



# Retail adviser and Green Bond roadshow

6 March 2023



# Important information

## Overview

This Presentation is dated 6 March 2023 and has been prepared by Kiwi Property Group Limited (Kiwi Property) for two purposes:

1. An update on Kiwi Property for retail share investors; and
2. The offer of fixed-rate senior secured green bonds (Green Bonds) by Kiwi Property (Offer).

## The Offer

A product disclosure statement dated 6 March 2023 (PDS) has been prepared in respect of the Offer. The PDS is available at [kiwiproperty.com/corporate/green-bond](https://kiwiproperty.com/corporate/green-bond) or by contacting a Joint Lead Manager or your usual financial advice provider. Investors must obtain the PDS before they decide to acquire any Green Bonds.

The Offer is made in reliance on the simplified disclosure offer provisions of the Financial Markets Conduct Act 2013 (FMCA) and the Financial Markets Conduct Regulations 2014 (FMC Regulations). The Green Bonds which are the subject of the Offer rank equally with Kiwi Property's existing quoted debt securities:

- > \$125 million fixed-rate senior secured green bonds maturing on 7 September 2023 (with a fixed interest rate of 4.00% per annum), which are quoted on the NZX Debt Market under the ticker code KPG020 (KPG020 Bonds),
- > \$125 million fixed-rate senior secured green bonds maturing on 19 December 2024 (with a fixed interest rate of 4.33% per annum), which are quoted on the NZX Debt Market under the ticker code KPG030,
- > \$100 million fixed-rate senior secured green bonds maturing on 12 November 2025 (with a fixed interest rate of 4.06% per annum), which are quoted on the NZX Debt Market under the ticker code KPG040, and
- > \$150 million fixed-rate senior secured green bonds maturing on 19 July 2028 (with a fixed interest rate of 2.85% per annum), which are quoted on the NZX Debt Market under the ticker code KPG050,

(together the Existing Bonds).

Kiwi Property is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (NZX) for the purpose of that information being made available to participants in the market. Investors should look at the market price of the Existing Bonds in order to find out how the market assesses the returns and risk premiums for those debt securities.

Investors should consider the risks that are associated with an investment in the Green Bonds, having regard to their personal circumstances and investment objectives (including their financial and tax positions).

Capitalised terms in this Presentation have the meaning given to them in the PDS (including by incorporation).

The selling restrictions set out in the PDS apply to the Offer.

## **General**

The information in this Presentation is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed. The information in this Presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation by Kiwi Property, the Supervisor, the Arranger, the Green Bond Co-Ordinator, the Joint Lead Managers, or any of their respective directors, officers, employees, affiliates, agents or advisers to subscribe for or purchase the Green Bonds.

None of the Supervisor, the Arranger, the Green Bond Co-ordinator, the Joint Lead Managers, or any of their respective directors, officers, employees, affiliates, agents or advisers: (a) accept any responsibility or liability whatsoever for any loss arising from this Presentation or its contents or otherwise arising in connection with the Offer, (b) authorised or caused the issue of, or made any statement in, any part of this Presentation, or (c) make any representation, recommendation or warranty, express or implied, regarding the origin, validity, accuracy, adequacy, reasonableness or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Presentation and accept no liability (except to the extent such liability is found by a court to arise under the FMCA or cannot be disclaimed as a matter of law).

To the extent that certain statements contained in this Presentation may constitute "forward-looking statements" or statements about "future matters", the information reflects Kiwi Property's intent, belief or expectations at the date of this Presentation. Kiwi Property gives no undertaking to update this information over time (subject to legal or regulatory requirements). Any forward-looking statements, including projections and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Kiwi Property's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Any forward-looking statements, opinions and estimates in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Neither Kiwi Property nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur.

## **Data**

All of the data provided in this Presentation is derived from publicly available information in relation to Kiwi Property (including the interim report of Kiwi Property for the six months ended 30 September 2022), unless otherwise indicated. The real property valuations reflect the March 2023 Draft Valuations as defined in the PDS (which exclude assets that have been sold since 30 September 2022). Kiwi Property's portfolio metrics (for example, square metres net lettable area, current tenants, portfolio occupancy, and weighted average lease expiry) are stated as at 30 September 2022 for the core investment portfolio but adjusted to exclude 44 The Terrace (which has been sold since 30 September 2022). All other numerical data is stated as at 30 September 2022, except where stated to the contrary. Property statistics represent owned assets only; property interests managed on behalf of third parties are excluded. Owned assets include assets any member of the Group owns outright or in part (for example, through an unincorporated joint venture). All amounts are in New Zealand dollars. Due to rounding, numbers within this Presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Disclaimer (continued)

---

## **Non-GAAP measures used in this Presentation**

Operating profit before income tax is an alternative non-GAAP (New Zealand Generally Accepted Accounting Practice) performance measure used by Kiwi Property to assist investors in assessing performance for the relevant period by adjusting for a number of non-operating items.

