Kiwi Property

# Annual Results Presentation

For the year ended 31 March 2024

27 May 2024

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# Contents



This annual results presentation for the year ended 31 March 2024 should be read in conjunction with the NZX announcement and annual report released on 27 May 2024. Refer to our website kp.co.nz or nzx.com. Property statistics within this presentation represent owned assets only; property interests managed on behalf of third parties are excluded. Unless otherwise indicated, all of the numerical data provided in this presentation is stated for the year ended and/or as at 31 March 2024. All amounts are in New Zealand dollars. Sylvia Park Precinct comprises Sylvia Park Shopping Centre, ANZ Raranga, 3 Te Kehu Way, the residual value of Sylvia Park build-to-rent, Sylvia Park Lifestyle and the adjoining properties. Due to rounding, numbers within this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. The non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The consolidated financial statements, which contain GAAP financial information, have been subject to audit procedures by Deloitte. Refer to the Glossary and Appendix 2 for the definitions and determination of non-GAAP measures.

# Business highlights

# Delivering on strategy

Kiwi Property made progress on priority initiatives


- Resido due to be completed on 4 June 2024
- Urban Rest has rented 12% of Resido
- 3 Te Kehu Way 96% leased
- Tenant net promoter score increased
- Yardi ERP platform successfully deployed on time and budget
- 9% headcount reduction delivered
- Vero Centre conditionally sold for $458m post balance date

# Driving rental growth

Leasing spreads remain strong despite macro conditions

**~590**

Total leasing transactions

**+4.4%**

Rental movement: total

**+5.3%**

Rental movement: new leases (total)

**+18.7%**

Rental movement: new office leases

**General note:** Figures include Vero Centre, which was held for sale at 31-Mar-24.

# Sustaining sales performance

## Sales were resilient in FY24 - however growth has moderated

- Portfolio sales were $2.1b in FY24.
- Total sales growth of 1.4% across Kiwi Property centres outpaced the 3% year-on-year decline across New Zealand's retail sector[4].
- Pedestrian counts increased by 2.3 million to 37.0 million.
- Re-mixing at The Base, Te Awa and LynnMall underpinned sales growth of 13.1% and 1.8%, respectively.
- Sylvia Park Precinct sales were flat, off a high base, following significant growth over recent periods.

| | Mixed-use[1] | | Total portfolio[2] | |
|---|---|---|---|---|
| **Year ended** | **31-Mar-24** | **31-Mar-23** | **31-Mar-24** | **31-Mar-23** |
| Total sales | **$1.77b** | $1.74b | **$2.12b** | $2.09b |
| Total sales growth | **1.5%** | 29.9% | **1.4%** | 25.8% |
| Specialty sales (per sqm)[3] | **$12,600** | $12,700 | **$11,800** | $11,800 |
| Specialty GOC[3] | **13.1%** | 13.0% | **13.0%** | 12.9% |

**General note:** All sales include GST. Sales are for the 12 months to 31-Mar-24. Comparative figures may vary from what has been reported previously as sales figures are updated as annual audited sales are received. **1:** Mixed-use sales include all reported sales provided by tenants at Sylvia Park, Sylvia Park Lifestyle, The Base Te Awa, The Base LFR and LynnMall. Calculated on a MAT basis **2:** Total portfolio sales are made up of mixed-use sales plus Centre Place North and The Plaza. **3.** Mixed-use specialty sales comprise Sylvia Park, LynnMall and The Base Te Awa. Total specialty sales comprise mixed-use specialty sales plus The Plaza and Centre Place North. Rounded to nearest 100. **4:** Stats NZ Electronic card transactions: March 2024.

# Asset values stabilising

## Resilient capitalisation rates underpin solid valuations

- Property portfolio value increased 0.1% or $3.3 million in the six months to 31 March 2024.
- Mixed-use capitalisation rate was broadly flat versus the second half of FY23.
- Fair value of the Sylvia Park precinct increased 1.5% in the six months to 31 March 2024, reflecting its standing as a leading mixed-use asset.
- Decrease in office valuation reflects headwinds facing the asset class.
- Property portfolio valuations were down 2.4% on a full-year basis but appear to be stabilising as interest rates pass their cyclical peak.

| | Mar-24 valuation | | 6-month movement | | |
|---|---|---|---|---|---|
| | Cap. rate % | Val. $m | Cap. rate bps | Val. $m | Val. % |
| Mixed-use portfolio | 6.25% | 2,086.6 | -1.0 | 15.7 | 0.8% |
| Office portfolio[1] | 6.35% | 816.0 | 51.2 | -16.4 | -2.0% |
| Retail portfolio | 8.94% | 144.2 | 0.7 | -0.4 | -0.3% |
| Development land[2] | N/A | 148.0 | N/A | 4.4 | 3.1% |
| Total | | 3,194.8 | 17.1 | 3.3 | 0.1% |

**General note:** The values exclude the gross up of lease liabilities required by NZ IFRS 16 Leases. **1:** Vero Centre is held for sale but has been included within office portfolio. **2:** Capitalisation rate not provided as development land is valued on a land value basis. The total value of Drury is $148.0 million, with $74.5 million (Stage 2 land) recognised in investment property and $73.5 million (Stage 1 land) recognised in inventories.

# Driving cost control

## Increasing efficiency and reducing overheads

- Implementation of new Yardi enterprise IT system is complete.
- The technology rollout and other initiatives have enabled a 9% reduction in employee headcount.
- Full financial benefit of cost-saving measures is expected to be realised from FY25, including a $2.9 million decrease in people-related costs[2].
- The aim is to reduce management expenses as a percentage of net property income (including property management revenue) to FY22 levels (14.3%).

| **Year ended** | **31-Mar-24** | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | **$m** | $m | $m |
| Total property revenue[1] | 244.7 | 259.1 | 255.9 |
| Direct operating expenses | -55.6 | -52.8 | -75.4 |
| **Net property income** | **189.0** | 206.2 | 180.5 |
| Employment and administration expenses | -32.7 | -32.7 | -25.8 |
| | | | |
| **Employment and administration expenses/net property income ratio** | **17.3%** | 15.8% | 14.3% |

**1:** Total property revenue comprises property revenue plus property management revenue. **2:** People-related cost savings include a reduction in employee headcount, lower life insurance costs and employee share scheme costs, and exclude costs recognised in direct property expenses or capitalised to investment properties being developed.

# Recycling capital

## Vero Centre sale unlocks new opportunities

- Kiwi Property announced the conditional sale of the Vero Centre to a Hong Kong, China-based institutional investor on 16 May 2024.
- The $458 million sale price represents a 1.9% discount to the September 2023 valuation and delivers a property-level internal rate of return from inception of 11.0%.
- The deal is subject to Overseas Investment Office (OIO) approval. Presuming the transaction proceeds, sale proceeds will be used to repay bank debt and then re-invested into other initiatives.
- Reduces pro forma gearing to approximately 27%, comfortably within the company's self-imposed gearing range.

# Delivering on our sustainability strategy

Enhancing our assets' ESG performance


3 Te Kehu Way awarded New Zealand's first 6-Green Star Design & As Built NZ v1.0 Built rating


4-Star minimum NABERSNZ rating achieved across office portfolio

Sylvia Park achieves indicative 6-Star NABERS Shopping Centre Energy rating

Over 1,300,000 kWh of solar power generated at Sylvia Park in FY24


# FY24 financial results

# FY24 financial results

| | Net rental income[1] | Operating profit before tax[1] | Adjusted funds from operations[1] |
|---|---|---|---|
| **March 2023: reported** | **$203.7m** | **$129.6m** | **$116.5m** |
| **March 2024: reported** | **$184.9m** | **$108.2m** | **$99.8m** |
| Movement: reported | -$18.8m<br>-9.2% | -$21.3m<br>-16.5% | -$16.7m<br>-14.3% |
| **March 2023: like-for-like[2]** | **$174.4m** | **$112.7m** | **$100.8m** |
| **March 2024: like-for-like[2]** | **$184.6m** | **$107.7m** | **$99.3m** |
| Movement: like-for-like[2] | +$10.2m<br>+5.8% | -$5.0m<br>-4.4% | -$1.5m<br>-1.5% |

- We continue to rebalance our portfolio towards assets that we expect will be more resilient and higher performing over time.
- Decrease in reported net rental income, operating profit before tax and AFFO driven by dilution from the sale of assets (including Northlands, 44 The Terrace and Westgate Lifestyle).
- Like-for-like results exclude the impact of asset sales and the prior year's release of COVID-19 abatement accruals.
- Net rental income up 5.8% on a like-for-like basis, driven by our mixed-use assets. Like-for-like operating profit before tax and AFFO down marginally due to higher interest costs.
- For more information, see Appendix 2.8.

**1:** Refer to Glossary (page 58) for definitions. **2:** Like-for-like results exclude the impact of asset sales and the prior year's release of COVID-19 abatement accruals.

# Mixed-use, office and retail leasing activity

**4.4%**

**Total rental growth**

FY23: 4.8%

**99.3%**

**Occupancy**

FY23: 99.2%

**4.0** years

**Weighted average lease expiry (WALE)**

FY23: 4.2 years

## Rental growth

- Overall rental growth from mixed-use, office and retail leasing activity was +4.4%, with new leasing +5.3% and rent reviews +4.2%.
- Uplift in leasing spreads for new lease deals across the mixed-use portfolio +5.5%, led by The Base and Sylvia Park Precinct, at +7.7% and +6.2%, respectively.
- 17% of our future rent reviews are CPI-based, helping encourage rental growth.

## Occupancy and WALE

- Around 96% of net lettable area at 3 Te Kehu Way is now leased, with the balance under negotiation.
- The office portfolio was 100% occupied at 31 March 2024.
- Bell Gully has subsequently vacated its Vero Centre premises, however three of its five floors have been re-leased, and the final two floors are under advanced negotiation.

**General note:** The figures on this page include Vero Centre, which was held for sale at 31-Mar-24.

# Capital management and balance sheet

**5.61%**
**Weighted average cost of debt**
FY23: 5.18%

**3.6 years**
**Weighted average term to maturity of debt**
FY23: 3.8 years

**$3.2b**
**Property assets**
FY23: $3.2b

**37.0%**
**Gearing**
FY23: 35.0%

**$1.17**
**Net tangible assets per share**
FY23: $1.23

- Increase in weighted average cost of debt reflects the rising interest rate environment.
- Refinance was completed in November 2023:
  - Bank facilities maintained at $950m.
  - ICBC was added, taking the banking group to eight banks.
  - $256m of undrawn headroom at year-end.
- Maximum senior debt gearing ratio raised from 45% to 50% in October 2023, providing additional flexibility and bringing the company's debt covenants into line with the market.
- Gearing reduces to ~27% on a pro-forma basis once the Vero Centre sale is complete.
- Kiwi Property holds a S&P BBB+ issue rating (fixed-rate green bonds) and a BBB (negative) issuer credit rating.
- Property assets include Drury Stage 1 land, valued at $73.5m, which was transferred to inventories at 31 March 2024.

**General note:** Further information about S&P Global Ratings' credit rating scale is available at standardandpoors.com. A rating is not a recommendation by any rating organisation to buy, sell or hold Kiwi Property securities. The rating is current as at the date stated in this presentation.

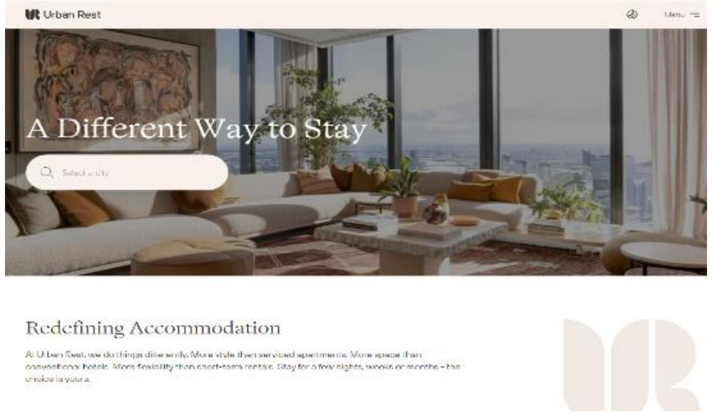
# Resido and development update

# Resido construction nears completion

## On track for opening in early June 2024

- Construction of Resido buildings A, B and the residents' pavilion are now complete, with building C due to be finished on 4 June 2024.
- The development will be officially opened on 11 June 2024.


