8,593)
Interest and finance charges	**38,397**	35,959
Auditor's remuneration:		
Statutory audit and review of the consolidated financial statements	**279**	249
Assurance related services[1]	**44**	43
Remuneration benchmarking	**24**	9
Agreed upon procedures in respect of a specified remuneration metric	**6**	5
Agreed upon procedures in respect Centre Place North Joint Venture	**7**	-
Directors' fees	**749**	686
Employee entitlements	**25,121**	23,915
Less: recognised in direct property expenses	**(6,451)**	(6,856)
Less: capitalised to investment properties being developed	**(3,411)**	(1,800)
Information technology	**2,801**	1,913
Investor related expenses	**952**	527
Occupancy costs	**427**	428
Professional fees	**2,756**	1,989
Trustees' fees	**101**	110
Other	**2,423**	1,869
Employment and administration expenses	**25,828**	23,087

1 Assurance related services includes the audits of special purpose financial information in accordance with tenancy agreements.

2.2 Expenses (continued)

Recognition and measurement

Interest and finance charges

The interest and finance charges on bank loans are expensed in the period in which they occur, other than associated transaction costs which are capitalised and amortised over the term of the facility to which they relate.

The interest expense on fixed-rate green bonds is recognised using the effective interest rate method.

To determine the amount of borrowing costs capitalised to investment properties that are being constructed or developed for future use, the Group uses the weighted average interest rate applicable to its outstanding borrowings during the year. For 2022 this was 3.95% (2021: 4.24%).

Finance charges also include interest on lease liabilities as outlined in note 3.2.

Employee entitlements

Employee benefits are expensed as the related service is provided. Details of the employee entitlements expense in relation to share-based payments is outlined in note 3.6.4.

2.3 Tax expense

A reconciliation of profit before income tax to income tax expense follows:

	2022 $000	2021 $000
Profit before income tax	**260,648**	222,413
Prima facie income tax expense at 28%	**(72,981)**	(62,276)
Adjusted for:		
Net fair value gain on interest rate derivatives	**5,179**	1,765
Net fair value gain on investment properties	**33,732**	27,932
Loss on disposal of investment properties	**(875)**	-
Depreciation	**15,108**	14,232
Depreciation recovered on disposal of investment properties	**(3,637)**	-
Net abatements and deferred leasing costs	**135**	2,138
(Deferred rent received)/deferred rent	**(422)**	474
Deductible capitalised expenditure	**1,065**	2,435
Prior year adjustment	**173**	11
Other	**92**	(1,294)
Current tax expense	**(22,431)**	(14,583)
Depreciation recoverable	**(7,222)**	(7,864)
Net fair value gain on interest rate derivatives	**(5,179)**	(1,765)
Deferred leasing costs and other temporary differences	**(1,543)**	(1,672)
Deferred tax expense	**(13,944)**	(11,301)
Income tax expense reported in profit	**(36,375)**	(25,884)
Imputation credits available for use in subsequent periods	**10,632**	7,927

2.3 Tax expense (continued)

Recognition and measurement

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. For deferred tax liabilities or assets arising on investment property measured at fair value, it is assumed that the carrying amounts of investment property will be recovered through sale (refer to note 3.3).

Imputation credits

The imputation credits available represent the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits which will arise from the payment of the income tax liability.

Key estimates and assumptions: income tax

Deferred tax on depreciation

Deferred tax is provided in respect of depreciation expected to be recovered on the sale of investment properties at fair value. Investment properties are valued each year by independent valuers. These values include an allocation of the valuation between the land and building components. The calculation of deferred tax on depreciation recovered relies on this allocation provided by the valuers.

The calculation of deferred tax on depreciation recovered also requires an assessment to be made of market values attributable to fixtures and fittings. The market values of fixtures and fittings for significant properties have been assessed utilising independent valuation advice and the remaining properties have been assessed with reference to previous transactional evidence and their age and quality.

Depreciation recovered on the former PricewaterhouseCoopers Centre (PwC Centre), Christchurch

The impairment of the PwC Centre in the year ended 31 March 2012 (resulting from the 2010 and 2011 Canterbury earthquakes) and the associated insurance recovery triggered a potential tax liability for depreciation recovered.

Following the earthquakes, the Government introduced legislation that provides, in certain circumstances, rollover relief for taxpayers affected by the earthquakes where insurance income will be used to acquire or develop replacement property in the Canterbury region. The legislation requires that the replacement property be available for use by 31 March 2024. As at 31 March 2022, the Group no longer qualifies for this relief and a current tax liability of $3.6 million has been recognised (2021: deferred tax liability of $3.6 million).

3. Financial position information

FOR THE YEAR ENDED 31 MARCH 2022

3.1 Trade and other receivables

	2022 $000	2021 $000
Trade debtors	**11,829**	7,566
Provision for doubtful debts	**(3,374)**	(2,620)
Accrued COVID-19 rent relief[1]	**(7,370)**	(1,478)
	1,085	3,468
Deferred rent[2]	**195**	1,947
Prepayments	**6,450**	6,425
Trade and other receivables	**7,730**	11,840

1 Relates to expected abatements and other rent reductions offered to certain tenants as part of COVID-19 rent relief which were not finalised at balance date.
2 Relates to rental amounts where payment terms have been extended as part of COVID-19 rent relief offered to certain tenants.

Recognition and measurement

Trade debtors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment. Collectability of trade debtors is reviewed on an ongoing basis and a provision for doubtful debts is made when there is evidence that the Group will not be able to collect the receivable. In determining the provision, the Group applies the simplified approach to measuring expected credit losses prescribed by NZ IFRS 9, which permits the use of lifetime expected credit losses for all trade debtors. To measure the expected credit losses the Group uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. Debtors are written off when recovery is no longer anticipated. All overdue debtors considered to be impaired have been provided for at balance date.

Key estimates and assumptions: provision for doubtful debts

The Group's property revenue largely consists of fixed rental obligations due under lease agreements, which are paid monthly in advance. Therefore, property revenue and the assessment of the recoverability of tenant debtors have not been subject to a significant level of judgement or estimation prior to the COVID-19 pandemic.

Retail trade has been unfavourably impacted by COVID-19 due to extended lockdown periods and the protracted return to offices. As a result, the trade debtor balance at balance date is relatively high compared to pre-pandemic levels. Judgement is required in determining allowances for expected credit losses on these receivables due to restrictions on retail property performance and the uncertain outcome of rental abatement negotiations.

3.2 Investment properties

Recognition and measurement

Investment properties are properties held for long-term capital appreciation and to earn rental income.

Initial recognition - acquired properties

Investment properties are initially measured at cost, plus related costs of acquisition. Subsequent expenditure is capitalised to the asset's carrying amount when it adds value to the asset and its cost can be measured.

Initial recognition - properties being developed

Investment properties also include properties that are being constructed or developed for future use as investment properties. All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised. Borrowing costs are capitalised if they are directly attributable to the development.

Subsequent measurement

After initial recognition, investment properties are measured at fair value as determined by independent registered valuers. Investment properties under construction are carried at cost until it is possible to reliably determine their fair value, from which point they are carried at fair value. Investment properties are valued at least annually and may not be valued by the same valuer for more than three consecutive years.

Any gains or losses arising from changes in fair value are recognised in profit or loss in the reporting period in which they arise.

Investment properties are classified as held for sale when they are actively marketed for sale and their carrying amount will be recoverable principally through a sale transaction rather than continuing use. Investment properties held for sale are carried at fair value. Where a contracted sale price is available, the investment property is carried at that value less associated costs for seismic remediation or rental guarantees, this being the best indicator of fair value. Where no contracted price is available, the fair value is determined by independent registered valuers.

Lease incentives

Lease incentives provided by the Group to lessees are included in the measurement of fair value of investment properties and are treated as separate assets. Such assets are amortised on a straight-line basis over the respective periods to which the lease incentives apply.

3.2 Investment properties (continued)

Ground leases

While the majority of the Group’s investment portfolio is freehold, the Group has entered into several occupational ground leases of properties or components of properties in its investment portfolio to which NZ IFRS 16 applies. Lease liabilities are initially measured as the present value of the remaining cash flows discounted at the 'incremental borrowing rate', being the property yield for the properties with the benefit of the occupational ground leases. Property yield is used given the long term nature of the leases. The cash flows relating to the ground leases are also included in the fair value of the investment properties and therefore a gross up for the lease liability is recognised in the investment property balance at the amount equal to the lease liability.

The Group is exposed to potential future increases in variable lease payments which are not included in lease liabilities until they take effect. When this occurs a corresponding adjustment is made to the gross up of the lease liability in the investment property balance.

Lease payments are allocated between principal and finance costs. The finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Disposals

Investment properties are derecognised when they have been disposed of. The net gain or loss on disposal is calculated as the difference between the carrying amount of the investment property at the time of the disposal and the proceeds on disposal and is included in profit or loss in the reporting period in which the disposal settled.

3.2 Investment properties (continued)

Investment properties held by the Group are as follows:

	Valuer	Capitalisation rate %	Fair value 31 March 2021 $000	Capital movements 2022 $000	Fair value gain/(loss) 2022 $000	Fair value 31 March 2022 $000
Mixed-use						
Sylvia Park Precinct[1]	**Various**	**5.20**	**1,100,000**	**313,908**	**48,669**	**1,462,577**
Sylvia Park Lifestyle[2]			**86,500**	**(86,500)**	**-**	**-**
LynnMall	**Colliers**	**6.50**	**249,000**	**15,870**	**(13,870)**	**251,000**
The Base[3]	**JLL**	**6.25**	**187,500**	**1,446**	**9,054**	**198,000**
			1,623,000	**244,724**	**43,853**	**1,911,577**
Office						
Vero Centre	**JLL**	**4.50**	**500,500**	**1,921**	**42,579**	**545,000**
ASB North Wharf	**CBRE**	**4.75**	**260,000**	**1,242**	**(3,242)**	**258,000**
The Aurora Centre	**CBRE**	**5.38**	**181,700**	**(200)**	**2,400**	**183,900**
44 The Terrace	**CBRE**	**5.75**	**59,400**	**(31)**	**(3,969)**	**55,400**
			1,001,600	**2,932**	**37,768**	**1,042,300**
Other						
Westgate Lifestyle	**CBRE**	**5.88**	**88,500**	**765**	**5,335**	**94,600**
The Plaza	**CBRE**	**8.00**	**-**	**157,302**	**(7,302)**	**150,000**
Other properties[4]			**190,350**	**(151,914)**	**4,139**	**42,575**
Development land			**68,300**	**10,949**	**34,951**	**114,200**
			347,150	**17,102**	**37,123**	**401,375**
			2,971,750	**264,758**	**118,744**	**3,355,252**
Gross up of lease liabilities			**3,545**	**107**	**(32)**	**3,620**
Investment properties - non-current			**2,975,295**	**264,865**	**118,712**	**3,358,872**
Investment properties held for sale						
Properties held for sale[5]			**347,500**	**(141,859)**	**1,780**	**207,421**
Gross up of lease liabilities[6]			**8,699**	**(7,337)**	**(19)**	**1,343**
Investment properties held for sale - current			**356,199**	**(149,196)**	**1,761**	**208,764**
Total investment properties			**3,331,494**	**115,669**	**120,473**	**3,567,636**

1 Sylvia Park Precinct was valued "as if complete" at $1.732 billion based on a weighted capitalisation rate of 5.0% (including the as if complete capitalisation rates for 3 Te Kehu Way and Sylvia Park build-to-rent). The deduction of outstanding development costs for the Sylvia Park build-to-rent development and the 3 Te Kehu Way office development ($262.7 million in total), together with allowances for profit and risk and stabilisation ($6.5 million in total), results in an "as is" value of $1.463 billion.

2 Sylvia Park Lifestyle has been reclassified to Sylvia Park Precinct in the current year.

3 Represents the Group's 50% ownership interest.

4 The fair value at 31 March 2021 includes 50% of the Group's ownership interest in Centre Place North, with the remaining 50% included within properties held for sale. On 1 April 2021, the Group disposed of 50% of its interest in Centre Place North as its contribution to the Centre Place North Joint Venture (a 50:50 joint venture between the Group and Tainui Group Holdings). As part of the disposal, the Group received a 50% interest in investment property contributed by Tainui Group Holdings to the Centre Place North Joint Venture, with the balance of the consideration being settled in cash. The investment property contribution by Tainui Group Holdings included a 100-year prepaid ground lease and certain adjoining properties. The fair value at 31 March 2022 includes the Group's 50% ownership interest in the Centre Place North Joint Venture. Certain adjoining properties located at Sylvia Park have been reclassified to Sylvia Park Precinct in the mixed-use asset class above. The adjoining properties associated with the sale of land to IKEA have been reclassified to properties held for sale.

5 The fair value at 31 March 2021 includes The Plaza, Northlands and 50% of Centre Place North and an adjoining property. The 50% share of Centre Place North and adjoining property was disposed of as part of the Centre Place North Joint Venture transaction referred to above. The Plaza has been reclassified to the other properties asset class above as it is no longer being actively marketed for sale. The fair value at 31 March 2022 includes Northlands and certain adjoining properties located at Sylvia Park in relation to the sale of land to IKEA. Northlands is carried at the value determined by external valuation and the IKEA adjoining properties are carried at contract price.

6 The fair value at 31 March 2021 includes Northlands and Centre Place North and an adjoining property. The gross up of lease liabilities associated with Centre Place North and the adjoining property were extinguished on 1 April 2021 as part of the Centre Place North Joint Venture transaction referred to above.