Funds from operations (FFO) and adjusted funds from operations (AFFO) are alternative non-GAAP performance measures used by Kiwi Property to assist investors in assessing Kiwi Property's underlying operating performance. FFO and AFFO are measures commonly used by real estate entities to describe their underlying and recurring earnings from operations. Broadly, AFFO adjusts FFO by deducting the cost of lease incentives, leasing fees, rental abatements, annual maintenance capital expenditure for sustaining and maintaining existing space and other one-off costs.

Operating profit before income tax, AFFO and FFO do not have standardised meanings prescribed by GAAP and therefore may not be comparable to information presented by other entities. FFO and AFFO are calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia. The operating profit before income tax, FFO and AFFO information used in this Presentation have been extracted from Kiwi Property's interim consolidated financial statements, which have been the subject of a review of an independent auditor pursuant to the External Reporting Board's New Zealand Standard on Review Engagements 2410 (Revised).

# Agenda

1. Kiwi Property overview
2. The case for investing in Kiwi Property
3. Financial overview
4. Fixed-rate Green Bond offer
5. Q&A

# Kiwi Property overview



# Introduction to Kiwi Property

**\$3.2b**  
Property portfolio

**\$976m**  
Green assets<sup>1</sup>

**390,050**  
Square metres net lettable area

**629**  
Current tenants

**99.7%**  
Portfolio occupancy

**4.6 years**  
Weighted average lease expiry



Mixed-use portfolio

Office portfolio

<sup>1</sup>: Excludes the value of green assets under development listed on slide 10.



## The benefits of mixed-use:

- > Helps diversify revenue streams and promotes through-cycle returns.
- > Encourages visitation and a critical mass of customers, workers and residents.
- > Promotes increased sales and higher rents.



# We've been committed to sustainability for 20 years



## Places

- > Create places that promote wellbeing.
- > Reduce our environmental footprint.
- > Develop sustainable buildings.

## People

- > Foster wellbeing in our communities.
- > Embrace diversity.
- > Enable our team to succeed.

## Partnership

- > Partner with others to enhance the wellbeing of our communities.
- > Create shared value with our tenants.
- > Support sustainable procurement.

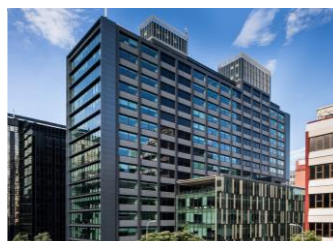
## 2022 ESG highlights

- > 60% CO<sub>2</sub> reduction compared to 2012.
- > 4 star minimum NABERSNZ rating across core office portfolio.
- > Kiwi Property becomes Mental Health Foundation official supporter.

# Kiwi Property's key green assets

## Current green asset pool

## Green assets under development



**ASB North Wharf**

**ANZ Raranga**

**Aurora Centre**

**Vero Centre**

**3 Te Kehu Way**

**Sylvia Park BTR**

<b>Asset class:</b>	Office	Office	Office	Office	Office (in development)	Residential (in development)
<b>Location:</b>	Auckland	Auckland	Wellington	Auckland	Auckland	Auckland
<b>Grade:</b>	A-grade campus	N/A	A-grade	Premium	N/A	N/A
<b>Owned since:</b>	May 2013	December 2018	April 2004	April 2001	N/A	N/A
<b>Draft value (31 Mar 23):</b>	\$230.0m	\$96.5m	\$165.0m	\$484.0m	\$56.5m	N/A
<b>Capitalisation rate:</b>	5.63%	5.50%	5.75%	5.13%	N/A	N/A
<b>Net lettable area:</b>	21,621 sqm	11,620 sqm	24,504 sqm	39,597 sqm	7,281 sqm	295 apartments
<b>Occupancy:</b>	99.8%	100.0%	100.0%	98.2%	N/A	N/A
<b>WALE:</b>	8.4 years	6.2 years	11.7 years	4.2 years	N/A	N/A
<b>Rating:</b>	4.5 star NABERSNZ 5 star Green Star	4.5 star NABERSNZ 5 star Green Star	5.5 star NABERSNZ	4 star NABERSNZ <sup>1</sup>	6 Green Star targeted	8 Homestar Design rating
<b>Key tenants:</b>	ASB	ANZ, IAG	Ministry of Social Development	Craigs, Suncorp, Russell McVeagh	Geneva Finance, IWG	N/A