- Leasing of Resido has begun.
- Marketing and promotional campaign is in market across Trade Me, billboards, online advertising, social media and PR.
- Ambition is to achieve full occupancy within 12-18 months.




- Australian serviced apartment provider, Urban Rest, will rent 12% of Resido, delivering guaranteed income from day one.
- Three-year lease term provides income stability and allows testing of the short-stay accommodation model.

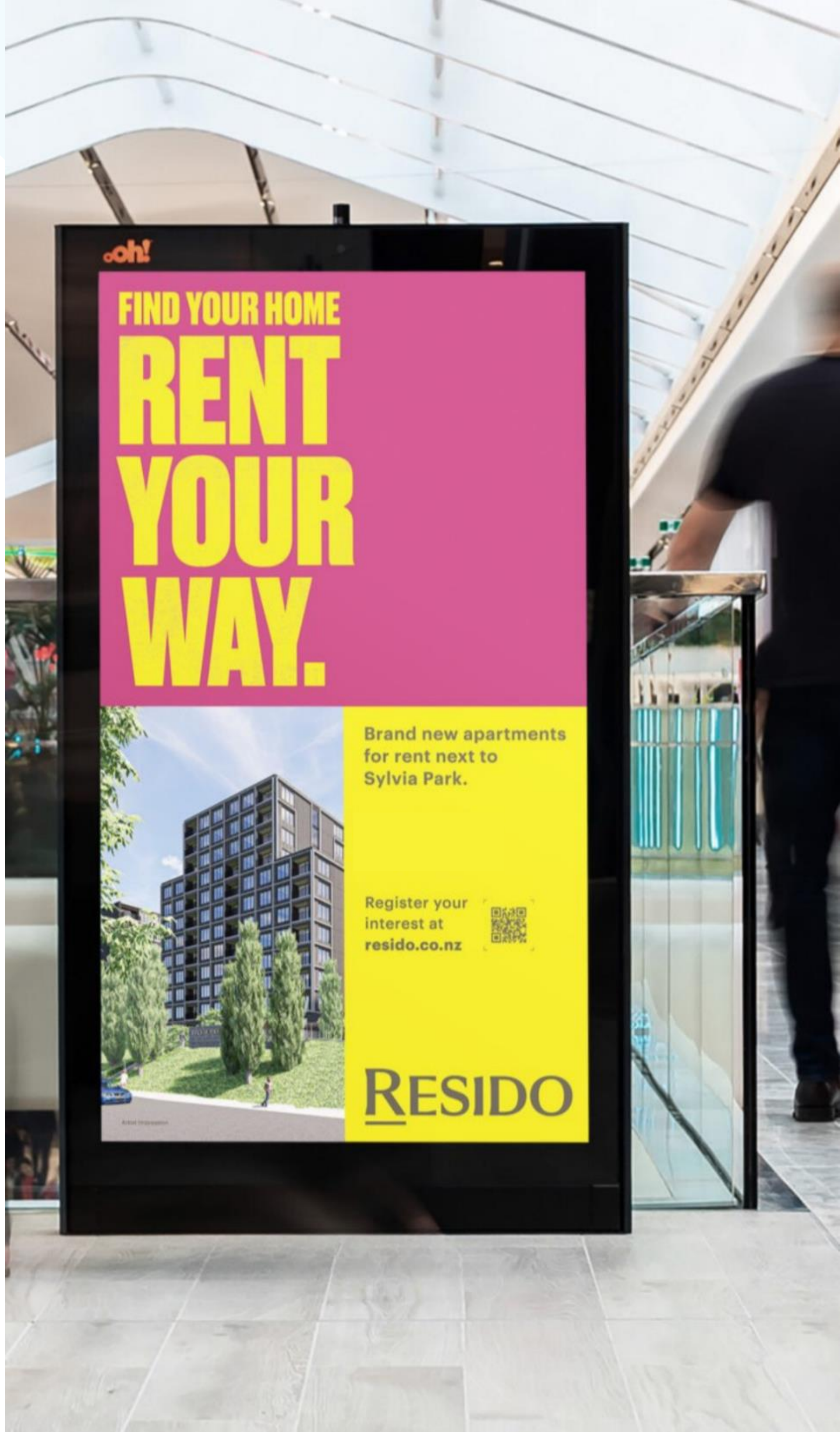
# Resido: a significant opportunity

## Expected yield and IRR remain in-line with prior forecast

| Project metrics | |
|---|---|
| Projected completion date | **4 June 2024** |
| Target sustainability rating | **8 Home Star** |
| Total project cost | **~$240m**[1] |
| Cost to complete | **$20.5m**[2] |
| Net operating income | **$11.8m**[3] |
| Ancillary income | **$1.7m**[3,4] |
| Target operating expense ratio | **22% - 25%**[3] |
| Projected yield on cost | **4.75% - 5.25%**[3] |
| Projected property IRR (10 year) | **8.00% - 8.50%** |

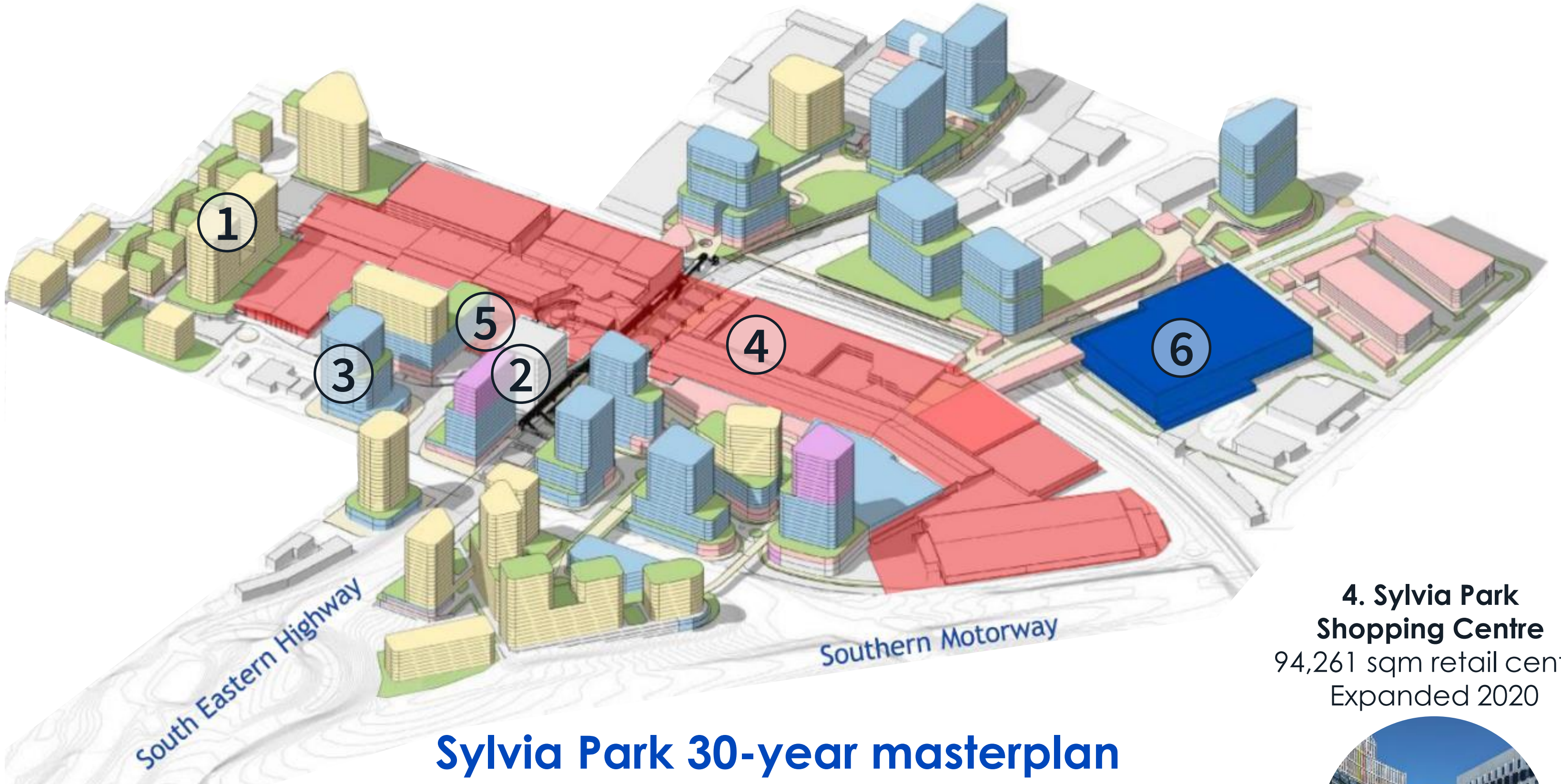
| Configuration | No. | Avg. Internal floor area | Avg. balcony area | Rents from[5] |
|---|---|---|---|---|
| Studio (1 bath) | 12 | 43 sqm | 9 sqm | $625 |
| 1 Bed (1 bath) | 177 | 51 sqm | 9 sqm | $690 |
| 2 Bed (2 bath) | 101 | 79 sqm | 8 sqm | $885 |
| 3 Bed (2 bath) | 5 | 111 sqm | 22 sqm | $1,235 |
| **Total** | **295** | **62 sqm** | **9 sqm** | **$805** |

**1:** Forecast cost at completion. **2:** Cost to complete as at 31-Mar-24. **3:** Stabilised (year 3). **4:** Includes parking, storage, utilities, furniture income and a ~$550k halo benefit. **5:** Excludes Urban Rest leased apartment rents.



# Realising our mixed-use strategy at Sylvia Park

Phase one of the precinct's transformation comes to fruition




Sylvia Park 30-year masterplan

**Residential (Live)**

**1. Resido**
295 units
Completing 4 June 2024

**Office (Work)**

**2. ANZ Raranga**
11,620 sqm office
Completed 2018

**3. 3 Te Kehu Way**
7,269 sqm office
Completed 2023

**Retail (Shop and Play)**

**4. Sylvia Park Shopping Centre**
94,261 sqm retail centre
Expanded 2020

**5. Sylvia Lane**
Dining precinct
Refurbished 2022

**6. IKEA**
34,000 sqm store
In construction

# Activating Drury

## Bringing our plans for Drury to life

- Stage 1 earthworks are nearing completion, with the civil works contract due to be awarded.
- Advanced negotiations taking place with several local and international large-format retailers regarding potential site sales.
- Papakura to Drury motorway upgrade is well advanced and the Drury Central Train Station now being formed.
- Kiwi Property's objective is to maximise returns from Stage 1 land sales and develop and hold the Drury town centre (Stage 2).

| Key metrics | Stage 1 | Stage 2 | Total |
|---|---|---|---|
| Gross land area | | | **53.3ha** |
| Acquisition cost | | | **$55.3m** |
| Costs incurred to date | | | **$29.8m[3]** |
| Current market value (Mar 2024) | | | **$148m** |
| Saleable land area | 19.5ha | 13.8ha | **33.3ha** |
| % of total saleable land area | 58% | 42% | **100%** |
| Capex remaining post 31 March[1,2,3] | ~$90m | ~$70m | **~$160m** |
| Estimated land receipts[1,2] | ~$220m | ~$160m | **~$380m** |
| Target land development property IRR[4] | | | **15-20%** |
| Target town centre property IRR[4] | | | **8-12%** |
| Estimated average annual FY26-FY29 AFFO impact[5] | | | **+0.50-+0.60 cps** |

**1:** Stage 1 land receipts and capex allowances reflect the sale of fully serviced super lots. Stage 2 allowances assume the Stage 2 land is held as a single 19.2ha raw development block for future development (i.e. assuming no internal roading or services provision within the Stage 2 land). **2:** Land receipts and capex are presented on a real basis, i.e. before inflation allowances. **3:** Capex excludes development management fees and capitalised interest. The total capex incurred to date including acquisition costs, capex, development management and capitalised holding cost is ~$110m. **4:** IRR calculated on a 10-year basis. **5:** The annual FY26 – FY29 AFFO impact is calculated based on the estimated average after-tax profit from Stage 1 land sales over FY26 – FY29. The number of shares as at 31-Mar-24 is held constant over the period and the land sales are assumed to be recorded in revenue and cost of sales for accounting purposes.

