

NZX RELEASE

20 May 2019

Kiwi Property lifts profit, positions for growth

Kiwi Property today reported a profit after tax¹ of \$138.1 million for the year ended 31 March 2019, up from \$120.1 million in the prior year, driven primarily by a stronger revaluation performance from our high-quality portfolio of assets.

Funds from Operations (FFO)², the Company's measure of operating performance, was \$106.9 million. As expected, this was down from \$111.3 million in the prior year due to the short-term impact associated with selling two non-core assets and reinvesting the proceeds into superior development opportunities at Sylvia Park in Auckland. These developments will contribute progressively to shareholder returns from the 2020 financial year.

Chair, Mark Ford, said: "Our portfolio is now beneficially weighted towards Auckland and the golden triangle where about 50 per cent of New Zealand's population lives and much of the country's economic activity takes place.

"We have continued to grow dividends, improved the quality of the portfolio and placed the company in an even stronger position to pursue growth opportunities for long-term benefit," said Mr Ford.

growth in dividends

A final cash dividend of 3.475 cents per share will be paid, taking the full year cash dividend to 6.95 cents per share, in line with guidance and up from 6.85 cents per share in the prior year. The Dividend Reinvestment Plan will operate in respect of the final dividend and a 2% discount will be applied.

In the year ahead, the board projects an increased full-year cash dividend of 7.05 cents per share, absent material adverse events or unforeseen circumstances.

strategic alignment

Chief Executive Officer, Clive Mackenzie, said: "In line with our evolving strategy, during the year we reorganised the executive team to more strongly align the business and execute on our growth opportunities. These opportunities include intensifying our large landholdings by developing mixed-use communities, growing income from existing assets and establishing a team to investigate funds management opportunities.

"Over the 2020 financial year, we will continue to realign our business to these core strategic objectives," he said.

strong portfolio performance

Our portfolio of mixed-use, retail and office assets continues to perform strongly. At year-end, the portfolio was 99.3% occupied, with a healthy weighted average lease expiry of 5.2 years.



For the year ended 31 March 2019, total retail sales from our shopping centre assets were \$1.53 billion, up 2.0% (2.4% like-for-like), with specialty sales productivity improving to \$11,000 per square metre. Total retail sales, including those from our large format centres, were \$1.70 billion.

Mr Mackenzie said: "Our asset teams have done a great job growing income, with 747 new leases or rent reviews executed across the entire portfolio, providing a 4.0% lift over prior passing rentals."

development pipeline in full swing

During the year, we delivered our first office building at Sylvia Park, 'ANZ Raranga' (formerly known as No.1 Sylvia Park) and the dining development, Langdons Quarter, at Northlands in Christchurch. We completed the first of two new multi-level carparks at Sylvia Park, and construction activity for the arrival of a new Kmart store, together with our major Sylvia Park galleria retail expansion, is well in train.

Mr Mackenzie said: "We have made the decision to expand our galleria retail development at Sylvia Park. An increase in the net lettable area will accommodate key tenants who want to be in this iconic location. The expansion increases the project cost by \$35 million to \$258 million and we have maintained key yield metrics and increased the projected development profit to 13% of project cost."

With completion due in mid-2020, we are finalising negotiations with exciting international and national tenants to provide further strength for the project, in addition to the two-level Farmers department store and other retail tenancies already secured.

robust balance sheet

The Company's balance sheet remains robust, with gearing at 31.0%, comfortably within our target band of 25%-35%. Our portfolio was valued at \$3.2 billion at year-end.

outlook

Mr Mackenzie said: "Kiwiproperty is in a great position to focus on growth. I am excited to be able to work with the executive team and the broader business on implementing our strategic initiatives, especially exploring how we can best serve New Zealanders through the creation of mixed-use communities on our largest landholdings."

additional information

Kiwiproperty has today also released an Annual Result 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

Notes

1. The reported profit has been prepared in accordance with New Zealand generally accepted accounting practice (GAAP). Refer to the 2019 Annual Result Presentation for definitions.
2. FFO is an alternative non-GAAP performance measure. Refer to the 2019 Annual Result Presentation for definitions.

> Ends



Contact us for further information

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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 20 Index. We've been around for 25 years and we proudly own and manage a \$3.2 billion portfolio of real estate, 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 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 one of the highest rated New Zealand companies within CDP (Carbon Disclosure Project) and is a member of FTSE4 Good, a series of benchmarks 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