

# KIWI INCOME PROPERTY TRUST

## ANNUAL RESULT

Year Ending 31 March 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**
- ▶ **Portfolio Occupancy** of **99.2%**
- ▶ **Sylvia Park** Stages I, II & III open on time, within budget & fully leased. Only one Level 2 Stage IV store to be leased.

# Financial Summary

	2007	2006	% Chg
Net Rental Income	\$100.7m	\$88.3m	+14.0%
Profit after Tax	\$59.2m	\$72.1m	-17.9%
Profit after Tax (excl one-off realisation gains)	\$59.2m	\$57.1m	+3.7%
Gross Dividend	9.60cpu	9.10cpu	+5.5%
Revaluation Gains	\$219.8m	\$103.2m	+113.0%
Undiluted NTA per unit (incl final dividend)	\$1.75	\$1.44	+21.5%
Total Assets	\$1.927b	\$1.446b	
Secured Bank Debt	\$486.0m	\$236.0m	
Unit Holders' Funds	\$1.246b	\$1.020b	
Secured Bank Debt to Assets	25.2%	16.3%	
Securities on Issue - Units	714.0m	708.9m	
- Mandatory Convertible Notes	142.3m	142.3m	
Market Capitalisation	\$1.178b	\$0.907b	

## 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
<b>Retail Portfolio</b>					
Sylvia Park Shopping Centre	Auckland	6.00%	<b>422.7</b>	<b>47.6</b>	12.7%
Centre Place Shopping Centre	Hamilton	7.75%	<b>121.6</b>	<b>21.7</b>	21.8%
Northlands Shopping Centre	Christchurch	6.50%	<b>249.0</b>	<b>19.1</b>	8.3%
North City Shopping Centre	Wellington	7.00%	<b>135.1</b>	<b>18.3</b>	15.7%
The Plaza Shopping Centre	Palmerston North	8.00%	<b>83.5</b>	<b>5.3</b>	6.8%
<b>Office Portfolio</b>					
Vero Centre	Auckland	6.75%	<b>300.1</b>	<b>44.0</b>	17.2%
Unisys House	Wellington	7.75%	<b>74.1</b>	<b>14.2</b>	23.8%
PricewaterhouseCoopers Centre	Christchurch	7.00%	<b>57.7</b>	<b>13.1</b>	29.3%
National Bank Centre	Auckland	7.38%	<b>120.4</b>	<b>12.7</b>	11.8%
Majestic Centre	Wellington	7.25%	<b>104.2</b>	<b>9.7</b>	10.3%
Vector Building	Wellington	7.75%	<b>31.1</b>	<b>5.2</b>	19.9%




**Secured Bank Debt** increased \$250.0m to **\$486.0m**

- ▶ Debt increase primarily due to expenditure on Sylvia Park and acquisition of remaining 50% of National Bank Centre.
- ▶ Secured bank debt to assets ratio of **25.2%** increasing to approximately **30%** post Sylvia Park retail development.
- ▶ Weighted Cost of Bank Debt **7.2%**.
- ▶ **71%** of debt hedged with **65%** average over the next three years.

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

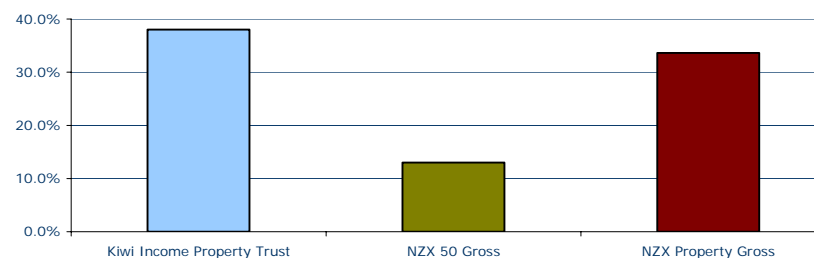
- ▶ Return outperforms key indices on annual, 2 yr cumulative & 5 yr cumulative basis.

## 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



## Performance Fee of **\$2.30m**

- ▶ Up \$1.23m on previous year.
- ▶ Basis of calculation:
  - Base Fee 0.55% of Gross Assets
  - Performance Fee on unit holder returns over 10%
  - Base Fee and Performance Fee capped at 0.70% of Gross Assets
  - Total return of 38.0% for year

# Dividends

**Gross Dividend** of **9.60 cpu** for year ended 31 March 2007

- ▶ Increase of 5.5% on previous year.

