

KIWI INCOME PROPERTY TRUST

Annual General Meeting

13 August 2007




- ▶ **Profit After Tax** increased 3.7% to **\$59.2m**
(excluding one-off realised gains in 2006 results)
- ▶ **Total Gross Dividend** increased 5.5% to **9.60 cpu**
- ▶ **Total Gross Return** of **38.0% pa**
- ▶ **Record Portfolio Revaluation Gain** of **\$219.8m**
- ▶ **Undiluted NTA** increased 31 cpu to **\$1.75 per unit**
(includes final dividend)
- ▶ **Total Assets** increased by \$481m to **\$1.927b**
- ▶ **Market Capitalisation** increased by **\$271m** to **\$1.178b**
- ▶ **Bank Debt to Total Assets Ratio** of **25.2%**
- ▶ **Portfolio Occupancy** of **99.2%**
- ▶ **Sylvia Park** retail project completed on time and within budget.

Total Returns

Total Gross Return of 38.0% for year ended 31 March 2007

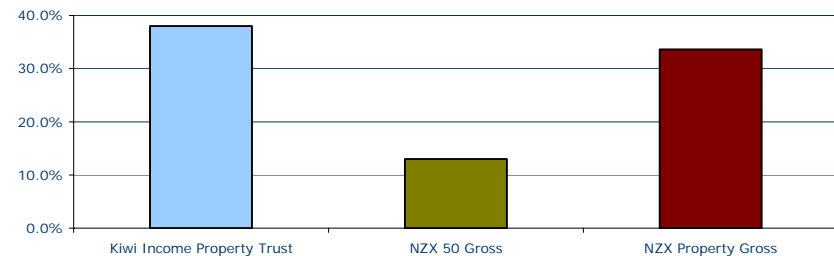
- ▶ Return outperforms key indices on annual, 2 yr cumulative & 5 yr cumulative basis.

Returns to 31 March 2007

		Yearly	Cumulative (pa return)		
			2 year	3 year	5 year
Kiwi Income Property Trust		38.0%	29.8%	22.9%	20.3%
NZX 50 Gross		13.0%	17.9%	17.7%	16.0%
NZX Property Gross		33.6%	26.1%	23.1%	19.1%

(Source: GSJBWere Research)

KIPT Annual Return vs Indices



Record Revaluation Gain of **\$219.8m**

- ▶ Gain split evenly between retail (53%) and office (47%) portfolios.
- ▶ 11 properties record gains in excess of \$5m.
- ▶ Weighted average portfolio capitalisation rate down from 8.0% to 6.9%.
- ▶ Portfolio under-rented by approximately 5.4%.

Property	Location	Revaluations >\$5m			
		Core Cap Rate	Valuation (\$m)	Reval. Gain (\$m)	% Change
Retail Portfolio					
Sylvia Park Shopping Centre	Auckland	6.00%	422.7	47.6	12.7%
Centre Place Shopping Centre	Hamilton	7.75%	121.6	21.7	21.8%
Northlands Shopping Centre	Christchurch	6.50%	249.0	19.1	8.3%
North City Shopping Centre	Wellington	7.00%	135.1	18.3	15.7%
The Plaza Shopping Centre	Palmerston North	8.00%	83.5	5.3	6.8%
Office Portfolio					
Vero Centre	Auckland	6.75%	300.1	44.0	17.2%
Unisys House	Wellington	7.75%	74.1	14.2	23.8%
PricewaterhouseCoopers Centre	Christchurch	7.00%	57.7	13.1	29.3%
National Bank Centre	Auckland	7.38%	120.4	12.7	11.8%
Majestic Centre	Wellington	7.25%	104.2	9.7	10.3%
Vector Building	Wellington	7.75%	31.1	5.2	19.9%

PIE & Dividend Projection

Under the **PIE regime** gross dividends are less relevant. A cash dividend of approximately **8.8 cpu** is projected for the year ended 31-Mar-08 subject to:

- ▶ Current tax legislation.
- ▶ A continuation of reasonable economic conditions.

