

# KIWI INCOME PROPERTY TRUST ANNUAL RESULT

Year Ending 31 March 2004

## Operating Highlights

- Net Income after tax up 9.7% to \$49.1m
- Total gross dividend of 8.57 cpu (pcp 8.54 cpu)
- Revaluations up by \$50.6m
- NTA increased by 7% to \$1.15 per unit
- Total assets increase by \$187m to \$1.1b
- Successful capital raisings of \$25m May 03, and post year end, \$50m in April 04
- \$90.9m Northlands expansion largely complete
  - ▶ revaluation gain \$16.8m (prospectus forecast \$3.6m) doubling in size to 41,000m<sup>2</sup>
  - ▶ occupancy 99.6%
- Portfolio occupancy increases to 98.2%

## Financial Highlights

	2004	2003	
Rental Income	\$72.2m	\$70.7m	✓
NOI before Tax	\$55.65m	\$51.44m	✓
NOI after Tax	\$49.07m	\$44.75m	✓
Net Income for Distribution	\$48.6m	\$44.20m	✓
Gross Distribution	8.57 cpu	8.54 cpu	✓
Unrealised Revaluation Gains	\$50.6m	\$6.13m	✓
Net Asset Backing	\$1.145	\$1.071	✓
Securities on Issue	651.0m	612.9m	✓
Total Assets	\$1.099b	\$0.912b	✓
Total Interest Bearing Debt	\$253.5m	\$204.5m	✗
Investor Funds	\$745.5m	\$665.9m	✓
Interest Bearing Debt to Asset Ratio	23.2%	22.50%	✗

## Revaluations

### Total \$50.6m Revaluation Gain

Asset	Location	Valuation \$m	Valuation Gain \$m
Northlands	Christchurch	203.3	16.8
Centre Place	Hamilton	89.8	11.6
Vero Centre	Auckland	215.0	10.1
The Plaza	Palmerston North	70.4	5.9
North City	Porirua	96.3	3.7
Downtown Plaza	Hamilton	15.3	1.3
PricewaterhouseCoopers	Christchurch	34.7	1.2



# Total Returns

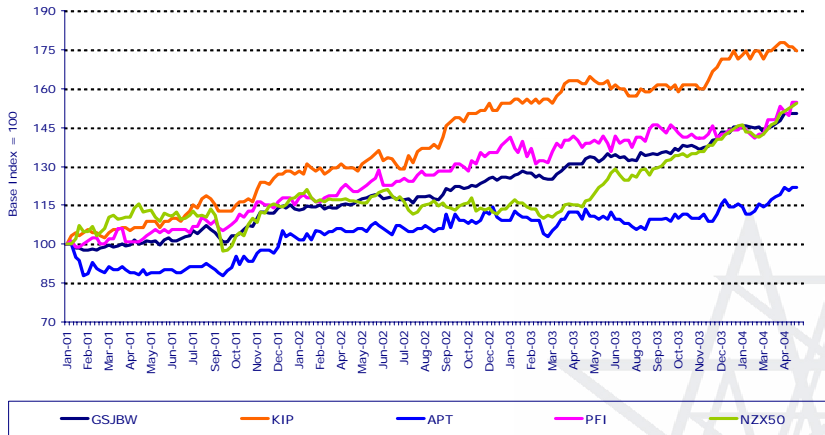
Returns 31 March 2004	Yearly	Two Year Cumulative p.a. return	Three Year Cumulative p.a. return
NZ Property Index	13.9%	12.8%	20.5%
NZSX50 Gross	32.20%	13.40%	11.50%
KIP	11.90%	16.40%	19.10%

