

**sustain
ability**



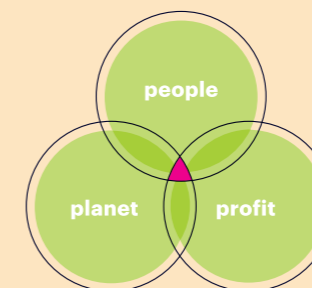
we are kiwi property

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 nearly two and a half decades and today we proudly own and manage \$3.1 billion in direct property investments in a portfolio comprising some of New Zealand's best retail and office buildings. We also manage over \$370 million of property on behalf of third parties.



All data in this document is for the year ended and/or as at 31 March 2018. Due to rounding, numbers within this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This Sustainability Report should be read in conjunction with the 2018 Kiwi Property Annual Report, which is available on our website, kp.co.nz/annual-result



“Focusing on people, planet and profit will see us continue to build business resilience and endurance.”

– Jason Happy, National Facilities Manager

Welcome to our 2018 Sustainability Report, which for the first time we are releasing alongside our Annual Report and follows the release of our 2017 Sustainability Report in September 2017.

Our sustainability programme, which incorporates our corporate social responsibility activities, has been in operation for more than 15 years. Like many companies, we began with a focus on implementing environmental initiatives that would reduce operating costs and allow us to tread more lightly on this planet.

Today, we are increasingly focused on engagement that brings us closer to our communities, builds better social experiences, produces a strong corporate culture and ensures our investments are more resilient and enduring. Our Board and management are committed to focusing on people, planet and profit to build business sustainability.

In early 2018, we reset our sustainability strategy to inform our goals for the next three years. We look forward to sharing our past successes and our future targets in this report.

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sustainability is important to Kiwi Property

our sustainable practices are integral to who we are and are reflective of our values



we're people-people

We're approachable and welcoming. We're willing and able. We're all for people. Ultimately what we build, improve and protect are places for people.

example: This year we launched a scholarship for Māori and Pasifika students to promote greater representation in the property sector. We also currently provide an annual sponsorship to the Keystone Trust which provides scholarships and industry support to students wishing to enter into the property industry while studying.



we lead

We take a leadership stance. We're always innovating. We set new benchmarks to lead the way. We're open-minded and available to embrace new ideas and feedback. We lead by example, always mindful that our stakeholders rely on us.

example: For the third consecutive year, in 2017, we retained the highest Carbon Disclosure Project rating (A-) of any New Zealand-listed entity.



we have a passion for excellence

We create exceptional places and experiences for investors, our people, tenants and customers. We're creators of wealth and returns. We aim for excellence in everything we do and we strive for continuous improvement.

example: We are constantly improving the technical features of our assets to achieve greater efficiency and safety, ensuring they meet changing societal trends and our changing environment by moving to renewable power sources, harvesting rainwater and minimising waste.



we do what's right

Integrity lies at our heart. We bring honesty and reciprocal respect to all our dealings. We're honest and transparent. We've earned the trust of our investors, tenants and customers, and we work hard to never take it for granted.

example: We recently strengthened our Wellington office buildings to achieve higher seismic performance ratings. In a subsequent earthquake the buildings each performed well, ensuring our tenants were not only safe but were able to immediately return to work.



we implement, monitor and measure sustainability

each year, Kiwi Property reviews its sustainability strategy, which is implemented using both top down and bottom up management

Our journey started with a commitment in 2003 when we began integrating sustainability into our operations. At that time, we recognised that we could play an important role in protecting and enhancing the environment for future generations. In doing so, we established our commitment to securing a viable and sustainable property sector through integrating environmental considerations into our business practices. And so, our sustainability programme was established, focusing initially on reducing the Company's environmental footprint through resource efficiency.

our roles and responsibilities

board

The Board has ultimate responsibility for sustainability, and reviews and monitors progress against targets.

chief executive

The Chief Executive is tasked by the Board to implement the sustainability strategy and report progress six times per year.

sustainability committee

Chaired by the National Facilities Manager, the Sustainability Committee includes senior managers from across the business.



implementation

The Sustainability Committee implements our sustainability strategy and manages the programme of actions. Each key asset within our portfolio has a Facilities Manager who is responsible for achieving operational efficiencies and implementing our environmental programmes. Typically, one third of their performance bonus depends on them achieving the set targets. Our retail Centre Managers include sustainability initiatives in their annual plan and each retail centre has a Sustainability Champion who supports the Facilities Manager to implement the broader community and sustainability initiatives.



reporting

Our sustainability performance is reported through the Company's Annual Report, this standalone Sustainability Report and a Greenhouse Gas Inventory which are published on our website kp.co.nz. In addition, we benchmark our performance through the Carbon Disclosure Project (CDP) and FTSE4Good.



global alignment

We have aligned the Company to the UNPRI¹ and have conducted a full sustainability and climate change review. The review analysed internal and external sustainability factors, including comparing the Company's practices with best practice. These included CDP, UNPRI, AA1000 and GRESB (Global Real Estate Sustainability Benchmarking). A climate change risk and opportunity assessment, from asset level through to strategic level, was conducted and informed the strategy development.



stakeholder feedback

A stakeholder review of investors, customers and employees was undertaken to understand their expectations of Kiwi Property. This feedback is an important element in the development of our sustainability strategy.

1. United Nations Principles for Responsible Investment.



what we do

we're focused on creating great working environments for our people.
The diversity, resilience, safety and wellbeing of our people is integral
to the success of our sustainability strategy

"We firmly believe that a diverse team, with flexible working arrangements and a positive team culture, will enable innovation, creativity and better business outcomes."
– Kylie Eagle, Head of People and Culture

We're passionate about what we do and the way we do it. We know that passionate people can create extraordinary results.

The success of Kiwi Property is driven by a team of more than 170 professionals who are guided by our values which promote behaviours such as leadership, excellence, approachability, empathy, trustworthiness and accountability.

As we grow, we are keen to ensure that our team grows with us. We're proud that many of our team members have moved throughout the business into new roles and new functions and we actively seek to promote from within.

69%
of our people leaders
are women

87%
of our people leaders
participated in leadership
training in FY18

across our workforce
208
wellbeing courses
or activities were
undertaken in FY18

across our workforce
212
health and safety related
courses were
undertaken in FY18

1 new director
3¹ new leadership
team members

16%
rolling annual
employee turnover

providing the opportunity to inject
fresh ideas into the business

1. The role of Manager Shopping Centres, held by Shelley Jenkin, was elevated to a Leadership Team position on 23 April 2018. Linda Trainer was appointed to the role of GM Retail on 6 April 2018 and commenced with Kiwi Property on 23 April 2018. Rebecca Oliphant was appointed to the role of Strategy Manager and commenced with Kiwi Property on 28 August 2017.



we provide equal access for all

Not only do we comply with the requirements of the Building Act 2004, we have also partnered with Be. Accessible to have all our retail centres assessed to ensure they are designed to enable people with disabilities to use the centres with the same convenience as those who do not have disabilities. We look forward to sharing the results of our assessment in the future.

At a minimum our properties include:

- accessible routes
- carparks
- footpaths, ramps and landings
- entrances, corridors, doorways and doors
- stairs
- lifts
- public facilities
- places of assembly, entertainment and recreation, and
- accessible outdoor public areas.



we lead by example

As a leading property company in New Zealand, we utilise the knowledge we have gained to educate our tenants to minimise their own environmental impacts through Sustainability Design Guidelines in our Fitout Manuals.

As a result, we have recorded a dramatic improvement in our tenants' electricity efficiency, leading to a 49% reduction in carbon emissions over the past six years.

