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NZX RELEASE

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KPG builds momentum with strong FY22 annual result

- **Net profit after tax:** $224.3m (+$14.1%)
- **Property fair value movement:** +$120.5m (+3.5%)
- **Net tangible assets per share:** $1.45 (+9 cps)
- **Net rental income:** $187.1m (+7.8%)
- **Operating profit before tax:** $124.8m (+7.3%)
- **Adjusted funds from operations:** $100.4m (+12.3%)
- **Gearing:** 31.6% (FY21 31.2%)
- **FY22 cash dividend:** 5.60 cps (+8.7%)

Kiwi Property continued to build strategic momentum in the year ended 31 March 2022 (FY22), announcing a strong financial result, including growth in all key operating metrics. Net profit after tax rose 14.1% to $224.3 million, driven by increases in both income and asset values.

Improved trading conditions underpinned a 3.5% or $120.5 million gain in the fair value of the Company's diversified property portfolio, which was independently valued at $3.6 billion at year end. Kiwi Property's office assets experienced a valuation uplift of 3.8% in FY22, with mixed-use up 2.3%. The fair value gain contributed to an increase in net tangible assets per share, which rose 9 cents per share (cps) to $1.45.

Net rental income increased 7.8% to $187.1 million in FY22, bolstered by a full period of trading at Sylvia Park's successful Level 1 expansion. This positive outcome flowed through to operating profit before tax, which increased 7.3% to $124.8 million, and adjusted funds from operations (the key determinant of Kiwi Property's dividend) which grew 12.3% to over $100 million[1]. This result comes despite Kiwi Property providing $17.4 million of rent relief to support its hardest hit tenants through COVID-19.

Kiwi Property Chief Executive Officer, Clive Mackenzie, said the Company had performed well in FY22 and entered the new financial year with significant momentum.

"By working closely with our tenants and staying squarely focused on operational performance we've mitigated the impact of COVID-19 and delivered a strong financial result. It's particularly pleasing to achieve such broad-based growth, with income, asset values and profitability all up on last year. We're looking forward to building on this robust platform to unlock further value for our stakeholders in FY23."

Maintaining resilience through COVID-19

Kiwi Property delivered robust rental growth in FY22, with new mixed-use and office rents up 4.1% and 8.5% respectively. This sustained increase highlights the continued demand for space in the Company's assets, with buildings such as the Vero Centre in Auckland achieving record rents in FY22. In parallel, Kiwi Property also secured rent

review growth of 4.2% for its mixed-use portfolio and 4.0% for its office portfolio, enabled by the high proportion of fixed-rental agreements across the Company's tenant base.

Total sales were up an impressive 6.7% at Kiwi Property's shopping and large format retail (LFR) centres in FY22, with Sylvia Park the standout performer, fueled by the Level 1 expansion and new athleisure precinct.

"Kiwi Property's ability to unlock additional revenue in disrupted conditions demonstrates the strength of our assets, which continue to benefit from a flight to quality. By holding premium assets in key locations, we increase the resilience of our portfolio, even through a pandemic," said Mackenzie.

Balance sheet stability
Kiwi Property maintained a solid balance sheet throughout FY22 and had gearing of 31.6% at 31 March 2022, broadly in line with the same time 12 months ago. During the year, the Company increased its debt facilities by $25 million, as well as agreeing an additional $100 million debt facility post balance date with new banking panel member, MUFG, on three, four and five year terms.

Delivering on strategy
Kiwi Property built significant momentum on its ambition to create mixed-use communities at key metropolitan centres in FY22. By bringing together the best of retail, office and residential on each site, the Company aims to diversify its revenues, drive valuation uplift and create enduring assets where Kiwis want to live, work, shop and play.

Examples of Kiwi Property's delivery against each of the three pillars of its business strategy during the year include:

Strategic pillar 1: Intensify mixed-use assets

Sylvia Park build-to-rent
The Company began construction of New Zealand's first major build-to-rent (BTR) development at Sylvia Park in November 2021. The $221 million, 295-apartment complex is the first stage of the Company's plan to become a leader in this new asset class in New Zealand, with a second BTR scheme already in planning and the potential for around 1,200 BTR apartments to be built on the site in the next decade.

3 Te Kehu Way office
Development of a second office building is underway at 3 Te Kehu Way, Sylvia Park. The $63 million project builds on the success of ANZ Raranga and signals the next important step towards the creation of a thriving commercial hub. 3 Te Kehu Way will feature flexible co-working facilities and also cater to the specialist requirements of medical practitioners. 30% of office space in the building is now committed.

IKEA land sale
In FY22, Kiwi Property reached a conditional agreement to sell IKEA 3.2 hectares of land on Te Ahoterangi Rise to the east of Sylvia Park shopping centre. The agreement marks an important step towards Kiwi Property's aim of welcoming IKEA to the precinct. The

Company also announced its intention to develop a complementary 6,430 square metre LFR centre, directly adjacent to the land conditionally sold to the iconic retailer.

