

## NZX RELEASE

25 November 2024

# Kiwi Property shows resilience in tough economic conditions

	HY25	Movement from HY24
Net rental income	\$95.3m	+7.0%
Operating profit before tax	\$56.4m	+7.7%
Net profit after tax	\$43.2m	+218.4%
Adjusted funds from operations	\$48.4m	-0.4%
Net tangible assets per share	\$1.17	-0.7% from FY24
Interim dividend	2.70 cents per share	-5.3%

### Resilience showing through

Kiwi Property released its interim results for the six months ended 30 September 2024 (1H25) today, with the results reinforcing conviction that its strategy, focused on curating and creating retail-led mixed-use properties, is building momentum as challenging recent macroeconomic conditions start to ease.

Kiwi Property Chair Simon Shakesheff said, "It's a pleasing half-year result given the current economic environment. 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."

Kiwi Property CEO Clive Mackenzie said, "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 also seeing a stabilisation of Kiwi Property asset valuations that is reflected in the 1H25 results. Our expectation is that in creating a high-quality asset base with good transport connectivity, we will get stronger valuation and rental uplift over time."

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.

"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%<sup>1</sup> 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."

### **Actively managing the business**

Kiwi Property has been actively managing and optimising its 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.

Mackenzie said, "Occupancy across our asset portfolio has remained resilient during this economic cycle, 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."

Kiwi Property has a clear capital allocation strategy, which includes the potential for selective and considered divestment of assets over time that are no longer essential to the 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, Mackenzie also noted that "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 opened Resido, the Kiwi Property flagship 295 apartment build-to-rent development at Sylvia Park, the largest of its kind in the country.

Mackenzie said, "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). 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)."



### **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 in 2025, and residential and big-box retail earmarked to 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 large-lot sales 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.

### **Investment in Mackersey Property**

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

Mackersey 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. Mackersey Property manages assets across the office, retail, LFR and industrial sectors.

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

Mackenzie said, "We are excited about the opportunity that this investment provides. Exposure to this attractive business will diversify Kiwi Property's capital sources, providing direct access to a deep pool of wholesale investors. Key executive shareholders, with strong investor relationships and origination capability, have been retained. The business is also scalable and has a strong track record in the market."

### **Sustained ESG momentum**

Kiwi Property has a proud ESG track record. Its sustainability approach is based on three pillars: People, Places and Partnerships. It is founded on a belief that leading sustainability performance supports better communities, attracts more diverse capital, and creates more value for shareholders over time.

Mackenzie said, "We are deeply committed to creating sustainable communities, 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 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 will operate for the Q2 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 December, subject to a 2% discount.

Kiwi Property today also reiterated its dividend guidance at 5.40 cents per share for FY25.<sup>2</sup>

### **FY25 outlook**

Shakesheff said, "Kiwi Property remains firmly focused on creating long-term value for shareholders. We 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 expect to continue active management of our resilient portfolio. Our operational focus involves leasing up the rest of Resido, continuing to progress Drury and finalising some of the early land sales."

### **Additional information**

Kiwi Property has today also released an Interim Results Presentation, which is available for download on the company's website, [kp.co.nz](http://kp.co.nz) or from [nzx.com](http://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 Interim Results Presentation for the six months ended 30 September 2024 for details.

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

**2:** 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  
Chief Executive Officer  
clive.mackenzie@kp.co.nz

Fraser Gunn  
Head of Corporate Finance and Investor Relations  
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](http://kp.co.nz)