<sup>1</sup>: Current as at 6 March 2023

# The case for investing in Kiwi Property



# Flagship mixed-use assets delivered strong sales in 2022

**\$1.7b**

Total sales  
2022

**+26%**

Sales growth  
vs. 2019

**25m**

Customer visits  
2022

**4.9%**

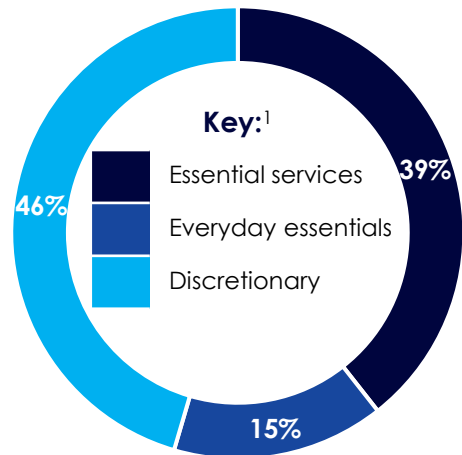
1H23 rental  
growth



# Our blue-chip tenant portfolio helps diversify risk

Kiwi Property's tenant portfolio is weighted to essential services, everyday essentials, government departments and financial services, and has a weighted average lease expiry of 4.6 years, promoting income resilience

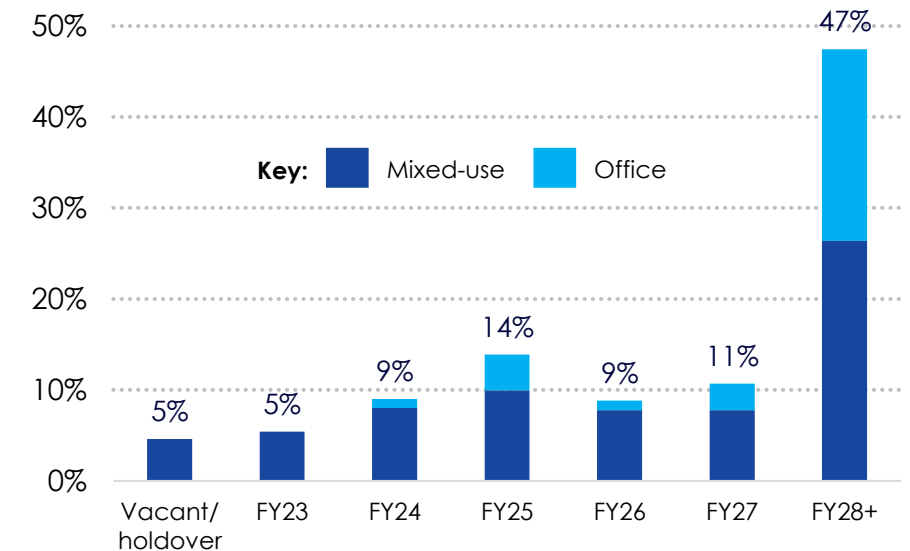
**Income breakdown**  
% of investment portfolio gross income



**Top 10 tenants**  
% of investment portfolio gross income

1.	ASB Bank	8.4
2.	Ministry of Social Development	5.7
3.	Farmers	3.5
4.	ANZ Bank	2.5
5.	Bell Gully	2.4
6.	Suncorp	2.3
7.	Russell McVeagh	1.8
8.	The Warehouse	1.4
9.	Woolworths NZ	1.4
10.	Cotton On Group	1.3

**Lease expiry profile**  
% of investment portfolio gross income



1. Essential services include supermarkets, pharmacies, medical services, banks, insurance, legal, government, telco and financial services. Everyday essentials include electronics, hardware, consultancy, department stores and discount department stores, hairdressers and opticians. All other categories are considered discretionary.



# 125ha landholding provides flexibility and unlocks opportunity

Sylvia Park, Auckland



LynnMall, Auckland



The Base, Hamilton (JV with Tainui Group Holdings)



Drury, Auckland



1. Enables phasing of development according to demand and cost of capital.
2. 'Adjoining properties' deliver income until intensification occurs.
3. No need to compete for expensive on-market opportunities.





