Interim Report

For the six months ended
30 September 2023

Kiwi Property


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Kiwi Property Interim Report for the six months ended 30 September 2023

For further information visit our investor centre at: kp.co.nz/investor-centre.

Letter from the Chair & Chief Executive Officer

→ Simon Shakesheff

→ Clive Mackenzie

New Zealand faced a challenging economic environment in the six months to 30 September 2023 (1H24), with inflationary and interest rate pressures contributing to high living costs and diminished consumer confidence. Despite these headwinds, our assets performed well in the first half of the financial year, enabling us to grow rents and confirm our full-year dividend guidance of 5.70 cents per share[1].

Reshaping our portfolio

Kiwi Property has a comprehensive strategy targeting attractive long-term results for investors through the company's ownership, development and management of a portfolio of high-quality real estate assets.

The foundation of this strategy is a focus on creating and curating retail-led mixed-use properties at key transport nodes. Sylvia Park, LynnMall and Drury sit at the heart of three of Auckland's 11 metropolitan town centres, placing them in a prime position to benefit from the significant population and economic growth that is forecast for those areas over the coming decades.

Our mixed-use centres all enjoy excellent public transport connectivity. Not only does this proximity to trains and buses help attract people to our centres, but based on international precedent, we're expecting strong valuation and rental uplift to occur in and around these assets as they densify with commuters.

The company is focused on the optimisation of our property portfolio, with the aim of creating a higher quality asset base. To this end, we completed the sale of Northlands and 44 The Terrace in FY23 and, in 1H24 disposed of Westgate Lifestyle and the Sylvia Park IKEA site, raising an additional $127.1 million.

By selling our non-core, capital-intensive assets and reinvesting the proceeds into opportunities such as Drury and build-to-rent (BTR), we will help build a greener, higher quality, more resilient, and lower-risk portfolio. While this capital recycling has resulted in a temporary decline in revenue, we are confident the steps we're taking will result in greater tenant demand, higher rents, and improved returns for our shareholders.

Kiwi Property experienced a 16.2% reduction in net rental income to $89.1 million following the asset sales outlined above, coupled with the impact of abatement accruals released in the prior period. Operating profit before tax was similarly affected, declining 26.7% to $52.4 million, while adjusted funds from operations (AFFO) contracted 25.4% to $48.6 million.

When viewed on a like-for-like basis[2], however, a more balanced picture emerges, showing a 2.5% increase in net rental income, while AFFO decreased marginally by 0.2% and operating profit before tax declined 1.0%, due to rising interest costs.

When we began our strategic transformation from primarily a shopping centre and office landlord to the creator and curator of retail-led mixed-use communities, we said it would take time. As a result of the delays caused by COVID-19, the process has been slower than we intended or would have ideally liked. Pleasingly, however, the company is moving quickly towards its next strategic milestone, with the opening of our first BTR development, unlocking an important new revenue stream and initiating the next stage of the company's evolution.

Driving rental growth

Tenants at our retail and mixed-use centres achieved a record-high $2.1 billion in sales[3] in the 12 months to September 30 2023, an increase of 14.9% on the prior year. The Sylvia Park precinct[4] led from the front once again, delivering sales growth of 18.1% to $915 million, while The Base sustained its recent momentum to produce sales of $523 million, up 15.6%. This escalation is particularly noteworthy given the tough financial climate, reflecting the resilience of our property portfolio.

4.5%

MIXED-USE RENTAL GROWTH

$127.1m

CAPITAL RECYCLED 1H24

General note: Refer to the Interim Results Presentation for the six months ended 30 September 2023 for the definition and determination of sales and the non-GAAP performance measures, net rental income and operating profit before tax. Comparative figures relate to the 1H23 period unless otherwise stated.

1. Dividend guidance and payments are contingent on the company's financial performance through the financial year and barring material adverse events or unforeseen circumstances.
2. Like-for-like results exclude the impact of asset sales and COVID-19 adjustments.
3. Moving annual total to 30 September 2023.
4. Sylvia Park Precinct includes Sylvia Park Shopping Centre, 3 Te Kehu Way, ANZ Raranga, Sylvia Park Lifestyle and adjoining properties.

The strong sales performance across our centres enabled us to drive robust rental growth in 1H24, achieving an uplift on new leases and rent reviews across our mixed-use and office assets of 4.5% and 3.5%, respectively. We completed almost 350 leasing transactions in the period with new office leases the standout, rising well ahead of inflation at 13.9%. The relationship with our tenants remains as positive as ever, as shown by the 11 basis point improvement in Kiwi Property's net promoter score since March 2023. It's perhaps not surprising then that our assets were almost fully occupied at the end of the period, with vacancy of just 1.2%.

Valuations in focus

On 30 September 2023, our property portfolio was valued at $3.1 billion, a fair value decrease of 2.5% or $81.1 million from 31 March 2023, driven by a softening of capitalisation rates. While global headwinds saw the valuation of our office portfolio decrease 5.9% or $52.4m, our mixed-use assets were more resistant, declining just 1.1% or $21.3 million. The decline in asset values contributed to a net loss after tax of $36.5 million.

The reduction in the value of our investment portfolio is disappointing, although not unexpected, given the current stage of the property cycle. On a more positive note, it's pleasing to see the continued resilience of our mixed-use asset values, where rental growth has helped offset capitalisation rate softening. For example, The Base increased in value by 3.7% for the period, defying the softening of property prices commonly seen elsewhere in New Zealand's commercial and residential property sectors.

