Kiwi Property Group Limited
Level 7, Vero Centre, 48 Shortland Street
PO Box 2071, Auckland 1140, New Zealand
office +64 9 359 4000 kp.co.nz
Licensed under the Real Estate Agents Act 2008

NZX RELEASE

26 May 2025

Continued rent growth, cost discipline underpin FY25 result

	FY25	Movement from FY24
Net rental income	$194.1m	+5.0%
Operating profit before tax	$116.2m	+7.4%
Net profit after tax	$57.0m	+2,814.3%
Adjusted funds from operations	$92.8m	-7.0%
Net tangible assets per share	$1.14	-2.0%
Full year dividend	5.40 cents per share	-5.3%

Operational resilience
Kiwi Property released its annual results for the twelve months ended 31 March 2025 (FY25) today, with the results demonstrating operational resilience, fiscal discipline and the continued advancement of its long-term retail-led mixed-use strategy.

Kiwi Property Chair Simon Shakesheff noted that the "recession has affected the wider property and construction sectors, with downward pressures on office tenancies, residential rentals, and consumer propensity to spend on retail goods. As economic pressures on consumers and businesses slowly ease, I believe Kiwi Property will be increasingly well-positioned, with our positive exposure to population, retail and rental trends continuing to underpin our strategy."

Rental growth
Maximising the operational performance of Kiwi Property's assets has resulted in strong growth in contracted rental income of 4.3% across the portfolio.

Net rental income was up 5.0% at $194.1 million, reflecting the rental growth during the year. Operating profit before tax was also up 7.4% at $116.2 million. However, the removal of building tax depreciation in FY25 and higher interest costs contributed to adjusted funds from operations (AFFO) decreasing by 7.0% to $92.8 million.

Asset valuations stable
The value of Kiwi Property's assets has stabilised this year, down marginally from FY24 (-0.3%), with the total property portfolio valued at $3.3 billion as at 31 March 2025.

The stabilisation of Kiwi Property's asset valuations, aligned with ongoing tight cost management, contributed to a net profit after tax of $57.0 million, up from a small net loss of -$2.1 million in the prior year.

Management expense target exceeded
Clive Mackenzie, Kiwi Property CEO, commented that "operational discipline has resulted in a significant 23% year-on-year reduction in employment and administration expenses of $7.5 million."

At the beginning of the 2025 financial year, Kiwi Property committed to reducing employment and administration expenses as a proportion of net property income to 14.3%. The strong focus on cost control and day-to-day operational excellence has led to this target being exceeded, with the ratio at 12.7% for FY25.

Managing the balance sheet
The sale of non-strategic assets to manage gearing levels and fund growth is a key part of Kiwi Property's strategy.

Shakesheff said, "With reduced transaction activity and adverse capital market conditions, we sought additional capital sources as future avenues for growth. In November 2024, Kiwi Property invested in Mackersy Property, with the intent to provide Kiwi Property with an additional capital source and potential earnings growth as the property market recovers.

To best manage Kiwi Property's balance sheet, we have also reduced capital spend and turned on the dividend reinvestment plan (DRP). Participation in the DRP has been strong, retaining approximately $29 million in the business during the year. Although gearing is higher than we'd like at 38.4%, valuations now appear to be stabilising, and we will focus on the sale of non-strategic assets in FY26 before any further significant investment can occur." Net tangible assets were down slightly at $1.14 per share (-2.0%).

Mixed-use: from concept to reality
As part of Kiwi Property's mixed-use development strategy, Resido officially opened at Sylvia Park in mid-2024, New Zealand's largest build-to-rent development with 295 apartments. Since opening, we have faced a competitive Auckland rental market, with rental supply outpacing demand over the period.

Despite the more challenging rental market, the pace of leasing at Resido has been at the faster end of the expected 12 to 18 month range, at 85% leased in under 12 months. Achieved rentals are around 26% higher than the median Auckland apartment rent, proving that high-quality residential living close to premium retail and good transport connectivity is an attractive proposition for tenants.

"While still early, initial data from ANZ Research shows that the average Resido resident is spending three times more within the wider Sylvia Park precinct than before they moved into our BTR asset," Mackenzie notes.

Later this year, New Zealand's very first IKEA is expected to open adjacent to our centre at Sylvia Park, with the long-awaited arrival of the global leader in home furnishings onto New Zealand shores creating excitement amongst retailers, shoppers, and residents alike. With the economic downturn easing, premium retail centres like Sylvia Park are poised to accelerate their growth. Sylvia Park achieved rental growth for FY25 of 4.7% and other retail precincts within the Kiwi Property portfolio have also performed well, with total FY25 rental growth of 5.9% at The Base and 2.5% at LynnMall.