After tax dividend projection up significantly on FY07 for most NZ resident investors.

NET INVESTOR INCOME (cpu)	Unit Holder Tax Rate				
	39.0%	33.0%	19.5%	0.0%	Non-Resident ²
FY07 – current regime	5.856	6.432	7.728	8.340	7.473
FY08 – PIE regime	8.800	8.800	8.800	8.800	8.800
% change	50.3%	36.8%	13.9% ¹	5.5%	17.8%

Note 1:

Taxpayers on a 19.5% tax rate will be able to use excess imputation credits in respect of the imputed dividend which can be used against other taxable income. The '% change' shown in the above table has been calculated excluding this benefit.

Note 2:

Non-Resident returns are shown only in respect of the tax paid in New Zealand and assume a 15% NRWT rate. There may be further foreign tax to pay. The final outcome will depend on personal tax circumstances and the country of residence.

The information above is a guide only and amounts may vary depending on personal tax circumstances. Independent professional advice should be sought.

- **Major Acquisitions**
 - ▶ **National Bank Centre**
Remaining 50% share purchased Nov-06 for \$55.6m. Revaluation gain of \$12.7m recorded as at 31-Mar-07.

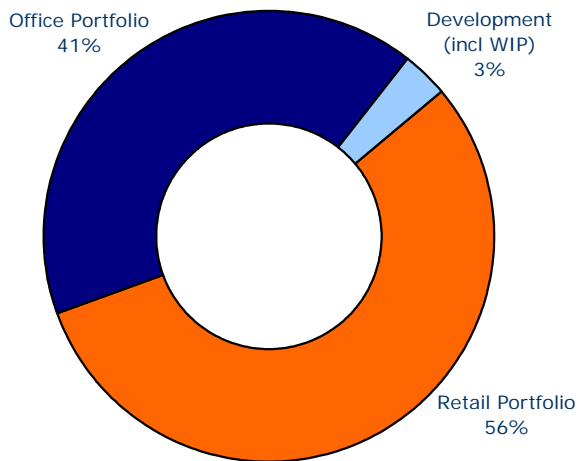
- **Disposals**
 - ▶ No disposals during the year.



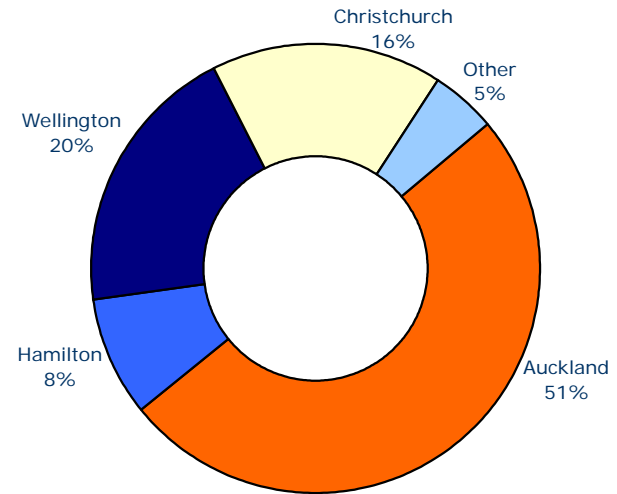
Portfolio Diversification

- ▶ Retail portfolio weighting increased with transfer of Sylvia Park from Development property.
- ▶ Over 50% of portfolio in key Auckland markets with exposure in other main New Zealand cities.

