

KIWI INCOME PROPERTY TRUST

INTERIM RESULT

Six Months Ending 30 September 2005

22 November 2005

Operating Highlights

- Net profit after tax up 15.2% to \$29.1m
- Net rental revenue up 6.2% to \$44.3m
- Gross interim dividend up 4.8% from 4.34 to 4.55 cpu
- Projected full year dividend increased to 9.1 cpu
- Total assets of \$1.292b
- Post half year sale of CNZ stake realising approximately \$13m profit
- Successful \$142.3m Mandatory Convertible Note issue in July 2005
- Strong portfolio occupancy of 98.7% and a weighted average lease expiry of 5.33 years
- Inclusion in the NZX10 and MSCI indices

Financial Performance

Six months ended	Sep-05 \$'000	Sep-04 \$'000	Variance %
Rental Income	44,305	41,720	6.2%
Dividend and Other Income	2,188	255	758.0%
Interest Expense	(9,149)	(6,475)	(41.3%)
Management Fees	(3,110)	(4,018)	22.6%
Other Expenses	(1,578)	(1,001)	(57.6%)
Operating Income before Tax	32,656	30,481	7.1%
Realised Gains	1,798	419	329.1%
Profit before Tax	34,454	30,900	11.5%
Tax	(5,374)	(5,665)	5.1%
Profit after Tax	29,080	25,235	15.2%
Weighted EPS after Tax	4.1	3.6	13.9%

Financial Position

Six months ended	Sep-05 \$'000	Mar-05 \$'000	Variance %
Total Assets	1,291,915	1,261,936	2.4%
Secured Borrowings	222,500	341,000	34.8%
MCN's and Other Liabilities	171,011	28,552	(498.9%)
Net Assets	898,404	892,384	0.7%
Reserves	243,987	239,530	1.9%
Secured Borrowings to Total Assets	17.2%	27.0%	36.3%
Market Capitalisation (excl MCNs)	812,598	796,799	2.0%

Total Returns

Returns to 31 Oct 2005	Yearly	Two Year Cumulative p.a. return	Three Year Cumulative p.a. return
NZX Gross Property Index	22.2%	18.1%	17.2%
NZX50 Gross	17.1%	18.4%	17.4%
KIP	16.1%	14.3%	12.4%

Source: Iress & GSJBWere Research Estimates

- Based on 31 October 2005 closing price of \$1.17 per unit
- KIP total gross return since listing to 31 October 2005 of 11.1% p.a.

Dividend Summary

Cents Per Unit	March 06			March 05
	Sept 05 Interim	Final (Projected)	Total (Projected)	Full Year Actual
Cash	3.85			7.02
Imputation	0.70			1.63
Gross Dividend	4.55	4.55	9.10	8.65

Note: Dividend projections are subject to a continuation of reasonable economic conditions

Capital Management

MCN's

- \$142.3m Mandatory Convertible Note issue in July 2005, fully subscribed
- 8% coupon rate
- Diversity of funding and investor base

Debt

- Weighted average cost of debt of 6.8%
- Secured borrowings as a percentage of total assets is 17.2%
- Secured borrowings as a percentage of total assets, post completion of Sylvia Park retail stage and CNZ settlement, is projected to be approximately 32%
- Weighted interest rate hedging cover of approximately 80% over next 3 years

Acquisitions and Disposals

Acquisitions

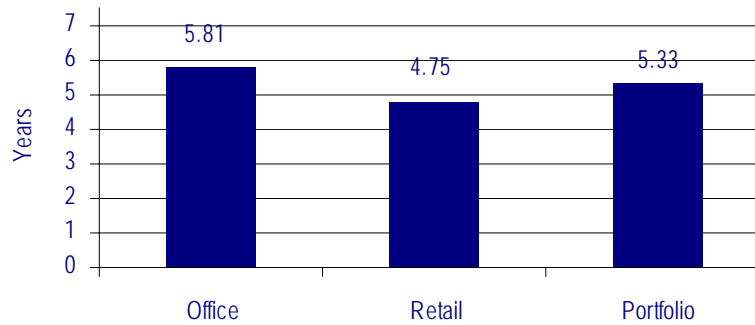
- No acquisitions during period
- Strong market conditions limit opportunities
- Strong balance sheet provides opportunities if more subdued market conditions prevail