Further, to support our own resource consumption reductions, smart meters are being progressively installed throughout the portfolio in partnership with registered meter owners, in accordance with industry regulations. These, along with Kiwi Property's own metering, will support our Facilities Managers to proactively manage the efficiency of our buildings.



we support our communities

Our success is linked to the success of the local communities in which our buildings and people operate. It is therefore fundamental that we play an active role in supporting our local communities. Together with our tenants, we provide this support by hiring local people, providing safe and healthy environments to visit, and great places to shop, eat and work.

Our shopping centres each conduct active community programmes to engage with our local communities.

Each year, we run over 50 community programmes that provide avenues for communities to connect and prosper.

At a corporate level, we provide sponsorship to support professionalism and diversity within the property industry. We also provide opportunities for our employees to volunteer within the community.

The Company is a longstanding corporate sponsor (currently \$10,000 per annum) of Keystone Trust. Keystone is a charitable trust that assists tertiary students from disadvantaged backgrounds to further their education in property industry-related fields.

Additionally, this year we will provide a scholarship programme for Māori and Pasifika students embarking on tertiary study in property.

we give back

Kiwi Property's Volunteering Programme provides each employee one day of paid leave each year to enable them to participate in volunteering.

Over the year to March 2018, our people provided organisations with 65 days of community service. Some of the causes our team contributed to this year included:

- fundraising for breast cancer awareness
- track maintenance, tree planting and path construction for Cue Haven Community & Management Trusts, a restoration of former farm land to a native nature reserve
- painting, gardening and meal preparation for The Lifewise Trust, an Auckland-based community social development organisation. They develop new ways to solve challenging social issues and work with families, older people, people with disabilities, and people at risk of homelessness, to turn people's lives around

- food and toy donations for Auckland City Mission Christmas Appeal, and
- tree releasing (freeing trees from overgrown grass) for Waiheke Resources Trust, which works towards sustainability for Waiheke Island.

we support grassroots initiatives

Our retail centre management teams have the responsibility of developing initiatives to support their local communities. As a result, we support more than 50 grassroots initiatives that promote the provision of local employment, wellbeing and social engagement. Some great examples include:

- KiwiFit – a safe, all-weather community exercise group
- KiwiBubs – a free club created to help Kiwi parents find support, practical advice and friendship
- Christmas gift wrapping – with all donations going to local charities, and
- supporting grass roots sports through the 'Match Hero' programme at selected centres.



**LYNNMALL
KIWIBUBS MEMBER,**

FIFITA AND
BUB, IMOGEN

**Long-time shopper
at LynnMall**

**Loves the diversity of
cultures she sees at the
centre, the food options
and the friendly staff**

**Wouldn't go anywhere
else to shop or have
her mums' coffee
group meetings**

**Attends KiwiBubs
with BFF, Susan**



**NORTHLANDS
KIWIFIT MEMBER,**

KAREN COUCH

**Has lived in the
neighbourhood
for 40 years**

**Has walked over 3,600
kilometres and worn
out more than 12 pairs
of shoes**

**Enjoys the exercise,
making new friends
and socialising at the
end of sessions**

**Recommends the
mango smoothie at
Robert Harris, post walk**



“Kiwi Property’s Health and Safety Policy is displayed in each building and is incorporated into the health and safety practices of each site.”

– Louise Hunt, Health and Safety Systems Coordinator

we care for the safety of our employees, tenants and communities

Our Board recognises that effective governance of health and safety is essential for our continued success and the wellbeing of our people. Health and safety is fully integrated into our governance and management practices.

The Board has full oversight of health and safety, with the Health and Safety Committee reporting to the Board bi-monthly.



For further information on our risk management framework and health and safety management, refer to pages 112 to 115 of our 2018 Annual Report which is available on our website kp.co.nz/annual-result.

our report card

We have assessed all current operations to determine associated risks, and have put in place controls to eliminate or minimise these risks:

- in regards to our employees, new operations or machinery is assessed for health and safety risk prior to being used
- employees are informed of the health and safety workplace hazards and controls, and
- a system is in place for employees to provide input into identifying new hazards or improvement suggestions as well as providing feedback to the Health and Safety Committee.

areas of focus are

focus area	activity	what we do
People in and around our buildings	Managing the daily health and safety of our employees, contractors, tenants and communities	All our sites operate a system that is compliant with the Health and Safety at Work Act and New Zealand Work Safe Management Programme (WSMP) standard
Our buildings	Ensuring our buildings are safe and accessible	All buildings comply with New Zealand building and earthquake codes All buildings have disability access and comply with the building access for people with a disability standard NZS 4121

achieving zero ‘notifiable injury and illness’ incidents in the workplace

We seek to improve our workplace health and safety wherever possible. Our Health and Safety Committee is responsible for monitoring and managing the performance of our health and safety management system.

We have a zero ‘notifiable injury and illness’ target (as defined by the regulatory standard) in relation to employees.

We have achieved this standard in all years since setting this objective in 2015.

We have benchmarked ourselves against the Business Leaders Health and Safety Forum (BLHSF), which reports that the industry average for recordable injuries per 200,000 work hours is 3.29 for 2016. With our zero ‘notifiable injury and illness’ incidents record, our equivalent metric is 0.0.

Our Health and Safety Management System for all of our sites is independently audited to the New Zealand WSMP standard’s secondary level (New Zealand’s national standard for a Health and Safety Management System, equivalent to HSAS18001).

our report card for FY18

number of employee health and safety serious incidents	1 ¹
working hours	~298,000
% of sites covered by the certified Health and Safety Management System	100
number of courses undertaken with external organisations on health and safety standards in the year ended 31 March 2018	212

The one Kiwi Property employee ‘serious’ incident was investigated and the findings reported to the Health and Safety Committee. The incident was also reported to the Board.

Kiwi Property has never had an employee or contractor fatality at any of its sites.

Kiwi Property also records and investigates all incidents or reported near misses regarding contractors and members of the public passing through our sites. In our portfolio, there were 63 ‘serious’ incidents relating to customers, tenants or contractors, of which nine were ‘notifiable’ incidents in the reporting period. This is set against a background of more than 50 million customers visiting our shopping centres annually.

1. The one injury reported during the period was an employee who, while inspecting the contents of a front-end load bin, was struck on the head by the bin’s plastic lid. The employee suffered suspected slight concussion, however made a full recovery, returning to work the next day.

“We are committed to promoting a culture where diversity and equal employment opportunities are embraced.”
 – Chris Gudgeon, Chief Executive

we have a vibrant culture, focused on excellence

The ‘social’ component of our sustainability programme focuses on our employees, tenants and communities, ensuring we provide environments where people may flourish. We do this by celebrating diversity, ensuring we adhere to best practice labour standards, while providing appropriate training, cultural awareness and wellbeing programmes.

we comply with labour standards

Kiwi Property complies with all New Zealand labour laws, which align with International Labour Organisation (ILO) standards regarding:

- freedom of association
- collective bargaining
- prevention of forced labour
- prevention of child labour
- equal opportunity and treatment, and
- elimination of excessive working hours.

Kiwi Property has a Diversity and Equal Employment Opportunity Policy.

Kiwi Property does not pay below the minimum wage for any positions. We pay the minimum wage when this is the market rate for the position.

we provide a flexible workplace, focused on wellbeing

We recognise each of our employees have work-life demands unique to them, which is why we promote a flexible workplace.

Our Flexible Working Arrangement Policy and our wellbeing initiatives include:

- flexible working options
- Microsoft Office home use
- remote systems access
- Employee Assistance Programme (EAP)
- Southern Cross health care at preferential rates
- on-site hearing tests, melanoma checks and flu vaccinations
- long service leave
- volunteering leave
- yoga at work
- group fitness initiatives
- learning and development opportunities
- extended unpaid leave
- tertiary study support, and
- purchased annual leave.