3.2 Investment properties (continued)

	Valuer	Capitalisation rate %	Fair value 31 March 2020 $000	Capital movements 2021 $000	Fair value gain/(loss) 2021 $000	Fair value 31 March 2021 $000
Mixed-use						
Sylvia Park	JLL	5.50	982,000	86,325	31,675	1,100,000
Sylvia Park Lifestyle	JLL	5.88	74,300	689	11,511	86,500
LynnMall	Colliers	6.63	245,000	9,695	(5,695)	249,000
The Base[1]	CBRE	6.38	198,000	2,807	(13,307)	187,500
			1,499,300	99,516	24,184	1,623,000
Office						
Vero Centre	Colliers	4.75	445,000	438	55,062	500,500
ASB North Wharf	JLL	4.88	238,000	198	21,802	260,000
The Aurora Centre	CBRE	5.50	170,300	(1,656)	13,056	181,700
44 The Terrace	CBRE	5.88	57,100	(178)	2,478	59,400
			910,400	(1,198)	92,398	1,001,600
Other						
Westgate Lifestyle[2]	Colliers	6.00	79,000	298	9,202	88,500
Other properties[3]			170,050	4,404	15,896	190,350
Development land			60,000	8,362	(62)	68,300
			309,050	13,064	25,036	347,150
			2,718,750	111,382	141,618	2,971,750
Gross up of lease liabilities			1,269	2,310	(34)	3,545
Investment properties - non-current			2,720,019	113,692	141,584	2,975,295
Investment properties held for sale						
Properties held for sale[4]			386,100	3,138	(41,738)	347,500
Gross up of lease liabilities[5]			8,615	174	(90)	8,699
Investment properties held for sale - current			394,715	3,312	(41,828)	356,199
Total investment properties			3,114,734	117,004	99,756	3,331,494

1 Represents the Group's 50% ownership interest.
2 Westgate Lifestyle has been reclassified from retail to the other asset class.
3 Includes 50% of Centre Place North, which is not held for sale.
4 Includes The Plaza, Northlands and 50% of Centre Place North and an adjoining property. The associated gross up of lease liabilities has also been classified as properties held for sale.
5 Includes Northlands and Centre Place North and an adjoining property.

3.2 Investment properties (continued)

The movement in the Group's investment properties during the year is as follows:

	Mixed-use $000	Office $000	Other $000	Held for sale $000	2022 $000
Balance at the beginning of the year excluding gross up of lease liabilities	1,623,000	1,001,600	347,150	347,500	**3,319,250**
Capital movements:					
Transfers between asset classes	133,189	-	(8,654)	(124,535)	**-**
Acquisitions	35,347	-	3,483	-	**38,830**
Net disposal of Centre Place North	-	-	11,793	(19,800)	**(8,007)**
Capitalised costs (including lease incentives, fees, abatements and fixed rental income)	81,140	4,492	9,089	3,626	**98,347**
Capitalised interest and finance charges	1,070	-	2,730	-	**3,800**
Amortisation of lease incentives, fees, abatements and fixed rental income	(6,022)	(1,560)	(1,339)	(1,150)	**(10,071)**
	244,724	2,932	17,102	(141,859)	**122,899**
Net fair value gain on investment properties excluding gross up of lease liabilities	43,853	37,768	37,123	1,780	**120,524**
Balance at the end of the year excluding gross up of lease liabilities	**1,911,577**	**1,042,300**	**401,375**	**207,421**	**3,562,673**
Gross up of lease liabilities:					
Balance at the beginning of the year	473	-	3,072	8,699	**12,244**
Capital movements	107	-	-	(7,337)	**(7,230)**
Fair value movements	(32)	-	-	(19)	**(51)**
	548	-	3,072	1,343	**4,963**
Balance at the end of the year including gross up of lease liabilities	**1,912,125**	**1,042,300**	**404,447**	**208,764**	**3,567,636**

3.2 Investment properties (continued)

The movement in the Group's investment properties during the prior year is as follows:

	Mixed-use $000	Retail $000	Office $000	Other $000	Held for sale $000	2021 $000
Balance at the beginning of the year excluding gross up of lease liabilities	1,499,300	480,500	910,400	214,650	-	3,104,850
Transfer from retail to other	-	(97,250)	-	97,250	-	-
Transfer to held for sale	-	(383,250)	-	(2,850)	386,100	-
Capital movements:						
Acquisitions	-	-	-	4,017	-	4,017
Capitalised costs (including lease incentives, fees, abatements and fixed rental income)	99,629	-	3,127	6,058	6,689	115,503
Capitalised interest and finance charges	4,755	-	-	3,838	-	8,593
Amortisation of lease incentives, fees, abatements and fixed rental income	(4,868)	-	(4,325)	(849)	(3,551)	(13,593)
	99,516	-	(1,198)	13,064	3,138	114,520
Net fair value gain/(loss) on investment properties excluding gross up of lease liabilities	24,184	-	92,398	25,036	(41,738)	99,880
Balance at the end of the year excluding gross up of lease liabilities	1,623,000	-	1,001,600	347,150	347,500	3,319,250
Gross up of lease liabilities:						
Balance at the beginning of the year	498	8,656	-	730	-	9,884
Transfer from retail to other	-	(771)	-	771	-	-
Transfer to held for sale	-	(7,885)	-	(730)	8,615	-
Capital movements	9	-	-	2,301	174	2,484
Fair value movements	(34)	-	-	-	(90)	(124)
	473	-	-	3,072	8,699	12,244
Balance at the end of the year including gross up of lease liabilities	1,623,473	-	1,001,600	350,222	356,199	3,331,494

Key estimates and assumptions: valuation and fair value measurement of investment properties

Introduction

All of the Group's investment properties have been determined to be Level 3 (2021: Level 3) in the fair value hierarchy because all significant inputs that determine fair value are not based on observable market data. Refer to note 1.7 for further information on the fair value hierarchy.

Valuation process

All investment properties were valued as at 31 March 2022 (and as at 31 March 2021). All valuations are prepared by independent valuers who are members of the Group's valuation panel and the New Zealand Institute of Valuers.

Investment property values are assessed within a range indicated by at least two valuation approaches; most commonly the income capitalisation approach and discounted cash flow approach. Other valuation approaches, including the sales comparison approach or deferred land value approach may be used depending on the nature of the property. In addition, the adopted valuation of an investment property undergoing development may be assessed using a residual approach.

Estimates are used in these valuation approaches to determine fair value. For the two most common approaches, these include the capitalisation rate in the income capitalisation approach and the discount rate in the discounted cash flow approach. Both approaches are also influenced by other estimates relating to market rental levels, vacancy rates, letting-up allowances and the cost of ongoing operating expenses, capital expenditure and other capital payments.

In relation to capital expenditure, the valuers for Sylvia Park, LynnMall, The Base, Vero Centre, ASB North Wharf, The Aurora Centre, 44 The Terrace, The Plaza and Northlands have made deductions for seismic strengthening works. The valuer of Centre Place North has assessed the seismic risk of the asset in the capitalisation rate of the valuation. The Group has provided the valuers with the estimated cost of works for each asset. In some instances the valuer has assessed additional costs for potential works to buildings which have not been subject to a Detailed Seismic Assessment (DSA) and/or made additional allowances for escalation and profit and risk.

The timing of the cash outflow for these costs has been spread over the likely remediation period and the overall value deduction reflects the present value of costs over the adopted time horizon.

Under the residual approach, valuers estimate the ‘as if complete’ value of an asset using the common investment valuation approaches described above. They then deduct remaining project costs and a typical profit margin for risks assumed by the developer to determine the asset’s ‘as is’ or residual value.

Two assets within the Sylvia Park Precinct were valued using the residual approach as at 31 March 2022, being the Sylvia Park build-to-rent (BTR) and 3 Te Kehu Way properties, as the development of both of these properties has commenced with construction underway.

The valuations are reviewed by the Group and adopted as the carrying value in the financial statements. As part of this process, the Group’s management verifies all major inputs to the valuations, assesses valuation movements since the previous year and holds discussions with the independent valuers to assess the reasonableness of the valuations.

Impact of the COVID-19 global pandemic

As at 31 March 2022 the real estate markets to which the Group’s investment properties belong continued to be impacted by market uncertainty caused by COVID-19.

The market uncertainty has affected key inputs, assumptions and processes used in the valuation of the Group’s investment properties, being:

- estimating the net income that a property can produce (income uncertainty), and
- converting that income to value by applying investment rates of return which are derived from analysis of recent market transactions (investment uncertainty).

3.2 Investment properties (continued)

Income uncertainty

The pandemic has impacted the income earning potential of the Group's properties during the financial period. The Group leases commercial accommodation to a range of businesses from where they conduct their operations. Restrictions imposed by the Government to combat the pandemic prevented certain businesses from operating out of their premises in the usual manner. In response, the Group is working through a cost sharing programme with affected tenants whereby the Group has forgiven or will forgive a portion of the rent payable by the tenant. The percentage of rent forgiven and the duration of the forgiveness period, is subject to negotiation between the Group and the tenant. This programme had a negative impact on the Group's income for the year ended 31 March 2022. Future income may also be impacted as:

- the underlying activity and profitability of many of the Group's tenants may be affected by further restrictions which prevent the population from socialising or accessing goods and services to the extent they could before the pandemic, although the combination of the Government's pandemic management protocols and widespread take-up of the vaccination is expected to reduce the need for long-term restrictions in the future, and therefore the need for further cost sharing measures of the same scale. However, risk also remains that a more severe variant of Covid-19 may transpire in the future.
- border restrictions into New Zealand mean businesses that rely on travel and tourism continue to be negatively impacted, although restrictions are proposed to be lifted on a staged basis with normal visa processing to resume for all visa categories from August 2022.

Investment uncertainty

Investment uncertainty arising from COVID-19 has lessened during the financial period relative to the prior period, although some uncertainty still remains, generally for larger (above $100 million) retail and retail-dominated mixed-use properties. During the financial period investment market participants were restricted in conducting normal business activities during Alert Levels 3 and 4 as well as during red traffic light settings. Additionally, many large investors are domiciled offshore and travel restrictions prevented them from physically inspecting assets and undertaking typical due diligence. However, there has been varying levels of transactional evidence across all core real estate sectors during the financial period, providing evidence of current market pricing. The exception is for larger retail assets above $100 million in value for which the inputs and metrics used to reliably estimate fair value are derived with reference to sub-$100 million retail asset sales, a robust level of larger Australian transactional evidence, and local market metrics from before the pandemic began.

Valuation uncertainty

Material Valuation Uncertainty statements have been removed from the external valuations of all of the Group's assets as at 31 March 2022.

More recently, there has been increased transactional activity across some property sectors. This has enabled valuers of properties within these sectors to conclude valuations with a greater degree of certainty and consequently remove the Material Valuation Uncertainty clauses from the valuations for these assets. Notwithstanding, these valuations still include statements pertaining to market volatility, elevated risk and uncertainty suggesting that a higher degree of caution should still be exercised when relying upon the valuations.

Until investment property values can be demonstrated to have stabilised post COVID-19, the Group will continue to monitor the investment markets to determine if more frequent valuation updates need to be obtained.

While valuation uncertainty relating to COVID-19 is reducing, general macroeconomic trends have evolved over the latter part of the financial year which is creating a heightened sense of uncertainty as at the balance date. These trends include rising interest rates on the back of the highest levels of consumer price inflation observed since the early 1990's. High levels of inflation and the increasing cost of living is expected to adversely impact consumer spending in the short to medium term, which creates a more uncertain outlook for retailers. Higher interest rates have narrowed the spread between yields and cost of debt which adds to the level of valuation uncertainty as at the balance date and, all else equal, creates a risk that capitalisation rates may increase in the short term.

The Group is in the process of identifying the impact of climate change on the business and assets. The valuers made no explicit adjustments in respect of climate change matters. However, the Group and valuers anticipate that climate change could have a greater influence on valuations in the future as investment markets place a greater emphasis on this topic.

3.2 Investment properties (continued)

Impact on values at 31 March 2022

The impact of COVID-19 on property valuation inputs has reduced over time, with valuers benefiting from greater market certainty and having accounted for the negative effects of the pandemic during previous periods. The valuers have made deductions for the costs of estimated rent relief to tenants for occupancy disruption resulting from pandemic-related impacts. This is consistent with the approach taken for the valuations prepared as at 31 March 2021. As at 31 March 2022, capitalisation rates and discount rates contracted, on average, across the investment portfolio on the back of increasing levels of investment certainty relative to the prior period.

For the year ended 31 March 2022 the Group reported a fair value gain of $120.5 million.

Seismic uncertainty

The Group is committed to upgrading the seismic resilience of its buildings to appropriate New Building Standards (NBS). Detailed Seismic Assessments (DSA) continue to be undertaken for the Group's buildings. A DSA verifies a building's NBS rating and assists in the design of remediation solutions, where required.

The cost assessments for seismic works required to increase NBS ratings contain uncertainty. The level of accuracy of design solutions and cost estimates can vary as the design and remediation process progresses. Initially, estimates may be based on the structural plans of a building, which can sometimes change significantly once more intrusive building investigations are carried out. Therefore, costs for remediation works may fluctuate, and the costs associated with current or imminent remediation works will be more accurate than those for a project in the early phases of investigation or planning.

The process undertaken and standards which are applied in seismic assessments evolve over time as the engineering profession's understanding of seismic events develops. This means that the outcome of seismic assessments may be subject to change over time. Changes to seismic standards (or the interpretation and application of existing seismic standards) could result in buildings no longer meeting the minimum seismic standards deemed appropriate by the Group, and may require the Group to undertake further seismic remediation works.

Valuations for some of the Group's buildings contain deductions for costs associated with identified seismic remediation works. The cost deductions are typically based on external quantity surveyor assessments with additional allowances for professional fees and other associated costs. In some instances the valuer has assessed additional costs for potential works to buildings which have not been subject to a DSA and/or made additional allowances for escalation and profit and risk.

In some cases the Group has become aware of potential remediation requirements from recent preliminary investigations and in these instances the Group has provided general provisions to the valuer for inclusion in the valuations. These provisions are high level allowances pending the outcome of further investigations.

These allowances are based on the best information available at the time of valuation but may be subject to change as circumstances and standards continue to evolve.

3.2 Investment properties (continued)

Valuation inputs

A valuation is determined based on a range of unobservable inputs. These are unobservable as they are not freely available or explicit in the marketplace but rather analysed from transactional data that has taken place in similar market circumstances to that prevailing at the date of valuation. Refer to note 1.7 for further information on the fair value hierarchy.

The Group's investment property values contain unobservable inputs in determining fair value, some of which can be described as 'key unobservable inputs' where significant judgement is applied in determining the input and a change to any one of these inputs could significantly alter the fair value of an investment property.

