

External auditor independence policy

1.0 Purpose

The Audit and Risk Committee Charter requires the Audit and Risk Committee (ARC) to confirm the independence of the external auditors, including a review of non-audit services provided and related fees.

The objective of this document is to outline the Company's policy in relation to auditor appointment and engagement to ensure that audit independence is maintained to protect the Company's reputation for reliable and credible financial reporting.

2.0 Approval of auditor

The ARC shall only recommend to the Board for approval, a firm to be auditor if that firm:

- > Would be regarded by a reasonable investor, with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgement on all issues encompassed within the auditor's engagement, and
- > Does not allow the direct compensation of its audit partners to be linked to fees for non-audit services to the Company.

The external auditor must monitor its independence and report to the ARC biannually that it has remained independent during the previous six months.

3.0 Provision of non-audit services by the Company's external auditors

The ARC has adopted the following guidelines to ensure that 'related services' provided by the Company's auditors will not conflict with the independent role of the auditor. The general principles to be applied in assessing 'related services' are as follows:

- > The external auditor may not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information.
- > The external auditor may not perform any function of management, or be responsible for making management decisions.
- > The external auditor may not be responsible for the design or implementation of financial information systems.
- > Separation between internal and external audit should be maintained.

4.0 Services permitted to be performed

The ARC must pre-approve the general nature of all audit and 'related services' that are to be provided by the auditor. Aside from core statutory audit services, it



is appropriate for the Company's auditors to provide the following services, with prior approval from the ARC:

- > Accounting policy advice (including opinions on compliance with New Zealand Generally Accepted Accounting Practice).
- > Listing advice.
- > Due diligence services.
- > Generic accounting/technical training.
- > Other pre-approved services not listed below.

5.0 Services not permitted

It is not considered appropriate for the Company's auditors to provide:

- > bookkeeping/other services related to preparation of accounting records or financial statements
- > the design of financial information systems
- > appraisal/valuation services
- > outsourcing of internal audit services
- > structured finance advice
- > legal services (these are services that should only be provided by a person who is qualified in law)
- > taxation, planning and strategy advice
- > management functions
- > broker/dealer/investment adviser/investment banking services
- > staff on secondment, or
- > assistance in the recruitment of senior management.

6.0 Billing arrangements

The billing arrangements for services provided by the external auditors should not include any contingent fees. Fees for approved non-audit services should not exceed the fees for core audit services in any financial year.

7.0 Other procedural requirements

The Chief Financial Officer will report in detail at each ARC meeting, the nature of services provided by the external auditors and the level of fees incurred to enable the ARC to perform its oversight role.

Regardless of the Company's policies, it is expected that the Company's external auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance (including independence rules and guidance issued by New Zealand Institute of Chartered Accountants, NZX and Financial Markets Authority).



8.0 Auditor rotation

The continued appointment of the Company's external auditors is to be confirmed annually by the ARC.

In line with current professional standards, the Company requires the audit partners and review partners of its external auditor to change every five years.

9.0 Hiring of staff from the audit firm

The hiring of any former audit partner or audit manager must first be approved by the ARC.

For definitions of all capitalised terms contained in this document, please refer to our 'Glossary of terms', which can be found on the Kiwi Property website kp.co.nz/about-us/corporate-governance

Policy owner:	Chief Financial Officer
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Policy approver:	Board

