

INTERIM RESULT

Six months ending 30 September 2008



- **Global Economy**
 - Financial markets crisis a global issue.
 - Governments & Central Banks have intervened to shore up confidence.
 - Prospects of global recession.

- **NZ Economy**
 - The New Zealand economy is in recession.
 - Housing market in decline.
 - Government introduces deposit guarantee scheme.
 - Reserve Bank has cut OCR 175bpts to 6.50%. Further cuts predicted.
 - Inflation pressures expected to ease.
 - Tax cuts, falling petrol prices & interest rates to provide some relief to householders.
 - Positive sentiment towards new centre-right National led government.

- **NZ Property Sector**
 - NZX Property Gross -15.7% in year to Sep-08 but performs better than NZX 50 (-27.6%) and Australian listed property sector (-41%).
 - Further downside in property values likely.

Financial Results & Performance



Financial Results

Six months ended

	Sep-08	Sep-07
--	--------	--------

▪ Net Rental Income	\$65.0m	\$60.6m
▪ Net Profit After Tax (incl \$52m of value decrease)	-\$31.3m	\$43.6m
▪ Distributable Profit	\$28.8m	\$29.3m
▪ <i>Interim Gross Distribution</i>	<i>4.60 cpu</i>	<i>4.66 cpu</i>

As at

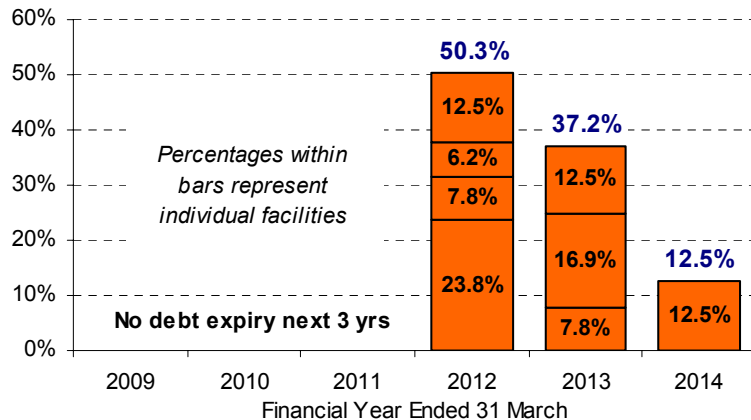
	Sep-08	Mar-08
--	--------	--------

▪ Total Assets	\$2.05b	\$2.09b
▪ Secured Bank Debt	\$598m	\$571m
▪ <i>NZ IFRS Adjusted Undiluted NTA</i>	<i>\$1.64</i>	<i>\$1.75</i>

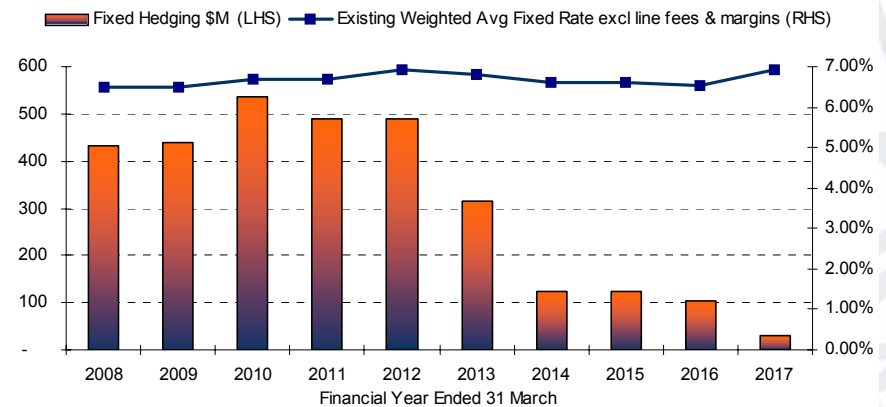
- **Bilateral facilities with ANZ, BNZ, CBA & Westpac**
- **Facility Balance Drawn**
- **Facility Balance Undrawn**
- **Debt Statistics**
 - Secured bank debt as % of total assets
 - Percentage of drawn debt hedged (fixed rate)
 - Weighted average cost of debt (including line fees & margins)
 - Weighted average term to maturity of interest rate hedges
 - Weighted average term to maturity of facilities

	As at	
	Sep-08	Mar-08
	\$800m	\$750m
	\$598m	\$571m
	\$202m	\$179m
	29.2%	27.3%
	72.0%	73.0%
	7.5%	7.6%
	4.6 years	5.4 years
	3.4 years	3.9 years

Debt Expiry as at 30-Sep-08



Hedge Maturity Profile



Total Returns & Unit Price

Total Return to 30-Sep-08	Annual [%PA]	2 year [%PA Cum.]	3 year [%PA Cum.]	5 year [%PA Cum.]
Kiwi Income Property Trust (KIP)	-14.2%	-2.2%	7.0%	9.4%
NZX 50 Gross	-27.6%	-7.2%	-3.6%	6.3%
NZX Property Gross	-15.7%	-2.6%	4.0%	9.6%

Source: GSJBWere Research

- KIP has generally outperformed the two NZX indices over the past five years.
- Total annual returns of **10.3%** pa compounding since inception of the Trust in 1993.

