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
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NZX RELEASE

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Kiwi Property announces FY21 annual results

- **Net profit after tax:** $196.5m (+$383.2m on pcp)
- **Property fair value movement:** +$99.8m (+3.1%)
- **Net tangible assets per share:** $1.36 cps (+10cps)
- **Net rental income:** $173.6m (-7.1%)
- **Operating profit before tax:** $116.3m (-10.3%)
- **Adjusted funds from operations:** $89.4m (-12.5%)
- **Gearing:** 31.2% (FY20 32.0%)
- **Full year dividend:** 5.15 cps (2.95 cps final dividend)

Kiwi Property today announced its financial results for the year ended 31 March 2021 (FY21), recording a net profit after tax of $196.5 million, up $383.2 million on the year prior, underpinned by growth in the value of its investment properties.

A stabilisation of trading conditions in the second half of the year contributed to a 3.1% or $99.8[1] million increase in the fair value of the company's property portfolio for FY21. Kiwi Property's office assets performed particularly strongly, delivering a 10.2% fair value gain, while mixed-use was up 1.5%. The company's property portfolio was valued at $3.3 billion at 31 March 2021.

Despite the growth in net profit, Kiwi Property's financial performance was adversely impacted by COVID-19. The cost of asset lockdowns and the associated rent relief measures contributed to a 7.1% reduction in net rental income, which decreased to $173.6 million for the year. Operating profit before tax[2] was similarly affected, declining 10.3% to $116.3 million.

Kiwi Property Chief Executive Officer, Clive Mackenzie said: "Like many businesses, Kiwi Property was affected by COVID-19 in the 2021 financial year, with the cost of supporting our tenants, following early lockdowns in particular, causing a drag on operating profit. Despite this, we ended the year in a robust position, with leasing projections and rental abatements tracking better than forecast."

Balance sheet

Kiwi Property maintained a strong balance sheet throughout FY21 and ended the year with gearing of 31.2%, comfortably within its self-imposed range of 25-35%. Since the close of the financial year, the company has refinanced $700 million of bank debt facilities in order to take advantage of favourable lending rates, resulting in an increased weighted average debt term of 3.5 years (on a 31 March 2021 pro-forma basis).

Portfolio rebalancing

Kiwi Property stepped-up its portfolio rebalancing programme in FY21, with the aim of reducing the company's exposure to traditional retail and recycling capital to help fund its growth pipeline. The Plaza was listed for sale in October 2020, with Northlands subsequently also taken to market. Negotiations are now underway for both assets, with further updates to be provided in due course.

"Kiwi Property's future lies in the creation of mixed-use communities at our large, strategic landholdings. By diversifying our portfolio uses we intend to create a platform for accelerated growth. Selling The Plaza and Northlands will enable us to down-weight our retail footprint and provide the market with further clarity around our strategic direction," said Mr. Mackenzie.

Sylvia Park
Sylvia Park's Level 1 expansion has performed well since its launch on 15 October 2020, benefitting from the opening of flagship Sephora, North Beach and Superdry stores over recent months. High profile retailers including JD Sports and Culture Kings have also now been confirmed for the centre's new urban and athleisure precinct adjacent to Hoyts cinemas. Sylvia Park is home to 10 of New Zealand's 11 favourite retailers, as well as 270 stores and 5,000 free carparks, the most of any shopping centre in the country[3].

Mixed-use development
Construction of a second office building at Sylvia Park is scheduled to begin in October 2021, marking the next stage in the asset's continued mixed-use evolution. Located at 3 Te Kehu Way, the $63 million, six-storey development will target a 6 Green Star rating and has been designed in response to tenant feedback.

"COVID-19 has changed what a number of businesses want or need from their office environment. While a CBD 'hub' remains important for many corporates, others are telling us they also want the flexibility to base employees at a suburban 'spoke' office. The convenience, amenity and public transport links offered by our mixed-use assets make them ideally positioned to meet this requirement," said Mr. Mackenzie.

Centre Place North
In March 2021, Kiwi Property announced the formation of a 50:50 joint venture with Tainui Group Holdings (TGH) over Centre Place North and adjoining properties in Hamilton's central business district, with a combined value of approximately $71 million. The agreement builds on the existing relationship between Kiwi Property and TGH and paves the way for the creation of a mixed-use precinct in the heart of Hamilton's CBD, including a new office building currently under design.

Drury
The company's plans for the development of a 51-hectare master-planned community at Drury made substantial progress in FY21, with the Minister for the Environment currently processing a Fast-track application for the project under the COVID-19 Recovery Act 2020. If successful, the application could enable earthworks to begin at Drury in the 2022 financial year (FY22), up to three years ahead of schedule. This acceleration of the project timeline will help Kiwi Property unlock housing and create jobs in the Drury area.

Build to rent
Build to rent (BTR) accommodation remains a potentially exciting opportunity for Kiwi Property. The asset class has a low correlation to office and retail with lower

volatility, helping to further diversify the company's earnings. Development schemes are being prepared for BTR at Sylvia Park and LynnMall, with the consenting process underway for both projects.

Sustainability
The company made notable progress on its Environmental, Social and Governance (ESG) journey in FY21, with the launch of a new sustainability strategy and commitment to becoming net carbon negative in our operations by 2030. Kiwi Property's focus on emissions reduction delivered a 60% decrease in carbon output compared to the 2012 baseline and contributed to the company being awarded an 'A' rating by the Carbon Disclosure Project, the only business in New Zealand to achieve this milestone.
Kiwi Property launched a Sustainable Debt Framework in March 2021, enabling the company to green its existing corporate bonds and paving the way for it to issue additional green bonds in the future.

Dividend
Kiwi Property will pay a final cash dividend of 2.95 cents per share for the six-month period ended 31 March 2021. Payment will be made on 24 June 2021. Kiwi Property's total cash dividend for FY21 amounts to 5.15 cents per share, equivalent to 90% of adjusted funds from operations[2] (AFFO). AFFO guidance for FY22 will be provided once the sale of The Plaza and Northlands has concluded, however based on current projections, next year's dividend is expected to be no less than 5.30 cents per share[4].

Outlook
"Kiwi Property enters the new financial year with good momentum and a clear focus on achieving our strategic priorities. We start FY22 with exciting prospects ahead of us, including Drury, the new office tower at Sylvia Park and potentially BTR. We are focused on realising these and other opportunities, with a continued commitment to creating value for our stakeholders," Mr. Mackenzie concluded.

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

> **Ends**

Notes:
1: $11m less than independent valuations, reflecting potential sale prices for assets held for sale, which take account of seismic remediation costs and potential rental guarantees.
2: Operating profit before tax and adjusted funds from operations are alternative non-GAAP measures. Refer to the 2021 annual results presentation for details.
3: New Zealand's top retailers survey, September 2020, Colmar Brunton.
4: FY22 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.

Contact us for further information:

Clive Mackenzie
Chief Executive Officer
clive.mackenzie@kp.co.nz

Campbell Hodgetts
Communications and Investor Relations Lead
campbell.hodgetts@kp.co.nz
+64 27 563 4985

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