Key unobservable inputs are the capitalisation rate, discount rate, terminal capitalisation rate, market rent and growth rates.

The table below sets out these key unobservable inputs and the ranges adopted by the valuers across the various properties making up the Group's mixed-use and office portfolios. The retail portfolio has been excluded in the current and prior years in alignment with the Group's strategy.

The impact of COVID-19 has been largely reversed and can be seen in the analysis below through the general strengthening in metrics from 2021 to 2022. This is mainly evident through the capitalisation rate and discount rates metrics, which have contracted (decreased), and the growth rates, which have expanded (increased), having an effect of increasing the fair value. The lower end of the growth rate range for the mixed-use portfolio is now at nil growth which is an improvement relative to the prior year which saw some negative growth forecast. These metrics indicate a range across all assets in that portfolio, so they don't affect all properties, and typically relate to the early year or years of the cash flow so they don't continue across the full discounted cash flow horizon.

		Range of significant unobservable inputs		
Class of property	Inputs used to measure fair value	**2022**	2021	Sensitivity
Mixed-use[1]	Core capitalisation rate	**5.3% - 6.5%**	5.5% - 6.6%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Other income capitalisation rate	**5.5% - 9.0%**	5.5% - 6.9%	
	Discount rate	**7.3% - 8.0%**	7.0% - 8.3%	
	Terminal capitalisation rate	**5.6% - 6.6%**	5.6% - 6.6%	
	Gross market rent (per sqm)[2]	**$372 - $794**	$381 - $787	The higher the market rent and growth rate, the higher the fair value.
	Rental growth rate (per annum)	**0.0% - 3.0%**	-2.3% - 3.9%	
Office	Core capitalisation rate	**4.5% - 5.8%**	4.8% - 5.9%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Discount rate	**6.0% - 6.8%**	6.5%- 6.9%	
	Terminal capitalisation rate	**4.8% - 6.0%**	4.9% - 6.3%	
	Gross market rent (per sqm)[2]	**$505 - $712**	$486 - $670	The higher the market rent and growth rate, the higher the fair value.
	Rental growth rate (per annum)	**0.0% - 3.0%**	1.0% - 3.5%	

1 Mixed-use excludes adjoining properties located at Sylvia Park.
2 Weighted average by property.

These key inputs are explained above.

3.2 Investment properties (continued)

Valuation sensitivity

A sensitivity analysis that shows how a change to capitalisation and discount rates affects the value of the Group's portfolio is provided below. The metrics chosen are those single-value inputs where movements are likely to have the most significant impact on the fair value of investment properties.

The capitalisation rate relates to the income capitalisation approach and the discount rate relates to the discounted cash flow approach. Generally, a change in the capitalisation rate is accompanied by a directionally similar change in the discount rate. The table below assesses each of these inputs in isolation and assumes all other inputs are held constant.

31 March 2022	Adopted value	Capitalisation rate - 25bp	Capitalisation rate + 25bp	Discount rate - 25bp	Discount rate + 25bp
Mixed-use					
Actual valuation ($000)	1,911,577				
Impact of assumption change ($000)		94,300	(84,400)	36,400	(36,300)
Impact of assumption change (%)		4.9	(4.4)	1.9	(1.9)
Office					
Actual valuation ($000)	1,042,300				
Impact of assumption change ($000)		59,500	(53,900)	19,700	(20,300)
Impact of assumption change (%)		5.7	(5.2)	1.9	(1.9)

31 March 2021	Adopted value	Capitalisation rate - 25bp	Capitalisation rate + 25bp	Discount rate - 25bp	Discount rate + 25bp
Mixed-use					
Actual valuation ($000)	1,623,000				
Impact of assumption change ($000)		78,300	(68,200)	30,100	(29,400)
Impact of assumption change (%)		4.8	(4.2)	1.9	(1.8)
Office					
Actual valuation ($000)	1,001,600				
Impact of assumption change ($000)		52,900	(48,100)	19,000	(18,400)
Impact of assumption change (%)		5.3	(4.8)	1.9	(1.8)

3.2 Investment properties (continued)

The valuation of investment properties is complex with a number of interrelated key inputs and assumptions.

When calculating the income capitalisation value, the gross market rent has a strong interrelationship with the core capitalisation rate. An increase in the gross market rent and an increase in the core capitalisation rate could potentially offset the impact to fair value. The same can be said for a decrease in each input. A directionally opposite change in the two inputs could potentially magnify the impact to the fair value.

When calculating the discounted cash flow value, the discount rate has a strong interrelationship with the terminal capitalisation rate. An increase in the discount rate and a decrease in the terminal capitalisation rate could potentially offset the impact to fair value. The same can be said for an opposite movement in each input. A directionally similar change in the two inputs could potentially magnify the impact to the fair value.

The following table explains the key inputs used to measure fair value for investment properties.

Valuation techniques	
Income capitalisation approach	A valuation technique which determines fair value by capitalising a property's core net income at an appropriate, market derived rate of return with subsequent capital adjustments for near-term events, typically including letting up allowances, capital expenditure and the difference between contract and market rentals.
Discounted cash flow approach	A valuation technique which requires explicit assumptions to be made regarding the prospective income and expenses of a property over an assumed holding period, typically 10 years. The assessed cash flows are discounted to present value at an appropriate, market-derived discount rate to determine fair value.
Residual approach	A valuation technique used primarily for property which is undergoing, or is expected to undergo, redevelopment. Fair value is determined through the estimation of a gross realisation on completion of the redevelopment with deductions made for all costs associated with converting the property to its end use including finance costs and a typical profit margin for risks assumed by the developer.

Unobservable inputs within the income capitalisation approach	
Gross market rent	The annual amount for which a tenancy within a property is expected to achieve under a new arm's length leasing transaction, including a fair share of property operating expenses.
Core capitalisation rate	The rate of return, determined through analysis of comparable market-related sales transactions, which is applied to a property's core net income to derive value.
Other income capitalisation rate	The rate of return which is applied to other, typically variable or uncontracted, sources of property income to derive value and that is assessed with consideration to the risks in achieving each income source.

Unobservable inputs within the discounted cash flow approach	
Discount rate	The rate, determined through analysis of comparable market-related sales transactions that is applied to a property's future net cash flows to convert those cash flows into a present value.
Terminal capitalisation rate	The rate which is applied to a property's core net income at the end of an assumed holding period to derive an estimated future market value.
Rental growth rate	The annual growth rate applied to market rents over an assumed holding period.

3.3 Deferred tax

	2022 $000	2021 $000
Deferred tax assets		
Interest rate derivatives	**-**	4,520
Deferred tax liabilities		
Interest rate derivatives	**(659)**	-
Depreciation recoverable	**(96,023)**	(88,801)
Deferred leasing costs and other temporary differences	**(11,780)**	(10,237)
	(108,462)	(99,038)
Net deferred tax liabilities	**(108,462)**	(94,518)

Recognition and measurement

Deferred tax is provided for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to utilise them. For deferred tax assets or liabilities arising on investment property, it is assumed that the carrying amounts of investment property will be recovered through sale. Deferred tax is disclosed on a net basis, as the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) applicable at balance date.

3.4 Funding

3.4.1 Interest bearing liabilities

The Group's secured interest bearing liabilities are as follows:

	2022 $000	2021 $000
Bank loans - total facilities	**850,000**	825,000
Bank loans - undrawn facilities	**(215,000)**	(252,000)
Bank loans - drawn facilities	**635,000**	573,000
Fixed-rate green bonds - current	**-**	125,664
Fixed-rate green bonds - non-current	**500,944**	351,197
Fixed-rate green bonds - amortised cost	**500,944**	476,861
Interest bearing liabilities	**1,135,944**	1,049,861

	2022 $000	2021 $000
Face value of fixed-rate green bonds - current	**-**	125,000
Face value of fixed-rate green bonds - non-current	**500,000**	350,000
Face values	**500,000**	475,000

	2022	2021
Weighted average interest rate for drawn debt (inclusive of bonds, active interest rate derivatives, margins and line fees)	**3.85%**	4.19%
Weighted average term to maturity for the combined facilities	**3.4 years**	2.9 years

Recognition and measurement

All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method whereby the transaction costs are spread over the expected life of the instrument.

3.4.1 Interest bearing liabilities (continued)

Bank loans

The bank loans are provided by ANZ Bank New Zealand, Bank of New Zealand, China Construction Bank Corporation (New Zealand Branch), Commonwealth Bank of Australia, The Hongkong and Shanghai Banking Corporation (HSBC) and Westpac New Zealand (unchanged from 31 March 2021).

In May 2021, the Group refinanced $700 million of bank debt facilities and reduced the overall bank facilities from $825 million to $800 million. In August 2021, the Group refinanced a further $100 million of bank debt facilities.

In March 2022, the Group extended the overall bank facilities from $800 million to $850 million. In April 2022, the Group extended the overall bank facilities by a further $100 million. Refer to note 5.5 for further information.

Fixed-rate green bonds

On 19 July 2021, the Group raised $150 million through the issue of seven-year fixed-rate green bonds. On 20 August 2021, the Group repaid $125 million of fixed-rate green bonds that matured on this date.

The following table provides details of the Group's fixed-rate green bonds:

NZX code	Value of issue $000	Date issued	Date of maturity	Interest rate	Interest payable	**Fair value 2022 $000**	Fair value 2021 $000
KPG010	-	6-Aug-14	20-Aug-21	6.15%	February, August	**-**	127,362
KPG020	125,000	7-Sep-16	7-Sep-23	4.00%	March, September	**125,465**	131,858
KPG030	125,000	19-Dec-17	19-Dec-24	4.33%	June, December	**125,982**	136,421
KPG040	100,000	12-Nov-18	12-Nov-25	4.06%	May, November	**99,697**	108,120
KPG050	150,000	19-Jul-21	19-Jul-28	2.85%	January, July	**135,387**	-
Fixed-rate green bonds	500,000					**486,531**	503,761

The fair value of the fixed-rate green bonds is based on their listed market prices at balance date and is classified as Level 1 in the fair value hierarchy (2021: Level 1). Refer to note 1.7 for further information on the fair value hierarchy.

Security

The bank loans and fixed-rate green bonds are secured by way of a Global Security Deed (the Deed). Pursuant to the Deed, a security interest has been granted over all of the assets of the Group. No mortgage has been granted over the Group's properties, however, the Deed allows a mortgage to be granted if an event of default occurs.

3.4.2 Interest rate derivatives

The Group is exposed to changes in interest rates and uses interest rate derivatives to mitigate these risks (commonly referred to as interest rate swaps).

The following table provides details of the fair values, notional values, terms and interest rates of the Group's interest rate derivatives.

	2022 $000	2021 $000
Interest rate derivative assets - non-current	**3,604**	2,822
Interest rate derivative liabilities - current	**(175)**	-
Interest rate derivative liabilities - non-current	**(1,076)**	(18,965)
Net fair values of interest rate derivatives	**2,353**	(16,143)
Notional value of interest rate derivatives - fixed-rate payer - active	**315,000**	290,000
Notional value of interest rate derivatives - fixed-rate receiver - active[1]	**40,000**	40,000
Notional value of interest rate derivatives - fixed-rate payer - forward starting	**50,000**	50,000
Notional values	**405,000**	380,000
Fixed-rate payer swaps:		
Weighted average term to maturity - active	**1.9 years**	2.6 years
Weighted average term to maturity - forward starting	**6.6 years**	5.5 years
Weighted average term to maturity	**2.5 years**	3.1 years
Fixed-rate payer swaps:		
Weighted average interest rate - active[2]	**2.94%**	2.98%
Weighted average interest rate - forward starting[2]	**2.67%**	2.27%
Weighted average interest rate	**2.90%**	2.87%

1 The Group has $40 million of fixed-rate receiver swaps for the duration of the $100 million KPG040 fixed-rate green bonds. The effect of the fixed-rate receiver swaps is to convert a portion of the bond to floating interest rates.
2 Excluding fees and margins.

3.4.2 Interest rate derivatives (continued)

Recognition and measurement

Interest rate derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value each balance date exclusive of accrued interest. Fair values at balance date are calculated to be the present value of the estimated future cash flows of these instruments. Transaction costs are expensed on initial recognition and recognised in profit or loss. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group does not designate any derivatives into hedging relationships. Gains or losses arising from changes in fair value of interest rate derivatives are recognised in profit or loss.

Key estimate: fair value of interest rate derivatives

The fair values of interest rate derivatives are determined from valuations prepared by an independent treasury advisor using valuation techniques classified as Level 2 in the fair value hierarchy (2021: Level 2). Refer to note 1.7 for further information on the fair value hierarchy. These are based on the present value of estimated future cash flows based on the terms and maturities of each contract and the current market interest rates at balance date. Fair values also reflect the current creditworthiness of the derivative counterparties. These values are verified against valuations prepared by the respective counterparties. The valuations were based on market rates at 31 March 2022 of between 1.53% for the 90-day BKBM and 3.38% for the 10-year swap rate (2021: 0.35% and 1.97%, respectively).

3.4.3 Capital management

The Group's capital includes equity and interest bearing liabilities. The Group maintains a strong capital base to ensure investor, creditor and market confidence and to sustain the Group's ongoing activities. The impact of the level of capital on shareholder returns and the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position is managed by the Group. The Group is subject to the capital requirement imposed by the Group's Senior Facilities Agreement governing its interest bearing liabilities which requires that total finance debt be maintained at no more than 45% of the total tangible assets of the Group. However, the Group actively manages its debt to its internal treasury policy which sets a target gearing range of 25% to 35%. The Group has complied with its Senior Facilities Agreement capital requirement at all times throughout the year.

The Group actively manages liquidity risk to ensure that it is able to access sufficient funds on a timely basis to meet operational expenses, capital and debt expiry commitments as and when they fall due. To enhance its access to a range of funding sources, the Group has secured credit ratings from S&P Global Ratings. To minimise liquidity risk, the Group ensures that it maintains sufficient capacity in its overall debt facilities to cover projected debt (current debt plus Board approved capital commitments), has ready access to sufficient cash reserves or available debt drawdowns, and reliably forecasts its expected cash requirements. Further detail on liquidity risk is provided in note 4.3.