Unit Price	30-Sep-08
Kiwi Income Property Trust (KIP)	\$1.16

Distributions

Distribution (cpu)	Interim 30-Sept-08	Interim 30-Sept-07
Cash	4.00	4.50
Imputation Credits	0.60	0.16
Gross Distribution	4.60	4.66

- To maintain strong balance sheet position, no CNZ profit to be distributed in the current year
- Cash Distribution to Mar-09 projected to be approximately **8.0 cpu**
 - Represents projected distributable profit for the year.
 - Equivalent to an after tax yield of around 7.7% for domestic investors at 12-Nov-08 unit price.
 - Equivalent to a pre-tax yield of around 11.5% for 33% taxpayers.

Portfolio Value

	Capitalisation Rate		Value [\$000s]	
	Mar-08	Sep-08	30-Sep-08	+/- Mar to Sep
Retail Portfolio				
Sylvia Park Shopping Centre	6.00%	6.13%	479,200	2,105
Centre Place Shopping Centre	7.75%	8.25%	122,800	-6,484
Downtown Plaza Shopping Centre	8.50%	9.00%	31,500	-2,773
The Plaza Shopping Centre	7.75%	7.13%	128,100	2,511
North City Shopping Centre	7.25%	8.00%	113,000	-14,848
Northlands Shopping Centre	6.50%	7.00%	250,000	-7,685
PricewaterhouseCoopers Building	8.25%	9.25%	5,500	-100
Countrywide Building	8.00%	8.50%	860	31
The Farmers Building	10.00%	10.25%	4,000	-420
43 Langdons Road	7.88%	8.50%	7,100	-501
Total Retail Portfolio	6.73%	6.97%	1,142,060	-28,164
Office Portfolio				
Vero Centre	6.70%	7.00%	328,000	-6,308
National Bank Centre	7.63%	8.13%	117,800	-6,803
21 Pitt Street	8.00%	8.63%	58,100	-1,066
Fisher & Paykel Finance Building	8.00%	8.25%	13,590	-130
The Majestic Centre	7.50%	8.00%	112,500	584
BP House	7.50%	7.75%	27,400	-900
Unisys House	7.75%	8.00%	86,000	2,942
Vector Building	7.75%	8.00%	34,900	-
50 The Terrace	9.25%	8.50%	6,500	-167
PricewaterhouseCoopers Centre	7.25%	8.00%	57,000	-3,795
Total Office Portfolio	7.28%	7.68%	841,790	-15,643
Total Investment Portfolio	6.96%	7.27%	1,983,850	-43,807
Sylvia Park Development Sites			18,414	-5,453
Other Development Property			31,166	-2,776
Total Portfolio			2,033,430	-52,036