Growing income and AFFO through development

Construction of Kiwi Property's BTR development at Sylvia Park continued in 1H24, with the building's three structures topped off in August 2023 and earning an 8 Homestar design rating. Work is now underway on fit-outs of the 295 studio, one, two and three-bedroom apartments ahead of a scheduled opening from May 2024. Our BTR brand, Resido will be released to consumers over the coming weeks and will be advertised across a range of channels and consumer touch points to help stimulate tenant demand.

The sharp rise in net migration, coupled with high borrowing costs and a decline in building consents, are expected to drive demand for rental accommodation in the short to medium term, accelerating growth in the BTR sector. We intend to be at the forefront of that growth, with our development at Sylvia Park providing the opportunity to 'prove up' the concept to the market, build investor confidence and stimulate interest from the range of capital partners seeking a foothold in the sector.

Elsewhere, earthworks have resumed at Drury, with the development of the site's residential and large format retail precincts progressing well. We're currently in discussions with a range of home builders and big-box retailers about potential opportunities, including the purchase of super-lots. Our objective is to maximise the returns from stage one land sales to help fund our ownership and development of the Drury town centre (stage two), where our expertise in community creation will enable us to unlock the greatest value.

Proactive capital management

The delivery of our exciting Sylvia Park BTR and Drury developments is a priority for the business. So too, is the efficient funding of these projects. We remain focused on securing capital partners to fund major new developments and accelerate the growth of the business. In the current economic climate, where asset values have decreased and interest costs have risen, maintaining the strength and flexibility of our balance sheet are important considerations.

To this end, we have taken several steps over recent periods to put the company in an even more resilient financial position, including asset sales and being disciplined about non-essential capital expenditure. In October 2023, the company also amended its bond gearing covenant from 45% to 50%, in a move that was supported by 99.8% of voting bondholders. The amendment aligns Kiwi Property with other listed property companies while also ensuring consistency across our bond and banking covenants. Kiwi Property's gearing was 35.3% on 30 September 2023.

$3.1b

PROPERTY PORTFOLIO VALUE

2.85cps

TOTAL INTERIM CASH DIVIDEND PAYMENT

Sustained ESG progress

The company made further progress on our sustainability agenda in 1H24, as we continue pushing towards our ambition of being net carbon negative in our operations by 2030.

In October, Kiwi Property was awarded a score of 79 out of 100 by the Global Real Estate Sustainability Benchmark, reflecting the company's strong ESG credentials. As part of our focus on increasing the wellbeing of people in and around our communities, we also recently launched an innovative campaign designed to bring Kiwis together and connect over a cup of coffee. Over 8,000 people participated in the initiative, raising funds for the Mental Health Foundation and driving sales for our food and beverage retailers.

Dividend and outlook

Kiwi Property will pay a cash dividend of 1.425 cents per share for the second quarter of FY24 on 20 December 2023, taking the total interim cash dividend payment to 2.85 cents per share. The Dividend Reinvestment Plan will not operate this quarter and will be reassessed on a quarterly basis. We're committed to delivering for our shareholders and recognise the importance of maintaining and ultimately growing AFFO and our dividend. As such, we're pleased to advise our full-year dividend guidance remains unchanged at 5.70 cents per share[1] for FY24 despite the challenging economic conditions, and expect this figure to be within our target payout ratio of 90-100% of AFFO.

While recent asset sales have seen a decline in the business' total revenue, it's encouraging that our diversified portfolio has performed solidly on a like-for-like basis. Retail continues to exceed many commentators' expectations, and the growth in our leasing spreads, and pedestrian counts are a testament to the resilience of our leading mixed-use assets.

Heading into the second half of the financial year, we're focussed on closely managing our balance sheet, driving business efficiency, and executing our transformation into a retail-led mixed-use community creator. Completing the Sylvia Park BTR scheme, progressing earthworks at Drury and securing capital to support our strategic ambitions are vital to building market support and growing our share price. By delivering on these priorities and continuing to increase earnings, we will help drive value and boost returns for you, our shareholders.

Thank you for your support.

Simon Shakesheff
Chair

Clive Mackenzie
Chief Executive Officer


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DANGERFIELD
Levi's
The People of Marutuahu

Financials

Consolidated financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Consolidated statement of comprehensive income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	6 months 30 Sep 2023 $000	6 months 30 Sep 2022 Restated[1] $000
Revenue			
Property revenue		115,690	131,803
Property management revenue		2,041	887
Total revenue		**117,731**	**132,690**
Expenses			
Direct property expenses		(26,558)	(25,419)
Employment and administration expenses		(15,759)	(15,477)
Total expenses		**(42,317)**	**(40,896)**
Profit before net finance expenses, other income/(expenses) and income tax		**75,414**	**91,794**
Interest income		374	52
Interest and finance charges		(23,409)	(20,394)
Net fair value gain on interest rate derivatives	3.3.2	6,238	6,260
Net finance expenses		**(16,797)**	**(14,082)**
Profit before other income/(expenses) and income tax		**58,617**	**77,712**
Net fair value loss on investment properties	3.2	(81,114)	(219,717)
Litigation settlement income		–	6,625
Loss on disposal of investment properties		(2,438)	-
Other expenses		**(83,552)**	**(213,092)**
Loss before income tax		**(24,935)**	**(135,380)**
Income tax expense	2.1	(11,613)	(15,699)
Loss and total comprehensive income after income tax attributable to shareholders		**(36,548)**	**(151,079)**
Basic and diluted earnings per share (cents)	2.2	(2.32)	(9.62)

1 Restated to comply with guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) on rental abatements. Refer to Note 1.4 for further information.