# Dividend and outlook

# Dividend and guidance

**6.30cps**

**FY24 AFFO**

-1.12 cps (-15.1%)

**90%**

**AFFO payout ratio**

**1.425cps**

**Quarterly dividend[1]**

**5.70cps**

**Total FY24 dividend**

**5.40cps**

**FY25 dividend guidance[2]**

- FY24 AFFO per share decreased 15.1%, driven by asset sales, higher interest costs, and the positive impact of COVID-19 accrual release in the prior year.
- When viewed on a like-for-like basis, AFFO has decreased by 1.5%, largely due to rising interest costs (versus FY23). See appendix 2.8 for more information.
- For FY25, Kiwi Property confirms dividend guidance of 5.40 cents per share, a 5.3% reduction on the year before, driven primarily by the financial impact of the change in government policy removing the ability to claim tax depreciation on commercial buildings.
- FY25 dividend is expected to be within the target payout range of 90-100% of AFFO.

**1:** For the three-month period ended 31-Mar-24. **2:** FY25 dividend guidance and payments are contingent on Kiwi Property's financial performance through the financial year and barring material adverse events or unforeseen circumstances.

# FY25 priorities

Strategic initiatives will help drive returns and create value for shareholders

**Successfully lease up Resido**

**Complete Vero Centre divestment**

**Execute sell-down of Drury large format retail sites**

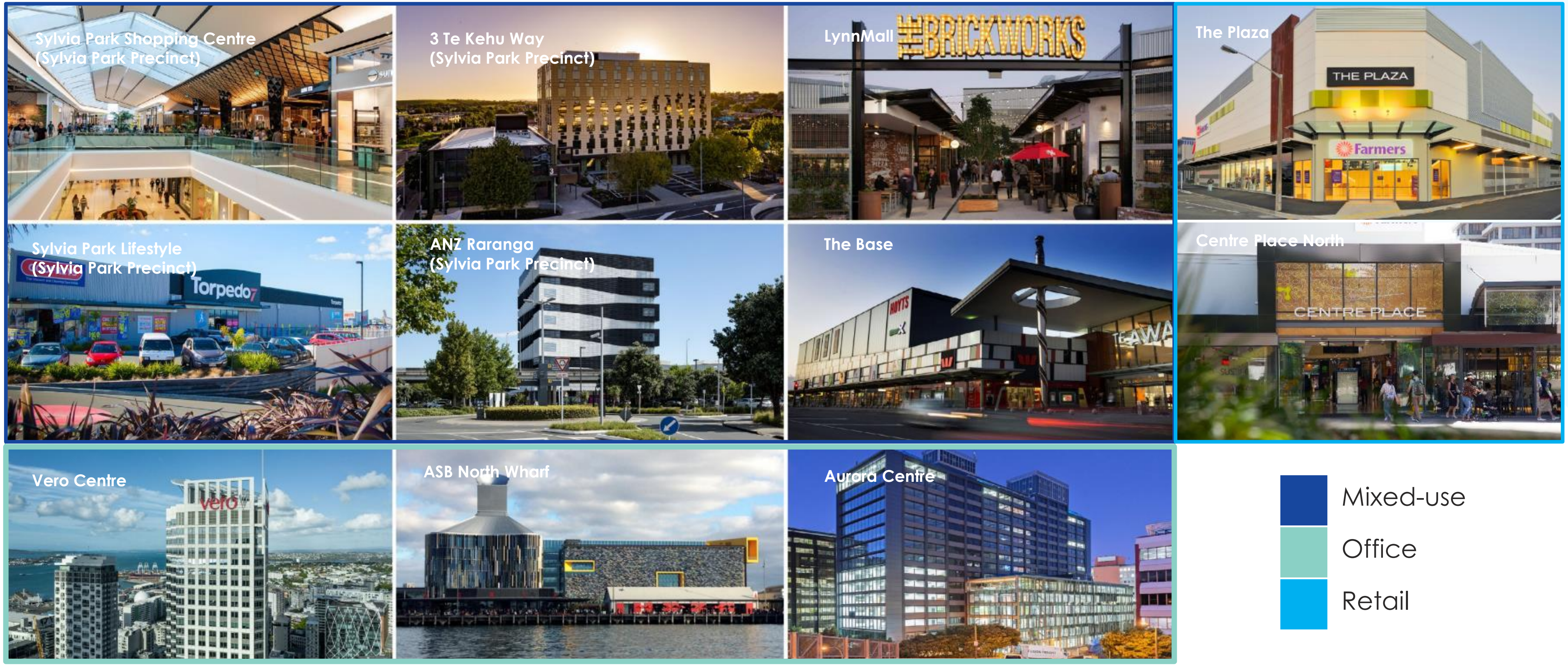
**Drive sustained operational excellence**

**Grow and deliver returns for shareholders**

# Appendix 1: Property update

# Contents

# 1.1 Our investment portfolio




Mixed-use

Office

Retail

**General note:** Vero Centre was held for sale at 31-Mar-24.

# 1.2 Investment portfolio summary

| | 31-Mar-24 | | | | 31-Mar-23 | | | |
|---|---|---|---|---|---|---|---|---|
| | Mixed-use | Office | Retail | **Total** | Mixed-use | Office | Retail | Total |
| **Number of assets** (Appendix 1.4) | 4 | 2 | 2 | **8** | 4 | 3 | 2 | **9** |
| **Value ($m)**[1] (Appendix 1.4) | 2,086.6 | 358.0 | 144.2 | **2,588.8** | 1,912.6 | 879.1 | 138.6 | **2,930.3** |
| **% of total portfolio by value** (Appendix 1.7) | 76 | 13 | 5 | **94** | 60 | 28 | 4 | **92** |
| **Weighted average capitalisation rates**[1] (Appendix 1.4) | 6.25% | 6.35% | 8.94% | **6.44%** | 6.07% | 5.37% | 8.61% | **5.97%** |
| **Net lettable area (sqm)** (Appendix 1.4) | 290,375 | 46,125 | 51,908 | **388,408** | 302,725 | 85,471 | 52,036 | **440,233** |
| **Number of tenants** | 570 | 15 | 173 | **758** | 559 | 59 | 178 | **796** |
| **% investment portfolio by gross income** | 73 | 15 | 12 | **100** | 62 | 27 | 11 | **100** |
| **Occupancy (by area)**[2] (Appendix 1.4) | 99.3% | 100.0% | 97.7% | **99.2%** | 99.7% | 98.4% | 98.3% | **99.2%** |
| **Weighted average lease expiry (by income)** (Appendix 1.4) | 3.4 years | 8.2 years | 2.5 years | **4.0 years** | 3.6 years | 6.4 years | 2.7 years | **4.2 years** |

The following notes apply to all of Appendix 1 (where applicable): **1:** The value excludes the gross up of lease liabilities required by NZ IFRS 16 Leases. At 31-Mar-24, investment portfolio excludes development land with a value of $148m (4.6% of total portfolio value including held for sale assets) and the Vero Centre which is held for sale for $458m (14.3% of total portfolio value including held for sale assets). **2:** Vacant tenancies with current or pending development works are excluded from the occupancy statistics. At 31-Mar-24 figures exclude 2,388 sqm of properties adjoining Sylvia Park. At 31-March-23, figures excluded 1,234 sqm at The Base, and 16,163 sqm of properties adjoining Sylvia Park. **General note 1:** Kiwi Property owns 100% of all assets except The Base and Centre Place North, which are 50% owned. **General note 2:** Mixed-use assets comprise Sylvia Park Precinct (where Sylvia Park Lifestyle, and the balance of the Sylvia Park Precinct, are counted as two assets), LynnMall and The Base. **General note 3:** 31-Mar-24 figures exclude the Vero Centre which is held for sale for $458m unless explicitly stated.

# 1.3 Net rental income

| Year ended | 31-Mar-24 | 31-Mar-23 | Variance | |
|---|---|---|---|---|
| | $m | $m | $m | % |
| Sylvia Park | 60.6 | 58.7 | 1.9 | +3.3 |
| ANZ Raranga | 5.1 | 5.1 | 0.0 | +0.6 |
| 3 Te Kehu Way | 1.2 | - | 1.2 | N/A |
| Sylvia Park Lifestyle | 5.4 | 5.4 | 0.0 | -0.9 |
| Adjoining properties | 5.4 | 4.1 | 1.3 | +31.4 |
| **Sylvia Park Precinct** | **77.7** | **73.3** | **4.4** | +6.0 |
| LynnMall | 21.3 | 20.7 | 0.6 | +3.2 |
| The Base | 15.1 | 14.5 | 0.6 | +4.1 |
| **Mixed-use portfolio** | **114.2** | **108.5** | **5.7** | **+5.2** |
| Vero Centre | 25.2 | 25.4 | -0.2 | -0.5 |
| ASB North Wharf | 14.3 | 14.5 | -0.2 | -1.4 |
| The Aurora Centre | 8.8 | 8.9 | -0.1 | -2.0 |
| **Office portfolio** | **48.3** | **48.8** | **-0.5** | **-1.0** |
| Centre Place North | 3.3 | 3.6 | -0.3 | -8.8 |
| The Plaza | 16.8 | 16.5 | 0.3 | +2.3 |
| **Retail portfolio** | **20.1** | **20.0** | **0.1** | **+0.3** |
| **Net operating income (before disposals)** | **182.5** | **177.3** | **5.2** | **+2.9** |
| Properties sold[1] | 0.4 | 24.2 | -23.8 | -98.2 |
| **Net operating income (after disposals)** | **183.0** | **201.5** | **-18.5** | **-9.2** |
| Straight-lining of fixed rental increases | 1.5 | 1.2 | 0.3 | +23.3 |
| General provision for expected credit loss | - 0.3 | 0.3 | -0.6 | -200.0 |
| Other net income | 0.5 | 0.4 | 0.1 | +29.4 |
| NZ IFRS 16 expense reclassifications | 0.1 | 0.3 | -0.2 | -74.7 |
| **Net rental income** | **184.9** | **203.7** | **-18.8** | **-9.2** |

- Net operating income (NOI) decreased $18.5m (-9.2%) on the prior year, driven primarily by asset disposals.
- Excluding assets sold, NOI has increased by $5.2m (2.9%), which includes a positive benefit of COVID-19 rental abatements in the previous year ($5.7m).
- Excluding asset sales and the impact of the release of COVID-19 abatement accruals in the prior year, net rental income increased by $10.2m (5.8%)[2] on a like-for-like basis.