## Creating a medical precinct at Sylvania Park

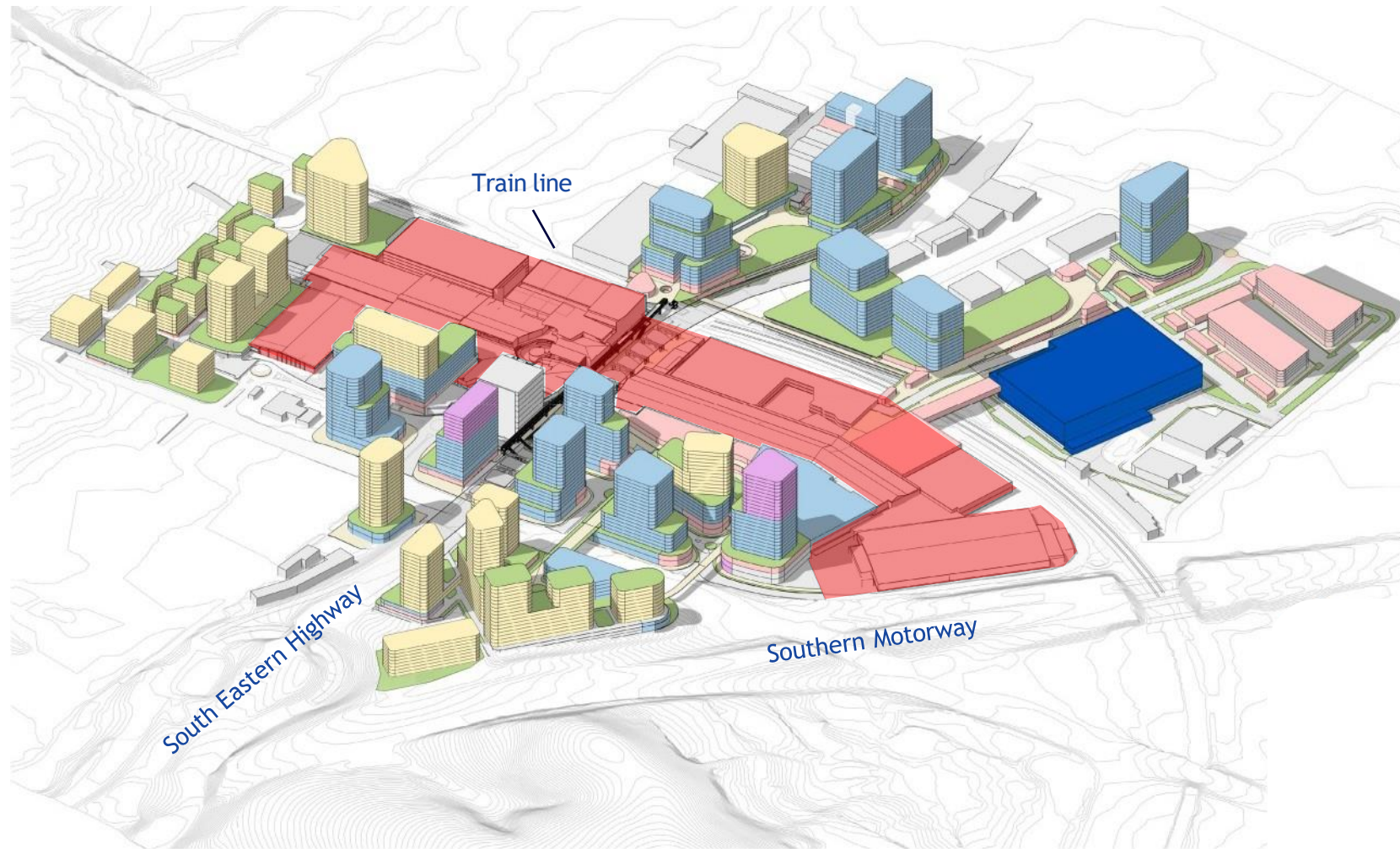
- > 3 Te Kahu Way medical and office building due for completion in Q1 2023.
- > Tenants include Horizon Radiology, Tamaki Health and Regus co-working.



## Laying the foundation for another New Zealand first

- > 3.2ha of land conditionally sold to IKEA.
- > The deal brings IKEA a step closer to opening its first New Zealand store – at Sylvania Park.