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

Consolidated statement of changes in equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Share capital $000	Share-based payments reserve $000	Retained earnings $000	Total equity $000
Balance at 1 April 2022	1,663,499	1,987	606,127	2,271,613
Loss after income tax	–	–	(151,079)	(151,079)
Dividends paid	–	–	(67,125)	(67,125)
Long-term incentive plan	1,150	(392)	59	817
Employee share ownership plan	125	(87)	–	38
Balance at 30 September 2022	**1,664,774**	**1,508**	**387,982**	**2,054,264**
Balance at 1 April 2023	1,664,774	2,103	266,608	1,933,485
Loss after income tax	–	–	(36,548)	(36,548)
Dividends paid	–	–	(44,916)	(44,916)
Dividends reinvested	16,948	–	–	16,948
Long-term incentive plan	1,073	(415)	84	742
Employee share ownership plan	–	46	–	46
Balance at 30 September 2023	**1,682,795**	**1,734**	**185,228**	**1,869,757**

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

Consolidated statement of financial position

AS AT 30 SEPTEMBER 2023

	Note	30 Sep 2023 $000	31 Mar 2023 $000
Current assets			
Cash and cash equivalents		15,895	17,878
Trade and other receivables	3.1	9,741	14,662
Interest rate derivatives	3.3.2	2,025	5
Investment properties held for sale	3.2	–	130,189
		27,661	**162,734**
Non-current assets			
Investment properties	3.2	3,101,500	3,063,832
Property, plant and equipment		2,166	2,261
Interest rate derivatives	3.3.2	12,238	9,595
		3,115,904	**3,075,688**
Total assets		**3,143,565**	**3,238,422**
Current liabilities			
Trade and other payables		58,878	61,218
Interest bearing liabilities	3.3.1	–	125,205
Income tax payable		3,769	3,832
Lease liabilities		46	3,113
		62,693	**193,368**
Non-current liabilities			
Interest bearing liabilities	3.3.1	1,105,365	1,005,916
Interest rate derivatives	3.3.2	–	1,575
Deferred tax liabilities		105,310	103,614
Lease liabilities		440	464
		1,211,115	**1,111,569**
Total liabilities		**1,273,808**	**1,304,937**
Equity			
Share capital		1,682,795	1,664,774
Share-based payments reserve		1,734	2,103
Retained earnings		185,228	266,608
Total equity		**1,869,757**	**1,933,485**
Total equity and liabilities		**3,143,565**	**3,238,422**

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 24 November 2023.

Simon Shakesheff
Chair

Mary Jane Daly
Chair of the Audit and Risk Committee

Consolidated statement of cash flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	6 months 30 Sep 2023 $000	6 months 30 Sep 2022 $000
Cash flows from operating activities		
Property revenue	120,285	135,137
Property management revenue	2,215	901
Interest and other income	374	52
Direct property expenses	(23,121)	(24,839)
Interest and finance charges	(22,458)	(19,195)
Interest costs paid on lease liabilities	(30)	(162)
Employment and administration expenses	(18,806)	(15,466)
Income tax expense	(9,981)	(16,330)
Goods and Services Tax received	(641)	(864)
Net cash flows from operating activities	**47,837**	**59,234**
Cash flows from investing activities		
Proceeds from disposal of investment properties	122,193	–
Acquisition of investment properties	(24,096)	(13,811)
Capital expenditure on investment properties	(87,794)	(80,929)
Interest and finance charges capitalised to investment properties	(5,743)	(3,902)
Acquisition of property, plant and equipment	(390)	(57)
Litigation settlement income with respect to investment properties	–	6,625
Net cash flows from/(used in) investing activities	**4,170**	**(92,074)**
Cash flows from financing activities		
Payment of lease liabilities	(22)	(29)
Proceeds from bank loans	491,000	424,000
Repayment of bank loans	(392,000)	(320,000)
Repayment of fixed-rate green bonds	(125,000)	–
Dividends paid	(27,968)	(67,125)
Net cash flows used in financing activities	**(53,990)**	**36,846**
Net (decrease)/increase in cash and cash equivalents	**(1,983)**	**4,006**
Cash and cash equivalents at the beginning of the period	17,878	11,600
Cash and cash equivalents at the end of the period	**15,895**	**15,606**

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

Consolidated statement of cash flows (continued)

Reconciliation of loss after income tax to net cash flows from operating activities	6 months 30 Sep 2023 $000	6 months 30 Sep 2022 Restated[1] $000
Loss after income tax	(36,548)	(151,079)
Items classified as investing or financing activities:		
Movement in working capital items relating to investing and financing activities	2,270	(8,234)
Non-cash items:		
Net fair value gain on interest rate derivatives	(6,238)	(6,260)
Net fair value loss on investment properties	81,114	219,717
Increase in deferred tax liabilities	1,696	5,281
Amortisation of lease incentives and fees	3,514	3,917
Straight-lining of fixed rental increases	(489)	(746)
Movements in working capital items:		
Decrease in trade and other receivables	4,921	619
Decrease in income tax payable	(63)	(5,912)
(Decrease)/increase in trade and other payables	(2,340)	1,931
Net cash flows from operating activities	**47,837**	**59,234**

1 Restated to comply with guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) on rental abatements. Refer to Note 1.4 for further information.