- our report card**
- All employees are on individual agreements.
 - Kiwi Property has had no employment-related findings or fines against it.
 - There have been zero incidents reported of non-compliance with our Diversity and Equal Employment Opportunity Policy.

our employee agreements	no.	%
employees on full-time 40-hour week employment agreements	134	77
employees on part-time employment agreements	39	23
total employees (permanent employees)	173	100
contractors	2	
casual employees (current contracts as at 31 March 2018)	124	

individual training and development for employees is also provided for each employee to upskill in areas that benefit their work

we train with purpose

We're committed to providing our people with career progression opportunities and training. We provide potential for development through experience, exposure and education.

- 70% of development via experience, day-to-day tasks, challenges and practice.
- 20% of development via exposure to others, work situations and collaboration.
- 10% of development via education and structured learning.

To ensure our people are engaged and career growth occurs, each person is encouraged to have a structured individual learning and development plan.

For our leaders, we provide additional training to endow them with the necessary skills to lead our people.

87% of our people leaders participated in leadership training during the 2018 financial year.

The total spend on employee development training during the 2018 financial year was \$398,000.



CHRISTIE ZHAO
COMMERCIAL
PROPERTY
MANAGER

Christie's role covers asset and property management within the commercial portfolio

She speaks Cantonese and Mandarin

Is inspired by strength

Loves to eat, shop and walk

Relaxes with music and good wine



RON PARKINS
DEVELOPMENT
MANAGER

Ron has worked at Kiwi Property for more than 10 years

His role includes delivering shopping centre projects

Most rewarding development project – delivering H&M and Zara stores at Sylvia Park

Is passionate about live performances at local theatre or music events

Novice golfer



we celebrate diversity

Our Diversity and Equal Employment Opportunity Policy applies to all employees within Kiwi Property as well as the Board, and covers all aspects of employment, beginning with recruitment.

We are committed to promoting a culture where diversity and equal employment opportunity are embraced. We recruit and develop the best person for the job regardless of gender, age, ethnicity, religious beliefs, disability or sexual orientation.

Given women make up 73% of the Company’s workforce, we have placed a focus on increasing the representation of women in senior roles.

our diversity goals

During 2017, new diversity objectives were put in place to continue focused work on developing a workforce that is a more reflective representation of the communities and customers we serve.

The new objectives focused on sourcing and attracting a broader candidate talent pool and identifying alternative recruitment channels in order to attract and source a greater representation of Māori, Pacific Peoples, Asian and female candidates.

We are proud of our achievements during 2018. At 31 March 2017, the representation of women in the leadership team was 17%.

At 31 March 2018, this increased to 25% and, post the reporting period, increased further to 36%.

Of the 28 new recruits to Kiwi Property during FY18, the ethnicity profiles of these team members are moving us closer to our objective of better reflecting the communities we serve. This can be seen in the table aside where we compare the ethnicity profile of new team members joining the business in FY18 to New Zealand’s ethnicity profile from the 2013 census.

We will continue our focus to increase the proportion of women and Māori, Pasifika and Asian ethnicities in senior leadership roles.

	Kiwi Property recruits FY18	New Zealand profile 2013 census
European	89%	74%
Māori	22%	15%
Asian	15%	11%
Pacific Peoples	4%	7%
Middle Eastern, Latin American, African	4%	1%

our gender diversity

	2018				2017			
	number		proportion %		number		proportion %	
	female	male	female	male	female	male	female	male
directors	2	4	33	67	3	3	50	50
officers ¹	1	4	20	80	0	6	0	100
leadership team ^{1,2,3}	3	9	25	75	2	10	17	83
all employees	126	47	73	27	113	54	68	32

our ethnic diversity

	2018	2017
European	75%	77%
Māori	10%	9%
Asian	9%	8%
Middle Eastern, Latin American, African	5%	5%
Pacific Peoples	5%	4%
not disclosed	5%	6%

The statistics add to greater than 100% as some employees identify with more than one ethnic group.

1. At 31 March 2018, the role of GM Retail was vacant so accordingly excluded from these statistics. Linda Trainer was appointed to this role on 6 April 2018 and commenced with Kiwi Property on 23 April 2018. Post the appointment of Linda, the officers of the Company comprise two females and four males (33% female, 67% male).

2. On 23 April 2018, the role of Manager Shopping Centres was elevated to a leadership team position. This role is held by Shelley Jenkin.

3. Post the appointment of Linda and the inclusion of Shelley, the leadership team comprises five females and nine males (36% female, 64% male).



we actively manage resource use

From our corporate head office to our portfolio of shopping centres and office buildings, we are committed to effectively managing our resource use and lowering consumption.

Our performance is measured in a number of ways, across water, waste, energy and carbon. For more details refer to pages 26 to 28 of this report.

To partner with industry, we have committed to achieve a NABERSNZ rating of at least 4 Green Star on all commercial buildings by 2020. To date, ASB North Wharf, 44 The Terrace and The Aurora Centre have achieved 4 Green Star or above.

our environmental programme

Our environmental programme continues to reap significant rewards.

Compared with our 2012 base year¹ (for audited carbon reporting) we have made the following savings:



energy consumption
reduced by 4,480,000 kWh

enough to supply
448
typical homes



waste consumption
310 tonnes diverted
from landfill

equivalent to filling
507
jumbo bins



water consumption
reduced by 23.3 million litres

enough to fill
467
domestic
swimming pools



EV chargers and carparking

There are now 26 free electric car charging stations across five of our shopping centres, including eight Tesla supercharger stations which have been installed at The Base and The Plaza.

Vehicle management systems are operating at Sylvia Park, The Base and LynnMall to make finding a carpark easier for our customers.

1. Data on pages 15-28 is for the periods ended 31 December.

we support the natural environment: solar power

We have reinforced our commitment to renewable energy, signing a non-binding Memorandum of Understanding with Meridian Energy, with a view to rolling out New Zealand's largest combined solar installation across at least four of our shopping centres.

Under the agreement, Meridian will invest in the upfront system cost and then charge Kiwi Property for the solar power generated under an innovative Power Purchase Agreement (PPA) solution. Ownership of the array will pass to Kiwi Property at the end of the PPA term, which is anticipated to be the mid-point of the system's lifecycle.

The installation programme, a first for New Zealand, is expected to deliver capacity in excess of 650kW.

Once the programme is complete, it is expected that Kiwi Property's combined solar power capacity, including the existing 350kW Sylvia Park system, will exceed 1MW, making us the largest commercial user of solar energy in New Zealand.



Sylvia Park solar array

we support the natural environment: planting

We're active supporters of the wonderful biodiversity that sustains New Zealand. In support of this commitment, we have been planting native trees in appropriate green spaces in and around our buildings.

At Sylvia Park, for example, we have planted approximately 35,000 native plants, while at Northlands, we maintain some 11,000 native plants.

we encourage public transport usage

With over 50 million visitors passing through our shopping centres each year, how they arrive at our centres is important to us. This is why we actively support public transport usage. Most of our shopping centres (and all of our office buildings) are located within easy reach of public transport.



On the weekend, the Sylvia Park train station is now the third busiest station in Auckland

in step with global demand, we are increasingly focused on reducing our resource consumption and waste to landfill

we actively manage our property portfolio

Our tenants and buildings rely on the sustainable supply of energy and water.

To ensure certainty of service, we have a continuous improvement programme that focuses on energy and water. This now includes installing, where possible, photo-voltaics to create sustainable energy and rain water storage to improve building resilience.

Our integrated environmental management system and programme has been in place for more than 15 years, and is led by the National Facilities Manager. The programme covers all of Kiwi Property's operations and properties focusing on reducing carbon and waste outputs, and energy and water consumption.

