Interim Report

For the six months ended
30 September 2024

→ ANZ Raranga

→ Sylvia Park

Cover image → Resido apartments, Sylvia Park

Contents

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

→ Resido

Letter from the Chair and Chief Executive Officer

Simon Shakesheff
Chair

Clive Mackenzie
Chief Executive Officer

$56.4m

OPERATING PROFIT BEFORE TAX

$43.2m

NET PROFIT AFTER TAX

The resilience of Kiwi Property's assets is demonstrated through solid net rental income growth of 7.0% for the half-year.

Resilience showing through

Our interim results for the six months ended 30 September 2024 (1H25) have reinforced conviction that our strategy, focused on creating and curating retail-led mixed-use properties, is building momentum as challenging recent macroeconomic conditions start to ease.

The resilience of Kiwi Property's assets is demonstrated through solid net rental income growth of 7.0% for the half-year. Operating profit before tax was $56.4 million (up 7.7%), reflecting a tight focus on costs, efficiencies, and execution, while net profit after tax was $43.2 million (up 218.4%), including a modest fair value gain over the period. While AFFO is marginally lower than the prior period (-0.4%), this is encouraging given higher interest costs and lower depreciation deductions as a result of the Government's tax legislation change.

Retail sales at Kiwi Property's assets have also held up well considering the current economic environment, with sales down -1.8% across the portfolio compared to the -3.8%[1] reduction in sales nationally. Kiwi Property's mixed-use specialty gross occupancy cost ratio (a key measure of tenancy affordability) increased from 12.2% to 14.3%, remaining within a conservative range and leaving room for future rental growth following the 4.2% total rent growth achieved over the first half of the financial year. The attractiveness of our centres as destinations also continues to be demonstrated through foot traffic, which increased from 36.3 million to 37.3 million over the preceding 12 months.

The results of the last six months have given us even greater confidence in our strategy. Importantly, as the interest rate cycle begins to unwind and lift downward pressure, we are seeing a stabilisation of Kiwi Property asset valuations that is also reflected in the 1H25 results. On 30 September 2024, the Kiwi Property portfolio was valued at $3.3 billion, including a fair value gain of 0.3% from 31 March 2024. Net tangible assets were stable at $1.17 per share.

Our expectation is that in creating a high-quality asset base with good transport connectivity, we will achieve stronger valuation and rental uplift over time.

1. Stats NZ Electronic Card Transactions for the period Sep 24 vs. the preceding 12 months across the consumables, apparel and durables categories.

Actively managing the business

We have been actively managing and optimising our portfolio, capital, and business during the first six months of the financial year, including being disciplined about non-essential expenditure. This has seen a 20% reduction in employment and administration expenses for the half-year due to people-related cost reduction initiatives and lower one-off costs.

Occupancy across our asset portfolio has remained strong, thanks to our robust and creative leasing strategy that pre-empts vacancy by leveraging existing relationships and making use of vacant space with short-term Activate tenancies.

We have a clear capital allocation strategy, which includes the potential for the selective and considered divestment of assets over time that are no longer essential to our strategic focus on retail-led, mixed-use properties. Valuations appear to have stabilised and we have minimised incremental capital spend, with Kiwi Property's gearing 38.0% as at 30 September 2024. We are confident that gearing will reduce as the property cycle turns and will take the necessary time on asset sale initiatives to ensure that value is maximised for shareholders.

In other capital initiatives, we were pleased with the participation in our dividend reinvestment plan, with 47% take-up an increase from 38% in September 2023. The DRP will also operate for the next dividend, retaining further capital in the business.

Build-to-rent comes to life

On 11 June 2024, Prime Minister Christopher Luxon and Housing Minister Chris Bishop officially joined us in opening Resido, our flagship 295 apartment build-to-rent (BTR) development at Sylvia Park, the largest of its kind in the country.

This new asset class has the potential to play an important role in helping to address the growing demand for rental accommodation and alleviate New Zealand's housing shortfall, and we are proud to be a leader in this market.

The lease-up progress at Resido is in line with our expectations, with 148 leases signed as at 21 November (50% of the total apartments). We are on track to achieve our ambition of Resido being fully leased up within 12-18 months of launch.

The high quality of the development and its attraction for residents has been demonstrated in the achieved rentals, reflecting the additional amenities provided (including on-site team, gym, rooftop BBQ, media room, residents' lounge, dog park and proximity to Sylvia Park shopping centre).