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

Notes to the consolidated financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

1. General information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

1.1 Reporting entity

The interim 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 interim consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with New Zealand Equivalents to International Accounting Standards (NZ IAS) 34 *Interim Financial Reporting and International Accounting Standards* (IAS) 34 *Interim Financial Reporting*. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements in the 2023 annual report.

The interim consolidated financial statements for the six months ended 30 September 2023 are unaudited. Comparative balances for 30 September 2022 are unaudited, whilst the comparative balances for the year ended 31 March 2023 are audited. Certain comparative figures have been reclassified to accord with current year presentation.

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

The interim 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 interim consolidated financial statements is New Zealand dollars.

1.3 Significant changes during the period

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

Investment property

During the period ended 30 September 2023, the Group acquired two properties adjoining Sylvia Park for $26.6 million.

On 1 May 2023, the Group disposed of Westgate Lifestyle for $85.7 million (before disposal costs).

On 31 August 2023, the Group disposed of land adjoining Sylvia Park to IKEA for $41.4 million (before disposal costs).

Interest bearing liabilities

In May 2023, the Group decreased its overall bank debt facilities from $1 billion to $950 million.

1.4 New standards, amendments and interpretations

Rental abatements

The International Financial Reporting Interpretations Committee (IFRIC) published an agenda decision in October 2022 regarding the accounting by a lessor when lease payments are forgiven. The decision clarified that IFRS 9 *Financial Instruments* applies to the forgiveness of amounts contractually due for past rent. The forgiveness of lease payments relating to future periods are accounted for as a modification of the lease to which IFRS 16 *Leases* applies.

The Group previously accounted for rental abatements as lease modifications whereby the change in lease payments were recognised on a straight-line basis over the remaining lease term.

Where an abatement is granted retrospectively on uncollected past due rent, the agenda decision requires the abatement to be expensed as an impairment of trade receivables. As a consequence, the Group has retrospectively changed its accounting policy in respect of the forgiveness of past due rent and comparative information has been restated.

The following tables summarise the impact of this change in accounting policy on the comparative consolidated financial statements:

Consolidated statement of comprehensive income

	6 months 30 Sep 2022 $000	6 months 30 Sep 2022 $000	6 months 30 Sep 2022 $000
	Restated	**Reported**	**Difference**
Property revenue	131,803	129,335	2,468
Direct property expenses	(25,419)	(29,323)	3,904
Net fair value loss on investment properties	(219,717)	(213,345)	(6,372)
Loss and total comprehensive income after income tax attributable to shareholders	(151,079)	(151,079)	–

Consolidated statement of cash flows

Reconciliation of loss after income tax to net cash flows from operating activities	6 months 30 Sep 2022 $000	6 months 30 Sep 2022 $000	6 months 30 Sep 2022 $000
	Restated	**Reported**	**Difference**
Movement in working capital items relating to investing and financing activities	(8,234)	(4,441)	(3,793)
Net fair value loss on investment properties	219,717	213,345	6,372
Amortisation of lease incentives and fees	3,917	6,496	(2,579)
Net cash flows from operating activities	59,234	59,234	–

There was no impact to the Consolidated Statement of Financial Position as a result of the agenda decision.

1.5 Key judgements and estimates

Critical judgements, estimates and assumptions are outlined throughout these interim consolidated financial statements and in the 2023 annual report.

1.6 Accounting policies

The accounting policies and methods of computation used in the preparation of these interim consolidated financial statements are consistent with those used in the 2023 annual consolidated financial statements.

2. Profit and loss information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

2.1 Tax expense

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

	6 months 30 Sep 2023 $000	6 months 30 Sep 2022 Restated[1] $000
Loss before income tax	(24,935)	(135,380)
Prima facie income tax benefit at 28%	6,982	37,906
Adjusted for:		
Net fair value gain on interest rate derivatives	1,747	1,753
Net fair value loss on investment properties	(22,712)	(61,521)
Loss on disposal of investment properties	(683)	-
Litigation settlement income	–	1,855
Depreciation	6,214	7,082
Depreciation recovered on disposal of investment properties	(2,792)	-
Net deferred leasing costs	(199)	1,271
Deferred rent received	–	(52)
Deductible capitalised expenditure	1,608	1,093
Other	(82)	195
Current tax expense	**(9,917)**	**(10,418)**
Depreciation recoverable	(23)	(4,586)
Net fair value gain on interest rate derivatives	(1,747)	(1,753)
Deferred leasing costs and other temporary differences	74	1,058
Deferred tax expense	**(1,696)**	**(5,281)**
Income tax expense reported in profit	**(11,613)**	**(15,699)**
Imputation credits available for use in subsequent periods	**5,686**	**6,162**

1 Restated to comply with guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) on rental abatements. Refer to Note 1.4 for further information.

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.