Source: Iress & GSJBWere Research Estimates



# Total Returns

Property Companies vs NZSX50 Gross Index vs GSJBWere Property Index



Source: GSJBW Estimates and Datastream

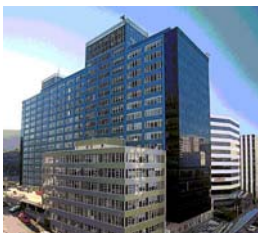
## Dividend Summary

Cents Per Unit	March 04			March 03
	Interim	Final	Total	
Cash	3.773	3.821	7.594	7.550
Imputation	0.451	0.524	0.975	0.988
Gross Dividend	4.224	4.345	8.569	8.538

## New Capital



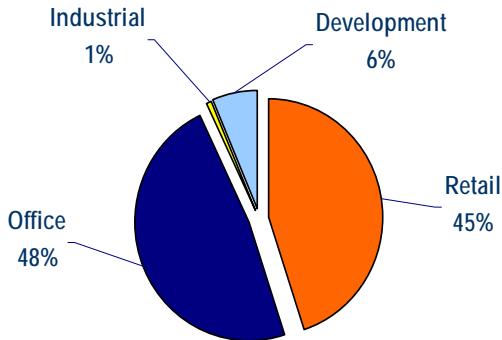
- Placement in May 03 raised \$25m  
**Purpose:** to acquire Downtown Plaza, Hamilton



- Placement in April 04 raised \$50m  
**Purpose:** to acquire Unisys House, Wellington

## Portfolio Statistics

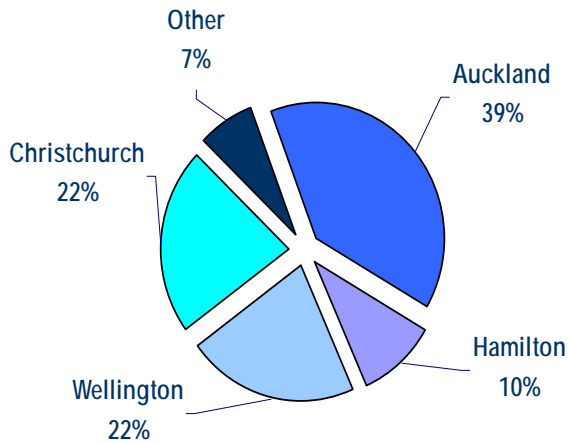
### Diversification By Sector - % of Value



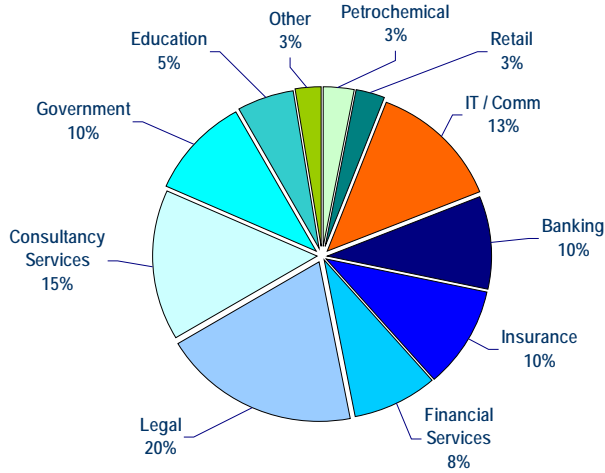
	No. of Tenants	NLA m <sup>2</sup>
Retail	421	113,859
Office	131	162,037
<b>Total</b>	<b>552</b>	<b>275,896</b>

## Portfolio Statistics

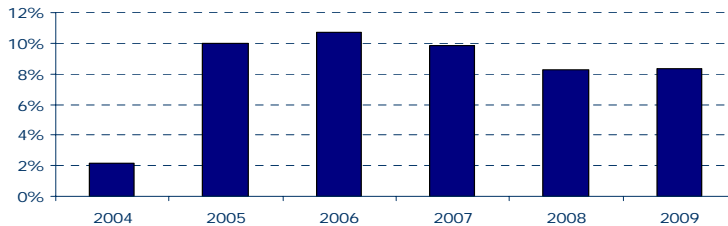
### Diversification By Region - % of Value