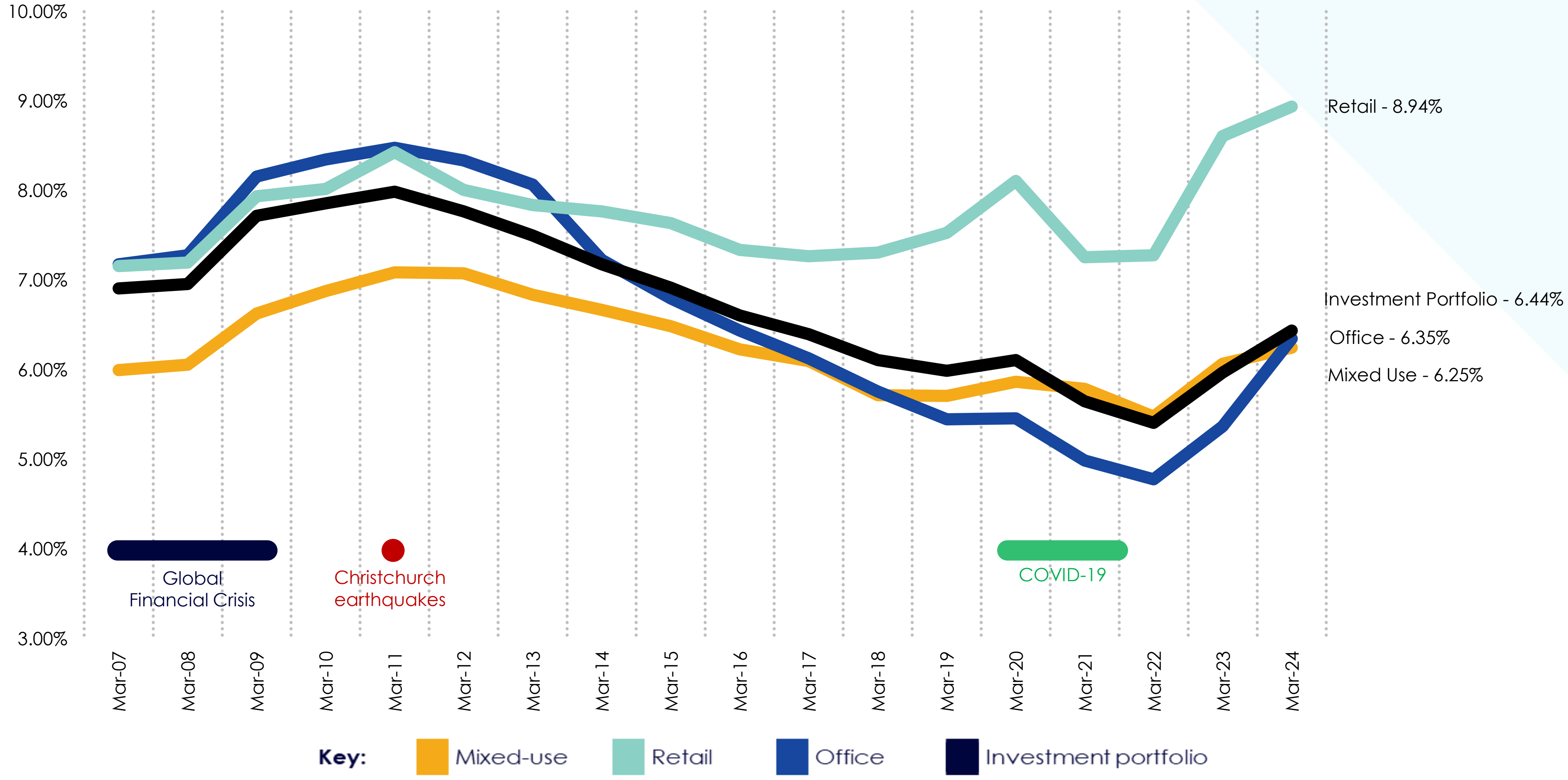
**1:** Includes Westgate Lifestyle and the IKEA land (sold in the year ended 31-Mar-2024), and Northlands, 43 Langdons Road and 44 The Terrace (sold in the year ended 31-Mar-2023). The prior year has been recategorised on the same basis. **2:** Refer to Appendix 2.8 for more information.

# 1.4 Portfolio statistics

| | Adopted value $m | | Capitalisation rate % | | NLA sqm | | Occupancy % | | WALE years | |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at** | **31-Mar-24** | 31-Mar-23 | **31-Mar-24** | 31-Mar-23 | **31-Mar-24** | 31-Mar-23 | **31-Mar-24** | 31-Mar-23 | **31-Mar-24** | 31-Mar-23 |
| Sylvia Park | 1,025.0 | 1,012.0 | 5.88 | 5.75 | 94,261 | 94,205 | 99.4 | 99.8 | 3.2 | 3.8 |
| ANZ Raranga | 90.0 | 96.5 | 6.00 | 5.50 | 11,620 | 11,620 | 95.8 | 100.0 | 4.8 | 5.7 |
| 3 Te Kehu Way[1] | 60.0 | 51.8 | 5.88 | 5.75 | 7,269 | N/A | 95.9 | N/A | 9.9 | N/A |
| Sylvia Park Lifestyle | 86.0 | 86.0 | 6.50 | 6.13 | 16,578 | 16,578 | 100.0 | 100.0 | 4.4 | 3.2 |
| Adjoining properties[2] | 418.5 | 264.1 | N/A | N/A | 35,517 | 55,575 | 100.0 | 100.0 | 1.4 | 2.2 |
| **Sylvia Park Precinct** | **1,679.5** | **1,510.3** | **5.92** | **5.75** | **165,245** | **177,978** | **99.1** | **99.9** | **3.5** | **3.8** |
| LynnMall | 202.0 | 206.0 | 7.50 | 7.25 | 36,811 | 36,525 | 98.9 | 99.1 | 2.7 | 2.9 |
| The Base | 205.1 | 196.3 | 7.13 | 7.00 | 88,319 | 88,223 | 100.0 | 99.3 | 3.4 | 3.6 |
| **Mixed-use portfolio** | **2,086.6** | **1,912.6** | **6.25** | **6.07** | **290,375** | **302,725** | **99.3** | **99.7** | **3.4** | **3.6** |
| Vero Centre[3] | N/A | 484.1 | N/A | 5.13 | N/A | 39,718 | N/A | 98.5 | N/A | 3.9 |
| ASB North Wharf | 212.0 | 230.0 | 6.25 | 5.63 | 21,621 | 21,249 | 100.0 | 96.3 | 6.9 | 7.7 |
| The Aurora Centre | 146.0 | 165.0 | 6.50 | 5.75 | 24,504 | 24,504 | 100.0 | 100.0 | 9.7 | 11.2 |
| **Office portfolio** | **358.0** | **879.1** | **6.35** | **5.37** | **46,125** | **85,471** | **100.0** | **98.4** | **8.2** | **6.4** |
| Centre Place North | 32.2 | 31.1 | 9.16 | 9.00 | 19,667 | 19,662 | 95.2 | 95.4 | 2.3 | 2.0 |
| The Plaza | 112.0 | 107.5 | 8.88 | 8.50 | 32,241 | 32,375 | 98.5 | 99.2 | 2.6 | 2.8 |
| **Retail portfolio** | **144.2** | **138.6** | **8.94** | **8.61** | **51,908** | **52,036** | **97.7** | **98.3** | **2.5** | **2.7** |
| **Investment portfolio** | **2,588.8** | **2,930.3** | **6.44** | **5.97** | **388,408** | **440,233** | **99.2** | **99.2** | **4.0** | **4.2** |
| Property held for sale[3,4] | 458.0 | 127.1 | | | | | | | | |
| Development land[5] | 148.0 | 133.0 | | | | | | | | |
| **Total portfolio[6]** | **3,194.8** | **3,190.4** | | | | | | | | |

**1:** The 3 Te Kehu project completion date was 31-Mar-23, with the first lease commencing in mid-April. As such, NLA, occupancy, and WALE metrics were not applicable as at 31-Mar-23. **2:** Includes Resido and the adjoining properties. Resido was under construction at 31-Mar-24, as such, only the value has been included within the figures. Capitalisation rate is not provided as many of the adjoining properties are valued on a land value basis. Occupancy and WALE metrics are provided for the adjoining properties that are not currently recorded as held for development. **3:** Vero Centre is held for sale as at 31-Mar-24. **4:** The prior year includes Westgate Lifestyle and the IKEA land. **5:** The value of Development land includes the $74.5m Stage 2 land value retained within the property portfolio plus the $73.5m value of the Stage 1 land which is transferred to inventories at 31-Mar-24. **6:** Excludes the gross-up of lease liabilities required by NZ IFRS 16 Leases.

# 1.5 Capitalisation rate history



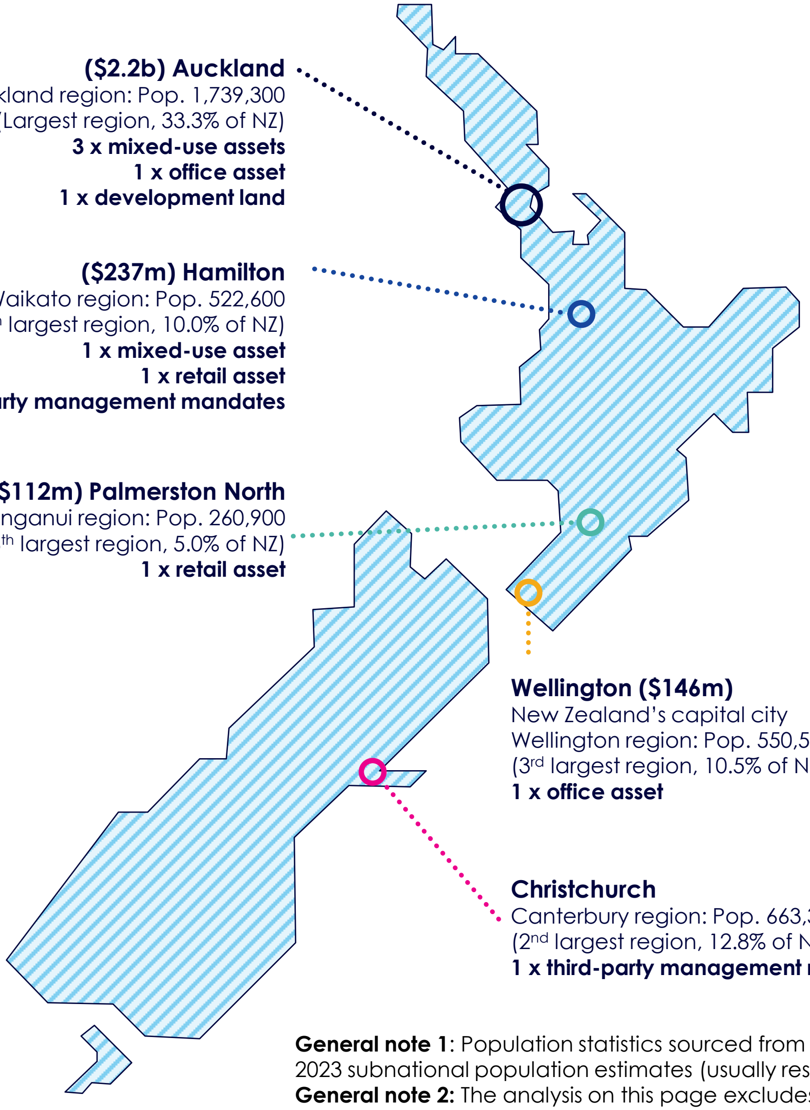

**General note:** Office and investment portfolio capitalisation rates from Mar-24 exclude Vero Centre as it was held for sale. Mixed-use and investment portfolio capitalisation rates from Mar-22 include Sylvia Park adjoining properties.

# 1.6 Geographic diversification

**($2.2b) Auckland**
Auckland region: Pop. 1,739,300
(Largest region, 33.3% of NZ)
**3 x mixed-use assets**
**1 x office asset**
**1 x development land**

**($237m) Hamilton**
Waikato region: Pop. 522,600
(4th largest region, 10.0% of NZ)
**1 x mixed-use asset**
**1 x retail asset**
**3 x third party management mandates**

**($112m) Palmerston North**
Manawatu-Whanganui region: Pop. 260,900
(6th largest region, 5.0% of NZ)
**1 x retail asset**

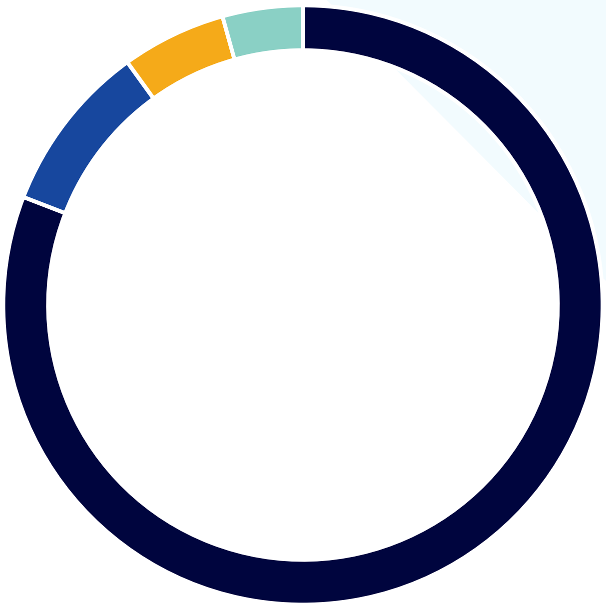


**Wellington ($146m)**
New Zealand's capital city
Wellington region: Pop. 550,500
(3rd largest region, 10.5% of NZ)
**1 x office asset**

**Christchurch**
Canterbury region: Pop. 663,300
(2nd largest region, 12.8% of NZ)
**1 x third-party management mandate**

**General note 1**: Population statistics sourced from Statistics New Zealand, 2023 subnational population estimates (usually resident population count).
**General note 2:** The analysis on this page excludes Vero Centre as it was held for sale at 31-Mar-24.