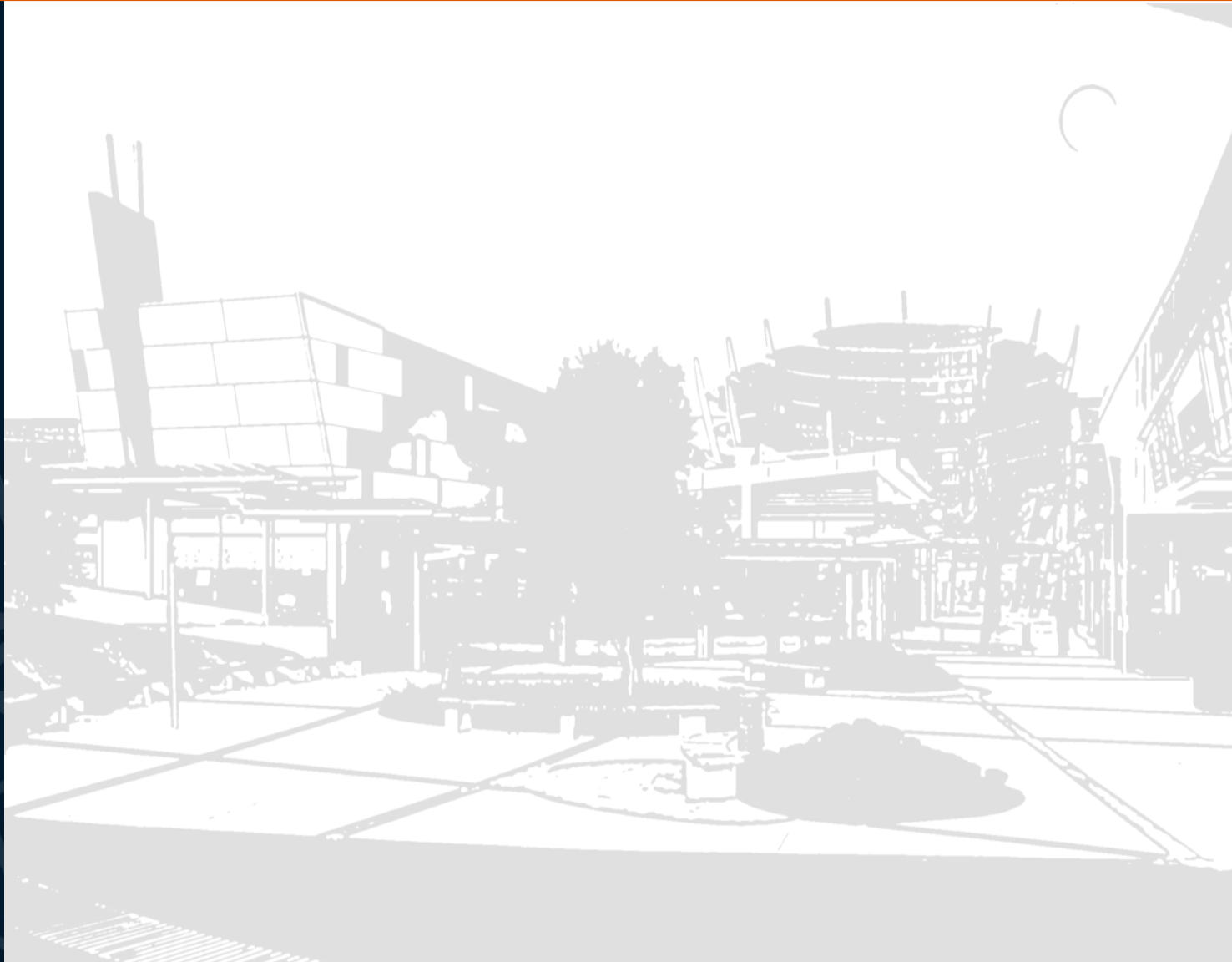
September 2008 Valuations

- The Board elected to undertake an additional round of valuations at the half year due to economic conditions and their desire to keep Unit Holders fully informed.
- The value reduction represented **2.5%** of portfolio value.
- Solid rental growth partially offset the effect of softening capitalisation rates. The portfolio is currently under-rented by **5.0%** offering a partial 'shield' to further capitalisation rate softening.

Valuation Outlook

- Lack of transactional evidence however negative investor & market sentiment being 'priced in'.
- Further value reductions anticipated however these are likely to be reasonably contained given the quality of the Trust's portfolio.

Retail & Office Market Summaries

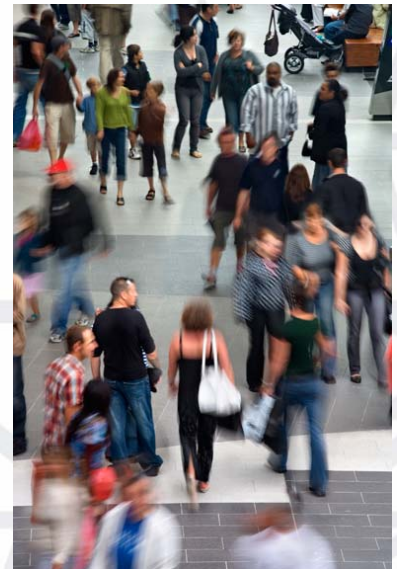


Retail Market Summary

- Retail sales have softened over the 2008 calendar year. While NZIER forecasts private consumption growth to fall to 0.7% in the year to March 2009 (down from 3.3% in the previous year) they also believe this will pick up relatively quickly after the September 2008 quarter as fuel & food price rises reverse, mortgage finance rates reduce and tax cuts take effect.
- Unemployment rates have increased since March 2008 and this trend is expected to continue until 2011. Household income is expected to increase at a moderate rate over the next few years.
- We do not expect any significant increase in new retail space in the immediate future. We are aware of a number of competitive retail developments that have been placed on hold in the current environment.