2.2 Earnings per share

	6 months 30 Sep 2023	6 months 30 Sep 2022
Loss and total comprehensive income after income tax attributable to shareholders ($000)	(36,548)	(151,079)
Weighted average number of shares (000)	1,577,528	1,570,800
Basic and diluted earnings per share (cents)	**(2.32)**	**(9.62)**

3. Financial position information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

3.1 Trade and other receivables

	30 Sep 2023 $000	31 Mar 2023 $000
Trade debtors	7,816	9,420
Provision for doubtful debts	(1,643)	(2,006)
	6,173	**7,414**
Prepayments	3,568	7,248
Trade and other receivables	**9,741**	**14,662**

The movement in the provision for doubtful debts is as follows:

	30 Sep 2023 $000	31 Mar 2023 $000
Opening provision for doubtful debts	2,006	3,374
Increase in doubtful debts allowance recognised in profit or loss during the period	175	439
Receivables written off during the period as uncollectible	(126)	(135)
Unused amounts reversed	(412)	(1,672)
Closing provision for doubtful debts	**1,643**	**2,006**

3.2 Investment properties

Investment properties held by the Group are as follows:

	Valuer	Capitalisation rate 30 Sep 2023 %	Fair value 31 Mar 2023 $000	Capital movements 30 Sep 2023 $000	Fair value gain/(loss) 30 Sep 2023 $000	Fair value 30 Sep 2023 $000
Mixed-use						
Sylvia Park Precinct[1]	Various	5.94	1,510,324	102,712	(27,372)	1,585,664
LynnMall	CBRE	7.38	206,000	3,209	(1,209)	208,000
The Base[2]	JLL	7.13	196,325	783	7,292	204,400
			1,912,649	**106,704**	**(21,289)**	**1,998,064**
Office						
Vero Centre	JLL	5.50	484,100	1,706	(18,806)	467,000
ASB North Wharf	CBRE	6.13	230,000	194	(16,194)	214,000
The Aurora Centre	Colliers	6.50	165,000	364	(17,364)	148,000
			879,100	**2,264**	**(52,364)**	**829,000**
Retail						
The Plaza	JLL	8.88	107,500	2,959	(2,459)	108,000
Centre Place North[2]	JLL	9.13	31,075	120	(245)	30,950
			138,575	**3,079**	**(2,704)**	**138,950**
Other						
Development land			133,000	6,735	(4,735)	135,000
			3,063,324	**118,782**	**(81,092)**	**3,101,014**
Gross up of lease liabilities			508	–	(22)	486
Investment properties – non-current			**3,063,832**	**118,782**	**(81,114)**	**3,101,500**
Investment properties held for sale						
Properties held for sale[3]			127,120	(127,120)	–	–
Gross up of lease liabilities[4]			3,069	(3,069)	–	–
Investment properties held for sale – current			**130,189**	**(130,189)**	**–**	**–**
Total investment properties			**3,194,021**	**(11,407)**	**(81,114)**	**3,101,500**

1 Sylvia Park Precinct was valued "as if complete" at $1.675 billion based on a weighted capitalisation rate of 5.9% (including the as if complete capitalisation rate of Resido Lynton build-to-rent). The deduction of $89.0 million outstanding development costs for the Resido Lynton build-to-rent development results in an "as is" value of $1.586 billion net of seismic costs.
2 Represents the Group's 50% ownership interest.
3 The fair value at 31 March 2023 includes Westgate Lifestyle and the IKEA land. During the current period, Westgate Lifestyle was sold for $85.7 million and the IKEA land was sold for $41.4 million. Refer to note 1.3 for further information.
4 The value at 31 March 2023 includes the gross up of lease liabilities associated with Westgate Lifestyle. Westage Lifestyle was sold during the current period.

3.2 Investment properties (continued)

The movement in the Group's investment properties during the six months to 30 September 2023 is as follows:

	Mixed-use $000	Office $000	Retail $000	Other $000	Held for sale $000	Total $000
Balance at 31 March 2023 excluding gross up of lease liabilities	1,912,649	879,100	138,575	133,000	127,120	**3,190,444**
Capital movements:						
Acquisitions	26,596	–	–	–	–	**26,596**
Disposals	–	–	–	–	(131,189)	**(131,189)**
Capitalised costs (including lease incentives, fees and fixed rental income)	78,432	3,092	3,266	4,553	4,194	**93,537**
Capitalised interest and finance charges	3,529	–	32	2,182	–	**5,743**
Amortisation of lease incentives, fees and fixed rental income	(1,853)	(828)	(219)	–	(125)	**(3,025)**
	106,704	**2,264**	**3,079**	**6,735**	**(127,120)**	**(8,338)**
Net fair value loss on investment properties excluding gross up of lease liabilities	(21,289)	(52,364)	(2,704)	(4,735)	–	**(81,092)**
Balance at 30 September 2023 excluding gross up of lease liabilities	**1,998,064**	**829,000**	**138,950**	**135,000**	**–**	**3,101,014**
Gross up of lease liabilities:						
Balance at 31 March 2023	508	–	–	–	3,069	**3,577**
Capital movements	–	–	–	–	(3,069)	**(3,069)**
Fair value movements	(22)	–	–	–	–	**(22)**
Balance at 30 September 2023	**486**	**–**	**–**	**–**	**–**	**486**
Balance at 30 September 2023 including gross up of lease liabilities	**1,998,550**	**829,000**	**138,950**	**135,000**	**–**	**3,101,500**

3.2 Investment properties (continued)

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 (31 March 2023: Level 3) in the fair value hierarchy because all significant inputs that determine fair value are not based on observable market data.