Disposals

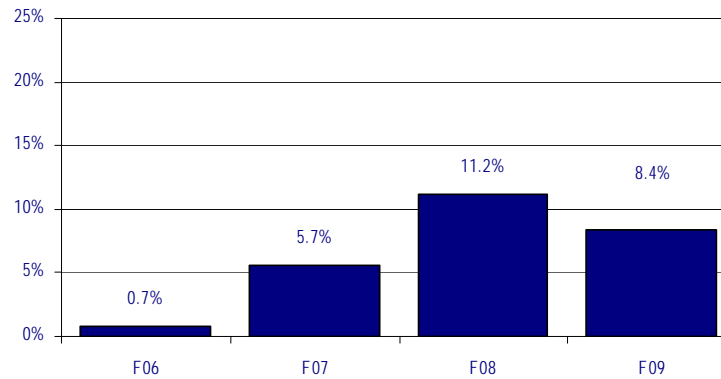
- AUT Building \$29.0m (\$1.8m up on book value)
- Capital Properties \$69m (Approx. \$13m profit)

Portfolio Statistics

Portfolio WALT By Gross Income
As at 30 September 2005



KIP Lease Expiry Profile
By Gross Income



Retail Portfolio

Occupancy (As at 30 September 2005)

Property	Net Lettable Area m ²	Vacant Area m ²	Occupancy %
Centre Place	15,041	410	97.3%
Downtown Plaza	2,953	-	100.0%
The Plaza	14,526	162	98.9%
North City	25,583	136	99.5%
Northlands	40,994	424	99.0%
Sub Total	99,097	1,132	98.9%
Adjoining Properties	14,992	75	99.5%
Total Retail	114,089	1,207	98.9%

Retail Portfolio

Asset Management

New Leases

- 30 new leases or renewals were completed \$0.2m (16%) ahead of previous income (like for like)

Rent Reviews

- 174 rent reviews were completed \$0.6m (4.5%) ahead of previous income

Retail Sales

- Majors sales growth 8% and specialty growth 3% for total sales growth of 6% across portfolio (like for like basis)

Centre Gross Occupancy Costs

- Specialty range between 11.3% and 15.3%

Market Summary

- Retail sales growth has reduced from the 2004 cyclical highs
- Consumer confidence remains sound
- Increased offshore interest in retail properties continues to place pressure on NZ investors to pay premium prices
- With prime assets tightly held secondary or provincial centres are under increasing focus
- Demand for retail space has maintained occupancy high levels. This demand has contributed to positive rental growth

Office Portfolio

Occupancy (As at 30 September 2005)

Property	Net Lettable Area m ² (1)	Vacant Area m ²	Occupancy %
Vero Centre	38,653	-	100.0%
National Bank (50%)	13,006	546	95.8%
21 Pitt Street (2)	17,076	1,461	91.5%
Majestic Centre	23,447	356	98.5%
BP House	9,140	-	100.0%
Unisys House	22,118	-	100.0%
NGC Building	10,084	-	100.0%
Intergen House	2,510	-	100.0%
PricewaterhouseCoopers	16,082	-	100.0%
Total Office	152,117	2,363	98.5%

(1) Excludes storage areas

(2) Key commercial terms have been agreed in respect of the vacancy at 21 Pitt Street. When leased office portfolio occupancy will increase to 99.4%

Office Portfolio

Asset Management

New Leases

- 19 new leases, renewals & extensions, \$0.2m (10%) ahead of previous income (like for like)
- 7,141m² of net lettable area

Rent Reviews

- 14 rent reviews were completed, \$0.5m (8.4%) ahead of previous income
- 16,400m² of net lettable area

Key Expiries

- FY07 – BIL 2,700m² (Majestic) - Key commercial terms are agreed for 2,100m²
- FY08 – Government of Japan 2,000m² (Majestic), Department of Labour 6,900m² and Commerce Commission 2,700m² (Unisys House)