2.70cps

TOTAL INTERIM CASH DIVIDEND PAYMENT

$3.3b

PROPERTY PORTFOLIO VALUE

Sylvia Park has proven to be the best proof-point to date of the Kiwi Property retail-led mixed-use strategy, highlighting the benefits of taking a long-term approach.


→ 3 Te Kehu Way

The next retail-led mixed-use community

Sylvia Park has proven to be the best proof-point to date of the Kiwi Property retail-led mixed-use strategy, highlighting the benefits of taking a long-term approach – starting with strategic land holdings near transport and population growth nodes, and adding quality retail, residential, office, and amenities to the community.

Drury is expected to be another such exemplar, with transport connections underway with the new Drury Central train station due for completion in 2025, and advanced discussions underway on large-format retail (LFR) and residential sale opportunities. These will help catalyse the growth of the community as part of stage one.

Progress on stage one continues with major earthworks completed in June 2024. The strategy is to maximise the returns from stage one super-lot sales, which will be used to fund subsequent development stages. Stage two will focus on ownership and development of the town centre, which is where we expect to create significant long-term value.

It was encouraging to see our Drury Metropolitan Town Centre project announced in October as a listed project on Schedule 2 of the Governments Fast-track Approvals Bill, as well as a number of other Drury infrastructure projects. This is positive news and aligns with our belief that Drury is a significant housing and community infrastructure development, enabling growth for Auckland.

Investment in Mackersy Property

In November 2024, Kiwi Property invested in Mackersy Property (by way of a $6.5 million convertible loan) to support Mackersy's continued growth. On conversion, Kiwi Property's investment will result in a 50% shareholding.

Mackersy Property is one of New Zealand's leading full-service investment management firms with over $2 billion in real estate assets under management. It is focused on sourcing, funding and managing high-quality properties on behalf of wholesale investors across New Zealand. Mackersy Property manages assets across the office, retail, LFR, and industrial sectors.

Initially we anticipate the deal will be marginally accretive to earnings, with the ability to grow over time as market activity returns.

Exposure to this attractive business will also provide Kiwi Property with diversification of capital sources with direct access to a deep pool of ~2,800 wholesale investors. Key executive shareholders (with strong investor relationships and origination capability) have been retained. The business is scalable and has a strong track record in the market.

Sustained ESG momentum

Kiwi Property has a proud environmental, social and governance (ESG) track record.

Our sustainability approach is based on three key pillars; People, Places and Partnerships. It is an approach founded on a belief that leading sustainability performance supports better communities, attracts more diverse capital, and creates more value for shareholders over time.

We are deeply committed to ensuring our developments are measured on their sustainability performance, with recent developments Resido receiving an 8-Star Homestar Design rating, and 3 Te Kehu Way achieving Aotearoa's first 6-Star Design and As-Built v1.0 Green Star rating.

We also continue to be a proud supporter of the Mental Health Foundation and the great work they do in our communities.

Dividend and guidance

Kiwi Property remains committed to maintaining and growing dividends over time. As outlined in the FY24 annual results, a legislative change earlier this year removed the ability of companies to claim depreciation on commercial buildings. This led to Kiwi Property reducing its forecast dividend for the FY25 year. Kiwi Property has reiterated its dividend guidance at 5.40 cents per share for FY25[1].

Kiwi Property will pay a cash dividend of 1.35 cents per share for the second quarter of FY25 on 20 December 2024, taking the interim cash dividend payment to 2.70 cents per share.

The dividend reinvestment plan (DRP) will operate for the Q2 FY25 dividend and will be reassessed 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 December, subject to a 2% discount.

FY25 outlook

Kiwi Property remains firmly focused on creating long-term value for shareholders. We will continue to optimise our assets and business, invest or divest carefully in opportunities according to our capital allocation framework, and position ourselves for when the economy improves. Downward momentum in the interest rate environment has also provided Kiwi Property with greater confidence in its earnings and dividend profile.

Heading into the rest of the financial year, we will continue active management of our portfolio. Our operational focus involves leasing up the rest of Resido, continuing to progress the Drury development and finalising some of the early land sales.

As always, we thank the wider Kiwi Property team for their hard work on your behalf, and we thank you for your ongoing support as our shareholders.