As part of the programme, we set annual targets that are broken down to an individual asset level. Each Facilities Manager is responsible for achieving the annual targets for their assets, and must report on progress monthly.

Kiwi Property has not received any environmental fines in this reporting period.

we are responding to climate change

In 2012, we concluded a climate change risk and opportunity analysis from an asset level through to a strategic level.

In 2018, a further in-depth climate change risk and opportunity review was conducted using four defined climate change scenarios:

- Representative Concentration Pathway (RPC) 2.6
- RPC 4.5
- RPC 6.0, and
- RPC 8.5.

Under each scenario, risks and opportunities were broadly identified and considered over a 50-year plus timeframe.

These were then used to inform our climate change programme and targets.



the coffee culture

New Zealanders love their coffee, but the waste from coffee grounds was previously ending up in the wrong place – as landfill. Our portfolio-wide programme to change this habit means that over 50 tonnes of coffee grounds have now been recycled across the country.

TE RITO GARDENS, PORIRUA

Coffee grounds from North City distributed to local community

Te Rito Gardens collects grounds from North City shopping centre

Te Rito Gardens is a community-based trust run by local students and tutors that supports learning around gardening and sustainability

**to ensure we understand,
manage and reduce our impact,
we measure, manage and set
reduction targets and report on
our greenhouse gas emissions**

Our climate change risk assessment identified there was low to medium risk from the physical impacts of climate change to our property assets. The risks are managed through a range of business programmes, such as: all new office builds targeting achieving a 5 Green Star rating, continuous improvement programmes to reduce energy, waste and water usage, supporting public transport and increasing solar electricity generation and water collection.

A significant short-term risk identified was the increasing importance some investors are placing on carbon management performance when selecting stocks.

We are mitigating this risk by demonstrating leadership in carbon management:

- Kiwi Property has been reporting to the Carbon Disclosure Project since 2006. In 2017 we were again (for the third year running), the top ranked New Zealand listed company, with a score of A-.

- Independently Certified Carbon Reporting to the Carbon Warranty and ISO14064-1 standard. Verified to Reasonable Assurance for Scope 1, 2 and 3 emissions.

Understanding the long-term risks of climate change enables us to adapt to the changing environment.

Some of our initiatives are:

- Introduction of solar derived electricity to our property portfolio.
- Provision of electric vehicle charging stations for our customers, in support of sustainable technologies and early adopters.
- Rainwater harvesting to reduce flooding risk in extreme rainfall events and to use in droughts.





Our climate change strategy to address risks and reduce Kiwi Property's emissions are included in the sustainability strategy, which is reviewed and approved by the Board annually. Our progress is reported to the Board every two months, and to our shareholders through our annual reporting materials and this Sustainability Report.

Most of our costs in managing climate change are incorporated into the operational budget. The need to reduce our gas and electricity consumption is considered when purchasing new equipment. For specific climate change related expenditure, the additional costs incurred are:

- The additional quantifiable costs of achieving a 5 Green Star rating on a new office building is estimated to be \$130,000 (based on our experience) in consultancy fees and \$30,000 in accreditation.

- The cost of securing NABERSNZ ratings for all eligible buildings is estimated to be \$5,000 per building per year.
- The cost of carbon reporting and compliance is estimated to be \$40,000 (in our experience) for external consultants and auditors.

Kiwi Property also supports the efforts of other businesses and organisations to reduce climate change. We have done this in the following ways:

- participated in the Green Building Council Working Group to bring the NABERSNZ performance rating tool to New Zealand, and
- participated in the consultations on Auckland Council's Low Carbon Auckland Plan.

in the past six years, we have reduced our carbon footprint by 40%



we are reducing our carbon footprint

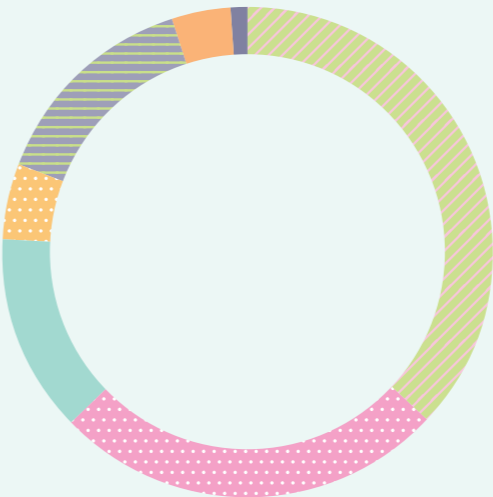
We’ve been measuring, managing and reporting on our carbon footprint since 2006. In 2012, and annually thereafter, our carbon footprint has been independently audited to Carbon Warranty and ISO14064-1 standard.

Eighty one percent of our carbon footprint is made up of electricity, waste and gas, for which we have active reduction programmes in place.

Our carbon footprint is primarily from the operation of our commercial buildings (35%) and our retail centres (60%), with the remaining 5% from corporate activities.

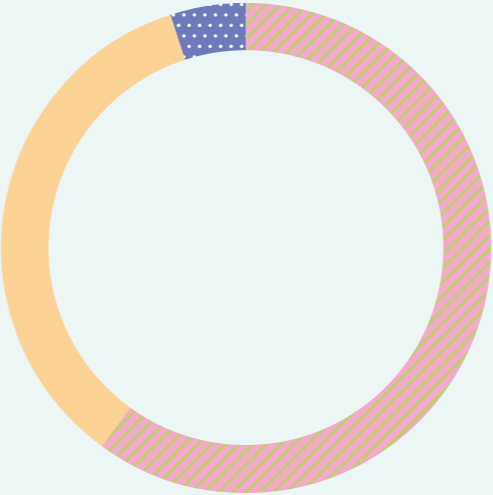
To view our carbon footprint in more detail, see our carbon disclosure document under key documents in the sustainability section of our website – kp.co.nz/sustainability.

our carbon footprint emissions profile



electricity – location	37%
waste	26%
gas	13%
air travel	5%
hydro-fluorocarbon	14%
electricity line loss	4%
natural gas line loss	1%

our spatial carbon footprint

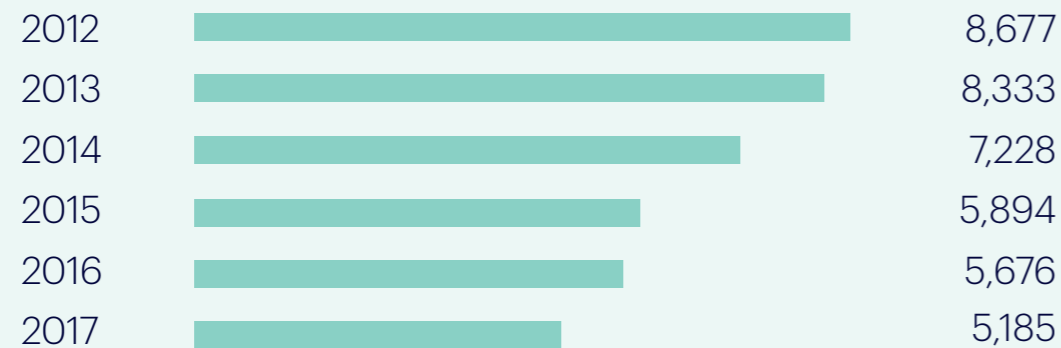


retail	60%
commercial	35%
corporate activities	5%

In the past six years, we have reduced our carbon footprint by 40% (including an 8.6% reduction in the last year).