Valuation process

In line with the Group's valuation policy, independent desktop reviews of investment property values were performed at 30 September 2023 for The Base, Centre Place North, Sylvia Park Lifestyle, Resido Lynton build-to-rent (Resido Lynton), Drury development land and other adjoining industrial assets within the Sylvia Park Precinct. Full independent valuations were performed for all other investment properties by independent valuers who are members of the Group's valuation panel and the New Zealand Institute of Valuers. The desktop reviews were completed by the same independent valuers who completed full independent valuations at 31 March 2023.

No independent valuations were performed for the adjoining residential properties within the Sylvia Park Precinct, which are presented at their 31 March 2023 independent valuations, adjusted for capital expenditure over the period as appropriate. This represents the Directors' best estimate of fair value at 30 September 2023. The Group has also internally assessed the value of a recently purchased adjoining industrial asset. Where a contracted sale price is available, the investment property held for sale 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. At 31 March 2023, all properties were carried at external valuation or contract price as applicable, except for a small number of non-core residential properties which were subject to a kerbside assessment performed by an independent registered valuer that is a member of 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 and The Plaza 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 and made deductions for seismic strengthening works. 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 adjustments such as for escalation and profit and risk.

The timing of the cash outflow for these costs has typically been spread over the next two to three years and the overall value deduction reflects the present value of costs over the adopted time horizon. Refer also to the section titled 'seismic' below for further information.

One asset within the Sylvia Park Precinct was valued using the residual approach as at 30 September 2023, being the Resido Lynton property, as the development of this property has commenced with construction underway. Under the residual approach, valuers estimate the 'as if complete' value of an asset using the discounted cash flow approach described above. They then deduct remaining project costs to determine the asset's 'as is' or residual value.

The valuations and desktop reviews 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 period and holds discussions with the independent valuers to assess the reasonableness of the valuations.

3.2 Investment properties (continued)

Seismic

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, and 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 adjustments such as for escalation and profit and risk.

In some cases the Group has become aware of potential remediation requirements from recent preliminary investigations. In these instances the Group has provided additional provisions to the valuers for inclusion in the valuations, the present value of which is $42.1 million (31 March 2023: $48.2 million). These provisions are estimated allowances pending the outcome of further investigations.

When estimating such allowances, the Group considers several factors and applies judgement on how those factors may impact future costs. Factors requiring judgement include the function of the impacted area, impact on existing tenants and complexity of remediation works. Costing is assessed based on internal and external evidence of seismic remediation, with consideration given to the nature and relevance of similar properties. Management applies a probability and risk weighting assessment across these inputs to derive a value for estimated allowances. While a change in risk weighting on one factor may not on its own result in a material change in the seismic estimate, it is possible that the risk weighting could change in a combination of factors which could potentially result in a material change in the seismic estimate.

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.

Climate change

The Group continues to identify the impact of climate change on the business and its 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 risk and its impacts.

Impact on values at 30 September 2023

For the period ended 30 September 2023, the Group reported a fair value loss of $81.1 million. The loss reflects expanding capitalisation rates and discount rates consistent with higher risk-free-rates and heightened investment uncertainty relative to the prior year.

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.

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 most significant key unobservable inputs are the capitalisation rate and discount rate.

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.

		Range of significant unobservable inputs		
Class of property	Inputs used to measure fair value	30 Sep 2023	31 Mar 2023	Sensitivity
Mixed-use[1]	Core capitalisation rate	5.9% - 7.4%	5.5% - 7.3%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Other income capitalisation rate	5.9% - 8.1%	5.8% - 8.0%	
	Discount rate	7.8% - 10.0%	7.3% - 9.3%	
	Terminal capitalisation rate	6.1% - 7.4%	5.8% - 7.3%	
	Gross market rent (per sqm)[2]	$401 - $876	$385 - $852	The higher the market rent and growth rate, the higher the fair value.
	Rental growth rate (per annum)	0.5% - 5.0%	-0.9% - 3.0%	
Office	Core capitalisation rate	5.5% - 6.5%	5.1% - 5.8%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Discount rate	6.8% - 7.8%	6.5% - 7.5%	
	Terminal capitalisation rate	5.8% - 7.0%	5.4% - 6.3%	
	Gross market rent (per sqm)[2]	$582 - $791	$572 - $761	The higher the market rent and growth rate, the higher the fair value.
	Rental growth rate (per annum)	1.0% - 4.3%	1.5% - 4.2%	
Retail	Core capitalisation rate	8.9% - 9.3%	8.5% - 9.0%	The higher the capitalisation rates and discount rate, the lower the fair value.
	Other income capitalisation rate	8.9% - 10.3%	8.5% - 10.0%	
	Discount rate	9.5% - 10.0%	9.0% - 9.5%	
	Terminal capitalisation rate	9.0% - 9.4%	8.8% - 9.3%	
	Gross market rent (per sqm)[2]	$474 - $658	$466 - $637	The higher the market rent and growth rate, the higher the fair value.
	Rental growth rate (per annum)	0.5% - 3.0%	0.5% - 2.3%	

1 Mixed-use excludes adjoining properties located at Sylvia Park for the purpose of the table above.
2 Weighted average by property.

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.