SA Shakeshaft

Simon Shakesheff
Chair

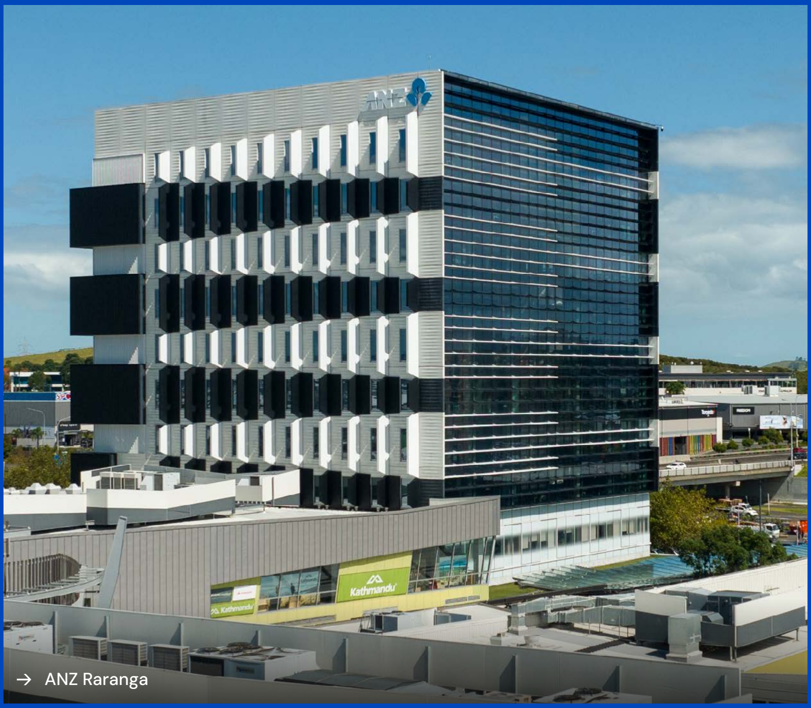
CA Mackenzie

Clive Mackenzie
Chief Executive Officer

General Note: Net rental income, operating profit before tax, and adjusted funds from operations (AFFO) are non-GAAP performance measures. Refer to the Kiwi Property Interim Results Presentation for the six months ended 30 September 2024 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.

Financials



→ ANZ Raranga

Consolidated financial statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Consolidated statement of comprehensive income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Note	6 months 30 Sep 2024 $000	6 months 30 Sep 2023 $000
Revenue			
Property revenue		126,405	115,690
Property management revenue		1,955	2,041
Total revenue		**128,360**	**117,731**
Expenses			
Direct property expenses		(31,074)	(26,558)
Employment and administration expenses		(12,689)	(15,759)
Total expenses		**(43,763)**	**(42,317)**
Profit before net finance expenses, other income/(expenses) and income tax expense		**84,597**	**75,414**
Interest income		250	374
Interest and finance charges		(28,432)	(23,409)
Net fair value (loss)/gain on interest rate derivatives	3.4.2	(11,185)	6,238
Net finance expenses		**(39,367)**	**(16,797)**
Profit before other income/(expenses) and income tax		**45,230**	**58,617**
Net fair value gain/(loss) on investment properties	3.2	9,487	(81,114)
Loss on disposal of investment properties		–	(2,438)
Other income/(expenses)		**9,487**	**(83,552)**
Profit/(loss) before income tax		**54,717**	**(24,935)**
Income tax expense	2.1	(11,497)	(11,613)
Profit/(loss) and total comprehensive income after income tax attributable to shareholders		**43,220**	**(36,548)**
Basic earnings/(loss) per share (cents)		2.72	(2.32)
Diluted earnings/(loss) per share (cents)		2.72	(2.32)

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 2024

	Share capital $000	Share-based payments reserve $000	Retained earnings $000	Total equity $000
Balance at 1 April 2023	1,664,774	2,103	266,608	1,933,485
Loss and total comprehensive income after income tax attributable to shareholders	–	–	(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**
Balance at 1 April 2024	1,682,795	2,854	174,313	1,859,962
Profit and total comprehensive income after income tax attributable to shareholders	–	–	43,220	43,220
Dividends paid	–	–	(44,195)	(44,195)
Dividends reinvested	10,148	–	–	10,148
Long-term incentive plan	994	(620)	128	502
Employee share ownership plan	96	(76)	–	20
Treasury shares disposed	787	–	–	787
Balance at 30 September 2024	**1,694,820**	**2,158**	**173,466**	**1,870,444**