# Building a city within a city: Sylvia Park long-term vision



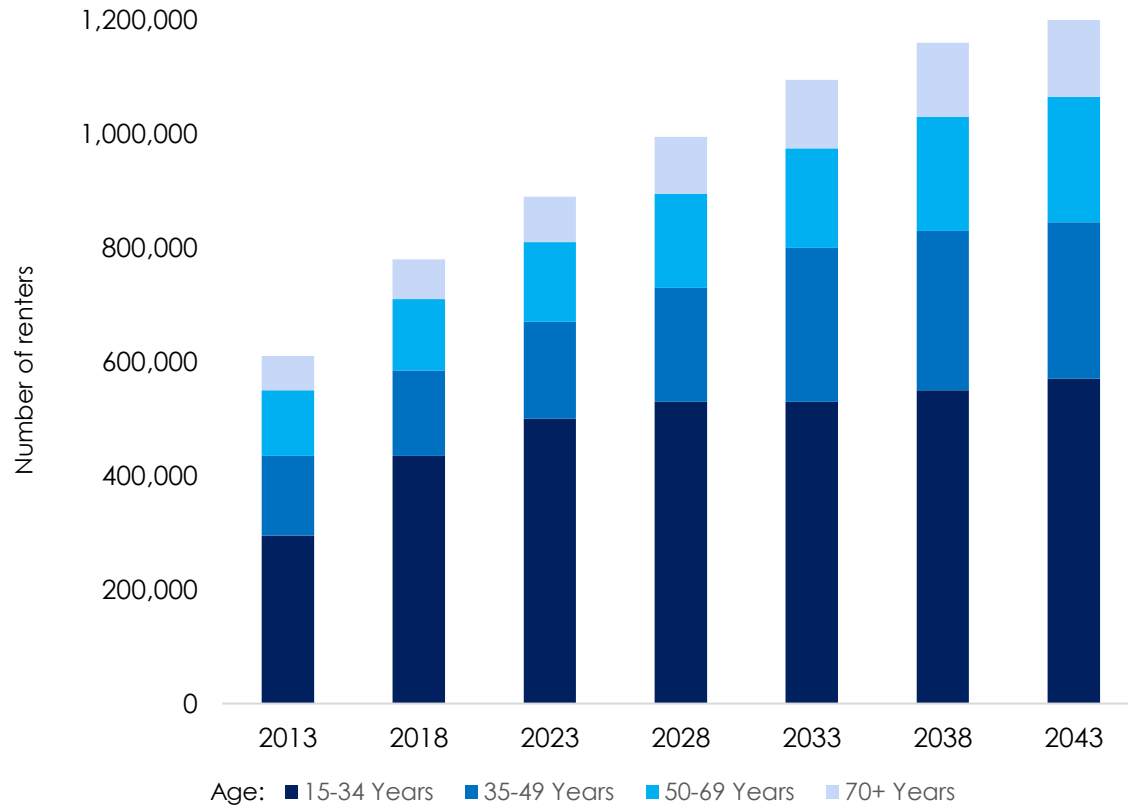
## Legend:

-  Retail / lifestyle
-  Residential
-  Office
-  Hospitality
-  Open areas
-  Existing retail centre
-  Land conditionally sold to IKEA



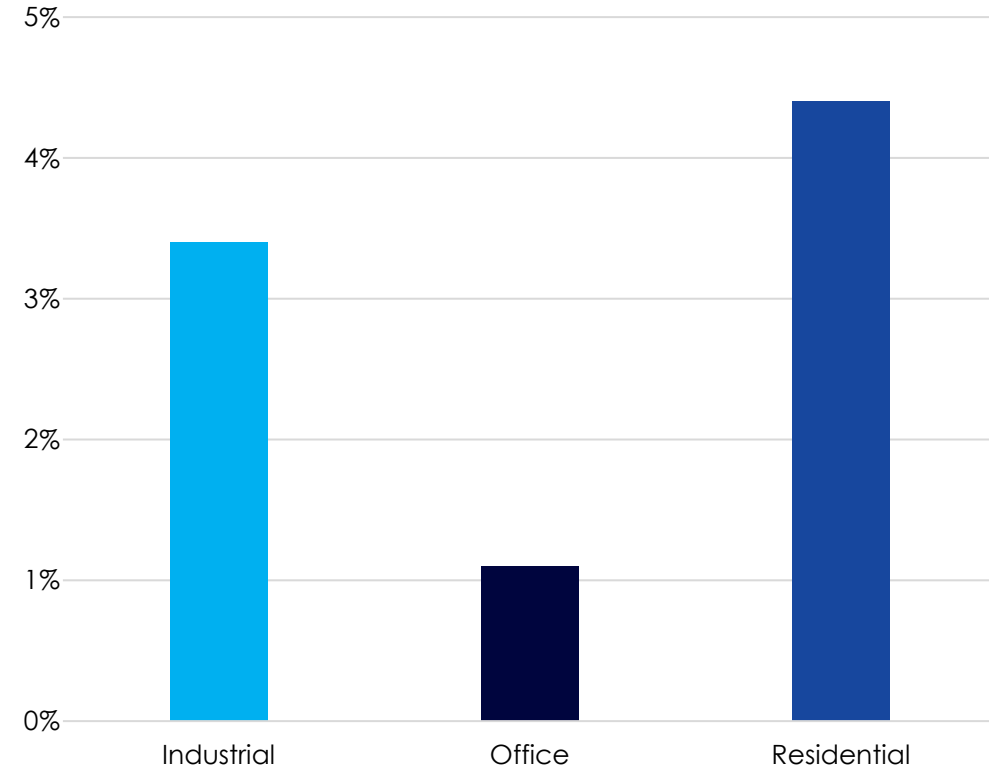
# Build-to-rent (BTR): poised for growth in New Zealand