Dividend (cpu)	Mar-07			Mar-06
	Interim	Final	Total	Total
Cash	4.34	4.00	8.34	7.95
Imputation Credits	0.41	0.85	1.26	1.15
Gross Dividend	4.75	4.85	<b>9.60</b>	9.10

# 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 <sup>2</sup>
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%	15.2% <sup>1</sup>	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 assuming that investors can utilise the credit.

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.

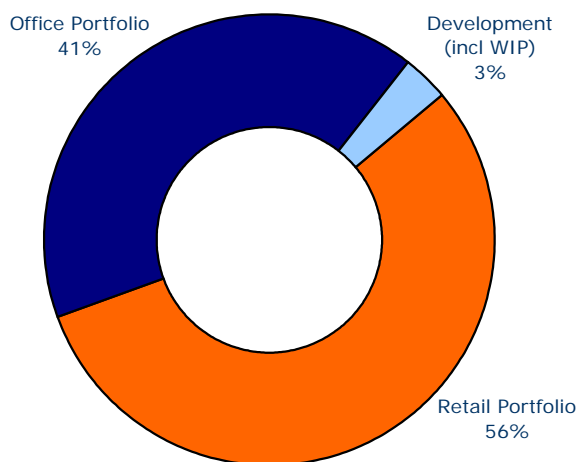
- **Major Acquisitions**
  - ▶ **National Bank Centre**  
Remaining 50% share purchased Nov-06 for \$55.6m.  
Revaluation gain of \$12.7m recorded as at 31-Mar-07.
  
- **Disposals**
  - ▶ No disposals during the year.



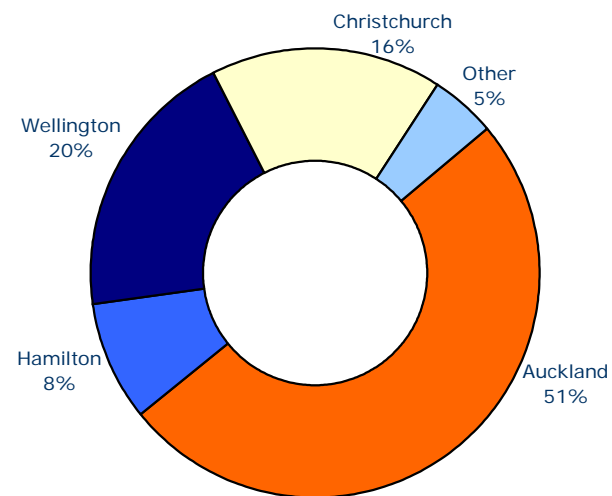
## Portfolio Diversification

- ▶ 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.

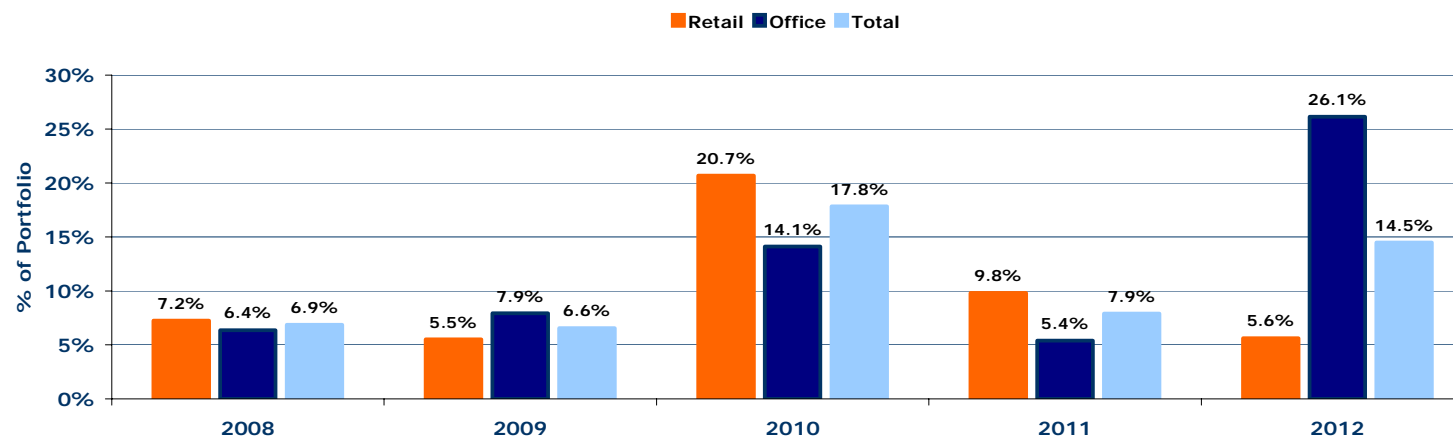
### Diversification By Sector



### 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

## Weighted Average Lease Term (WALT)

- ▶ WALT maintained within a consistent range for the past five years.