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 2024

	Note	30 Sep 2024 $000	31 Mar 2024 $000
Current assets			
Cash and cash equivalents		13,760	18,203
Trade and other receivables	3.1	11,700	13,701
Interest rate derivatives	3.4.2	807	2,619
Inventories	3.3	80,942	73,500
Investment properties held for sale	3.2	–	458,000
		107,209	**566,023**
Non-current assets			
Investment properties	3.2	3,191,182	2,663,789
Property, plant and equipment		1,506	1,787
Interest rate derivatives	3.4.2	138	3,503
		3,192,826	**2,669,079**
Total assets		**3,300,035**	**3,235,102**
Current liabilities			
Trade and other payables		45,580	60,501
Interest bearing liabilities	3.4.1	126,482	126,387
Interest rate derivatives	3.4.2	206	2
Income tax payable		3,917	2,585
Lease liabilities		51	49
		176,236	**189,524**
Non-current liabilities			
Interest bearing liabilities	3.4.1	1,129,078	1,068,772
Interest rate derivatives	3.4.2	8,001	2,197
Deferred tax liabilities		115,888	114,232
Lease liabilities		388	415
		1,253,355	**1,185,616**
Total liabilities		**1,429,591**	**1,375,140**
Equity			
Share capital		1,694,820	1,682,795
Share-based payments reserve		2,158	2,854
Retained earnings		173,466	174,313
Total equity		**1,870,444**	**1,859,962**
Total equity and liabilities		**3,300,035**	**3,235,102**

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 22 November 2024.

S A Shakeshaff

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 2024

	6 months 30 Sep 2024 $000	6 months 30 Sep 2023 $000
Cash flows from operating activities		
Property revenue	127,828	120,285
Property management revenue	2,356	2,215
Interest received and other income	250	374
Direct property expenses	(30,634)	(23,762)
Interest paid and finance charges	(31,966)	(22,458)
Interest costs paid on lease liabilities	(12)	(30)
Employment and administration expenses	(14,841)	(18,806)
Expenditure on inventories, including capitalised interest	(7,442)	–
Income tax expense	(8,509)	(9,981)
Net cash flows from operating activities	**37,030**	**47,837**
Cash flows from investing activities		
Proceeds from disposal of investment properties	–	122,193
Acquisition of investment properties	–	(24,096)
Capital expenditure on investment properties	(64,260)	(87,794)
Interest and finance charges capitalised to investment properties	(3,864)	(5,743)
Acquisition of property, plant and equipment	(65)	(390)
Net cash flows (used in)/from investing activities	**(68,189)**	**4,170**
Cash flows from financing activities		
Payment of lease liabilities	(24)	(22)
Proceeds from disposal of treasury shares	787	–
Proceeds from bank loans	754,000	491,000
Repayment of bank loans	(694,000)	(392,000)
Repayment of fixed-rate green bonds	–	(125,000)
Dividends paid	(34,047)	(27,968)
Net cash flows from/(used in) financing activities	**26,716**	**(53,990)**
Net decrease in cash and cash equivalents	**(4,443)**	**(1,983)**
Cash and cash equivalents at the beginning of the period	18,203	17,878
Cash and cash equivalents at the end of the period	**13,760**	**15,895**

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

Consolidated statement of cash flows (continued)

Reconciliation of profit/(loss) after income tax to net cash flows from operating activities	6 months 30 Sep 2024 $000	6 months 30 Sep 2023 $000
Profit/(loss) and total comprehensive income after income tax attributable to shareholders	43,220	(36,548)
Items classified as investing or financing activities:		
Movement in working capital items relating to investing and financing activities	6,963	2,270
Non-cash items:		
Net fair value loss/(gain) on interest rate derivatives	11,185	(6,238)
Net fair value (gain)/loss on investment properties	(9,487)	81,114
Increase in deferred tax liabilities	1,656	1,696
Amortisation of lease incentives and fees	3,258	3,514
Straight-lining of fixed rental increases	(735)	(489)
Movements in working capital items:		
Decrease in trade and other receivables	2,001	4,921
Increase/(decrease) in income tax payable	1,332	(63)
Decrease in trade and other payables	(14,921)	(2,340)
Increase in inventories	(7,442)	-
Net cash flows from operating activities	**37,030**	**47,837**

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 2024

1. General information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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 2024 annual report.