Dividend payments are based on a range of factors, including with particular reference to the Group’s adjusted funds from operations (AFFO), which is the primary basis on which dividend amounts are determined. AFFO is a non-GAAP performance measure used by the Group to determine underlying and recurring cash flows from operations. AFFO is calculated with reference to the guidelines established by the Property Council of Australia. In determining a dividend payment, the Group will have regard to, amongst other things, the solvency requirements under the Companies Act 1993, its banking and green bond covenants and internal financing targets, its future investment plans, current and forecast earnings, operating cash flows, and the economic climate and competitive environment. Having regard to these matters, the Group will target a dividend payout ratio of approximately 90% to 100% of AFFO.

At balance date, the market capitalisation of the Group (being the 31 March 2022 closing share price, as quoted on the NZX Main Board, multiplied by the number of shares on issue) was below the carrying amount of the Group’s net assets and shareholders’ funds. In considering the difference, the Group notes that 99% of total assets at 31 March 2022 are investment properties which are carried at fair value as detailed in note 3.2.

Factors that may influence market capitalisation include, amongst other things:

- Broader market and investor sentiment
- Property market segment sentiment, particularly with regard to retail assets
- Effect of leverage of debt funding and including corporate overheads
- The level of uncertainty due to the impact of COVID-19 and its impact on the New Zealand and global economies
- The level of uncertainty due to the Russia/Ukraine conflict and the impact on the New Zealand and global economies
- The impact of rising interest rates, inflation, supply chain issues and other market factors.

In the review of valuations and the considerations around fair value determined by the independent valuers (as disclosed in note 3.2), and having considered the influencing factors above, the Group considers the carrying amount of net assets is appropriate.

3.5 Trade and other payables

	2022 $000	2021 $000
Trade creditors	**34,998**	31,312
Interest and finance charges payable	**1,607**	1,316
Development costs payable	**18,528**	12,824
Employment liabilities	**4,640**	4,439
Rent in advance	**1,301**	1,690
Goods and Services Tax payable	**1,880**	1,684
Trade and other payables	**62,954**	53,265

Recognition and measurement

Trade and other payables are carried at amortised cost and due to their short-term nature are not discounted. Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that a future outflow of cash or other benefit will be required and a reliable estimate can be made of the amount of the obligation.

3.6 Equity

3.6.1 Share capital

The following table provides details of movements in the Group's issued shares:

	2022 Number 000	2022 Amount $000	2021 Number 000	2021 Amount $000
Balance at the beginning of the year	**1,569,369**	**1,661,916**	1,569,088	1,660,961
Issue of shares:				
Long-term incentive plan - shares issued	**725**	**-**	281	-
Long-term incentive plan - shares vested	**-**	**829**	-	439
Long-term incentive plan - shares forfeited	**-**	**690**	-	444
Employee share ownership plan - shares vested	**-**	**64**	-	72
Balance at the end of the year	**1,570,094**	**1,663,499**	1,569,369	1,661,916

There are no shares held by Pacific Custodians (New Zealand) Limited (the LTI Trustee) for the Group's legacy long-term incentive plan (2021: 563,315 shares, at a cost of $0.8 million). Refer to note 3.6.4 for further information on share-based payments.

3.6.1 Share capital (continued)

Recognition and measurement

Share capital is recognised at the fair value of the consideration received by the Company. Costs relating to the issue of new shares have been deducted from proceeds received.

All shares carry equal weight in respect of voting rights, dividend rights and rights on winding up of the Company and have no par value.

3.6.2 Dividends

Dividends paid during the year comprised:

	Date declared	**2022 cps**	**2022 $000**	Date declared	2021 cps	2021 $000
Cash		**2.950**	**46,289**		-	-
Imputation credits		**0.505**	**7,926**		-	-
Final dividend	**21-May-21**	**3.455**	**54,215**		-	-
Cash		**2.750**	**43,151**		2.200	34,516
Imputation credits		**0.752**	**11,801**		0.856	13,423
Interim dividend	**19-Nov-21**	**3.502**	**54,952**	20-Nov-20	3.056	47,939
Cash		**5.700**	**89,440**		2.200	34,516
Imputation credits		**1.257**	**19,727**		0.856	13,423
Total dividends		**6.957**	**109,167**		3.056	47,939

The Group operates a Dividend Reinvestment Plan (DRP) which allows eligible shareholders to elect to reinvest dividends in shares. The Board, at its sole discretion, may suspend the DRP at any time and/or apply a discount to which shares are issued under the DRP. The DRP was suspended and did not apply to the dividend payments shown above.

3.6.3 Earnings per share

	2022	2021
Profit and total comprehensive income after income tax attributable to shareholders ($000)	**224,273**	196,529
Weighted average number of shares (000)	**1,569,980**	1,569,313
Basic and diluted earnings per share (cents)	**14.29**	12.52

3.6.4 Share-based payments

Long-term incentive plans (LTI plans)

Performance Share Rights LTI Plan

In the financial year ended 31 March 2020 the Company introduced a new LTI Plan to replace the legacy plan for selected senior employees. Under the new LTI Plan, participants are issued Performance Share Rights (PSRs) for service periods of one, two and three years. The number of PSRs that can be exercised and converted into shares in the Company depends on a mix of the Company's shareholder return relative to comparator entities and a return on capital employed metric over a one year performance period. On vesting, the participant is entitled to receive one share upon the valid exercise of each vested PSR they hold.

Legacy LTI Plan

The Company has previously operated a legacy LTI Plan for selected senior employees. The outcome of the final tranche was determined in the year ended 31 March 2022. Under the legacy LTI Plan, ordinary shares in the Company were purchased on market by Pacific Custodians (New Zealand) Limited (the LTI Trustee). Participants purchased shares from the LTI Trustee with funds lent to them by the Company. The number of shares that potentially vest depends on the Company's absolute total shareholder return as well as its shareholder return relative to comparator entities. On vesting, the employee is provided a cash amount which must be used to repay the loan and the relevant number of shares are then transferred to the participant.

Recognition and measurement

The fair value of the LTI plans at grant date is recognised over the vesting period of the plan as an employee entitlements expense, with a corresponding increase in the share-based payments reserve. The fair value is independently measured using an appropriate option pricing model.

			Number of performance share rights (new plan)				
Grant date	Measurement date	Performance share right price at grant date	Balance at the beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year
2022							
1 April 2021	31 March 2022	**$1.238**	**-**	**1,406,681**	**-**	**(124,272)**	**1,282,409**
1 April 2020	31 March 2021	**$0.888**	**1,464,491**	**-**	**(444,230)**	**(178,080)**	**842,181**
1 April 2019	31 March 2020	**$1.455**	**563,138**	**-**	**(281,568)**	**(26,305)**	**255,265**
Total			**2,027,629**	**1,406,681**	**(725,798)**	**(328,657)**	**2,379,855**

			Number of performance share rights (new plan)				
Grant date	Measurement date	Performance share right price at grant date	Balance at the beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year
2021							
1 April 2020	31 March 2021	$0.888	-	1,464,491	-	-	1,464,491
1 April 2019	31 March 2020	$1.455	1,126,274	-	(281,568)	(281,568)	563,138
Total			1,126,274	1,464,491	(281,568)	(281,568)	2,027,629

3.6.4 Share-based payments (continued)

			Number of shares (legacy plan)				
Grant date	Measurement date	Share price at grant date	Balance at the beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year
2022							
1 April 2018	31 March 2021	**$1.368**	**563,315**	**-**	**-**	**(563,315)**	**-**
Total			**563,315**	**-**	**-**	**(563,315)**	**-**

			Number of shares (legacy plan)				
Grant date	Measurement date	Share price at grant date	Balance at the beginning of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year
2021							
1 April 2018	31 March 2021	$1.368	563,315	-	-	-	563,315
1 April 2017	31 March 2020	$1.383	501,307	-	-	(501,307)	-
Total			1,064,622	-	-	(501,307)	563,315

3.6.4 Share-based payments (continued)

Key estimates and assumptions: fair value measurement of LTI plan

The fair value of the LTI plans have been determined using a Monte Carlo simulation to model a range of future share price outcomes for the Company and comparator entities. The fair value at grant date and the measurement inputs used were as follows:

Performance Share Rights LTI Plan

Measurement date	31 March 2022	31 March 2021
Weighted average performance share right price at grant date	$1.238	$0.888
Risk-free rate	0.22%	0.18%
Standard deviation of the comparator entities	14.0% - 22.3%	12.1% - 17.8%
Correlation between Company share price and comparator entities	36.4% - 67.8%	18.2% - 59.9%
Estimated fair value per share	$1.032	$0.815

The volatility and correlation measures were derived from measuring the standard deviation and correlation of returns for listed entities in the S&P/NZX All Real Estate Index over a three-year period. The risk free rate was based on government bond yields over the same period.

It has been assumed that participants will remain employed with the Company on the vesting date. Dividend assumptions are based on projected dividend payments over the vesting period.

The employee entitlements expense relating to the LTI plan for the year ended 31 March 2022 is $1,075,955 (2021: $1,183,304) with a corresponding increase in the share-based payments reserve. The unamortised fair value of the remaining performance share rights at 31 March 2022 is $623,106 (2021: $594,130).

4. Financial risk management

FOR THE YEAR ENDED 31 MARCH 2022

In the normal course of business, the Group is exposed to a variety of financial risks. This section explains the Group's exposure to financial risks, how these risks could affect the Group's financial performance and how they are managed.

The Group is exposed to the following financial risks through its use of financial instruments:

- Interest rate risk
- Credit risk
- Liquidity risk

Financial instruments

The following items in the Consolidated Statement of Financial Position are classified as financial instruments: cash and cash equivalents, trade and other receivables, trade and other payables, interest bearing liabilities and interest rate derivatives. All financial instruments are recorded at amortised cost with the exception of interest rate derivatives, which are recorded at fair value through profit or loss.

Risk management

The Board has overall responsibility for establishing and overseeing the Group's risk management framework. The Board has an audit and risk committee with responsibilities that include risk management, compliance and financial management and control.

The Group has developed a risk management framework which guides management and the Board in the identification, assessment and monitoring of new and existing risks. Management report to the audit and risk committee and the Board on relevant risks and the controls and treatments of those risks.

In response to the uncertainty caused by the COVID-19 global pandemic, the Group has considered financial risk management and any additional controls needed. These are discussed further in notes 4.2 and 4.3.

4.1 Interest rate risk

Nature of the risk

Interest rate risk is the risk that fluctuations in interest rates impact the Group's financial performance or the fair value of its holdings of financial instruments.

Risk management

The Group adopts a policy of reducing its exposure to changes in interest rates by utilising interest rate derivatives to limit future interest cost volatility by exchanging floating rate interest obligations for fixed rate interest obligations or by exchanging fixed rate interest obligations for floating rate interest obligations. The Group has established a treasury management group consisting of senior management and external treasury advisors to review and set treasury strategy within the guidelines of its treasury policy.

Exposure

The Group's exposure to interest rate risk arises primarily from bank loans which are subject to floating interest rates. The weighted average interest rate, term to maturity of interest bearing liabilities and details of the interest rate derivatives utilised are set out in note 3.4. The fair value of interest rate derivatives is impacted by changes in market interest rates.

4.1 Interest rate risk (continued)

Sensitivity to interest rate movements

The following sensitivity analysis shows the effect on profit or loss and equity if market interest rates at balance date had been 100 basis points higher or lower with all other variables held constant.

An increase in market interest rates gives rise to a favourable impact on profit or loss and equity due to the fair value of the interest rate derivatives increasing by more than the additional interest costs.

	2022		2021	
	100 bps increase ($000)	**100 bps decrease ($000)**	100 bps increase ($000)	100 bps decrease ($000)
Impact on interest and finance charges	**(3,600)**	**3,600**	(3,230)	3,230
Impact on fair value of interest rate derivatives	**6,124**	**(6,423)**	8,024	(8,333)
Net impact on profit/(loss)	**2,524**	**(2,823)**	4,794	(5,103)
Net impact on equity	**1,817**	**(2,033)**	3,451	(3,674)

4.2 Credit rate risk

Nature of the risk

Credit rate risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group incurs credit risk in the normal course of business from trade receivables and transactions with financial institutions.

Risk management

The risk associated with trade receivables is managed with a credit policy which includes performing credit evaluations on tenants and imposing standard payment terms and the monitoring of aged debtors. Collateral is obtained where possible. The risk from financial institutions is managed by only placing cash and deposits with high credit quality financial institutions.

Exposure

The carrying amounts of financial assets recognised in the Consolidated Statement of Financial Position best represent the Group's maximum exposure to credit risk and are recognised net of any provision for losses on these financial instruments.

The COVID-19 pandemic has increased credit rate risk from trade receivables and the Group continues to work with tenants most vulnerable to the impacts of the pandemic to agree rent relief and other measures where needed. This is expected to assist tenants in resuming their business operations as quickly as possible and increase their ability to pay trade receivable balances owing to the Group.

The Group is not exposed to any concentrations of credit risk.

4.3 Liquidity risk

Nature of the risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Risk management

The Group evaluates its liquidity requirements on an ongoing basis by continuously forecasting cash flows. The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has bank facilities available to cover potential shortfalls. The Group's approach to managing liquidity risk is to ensure it will always have sufficient liquidity to meet its obligations when they fall due under both normal and stress conditions. The Group manages liquidity by maintaining adequate committed credit facilities and spreading maturities in accordance with its treasury policy.

Exposure

The following table analyses the Group's financial liabilities into relevant maturity groupings based on the earliest contractual maturity date at balance date. The amounts are contractual undiscounted cash flows, which includes interest through to maturity and assumes all other variables remain constant.