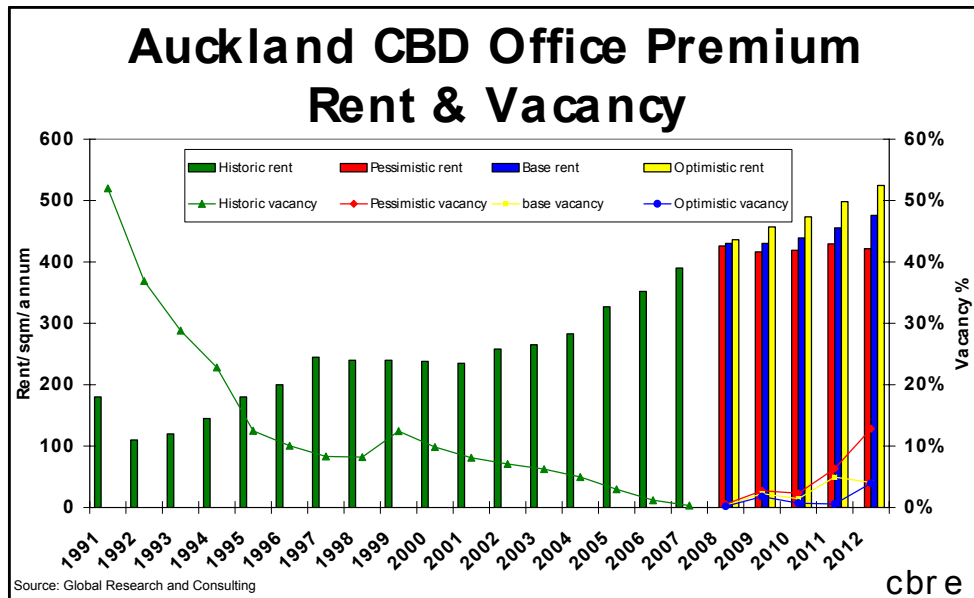
Sylvia Park Shopping Centre, Auckland



Sylvia Park Shopping Centre, Auckland

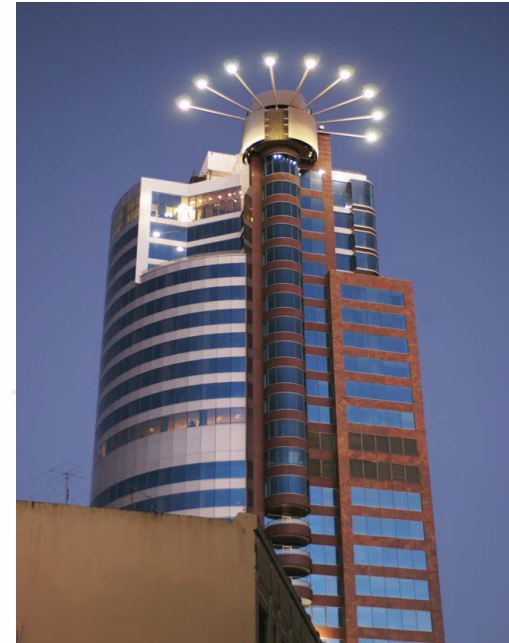
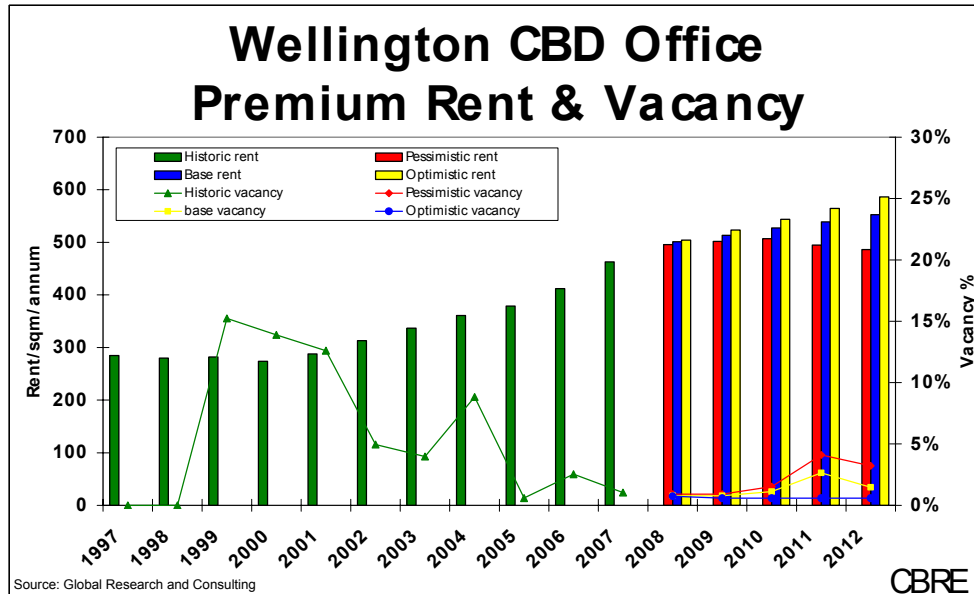
Office Market Summary – AUCKLAND

- **Prime grade vacancy** (Premium & A Grades) was **2.2%** at September 2008 with the majority falling within the A grade category. Overall vacancy is **7.4%**.
- While overall vacancy is expected to increase in coming years with the economic slowdown, this may be mitigated by a reduction in supply with prospective developments hindered by the availability of finance.
- **Top end Prime rentals** have exceeded **\$600m² net** with the Vero Centre achieving some of the highest rates in the city.