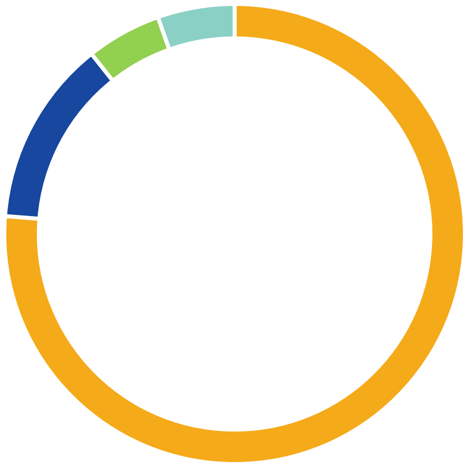
**Geographic diversification**
by investment portfolio value



| | |
|---|---|
| Auckland | **81%** |
| Hamilton | **9%** |
| Wellington | **6%** |
| Palmerston North | **4%** |

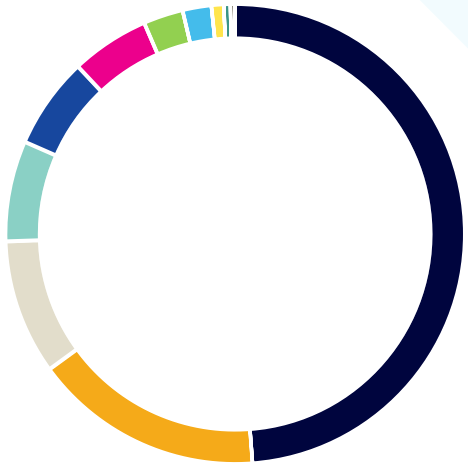
# 1.7 Sector and tenant diversification

**Sector diversification**
by portfolio value



| | |
|---|---|
| Mixed-use | **76%** |
| Office | **13%** |
| Retail | **5%** |
| Development Land | **5%** |

**Tenant diversification**
by investment portfolio gross income



| | | | |
|---|---|---|---|
| Specialty stores | **49%** | Mini-majors | **16%** |
| Banking | **10%** | Department stores and DDS | **7%** |
| Government | **6%** | Consultancy and other | **6%** |
| Supermarkets | **3%** | Cinemas | **2%** |
| Insurance | **1%** | Home and living majors | **<1%** |
| Financial Services | **<1%** | Legal | **<1%** |

**General note:** The analysis on this page excludes Vero Centre as it was held for sale at 31-Mar-24.

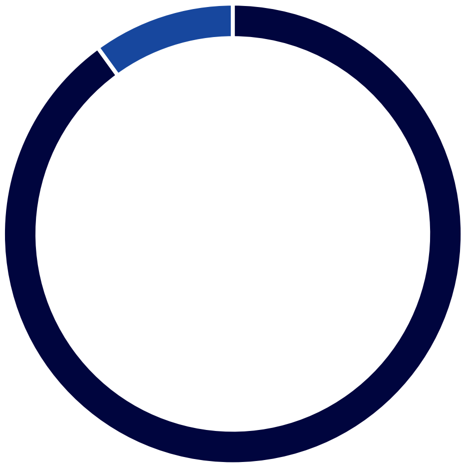
# 1.8 Mixed-use portfolio diversification

**Property type**
by mixed-use portfolio value

| | |
|---|---|
| Regional centres[1] | **69%** |
| Office[2] | **7%** |
| Large format centres | **4%** |
| Other[3] | **20%** |

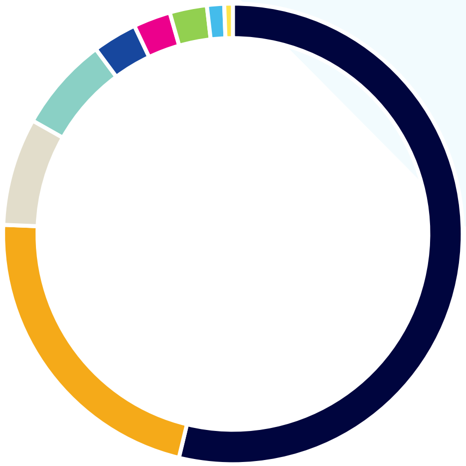
**1:** Includes regional shopping centres.
**2:** ANZ Raranga and 3 Te Kehu Way.
**3:** Includes Resido and Sylvia Park adjoining properties.

**Geographic diversification**
by mixed-use portfolio value



| | |
|---|---|
| Auckland | **90%** |
| Hamilton | **10%** |

**Tenant diversification**
by mixed-use portfolio gross income



| | |
|---|---|
| Specialty stores | **53%** |
| Mini-majors | **22%** |
| Department stores and DDS | **8%** |
| Other | **7%** |
| Supermarkets | **3%** |
| Banking | **3%** |
| Cinemas | **3%** |
| Insurance | **1%** |
| Home and living majors | **<1%** |

# 1.9 Office portfolio diversification

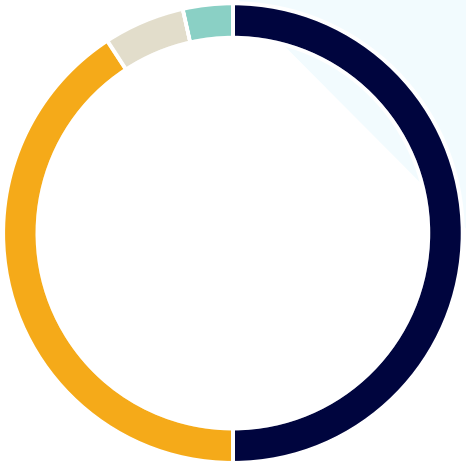
**Property type**
by office portfolio value

| | |
|---|---|
| A-grade campus | **59%** |
| A-grade | **41%** |

**Geographic diversification**
by office portfolio value

| | |
|---|---|
| Auckland | **59%** |
| Wellington | **41%** |

**Tenant diversification**
by office portfolio gross income

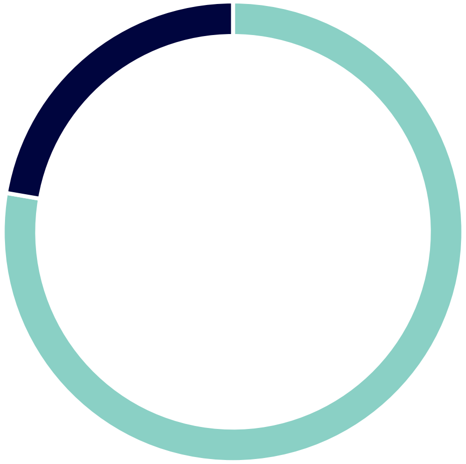


| | |
|---|---|
| Banking | **50%** |
| Government | **41%** |
| Specialty stores | **6%** |
| Other | **3%** |

**General note:** The analysis on this page excludes Vero Centre as it was held for sale at 31-Mar-24.

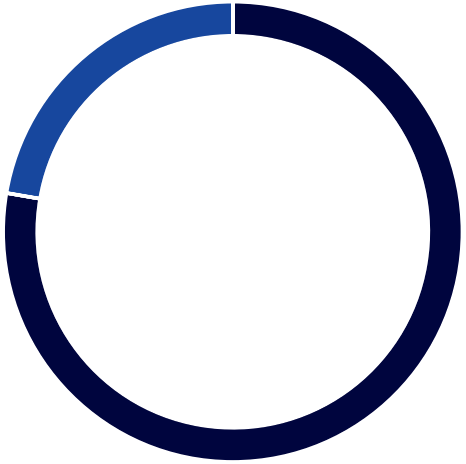
# 1.10 Retail portfolio diversification

**Property type**
by retail portfolio value



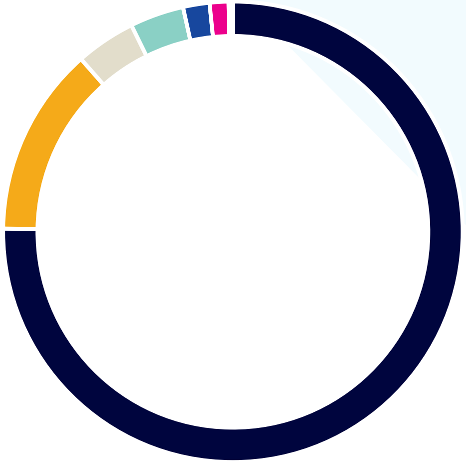
| | |
|---|---|
| Regional centres | **78%** |
| Sub-regional | **22%** |

**Geographic diversification**
by retail portfolio value



| | |
|---|---|
| Palmerston North | **78%** |
| Hamilton | **22%** |

**Tenant diversification**
by retail portfolio gross income



| | |
|---|---|
| Specialty stores | **75%** |
| Department stores and DDS | **13%** |
| Supermarkets | **4%** |
| Mini-majors | **4%** |
| Government | **2%** |
| Cinemas | **1%** |

# 1.11 Rent reviews and new leasing

| Rent reviews | Mixed-use | Office | Retail | Total |
|---|---|---|---|---|
| No. | 340 | 33 | 68 | **441** |
| NLA (sqm) | 144,144 | 36,666 | 12,193 | **193,003** |
| % investment portfolio NLA | 34 | 8 | 3 | **45** |
| **Rental movement (%)** | **+4.5** | **+3.4** | **+4.3** | **+4.2** |
| Compound annual growth (%) | +4.4 | +3.2 | +4.3 | **+4.1** |
| Structured increases (% of future rent reviews)[2] | 96 | 90 | 100 | **95** |
| Structured increases (% of total portfolio)[2] | 72 | 77 | 56 | **72** |
| **New leases and renewals** | | | | |
| No. | 97 | 7 | 41 | **145** |
| NLA (sqm) | 16,542 | 5,124 | 5,972 | **27,638** |
| % investment portfolio NLA | 4 | 1 | 1 | **6** |
| **Rental movement (%)** | **+5.5** | **+18.7** | **-3.0** | **+5.3** |
| WALE (years) | 4.5 | 7.6 | 4.2 | **4.9** |
| **Total (excl. development leasing)** | | | | |
| No. | 437 | 40 | 109 | **586** |
| NLA (sqm) | 160,686 | 41,790 | 18,165 | **220,641** |
| % investment portfolio NLA | 38 | 10 | 4 | **52** |
| **Rental movement (%)[1]** | **+4.7** | **+5.2** | **+1.4** | **+4.4** |

**General note 1:** Leasing statistics are not adjusted to reflect Kiwi Property's ownership interest. **General note 2:** The analysis above includes Vero Centre which was held for sale at 31-Mar-24. **1:** Excluding the Vero Centre, the total rental uplift for rent reviews, new leases and renewals was 4.1%. **2:** Structured increase statistics are presented on a look-forward basis. Future rent reviews exclude tenancies that are expiring in the next 12 months or holding over.

## Rent reviews

- High percentage of future rent reviews are structured (95%), providing consistent uplift.
- Rent reviews drove 4.1% compound annual growth across the investment portfolio.

## New leasing

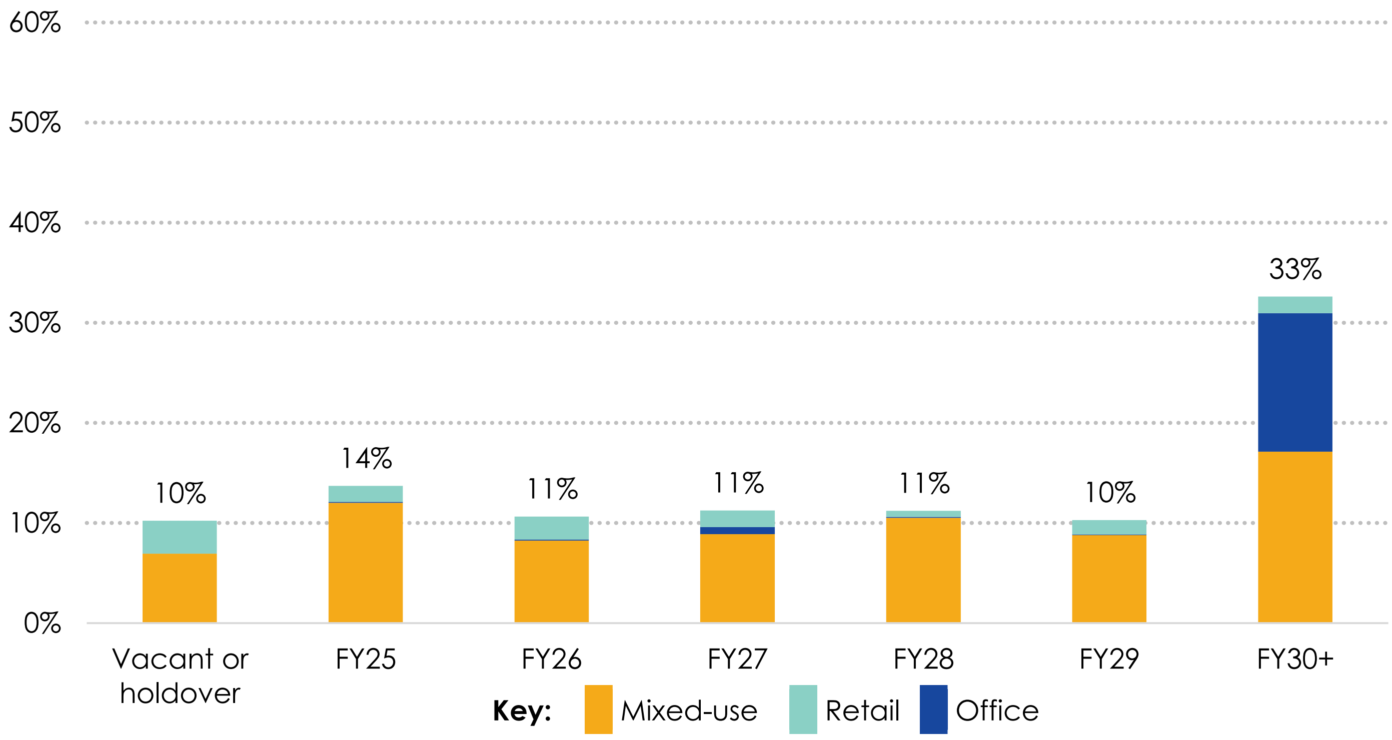
- New mixed-use leasing was up +5.5% and office +18.7%, reflecting the quality and demand for space across our portfolio.