## Diversification By Industry - Office Portfolio



## Diversification By Lease Expiry Profile - Net Income



### Key Expiries

2005:	Vodafone	7,600m <sup>2</sup>	- 4,139m <sup>2</sup> leased to ARC to 2009
	AUT	8,500m <sup>2</sup>	- Right of Renewal
2006:	ARC	6,863m <sup>2</sup>	- Renewed to 2009

## Portfolio Statistics

### Diversification By Weighted Average Lease Expiry

	2004	2003	2002	2001
Retail	4.6	3.5	4.0	4.2
Office	6.0	6.9	7.3	7.9
Industrial	1.1	1.7	2.5	2.5
<b>Total</b>	<b>5.3</b>	<b>5.7</b>	<b>5.9</b>	<b>6.6</b>

*Note:* 2003 excludes Northlands

## Portfolio Statistics

### Occupancy – Retail (As at 31 Mar 04)

Property	Net Lettable Area (m <sup>2</sup> )	Vacant Area (m <sup>2</sup> )	Occupancy %
Centre Place	15,428	308	98.0%
Downtown Plaza	2,953	-	100.0%
The Plaza	14,526	64	99.6%
Northlands	40,994	182	99.6%
<b>Sub Total</b>	<b>73,901</b>	<b>554</b>	<b>99.3%</b>
Adjoining Properties	14,992	599	96.0%
<b>Total Retail</b>	<b>88,893</b>	<b>1,153</b>	<b>98.7%</b>
<b>Under Development</b>			
North City	24,966	-	-

## Portfolio Statistics

### Occupancy – Office (As at 31 Mar 04)

Property	Net Lettable Area (m <sup>2</sup> )	Vacant Area (m <sup>2</sup> )	Occupancy %
Vero Centre	39,578	-	100.0%
National Bank (50%)	13,073	842	93.6%
HP House	7,369	-	100.0%
Vodafone	17,245	-	100.0%
AUT	13,949	-	100.0%
Majestic Centre	23,519	2,298	90.2%
BP House	9,140	-	100.0%
Unisys House	22,105	-	100.0%
PricewaterhouseCoopers	16,059	97	99.4%
<b>Total Office</b>	<b>162,037</b>	<b>3,237</b>	<b>98.0%</b>

## Asset Management

### Retail Portfolio

#### New Leases

- 28 Retail Leases or Renewals were completed (excluding North City and Northlands due to redevelopment)
- 19% (\$322,571) ahead of previous income
- Representing 10% of the portfolio area
- 116 Development Leases (North City and Northlands)
  - \$9.5m annual income, 12,500m<sup>2</sup>

#### Rent Reviews

- 135 Rent Reviews were completed (excluding North City and Northlands due to redevelopment)
- 4.9% (\$440,726) ahead of previous income
- Representing 31% of the portfolio area

## Retail Portfolio

### Specialty Sales

- Up 3% across portfolio (excluding Northlands due to redevelopment)
- Continued growth forecast

### Gross Occupancy Costs

- Specialty range between 11.0% and 12.7%

## Office Portfolio

### New Leases

- 31 Office Leases or Renewals were completed
- 27% (\$774,735) ahead on previous net income
- 11,358m<sup>2</sup> leased, representing 7% of the portfolio area
- *Post Year End:*
  - ARC 11,002m<sup>2</sup>, expiry 2009
  - Ernst & Young 3,994m<sup>2</sup>, expiry 2018

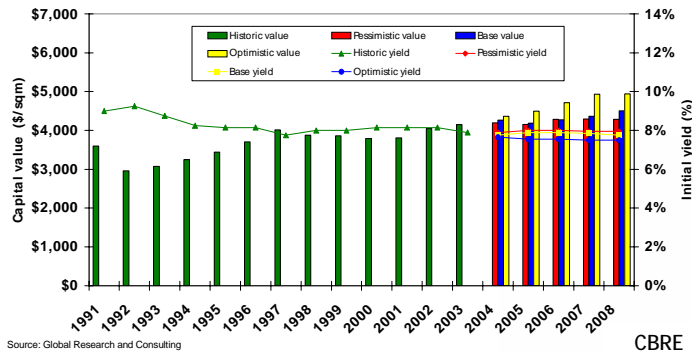
### Rent Reviews

- 42 Rent Reviews were completed
- 4% (\$642,815) ahead on previous net income
- 50,848m<sup>2</sup> reviewed, representing 33% of the portfolio area