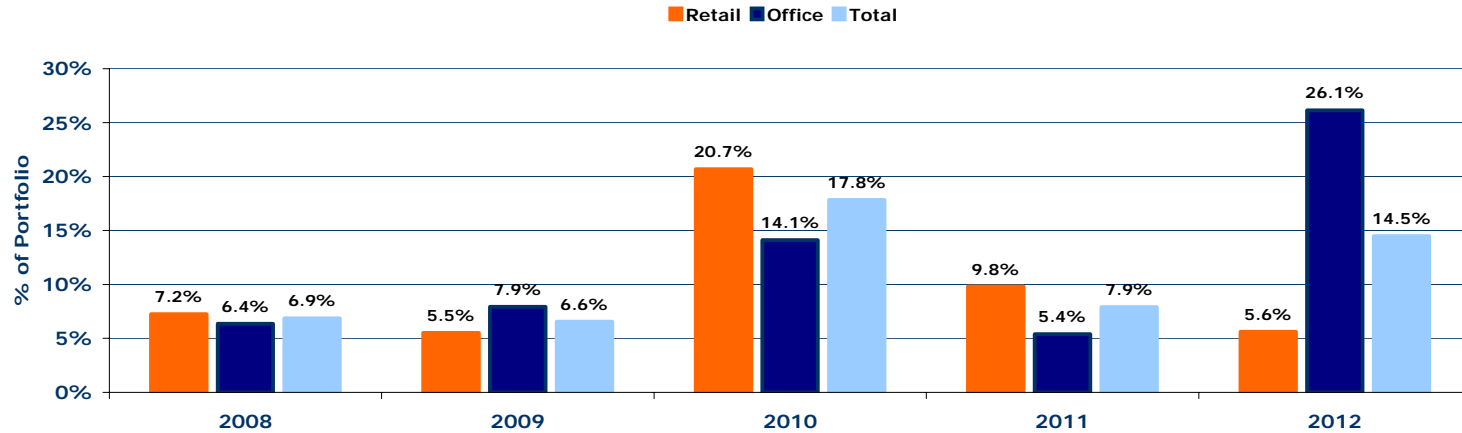
Diversification By Sector



Diversification By Region



5 Year Lease Expiry Profile (by gross income)



Key Expiries - Retail

Year	Property	Tenant	m2
2008	Centre Place	Village Skycity Cinemas	2,726
2009	Langdons Road	The Warehouse Stationery	2,301
2009	Centre Place	Rialto Cinemas	1,469

Key Expiries - Office

Year	Property	Tenant	m2
2008	Unisys	Department of Labour	6,941
2009	Vector	Commerce Commission	2,677
2009	Unisys	Unisys	6,008
2010	National Bank	Phillips Fox	2,638
2010	Vero	Russell McVeagh	7,453
2012	21 Pitt Street	Beca Carter	4,205
2012	National Bank	National Bank	12,045
2012	Vero	Vero	5,396
2012	Vector	Tertiary Education Comm.	2,744
2013	Vero	Vero	6,212

Retail Portfolio Activity

Activity	No.	NLA [m²]	Portfolio [%]	Rent Increase [\$000s]	Rent Increase [%]
Rental Reviews	308	44,935	25.8%	1,275	4.8%
New Leases	70	6,304	3.6%	694	16.7%
Total	378	51,239	29.4%	1,968	6.4%

Retail Portfolio Statistics

2007

Portfolio Sales	+4.4%
Portfolio Sales ("like for like" basis)	+0.9%
Centre Specialty Gross Occ. Cost % - High	15.4%
Centre Specialty Gross Occ. Cost % - Low	12.2%
Centre Specialty Gross Occ. Cost % - Ave	14.3%

Note: Statistics exclude Sylvia Park & Downtown Plaza remix.

Retail Sector

- ▶ Retail sales have continued to increase.
- ▶ Consumer confidence remains high although this is expected to moderate.
- ▶ The positive trading conditions have seen continued demand for retail space with consequent maintenance of high occupancy levels.
- ▶ CBRE estimates indicate that 150,000m² of new regional retail space will come on stream between 2005 & 2008. Sylvia Park and the new Albany mall dominate this supply.
- ▶ Retail rentals have continued to grow and investment yields have firmed substantially over the past year.