## Total

- Mixed-use and office rental spreads were +4.7% and +5.2% at year end respectively, a robust result – particularly when viewed alongside the continued low levels of vacancy across the portfolio.

# 1.12 Lease expiry profile

**Lease expiry profile**
% of investment portfolio gross income




## Mixed-use

- Mixed-use expiries remain relatively steady over the next five years.

## Office

- The longer-dated WALE of the office portfolio means 93% of gross office income expires in FY30 and beyond.

## Investment Portfolio

- Only 10% of the investment portfolio is currently vacant or on holdover, providing flexibility to re-mix and drive rental uplift across our mixed-use and retail assets as renewals take place.

**General note:** The analysis on this page excludes Vero Centre as it was held for sale at 31-Mar-24.

# 1.13 Tenant diversification

## Tenant diversification
% of investment portfolio gross income

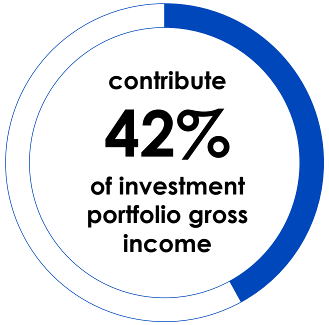
| | |
|---|---|
| Department stores and DDS | 7.1 |
| Supermarkets | 2.8 |
| Cinemas | 2.0 |
| Home and living major | 0.5 |
| Mini-majors | 16.2 |
| Fashion | 16.2 |
| Food | 11.5 |
| Other retail | 7.3 |
| General | 6.2 |
| Pharmacy and wellbeing | 6.0 |
| Home and living | 1.8 |
| Banking | 9.5 |
| Government | 6.4 |
| Consultancy and other | 5.3 |
| Insurance | 0.9 |
| Financial services | 0.3 |
| Legal | <0.1 |
| **Total (758 tenants)** | 100.0 |

**Key:** Majors Mini-majors Specialty Office

## Top 20 tenants
% of investment portfolio gross income

| | |
|---|---|
| ASB Bank | 9.2 |
| Ministry of Social Development | 6.2 |
| Farmers | 4.3 |
| ANZ Bank | 2.5 |
| The Warehouse | 2.1 |
| Woolworths NZ | 1.9 |
| Kmart | 1.8 |
| Just Group | 1.6 |
| Hallensteins /Glassons | 1.5 |
| Hoyts | 1.3 |
| Cotton On Group | 1.2 |
| Whitcoulls | 1.1 |
| Foodstuffs | 1.1 |
| JB Hi-Fi | 1.0 |
| Westpac | 0.9 |
| Spark | 0.9 |
| IAG | 0.9 |
| BNZ | 0.8 |
| Pascoes / Stewart Dawson | 0.8 |
| RAG Group | 0.7 |

## Our top 20 tenants


have a weighted average lease expiry of

**5.4 years**

**General note:** The analysis on this page excludes Vero Centre as it was held for sale at 31-Mar-24.

# 1.14 Retail sales

| For the year ended 31 March 2024 | All centres[1] (incl. large format centres) Actual sales | Mixed-use centres[2] (incl. large format centres) Actual sales | Mixed-use shopping centres[3] (excl. large format centres) Actual sales | Other shopping centres[4] Actual sales |
|---|---|---|---|---|
| **Total sales (billion)** | **$2.12** Mar 23: $2.09 | **$1.77** Mar 23: $1.74 | **$1.44** Mar 23: $1.40 | **$0.35** Mar 23: $0.35 |
| **Total sales growth** | **+1.4%** Mar 23: 25.8% | **+1.5%** Mar 23: 29.9% | **+2.2%** Mar 23: 32.2% | **+0.8%** Mar 23: 8.9% |
| **Like-for-like sales growth** | **-0.9%** Mar 23: +19.0% | **-1.3%** Mar 23: 21.5% | **-0.7%** Mar 23: 25.9% | **+1.3%** Mar 23: 9.3% |
| **Specialty sales (per sqm)** | | | **$12,600** Mar 23: $12,700 | **$9,500** Mar 23: $9,600 |
| **Specialty GOC** | | | **13.1%** Mar 23: 13.0% | **12.6%** Mar 23: 12.3% |
| **Pedestrian count (million)** | **37.0** Mar 23: **34.8** | | **27.2** Mar 23: 25.0 | **9.7** Mar 23: 9.7 |

- Portfolio sales were +1.4% on the previous year and continue to sit at over $2b.
- The 12 months to March 2024 saw the opening of JD Sports at LynnMall and the opening of JB Hi-Fi and Mecca at The Base.
- Pedestrian counts continue to show strong growth despite the toughening economic conditions. There were 2.3 million more customer visits to our centres in FY24 than the year before.

**General note:** All sales include GST. Sales are for the 12 months to 31-Mar-24. Comparative figures may vary from what has been reported previously as sales figures are updated as annual audited sales are received **1:** Includes Sylvia Park, Sylvia Park Lifestyle, LynnMall, The Base Te Awa, The Base LFR, Centre Place North and The Plaza. **2:** Includes Sylvia Park, Sylvia Park Lifestyle, LynnMall, The Base Te Awa, The Base LFR. **3:** Includes Sylvia Park, LynnMall and The Base Te Awa. **4:** Other shopping centres includes Centre Place North and The Plaza. Numbers are rounded to nearest 100.

# 1.15 Retail sales by property

| Year ended | MAT $m[1] 31-Mar-24 | % var vs 31-Mar-23 |
|---|---|---|
| Sylvia Park | 858.7 | -0.4% |
| Sylvia Park Lifestyle[2] | 45.2 | +7.8% |
| **Total Sylvia Park Precinct** | **903.9** | **+0.0%** |
| The Base Te Awa | 242.6 | +13.1% |
| The Base LFR[2] | 288.6 | -2.5% |
| **Total The Base** | **531.2** | **+4.1%** |
| LynnMall | **334.5** | **+1.8%** |
| The Plaza | **257.2** | **-0.5%** |
| Centre Place North | **93.5** | **+4.3%** |
| **Portfolio total** | **2,120.2** | **+1.4%** |

- The Base sales have now reached over $530m, boosted by the opening of Mecca and JB Hi-Fi.
- LynnMall celebrated its 60th birthday and saw an increase in sales and visitation in the months following.
- Sylvia Park precinct sales moderated in FY24, after 16.2% CAGR in the past two years.
- The Plaza sales have stabilised.
- Centre Place North saw good results from mini-majors and the opening of new specialty stores.

**1:** All figures include GST. Sales are for the 12 months to 31-Mar-24. **2:** Sales data is being requested from tenants who are not obliged to provide it under their current leases. Total sales reported are shown, but due to the changing composition of those who do report, comparable statistics are variable.

# 1.16 Retail sales by category

| Year ended | MAT $m 31-Mar-24 | % var. from 31-Mar-23 Total | Like-for-like |
|---|---|---|---|
| Supermarkets | 184.4 | +5.8% | +5.8% |
| Department stores and DDS | 166.0 | -1.1% | -1.1% |
| Cinemas | 23.1 | +2.6% | +2.6% |
| Mini-majors | 380.2 | +4.9% | -4.0% |
| Fashion | 197.4 | -5.7% | -6.2% |
| Commercial services (including travel) | 195.9 | +9.1% | +2.6% |
| Food | 133.6 | +3.8% | +4.3% |
| Pharmacy and wellbeing | 70.4 | -1.0% | +3.5% |
| General (incl. Activate[1]) | 58.0 | -4.5% | -2.9% |
| Home and living | 26.7 | -6.8% | -9.4% |
| **Total** | **1,435.8** | **+2.2%** | **-0.7%** |

- Food and pharmacy performed strongly in FY24, driven by the increase in customer visits across our portfolio.
- Unsurprisingly, discretionary categories have been most impacted by economic conditions, although travel (reported through commercial services) saw growth in the first part of the year.
- Cinemas were impacted by the Hollywood writers' strike, which reduced or delayed the release of new blockbuster movies.
- Mini-majors had mixed performance, with some showing growth.

**General note:** All figures include GST and are for mixed-use shopping centres only. Sales are for the 12 months to 31-Mar-24.
**1:** Activate includes short-term leasing and in-centre advertising.


# Appendix 2: Financial update

# Contents

# 2.1 Loss after income tax

| Year ended | 31-Mar-24 $m | 31-Mar-23 $m | Variance $m | % |
|---|---|---|---|---|
| Property revenue | 240.5 | 256.5 | -16.0 | -6.2 |
| Property management revenue | 4.1 | 2.5 | +1.6 | +64.0 |
| **Total revenue** | **244.7** | **259.1** | **-14.5** | **-5.6** |
| Direct property expenses | - 55.6 | - 52.8 | -2.8 | -5.3 |
| Employment and administration expenses | - 32.7 | - 32.7 | - | - |
| **Total expenses** (Appendix 2.4) | **- 88.4** | **- 85.5** | **-2.9** | **-3.4** |
| **Profit before net finance expenses, other income/(expenses) and income tax** | **156.3** | **173.6** | **-17.3** | **-10.0** |
| Interest income | 0.7 | 0.3 | +0.4 | +133.3 |
| Interest and finance charges (Appendix 2.3) | - 48.8 | - 44.2 | -4.6 | -10.4 |
| Net fair value (loss)/gain on interest rate derivatives | - 4.1 | 5.7 | -9.8 | -171.9 |
| **Net finance expenses** | **- 52.2** | **- 38.3** | **-13.9** | **-36.3** |
| **Profit before other income/(expenses) and income tax** | **104.1** | **135.3** | **-31.2** | **-23.1** |
| Net fair value loss on investment properties | - 77.8 | - 352.6 | +274.8 | +77.9 |
| Litigation settlement income | - | 6.0 | -6.0 | -100.0 |
| Loss on disposal of investment properties | - 1.7 | - 3.5 | +1.8 | +52.7 |
| **Other (expenses)/income** | **- 79.5** | **- 350.1** | **+270.6** | **+77.3** |
| **Profit/(loss) before income tax** | **24.7** | **- 214.8** | **+239.5** | **+111.5** |
| Current tax | - 16.2 | - 17.7 | +1.5 | +8.5 |
| Deferred tax | - 10.6 | 4.8 | -15.4 | -320.8 |
| **Loss after income tax[1] (GAAP[2] measure)** | **- 2.1** | **- 227.7** | **+225.6** | **+99.1** |

- Decrease in property revenue of $16.0m arising from net property disposals during the year (-$29.7m). Like-for-like[3] property revenue increased by $13.7m or 6.0%.
- Increase in direct property expenses of $2.8m arising from prior year release of COVID-19 abatement accruals ($5.7m).
- Cost increases across the portfolio include inflationary impacts ($3.2m) offset by lower net costs due to movement in the portfolio (asset sales offset by new assets ) of -$6.1m.
- Fair value loss on investment properties reflects further softening of capitalisation rates due to elevated interest rates and continued uncertainty in investment markets.