carbon footprint

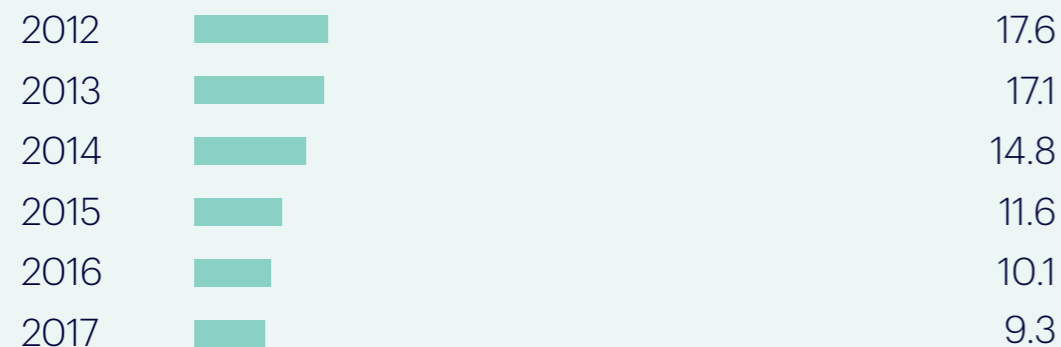
tCO₂e



Since the 2012 base year, Kiwi Property has reduced its carbon intensity by 47%.

carbon intensity

kgCO₂e per NLA.hours¹



1. NLA.hours is net lettable area x annual hours of operation.

The following emission reduction targets were set for the reporting period:

target	result
Reduce electricity use by 1.3% – 2.6%	In the year ended 31 March 2018, we upgraded a further 15% of common area lighting in our property portfolio to LEDs. This takes the total number of fittings replaced to over 9,700, covering over 80% of our buildings' common area. Our LED upgrades are expected to annually save more than 3.3 million kWh of electricity and approximately 336 tCO ₂ e. This represents a reduction of 17% of electricity use.
Reduce waste by 4 tCO ₂ e	A waste pilot programme was successful and, overall, 4.3% of waste was saved across the portfolio, saving 57 tCO ₂ e.



Kiwi Property does not have any operations that produce or emit Nitrogen Oxides (NOX), Sulphur Oxides (SOX) or Volatile Organic Compounds (VOC) or hazardous waste.

our emissions reduction targets

In 2017, we set greenhouse gas emission reduction targets to play our part in helping keep a rise in global temperature to well below 2°C. Based on climate change science, the world needs to reduce its carbon emissions between 49% and 72% below 2010 levels to achieve a 2°C temperature change by 2050. We have set science-based targets in line with climate change science. Our targets are to:

- reduce total greenhouse gas emissions by 36% by 2020 on 2012 base year emissions
- reduce total greenhouse gas emissions by 40% by 2025 on 2012 base year emissions, and
- reduce total greenhouse gas emissions by 55% by 2050 on 2012 base year emissions.

These targets represent a year-on-year reduction of 2.1% from 2012.

how we will get there

An annual emission reduction programme will be set to progress towards achieving these targets. This reduction plan will be broken down to set individual building targets and energy and waste reduction plans. Facilities Managers will be responsible for achieving their individual building targets and programmes.



Vero Centre, Auckland

renewable power case study

In 2015, Kiwi Property installed New Zealand's then largest photo-voltaic system for producing solar power on the roof of Sylvia Park, producing 447,566 kWh of electricity and saving 45 tCO₂e. This system now produces 19% of Sylvia Park's base building electricity requirements.

As outlined on page 16 of this report, we have also signed a Memorandum of Understanding with Meridian Energy to install solar arrays on a further four of our shopping centres, to become the largest commercial user of solar energy in New Zealand.



Sylvia Park solar array

we partnered with local company ECOLight, to transform the economics of LED light fittings – both retrofit and new

This initiative has reduced energy usage by
3.3 million kWh
across the portfolio, generating savings in excess of
\$500,000
per annum.

Light emitting diodes, or LEDs, are not only more efficient than traditional metal halides and fluorescent lamps, they also offer far longer lifespans. Unfortunately, LEDs are expensive, meaning long payback times. By partnering with ECOLight we have transformed the economics with these energy and material efficient forms of lighting, for our benefit and the environment's benefit.

An LEDs lifespan is 25 times longer than traditional metal halide and fluorescent lamps, and one LED strip is equivalent to 1.5 fluorescent lamps. The project is estimated to save over 300,000 traditional lamps being produced and disposed of. The average fluorescent lamp contains 30mg of mercury, which means this project alone is estimated to save over 9kg of mercury being used and disposed of.

Our energy target for the reporting period was to extend our light replacement programme. By switching from traditional globes to LEDs we aimed to reduce our energy consumption by 500,000 kWh per annum.

Our target was surpassed six-fold with the retrofitting of 9,700 light fittings saving 3.3 million kWh of

power annually and 336 tCO₂e. As a result of this programme, 80% of the common areas in our buildings are now lit by LEDs.

In partnership with ECOLight, we have developed a product that not only revolutionises how energy efficient lighting retrofitting is undertaken, but a product that also actively reduces hazardous waste to landfill.

From an economic perspective, our light-fitting solution has reduced the cost of LEDs to a two-year payback period, whilst also increasing the efficiency of the LED fittings by including motion and daylight sensors in each light fitting.

ECOLight is poised to support businesses around New Zealand to significantly improve the quality and life expectancy of their lighting and reduce their electricity and maintenance costs by between 50% and 80%. Commercial lighting in New Zealand uses 2.1 billion kWh per year, which when replaced with ECOLight's LEDs will save between 1.05 billion kWh and 1.68 billion kWh per year and approximately 200,000 tCO₂e.



Traditional fluorescent



Custom retrofit LED panel

since our 2012 audited base year, we have saved enough energy to supply 448 typical New Zealand homes for a year



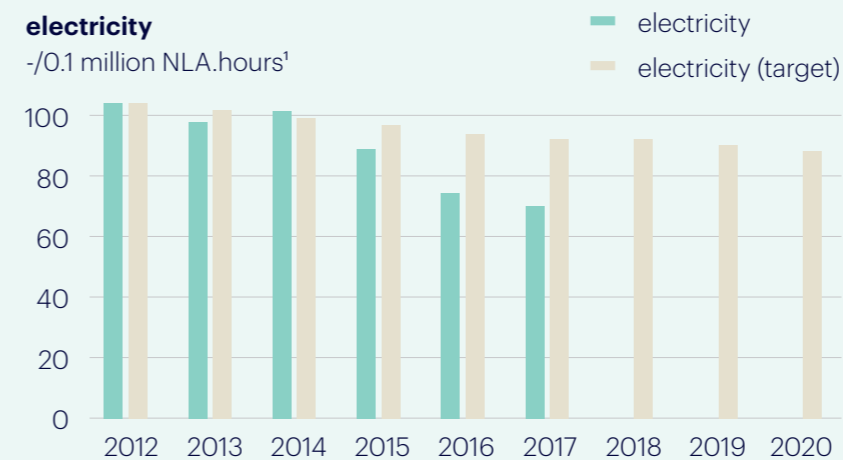
we are actively reducing the amount of energy we consume

Kiwi Property has had an energy efficiency programme in place for the past 15 years. As a result, our buildings now consume 16% less energy than they did in the 2012 audited base year.

We set annual energy reduction targets. We have committed to:

- improve the energy efficiency of all our commercial buildings to above 4 Star NABERSNZ rating by 2020, and
- increase our use of 100% renewable power to 15% of total electricity usage by 2025.