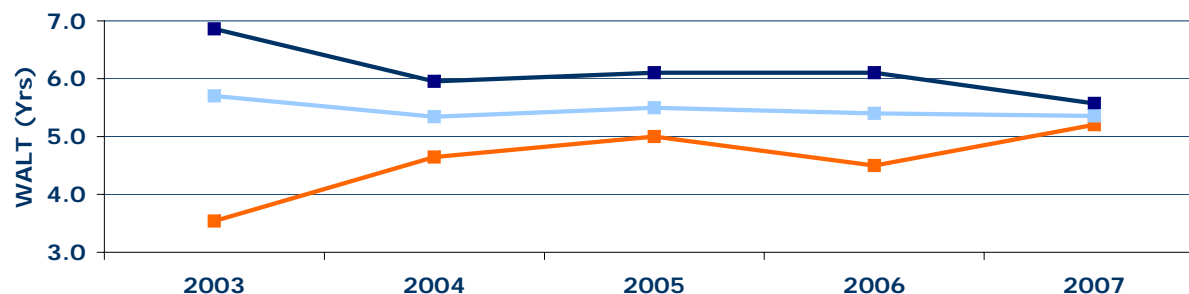
### WALT (years)

As at 31 March

		2003	2004	2005	2006	2007
Retail		3.5	4.6	5.0	4.5	5.2
Office		6.9	6.0	6.1	6.1	5.6
Total		5.7	5.3	5.5	5.4	5.4

Note 1: 2003 WALT excludes Northlands Shopping Centre.

Weighted Avg Lease Term (WALT) by Gross Income



## Occupancy maintained in excess of 99%

▶ Retail portfolio occupancy **99.7%**

▶ Office portfolio occupancy **98.7%**

Occupancy	Mar-07		
	NLA (m2)	Vacant (m2)	Occupancy
<b>Retail Portfolio</b>			
Sylvia Park Shopping Centre	57,377	-	100.0%
Centre Place Shopping Centre	15,125	97	99.4%
Downtown Plaza	6,316	89	98.6%
The Plaza Shopping Centre	13,153	-	100.0%
North City Shopping Centre	25,651	116	99.5%
Northlands Shopping Centre	41,480	181	99.6%
PricewaterhouseCoopers Building (ex Beattie Rickman)	2,812	-	100.0%
Countrywide Building	397	-	100.0%
The Farmers Building	8,205	-	100.0%
Langdons Road	3,600	-	100.0%
<b>Total Retail Portfolio</b>	<b>174,117</b>	<b>483</b>	<b>99.7%</b>
<b>Office Portfolio</b>			
Vero Centre	39,490	238	99.4%
National Bank Centre	26,147	1,762	93.3%
21 Pitt Street	17,236	-	100.0%
Fisher & Paykel Finance Building	4,049	-	100.0%
The Majestic Centre	23,988	-	100.0%
BP House	9,140	-	100.0%
Unisys House	22,151	-	100.0%
Vector Building	10,109	-	100.0%
50 The Terrace (ex Intergen House)	2,428	197	91.9%
PricewaterhouseCoopers Centre	16,082	-	100.0%
<b>Total Office Portfolio</b>	<b>170,821</b>	<b>2,197</b>	<b>98.7%</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>344,938</b>	<b>2,680</b>	<b>99.2%</b>

## Retail Portfolio Activity

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

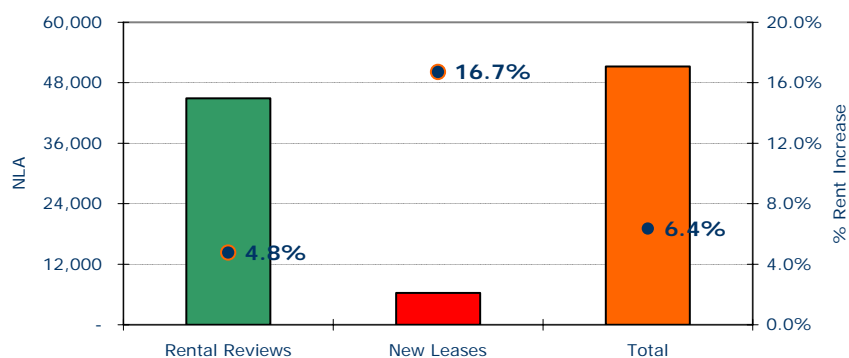
### Retail Portfolio Statistics

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 % - Avg	14.3%

Note: Statistics on this page exclude Sylvia Park & Downtown Plaza remix.