		Contractual cash flows (principal and interest)					
	Consolidated Statement of Financial Position $000	Total $000	0-6 mths $000	6-12 mths $000	1-2 yrs $000	2-5 yrs $000	>5 yrs $000
2022							
Trade and other payables	**53,526**	**53,526**	**53,526**	**-**	**-**	**-**	**-**
Interest bearing liabilities	**1,135,944**	**1,253,909**	**18,331**	**18,331**	**182,850**	**878,810**	**155,587**
Net interest rate derivatives	**(2,353)**	**(2,262)**	**1,629**	**(290)**	**(1,454)**	**(2,086)**	**(61)**
Total financial liabilities	**1,187,117**	**1,305,173**	**73,486**	**18,041**	**181,396**	**876,724**	**155,526**
2021							
Trade and other payables	44,136	44,136	44,136	-	-	-	-
Interest bearing liabilities	1,049,861	1,139,215	141,637	13,647	148,362	835,569	-
Net interest rate derivatives	16,143	16,901	3,413	3,642	5,407	4,492	(53)
Total financial liabilities	1,110,140	1,200,252	189,186	17,289	153,769	840,061	(53)

5. Other information

FOR THE YEAR ENDED 31 MARCH 2022

5.1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Chief Executive Officer.

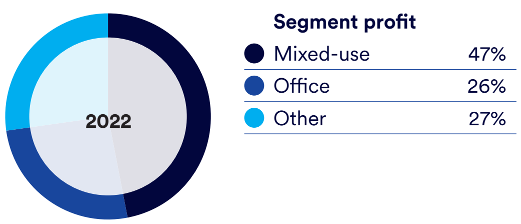
Operating segments have been determined based on the reports reviewed by the Chief Executive Officer to assess performance, allocate resources and make strategic decisions.

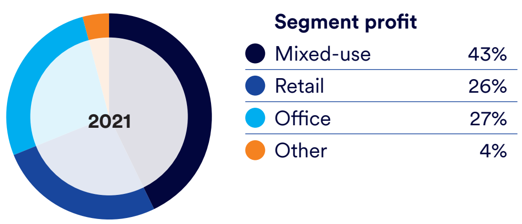
The Group's primary assets are investment properties. Segment information for investment properties is provided in note 3.2. As at 31 March 2021 the retail segment was removed in alignment with the Group's strategy. Investment properties held for sale and the properties previously categorised in the retail segment are included in the other segment for the year ended 31 March 2022. The retail segment for the year ended 31 March 2021 included Westgate Lifestyle, Centre Place North, The Plaza and Northlands. The adjoining properties located at Sylvia Park are included in the other segment below. The Group operates in New Zealand only.

The following table is an analysis of the Group's profit by reportable segments used during the year:

	Mixed-use $000	Office $000	Other $000	Total $000
2022				
Property revenue	**117,406**	**62,490**	**65,174**	**245,070**
Less: amortisation of fixed rental increases	**(2,002)**	**(829)**	**(181)**	**(3,012)**
Less: direct property expenses	**(29,098)**	**(13,257)**	**(15,598)**	**(57,953)**
Less: ground lease expenses	**(63)**	**-**	**(312)**	**(375)**
Segment profit	**86,243**	**48,404**	**49,083**	**183,730**

2021	Mixed-use $000	Office $000	Other $000	Retail $000	Total $000
Property revenue	107,667	58,667	8,402	57,700	232,436
Less: amortisation of fixed rental increases	(1,715)	1,386	(7)	372	36
Less: direct property expenses	(31,694)	(12,454)	(1,952)	(12,759)	(58,859)
Less: ground lease expenses	(60)	-	(69)	(1,067)	(1,196)
Segment profit	74,198	47,599	6,374	44,246	172,417





5.1 Segment information (continued)

A reconciliation of the segment profit to the profit before income tax reported in the Consolidated Statement of Comprehensive Income is provided as follows:

	2022 $000	2021 $000
Segment profit	**183,730**	172,417
Property management fees	**1,759**	1,547
Increase/(decrease) in rental income resulting from straight-lining of fixed rental increases	**3,012**	(36)
Interest income	**152**	274
Net fair value gain on investment properties	**120,473**	99,756
Interest and finance charges	**(38,397)**	(35,959)
Employment and administration expenses	**(25,828)**	(23,087)
Net fair value gain on interest rate derivatives	**18,496**	6,305
Loss on disposal of investment properties	**(3,124)**	-
Ground lease expenses classified as interest and fair value loss on investment properties	**375**	1,196
Profit before income tax	**260,648**	222,413

5.2 Related party transactions

The Group holds its 50% interests in The Base and Centre Place North through unincorporated joint ventures. Kiwi Property manages the joint venture properties on behalf of the joint ventures and receives management fees in accordance with the Property Management Agreements.

The transactions with the joint ventures, on normal arm's length commercial terms, and the balances outstanding at 31 March 2022, are outlined in the tables below.

During the year, the following transactions were undertaken with the joint ventures:

	2022 $000	2021 $000
Property management fees	**1,977**	1,271
Expenditure reimbursement	**1,605**	1,328
Leasing fees	**821**	676
Development management fees	**113**	66
Legal fees	**96**	181
Retail design management fees	**46**	21
Total related party transactions	**4,658**	3,543

The following balances were receivable from the joint ventures at balance date:

	2022 $000	2021 $000
The Base	**243**	324
Centre Place North	**119**	-
Total related party balances	**362**	324

5.3 Key management personnel

	2022 $000	2021 $000
Directors' fees	**749**	686
Short-term employee benefits	**4,348**	4,308
Other long-term benefits	**(4)**	11
Termination benefits	**70**	188
Share-based payments	**941**	848
Key management personnel costs	**6,104**	6,041

Additional disclosures relating to key management personnel are set out in the remuneration report. Further details regarding share-based payments can be found in note 3.6.4.

5.4 Commitments

The following costs have been committed to but not recognised in the consolidated financial statements as they will be incurred in future reporting periods:

	2022 $000	2021 $000
Development costs at Sylvia Park	**36,540**	5,894
Development costs at LynnMall	**11,795**	2,669
Development costs at Northlands	**377**	90
Drury infrastructure	**1,530**	5,535
Commitments	**50,242**	14,188

The Base

Under the Group's agreement to purchase 50% of The Base from The Base Limited (TBL), TBL had the right to require the Group to purchase its remaining 50% interest, at a price determined by independent valuation. This right could be exercised within three months of receipt of the independent valuation for the year ended 31 March 2021. This period has now lapsed and the right was not exercised.

Ground leases

Ground leases exist over ASB North Wharf, The Base, Centre Place North and certain adjoining properties. In addition, ground leases also exist over parts of the land at Sylvia Park, Westgate Lifestyle, The Plaza and Northlands. The amount paid in respect of ground leases during the year was $0.4 million (2021: $1.2 million). The leases terminate between November 2026 and March 3007.

The ground leases are accounted for in line with NZ IFRS 16 as outlined in note 3.2.

5.5 Subsequent events

On 6 May 2022, the Group entered into a new $100 million debt facility with MUFG Bank, Ltd (Auckland Branch).

On 6 May 2022, Auckland Council announced the approval of the Group's Drury Private Plan Change application. The 53-hectare site is set to be the location of the mixed-use Drury Town Centre.

On 20 May 2022 the Board declared a final dividend for the year ended 31 March 2022 of 2.85 cents per share (cps) (equivalent to $44.8 million), together with imputation credits of 0.677 cps. The dividend record date is 8 June 2022 and payment will occur on 22 June 2022.

Independent auditor's report

To the shareholders of Kiwi Property Group Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Kiwi Property Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of audits of special purpose financial information in accordance with tenancy agreements, agreed upon procedures in respect of a specified remuneration metric and an apportionment statement, and the benchmarking of remuneration. The provision of these other services has not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers, PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1142 New Zealand
T: +64 9 355 8000, www.pwc.co.nz

Description of the key audit matter	How our audit addressed the key audit matter
Valuation of investment properties As disclosed in note 3.2 of the consolidated financial statements, the Group's investment properties comprise mixed-use, office and other properties and, including assets classified as held for sale, were valued at $3.6 billion as at 31 March 2022. The valuation of the Group's property portfolio is inherently subjective and is given specific audit focus and attention due to the existence of significant estimation uncertainty. A minor percentage difference in a single or multiple input assumption could result in material misstatement of the valuation. The valuations were performed by independent registered valuers who performed their work in accordance with the International Valuation Standards and the Australia and New Zealand Property Institute Valuation and Property Standards. The valuers are rotated across the portfolio on a three-yearly cycle. The Group has adopted the assessed values determined by the valuers. In determining a property's valuation, two approaches are generally used to determine the fair value of an investment property: the income capitalisation approach and the discounted cash flow approach, to arrive at a range of valuation outcomes from which the valuers derive a point estimate. The valuers take into account property specific information such as the contracted tenancy agreements and rental income earned by the asset. They apply assumptions in relation to capitalisation rates, discount rates and market rent and the anticipated growth, based on market data and transactions where available.	Given the subjectivity involved in determining valuations for individual properties, including alternative assumptions and valuation methods, there is a range of values that could be considered reasonable. We considered the adequacy of the disclosures made in note 3.2 to the consolidated financial statements, Investment properties, which sets out the key judgements and estimates. This note describes the current uncertainties that exist in the valuation of investment properties, including the impact of the COVID-19 pandemic. In assessing the valuation of investment properties, we performed the following procedures: **External valuations** We held discussions with management to understand: • movements in the Group's investment property portfolio; • changes in the condition of each property; • the controls in place over the valuation process; and • the impact that COVID-19, the macroeconomic uncertainties and climate change has had on the Group's investment property portfolio. For all properties, the carrying value was agreed to the external valuation reports and we held discussions with the valuers. These discussions included the impact that COVID-19, the macroeconomic uncertainties and climate change has had on market activity and how the valuers had factored this into their valuations. Applying a risk-based approach, we read and evaluated the valuations of specific properties. The valuers confirmed that the valuation approach for each property was in accordance with accounting standards and suitable for use in determining the carrying value of investment properties at 31 March 2022. We assessed the valuers' qualifications, expertise and their objectivity and we found no evidence to suggest that the objectivity of any valuer was compromised in their performance of the valuations. We also considered whether or not there was bias in determining individual valuations and found no evidence of bias.

Description of the key audit matter	How our audit addressed the key audit matter
For properties that have development or seismic work ongoing as at 31 March 2022, the costs required to complete the works are estimated by management and adjusted against the value determined by the valuers along with profit and risk and stabilisation allowances. Management verifies all major inputs to the valuations, assesses property valuation movements since prior year and interim valuations and hold discussions with the independent valuers to assess the reasonableness of the valuations, and communicates the results of the process with the Directors. For those assets classified as held for sale that have a contractual offer accepted by the Directors, the assets have been held at the contracted sales price, which is considered fair value at balance date.	We carried out procedures, on a sample basis, to test whether property-specific information supplied to the valuers by the Group reflected the underlying property records held by the Group. For the items tested, the information was consistent. **Assumptions** Our work over the assumptions used in the valuations focused on the largest properties in the portfolio and those properties where the assumptions used and/or year-on-year fair value movement suggested a possible outlier versus market data. We engaged our own in-house valuation specialist to assess the methodologies and critique and challenge, against market evidence and current market conditions, the key assumptions used by the valuers. We obtained management's estimates of costs on the properties with significant development or seismic works. We compared these estimates to internal budgets developed by the Group's project team and submitted to the Directors for approval, and to external quantity surveyors' reports, where available. We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence. **Assets held for sale** The sales price of assets classified as held for sale that are under a contractual offer have been agreed to the signed sale and purchase agreement.

Our audit approach

Overview

Overall group materiality: $6.1 million, which represents 5% of profit before tax excluding the net fair value gain on investment properties and interest rate derivatives.

We chose profit before tax excluding the net fair value gain on investment properties and interest rate derivatives as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users.

Following our assessment of the risk of material misstatement, we performed a full scope audit over the consolidated financial information of the Group.

As reported above, we have one key audit matter, being:

- Valuation of investment properties

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/
This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Skilton.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
20 May 2022

Auckland

Other information

Drury Reserve. Artist's impression

Corporate governance

We are committed to the highest standards of corporate governance.

Our corporate governance framework draws on guidelines, principles, recommendations, and requirements from a variety of sources including the NZX Listing Rules and NZX Corporate Governance Code (the NZX Code). In addition, the Board has approved policies and practices that aim to reflect best practice corporate governance.

The overarching purpose of the NZX Code is to promote good corporate governance. The NZX Code contains eight corporate governance principles. For each principle, the NZX Code sets out good practice recommendations. In total there are 33 recommendations.

NZX Code compliance

Kiwi Property has followed the recommendations set out in the NZX Code for the year ended 31 March 2022 except, to the extent set out in the Kiwi Property FY22 Corporate Governance Statement, which is available on our website kp.co.nz/about-us/corporate-governance.

This statement is current as at 31 March 2022 and has been approved by the Board.

The corporate governance policies, practices and processes that Kiwi Property adopted or followed for the year ended 31 March 2022 are summarised, or referred to, in the Kiwi Property FY22 Corporate Governance Statement.

The following disclosures are required to be made in this Annual Report by the NZX Listing Rules, the Companies Act 1993 and other legislation, rules or disclosure regimes.

Director independence

Director independence is determined in accordance with the requirements of the NZX Listing Rules. The Board has determined that, as at 31 March 2022, all directors of the Company were independent: Chris Aiken, Mary Jane Daly, Mark Ford, Jane Freeman, Mark Powell and Simon Shakesheff. This assessment is based on the fact that:

- No director is currently, or within the last three years, employed in an executive role by the Company, or any of its subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the Board.
- No director currently, or within the last 12 months, holds a senior role in a provider of material professional services to the Company or any of its subsidiaries.
- No director currently, or within the last three years, has a material business relationship (e.g. as a supplier or customer) with the Company or any of its subsidiaries.
- No director currently is a substantial product holder of the Company or a senior manager of, or person otherwise associated with, a substantial product holder of the Company.
- No director currently, or within the last three years, has a material contractual relationship with the Company or any of its subsidiaries, other than as a director.
- No director has close family ties with anyone in the categories listed above.
- No director has been a director with the Company for a length of time that may compromise independence.

The Board noted that Jane Freeman had previously disclosed her family connection to NZ Strong Construction. The Board concluded that this connection did not and does not interfere, and could not reasonably be seen to interfere, with the director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company, and represent the interests of the Company's financial product holders generally.