LynnMall mixed-use tower
Kiwi Property has secured resource consent for its exciting 25-storey LynnMall mixed-use tower. The development is set to accelerate the centre's evolution into a thriving mixed-use community and will feature ground floor retail, three commercial office levels and 245 BTR apartments. Construction will begin in line with funding and approval.

"Kiwi Property's current pipeline of development opportunities is one of the most exciting in the Company's history. Thanks to our extensive landholdings, we have the flexibility to proceed with new projects at our own pace. This is particularly important in the current market and enables us to undertake development activity when input costs and market conditions are supportive," said Mackenzie.

Strategic pillar 2: Grow with third party capital

Following detailed analysis to identify its preferred initial funds management project, Kiwi Property has begun the process of establishing a standalone CBD office co-investment platform. This activity is underway, with the market to be updated in due course.

Kiwi Property Chair, Mark Ford, said he was pleased the Company was making substantive progress on its ambition to grow with third party capital.

"Ensuring the optimal funding of our development pipeline is a key consideration and something we are highly attuned to. We're excited to be moving ahead with our funds management programme and believe this opportunity will attract significant interest. We look forward to sharing more information shortly," said Ford.

The Company also has a range of other funding mechanisms available, including asset sales and/or the introduction of capital partners across one or more of its mixed-use properties, such as Sylvia Park, LynnMall or Drury.

Strategic pillar 3: Empower customer success

Harnessing the power of data and digital will be increasingly important to the success of major property companies in the years ahead. Kiwi Property is making strategic investments in this space, with the aim of unlocking additional areas of competitive advantage, business insight and operational efficiency.

Work is currently underway on a range of digital tools that will help empower tenant performance, including a bespoke 'customer hub' and the implementation of a new enterprise resource planning (ERP) system. This once in a decade expenditure will help support Kiwi Property's growth ambitions, particularly as it ramps up its BTR and funds management activities.

Drury gains approval
Kiwi Property's Drury Private Plan Change application was approved in May 2022, unlocking development of its 53-hectare site, which is set to be the location for the new Drury Town Centre. The Company intends to create a thriving mixed-use community that will become a hub for the 60,000 people who are expected to move into the area over the next 25 years. A Stage 1 earthworks consent has been issued by Auckland Council and this work is now underway.

Stepping up on sustainability
Kiwi Property achieved a number of sustainability milestones in 2022, reinforcing its standing as a leader in ESG within New Zealand's property sector. This month the Company announced plans to build New Zealand's largest rooftop solar installation at Sylvia Park, featuring almost a hectare of photovoltaic panels. The array will produce enough electricity annually to power the average household for over 200 years, or charge over 60,000 electric vehicles. Kiwi Property realised a 60% reduction in operational emissions in 2022, compared to its 2012 baseline and is on track to meet its ambitious target of becoming net carbon negative in its operations by 2030.

Dividend and guidance
Kiwi Property will pay a final cash dividend of 2.85 cps for the six-months ended 31 March 2022, up from the 2.75 cps interim dividend. Payment will be made on 22 June 2022. Kiwi Property's total cash dividend for FY22 amounts to 5.60 cps, an increase of 8.7% on the 5.15 cps paid in the prior year. The Company is targeting a FY23 cash dividend of no less than 5.70 cps[2].

FY23 Outlook
Ford said the Company was focused on generating value for stakeholders in FY23 and beyond.

"Kiwi Property delivered a strong operating performance in FY22, however our share price has trailed expectations. Some of this mispricing is likely due to macroeconomic factors beyond our control but in FY23 we will continue to focus squarely on those that are. This includes moving forward with the launch of our CBD office co-investment platform, making substantial progress on the Sylvia Park BTR and 3 Te Kehu Way developments, and intensively managing our assets.

"We've worked hard over recent years to evolve Kiwi Property into a creator of thriving mixed-use communities. As we head into the new financial year, the benefits of our transformation efforts move closer, unlocking exciting opportunities for the Company and its shareholders," Ford concluded.

Additional information
Kiwi Property has today also released an Annual Results Presentation, Annual Report, Property Compendium, Sustainability Report and Sustainable Debt Framework, which are available for download on the Company's website kp.co.nz/annual-result or from nzx.com

> **Ends**

Notes:
1: Operating profit before tax and adjusted funds from operations are alternative non-GAAP measures. Refer to the Annual Results Presentation 2022 for details.
2: FY23 dividend guidance and payments are contingent on Kiwi Property's financial performance through the financial year and barring material adverse effects or unforeseen circumstances, such as COVID-19 related lockdowns.

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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've been around for over 25 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. S&P Global Ratings has assigned Kiwi Property an issuer credit rating of BBB (stable) and an issue credit rating of BBB+ for each of its fixed rate senior secured bonds. Kiwi Property is the highest rated New Zealand company within CDP (Carbon Disclosure Project) and is a member of FTSE4 Good, a series of benchmark and tradable indices for ESG (Environmental, Social and Governance) investors. Kiwi Property is licensed under the Real Estate Agents Act 2008. To find out more, visit our website kp.co.nz