Retail Portfolio Activity  
[Passing Rental vs Achieved Rental]



## Retail Sector

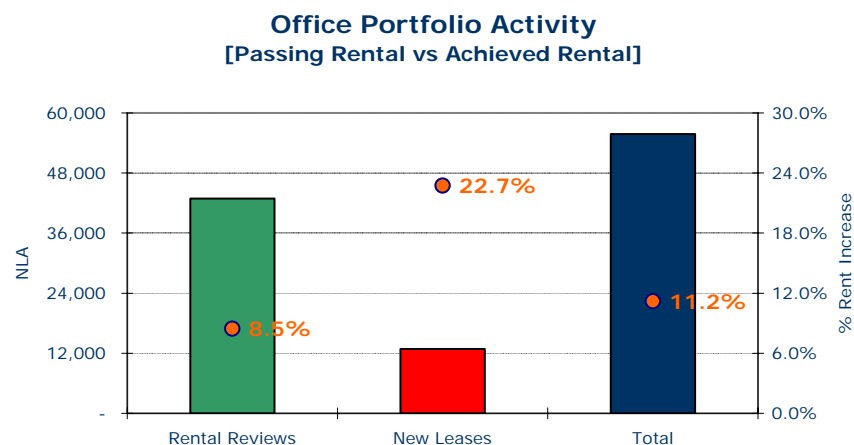
- ▶ Retail sales have continued to grow with underlying strength in the housing & labour markets.
- ▶ Consumer confidence remains high reflecting an anticipation that favourable economic conditions will continue.
- ▶ The positive trading conditions have seen continued demand for retail space with consequent maintenance of high occupancy levels.
- ▶ CBRE estimates indicate that 150,000m<sup>2</sup> of new regional retail space will come on stream between 2005 & 2008. Sylvia Park & the new Albany mall dominate this supply.
- ▶ Retail rentals have continued to grow and investment yields have firmed substantially over the past year.