Office Market Summary – WELLINGTON

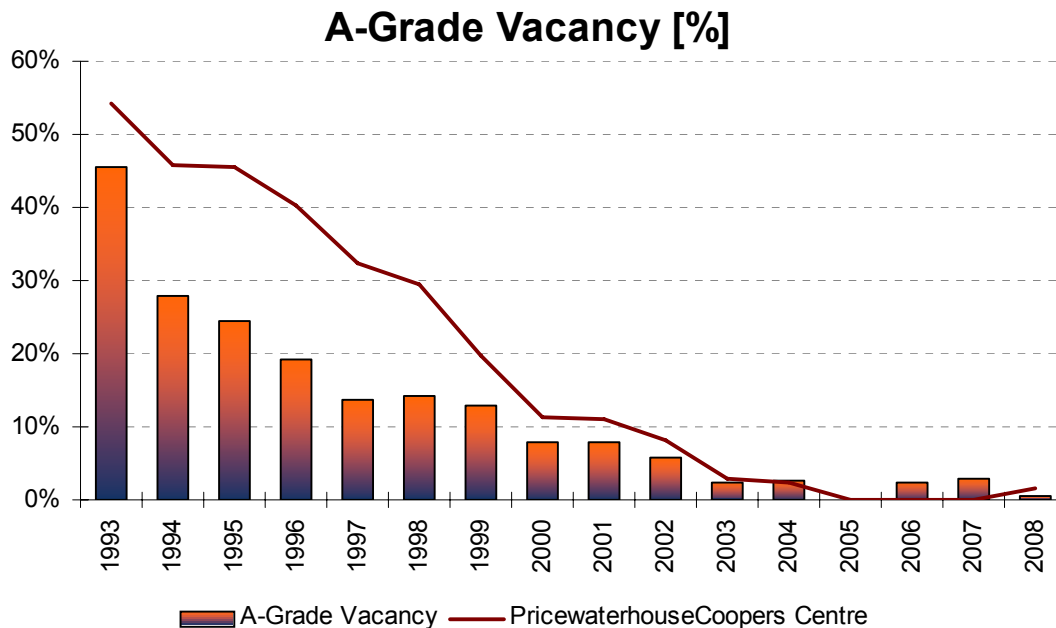
- **Premium grade vacancy** of **0.9%** & overall vacancy of **2.5%**, the lowest level recorded in five years.
- **Premium grade net rents** increased **11.0%** in the year to September 2008. While the rate of growth has slowed, rents are still trending upwards.
- Significant development activity with over 150,000m² of largely pre-committed space forecast to come on stream over the next four years.



Majestic Centre, Wellington

Office Market Summary – CHRISTCHURCH

- **A-grade vacancy** at **0.5%**, with overall vacancy of 12.1%.
- **Rentals** for existing A-grade stock has grown steadily. Top end over **\$280m² net**.
- Softening yields with reduced investor demand. Current range **7.0% to 8.5%**.
- There is significant office development activity planned or underway, largely concentrated in suburban office parks.
- Indicative rentals for new suburban developments is \$280m² - \$300m² and from \$360m² - \$380m² for CBD development.



PricewaterhouseCoopers Centre, Christchurch

Portfolio Statistics



Occupancy

	NLA [m ²]	Vacant [m ²]	Occupancy [%]
Retail Portfolio			
Sylvia Park Shopping Centre	70,818	445	99.4%
Centre Place Shopping Centre	15,133	441	97.1%
Downtown Plaza Shopping Centre	6,082	-	100.0%
The Plaza Shopping Centre	19,684	-	100.0%
North City Shopping Centre	25,724	355	98.6%
Northlands Shopping Centre	41,630	327	99.2%
PricewaterhouseCoopers Building	2,812	-	100.0%
Countrywide Building	397	-	100.0%
The Farmers Building	8,205	-	100.0%
43 Langdons Road	3,600	-	100.0%
Total Retail Portfolio	194,085	1,567	99.2%
Office Portfolio			
Vero Centre	39,490	-	100.0%
National Bank Centre	26,147	1,489	94.3%
21 Pitt Street	17,236	-	100.0%
Fisher & Paykel Finance Building	4,049	-	100.0%
The Majestic Centre	24,049	-	100.0%
BP House	9,140	-	100.0%
Unisys House	22,151	-	100.0%
Vector Building	10,109	-	100.0%
50 The Terrace	2,427	-	100.0%
PricewaterhouseCoopers Centre	16,082	238	98.5%
Total Office Portfolio	170,880	1,727	99.0%
Total Investment Portfolio	364,965	3,295	99.1%

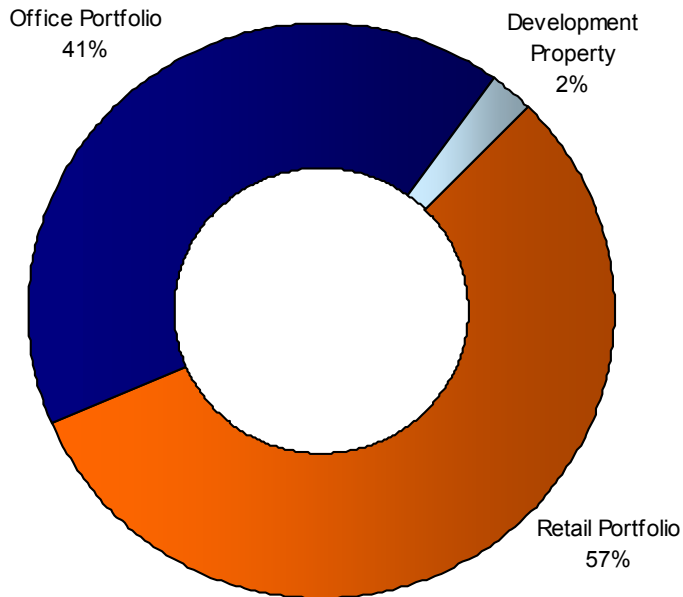
- Portfolio Occupancy remains high at **99.1%**.