Corporate governance (continued)

Board committees

The members of the Audit and Risk Committee are Mary Jane Daly (Chair), Mark Ford and Simon Shakesheff.

The members of the Remuneration and Nominations Committee are Chris Aiken, Mark Ford and Jane Freeman (Chair).

The members of the Environmental, Social and Governance Committee are Mark Ford, Mark Powell (Chair), and Simon Shakesheff.

Diversity and inclusion policy

The Board has evaluated the performance of the Company against its Diversity and Inclusion Policy and considers that the Company has complied with the policy.

More information concerning the Company's Diversity and Inclusion Policy can be found in the Company's FY22 Corporate Governance Statement, which is available on our website kp.co.nz/about-us/corporate-governance.

Gender diversity

The following table provides a breakdown of the gender composition of the directors and officers of the Company, together with all employees as at the current and prior balance dates:

	2022			
	Number		Proportion %	
	Female	Male	Female	Male
Directors	2	4	33	67
Officers	2	5	29	71
All employees	110	55	67	33

	2021					
	Number			Proportion %		
	Female	Male	Other	Female	Male	Other
Directors	2	4	-	33	67	-
Officers	2	6	-	25	75	-
All employees	109	55	1	66	33	1

Remuneration report

Message from the Remuneration and Nominations Committee Chair

Dear Shareholders,

It is my pleasure to present the Remuneration Report for the year ended 31 March 2022 (FY22). The following pages outline Kiwi Property's remuneration strategy and framework, as well as the related performance and remuneration outcomes for the Chief Executive Officer (CEO), which align to both the Company's strategic objectives and the interests of our shareholders.

Kiwi Property's Board is supported by the Remuneration and Nominations Committee (RNC) to ensure appropriate remuneration policies and practices are in place to attract and retain top talent at all levels of the organisation. The RNC's role and responsibilities are detailed in the Remuneration and Nominations Committee Charter.

Year in review

As described in the Chair's letter and the CEO's report on pages 6-13, Kiwi Property delivered a strong operating performance in FY22 and made important progress on the delivery of our business strategy, which is based on intensifying our mixed-use assets, growing with third party capital and empowering customer success.

COVID-19 had a significant impact on many of our people over the past year, however by continuing to prioritise the health and wellbeing of our team, tenants and customers we have come through the pandemic in a robust position. The Board and I recognise the disruption faced by many of our team members in FY22 and we thank them for their resilience and contribution through this time.

Notwithstanding the COVID-19 rent relief measures provided to support many of our tenants, our FY22 operating earnings before interest and tax (Operating EBIT), a key internal measure used for determining a component of short-term incentive outcomes, increased by 5.8% to $159.7 million. In addition, the Company exceeded the FY22 return on capital employed (ROCE) target, a key measure used for determining a component of long-term incentive outcomes.

Whilst net profit after tax increased by 14.1% to $224.3 million and the total dividend for FY22 increased by 8.7% to 5.60 cents per share, our total shareholder return (TSR), a further component of long-term incentive outcomes, was adversely impacted by market sentiment. Consequently, the FY22 TSR hurdle was not achieved.

CEO remuneration outcomes for the year ended 31 March 2022

In response to the COVID-19 pandemic and the impact on the overall economy and social environment, the CEO's base salary was unchanged for the year ended 31 March 2022.

The organisation's Operating EBIT outcome, combined with achievements against our strategic 'one team goals' and the CEO's individual performance targets, result in a short-term incentive pay-out of $378,739 for the CEO in respect of the year ended 31 March 2022. This outcome is 86.5% of the CEO's total on-target STI opportunity.

As mentioned above, under the Performance Share Rights (PSR) long-term incentive scheme, the ROCE performance hurdle was exceeded while the TSR performance hurdle was not met. As a result, 75% of the CEO's PSR grant relating to FY22 will be awarded (subject to deferred vesting arrangements) and 25% will be forfeited.

Remuneration report (continued)

The following table outlines the key areas of focus in this report, including any changes in our approach to remuneration.

Key focus area or outcome	Highlights/details
STI and LTI performance measures and remuneration outcomes	We have enhanced our report to provide details about each measure of the STI and LTI schemes. The report includes the CEO's performance against the set measures and his remuneration outcomes related to these schemes.
CEO fixed annual remuneration movement	In response to the COVID-19 pandemic, the Board decided not to make any changes to the CEO's base salary during the reporting period.
Changes to the CEO's LTI quantum	Based on remuneration market data provided by PwC, the Board approved an increase in the long-term incentive quantum for the CEO from 50% of fixed annual remuneration (FAR) to 70% of FAR with effect from 1 April 2021.

Changes to the PSR Scheme

A comprehensive review of the PSR long-term incentive scheme was undertaken during the year. The Board acknowledged the current scheme, introduced in 2019, was designed to support the Company through a transitional period whilst it pivoted from being predominantly focused on pure retail assets to a strategy focusing on mixed-use assets and inter-connected communities. As a result of this review, and the stage that the business is now at, changes have been made to the scheme. The changes, which have been aligned with market practice, aim to better reward long-term performance and ensure greater alignment between shareholders and scheme participants. The changes take effect from 1 April 2022 and are summarised as follows:

- **Performance and vesting periods** - change from an annual tranche vesting approach to a single-point, three-year vesting approach.
- **Performance measures and weightings** - provide greater weighting to external performance indicators by increasing the weighting of the TSR performance measure from 25% to 40% (with a corresponding decrease in the ROCE performance measure from 75% to 60%).
- **Scheme governance** - introduce a clawback and malus provision in the scheme documentation.
- **Provide opportunity for out-performance rewards** - increase the maximum ROCE performance pay-out scale from 100% (on-target) to a maximum of 140% (of on-target) if outperformance above target is achieved.
- **Quantum** - align remuneration quanta in line with Kiwi Property's remuneration policy and to reflect further changes to market data, by:
  - increasing CEO LTI quantum from 70% of FAR to 82.5% (on-target)
  - increasing executive's LTI quantum from 25% - 27.5% of FAR to 30% (on-target).

In addition to the changes outlined above, the Board has approved a transition approach to the new scheme (referred to as 'grandfathering'). Under this approach, the existing scheme will be progressively phased out over the next two years.

I would like to take this opportunity to thank all the employees at Kiwi Property for their commitment and support throughout the year.

On behalf of the Board and RNC, I invite you to read the Remuneration report and welcome your feedback on our approach to and disclosure of Kiwi Property's remuneration arrangements.

J Freeman.

Jane Freeman

Chair of the Remuneration and Nominations Committee

Remuneration report (continued)

Remuneration strategy

The Board supports a remuneration strategy that is aligned to our investors' interests and encourages the achievement of our strategic objectives.

Performance metrics	Remuneration strategy	Remuneration framework
• Return on capital employed (ROCE) and total shareholder return (TSR). • Annual operating earnings before interest and tax (Operating EBIT). • Employee job performance and achievement of stretch goals aligned to strategic objectives.	• Our remuneration strategy is to drive the achievement of strategic objectives and to focus our people's performance and subsequent remuneration outcomes on the achievement of sustainable returns.	• Our remuneration framework is designed to attract, retain, motivate and reward our people to deliver performance that is aligned to our investors' interests.

Our remuneration structure

Fixed annual remuneration (FAR)	Short-term incentive scheme (STI)	Performance Share Rights scheme (PSR)	Restricted Share Rights scheme (RSR)
• FAR is benchmarked at either the median or the upper quartile of the market to enable competitiveness in the market. • Benefits include income protection, life and total permanent disability insurance and KiwiSaver Company contributions at 3%.	• A discretionary, at risk incentive for salaried, permanent employees (by invitation). • Company, team and individual-based performance measures, founded on stretch goals. • Incentives benchmarked at either the median or the upper quartile of the market to enable competitiveness in the market.	• The PSR is a discretionary share plan for officers and employees (by invitation). • Reflects reward for delivery of sustained results over the long term. • The PSR performance hurdles consist of ROCE and TSR targets, measured independently of each other over the performance period. • Assists in employee retention objectives.	• The RSR is a discretionary share rights plan that automatically vests after three years at no cost to the employee, as long as they are employed by Kiwi Property. At the time of vesting, the Company will issue or transfer to the employee one ordinary share for each vested RSR. • Provides our people with an opportunity to take an ownership stake in the business. • Assists in employee retention objectives.

Remuneration report (continued)

Short term incentive (STI)

The STI potential for our people has components linked to the Company's performance, team performance and personal performance against specific goals.

Measures may change year on year to best drive business objectives and performance. Incentives are set around the market median for target performance, with potential for participants to earn more for premium performance.

Performance measures

Company performance

- The Company performance measure is linked to the Company's budgeted operating earnings before interest and tax (Operating EBIT).
- The scheme is designed to drive outperformance of the Operating EBIT metric.
- The Board determines an annual Operating EBIT target that must be achieved before any incentive is paid.
- Once this target is achieved, payment of the Company component commences at 50% and can increase to a maximum of 115% depending on the level of Operating EBIT outperformance.

Team performance

- Our executive employees' team performance portion is measured against the 'one team goals' which are aligned to strategy and approved by the Board for the performance measurement period.
- Other employees' team performance portion is measured against a 'plan on a page' (which may be based on the 'one team goals'), developed by the employee's team manager for the performance measurement period.

Individual performance

- Our executive team's individual performance is measured against the performance of their team's 'plan on a page'.
- Other employees' individual performance are measured against the goals approved by the employee's team manager.
- Each employee's individual performance measures are discussed and agreed between (as applicable) the Board, CEO and managers with their direct report, in-line with the following principles:
  - Measures will be quantifiable, objective and able to be measured by existing systems/reporting in the business, and
  - All goals and performance indicators will be agreed at the start of the performance measurement period or as soon as reasonably practicable following the start of the period.

Remuneration report (continued)

Long term incentive (LTI) scheme

Performance Share Rights (PSR)

The Company's current PSR scheme entitles the participant to receive shares in the Company upon the vesting and exercise of performance share rights. The participant is entitled to receive one share upon the valid exercise of each vested share right they hold.

A grant vests proportionately over a three year period, whereby one-third of the PSR grant has a one year vesting period, one-third has a two year vesting period and one-third has a three year vesting period. From 1 April 2022, the scheme will change from annual tranche vesting to single-point, three-year vesting.

The vesting of PSRs is subject to the satisfaction of the component measures outlined in the table below, measured independently of each other.

The Company's officers and certain other employees may be invited to join the Company's PSR plan on an annual basis.

Component	FY22 grant[1]	Component measure
Return on capital employed (ROCE)	75%	• The Company's ROCE over the performance period must be greater than 96% of the target ROCE set by the Board for the performance period. • The ROCE target is set by the Board in conjunction with the budget approval process. ROCE is calculated as Adjusted Funds from Operations divided by the weighted average share capital over the performance period. • If the ROCE outcome meets a minimum of 96% of the target, 50% of this component is eligible to vest. If 100% of the target is met, 100% of this component is eligible to vest. • Vesting between 96% and 100% of the target will occur on a straight-line progression basis.
Relative total shareholder return (TSR) hurdle	25%	• Requires the Company's TSR to be compared with the TSRs of the entities that make up the S&P/NZX All Real Estate Index (excluding Kiwi Property and CDL Investments New Zealand Limited), referred to as the 'peer group'. • The TSRs of the entities in the peer group over the performance period will be ranked from highest to lowest. • If Kiwi Property's TSR over the performance period exceeds the 50th percentile in the peer group, 50% of this portion of the LTI grant is eligible to vest. • If Kiwi Property's TSR over the performance period exceeds the 75th percentile in the peer group, 100% of this portion of the LTI grant is eligible to vest. • There is a straight-line progression and apportionment between these two points.

1 From 1 April 2022, grants will be subject to 60% ROCE and 40% TSR weightings.

Legacy LTI plan

The Company's legacy LTI plan had grants that were subject to vesting in the year ended 31 March 2021, and the vesting outcomes were determined in the year ended 31 March 2022. The hurdles for this scheme have been described in previous reports.

Remuneration report (continued)

Relative weightings of remuneration components for officers

- Officers (as defined by the NZX Listing Rules) of the Company comprise the CEO, Chief Financial Officer, GM Asset Management, GM Development, GM Funds Management and Capital Transactions, GM Income and Leasing, GM Digital and GM People.
- The total remuneration package for each of our officers comprises FAR, STI, PSR and RSR.
- The STI for our officers, in the reporting period, was as follows:

	STI % of FAR	% of STI attributed to Company Operating EBIT performance	% of STI attributed to team performance	% of STI attributed to individual performance
CEO	60%	50%	25%	25%
Other officers	40%	50%	25%	25%

- The LTI for our officers, in the reporting period, was as follows:

	LTI % of FAR[1]
CEO	70%
Other officers	25 - 27.5%

1 From 1 April 2022, LTI entitlements will increase to 82.5% and 30% for the CEO and other officers respectively.

Performance and development

All of our permanent employees participate in performance and development conversations on a quarterly basis. The outcomes of the end-of-year conversations inform decisions regarding remuneration adjustments in accordance with the Company's policy.

Annual remuneration review

The Board is responsible for the overall remuneration strategy and for reviewing and setting the remuneration of the CEO. The Remuneration and Nominations Committee is responsible for reviewing and setting the remuneration of the direct reports of the CEO and advising the Board on the remuneration of the CEO. The Board sets the total pool available for remuneration of our employees at the time the annual budget is approved.

To underpin our remuneration decision making and ensure our employees are paid appropriately, we use a benchmarking job matching approach utilising market data from several external remuneration consultancies.

