

NZX RELEASE

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Kiwi Property delivers strong financial result

Kiwi Property today announced a strong result for the year ended 31 March 2018, posting an after-tax profit¹ of \$120.1 million, driven by another record operating result as measured by funds from operations (FFO)². FFO grew by 8.2% to \$111.3 million, reflecting a 5.2% lift in rental income to \$192.1 million, largely due to contributions from prior year completed developments and strategic acquisitions.

Chair, Mark Ford, said that the result was positive for shareholders and that the Company's property portfolio was in excellent shape and positioned well for the future.

"In the 2018 financial year, we continued to grow revenues while improving the quality of our investment portfolio through the sale of non-core assets, strategic acquisitions and the commencement of new development projects. We have also improved our conservative gearing position and executed strongly on capital management initiatives," said Mr Ford.

A full-year dividend of 6.85 cents per share will be paid to shareholders, in line with guidance and up from 6.75 cents per share in the prior year.

positioned for growth

"During the year, we successfully raised \$157 million (net of issue costs) through a pro-rata entitlement offer. We were pleased with the support we received from investors as this was an important step to assist with funding our future investment and development opportunities," said Mr Ford.

"In February, we were delighted to give the green light to the previously foreshadowed \$223 million Galleria retail expansion at Sylvia Park, following 11 years of outstanding performance and growth at the centre. Our vision for Sylvia Park is the creation of a world-class town centre offering our customers exceptional retail, dining, entertainment and workplace experiences. This latest retail expansion will consolidate the centre's position as New Zealand's favourite shopping destination," said Mr Ford.

focused execution

Chief Executive, Chris Gudgeon, said: "We currently have \$370 million of developments in progress that will continue to add significantly to both the income performance and quality of our property portfolio."

Sylvia Park continues to be a major focus, with highlights including:

- > Our new dining offer, The Grove Dining District, which opened 100% leased in December 2017.
- > The ongoing construction and leasing of our \$80 million office tower development, No.1 Sylvia Park, anchored by insurance giant IAG. Post balance date, 6,740 sqm (five full floors and a part floor) were leased to banking group, ANZ, taking the building to 90% leased.
- > Commencement of construction of our Galleria retail expansion. The project is scheduled for completion in mid-2020 and will feature approximately 60 new specialty retailers, a flagship Farmers department store, international mini-majors and additional multi-deck carparking.

"At Northlands in Christchurch, we commenced construction of our vibrant new dining and entertainment precinct, to be known as Langdons Quarter, in line with our strategy of providing compelling dining and entertainment experiences that respond to customer demand", said Mr Gudgeon.



The Company continued its capital recycling programme with the sale of previously identified non-core properties. The Majestic Centre was sold for \$123.2 million in December 2017 and, post balance date, an agreement to sell North City for \$100 million was secured.

“Our balance sheet remains strong with gearing reducing to 29.7% as at 31 March 2018, down from 34.5% in the prior year. A further highlight was the securing of a corporate credit rating and the subsequent seven-year retail bond issue that raised \$125 million,” said Mr Gudgeon.

strong investment portfolio performance

Kiwi Property's investment portfolio was 99.6% occupied at year end, above its long-term average, with a weighted average lease term of 5.3 years. The portfolio value increased to \$3.1 billion and net tangible asset backing increased to \$1.40 per share.

Overall, rentals achieved through new leasing and rent reviews delivered growth of 3.5%.

Total retail sales of \$1.8 billion were recorded across the retail portfolio, \$1.6 billion of these from our portfolio of seven shopping centres equating to growth of 3.9% (1.3% like-for-like) from last year with particularly strong performances seen at Sylvia Park, The Plaza and Centre Place – North. Positive total sales growth was recorded across most categories, with strong growth delivered in the mini-majors, commercial services and pharmacy and wellbeing categories.

dividends and outlook

“Supportive economic and property market fundamentals, in combination with the robustness of our property portfolio provides us with confidence the Company will continue to deliver a strong financial performance,” said Mr Ford.

“We are projecting an increased cash dividend of 6.95 cents per share for the 2019 financial year, absent material adverse events or unforeseen circumstances.”

“Our key focus in the year ahead will be on progressing our development projects underway at Sylvia Park and Northlands, while also progressing our town centre vision for our development land at Drury, South of Auckland,” said Mr Ford.

additional information

Kiwi Property 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) and complies with New Zealand Equivalents to International Financial Reporting Standards. The reported profit information has been extracted from the annual financial statements which have been the subject of an audit pursuant to the New Zealand Auditing Standards issued by the External Reporting Board.
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 financial year, the Guidelines amended the method used to derive FFO to include the amortisation of leasing fees. Kiwi Property has amended its current year FFO calculation to reflect this change. The reported FFO information has been extracted from the Company's annual financial statements which have been the subject of an audit pursuant to New Zealand Auditing Standards issued by the External Reporting Board.

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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 \$3.1 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 by targeting superior risk-adjusted returns over time 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