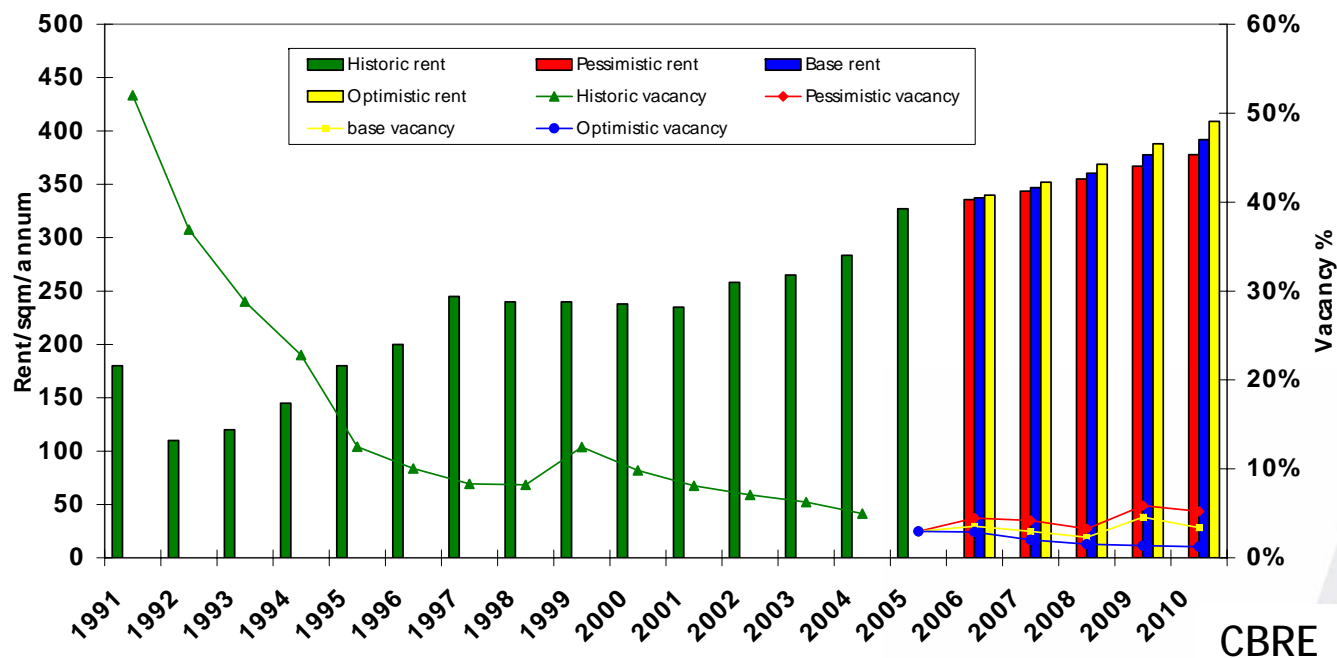
## Office Portfolio Activity

Activity	No.	NLA [m2]	% Portfolio	Rent Increase [\$000s]	[%]
Rental Reviews	71	42,909	25.1%	1,462	8.5%
New Leases	38	12,837	7.5%	926	22.7%
<b>Total</b>	<b>109</b>	<b>55,747</b>	<b>32.6%</b>	<b>2,389</b>	<b>11.2%</b>

Leasing Activity > 500m <sup>2</sup>		
Property	Tenant	m <sup>2</sup>
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 House	Tertiary Education Comm.	771
PWC Centre	Hudson	552