The interim consolidated financial statements for the six months ended 30 September 2024 are unaudited. Comparative balances for 30 September 2023 are unaudited, whilst the comparative balances for the year ended 31 March 2024 are audited.

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

In August 2024, the Group terminated the conditional sale of the Vero Centre after the potential purchaser failed to meet key terms of the agreement. As a result, the Vero Centre is reclassified from held for sale to investment properties subsequent to the termination. The revenue and expenses from the Vero Centre will continue to be recognised within the Office segment.

Interest bearing liabilities

In September 2024, the Group increased its overall bank debt facilities from $0.95 billion to $1.00 billion.

1.4 New standards, amendments and interpretations

There have been no new accounting standards or amendments that have had a material impact on the interim consolidated financial statements.

Standards issued but not yet effective

In April 2024, the International Accounting Standards Board issued IFRS 18 Presentation and Disclosure in Financial Statements that is effective for the accounting period that begins on or after 1 January 2027. The impact of this standard is being assessed by the Group.

1.5 Key judgements and estimates

Critical judgements, estimates and assumptions are outlined throughout these interim consolidated financial statements and in the 2024 annual consolidated financial statements.

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 2024 annual consolidated financial statements.

2. Profit and loss information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

2.1 Tax expense

A reconciliation of profit/(loss) before income tax to income tax expense follows:

	6 months 30 Sep 2024 $000	6 months 30 Sep 2023 $000
Profit/(loss) before income tax	54,717	(24,935)
Prima facie income tax (expense)/benefit at 28%	(15,321)	6,982
Adjusted for:		
Net fair value (loss)/gain on interest rate derivatives	(3,132)	1,747
Net fair value gain/(loss) on investment properties	2,656	(22,712)
Loss on disposal of investment properties	–	(683)
Depreciation	3,794	6,214
Depreciation recovered on disposal of investment properties	–	(2,792)
Net deferred leasing costs	(97)	(199)
Deductible capitalised expenditure	1,947	1,608
Other	312	(82)
Current tax expense	**(9,841)**	**(9,917)**
Depreciation recoverable	(4,208)	(23)
Net fair value loss/(gain) on interest rate derivatives	3,132	(1,747)
Deferred leasing costs and other temporary differences	(580)	74
Deferred tax expense	**(1,656)**	**(1,696)**
Income tax expense reported in consolidated statement of comprehensive income	**(11,497)**	**(11,613)**
Imputation credits available for use in subsequent periods	**5,312**	**5,686**

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.

3. Financial position information

AS AT 30 SEPTEMBER 2024

3.1 Trade and other receivables

	30 Sep 2024 $000	31 Mar 2024 $000
Trade debtors	9,287	7,940
Provision for doubtful debts	(2,148)	(1,745)
	7,139	**6,195**
Prepayments	4,561	7,506
Trade and other receivables	**11,700**	**13,701**

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

	30 Sep 2024 $000	31 Mar 2024 $000
Opening provision for doubtful debts	1,745	2,006
Increase in doubtful debts allowance recognised in profit or loss during the period	662	613
Receivables written off during the period as uncollectible	(10)	(356)
Unused amounts reversed	(249)	(518)
Closing provision for doubtful debts	**2,148**	**1,745**

3.2 Investment properties

Investment properties held by the Group are as follows:

	Fair value 31 March 2024 $000	Capital movements 30 Sep 2024 $000	Fair value gain/(loss) 30 Sep 2024 $000	Fair value 30 Sep 2024 $000
Mixed-use				
Sylvia Park Precinct[1]	1,679,500	31,878	17,212	1,728,590
LynnMall	202,000	989	(2,989)	200,000
The Base[2]	205,100	2,364	5,486	212,950
	2,086,600	**35,231**	**19,709**	**2,141,540**
Office				
Vero Centre[3]	–	469,122	(12,122)	457,000
ASB North Wharf	212,000	107	(1,107)	211,000
The Aurora Centre	146,000	62	(62)	146,000
	358,000	**469,291**	**(13,291)**	**814,000**
Retail				
The Plaza	112,000	10,030	3,470	125,500
Centre Place North[2]	32,225	368	(393)	32,200
	144,225	**10,398**	**3,077**	**157,700**
Other				
Development land	74,500	2,985	15	77,500
	2,663,325	**517,905**	**9,510**	**3,190,740**
Gross up of lease liabilities	464	1	(23)	442
Investment properties – non-current	**2,663,789**	**517,906**	**9,487**	**3,191,182**
Investment properties held for sale				
Properties held for sale[3]	458,000	(458,000)	–	–
Investment properties held for sale – current	**458,000**	**(458,000)**	**–**	**–**
Total investment properties	**3,121,789**	**59,906**	**9,487**	**3,191,182**