Office Portfolio

Auckland CBD Office Market

- During the first half of 2005 net absorption continued to be strong reaching 24,000m². This brought the June year total to 47,000m², the highest in four years
- Overall CBD vacancy, at 8.2% is the lowest in 15 years. The prime vacancy rate (4.7%) continues to improve, falling by 2.8% over the 12 months to June
- In the upper end of the Prime market, rent reviews are achieving strong growth. Some of the Premium mid level space is being reviewed in the \$370 to \$385 per m² range with some evidence emerging of \$450 per m² plus for part high elevation floors
- Prime yields range from 7.5% to 8.38%

Source: CB Richard Ellis 2005

Office Portfolio

Wellington CBD Office Market

- The overall CBD office vacancy rate is 5.2%. There are no contiguous floors available in Premium and Grade A buildings.
- Rents are reaching new benchmarks. At the top end rents are pushing past \$400 per m² gross. Indicative prime rents have increased 7.2% during the past year
- Yields are continuing to firm, however the rate of firming has eased following the major adjustment between mid 2003 and late 2004. At the top end of the market yields are set to stabilise in the high 7% / low 8% range

Source: CB Richard Ellis 2005

Office Portfolio

Christchurch CBD Office Market

- No vacancy within the prime CBD stock
- Pressure on rents continues with strong prime rental growth
- Investment market remains strong
- Prime yields have firmed

Source: CB Richard Ellis 2005



Added Value

Fund Management Fee Review

- New fee structure effective from 1 April 2005
- Base fee 0.55% of Gross Assets
- Performance Fee on unit holder returns over 10%
- Base Fee + Performance Fee capped at 0.70%
- Performance fee for half year of \$0.1m payable

Sylvia Park

- Alignment of interest with the Manager rebating its fee by up to \$4.0m to the extent the return on Sylvia Park retail is below 7.5% for the two years post completion, and undertaking development management at cost

Added Value

Capital Properties

- 19.4% of CNZ purchased in November 2004 at \$1.15 per share
- The Manager identified there was unrecognised value in the CNZ portfolio
- Underlying value subsequently recognised through aggressive revaluations and APPIL takeover offer
- Divestment decision based on view that portfolio values were full and revised offer price from APPIL at \$1.48 per share represented excellent value
- Sale resulted in a profit of approximately \$13m and represented a total return of approximately 30% over the 12 month investment period
- Profit intended to be distributed over next three years