### Auckland renting demographics<sup>1</sup>



The number of Auckland renters is expected to grow steadily over the next 20 years.

### Average per annum rental growth by asset class (June 2010-June 2022)<sup>2</sup>



For more than a decade, residential rents have grown at a faster rate than other commercial property asset classes.

# We're well placed to capitalise on the rise of BTR



- > Kiwi Property has begun construction of New Zealand's first major BTR development, featuring 295 apartments due for completion in the first half of 2024.
- > Expected internal rate of return (IRR), including halo benefit, of over 8%.
- > BTR will help Kiwi Property to:
  1. Diversify revenue and drive rental income with relatively low volatility.
  2. Attract additional customers to mixed-use centres.
  3. Leverage existing asset management, security and maintenance platforms to create operational synergies.



# Putting Kiwi Property at the heart of the new Drury town centre

- > Drury predicted to be home to around 60,000 people within 30 years<sup>1</sup>.
- > Kiwi Property's site will be the location of the future town centre, featuring:
  - > Residential: ~3,000 houses
  - > Large format retail (LFR)/retail: ~117,000 sqm
  - > Office: ~58,000 sqm
  - > Community and civic spaces
- > Stage one earth and civil works expected to deliver cumulative valuation growth of over 40% and create 13 residential super-lots.
- > Proceeds from the potential sale of these super-lots, joint ventures or external capital partnerships could help fund LFR and/or further development.



# Financial overview

# FY23 first-half financial performance

▲ **\$100.0m**

**Net rental  
income**

+\$6.0m (+6.3%)

▲ **\$65.1m**

**Operating profit  
before tax**

+\$2.6m (+4.2%)

▼ **\$151.1m**

**Net loss  
after tax**

-\$294.3m (-205.5%)

▲ **4.15cps**

**Adjusted funds from  
operations per share**

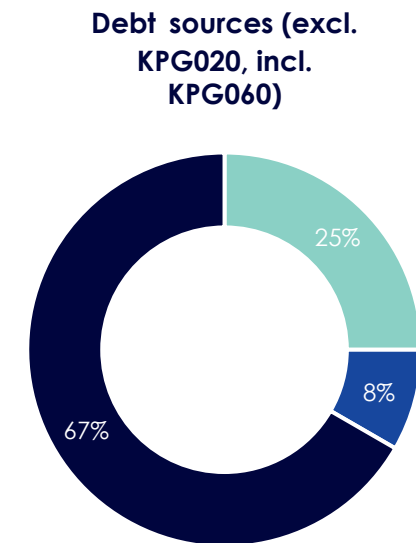
+1.09 cps (+35.7%)

# A disciplined and proactive approach to capital management

- > Kiwi Property is committed to maintaining a strong financial position and has had an average gearing ratio over the past 10 years of 32.1%. The gearing ratio as at 30 September 2022 was 35.7%. Adjusted for key changes since 30 September 2022, the gearing ratio would be 34.1%<sup>1</sup>.
- > Kiwi Property's Green Bonds will help maintain the diversity of our funding sources, extend the weighted average term to maturity of finance debt and fund the maturity of KPG020 in September 2023.
- > Weighted average term to maturity<sup>2</sup> is currently 3.7 years and will increase to 4.2 years following the issue of KPG060 and repayment of KPG020.