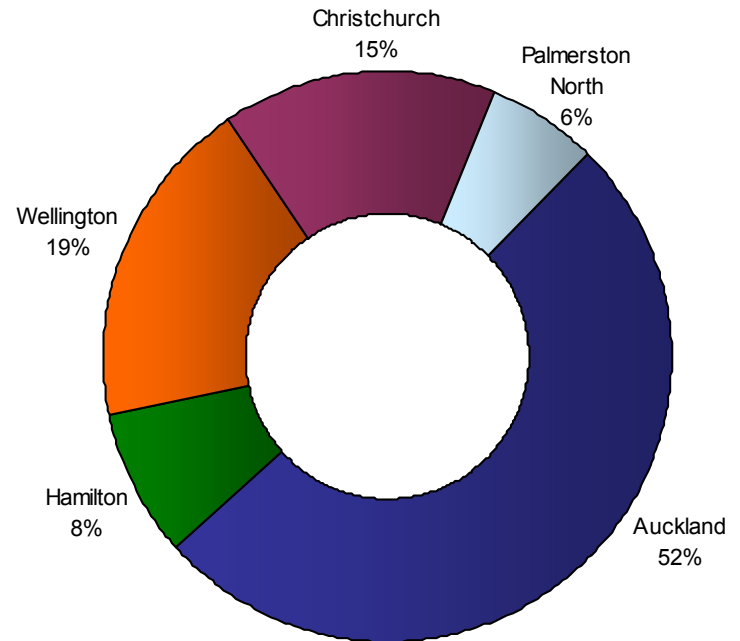
Diversification - PORTFOLIO

- Marginal re-weighting to the retail sector & Auckland region post the Sep-08 valuations.

Sector Diversification



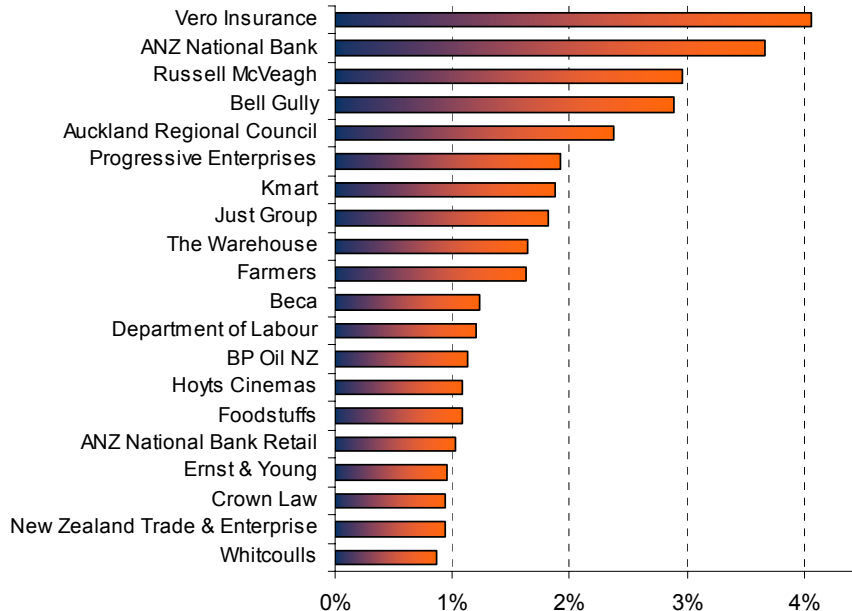
Regional Diversification



Diversification - TENANT

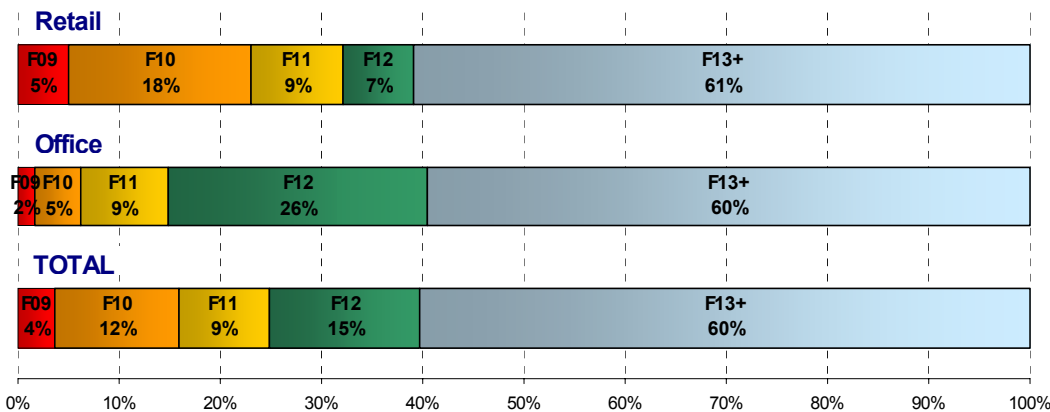
- The portfolio contains over **850 tenants**, 75% of which are retail tenants and 25% office tenants
- The **Top 20 tenants by Rent** contribute **35%** of the portfolio's gross rental & occupy **50%** of the portfolio's net lettable area
- Over **60%** of the Top 20 tenants are within the office portfolio, which within itself is well diversified by industry with legal & government tenants being dominant