**1**: The reported loss has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and complies with New Zealand Equivalents to IFRS Accounting Standards. The reported profit information has been extracted from the relevant annual consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board. **2:** GAAP is a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements. Kiwi Property's financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and other guidance as issued by the External Reporting Board, as appropriate for profit-oriented entities, and with International Financial Reporting Standards. **3:** Like-for-like results exclude the impact of asset sales and the prior year's release of COVID-19 abatement accruals.

# 2.2 Operating profit before income tax

| Year ended | 31-Mar-24 | 31-Mar-23 | Variance | |
|---|---|---|---|---|
| | $m | $m | $m | % |
| Profit/(loss) before income tax (Appendix 2.1) | 24.7 | - 214.8 | +239.5 | +111.5 |
| Adjusted for: | | | | |
| Net fair value loss on investment properties (Appendix 2.1) | 77.8 | 352.6 | -274.8 | -77.9 |
| Litigation settlement income (Appendix 2.1) | - | - 6.0 | +6.0 | +100.0 |
| Loss on disposal of investment properties (Appendix 2.1) | 1.7 | 3.5 | -1.8 | -52.7 |
| Net fair value loss/(gain) on interest rate derivatives (Appendix 2.1) | 4.1 | - 5.7 | +9.8 | +171.9 |
| **Operating profit before income tax[1]** (non-GAAP) | **108.2** | **129.6** | **-21.3** | **-16.5** |

**1:** Refer to Glossary (page 58) for definition.

# 2.3 Interest and finance charges

| Year ended | 31-Mar-24 $m | 31-Mar-23 $m | Variance $m | Variance % |
|---|---|---|---|---|
| Interest on bank debt | - 35.8 | - 34.8 | -1.0 | -3.1 |
| Interest on bonds | - 26.5 | - 19.7 | -6.8 | -34.9 |
| Interest on lease liabilities | - | - 0.3 | +0.3 | +85.2 |
| Interest expense incurred | **- 62.4** | **- 54.7** | **-7.7** | **-14.1** |
| Interest capitalised to: | | | | |
| Sylvia Park | 8.0 | 5.5 | +2.5 | +45.9 |
| Drury land | 5.0 | 4.0 | +1.0 | +23.4 |
| Other properties under development | 0.7 | 1.0 | -0.3 | -30.5 |
| Total capitalised interest | **13.7** | **10.5** | **+3.2** | **+30.1** |
| Interest and finance charges (Appendix 2.1) | **- 48.8** | **- 44.2** | **-4.6** | **-10.3** |

- Interest costs were reflective of the higher interest rate environment, with the weighted average interest rate increasing 43 bps to 5.61%.
- Interest on bonds impacted by KPG060 (6.24% coupon) issued in March 2023, offset by the maturity of KPG020 (4% coupon) in September 2023.
- Higher capitalised interest reflects higher rates and the step-up in Kiwi Property's development expenditure, mainly in build-to-rent at Sylvia Park and Drury.

# 2.4 Management expense ratios (MER)

| Year ended | 31-Mar-24 $m | 31-Mar-23 $m | 31-Mar-22 $m |
|---|---|---|---|
| Total property revenue (including property management revenue) | 244.7 | 259.1 | 255.9 |
| Direct operating expenses | -55.6 | -52.8 | -75.4 |
| **Net property income** | **189.0** | **206.2** | **180.5** |
| | | | |
| Employment and administration expenses | -32.7 | -32.7 | -25.8 |
| **Total expenses, including direct operating expenses** | **-88.4** | **-85.5** | **-101.2** |
| Adjust for one-off costs | | | |
| Digital project costs | 3.1 | 2.0 | - |
| Other one-off transaction costs | 1.1 | 1.8 | - |
| **One-off costs** | **4.2** | **3.8** | **-** |
| **Total underlying expenses** | **-84.2** | **-81.7** | **-101.2** |
| | | | |
| **Management expense ratio (non-GAAP measures)** [1] | | | |
| Employment and administration expenses/total property revenue ratio | 13.4% | 12.6% | 10.1% |
| Employment and administration expenses/net property income ratio | **17.3%** | **15.8%** | **14.3%** |
| Total underlying expenses / total property revenue ratio | 34.4% | 31.5% | 39.5% |
| | | | |
| Weighted average assets under management | 3,589.5 | 3,735.4 | 3,611.0 |
| **Total underlying expenses / assets ratio** | **235 bps** | **219 bps** | **280 bps** |

- Kiwi Property is focused on reducing MER and has the objective of bringing the ratio of employment and administration expenses to net property income ratio back to FY22 levels, through initiatives including headcount optimisation and leveraging our resources to manage third-party assets.
- Increase in direct property expenses year-on-year as a result of the release of the COVID-19 abatement accruals in FY23, which reduced direct property expenses in FY23 relative to FY24 by $5.7m.
- Employment and administration expenses remained flat year-on-year and included $1.1m of costs associated with redundancy and discontinued staff insurance programs in FY24.

**1:** MER (management expense ratios) are alternative non-GAAP measures used by Kiwi Property to assist investors in assessing the company's underlying operating costs. MER is a measure commonly used by real estate entities. MER does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. Kiwi Property determines MER through several annualised calculations, where employment and administration plus direct property expenses are divided by property revenue, net property income or the weighted average value of property assets under management. The information has been extracted from the company's consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

# 2.5 Funds from operations (FFO)

| Year ended | 31-Mar-24 $m | 31-Mar-23 $m | Variance $m | Variance % |
|---|---|---|---|---|
| Loss after tax (Appendix 2.1) | - 2.1 | - 227.7 | +225.6 | +99.1 |
| Adjusted for: | | | | |
| Net fair value loss on investment properties (Appendix 2.1) | 77.8 | 352.6 | -274.8 | -77.9 |
| Loss on disposal of investment properties (Appendix 2.1) | 1.7 | 3.5 | -1.8 | -52.7 |
| Net fair value loss/(gain) on interest rate derivatives (Appendix 2.1) | 4.1 | - 5.7 | +9.8 | +171.9 |
| Litigation settlement income (Appendix 2.1) | - | - 6.0 | +6.0 | +100.0 |
| Straight-lining of fixed rental increases | - 1.5 | - 1.2 | -0.3 | -23.5 |
| Amortisation of tenant incentives and leasing fees | 6.5 | 7.7 | -1.1 | -14.6 |
| Reversal of lease liability movement in investment properties | - | - 0.1 | +0.1 | N/A |
| Depreciation recovered on disposal of investment properties | 2.8 | 0.5 | +2.3 | N/A |
| Rent deferrals (COVID-19) | - | 0.2 | -0.2 | -100.0 |
| Share-based payment expense | 1.9 | 1.4 | +0.5 | +35.7 |
| Depreciation of property, plant and equipment | 0.8 | 1.1 | -0.3 | -27.3 |
| Deferred tax expense/(benefit) (Appendix 2.1) | 10.6 | - 4.8 | +15.4 | +319.1 |
| **Funds from operations (FFO)**[1] (non-GAAP) (Appendix 2.7) | **102.6** | **121.5** | **-18.9** | **-15.6** |

- Lower operating profit before income tax has contributed to an $18.9m reduction in FFO primarily due to decreased net rental income as a result of asset sales.

**1:** Refer to Glossary (page 58) for definition.

# 2.6 Adjusted funds from operations (AFFO)

| Year ended | 31-Mar-24 $m | 31-Mar-23 $m | Variance $m | Variance % |
|---|---|---|---|---|
| Funds from operations (FFO)[1] (Appendix 2.5) | 102.6 | 121.5 | -18.9 | -15.6 |
| Adjusted for | | | | |
| Maintenance capital expenditure | -5.3 | -6.6 | +1.3 | +20.1 |
| Capitalised tenant incentives and leasing fees | -3.3 | -2.2 | -1.1 | -50.2 |
| One-off costs[2] | | | | |
| Software implementation costs | 3.1 | 2.0 | +1.0 | +50.0 |
| Bondholder consent fee | 1.8 | - | +1.8 | N/A |
| Other one-off costs | 0.9 | 1.8 | -0.8 | -44.4 |
| **Adjusted funds from operations (AFFO)[1]** (non-GAAP) | **99.8** | **116.5** | **-16.7** | **-14.3** |
| AFFO (cents per share) | 6.30 | 7.42 | | |
| Dividend payout ratio to AFFO | 90% | 77% | | |

- Lower FFO – driven by a lower operating profit before income tax - resulted in a $16.7m AFFO decrease on the prior year.
- Software implementation costs are the Yardi ERP system implementation costs. This project is now complete.

**1:** Refer to Glossary (page 58) for definition. **2:** One-off costs are adjusted for income tax where applicable.

# 2.7 Dividends

| Year ended | 31-Mar-24<br>$m | 31-Mar-23<br>$m | 31-Mar-24<br>cps[1] | 31-Mar-23<br>cps[1] |
|---|---|---|---|---|
| **Dividend** | **90.5** | 89.5 | **5.70** | 5.70 |
| Imputation credits | 16.1 | 17.7 | 1.01 | 1.13 |
| **Gross dividend** | **106.6** | 107.2 | **6.71** | 6.83 |
| Dividend payout ratio to AFFO | 90% | 77% | | |

**1:** Calculated using the number of shares for the period entitled to the dividend.

| Year ended 31 March | 2024<br>$m | 2023<br>$m | 2022<br>$m | 2021<br>$m | 2020<br>$m |
|---|---|---|---|---|---|
| **Dividend ($m)** | **90.5** | 89.5 | 87.9 | 80.8 | 55.3 |
| AFFO/FFO Payout ratio[2] | 90% | 77% | 88% | 90% | 49% |
| | cps | cps | cps | cps | cps |
| Dividend | 5.70 | 5.70 | 5.60 | 5.15 | 3.53 |
| Imputation credits | 1.01 | 1.13 | 1.43 | 1.36 | 0.79 |
| **Gross dividend** | **6.71** | **6.83** | **7.03** | **6.51** | **4.32** |

| Financial year | 2024 | 2020-2023 (average) | Variance | Variance % |
|---|---|---|---|---|
| Dividend (cps) | 5.70 | 5.00 | 0.70 | 14.1% |
| Imputation (cps) | 1.01 | 1.18 | -0.16 | -13.4% |
| **Gross dividend (cps)** | **6.71** | **6.17** | **0.55** | **8.9%** |

**2:** Prior to FY21, dividend payout policy was based on funds from operations (FFO).

- Dividend payout ratio returns to within target payout range of 90-100% of AFFO, following the prior years' retention of earnings to assist development funding.
- Despite retaining funds for investment into future developments and asset recycling, cash dividends are up from the four-year average from 2020.
- Lower imputation credits arise from timing of dividend payments and tax impacts of one-off transactions.

# 2.8 Financial results like-for-like comparison

| | Net rental income[1] | Operating profit before income tax[1] | Adjusted funds from operations (AFFO)[1] |
|---|---|---|---|
| **March 2023: reported** | **$203.7m** | **$129.6m** | **$116.5m** |
| Rental abatements | -$5.7m | -$5.7m | -$5.7m |
| Asset sales | -$23.5m | -$11.2m | -$10.0m |
| **March 2023: like-for-like** | **$174.4m** | **$112.7m** | **$100.8m** |
| **March 2024: reported** | **$184.9m** | **$108.2m** | **$99.8m** |
| Asset sales | -$0.3m | -$0.5m | -$0.5m |
| **March 2024: like-for-like** | **$184.6m** | **$107.7m** | **$99.3m** |
| Movement: reported | -$18.8m<br>-9.2% | -$21.3m<br>-16.5% | -$16.7m<br>-14.3% |
| Movement: like-for-like | +$10.2m<br>+5.8% | -$5.0m<br>-4.4% | -$1.5m<br>-1.5% |

- Decrease in net rental income, operating profit before tax and AFFO follows disposal of Northlands, 44 The Terrace, Westgate Lifestyle and sale of land to IKEA in FY23 and FY24.
- Like-for-like results exclude the impact of asset sales and the prior year release of COVID-19 abatement accruals.
- Net rental income up $10.2m or 5.8% on a like-for-like basis driven by a strong performance from our mixed-use assets.