Pro-forma debt maturity profile <sup>2</sup>		Incl. KPG020 & KPG060		Excl. KPG020, Incl. KPG060	
		\$m	%	\$m	%
FY24	KPG020 - \$125	125.0	7.7	0.0	0.0
FY25	KPG030 - \$125	125.0	7.7	125.0	8.3
FY26	\$108 KPG040 - \$100	208.0	12.8	208.0	13.9
FY27	\$383	383.0	23.6	383.0	25.6
FY28	\$509	509.0	31.3	509.0	33.9
FY29	KPG050 - \$150	150.0	9.2	150.0	10.0
FY30	KPG060 - \$125	125.0	7.7	125.0	8.3
<b>Total facilities</b>		<b>1,625.0</b>	<b>100.0</b>	<b>1,500.0</b>	<b>100.0</b>
Facilities drawn		1,223.0		1,098.0	
Undrawn facilities		402.0		402.0	

■ ANZ, BNZ, CBA, CCB, HSBC, MUFG, Westpac bank facilities ■ Existing Green Bonds ■ New Green Bonds

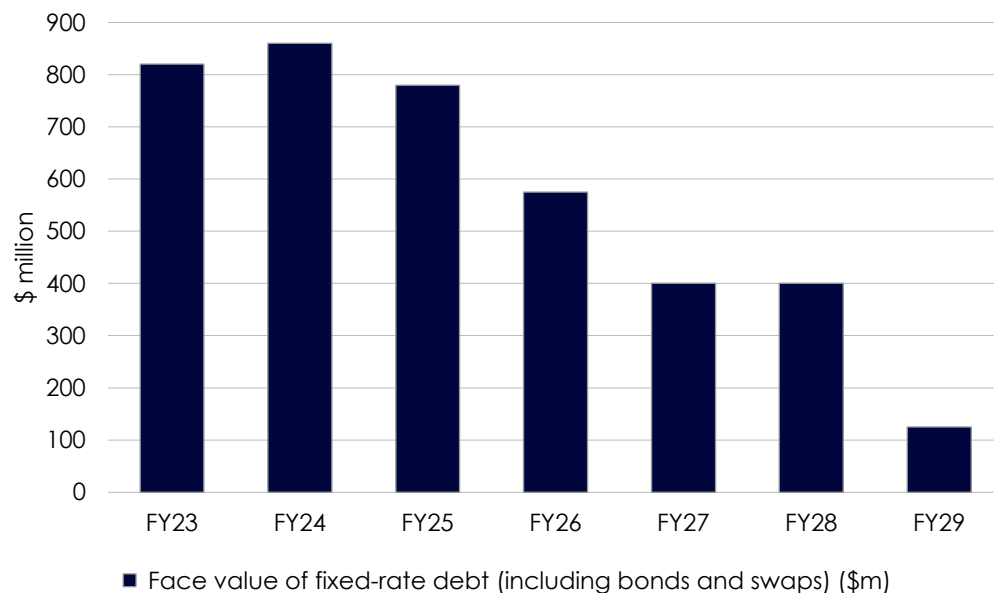


<sup>1</sup>. Based on the Group's finance debt as at 31 January 2023 (being the date of the most recent unaudited management accounts available as at the date of this presentation) and with the Group's total tangible assets as at 30 September 2022 adjusted to reflect the March 2023 Draft Valuations (which exclude assets that have been sold since 30 September 2022). <sup>2</sup>. As at 31 January 2023, adjusted for an assumed bond issue of \$125m. This maturity profile is not intended to represent Kiwi Property's target debt levels or gearing ratio.

# Fixed-rate debt profile

Fixed-rate profile	30 September 2022	31 January 2023 <sup>1</sup>
Percentage of drawn finance debt at fixed rates	59%	75%
Weighted average term to maturity of active fixed-rate debt	2.6 years	3.5 years

## Fixed-rate debt maturity profile – pro-forma including KPG060 and excluding KPG020



75% of Kiwi Property's debt is hedged (on a pro-forma basis<sup>1</sup>) helping to safeguard against rising interest rates.

<sup>1</sup>. Based on the 31 January 2023 unaudited management accounts (being the most recent management accounts available as at the date of this presentation), adjusted for an assumed bond issue of \$125m and excluding KPG020.