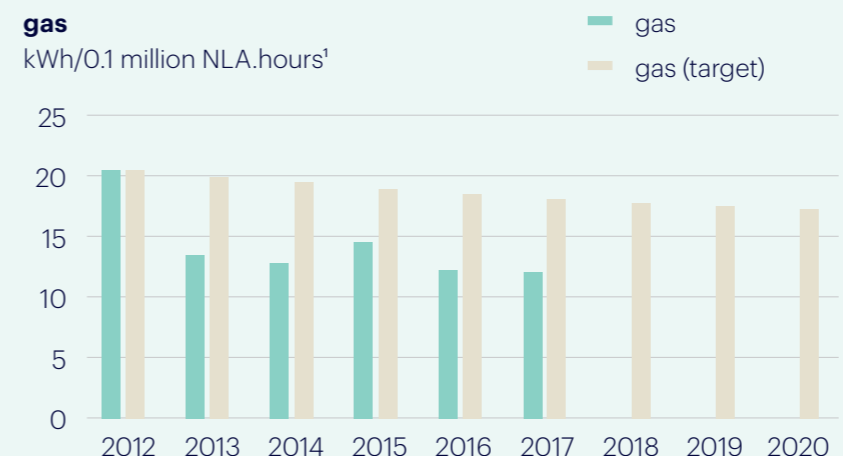
In the past six years we have reduced our energy use, on a like-for-like basis, and our targets for the next three years, are as follows:



electricity intensity target 2018 – 2020

kWh/0.1 million NLA.hours¹

2018	2019	2020
92.2	90.3	88.4



gas intensity target 2018 – 2020

kWh/0.1 million NLA.hours¹

2018	2019	2020
17.8	17.4	17.1

1. NLA.hours is net lettable area x annual hours of operation.

since our 2012 audited base year, the amount of water we have saved would fill 467 domestic swimming pools

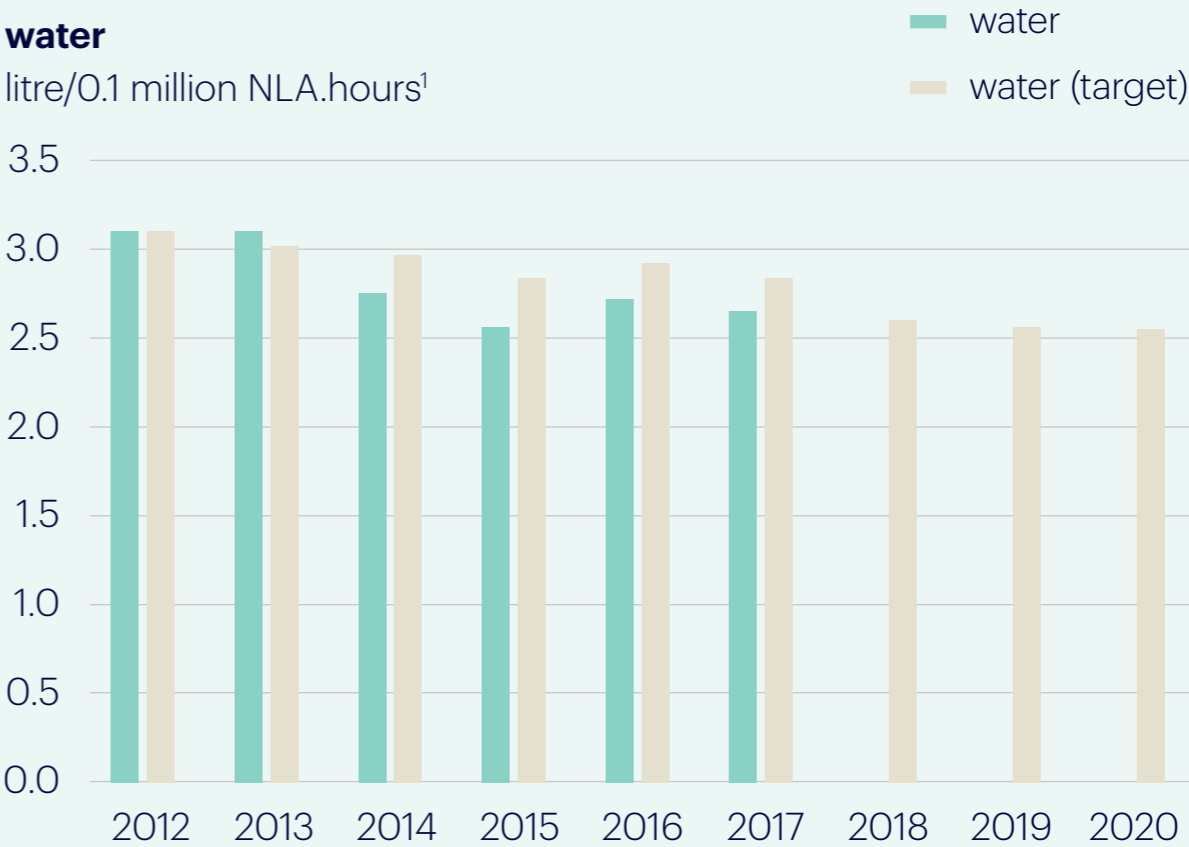


we are actively reducing the amount of water we consume

As a result of our persistent focus on water management, our buildings use 7% less water than they did in our 2012 audited base year.

In New Zealand, all waste water goes to treatment ponds and waste water quantities are not recorded. It is assumed that the amount of water consumed on site compared with the amount used for flushing and washing is negligible and so the amount of water entering a building is assumed to be the same amount of waste water going out of the building for treatment.

In the past six years we have reduced our water use, on a like-for-like basis, and our targets for the next three years, are as follows:



water intensity target 2018 – 2020

litres/0.1 million NLA.hours¹

2018	2019	2020
2.68	2.62	2.57

1. NLA.hours is net lettable area x annual hours of operation.

since our 2012 audited base year, we have diverted enough waste from landfill to fill 507 jumbo bins



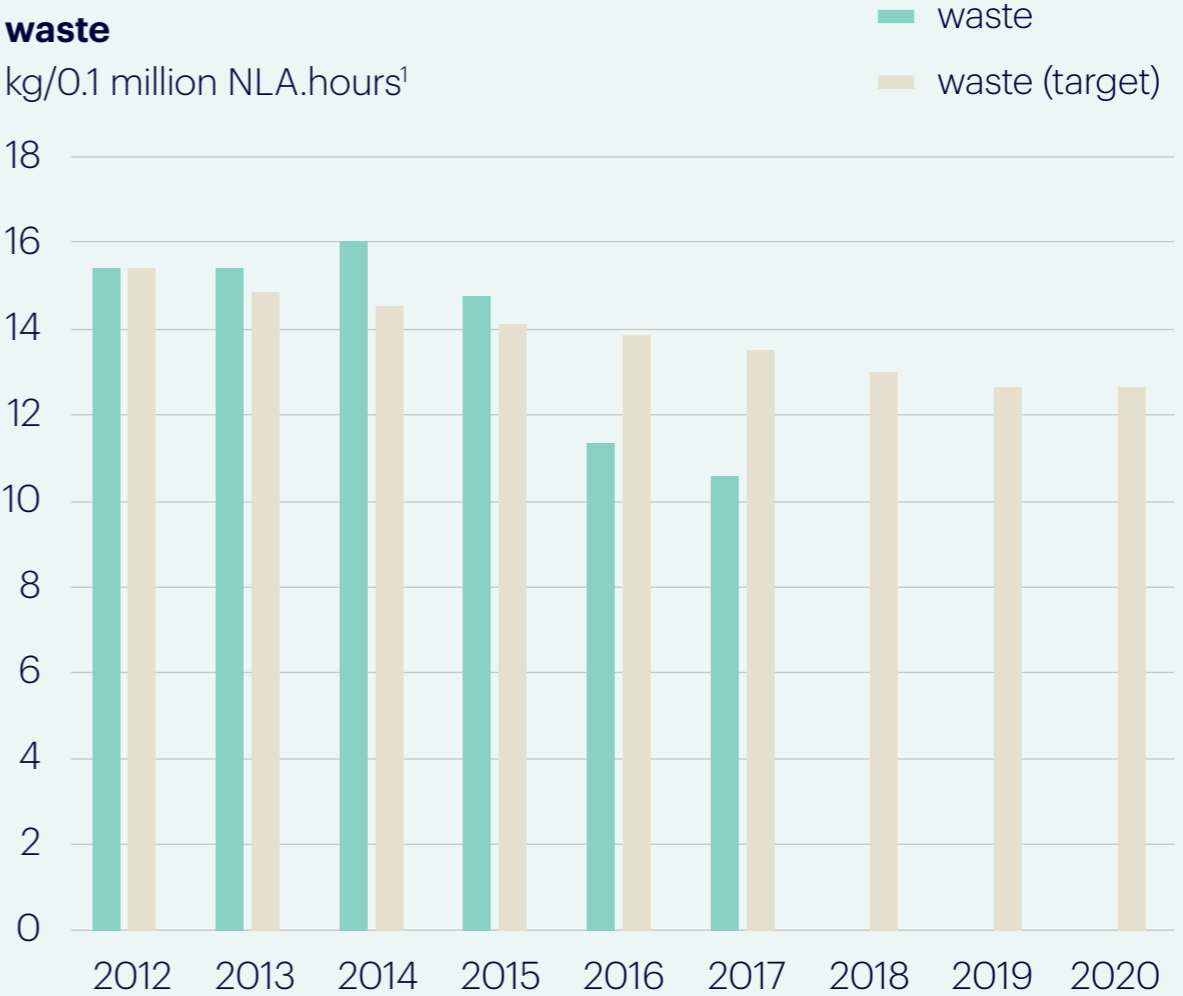
we are actively reducing pollution and diverting waste from landfill