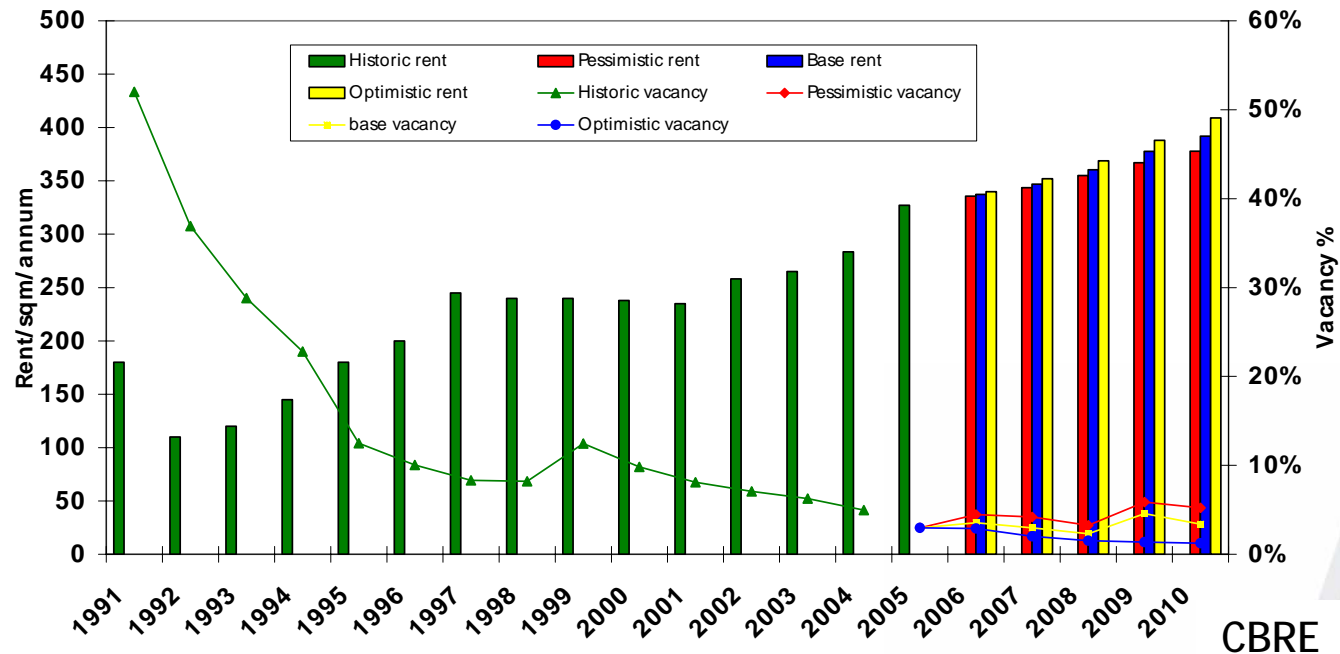
Office Portfolio Activity

Activity	No.	NLA [m ²]	Portfolio [%]	Rent Increase [\$'000s]	Rent Increase [%]
Rental Reviews	71	42,909	25.1%	1,462	8.5%
New Leases	38	12,837	7.5%	926	22.7%
Total	109	55,747	32.6%	2,389	11.2%