## Retail Sector Performance

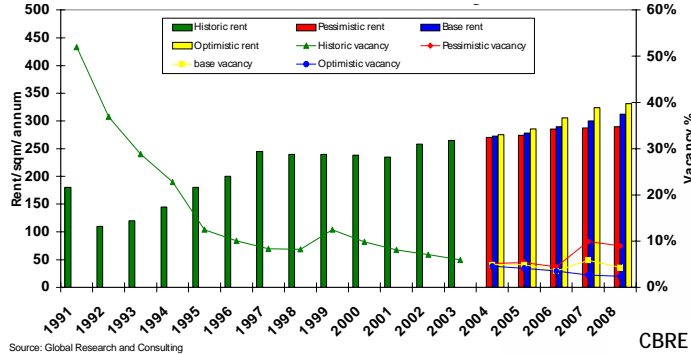
- The retail sector performed strongly over the past 12 months. Positive domestic indicators such as net inward immigration, rising real wages, a decline in unemployment, stable inflation and the wealth generating effects of the buoyant housing market combined to boost consumer spending.
- Confidence in the NZ retail sector was reflected in renewed interest from several Australian retailers seeking space in shopping centres to expand their operations.
- The timely expansion, development and refurbishment of the retail assets, plus acquisition of Downtown Plaza in Hamilton, have enabled the retail portfolio to respond positively to the strong market.
- Low vacancy rates and continued demand within prime assets will provide further rent growth.

## Auckland CBD Office Premium Yield & Value



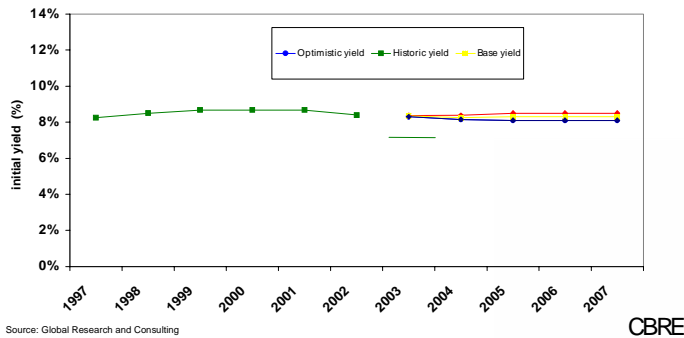
- Yields are expected to further tighten over 2004 and 2005 before stabilising at 7.85%

## Auckland CBD Office Premium Rent & Vacancy



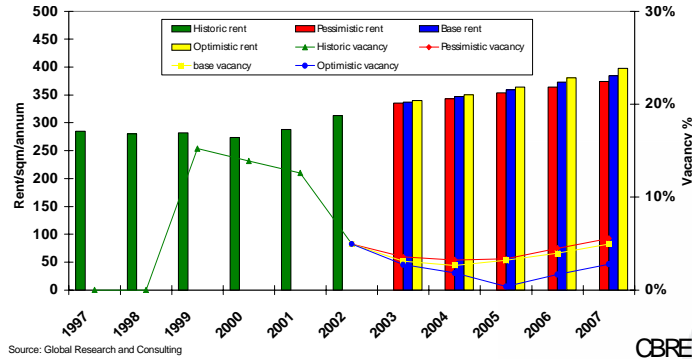
- Rents will strengthen over the forecast period
- Vacancy rates will reduce to 3.5% in 2006, with a slight increase expected in 2007 before settling at 4.3%