1 Sylvia Park Precinct was valued “as if complete” at $1.730 billion A deduction of $1.2 million outstanding development costs for the Resido Lynton build-to-rent development results in an “as is” value of $1.729 billion net of seismic costs.
2 Represents the Group's 50% ownership interest.
3 During the current financial period, Vero Centre was reclassified from investment properties held for sale to the investment properties office portfolio.

3.2 Investment properties (continued)

The movement in the Group's investment properties during the six months to 30 September 2024 is as follows:

	Mixed-use $000	Office $000	Retail $000	Other $000	Held for sale $000	Total $000
Balance at 31 March 2024 excluding gross up of lease liabilities	2,086,600	358,000	144,225	74,500	458,000	**3,121,325**
Capital movements:						
Transfers between asset classes	–	458,000	–	–	(458,000)	**-**
Capitalised costs (including lease incentives, fees and fixed rental income)	34,717	12,112	10,107	1,628	–	**58,564**
Capitalised interest and finance charges	2,070	–	437	1,357	–	**3,864**
Amortisation of lease incentives, fees and fixed rental income	(1,556)	(821)	(146)	–	–	**(2,523)**
	35,231	**469,291**	**10,398**	**2,985**	**(458,000)**	**59,905**
Net fair value gain on investment properties excluding gross up of lease liabilities	19,709	(13,291)	3,077	15	–	**9,510**
Balance at 30 September 2024 excluding gross up of lease liabilities	**2,141,540**	**814,000**	**157,700**	**77,500**	**-**	**3,190,740**
Gross up of lease liabilities:						
Balance at 31 March 2024	464	–	–	–	–	**464**
Capital movements	1	–	–	–	–	**1**
Fair value movements	(23)	–	–	–	–	**(23)**
Balance at 30 September 2024 excluding gross up of lease liabilities	**442**	**-**	**-**	**-**	**-**	**442**
Balance at 30 September 2024 including gross up of lease liabilities	**2,141,982**	**814,000**	**157,700**	**77,500**	**-**	**3,191,182**

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 2024: 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, as at 31 March 2024 all properties were carried at external valuation or contract price as applicable, except for a small number of non-core residential properties owned by the Group which were subject to a kerbside value assessment completed by an independent registered valuer.

For 30 September 2024 interim financial reporting purposes, the Board and Management have reviewed the portfolio using available market data and considered other key property information. Where fair value movements were material in the context of the Group's valuation policy, the Board and Management have engaged independent registered valuers to complete desktop assessments. This resulted in desktop assessments being completed for all investment properties other than The Aurora Centre, Drury landholdings (development land), Sylvia Park Lifestyle and the adjoining industrial and non-core residential properties within the Sylvia Park Precinct. Whilst the desktop assessments were completed for internal purposes, they have been reviewed by Management and adopted by the Board as Directors valuations. For the properties that were not assessed by the valuers, the Board and Management determined the appropriate fair value as at 30 September 2024.

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 values for Sylvia Park, LynnMall, The Base, The Aurora Centre and The Plaza include 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 and made additional adjustment such as for cost escalation and profit and risk for potential works to buildings which have not been subject to a Detailed Seismic Assessment (DSA).

Resido Lynton, within the Sylvia Park Precinct was valued using the residual approach as at 30 September 2024. The development of this property is completed with some outstanding costs to be finalised. 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.

3.2 Investment properties (continued)

Seismic

The Group's approach and process to seismic resilience of the portfolio is described in the annual financial statements.