Leasing Activity > 500m²

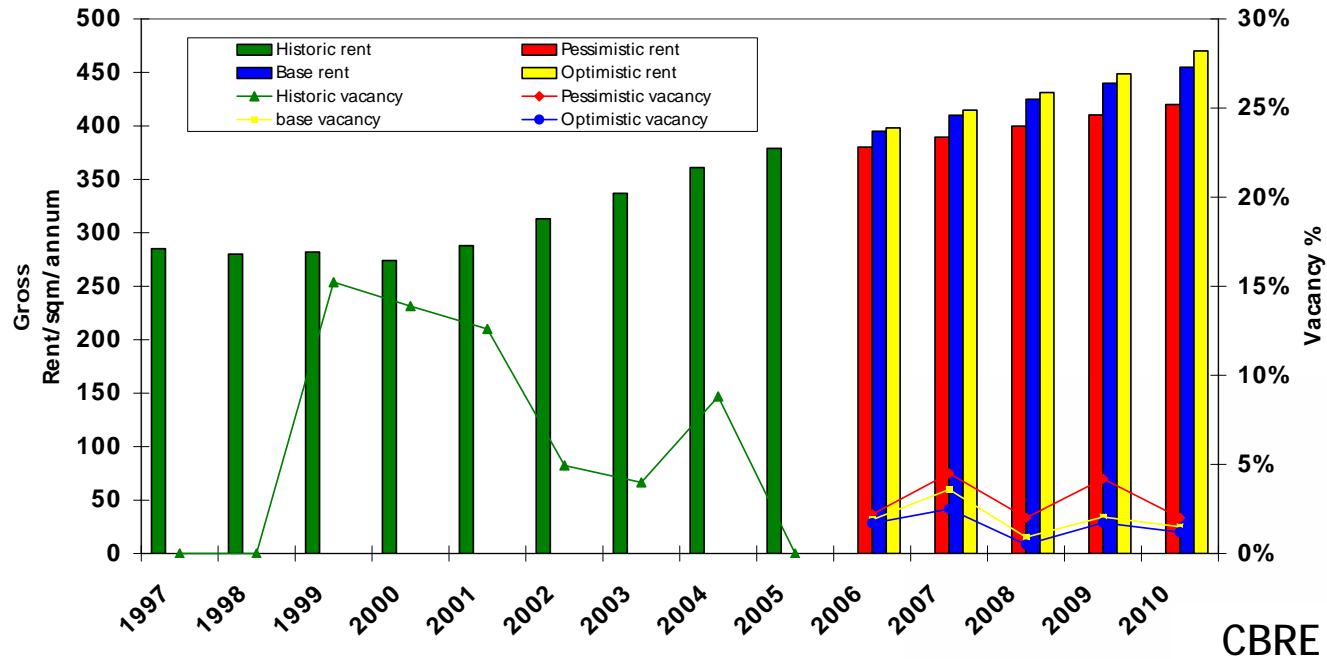
Property	Tenant	m ²
Vero Centre	Deutsche NZ	1,237
Vero Centre	Cameron Partners	549
Majestic Centre	Embassy of Japan	2,043
Majestic Centre	Cigna Life	549
Majestic Centre	Chamber of Commerce	600
Vector Building	EECA	739
Intergen	Tertiary Education Commission	771
PWC Centre	Hudson	552

Auckland CBD Office Premium Rent & Vacancy



- ▶ Auckland market has been resilient with rising rents and firming yields.
- ▶ Overall vacancy rate at 8.4%, unchanged from last year. Prime vacancy rate of 1.9% compared with 3.2% 12 months ago.
- ▶ Premium grade net rents increased by 7.8% over past 12 months.
- ▶ Top-end rentals higher than \$500m² net.
- ▶ Premium office yields have firmed to 6.75%.