## Wellington CBD Office Premium Yield



- Pressure will continue on yields however it is expected they will hold firm at 8.10% – 8.30%

## Wellington CBD Office Premium Rent & Vacancy

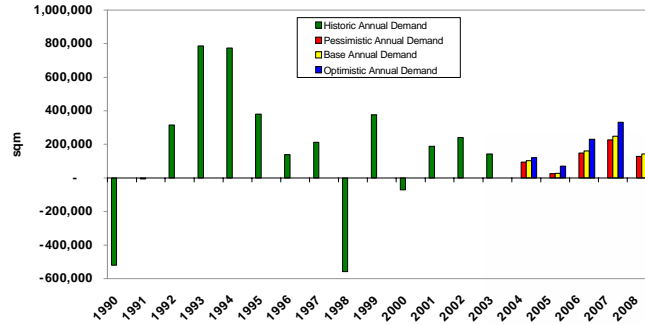


- Vacancies are forecast to steadily reduce until they bottom out in 2005
- Vacancy increase in 2006 and 2007 due to tenants forced into secondary space as a result of no expansion opportunities in prime space
- Rent will continue to grow at 3% – 4% per annum

## Industrial Sector Performance

- The industrial market remains healthy. Although investment fundamentals have been extremely good over the last 12 months there was some concern that tenant demand was not keeping pace with investor expectations. However, over the last six months there has been an improvement in occupier enquiry, with overall vacancy rates falling to 3.5%.
- A shortage of available land for development, combined with aggressive investor demand continues to drive yields down and land values up.

## Auckland Industrial - Demand

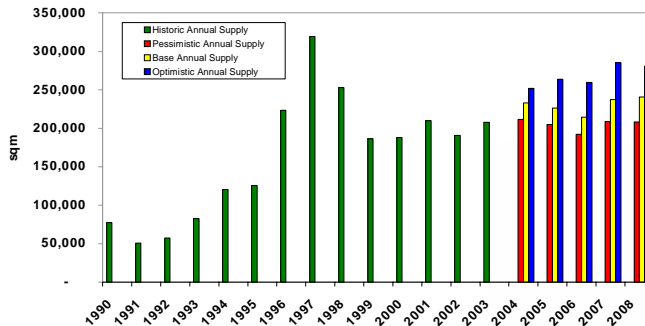


Source: Global Research and Consulting

CBRE

- Demand will fall away over the next two years reflecting a general slowing in the economy before recovering to 200,000m<sup>2</sup> in 2006

## Auckland Industrial - Supply

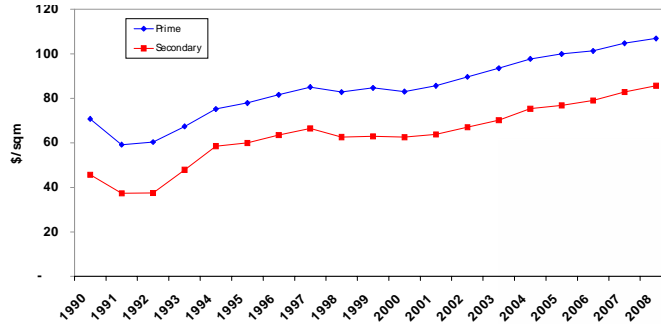


Source: Global Research and Consulting

CBRE

- Supply will be between 200,000 and 250,000m<sup>2</sup> per annum
- The industrial occupier market is in a healthy state with overall vacancy dropping from 4.1% to 3.5% in the second half of 2003
- Vacancy should remain within 4% - 6% over the forecast period