Kiwi Property recognises the needless loss of resources that waste represents and, as such, has a waste management programme in place which strives to divert waste from landfill to areas where the resources can be reused or recovered.

Ninety percent of all waste is generated in our retail centres, primarily by our tenants and customers. Our waste programmes work closely with our tenants and shoppers to increase the use of the recycling facilities we provide.

As a result of our persistent focus on recycling, our buildings now send 9% less waste to landfill than they did in our 2012 audited base year. This equates to a reduction of 310 tonnes per annum which is enough to fill 507 jumbo bins and represents a reduction of 137 tCO₂e per annum.

In the past six years we have reduced our waste to landfill, on a like-for-like basis, and our targets for the next three years, are as follows:



waste intensity target 2018 – 2020

kg/0.1 million NLA.hours¹

2018	2019	2020
13.2	12.9	12.7

1. NLA.hours is net lettable area x annual hours of operation.



As part of Kiwi Property's environmental management system, we have made a commitment to work towards preventing pollution by minimising our environmental impacts and emissions and, where possible, using non-polluting alternatives.

Some of the ways we work to prevent pollution include:

- Our Design and Fitout Criteria specify low Volatile Organic Compound (VOC) finishes and furnishings.
- Implementation of a continuous improvement programme for the reduction of greenhouse gas emissions.
- In the 2018 financial year, Kiwi Property sponsored the 2017 New Zealand Retail Interiors Association's first sustainability award. This award used Environmentally Sustainable Design (ESD) criteria developed by Kiwi Property (using a specialist consultant) to assess entrants' submissions.

- the inaugural award was won by Lush's Queen Street store. 2degrees' Queen Street store was highly commended, and
- the awards evening was well attended, raising both the profile of sustainability in the retail fit out industry and Kiwi Property as a leader in sustainability.

our suppliers

We actively engage with our suppliers to achieve better environmental outcomes from our projects. Two great examples of this are the partnerships we formed with ECOLight to deliver our LED light replacement programme and with ECOtricity to deliver 100% renewable and carbon neutral electricity programmes.

For other suppliers, we have a strategy to assess the full-life cost when procuring assets. When we consider the purchase of an asset, suppliers are asked to provide information on the cost of usage and disposal. This ensures we procure the most efficient assets, supporting our energy reduction targets. This procurement methodology also ensures assets last longer requiring less capital outlay over time, that in turn reduces operational costs. It also provides a clear message to our suppliers that we are not only interested in the cost of the asset, but rather the full cost, generally resulting in a higher quality and better performing asset.



EV charging at LynnMall in partnership with Meridian

organisations Kiwi Property belongs to

We support organisations that are committed to sustainability, including:

Property Council New Zealand

- Our GM Commercial is the President of the Property Council New Zealand, Auckland Division.

New Zealand Green Building Council

- Our National Facilities Manager was part of the working group to introduce the NABERSNZ Building Performance Rating tool to New Zealand and is currently on the Green Star Performance Rating Tool Working Group.



we build asset resilience

**long before Green Star rating tools were available in New Zealand,
Kiwi Property deployed best-in-class sustainable design principles**

In 2005, when we built Sylvia Park, sustainable design was one of the eight guiding principles we initiated, which drove a raft of sustainable outcomes. We even built a railway station to ensure Aucklanders could travel to Sylvia Park by train.

By building assets that remain relevant, attractive and focus on endurance, we can deliver on our objective of providing our investors with long-term sustainable returns.

Sustainability is integrated into our buildings from two aspects: the physical structure and footprint of our buildings, and how they operate.

Given our properties are long-term investments, we seek to ensure they are resilient and fit for purpose now and in the future.

By continuously monitoring and adapting to technical, societal and environmental trends, our properties continue to evolve and stay relevant.

We actively support the communities in which we operate, because prosperous communities sustain our business and support its growth.

resilience

Kiwi Property takes climate change seriously, and we understand that as both a business owner and property owner we have a responsibility to treat our planet well. In doing so, we ensure our properties are resilient, and that strategic measures are

implemented to reduce our carbon footprint and, ultimately, our environmental impact on the communities in which we operate.

endurance

Earthquakes are a fact of life in New Zealand. Asset endurance is critical. People safety is paramount.

In recent years, we have spent over \$137 million upgrading our assets to be more resilient in the event of further seismic activity. This has included

projects at The Majestic Centre¹, 44 The Terrace, The Aurora Centre, LynnMall, The Plaza, North City² and Northlands.

¹ The Majestic Centre was sold by Kiwi Property during the 2018 financial year. As part of the sale agreement, Kiwi Property has been appointed to manage the asset on behalf of the new owner.

² On 11 April 2018, Kiwi Property entered into an unconditional agreement for the sale of North City. Settlement is expected to occur no later than July 2018.

governance

corporate governance

we are committed to the highest standards of corporate governance

The Board of Kiwi Property is responsible for, and committed to, ensuring the Company maintains best practice corporate governance structures and the highest ethical standards and integrity.

Our Board is committed to undertaking this role in accordance with accepted best practice. Accordingly, our corporate governance framework draws on principles, guidelines, recommendations and requirements from a range of sources including the NZX Listing Rules and NZX Corporate Governance Code. In addition, the Board has approved policies and practices which aim to reflect best practice corporate governance.

The corporate governance policies, practices and processes that Kiwi Property adopted for the year ended 31 March 2018 are set out on

pages 101 to 117 of our Annual Report and on our website at kp.co.nz/about-us/corporate-governance.

Kiwi Property has been included in the FTSE4Good Index since 2004 and, in 2018, is one of just five New Zealand companies to be included in this index. In addition, we have been reporting to the Carbon Disclosure Project since 2006 and, in 2017 we were again (for the third year running) the top-ranked New Zealand listed company, with a score of A- (in 2015, our score was 93A, placing us within the group of the top 113 performing companies world-wide and the only New Zealand entity to be included in this group).