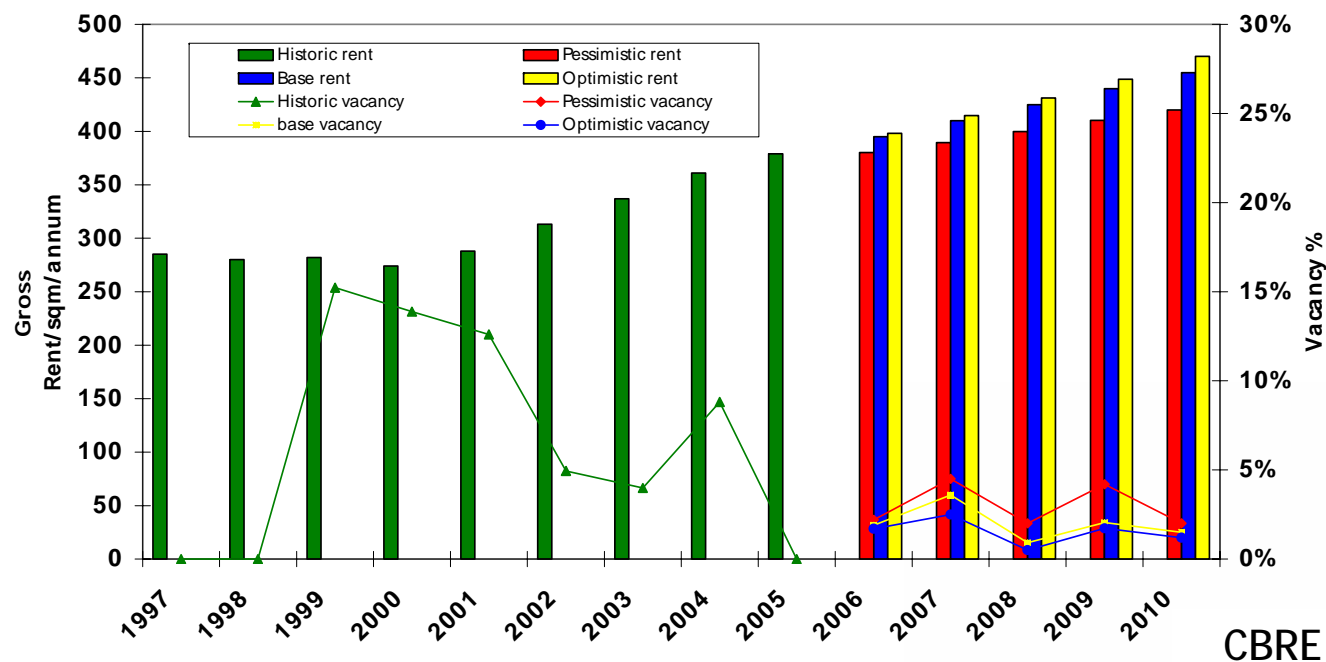


## Auckland CBD Office Premium Rent & Vacancy



- ▶ Over the last 12 months Premium grade net rents increased by 7.8%.
- ▶ Top end rentals have reached \$500m<sup>2</sup>.
- ▶ At Dec-06 Premium grade office vacancy had decreased to 1.2%.
- ▶ Premium office yields have firmed from 7.35% to 6.75% during the past year.
- ▶ The supply pipeline over the next three years is relatively modest but a number of parties are scoping a new tower beyond 80 Queen Street.

## Wellington CBD Office Premium Rent & Vacancy



- ▶ Over the last 12 months Premium grade net rents increased by 11.9%.
- ▶ Top end rentals in Premium grade buildings exceed \$400m<sup>2</sup> net.
- ▶ At Dec-06 Premium grade office vacancy was 2.5%, dominated by vacant space in the recently completed Maritime Tower.
- ▶ Premium office yields firmed during the past year from 7.83% to 7.35%.
- ▶ A large number of development opportunities are actively being promoted.

## Christchurch

- ▶ Overall vacancy has increased from 7.6% to 8.9% or 33,000m<sup>2</sup> during the past year.
- ▶ A-Grade vacancies have been at or below 2% since mid 2003.
- ▶ Prime rentals have increased by an indicative 1.7% over the last year, with the rental range assessed by CBRE at between \$170 and \$210m<sup>2</sup> net effective.
- ▶ The first major CBD office development in over a decade is nearing completion for the IRD and there are plans mooted for another 12 level building.

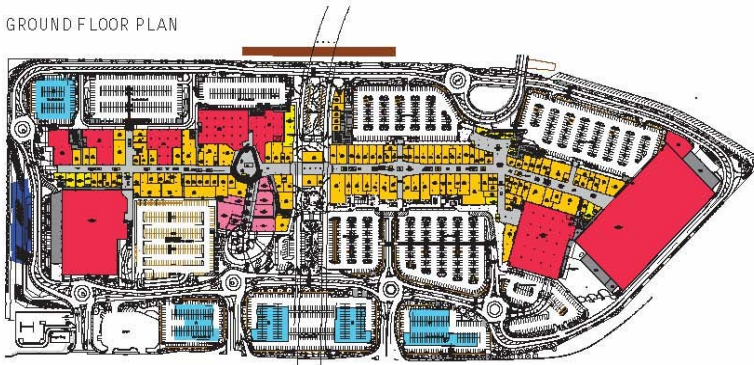


- ▶ Stages I, II & III opened fully leased and on programme in Jun-06, Aug-06 & Mar-07 respectively.
- ▶ 57,000m<sup>2</sup> of 65,000m<sup>2</sup> retail now trading.
- ▶ Stage IV on programme to open 28-Jun-07.
  - ▶ All ground floor stores leased.
  - ▶ Only one level 2 store to be leased.
  - ▶ Level 2 Mixed Use Precinct contains medical & community uses including doctors, radiology, dentist, childcare, Plunket and Citizens' Advice Bureau.
- ▶ Total capitalised project cost remains within budget.
- ▶ Centre valued at \$422.7m as at 31-Mar-07 based on a core capitalisation rate of 6.0%.
- ▶ Revaluation gain of \$47.6m recorded, up more than \$40m from the original projection of \$6.0m.

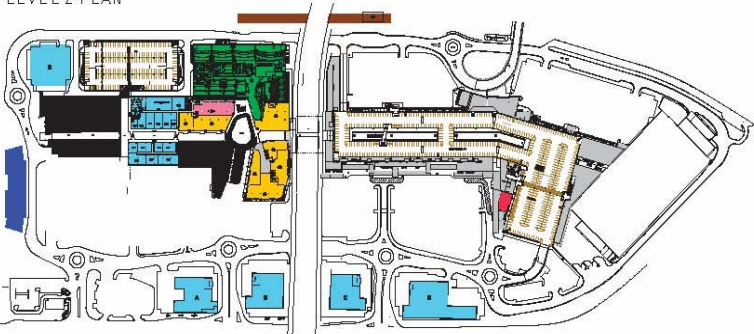


# Sylvia Park - Plan & Tenancy Summary

GROUND FLOOR PLAN



LEVEL 2 PLAN



KEY

- Retail
- Major Tenancy
- Restaurants
- Cinemas
- Food Court/Kiosk
- Services and Amenities area
- Mall / Lane
- Residential
- Offices
- Train Station