30 September 2023	Adopted value	Capitalisation rate - 25bp	Capitalisation rate + 25bp	Discount rate - 25bp	Discount rate + 25bp
Mixed-use					
Actual valuation ($000)	1,998,064				
Impact of assumption change ($000)		73,900	(67,900)	32,000	(31,000)
Impact of assumption change (%)		3.7	(3.4)	1.6	(1.6)
Office					
Actual valuation ($000)	829,000				
Impact of assumption change ($000)		39,500	(36,000)	16,000	(15,000)
Impact of assumption change (%)		4.8	(4.3)	1.9	(1.8)
Retail					
Actual valuation ($000)	138,950				
Impact of assumption change ($000)		5,500	(6,700)	3,200	(3,100)
Impact of assumption change (%)		4.0	(4.8)	2.3	(2.2)

31 March 2023	Adopted value	Capitalisation rate - 25bp	Capitalisation rate + 25bp	Discount rate - 25bp	Discount rate + 25bp
Mixed-use					
Actual valuation ($000)	1,912,649				
Impact of assumption change ($000)		76,000	(69,300)	31,400	(33,000)
Impact of assumption change (%)		4.0	(3.6)	1.6	(1.7)
Office					
Actual valuation ($000)	879,100				
Impact of assumption change ($000)		44,700	(41,700)	16,400	(16,900)
Impact of assumption change (%)		5.1	(4.7)	1.9	(1.9)
Retail					
Actual valuation ($000)	138,575				
Impact of assumption change ($000)		6,100	(6,500)	2,400	(2,300)
Impact of assumption change (%)		4.4	(4.7)	1.7	(1.7)

3.3 Funding

3.3.1 Interest bearing liabilities

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

	30 Sep 2023 $000	31 Mar 2023 $000
Bank loans – total facilities	950,000	1,000,000
Bank loans – undrawn facilities	(345,000)	(494,000)
Bank loans – drawn facilities – non-current	**605,000**	**506,000**
Fixed-rate green bonds – current	–	125,205
Fixed-rate green bonds – non-current	500,365	499,916
Fixed-rate green bonds – amortised cost	**500,365**	**625,121**
Interest bearing liabilities	**1,105,365**	**1,131,121**

	30 Sep 2023 $000	31 Mar 2023 $000
Face value of fixed-rate green bonds – current	–	125,000
Face value of fixed-rate green bonds – non-current	500,000	500,000
Face values	**500,000**	**625,000**

	30 Sep 2023 $000	31 Mar 2023 $000
Weighted average interest rate for drawn debt (inclusive of bonds, active interest rate derivatives, margins and line fees)	5.52%	5.18%
Weighted average term to maturity for the combined facilities	3.6 years	3.8 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.

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), MUFG Bank, Ltd (Auckland Branch) and Westpac New Zealand.

In May 2023, the Group decreased the overall bank facilities from $1 billion to $950 million.

The Group is required to comply with certain financial covenants in respect of its interest bearing liabilities. During the six months ended 30 September 2023 and year ended 31 March 2023, the Group was in compliance with all of its financial covenants.

3.3.1 Interest bearing liabilities (continued)

Security

The bank loans and fixed-rate green bonds are secured by a Global Security Deed granted by the Charging Group over all of their assets, together with first ranking registered mortgages over substantially all of the real property (being land and buildings and other fixtures on that land) owned by the Charging Group. The Charging Group comprises Kiwi Property Group Limited and its subsidiaries that are party to the Global Security Deed as guarantors. At the date of these financial statements, the guaranteeing subsidiaries comprise 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. 7 Limited, Sylvia Park Business Centre Limited, Kiwi Property Te Awa Limited and Kiwi Property Centre Place Limited. The guaranteeing subsidiaries may change from time to time.

3.3.2 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.

	30 Sep 2023 $000	31 Mar 2023 $000
Interest rate derivative assets - current	2,025	5
Interest rate derivative assets - non-current	12,238	9,595
Interest rate derivative liabilities - non-current	-	(1,575)
Net fair values of interest rate derivatives	**14,263**	**8,025**
Notional value of interest rate derivatives - fixed-rate payer - active	360,000	320,000
Notional value of interest rate derivatives - fixed-rate payer - forward starting	160,000	225,000
Notional values	**520,000**	**545,000**
Fixed-rate payer swaps:		
Weighted average term to maturity - active	1.9 years	1.5 years
Weighted average term to maturity - forward starting	3.8 years	4.7 years
Weighted average term to maturity	**2.4 years**	**2.8 years**
Fixed-rate payer swaps:		
Weighted average interest rate - active[1]	3.59%	3.25%
Weighted average interest rate - forward starting[1]	3.75%	4.07%
Weighted average interest rate	**3.64%**	**3.59%**

1 Excluding fees and margins.

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 (31 March 2023: Level 2). 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 30 September 2023 of between 5.74% for the 90-day BKBM and 5.18% for the 10-year swap rate (31 March 2023: 5.23% and 4.30%, respectively).

4. Other information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

4.1 Segment information

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

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

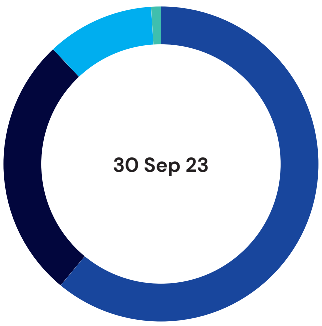
The Group's primary assets are investment properties. Segment information for investment properties is provided in note 3.2. As at 30 September 2023, the retail segment has been added in alignment with the Group's strategy. The comparative figures have been reclassified on the same basis. Investment properties held for sale are included in the other segment. The Group operates in New Zealand only.