We are also now producing this Sustainability Report detailing our sustainability practices.

our board

Our Board comprises six independent directors, whose individual specialist skill sets (noted on page 105 of our 2018 Annual Report) complement one another and ensure that our Board collectively has the skills, diversity, experience and acumen to meet and discharge its duties and obligations. Kiwi Property's Board Charter prescribes that the Board chair will not also hold the position of Chief Executive. To ensure regular rotation, the Board Charter also stipulates that at least one third of all directors (being those who have been longest in office since their last election) will retire at each annual meeting and, if they wish to continue as a director, seek re-election by way of shareholder vote. At the 2017 annual meeting, the re-election of Mark Ford and Richard Didsbury as directors was supported by votes of 99.58% and 96.80% respectively. Mike Steur and

Jane Freeman retire by rotation and have offered themselves for re-election at the 2018 annual meeting to be held on 7 June 2018.

Mark Powell was appointed to the Board, effective 1 October 2017. In accordance with the NZX Listing Rules, any director appointed by the Board must retire at the next annual meeting but shall be eligible for election at that meeting.

Mark was appointed by the Board and will therefore retire at the annual meeting. Mark has offered himself for election.

board diversity

Kiwi Property is committed to promoting diversity in the composition of the Board. The Remuneration and Nominations Committee helps to ensure that the Board maintains an appropriate mix of skills, experience and diversity by recommending

potential candidates for appointment as directors based on a range of factors including background and gender.

Our Diversity and Equal Employment Opportunity Policy stipulates that in compiling a shortlist of director candidates at least one female and one from the ethnic groups of either Māori, Asian or Pacific Peoples will be included, wherever possible.

conflicts of interest

Our Code of Ethics makes it clear that our people are required to avoid placing themselves in a position where they have a conflict of interest, and to notify our General Counsel immediately if there is a likelihood of a conflict of interest arising.

periodic evaluation of board effectiveness

Reviews of the performance of the Board and individual directors are to be undertaken annually.

board committees

The Board has two standing committees to assist in the execution of its duties and allow detailed consideration of complex issues: the

Audit and Risk Committee and Remuneration and Nominations Committee. Membership of each committee is disclosed on pages 36-37 and 109-110 of our 2018 Annual Report. The charters for both committees are available on our website, kp.co.nz.

audit and risk committee

The Audit and Risk Committee assists the Board in carrying out its responsibilities under the Companies Act 1993, the Financial Markets Conduct Act 2013 and the NZX Listing Rules with respect to accounting practices, policies and controls. All members of the Audit and Risk Committee, including the Chair, are independent.

remuneration and nominations committee

The Remuneration and Nominations Committee assists the Board to ensure it has appropriate remuneration policies and practices in place to ensure the Company continues to attract and retain talent. The Remuneration and Nominations Committee Charter requires the Committee to oversee implementation of the Company's

remuneration policy and practices, which set out the process and guiding principles to be used for determining employee remuneration. Further details about our remuneration strategy and structure are set out on pages 118-123 of our 2018 Annual Report. All members of the Remuneration and Nominations Committee, including the Chair, are independent.

board and committee meeting attendance

The attendance of directors at Board and committee meetings during FY18 is set out on page 110 of our 2018 Annual Report.

disclosure of board remuneration

Remuneration payable to our directors for FY18 is disclosed on page 123 of our 2018 Annual Report. Our Board Charter expressly states that any change to the fees available to be paid to our directors is subject to the approval of our shareholders.

disclosure of accounts in relevant languages

Kiwi Property is listed on the NZX, and its accounts are disclosed in English.

notification of annual meeting

Kiwi Property gives advance notification of each annual meeting in accordance with the NZX Listing Rules. The notice of meeting for the 2018 annual meeting was published 28 days before that annual meeting. The annual meeting will be held on 7 June 2018. Further details are available on our website.

protection of minority shareholders' rights

Kiwi Property is a widely held, publicly listed company, so there is minimal risk of a blockholder ownership stake being acquired and then utilised in a manner that adversely affects the rights of our minority shareholders. As disclosed on page 128 of our 2018 Annual Report, as at 31 March 2018 our largest single shareholder held 11.93% of the Company's shares and our largest twenty shareholders collectively held 72.29% of the Company's shares. Robust protections for minority shareholders apply under the Companies Act 1993.

risk management

we have a sound understanding of risk management

The Board has overall responsibility for establishing and overseeing the Company's risk management framework. The Board has established an Audit and Risk Committee with responsibilities that include risk management, compliance and financial management and control. Through that committee and its own enquiries, the Board ensures that it retains oversight in respect of compliance with the Company's Code of Ethics and the identification and management of risks to the Company (including sustainability risks).

The Company has developed a risk management framework which guides management and the Board in the identification, assessment and monitoring of new and existing risks, which include environmental, social, governance, market and financial risks.

Management regularly reports to the Audit and Risk Committee and the Board on any non-compliance with the Company's Code of Ethics as well as management's assessment and management of relevant risks. The Audit and Risk Committee is charged with overseeing the risk management framework and monitoring compliance within that framework.

The Company has adopted as its risk management framework the New Zealand and Australian Risk Management Standard (AS/NZS ISO 31000:2009). This framework provides risk management principles which the Company has also adopted.

Pages 112 to 115 of our 2018 Annual Report provide more detail on our risk management frameworks, policies and procedures.

The Company has a corporate-wide approach to non-compliance, including procedures to investigate and follow up on any non-compliance identified and reporting of the number of substantiated claims or incidents of non-compliance.

audit quality and independence

Kiwi Property's External Auditor Independence Policy requires the audit partners and review partners of its external auditor to change every five years.

In accordance with this policy the lead external audit partner changed from Sam Shuttleworth to Jonathan Skilton with effect from the start of the 2018 financial year.

Note 2.2 to the financial statements on page 77 of our 2018 Annual Report details what was paid by the Company to the external auditors as audit fees and, as a separate item, for other services in the year ended 31 March 2018.

code of ethics

The Company reviews its Code of Ethics on a regular basis, and at least every two years.

There is an anonymous whistle-blowing mechanism (being a free telephone hotline serviced by an independent third party, as detailed in the Company's Fraud and Corruption Policy) through which breaches of the Company's codes or policies can be reported.

anti-corruption

our commitment to countering bribery is clearly expressed

To minimise the opportunity for bribery and corruption, Kiwi Property has a detailed Corporate Governance Policy and a Code of Ethics as well as a detailed set of operational policies overseen by our Board. Our key policy documents are placed in the corporate governance section of our website – kp.co.nz/about-us/corporate-governance.

Our commitment to countering bribery is clearly expressed in our Fraud and Corruption Policy and our Gifts and Entertainment Policy, which make it clear that bribery can take many forms such as event tickets, flights or accommodation. These policies also unequivocally communicate our zero tolerance approach to fraud and corruption, and include multiple practical examples of fraudulent and corrupt conduct. As noted on page 35 of this report, there is an

anonymous whistle-blowing mechanism through which fraud, corruption or breach of any of the Company's other codes or policies can be reported.

Our Board has oversight of the Fraud and Corruption Policy. This Policy sets out guiding principles to be applied by our people to ensure that the risk of fraud and corruption (including bribery) is minimised. This policy includes a framework for measuring risk in this regard, based on the likelihood of fraud or corruption being perpetrated and the consequences of such fraud or corruption. Where the residual risk is high, management monitors and mitigates the risk (including by tracking its management of the risk on the Company's risk register).

The Company periodically reminds employees of the key aspects of the Fraud and Corruption Policy.

Our people undertake regular training to help maintain high ethical standards. During the year ended 31 March 2018, this included training on bribery and corruption, conflicts of interest and fraud. Ethics training was undertaken in April 2018.

In the period 1 April 2017 to 31 March 2018:

- The Company has made no political contributions.
- No employees have been dismissed due to non-compliance with anti-corruption policies or Code of Ethics breaches.
- The Company has had no fines, penalties or settlements awarded against it in relation to any corruption or governance issue.



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