Wellington CBD Office Premium Rent & Vacancy

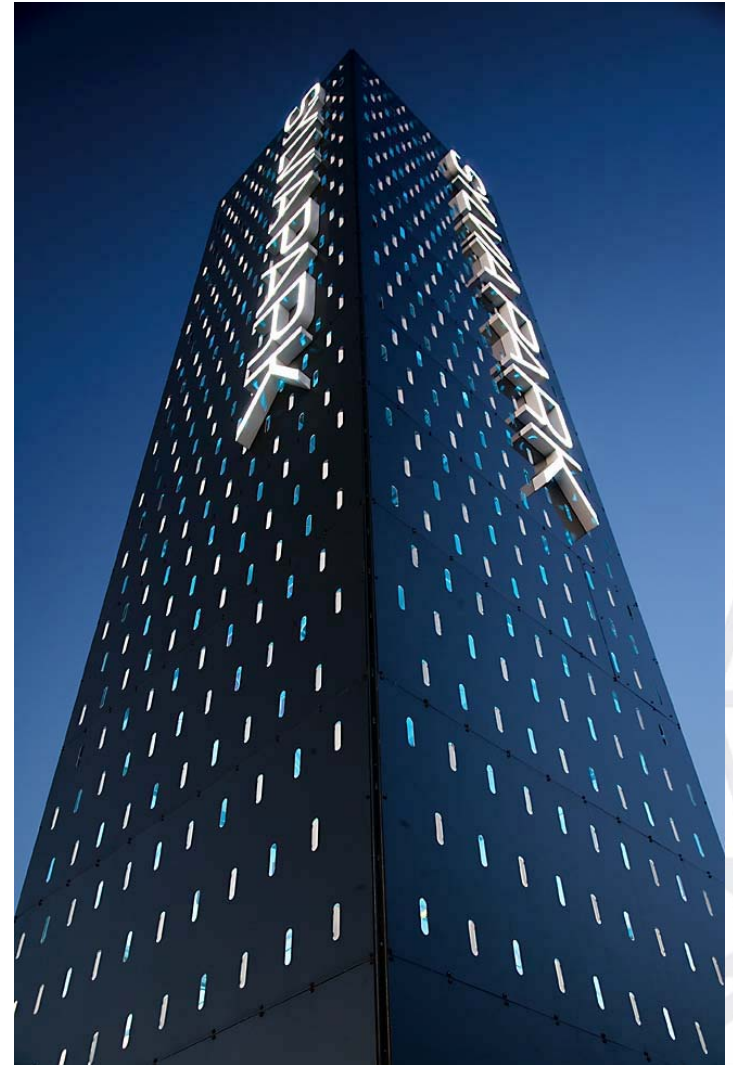


CBRE

- ▶ No significant change in market trends over the past 12 months.
- ▶ Vacancy in this sector remained at 2.5%. Pressure on premium office space mitigated by space available in recently completed Maritime Tower.
- ▶ Large development opportunities promoted. Strong Government demand.
- ▶ Average Premium office yields of 7.2%.
- ▶ New benchmark rentals for Premium grade buildings exceed \$500m² gross.

Sylvia Park - Highlights

- ▶ 65,000m² Retail Centre 100% leased.
- ▶ Stages I, II & III opened fully leased and on time in Jun-06, Aug-06 & Mar-07 respectively.
- ▶ Stage IV opened 28-Jun-07.
 - ▶ Added 40 retailers.
 - ▶ Level 2 Mixed Use Precinct contains medical & community uses including doctors, radiology, dentist, childcare, Plunket and Citizens' Advice Bureau.



- ▶ Highly successful leasing campaign completed.
- ▶ All retail spaces leased.
- ▶ Broadest retail mix of any centre in New Zealand including many retailers new to New Zealand or new to a shopping centre environment.
- ▶ 'Adventure' precinct and popular dining lane containing seven restaurants give the Centre key points of differentiation.

Major Tenants

The Warehouse Extra
Foodtown

PAK'nSAVE
Hoyts

Mini-majors (>500m2)

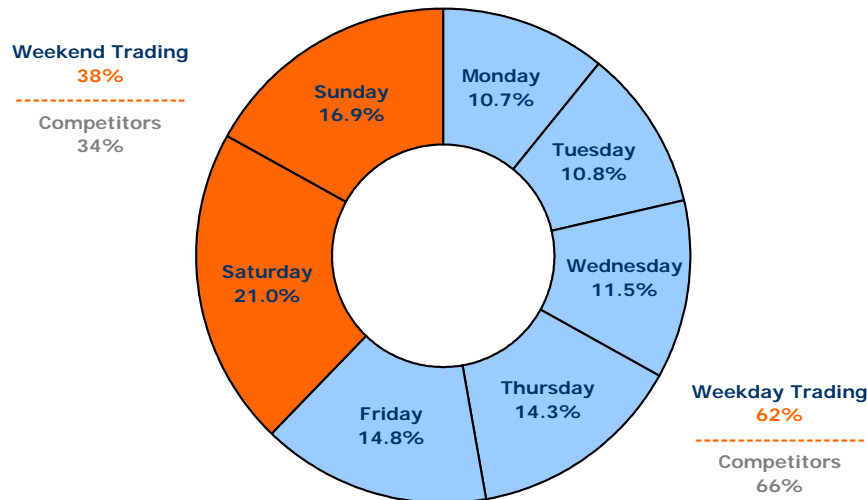
Borders
Dick Smith Powerhouse
Ezibuy
Kathmandu
Noel Leeming
Baby Factory
Life Pharmacy
Garrison
Amazon