**1:** Refer to Glossary (page 58) for definitions.

# 2.9 Balance sheet

| As at | 31-Mar-24 $m | 31-Mar-23 $m | Movement $m | % |
|---|---|---|---|---|
| Investment properties (Appendix 2.10) | 3,121.8 | 3,194.0 | -72.2 | -2.3 |
| Inventories | 73.5 | - | +73.5 | +100.0 |
| **Total investment properties and inventories** | **3,195.3** | **3,194.0** | **+1.3** | **+0.0** |
| Cash (Appendix 2.11) | 18.2 | 17.9 | +0.3 | +1.8 |
| Trade and other receivables | 13.7 | 14.7 | -1.0 | -6.6 |
| Other assets | 7.9 | 11.9 | -3.9 | -33.3 |
| **Total assets** | **3,235.1** | **3,238.4** | **-3.3** | **-0.1** |
| Finance debt (Appendix 2.11) | 1,195.2 | 1,131.1 | +64.1 | +5.7 |
| Deferred tax liabilities | 114.2 | 103.6 | +10.6 | +10.2 |
| Other liabilities | 65.7 | 70.2 | -4.5 | -6.3 |
| **Total liabilities** | **1,375.1** | **1,304.9** | **+70.2** | **+5.4** |
| **Total equity** | **1,860.0** | **1,933.5** | **-73.5** | **-3.8** |
| **Total equity and liabilities** | **3,235.1** | **3,238.4** | **-3.3** | **-0.1** |

| | | |
|---|---|---|
| Gearing ratio (requirement <50%) (Appendix 2.12) | 37.0% | 35.0% |
| Net asset backing per share (NTA) | $1.17 | $1.23 |

- Investment properties value decrease of $72.2m driven by $131.2m of net disposals, $73.5m transfer to inventories and a $77.8m fair value loss, offset by an additional $186.7m in capital expenditure and $26.6m of property acquisitions.
- Green bond gearing ratio covenant increased from 45% to 50% by special resolution in October 2023. As a result, the gearing ratio covenant is now 50% across all senior, secured debt.
- Gearing was outside the internal target range at 31 March 2024, however the company is confident this figure will reduce once conditional asset sales are complete.

# 2.10 Investment properties movement

# 2.11 Net finance debt movement

| | | | Movement | |
|---|---|---|---|---|
| **As at** | **31-Mar-24** | 31-Mar-23 | $m | % |
| Bank debt (Appendix 2.9 | 694.0 | 506.0 | +188.0 | +37.2 |
| Bonds (Appendix 2.9) | 501.2 | 625.1 | -124.0 | -19.8 |
| Cash on deposit (Appendix 2.9) | -18.2 | -17.9 | -0.3 | -1.8 |
| **Net finance debt** | **1,177.0** | **1,113.2** | **+63.2** | **+5.7** |

# 2.12 Capital management metrics

| Finance debt metrics as at | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Weighted average term to maturity | 3.6 years | 3.8 years |
| Weighted average interest rate (Incl. of bonds, active interest rate derivatives, margins and line fees) | 5.61% | 5.18% |

| Covenants – gearing as at | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Gearing | 37.0% | 35.0% |
| **Note:** Must be <50% (bank gearing covenant increased from 45% during FY24). Target band is 25%-35%. Calculated as finance debt / total tangible assets. | | |

| Covenants – interest cover ratio for the year ended | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Interest cover ratio | 3.00 | 3.75 |
| Note: Must be >2.25 times. Calculated as net rental income / net interest expense. | | |

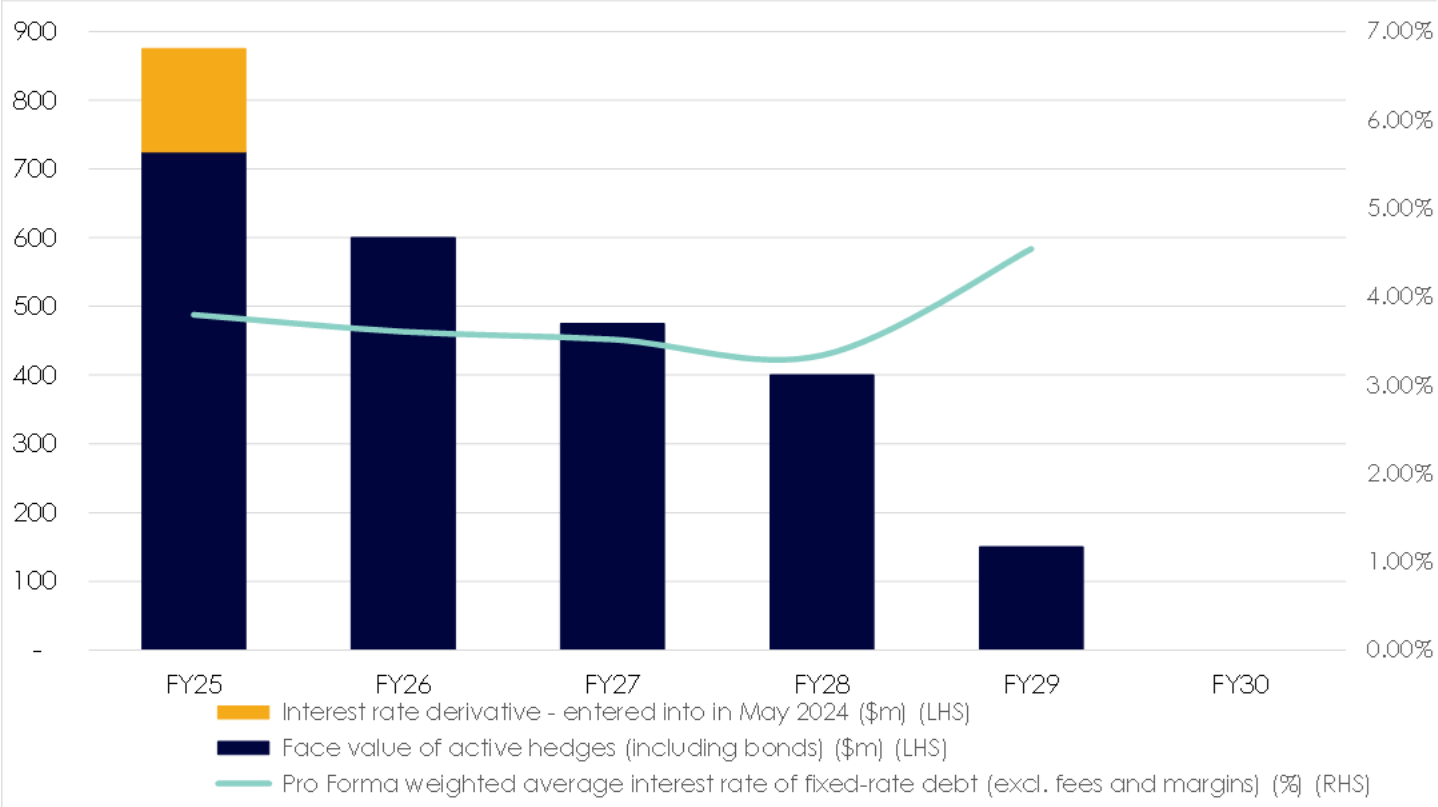
| Credit ratings – S&P Global Ratings | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Corporate (Issuer rating) | BBB (negative) | BBB (stable) |
| Fixed-rate green bonds (Issue rating) | BBB+ | BBB+ |

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

# 2.13 Fixed-rate debt profile

| **Fixed-rate profile** (inclusive of bonds on issue Mar-24: $500m, Mar-23: $625m) | **31-Mar-24** | 31-Mar-23 |
|---|---|---|
| Percentage of drawn finance debt at fixed rates | **89%** | 84% |
| Weighted average interest rate of active fixed-rate debt (excl. fees and margins) | **3.63%** | 2.90% |
| Weighted average term to maturity of active fixed-rate debt | **2.0 years** | 2.8 years |

## Fixed-rate debt maturity profile – pro forma



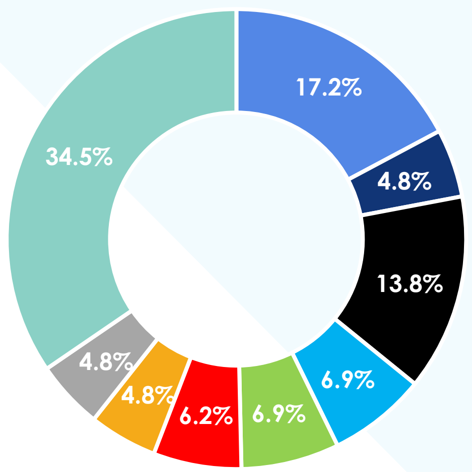

- Kiwi Property will proactively manage hedging levels to optimise economic benefit to the company, increasing or decreasing levels in line with progress on asset sales and the changing shape of the yield curve.
- Post balance date, Kiwi Property entered into an interest rate derivative to the value of $150m.

# 2.14 Finance debt facilities

**Debt maturity profile as at:**

| | | 31-Mar-24 $m | 31-Mar-24 % |
|---|---|---|---|
| FY25 | $125 | 125.0 | 8.6% |
| FY26 | $100 | 100.0 | 6.9% |
| FY27 | $50 $50 | 100.0 | 6.9% |
| FY28 | $100 $70 $100 $50 $90 $34 $70 | 514.0 | 35.4% |
| FY29 | $150 $100 $50 $100 $50 $36 | 486.0 | 33.5% |
| FY30 | $125 | 125.0 | 8.6% |
| **Total facilities** | | **1,450.0** | **100.0%** |
| Facilities drawn | | 1,194.0 | 82.3% |
| Undrawn facilities | | 256.0 | 17.7% |

Debt sources




**Key:** ANZ BNZ CBA CCB HSBC ICBC MUFG Westpac Bonds

# Glossary

# Glossary

| | |
|---|---|
| **Adjusted funds from operations (AFFO)** | 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, annual maintenance capital expenditure for sustaining and maintaining existing space and one-off costs. 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 relevant annual consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board. |
| **Discount department store (DDS)** | Includes Kmart and The Warehouse. |
| **Funds from operations (FFO)** | 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. |
| **Gearing ratio** | Calculated as finance debt (which includes secured bank debt and the face value of bonds) over total tangible assets (which excludes interest rate derivatives). |
| **Generally accepted accounting practice (GAAP)** | A common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements. Kiwi Property's financial statements comply with New Zealand Equivalents to International Financial Reporting Standards and other guidance as issued by the External Reporting Board, as appropriate for profit-oriented entities, and with International Financial Reporting Standards. |
| **Gross occupancy cost (GOC)** | Total gross occupancy costs (excluding GST) expressed as a percentage of moving annual turnover (including GST). |
| **Like-for-like retail sales** | Only includes sales from those tenants who have traded for the past 24 months. |

# Glossary

| | |
|---|---|
| **Loss after income tax** | The reported loss after income tax has been prepared in accordance with GAAP and complies with New Zealand Equivalents to International Financial Reporting Standards. The reported loss information has been extracted from the Company's annual consolidated financial statements which have been the subject of audit pursuant to the New Zealand Auditing Standards issued by the External Reporting Board. |
| **Management expense ratio (MER)** | MER (management expense ratios) are alternative non-GAAP measures used by Kiwi Property to assist investors in assessing the company's underlying operating costs. MER is a measure commonly used by real estate entities. MER does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. Kiwi Property determines MER through several annualised calculations, where employment and administration plus direct property expenses are divided by property revenue, net property income or the weighted average value of property assets under management. The information has been extracted from the company's consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board. |
| **Moving annual turnover (MAT)** | Annual sales on a rolling 12-month basis (including GST). |
| **Net operating income (NOI)** | NOI is an alternative non-GAAP performance measure used by Kiwi Property. NOI is a measure commonly used by real estate entities to describe their operating earnings from investment properties. NOI is calculated by Kiwi Property as rental revenue from investment properties, minus expenses directly attributable to those operations. NOI excludes income resulting from straight-lining of fixed rental increases and includes the amortisation of lease incentives. |
| **Net rental income (NRI)** | NRI is an alternative non-GAAP performance measure used by Kiwi Property. NRI is calculated as NOI, including rental income resulting from straight-lining of fixed rental increases, general provision for expected credit loss, other income and expense reclassifications required under NZ IFRS16 Leases. |
| **Net tangible assets (NTA)** | Represents net asset backing per share and calculated as net assets divided by shares on issue. |
| **Operating profit before income tax** | 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 relevant annual consolidated financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board. |

# Thank you