Where the Group has become aware of potential remediation requirements from recent preliminary investigations, the Group has provided additional provisions for inclusion in the valuations, the present value of which is $40.2 million (31 March 2024: $40.6 million). These provisions are estimated allowances pending the outcome of further investigations and 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 and assess the impact of climate change on the business and its assets. The desktop assessments and director valuations made no explicit adjustment for climate related risks. However, climate related risks are implicitly accounted for in the valuation process as investment metrics adopted by valuers and the Board and Management such as capitalisation rates and discount rates were benchmarked against transaction evidence of similar profile assets which may also be subject to climate related risks. At 31 March 2024, the valuers considered climate related risks such as flooding, short-term sea level rise and fire by checking national and local authority hazard registers for the properties valued and adjusting investment metrics for any risks identified that are considered material. For the period ended 30 September 2024, the Group is not aware of any significant changes to such risks on its assets. 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 2024

For the period ended 30 September 2024, the Group reported a fair value gain of $9.5 million. The gain reflects improvements in capitalisation rates and discount rates consistent with the current economic environment.

3.3 Inventories

	30 Sep 2024 $000	31 Mar 2024 $000
Opening balance	73,500	-
Transfer from investment properties	-	73,500
Additional expenditure	7,442	-
Closing balance	**80,942**	**73,500**

On 31 March 2024, the Group transferred the Stage 1 land at Drury from investment properties to inventories on the basis that it will be developed with the intention to sell.

The Group classifies inventories as current assets as it intends to sell the assets within its normal operating cycle even when they are not expected to be realised within 12 months after the reporting period.

3.4 Funding

3.4.1 Interest bearing liabilities

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

	30 Sep 2024 $000	31 Mar 2024 $000
Bank loans – total facilities	1,000,000	950,000
Bank loans – undrawn facilities	(246,000)	(256,000)
Bank loans – drawn facilities – non-current	**754,000**	**694,000**
Fixed-rate green bonds – current	126,482	126,387
Fixed-rate green bonds – non-current	375,078	374,772
Fixed-rate green bonds – amortised cost	**501,560**	**501,159**
Interest bearing liabilities	**1,255,560**	**1,195,159**

	30 Sep 2024 $000	31 Mar 2024 $000
Face value of fixed-rate green bonds – current	125,000	125,000
Face value of fixed-rate green bonds – non-current	375,000	375,000
Face values	**500,000**	**500,000**

	30 Sep 2024 $000	31 Mar 2024 $000
Weighted average interest rate for drawn debt (inclusive of bonds, active interest rate derivatives, margins and line fees)	5.25%	5.61%
Weighted average term to maturity for the combined facilities	3.1 years	3.6 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), Industrial and Commercial Bank of China Limited, Auckland Branch (ICBC), MUFG Bank, Ltd (Auckland Branch) and Westpac New Zealand.

In September 2024, the Group increased the overall bank facilities from $0.95 billion to $1 billion.

The Group is required to comply with certain financial covenants in respect of its interest bearing liabilities. During the six months ended 30 September 2024 and year ended 31 March 2024, the Group was in compliance with all of its financial covenants.

3.4.1 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.

3.4.2 Interest rate derivatives

The Group is exposed to changes in interest rates and uses interest rate derivatives to mitigate these risks.

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

	30 Sep 2024 $000	31 Mar 2024 $000
Interest rate derivative assets - current	807	2,619
Interest rate derivative assets - non-current	138	3,503
Interest rate derivative liabilities - current	(206)	(2)
Interest rate derivative liabilities - non-current	(8,001)	(2,197)
Net fair values of interest rate derivatives	**(7,262)**	**3,923**
Notional value of interest rate derivatives - fixed-rate payer - active	620,000	560,000
Notional value of interest rate derivatives - fixed-rate payer - forward starting	350,000	285,000
Notional values	**970,000**	**845,000**
Fixed-rate payer swaps:		
Weighted average term to maturity - active	1.8 years	1.0 years
Weighted average term to maturity - forward starting	4.9 years	3.5 years
Weighted average term to maturity	**2.9 years**	**1.8 years**
Fixed-rate payer swaps:		
Weighted average interest rate - active[1]	2.84%	4.32%
Weighted average interest rate - forward starting[1]	4.02%	4.08%
Weighted average interest rate	**3.27%**	**4.24%**

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 2024: 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 2024 of between 4.87% for the 90-day BKBM and 3.88% for the 10-year swap rate (31 March 2024: 5.64% and 4.37%, respectively).