## Auckland Industrial – Rents Prime vs Secondary

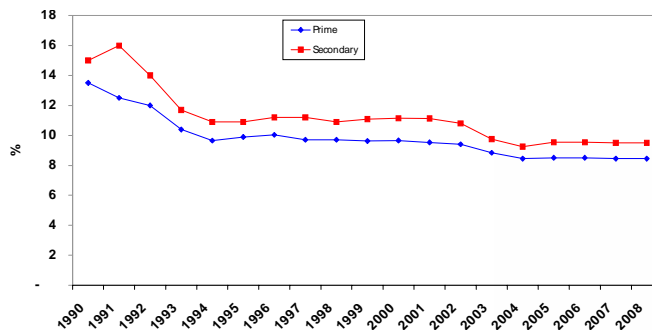


Source: Global Research and Consulting

CBRE

- Rent growth is forecast to continue over 2004
- After 2004, rent growth is forecast to fall away in both the prime and secondary markets in 2005 as the economic fundamentals weaken

## Auckland Industrial – Yields Prime vs Secondary



Source: Global Research and Consulting

CBRE

- Most of the yield firming has already occurred and the forecast is for stable yields for the next few years
- As the market's performance increases in 2006/07, the prime sector is forecast to benefit with firming yields

## Added Value

### Northlands, Christchurch



	Prospectus June 2002	Forecast/Actual March 2004	
Valuation	\$189.0m	\$203.3m	✓
Development Margin	\$3.6m	\$16.7m	✓
Incremental Income	\$7.9m	\$8.3m	✓
Yield	8.7%	9.1%	✓
No. of Specialty	125	135	✓
Occupancy	-	99.6%	
Net Lettable Area	40,700m <sup>2</sup>	41,000m <sup>2</sup>	

## Added Value

### Northlands, Christchurch



- All development hurdles exceeded
- Now largest enclosed shopping centre in NZ
- Dominant position in Christchurch retail market
- Increased market share

### Northlands, Christchurch



### Sylvia Park Update



- Rezoning confirmed
- Major tenant negotiations being finalised
- Strategic partners being reviewed
- Focus on commercial assessment and developed design

## Added Value

### Downtown Plaza, Hamilton



Address	Cnr Worley & Ward Streets
Date Acquired	July 2003
Purchase Price	\$14.0m
Total Net Lettable Area	2,953m <sup>2</sup>
Occupancy	100%
Current Valuation (Mar 04)	\$15.3m
Yield	10.5%

- Improved Income
- Increased Value - \$1.3m

## Added Value

### North City, Porirua



- \$9.9m remix underway
- 500 seat Foodcourt opened March 04
- Improved customer facilities
- Completion forecast September 04
- Added Value - \$3.7m
- 57 new leases completed
- 91.5% of income budget achieved to date

## Added Value

### Unisys House, Wellington



Address	56-58 The Terrace
Date Acquired	30 April 2004
Purchase Price	\$44.1m
Total Net Lettable Area	22,105m <sup>2</sup>
Car Parking Spaces	328
Occupancy	100%

Major Tenants	NLA	% NLA
Dept of Labour	6,941	31%
Unisys	6,008	27%
Crown Law	4,796	22%
Securities Commission	1,796	8%

## Added Value

### NGC House, Wellington



Address	44 The Terrace
Date Acquired	30 Sep 2004
Purchase Price	\$19.3m
Total Net Lettable Area	10,106m <sup>2</sup>
Car Parking Spaces	0
Occupancy	100%

Major Tenants	NLA	% NLA
NGC	2,432	24%
Commerce Commission	2,426	24%
Tertiary Education	2,374	23%
Dept of Corrections	1,246	12%

- KIPT portfolio in sound position for growth
- Retail opportunities include Sylvia Park and The Plaza
- Markets will continue to provide robust performance
- Balance sheet capacity for strategic opportunities

- Net Income after tax up 9.7% ✓
- Gross Distribution 8.57 cpu (pcp 8.54 cpu/projection 8.30-8.50 cpu) ✓
- Revaluation gain of \$50.6m ✓
- NTA increases 7% to \$1.15 ✓
- Market Capitalisation up \$59m to \$723m ✓
- Total Assets up by \$187m to \$1.1b ✓
- Portfolio occupancy up to 98.2% ✓
- Northlands development delivered ✓

# KIWI INCOME PROPERTY TRUST

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