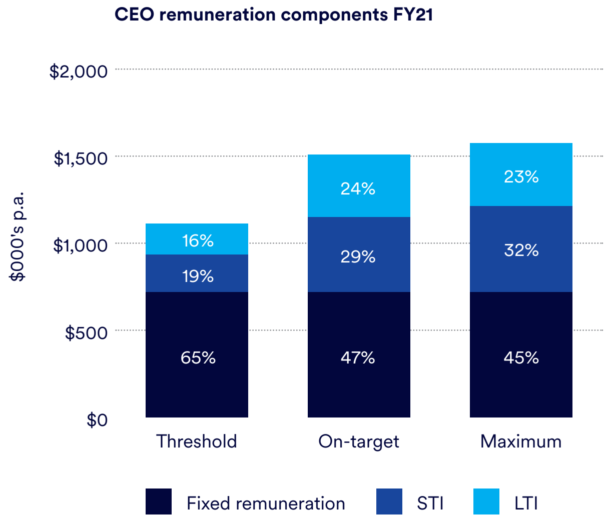
Equal pay

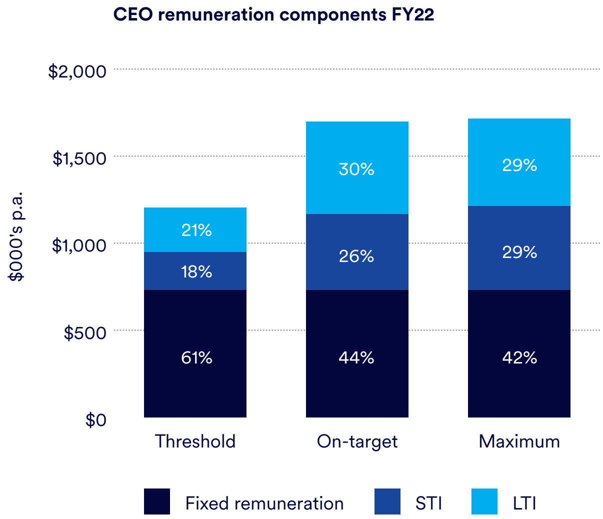
At Kiwi Property, we are committed to follow the principles outlined in our Diversity and Inclusion Policy in all our daily activities including undertaking an annual equal pay review to assess the impact of gender on the pay and participation of women in the workforce, and to ensure unconscious bias does not impact remuneration decisions.

Remuneration report (continued)

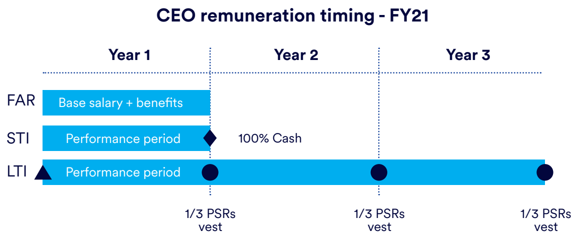
CEO remuneration framework

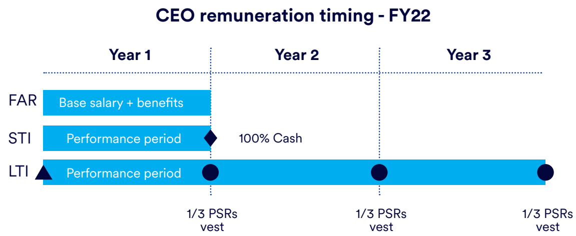
Our CEO's remuneration structure is consistent with the remuneration structure described above. The charts below illustrate the CEO's total remuneration (comprised of FAR, STI, PSR and RSR) under threshold, on-target and maximum performance. Charts have been included for FY21 and FY22 to reflect the change in the CEO's LTI target quantum from 50% to 70% (from 1 April 2021), to align with the Company's remuneration policy and market data at that time.





The following diagrams illustrate the delivery of the CEO's cash and equity remuneration components over time for FY21 and FY22.





From 1 April 2022, the LTI will change from annual tranche vesting to single-point, three-year vesting.

Remuneration report (continued)

Remuneration outcomes for the year

Employee remuneration

During the financial year, there were 86 employees, including 12 former employees but excluding directors of the Company, who received remuneration and other benefits, totalling $100,000 or more. Remuneration for purposes of this table includes salary, STI payments made during the year, the value of LTI awards vested during the year, employer's contributions to KiwiSaver, redundancy payments, the cost of providing insurance plans (including the fringe benefit tax) and sundry benefits received.

Amount of remuneration (from $ to $)	**Number of employees**
100,000 - 110,000	5
110,001 - 120,000	8
120,001 - 130,000	8
130,001 - 140,000	5
140,001 - 150,000	6
150,001 - 160,000	5
160,001 - 170,000	3
170,001 - 180,000	2
180,001 - 190,000	4
190,001 - 200,000	1
200,001 - 210,000	5
210,001 - 220,000	2
220,001 - 230,000	1
230,001 - 240,000	2
240,001 - 250,000	3
250,001 - 260,000	4
260,001 - 270,000	1
270,001 - 280,000	1
280,001 - 290,000	2
290,001 - 300,000	2
310,001 - 320,000	2
320,001 - 330,000	2
330,001 - 340,000	2
360,001 - 370,000	1
370,001 - 380,000	2
380,001 - 390,000	1
410,001 - 420,000	1
520,001 - 530,000	1
580,001 - 590,000	1
640,001 - 650,000	1
930,001 - 940,000	1
1,430,001 - 1,440,000	1
Total employees earning $100,000+	**86**

Remuneration report (continued)

LTI

Performance Share Rights that have been granted, vested or forfeited by participants (being the officers of the Company and other invited employees, but excluding the CEO) are detailed in the following table:

Start of performance period	Measurement date	Total participants	Grant value	Number of rights granted	Number of rights forfeited	Number of rights vested	Number due to vest in FY23
1 April 2019	31 March 2020	11	$921,798	694,921	(200,035)	(347,460)	(147,426)
1 April 2020	31 March 2021	10	$826,362	1,013,041	(137,450)	(307,290)	(284,152)
1 April 2021	31 March 2022	14	$1,077,033	951,840	(124,272)	Not yet applicable	(206,892)

Under the legacy LTI plan, LTIs that have been granted, vested or forfeited by participants (being the officers of the Company and other invited employees, but excluding the CEO) for the year ended 31 March 2022 are detailed in the following table:

Start of performance period	Measurement date	Total participants	Grant value	Number of shares granted	Number of shares forfeited	Number of shares vested
1 April 2018	31 March 2021	14	$1,241,603	608,068	(608,068)	-

Note 3.6.4 of the consolidated financial statements provides further details of the number of shares granted, forfeited and vested.

CEO remuneration

The CEO's employment agreement comprises standard conditions that are appropriate for a Chief Executive Officer in the market. The CEO's remuneration for the year ended 31 March 2022 includes salary, STI payments, LTI entitlements, employer's contributions to KiwiSaver, and the cost of insurance plans.

The CEO's annual base salary as at 31 March 2022 was $680,000. He did not receive a salary increase during the reporting period. The remuneration he earned for the financial year comprised the following:

Financial year	Base salary	KiwiSaver	Other	Fixed annual remuneration	STI	LTI	Total
FY21	$680,000	$20,400	$26,277	$726,677	$393,720[1]	$293,734[2]	$1,414,131
FY22	$680,000	$20,400	$29,348	$729,748	$378,739[3]	$395,345[4]	$1,503,832

1 STI for the performance period 1 April 2020 - 31 March 2021, which was paid during FY22.
2 Represents value of rights eligible for vesting on 31 March 2021, based on the share price on the date the rights were converted to shares during FY22.
3 STI for the performance period 1 April 2021 - 31 March 2022, which will be paid subsequent to the date of these financial statements.
4 Represents value of rights eligible for vesting on 31 March 2022 (estimate based on the share price at 31 March 2022). The final value will be determined on the actual date the rights are converted to shares, subsequent to the date of these financial statements.

The total CEO remuneration in the table above is based on remuneration **earned** during the financial year. The remuneration on page 97 is based on payments **received** during the financial year.

Remuneration report (continued)

Performance Share Rights that have been granted, vested or forfeited by the CEO for the year ended 31 March 2022 are detailed in the following table:

Start of performance period	Measurement date	Grant value	Number of rights granted	Number of rights forfeited	Number of rights vested	Number due to vest in FY23
1 April 2019	31 March 2020	$572,178[1]	431,353	(107,838)	(215,676)	(107,839)
1 April 2020	31 March 2021	$368,258	451,450	(40,630)	(136,940)	(136,940)
1 April 2021	31 March 2022	$514,666	454,841	-	Not yet applicable	(113,710)

1 As disclosed in previous reports, for the performance period commencing on 1 April 2019, the CEO also received a pro-rata LTI grant relating to the period from when he commenced employment to 31 March 2019. The grant value shown comprises $212,962 (160,548 PSRs) for the pro-rata year ended 31 March 2019 and $359,216 (270,805 PSRs) for the year ended 31 March 2020.

Restricted Share Rights that have been granted, vested or forfeited by the CEO for the year ended 31 March 2022 are detailed in the following table:

Start of performance period	Measurement date	Grant value	Number of rights granted	Number of rights forfeited	Number of rights vested	Number due to vest in FY23
1 April 2019	31 March 2022	$1,164	916	-	Not yet applicable	916
1 April 2021	31 March 2024	$1,164	1,076	-	Not yet applicable	Not yet applicable

Remuneration report (continued)

Breakdown of CEO's pay for performance

The following table provides a breakdown of the CEO's performance measures and quanta related to the STI and LTI schemes paid, vested or forfeited based on performance measures set during FY22, including details and commentary about the incumbent's performance (using indicators) and actual at-risk remuneration outcomes.

STI outcome (60% of FAR eligibility):

Performance measure	Weighting	Actual outcome	Commentary
Operating EBIT	50.0%		The operating EBIT goal was achieved.
Team goals	25.0%		Transformational, strategic goals representing a balanced scorecard approach to Kiwi Property's strategy and outlook. This included the delivery of Sylvia Park Galleria during COVID-19, build-to rent strategies, digital/data and customer experience and people and culture strategies, as well as the development and delivery of environmental, social and governance initiatives.
Individual goals	25.0%		Share price related measures, diversification of property portfolio towards mixed-use, enablement of build-to-rent lobbying strategies.
Total	**100.0%**	**86.5%**	

LTI outcome (70% of FAR eligibility):

Performance measure	Weighting	Actual outcome	Commentary
ROCE	75.0%		ROCE target was exceeded, resulting in PSRs vesting.
TSR	25.0%		TSR target was not met, resulting in PSRs being forfeited
Total	**100.0%**	**75.0%**	

Key:

Achieved Partially achieved Not achieved

Remuneration report (continued)

Director remuneration

The directors' remuneration is paid in the form of directors' fees.

At the Company's 2017 annual meeting, shareholders approved a total directors' fee pool of $737,500 per annum.

As at 31 March 2022, the pool was allocated by the Board as follows:

	Fee	Number of persons holding office	Total fee pool
Chair (including membership of all committees)	$172,500	1	$172,500
Director (excluding the Chair)	$94,000	5	$470,000
Chair of the Audit and Risk Committee	$20,000	1	$20,000
Audit and Risk Committee member	$11,500	1	$11,500
Chair of the Remuneration and Nominations Committee	$20,000	1	$20,000
Remuneration and Nominations Committee member	$11,500	1	$11,500
Chair of the Environmental, Social and Governance Committee	$20,000	1	$20,000
Environmental, Social and Governance Committee member	$11,500	1	$11,500
Total			**$737,000**

The fees paid to our directors during the year ended 31 March 2022 are outlined below.

Director	Duties	Fees
Mary Jane Daly	Director	$114,000
	Chair of the Audit and Risk Committee	
Richard Didsbury[1]	Director	$29,621
	Member of the Remuneration and Nominations Committee	
Mark Ford	Chair	$172,500
Jane Freeman	Director	$114,000
	Chair of the Remuneration and Nominations Committee	
Mark Powell	Director	$114,000
	Chair of the Environmental, Social and Governance Committee	
Christopher Aiken[2]	Director	$87,917
	Member of the Remuneration and Nominations Committee	
Simon Shakesheff	Director	$117,000
	Member of the Audit and Risk Committee	
	Member of the Environmental, Social and Governance Committee	

1 Richard Didsbury retired from the Board at the Company's annual shareholder meeting on 12 July 2021.
2 Christopher Aiken was appointed effective 1 June 2021.

Other investor information

Reporting entity

Kiwi Property Group Limited (the Company) was incorporated under the Companies Act 1993 on 16 October 2014. In December 2014, investors approved a move from a unit trust to a company structure. Prior to this approval, the entity (known as Kiwi Income Property Trust) was a unit trust established under the Unit Trusts Act 1960 by a Trust Deed dated 21 August 1992.

Stock exchange listing

The Company's shares are quoted on the NZX under the ticker code KPG and the Company's green bonds are quoted on the NZDX under the ticker codes KPG020, KPG030, KPG040 and KPG050.

Credit rating

S&P Global Ratings has assigned a corporate credit rating of BBB (stable) to the Company and an issue credit rating of BBB+ to each of the Company's fixed-rate senior secured green bonds (KPG020, KPG030, KPG040 and KPG050).

Further information about S&P Global Ratings' credit rating scale is available at www.spglobal.com. A rating is not a recommendation by any rating organisation to buy, sell or hold the Company's securities. The credit ratings referred to in this annual report are current as at the date of this annual report and may be subject to suspension, revision or withdrawal at any time by S&P Global Ratings.

Changes in the nature of the business

There were no changes to the nature of the Company's business or that of its subsidiaries during the year.

NZX waiver

During the year ended 31 March 2022 NZX did not grant and publish any waivers following an application by the Company and the Company did not rely on any NZX waivers.

NZX disciplinary action

There has been no public exercise by NZX of any of its powers set out in Listing Rule 9.9.3 in relation to the Company.

Auditor

PricewaterhouseCoopers (PwC) has continued to act as the Company's external auditor and has undertaken the audit of the consolidated financial statements for the 31 March 2022 financial year.

PwC will be automatically reappointed as external auditor at the Company's next annual meeting pursuant to section 207T of the Companies Act 1993.

Donations

During the year to 31 March 2022 the Company donated a total of $10,500 which comprised $10,000 to Oke and $500 to StarJam.

Directors of the Company and its subsidiaries

As at 31 March 2022, the directors of the Company were Chris Aiken, Mary Jane Daly, Jane Freeman, Mark Ford, Mark Powell and Simon Shakesheff. Richard Didsbury ceased to hold office as a director of the Company during the year.