4. Other information

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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.

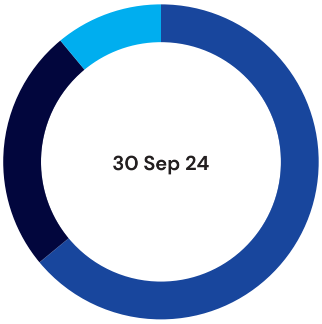
Operating segments have been determined based on the reports reviewed by the CEO to assess performance, allocate resources and make strategic decisions.

The Group's primary assets are investment properties. Segment information for investment properties is provided in note 3.2. 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:

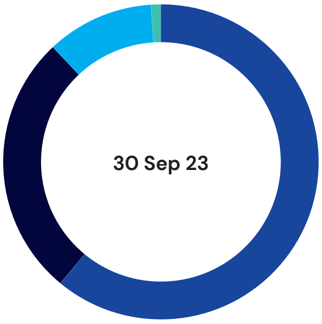
	Mixed-use $000	Office $000	Retail $000	Other $000	Total $000
30 September 2024					
Property revenue	80,221	32,368	13,599	217	126,405
Less: straight-lining of fixed rental increases	(379)	(1,038)	682	–	(735)
Less: direct property expenses	(19,280)	(7,961)	(3,577)	(256)	(31,074)
Less: ground lease expenses	(36)	–	–	–	(36)
Segment profit	**60,526**	**23,369**	**10,704**	**(39)**	**94,560**

	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**



Segment profit

Mixed-use	64%
Office	25%
Retail	11%
Other	0%



Segment profit

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

4.1 Segment information (continued)

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

	6 months 30 Sep 2024 $000	6 months 30 Sep 2023 $000
Segment profit	94,560	88,591
Property management fees	1,955	2,041
Increase in rental income resulting from straight-lining of fixed rental increases	735	489
Interest income	250	374
Net fair value gain/(loss) on investment properties	9,487	(81,114)
Interest and finance charges	(28,432)	(23,409)
Employment and administration expenses	(12,689)	(15,759)
Net fair value (loss)/gain on interest rate derivatives	(11,185)	6,238
Loss on disposal of investment properties	–	(2,438)
Ground lease expenses classified as interest and fair value loss on investment properties	36	52
Profit/(loss) before income tax	**54,717**	**(24,935)**

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 2024						
Segment assets	2,150,353	815,360	162,355	159,204	12,763	**3,300,035**
Segment liabilities	22,030	6,992	12,735	1,429	1,386,405	**1,429,591**

	Mixed-use $000	Office $000	Retail $000	Other $000	All other segments $000	Total $000
31 March 2024						
Segment assets	2,096,093	359,729	150,148	607,169	21,963	**3,235,102**
Segment liabilities	32,301	3,180	13,254	5,430	1,320,975	**1,375,140**

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 2024 $000	31 Mar 2024 $000
Sylvia Park Precinct	4,564	13,470
LynnMall	–	352
The Plaza	2,023	10,395
The Base	579	–
Drury - Development Land and Inventories	1,530	2,111
Capital commitments	**8,696**	**26,328**

4.3 Subsequent events

On 25 November 2024 the Board declared a dividend for the period of 1 July 2024 to 30 September 2024 of 1.35 cents per share (cps) (equivalent to $21.7 million), together with imputation credits of 0.374 cps. The dividend record date is 6 December 2024 and payment will occur on 20 December 2024.

On 1 November 2024, Kiwi Property Group Limited entered into a $6.5 million convertible loan agreement with Mackersy Property Limited, a full-service investment management firm focused on sourcing, funding and managing high-quality properties on behalf of wholesale investors across New Zealand. Subject to certain conditions being met, the loan will convert into a 50% shareholding in Mackersy Property Limited.

Independent auditor's review report

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') on pages 8 to 25 which comprise the consolidated statement of financial position as at 30 September 2024, 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 notes to the interim financial statements, including material accounting policy information.

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 2024 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 and other assurance-related services (audits of joint venture financial statements, audits of special purpose financial information in accordance with tenancy agreements, and assurance services in relation to greenhouse gas inventory), we have no relationship with or interests in the Company or any of its controlled entities. These services have not impaired our independence as auditor of the Company and Group.

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 *Interim 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
22 November 2024

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- Westpac New Zealand

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