Retail sales at Kiwi Property's mixed-use assets were -1.3% down over the last 12 months, reflecting the economic slowdown. Total occupancy costs (TOC) increased to 15.6% from 14.0% across the mixed-use assets. Kiwi Property considers a target TOC range for retail landlords to be between 17% and 18%, providing further scope for rental growth. Positively, foot traffic continues to increase; nearly 600,000 more visits were made to the mixed-use centres than the prior year (a 2.2% increase).

First land sold at Drury
Drury remains early in its development, with foundational work continuing over the year. Commenting on land sale progress, Shakesheff said, "We are pleased to announce the first sale of large-format retail land at Drury to New Zealand-owned supermarket operator Foodstuffs, entering into an unconditional agreement in April 2025.

The economic environment both locally and globally has meant transactions of this nature have taken longer than expected, but it is pleasing to see activity starting to return to the New Zealand property market. We are already gaining momentum from this sale, and a number of other parties are in advanced discussions to acquire Drury land."

Mackenzie added, "We will continue to progress the development and sale of land at Drury in a considered manner to maximise value for shareholders."

Changes to the Kiwi Property board
This year saw Jane Freeman stepping down at the annual shareholder meeting, as signalled in last year's annual shareholder report. Kevin Kenrick joined the Board of Directors in May 2024, bringing with him a wealth of experience in marketing, retail and consumer-focused businesses across telecommunications, travel and media.

In January 2025, it was announced that Mary Jane Daly will not stand for re-election and will step down with effect from our 2025 annual shareholder meeting. Mary Jane has made an exceptional contribution to Kiwi Property and will leave with the best wishes and respect of her fellow Directors.

As announced late last month, Michele Embling has been appointed to the Kiwi Property Board, effective from 27 May 2025. Michele brings extensive leadership and governance experience across the public and private sectors, and she will be introduced to shareholders at the Annual General Meeting later in the year.

Sustainability progress
Improving the energy efficiency of its buildings is important to Kiwi Property. Pleasingly the NABERSNZ energy efficiency ratings at ASB North Wharf and Vero Centre increased during the period, and a 9 Homestar Built rating was achieved for Resido. The Resido rating is a particularly satisfying achievement; a 9-star certification denotes best practice and Resido is the first development of this scale in NZ to be awarded this rating.

A future-fit business requires strong investment in its people. Focused efforts to foster a productive, supportive and enjoyable culture at Kiwi Property have resulted in an uplift in employee engagement scores, which are at a five-year high of 75%.

Dividend and guidance
Kiwi Property will pay a cash dividend of 1.35 cents per share for the fourth quarter of FY25 on 19 June 2025, taking the full year cash dividend payment to 5.40 cents per

share (cps). This is in line with guidance and reflects an AFFO payout ratio of 93%. The dividend reinvestment plan will operate for the Q4 FY25 dividend and will be reassessed by the company on a quarterly basis. Pricing for the DRP will be determined by the volume weighted average share price for the five trading days to 11 June, subject to a 2% discount.

Shakesheff said, "I am pleased to announce dividend guidance for the 2026 financial year of 5.60 cps[1], which represents growth of 3.7% on the FY25 dividend." The forecast dividend is expected to be between 90% and 100% of FY26 AFFO.

FY26 outlook
Mackenzie said, "We are encouraged by the future possibilities for Kiwi Property. We will continue to target strong rental growth through active lease management and through investment in quality amenities. The opening of IKEA next to our centre, scheduled for later in the calendar year, is expected to drive retail tourism and a significant boost in foot traffic for Sylvia Park, attracting new customers from across the country to visit.

Tight management of operational costs and capital expenditure will continue, with future recycling of non-strategic assets allowing for further investment, in line with our capital allocation framework."

"As indicated earlier, our conviction in the Kiwi Property strategy has strengthened, and the company is well positioned for future growth as the economy recovers and as key macro-trends move in our favour," Shakesheff concluded.

Additional information
Kiwi Property has today also released an Annual Report, Annual Results Presentation, Property Compendium, and Sustainability Report, which are available for download on the company's website, kp.co.nz, or from nzx.com.

ENDS

Notes:

General: Net rental income, operating profit before tax, and adjusted funds from operations are non-GAAP performance measures. Refer to the Kiwi Property Annual Results Presentation for the twelve months ended 31 March 2025 for details.
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.

For further information

Clive Mackenzie	Fraser Gunn
Chief Executive Officer	Head of Corporate Finance and Investor Relations
clive.mackenzie@kp.co.nz	fraser.gunn@kp.co.nz
	+64 21 973 534

About us

Kiwi Property (NZX: KPG) is one of the largest listed property companies on the New Zealand Stock Exchange and is a member of the S&P/NZX 20 Index. We have been around for over 30 years and proudly own and manage a significant real estate portfolio comprising some of New Zealand's best mixed-use, retail and office buildings. Our objective is to provide investors with a reliable investment in New Zealand property through the ownership and active management of a diversified, high-quality portfolio. Kiwi Property is licensed under the Real Estate Agents Act 2008. To find out more, visit our website, kp.co.nz