As at 31 March 2022, the directors of the subsidiary companies Kiwi Property Holdings Limited, Kiwi Property Holdings No. 2 Limited, Kiwi Property Holdings No. 3 Limited, Kiwi Property Holdings No. 4 Limited, Kiwi Property Holdings No. 5 Limited, Kiwi Property Holdings No. 6 Limited, Kiwi Property Centre Place Limited, Kiwi Property Te Awa Limited and Sylvia Park Business Centre Limited, were Clive Mackenzie, Gavin Parker, and Trevor Wairepo. Directors of the Company's subsidiaries do not receive any remuneration or other benefits in their capacity as a director of those companies, except the indemnity and insurance referred to below.

Directors' indemnity and insurance

In accordance with the constitution of the Company and section 162 of the Companies Act 1993, the directors of the Company continue to receive an indemnity from the Company and insurance to cover liabilities that may arise out of the normal performance of their duties.

The directors of the subsidiary companies also continue to receive an indemnity from each subsidiary company and insurance to cover liabilities that may arise out of the normal performance of their duties.

Annual meeting of shareholders

The Company's annual meeting of shareholders will be held on Wednesday, 29 June 2022.

Interest register entries

In accordance with section 211(1)(e) of the Companies Act 1993, listed below are details of the entries made in the Interests Register of the Company during the year, together with the existing entries as at 31 March 2022.

Other investor information (continued)

Name	Name of company/entity	Nature of interest
Chris Aiken	Amberfield Peacocke[1]	Director
	Kainga Ora Construction Programme Assurance Panel[1]	Chair
	TLC Modular[1]	Advisor
Mary Jane Daly	Auckland Transport[2]	Director
	Earthquake Commission	Commissioner, Chair
	Fonterra Shareholders Fund	Director
	Kiwibank Limited	Director
Richard Didsbury[3]	Auckland City Mission Redevelopment Committee	Chair
	Brick Bay Development Trust	Trustee
	Brick Bay Investment Trust	Trustee
	Brick Bay Trustee Limited	Director and Shareholder
	Brick Bay Wines Limited	Director and Shareholder
	NX2 Hold GP Limited (Northern Express consortium)	Chair
Mark Ford	Dexus Property Group	Director
	Global Apartment Advisors Australia	Consultant
	Prime Property Fund Asia GP Pte Limited	Director
	RREEF China Commercial Trust Management Limited (Manager of China Commercial Trust and a Subsidiary of Deutsche Bank)	Director
	The Ford Family Superannuation Fund	Director
Jane Freeman	Foodstuffs North Island Limited[2]	Director
	Jane Freeman Consulting Limited	Director and Shareholder
	NZ Strong Construction	Spouse of Director (Christopher Hunter)
Mark Powell	7-Eleven Australia[1]	Director
	Bapcor Limited	Director
	Carey Baptist Theological College	Elected board member
	JB Hi-Fi Group Limited	Director
	Tahi Electrical Limited	Director
Simon Shakesheff	Assembly Funds Management	Director
	CBUS Property	Director
	Daily Needs Real Estate Investment Trust	Chair
	Management Investment Committee of NSW TCorp (formerly NSW Treasury)	Member
	SGCH	Director
	SS & AR Pty Limited	Director

1 Entry added by notice given by the director during the year.
2 Entry removed by notice given by the director during the year.
3 Richard Didsbury ceased to be a director with effect from 12 July 2021.

Other investor information (continued)

Directors' holdings of quoted financial products

In accordance with NZX Listing Rule 3.7.1(d), listed below are the directors of the Company who had a relevant interest in quoted financial products of the Company as at 31 March 2022.

Director	Number and type of quoted financial products
Chris Aiken	110,000 ordinary shares in the Company
Mary Jane Daly	9,000 ordinary shares in the Company
Mark Powell	50,095 ordinary shares in the Company
Simon Shakesheff	26,000 ordinary shares in the Company

Shareholder statistics

AS AT 31 MARCH 2022

Twenty largest shareholders

Shareholder	Number of shares	% of total issued shares
HSBC Nominees (New Zealand) Limited <040-016842-230>	145,288,802	9.25%
Accident Compensation Corporation	144,867,084	9.23%
Citibank Nominees (NZ) Limited	123,140,296	7.84%
HSBC Nominees (New Zealand) Limited <HKBN45>	97,181,272	6.19%
National Nominees New Zealand Limited	78,560,040	5.00%
Premier Nominees Limited	70,493,942	4.49%
JPMorgan Chase Bank	67,722,035	4.31%
BNP Paribas Nominees NZ Limited <BPSS40>	63,043,267	4.02%
New Zealand Depository Nominee	51,573,832	3.28%
FNZ Custodians Limited	48,832,304	3.11%
Custodial Services Limited	39,681,194	2.53%
TEA Custodians Limited	32,925,494	2.10%
New Zealand Superannuation Fund Nominees Limited	30,718,322	1.96%
JBWere (NZ) Nominees Limited	29,758,500	1.90%
Hobson Wealth Custodian Limited	25,520,552	1.63%
Premier Nominees Limited <Armstrong Jones Property Securities Fund>	20,668,690	1.32%
MFL Mutual Fund Limited	19,088,726	1.22%
Cogent Nominees Limited	17,298,060	1.10%
PT Booster Investments Nominees Limited	16,519,642	1.05%
NZ Permanent Trustees Limited <Group Investment Fund No 20>	15,885,644	1.01%
Total	**1,138,767,698**	**72.53%**
Total shares on issue	**1,570,094,898**	

Spread of shareholders

Size of holding	Number of holders	% of total holders	Number of shares	% of total issued shares
1-1,000	922	8.68%	472,774	0.03%
1,001-5,000	2,016	18.98%	6,193,933	0.39%
5,001-10,000	1,934	18.20%	14,819,214	0.94%
10,001-50,000	4,470	42.07%	104,202,209	6.64%
50,001-100,000	763	7.18%	52,642,526	3.35%
100,001 and over	519	4.89%	1,391,764,242	88.65%
Total	10,624	100.00%	1,570,094,898	100.00%

Bondholder statistics

AS AT 31 MARCH 2022

Twenty largest bondholders

Bondholder	Number of bonds	% of total issued bonds
Custodial Services Limited <4>	139,520,000	27.90%
FNZ Custodians Limited	51,649,000	10.33%
Forsyth Barr Custodians Limited <1 Custody>	49,583,000	9.92%
Accident Compensation Corporation <ACC140>	30,000,000	6.00%
Citibank Nominees (NZ) Limited <CNOM90>	21,224,000	4.24%
Cogent Nominees Limited <COGN40>	18,453,000	3.69%
Hobson Wealth Custodian Limited	18,037,000	3.61%
BNP Paribas Nominees NZ Limited <BPSS42>	17,105,000	3.42%
HSBC Nominees (New Zealand) Limited	15,192,000	3.04%
New Zealand Permanent Trustees Limited <NZP 440>	11,207,000	2.24%
PT (Booster Investments) Nominees Limited	10,000,000	2.00%
Forsyth Barr Custodians Limited <1 E>	7,049,000	1.41%
National Nominees New Zealand Limited	6,910,000	1.38%
JBWere (NZ) Nominees Limited	6,176,000	1.24%
BNP Paribas Nominees NZ Limited <BPSS40>	4,610,000	0.92%
Public Trust	4,522,000	0.90%
FNZ Custodians Limited	4,481,000	0.90%
New Zealand Permanent Trustees Limited <NZPT44>	4,028,000	0.81%
TEA Custodians Limited <TEAC40>	4,003,000	0.80%
Investment Custodial Services Limited <C>	3,987,000	0.80%
Total	**427,736,000**	**85.55%**
Total bonds on issue	**500,000,000**	

Spread of KPG020 bondholders (September 2023 maturity)

Size of holding	Number of holders	% of total holders	Number of bonds	% of total issued bonds
1-1,000	-	0.00%	-	0.00%
1,001-5,000	41	9.17%	205,000	0.16%
5,001-10,000	107	23.94%	1,038,000	0.83%
10,001-50,000	241	53.91%	6,534,000	5.23%
50,001-100,000	20	4.47%	1,810,000	1.45%
100,001 and over	38	8.51%	115,413,000	92.33%
Total	**447**	**100.00%**	**125,000,000**	**100.00%**

Bondholder statistics (continued)

Spread of KPG030 bondholders (December 2024 maturity)

Size of holding	Number of holders	% of total holders	Number of bonds	% of total issued bonds
1-1,000	1	0.23%	1,000	0.00%
1,001-5,000	38	8.76%	190,000	0.15%
5,001-10,000	94	21.66%	917,000	0.73%
10,001-50,000	238	54.84%	6,419,000	5.14%
50,001-100,000	25	5.76%	2,062,000	1.65%
100,001 and over	38	8.75%	115,411,000	92.33%
Total	**434**	**100.00%**	**125,000,000**	**100.00%**

Spread of KPG040 bondholders (November 2025 maturity)

Size of holding	Number of holders	% of total holders	Number of bonds	% of total issued bonds
1-1,000	-	0.00%	-	0.00%
1,001-5,000	18	6.79%	90,000	0.09%
5,001-10,000	54	20.38%	533,000	0.53%
10,001-50,000	142	53.58%	3,552,000	3.55%
50,001-100,000	21	7.92%	1,795,000	1.80%
100,001 and over	30	11.33%	94,030,000	94.03%
Total	**265**	**100.00%**	**100,000,000**	**100.00%**

Spread of KPG050 bondholders (July 2028 maturity)

Size of holding	Number of holders	% of total holders	Number of bonds	% of total issued bonds
1-1,000	-	0.00%	-	0.00%
1,001-5,000	68	18.04%	340,000	0.23%
5,001-10,000	111	29.44%	1,034,000	0.69%
10,001-50,000	166	44.03%	3,806,000	2.53%
50,001-100,000	15	3.98%	1,200,000	0.80%
100,001 and over	17	4.51%	143,620,000	95.75%
Total	**377**	**100.00%**	**150,000,000**	**100.00%**

Substantial product holders

In accordance with section 293 of the Financial Markets Conduct Act 2013, listed below are the names and details of all persons who, according to the Company's records and disclosures made, are substantial product holders of the Company as at 31 March 2022. The total number of ordinary shares on issue at 31 March 2022 was 1,570,094,898.

Name	Number of shares held at date of notice	Date of notice
Accident Compensation Corporation	148,034,507	14-Jun-21
BlackRock, Inc.[1]	83,745,944	27-Jul-21
ANZ New Zealand Investments Limited[2,3]	114,547,273	10-Aug-21

1 The nature of the relevant interest is the power to control the acquisition or disposal of the quoted voting product and/or the exercise of a right to vote attached to the quoted voting product, arising only from the powers of investment contained in each case under investment management agreements appointing each entity as investment manager of funds or separate accounts (i.e. entity currently exercising investment discretion on behalf of the relevant funds or separate accounts).

2 ANZ New Zealand Investments Limited (ANZ Investments) acts as a manager or investment manager for certain managed investment schemes under investment management contracts. ANZ Investments has a relevant interest in the financial products arising only from the powers of investment contained in the investment management contracts as it has a qualified power to control the exercise of the rights to vote attached to the financial products and a qualified power to acquire or dispose of the financial products. ANZ Investments also has a relevant interest in the holdings of ANZ Bank New Zealand Limited and ANZ Custodial Services New Zealand Limited, because all of these companies are related bodies corporate.

3 Including relevant interests held by ANZ Bank New Zealand Limited (ANZ Bank) and ANZ Custodial Services New Zealand Limited (ANZCS). ANZ Bank acts as a discretionary investment management service (DIMS) provider in respect of investment portfolios under a DIMS client agreement. ANZ Bank has a relevant interest in the financial products arising only from the powers of investment contained in the DIMS client agreements as it has a qualified power to control the exercise of the right to vote attached to the financial products and a qualified power to acquire or dispose of the financial products. ANZ Bank also provides a trading and custody service in respect of individual client investment portfolios under a trading service client agreement. ANZ Bank has a relevant interest in the financial products arising only from the powers of investment contained in the trading service client agreement as it has a qualified power to control the exercise of the right to vote attached to the financial products and a conditional power to dispose of the financial products. ANZ Bank also has a relevant interest in the holdings of ANZ Investments and ANZCS, because all of these companies are related bodies corporate. ANZCS is the custodian for ANZ Investments' wholesale discretionary investment management service under a custody agreement and ANZ Bank's discretionary investment management service and trading and custody service under a custody agreement. ANZCS has a relevant interest in the financial product as it is the registered holder of the financial products. ANZCS also has a relevant interest in the holdings of ANZ Investments and ANZ Bank, because all of these companies are related bodies corporate.

This annual report is dated 20 May 2022 and is signed on behalf of the Board by:

Mark Ford
Chair

Mary Jane Daly
Chair of the Audit and Risk Committee

Directory

Company

Kiwi Property Group Limited

Level 7, Vero Centre
48 Shortland Street
PO Box 2071
Auckland 1140

T: +64 9 359 4000
W: kp.co.nz
E: info@kp.co.nz

Registrar

Link Market Services Limited

Level 30, PwC Tower
15 Customs Street West
PO Box 91976
Auckland 1142

T: +64 9 375 5998 or 0800 377 388
W: linkmarketservices.co.nz
E: enquiries@linkmarketservices.co.nz

Bond supervisor

Public Trust

Level 16, SAP Tower
151 Queen Street, Auckland

Private Bag 5902
Wellington 6140

T: 0800 371 471
W: publictrust.co.nz
E: cstenquiry@publictrust.co.nz

Auditor

PricewaterhouseCoopers New Zealand

PwC Tower
15 Customs Street West
Private Bag 92162
Auckland 1142

T: +64 9 355 8000
W: pwc.co.nz

Security trustee

New Zealand Permanent Trustees Limited

Level 16, SAP Tower
151 Queen Street, Auckland

Private Bag 5902
Wellington 6140

T: 0800 371 471
E: cstenquiry@publictrust.co.nz

Bankers

ANZ Bank New Zealand

Bank of New Zealand

China Construction Bank
(New Zealand Branch)

Commonwealth Bank of Australia

The Hongkong and Shanghai
Banking Corporation

MUFG Bank, Ltd (Auckland Branch)

Westpac New Zealand

Kiwi Property