Sylvia Park – Construction Progress



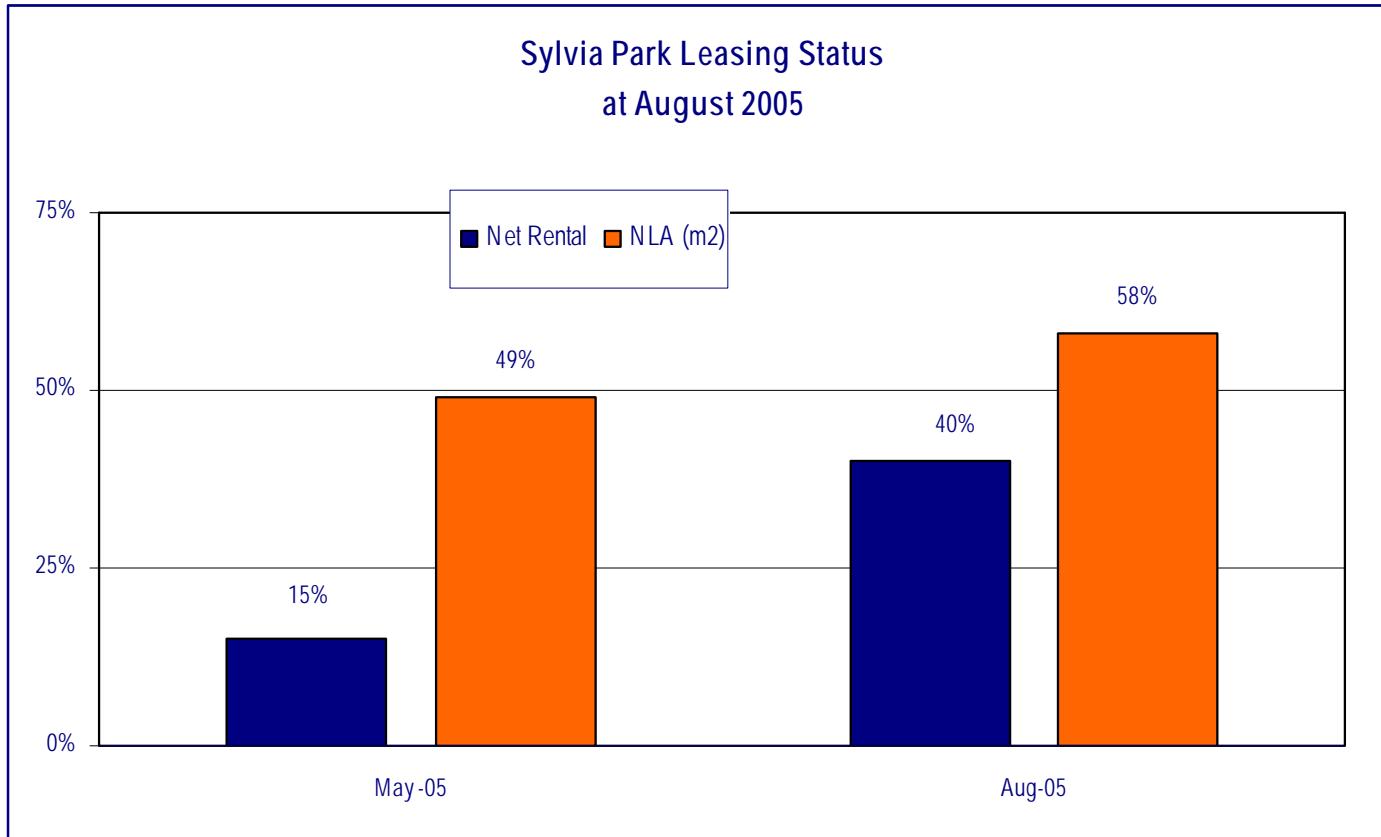
- The south precinct will be “topped off” in early December
- Construction running to schedule with Multiplex, Naylor Love, Fletchers and Fulton Hogan operating on site

Sylvia Park – Construction Progress



- Stage 1 opening planned for mid 2006

Sylvia Park – Leasing Progress



Sylvia Park – Update

- Strong tenant demand with pleasing specialty store leasing
- As previously advised Stage 1 leasing is 91% complete by area with the overall centre 58% leased
- Mini majors tenants Amazon (500m²) and Life Pharmacy (550m²) are confirmed
- Increased Australian interest in specialty stores
- Further leasing update anticipated in late November
- Expansion of the Mixed Use Precinct in the northern retail area is presently under evaluation to deliver additional first floor commercial and community uses to the main retail centre. Potential increase in floor area of up to 3,000m².
- All projections remain in line with May 2005 prospectus

Special Meeting

- Special meeting of Unit Holders to be held on 9 December to consider two key resolutions
- The first seeks to lower the threshold for Unit Holder requisitioned meetings from 10% to 5%, as well as establishing time limits for convening such meetings
- The second makes it easier for Unit Holders to propose matters for discussion and/or put forward resolutions at annual meetings
- The Manager supports both resolutions

Outlook

- KIP portfolio in sound position for growth with low vacancy and high quality assets, notwithstanding a more benign economic outlook
- Gross dividend projection of 9.1 cpu for full year ending 31 March 2006, and subject to a continuation of reasonable economic conditions, no less than 9.1 cpu projected for the next financial year
- Key focus on opening Stage 1 at Sylvia Park fully leased
- The Trust continues to evaluate other opportunities including expansion of The Plaza, the office precinct at Sylvia Park and strategic acquisitions

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