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

	Mixed-use $000	Office $000	Retail $000	Other $000	Total $000
30 September 2023					
Property revenue	70,342	31,545	13,282	521	115,690
Less: amortisation of fixed rental increases	(317)	(271)	(11)	110	(489)
Less: direct property expenses	(15,715)	(7,053)	(3,721)	(69)	(26,558)
Less: ground lease expenses	(35)	–	–	(17)	(52)
Segment profit	**54,275**	**24,221**	**9,550**	**545**	**88,591**

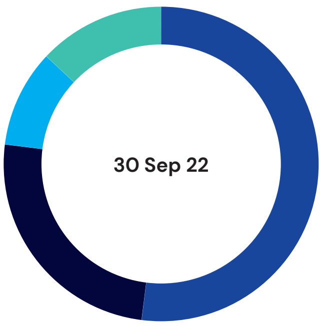
	Mixed-use $000	Office $000	Retail $000	Other $000	Total $000
30 September 2022					
Property revenue (restated)[1]	68,006	32,382	13,383	18,032	131,803
Less: amortisation of fixed rental increases	(666)	(46)	(20)	(14)	(746)
Less: direct property expenses (restated)[1]	(12,278)	(5,928)	(3,193)	(4,020)	(25,419)
Less: ground lease expenses	(33)	–	–	(158)	(191)
Segment profit	**55,029**	**26,408**	**10,170**	**13,840**	**105,447**

1 Restated to comply with guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) on rental abatements. Refer to Note 1.4 for further information.



Segment profit

Mixed-use	61%
Office	27%
Retail	11%
Other	1%



Segment profit

Mixed-use	52%
Office	25%
Retail	10%
Other	13%

4.1 Segment information (continued)

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

	6 months 30 Sep 2023 $000	6 months 30 Sep 2022 Restated[1] $000
Segment profit	88,591	105,447
Property management fees	2,041	887
Increase in rental income resulting from straight-lining of fixed rental increases	489	746
Interest income	374	52
Net fair value loss on investment properties	(81,114)	(219,717)
Interest and finance charges	(23,409)	(20,394)
Employment and administration expenses	(15,759)	(15,477)
Net fair value gain on interest rate derivatives	6,238	6,260
Litigation settlement income	–	6,625
Loss on disposal of investment properties	(2,438)	–
Ground lease expenses classified as interest and fair value loss on investment properties	52	191
Loss before income tax	**(24,935)**	**(135,380)**

1 Restated to comply with guidance issued by the International Financial Reporting Interpretations Committee (IFRIC) on rental abatements. Refer to Note 1.4 for further information.

The following table is an analysis of the Group's assets and liabilities by reportable segments used during the period:

	Mixed-use $000	Office $000	Retail $000	Other $000	All other segments $000	Total $000
30 September 2023						
Segment assets	1,995,413	830,160	139,777	144,078	34,137	**3,143,565**
Segment liabilities	31,539	6,542	9,029	1,748	1,224,950	**1,273,808**

	Mixed-use $000	Office $000	Retail $000	Other $000	All other segments $000	Total $000
31 March 2023						
Segment assets	1,907,673	881,935	140,201	276,242	32,371	**3,238,422**
Segment liabilities	32,913	4,896	8,079	4,394	1,254,655	**1,304,937**

All assets are allocated to reportable segments other than cash and cash equivalents, interest rate derivatives and property, plant and equipment, which are included in 'all other segments'.

All liabilities are allocated to reportable segments other than interest bearing liabilities, deferred tax liabilities, income tax payable and interest rate derivatives, which are included in 'all other segments'.

4.2 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:

	30 Sep 2023 $000	31 Mar 2023 $000
Development costs at Sylvia Park	60,497	113,951
Development costs at LynnMall	–	2,937
Development costs at ASB North Wharf	892	–
Development costs at Vero Centre	1,317	–
Development costs at The Plaza	14,104	–
Drury infrastructure	4,486	6,071
Capital commitments	**81,296**	**122,959**

4.3 Subsequent events

On 20 October 2023, the Group amended the gearing ratio set out in the Master Trust Deed by increasing the ratio from 45% to 50%.

On 1 November 2023, the Group extended the term of the facilities and added Industrial and Commercial Bank of China Limited, Auckland Branch (ICBC) to the banking suite. The new weighted average term of all debt facilities (calculated on a 30 September 2023 pro-forma basis) is 4.1 years.

On 24 November 2023 the Board declared a dividend for the period of 1 July 2023 to 30 September 2023 of 1.425 cents per share (cps) (equivalent to $22.7 million), together with imputation credits of 0.227 cps. The dividend record date is 5 December 2023 and payment will occur on 20 December 2023.

Independent auditor's review report

Deloitte.

TO THE SHAREHOLDERS OF KIWI PROPERTY GROUP LIMITED

Conclusion

We have reviewed the consolidated interim financial statements ('interim financial statements') of Kiwi Property Group Limited ('the Company') and its controlled entities ('the Group') which comprise the consolidated statement of financial position as at 30 September 2023, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 9 to 30.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2023 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in Kiwi Property Group Limited or its controlled entities.

Directors' responsibility for the interim consolidated financial statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim consolidated financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 I*nterim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly we do not express an audit opinion on the interim financial statements.

Restriction on use

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a review 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's shareholders as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Andrew Boivin
Partner
for Deloitte Limited
Auckland, New Zealand
24 November 2023

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- MUFG Bank, Ltd (Auckland Branch)
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