Top 20 Tenants by Gross Rent [% of Investment Portfolio]



Lease Expiry Profile

Lease Expiry Profile by Gross Rent [% of Portfolio]



- The portfolio has a **Weighted Average Lease Term of 4.6 years** (split 4.4 years for Retail & 5.0 years for Office)

Key Expiries [NLA > 2,000m²]

YE March	Property	Tenant	m ²
2011	Vector Building	Commerce Commission	2,677
2012	21 Pitt Street	Beca	4,205
2012	National Bank Centre	ANZ National Bank	12,045
2012	Centre Place	Skycity Cinemas	2,716
2012	Vero Centre	Vero	5,396
2012	Vector Building	Tertiary Education Commission	2,726
2012	Vero Centre	Vero	6,212

Key Leases & Renewals Completed [NLA > 500m²]

Property	Tenant	m ²
Vero Centre	Russell McVeagh	7,453
National Bank Centre	DLA Phillips Fox	2,924
National Bank Centre	Hoadley Budge Architects	585
Majestic Centre	NZ Trade & Enterprise	592
Unisys House	Department of Labour	606
PwC Centre	HG Livingstone	860

Lease & Rental Activity

- **388** new leases or rent reviews were concluded in the six months to Sep-08 having a combined floor area of over **95,000m²** or approximately **26%** of the portfolio.
- This resulted in an overall rental increase of **\$5.5m** or **11.1%** above previous rental levels. An average compound annual growth rate of **6.8%** was recorded from rental reviews.

	No.	Area [M2]	% Retail or Office Portfolio	Rental Uplift		
				[\$000s]	[%]	[CAGR%]
NEW LEASES & RENEWALS						
Retail	22	1,118	0.6	56	5.6	N/A
Office	15	7,422	4.3	402	18.7	N/A
Office (renewals where rent not concluded)	4	8,265	4.8	-	-	-
Total	41	16,805	4.6	458	14.5	N/A
RENT REVIEWS						
Retail	330	47,542	24.5	1,803	5.2	5.2
Office	21	39,535	23.1	3,286	27.0	8.6
Total	351	87,077	23.9	5,089	10.9	6.8
TOTAL (excl renewals where rent not concluded)	388	95,617	26.2	5,547	11.1	N/A
TOTAL	392	103,882	28.5			

Retail Sales & Gross Occupancy Cost

- Overall sales of **\$941m** were recorded across the portfolio for the year to Sep-08. This represents an increase of **2.8%** on the previous year on a 'like for like' basis, assisted by strong sales in the latter half of the 2007 calendar year. Sales slowed during 2008.
- Retail sectors reliant on discretionary spend, such as entertainment, have been harder hit by weakening sales. Supermarkets continue to trade well.
- The average specialty gross occupancy cost across the portfolio is **15.7%**.
- Independent retailers account for only **10.2%** of the retail portfolio rental.

Retail Portfolio - % of Annual Rent

Retailer Type	No.	%
Supermarkets	5	8.0
Department Stores	6	7.9
Mini-majors	8	3.4
Specialty – International Chain	52	10.8
Specialty – Australian Chain	118	18.1
Specialty – New Zealand Chain	268	39.3
Specialty – Independents	99	10.2
Office	15	1.0
ATM	31	0.8
Storage	94	0.5
Total	696	100.0