Area (m <sup>2</sup> )						
	Majors	Mini-Majors	Specialty	Total Retail	Mixed Use	Total Centre
Stage I	17,200	-	5,500	22,700	-	22,700
Stage II	6,600	1,000	6,500	14,100	-	14,100
Stage III	6,400	5,700	8,000	20,100	-	20,100
Stage IV	-	3,600	4,500	8,100	2,700	10,800
<b>Total</b>	<b>30,200</b>	<b>10,300</b>	<b>24,500</b>	<b>65,000</b>	<b>2,700</b>	<b>67,700</b>

Tenancies						
	Majors	Mini-Majors	Specialty	Total Retail	Mixed Use	Total Centre
Stage I	2	0	57	59	-	59
Stage II	1	2	49	52	-	52
Stage III	1	4	46	51	-	51
Stage IV	0	4	35	39	9 <sup>1</sup>	48
<b>Total</b>	<b>4</b>	<b>10</b>	<b>187</b>	<b>201</b>	<b>9</b>	<b>210</b>

Timetable	
June 2006	Stage I opened
August 2006	Stage II opened
March 2007	Stage III opened
June 2007	Stage IV opens

Note 1: Proposed no. tenants based on plans as at May-07 & may change. Excludes centre management office & upper level of bank tenancies. Includes community uses as a single tenant.

- ▶ Highly successful leasing campaign almost complete.
- ▶ Final level 2 retail store under negotiation.
- ▶ 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 adds to the Centre's point of difference.

## Major Tenants

The Warehouse Extra	PAK'nSAVE
Foodtown	Hoyts

## Mini-majors (>500m2)

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

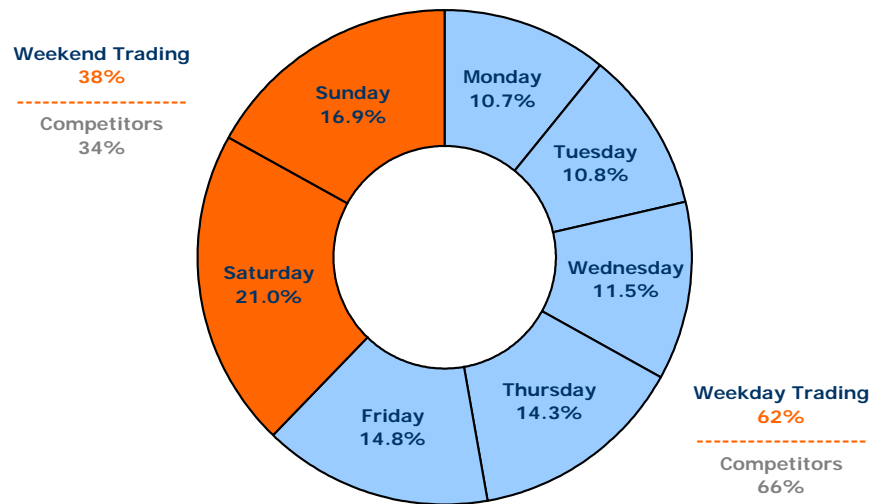
## New Retailers to NZ

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



# Sylvia Park - Trading

## 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 Stage III.
- ▶ 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%.



# Sylvia Park - Images



## Added Value - Sylvia Park Offices

Potential for:

- ▶ 4/5 mid-rise office buildings.
- ▶ 35-45,000m<sup>2</sup> 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 7,500m<sup>2</sup> 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 scheduled for completion 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, P.Nth



- ▶ 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 m<sup>2</sup> to circa 24,000 m<sup>2</sup> and carparks from 680 to over 1,250.
- ▶ Total capitalised project cost circa \$90m.
- ▶ Further evaluation and commercial issues to be finalised.

- ❑ Portfolio in strong position
  - ▶ High quality asset base
  - ▶ Current under-renting in portfolio
  - ▶ Strong investment market
  
- ❑ Growth through quality / strategic acquisitions & developments
  - ▶ Completion of Sylvia Park Shopping Centre
  - ▶ Completion of Downtown Plaza
  - ▶ 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 continuance of reasonable economic conditions.

# KIWI INCOME PROPERTY TRUST

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May 2007