

NZX RELEASE

19 November 2018

Positioned for growth: Kiwi Property posts sound result

Kiwi Property today reported a net profit after tax¹ of \$48.3 million for the six months to 30 September 2018, up from \$47.9 million in the prior corresponding period.

Funds from Operations (FFO)², the Company's measure of operating performance, was \$52.3 million, down from \$54.2 million. This predominantly reflects the loss of income following the sale of The Majestic Centre and North City.

Chair, Mark Ford, said: "Over the past several years, we have been actively rebalancing the composition of our property portfolio in favour of greater exposure to Auckland, the nation's economic powerhouse. The sale of non-core assets to achieve this strategy has predictably resulted in lower rental revenue in the short term, but has placed us in an even stronger position to pursue growth opportunities for long-term benefit," said Mr Ford.

growth in dividends

Shareholders will receive an interim dividend of 3.475 cents per share, an increase of 1.5% on the prior corresponding period. The dividend will be paid on 19 December 2018.

The Dividend Reinvestment Plan will be available to eligible shareholders for the period. No discount will be applied to the price at which the shares are issued.

portfolio strongly positioned

Chief Executive Officer, Clive Mackenzie, said: "The portfolio is strongly positioned, with our rebalancing programme almost complete. Our portfolio is valued at \$3.0 billion and our portfolio weighting to our preferred market of Auckland now sits at 69%."

The Company continues to have an impressive occupancy ratio of 99.3%, supported by a high-quality tenant mix. New leasing and rent reviews completed in the current period resulted in an uplift of 3.8% over prior passing rents.

retail

Our retail portfolio ended the period 99.9% occupied, with a weighted average lease term of 3.8 years. Total retail sales for the 12 months ended 30 September 2018 grew by 2.4% (+2.7% like-for-like) to \$1.7 billion, while attracting more than 48 million shopper visits.

office

Our office portfolio ended the period 97.6% occupied, with a weighted average lease term of 10.0 years. Occupancy was modestly impacted by the vacancies we held in the Vero Centre to accommodate our lease renewals with key anchor tenants, Russell McVeagh and Suncorp.

adding value through developments

Mr Mackenzie said: "Our development pipeline continues to play a major role in value creation, with \$140 million of projects nearing completion and a further \$245 million underway."



Chair, Mark Ford, said: "We increasingly see the importance of developing and owning complementary mixed-use communities, such as those we are bringing to life at Sylvia Park and Drury. Large land holdings, zoned appropriately, can accommodate a variety of commercial property uses."

robust balance sheet and capital management

Our balance sheet remains strong, with conservative gearing and diversified sources of debt. Our gearing ratio was 29.4% (Mar-18: 29.7%), reflecting that the proceeds from the sale of North City have been offset by value-adding investment activities within our investment portfolio.

outlook and dividend guidance

Mr Mackenzie said: "Our successful efforts to rebalance our portfolio have provided us with greater balance sheet flexibility, enabling us to focus on growth through developments and considered acquisitions, while still maintaining conservative levels of debt," he said.

"For the balance of the 2019 financial year, we will be focused on completing and advancing development projects underway at Sylvia Park and Northlands, and progressing zoning outcomes for our Drury landholdings."

The board continues to project the cash dividend for the year ending 31 March 2019 to be 6.95 cents per share, up from 6.85 cents per share for the prior year.

additional information

Kiwi Property has today also released an Interim Result Presentation and Interim Report which are available for download on the Company's website kp.co.nz/interim-result or from nzx.com

Notes

1. The reported profit has been prepared in accordance with New Zealand generally accepted accounting practice (GAAP) and complies with New Zealand Equivalents to International Financial Reporting Standards and with International Financial Reporting Standards. The reported profit information has been extracted from the interim financial statements which have been the subject of a review by an Independent Auditor pursuant to the External Reporting Board's New Zealand Standard on Review Engagements 2410. GAAP is a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements.
2. FFO is an alternative non-GAAP performance measure used by Kiwi Property to assist investors in assessing the Company's underlying operating performance and to determine income available for distribution. FFO is a measure commonly used by real estate entities to describe their underlying and recurring earnings from operations. FFO does not have a standard meaning prescribed by GAAP and therefore may not be comparable to information presented by other entities. FFO is calculated by Kiwi Property in accordance with the Voluntary Best Practice Guidelines issued by the Property Council of Australia (the Guidelines). During the Company's 2018 financial year, the Guidelines amended the method used to derive FFO and Adjusted Funds from Operations (AFFO) to include the amortisation of leasing fees and gross leasing fees paid. Kiwi Property has amended its current period FFO and AFFO calculation to reflect this change. The reported FFO information has been extracted from the Company's interim financial statements which have been the subject of a review by an Independent Auditor pursuant to the External Reporting Board's New Zealand Standard on Review Engagements 2410.

> Ends



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About us

Kiwi Property (NZX: KPG) is the largest listed property company on the New Zealand Stock Exchange and is a member of the S&P/NZX 15 Index. We've been around for more than 20 years and we proudly own and manage a \$3.0 billion portfolio of real estate, comprising some of New Zealand's best shopping centres and prime 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 a corporate credit rating of BBB (stable) and an issue credit rating of BBB+ for each of its fixed rate senior secured bonds. Kiwi Property is licensed under the Real Estate Agents Act 2008. To find out more, visit our website kp.co.nz