Sylvia Park Shopping Centre
Auckland



Downtown Plaza Shopping Centre
Hamilton

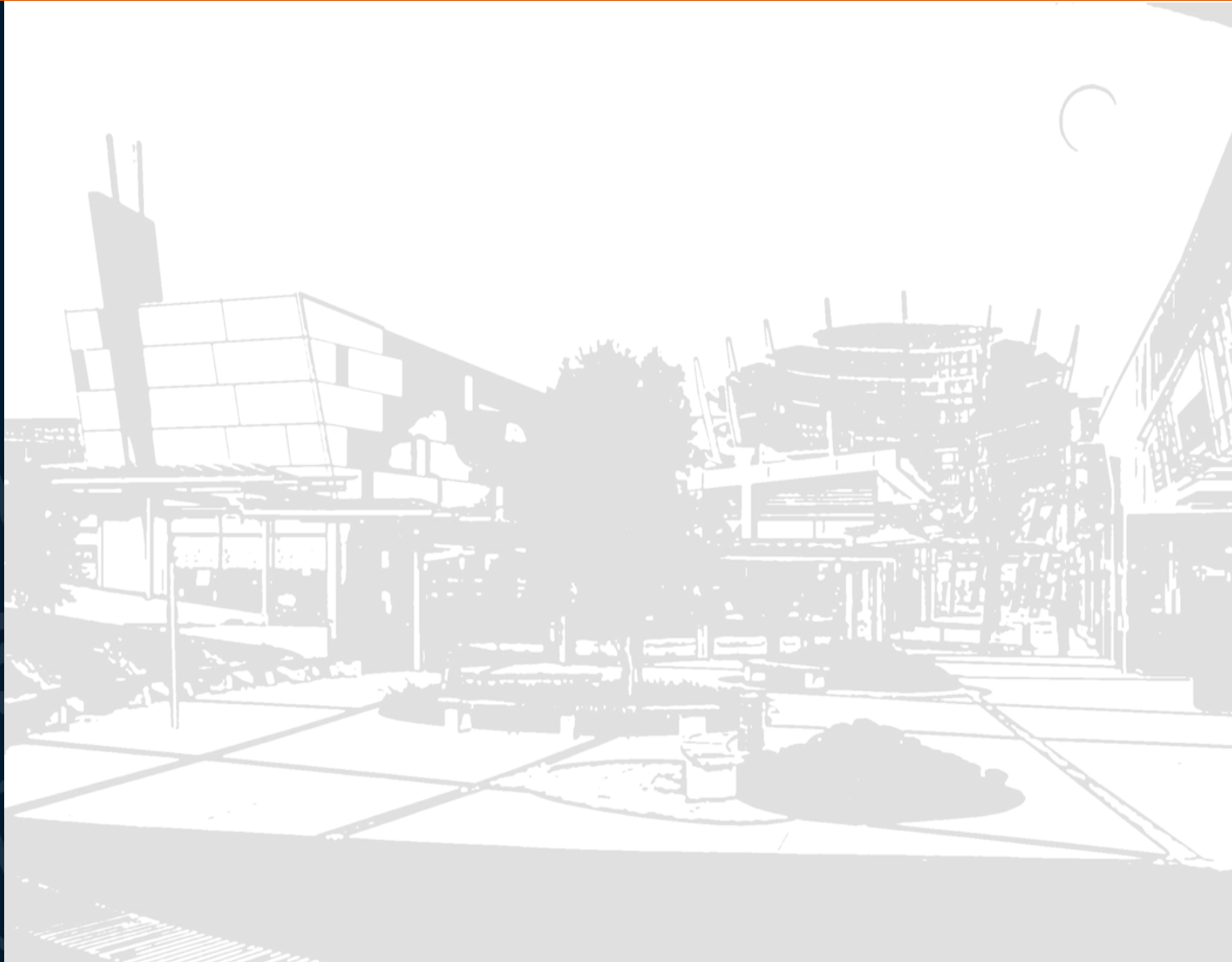


North City Shopping Centre
Porirua



Northlands Shopping Centre
Christchurch

Added Value Opportunities



Added Value - THE PLAZA

- **Redevelopment Underway**
 - Increase in NLA from 19,700m² to 31,200m²
 - New Farmers (6,800m²), 40 new shops & foodcourt
- **Key Financial Information**
 - Estimated capitalised redevelopment cost of \$93m
 - Initial Yield in excess of 7.5% (>8.5% year 3)
 - Funded by new \$100m 5 year bank facility
- **Progress Update**
 - Construction **on programme & on budget**
 - Over **60%** of completed centre base rental under contract



Artist impression of Church St entry
The Plaza Shopping Centre, Palmerston North



Construction progress on multi-storey carpark
The Plaza Shopping Centre, Palmerston North

Key Dates

Project commenced	March 2008
Stage 1 opens New foodcourt, specialty shops, carpark	Quarter 1 2009
Stage 2 opens Specialty shops	Quarter 3 2009
Stage 3 opens Farmers, specialty shops	Quarter 2 2010

✓ Prime property portfolio with defensive qualities

- Sector diversification with retail and office exposure
- Portfolio occupancy of over 99%
- Strong income base with 850+ tenants
- Solid operating performance with 7% rental growth over last 12 months
- Weighted average lease term of 4.6 years

✓ Strong balance sheet and treasury position

- Balance sheet conservatively geared at 29% with prudent debt arrangements
- Interest rate hedging in place with a disciplined and experienced approach to treasury management
- Four bilateral facilities with no expiries before March 2011 (weighted average term 3.4 years)

✓ Growth through focussed asset management, development and acquisition

- Strong focus on driving performance of existing assets
- Internal development opportunities
- Investigation of external opportunities, particularly those with strategic value

✓ Continued delivery of investor returns

- Strong underlying operating performance delivering long-term sustainable returns
- Compound total annual return since inception of 10.3% per annum.

Disclaimer:

This presentation has been prepared by Kiwi Income Properties Limited as the Manager for Kiwi Income Property Trust. The details in this presentation provide general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision. This presentation is not an offer or invitation for subscription or purchase of securities or other financial products. Past performance is no indication of future performance.

November 2008