# Fixed-rate Green Bond offer

Arranger, Green Bond Co-ordinator  
and Joint Lead Manager:



Joint Lead Managers:





Up to \$100m fixed-rate senior secured Green Bonds (with ability to accept oversubscriptions of up to an additional \$25m)



6.5 year term, maturing on 27 September 2029



Secured against \$3.2b of property assets including \$976m of green assets<sup>1</sup>

# Key terms of the Green Bond offer



---

<b>Issuer:</b>	Kiwi Property Group Limited.
<b>Instrument:</b>	Fixed-rate senior secured green bonds (Green Bonds).
<b>Issue amount:</b>	Up to \$100m (with the ability to accept oversubscriptions of up to an additional \$25m at Kiwi Property's discretion).
<b>Tenor and maturity:</b>	6.5 years maturing on 27 September 2029.
<b>Interest Rate:</b>	To be determined on the Rate Set Date following a bookbuild process. The Interest Rate will be the greater of the Minimum Interest Rate and the sum of the Base Rate plus the Margin.
<b>Indicative margin range:</b>	To be announced on or about the opening date of the offer, along with the Minimum Interest Rate.
<b>Interest payments:</b>	Semi-annual in arrear on 27 March and 27 September.
<b>Credit rating:</b>	The Green Bonds have a credit rating of BBB+ from S&P Global Ratings Australia Pty Limited, consistent with the ratings of the Existing Bonds.
<b>Application amount:</b>	Minimum of \$5,000 and in multiples of \$1,000 thereafter.
<b>Quotation:</b>	It is expected that the Green Bonds will be quoted under the code KPG060 on the NZX Debt Market.

---

# Key terms of the Green Bond offer (continued)

---

<b>Events of default:</b>	Events of default include (among others): <ul style="list-style-type: none"><li>&gt; Non-payment of interest or principal</li><li>&gt; An un-remedied gearing ratio breach</li><li>&gt; Insolvency</li></ul>
<b>Sustainable Debt Framework Allocation:</b>	Kiwi Property intends to allocate an amount equal to the proceeds of the offer to finance or refinance its direct and indirect investments in low carbon and energy efficient buildings that meet the eligibility criteria set out in the Sustainable Debt Framework (being Eligible Projects). Consistent with this, Kiwi Property will apply the net proceeds of the offer to repay existing bank debt of the Group. Kiwi Property intends to ensure that the aggregate value of the pool of Eligible Projects is at least equal to the aggregate amount of all its outstanding green bonds and green loans.
<b>Guarantors:</b>	Kiwi Property and its wholly-owned subsidiaries, 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 on a joint and several basis.
<b>Ranking:</b>	In an insolvency of a Guarantor, the claims of the senior secured creditors (including the holders of Green Bonds) will, by virtue of the security granted in favour of the Security Trustee, rank ahead of all unsecured creditors of the relevant Guarantor other than certain statutorily preferred creditors.
<b>No green event of default:</b>	No event of default will occur if Kiwi Property fails to comply with the Sustainable Debt Framework or the Green Bonds cease to satisfy the Green Bond Principles.

---

The Green Bonds are issued by Kiwi Property Group Limited (Kiwi Property) and guaranteed by the Guarantors set out on slide 27 on a joint and several basis. The Guarantors have granted security over all of their assets in favour of the Security Trustee:

## Security:

- > Security interest over all personal property
- > Charge over all real property
- > Registered mortgages over substantially all real property owned by the Guarantors

The Security Trustee holds this security for the benefit of the holders of the Green Bonds and certain other secured creditors of the Group (including the holders of the Existing Bonds, the Group's bank facility lenders and hedging providers, the Supervisor, the Security Trustee and any new future secured creditors) on an equal ranking basis. The security secures all amounts owing to the secured creditors.

The Group's finance debt must not exceed 50% of the Group's total tangible assets. The maximum gearing ratio that applies to the Green Bonds (50%) is higher than the maximum gearing ratio that applies to the Existing Bonds (45%).

## Gearing ratio:

Kiwi Property considers that 50% is generally consistent with the approach adopted by a number of other comparable listed property companies in the New Zealand market.

- > Gearing ratio as at 30 September 2022 was 35.7%.
- > Breach of gearing ratio requires remediation within a 13-month remedy period (once that breach is disclosed to the Bond Supervisor in a directors' report)



# Key dates

---

<b>PDS lodgement:</b>	6 March 2023.
<b>Offer opens:</b>	14 March 2023.
<b>Offer closes:</b>	11am on 17 March 2023.
<b>Rate set date:</b>	17 March 2023.
<b>Issue date:</b>	27 March 2023.
<b>Expected date of initial quotation on NZX Debt Market:</b>	28 March 2023.
<b>Maturity date:</b>	27 September 2029.



Thank you