New Retailers to NZ

Howard's Storage World
Roxy
Bed, Bath N Table
Kookai
Playboy
Christopher Chronis Design
ShooBiz
Lovcat
Secrets - Shhh



Sylvia Park Spend by Day of Week (01-Sep-06 to 30-Apr-07)



(Source: BNZ Marketview report May 2007)

- ▶ Significant boost to trading since the opening of Stages III & IV.
- ▶ Sylvia Park continues to draw customers from a wide catchment.
- ▶ 60% of sales since opening have been to customers within Auckland & Manukau Cities.
- ▶ 7% of fashion sales have been to customers coming from Waikato region.
- ▶ Weekend trading particularly strong compared with competitors.
- ▶ Specialty Gross Occupancy Cost 15.8%.

Added Value - Sylvia Park Offices

Potential for:

- ▶ 4/5 mid-rise office buildings.
- ▶ 35-45,000m² of office space.
- ▶ Large, flexible floor plates offering efficient workplace design.
- ▶ Environmentally responsive.

With short lead times for many tenants seeking space in the southern corridor, consideration is being given to commencing a 7,500m² building (construction cost circa \$30m) with or without pre-commitment.



Unrivalled on-site amenity:

- ▶ Rail & bus transport
- ▶ Banks & general services
- ▶ Medical suites
- ▶ Gymnasium
- ▶ Supermarkets
- ▶ Restaurants
- ▶ Cinemas & entertainment
- ▶ New Zealand's most diverse retail mix

Added Value - Downtown Plaza



- ▶ Ex The Warehouse building, adjoining Downtown Plaza, purchased Dec-05.
- ▶ Premises subdivided & re-leased to large format tenants Ezibuy, Rebel Sport, Howard's Storage World & Unichem.
- ▶ Existing Centre upgraded & re-mixed at the same time.
- ▶ Works completed May-07.
- ▶ Total capitalised project cost circa \$9.8m & project yield of 7.8%.
- ▶ Revaluation gain of \$3.6m recorded as at 31-Mar-07.

Added Value - The Plaza



- ▶ The pre-eminent retail centre in the Manawatu region.
- ▶ Redevelopment/remix plans envisage a department store to anchor a new eastern mall with an additional 40 specialty shops.
- ▶ Potential increase in NLA from 12,900 m² to circa 24,000 m² and carparks from 680 to more than 1,250.
- ▶ Total capitalised project cost circa \$90m.
- ▶ Further evaluation and commercial issues to be finalised.

- ❑ Despite the high interest rate environment, the portfolio is in a strong position
 - ▶ High-quality asset base and high occupancy levels
 - ▶ Current under-renting in portfolio
 - ▶ Strong investment market

- ❑ Growth through quality / strategic acquisitions & projects
 - ▶ Completion of Sylvia Park Shopping Centre
 - ▶ Future expansion of The Plaza
 - ▶ Future development of Sylvia Park Office Building(s)
 - ▶ Ongoing investigation of external opportunities

- ❑ Continued delivery of investor returns
 - ▶ Cash dividend projection of approximately 8.8 cpu for the year ending 31-Mar-08 subject to current tax legislation and continuation of reasonable economic conditions.

KIWI INCOME PROPERTY TRUST

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