



APRIL 2011 ::

02 Update on Christchurch earthquake
02 Receiving unsolicited offers

03 Creating the future
03 Introducing LynnMall Shopping Centre

04 Turning back the clock
04 Our global footprint

INVESTOR UPDATE



WELCOME

The last few months have been a very active period for the Trust. In a significant step forward we added a further regional shopping centre to the Trust's portfolio of prime retail and office assets. We also successfully renewed and extended bank debt facilities and achieved solid progress on leasing and development initiatives.

In this Investor Update, we provide you with the latest news on our head office development for ASB, introduce you to LynnMall Shopping Centre, give an update on our global marketing efforts and provide you with important investor information.

If you would like to know more about the Trust, or keep up to date on our activities, I would encourage you to visit our website, www.kipt.co.nz.

CHRIS GUDGEON, CHIEF EXECUTIVE, KIWI INCOME PROPERTIES LIMITED

UPDATE ON CHRISTCHURCH EARTHQUAKE

THE EFFECTS OF THE NATURAL DISASTER THAT STRUCK CHRISTCHURCH ON 22 FEBRUARY 2011 WILL UNFORTUNATELY BE FELT IN THE REGION FOR MANY YEARS TO COME.

Thankfully, the Trust's two assets – Northlands Shopping Centre and the PricewaterhouseCoopers Centre – performed as they should, ensuring no occupants in either building were injured during the earthquake.

Our first concern was to ensure the safety of our staff, tenants and customers. We then moved swiftly to get Northlands Shopping Centre partly operational again so that Christchurch residents were able to access essential groceries from both the Countdown and PAK'nSAVE supermarkets the day after the earthquake. This was particularly important for the community given the damage to other shopping centres in the region.

Pleasingly, approximately 95% of stores at Northlands Shopping Centre were trading again within two weeks of the earthquake.

Due to the rescue and recovery effort in the Christchurch CBD, it has not been possible to gain access to the PricewaterhouseCoopers Centre to undertake a comprehensive assessment of structural damage. At the time of printing this Investor Update, the central city remains

inaccessible with a cordon in place. We will update investors once proper assessments have been made.

Both properties are insured for material damage and business interruption resulting from the earthquake.

The independent valuations as at 31 March 2011 for our two Christchurch assets reflected the uncertainty created by the earthquake with a 17.9% reduction in the combined value of Northlands Shopping Centre and the PricewaterhouseCoopers Centre. For further information on the Trust's full year property portfolio valuations please refer to the NZX release on our website www.kipt.co.nz/media-releases.

THANK YOU!

WE WOULD LIKE TO THANK INVESTORS WHO HAVE TAKEN UP OUR OFFER TO BECOME "e-INVESTORS."

Since we launched our program in mid-2010, more than a third of our investors have signed up to our e-Investor campaign, helping the Trust reduce its environmental footprint while delivering investors fast, effective communications.

For those of you that haven't signed up, we would encourage you to join your fellow investors.

To join, simply follow the instructions on our website, www.kipt.co.nz. We also have an online counter that keeps track of our e-Investor campaign.

If you have any further questions, please contact the Registrar during normal business hours on 0800 377 388 or +64 9 375 5998 (overseas holders).

IF YOU RECEIVE UNSOLICITED OFFERS TO BUY KIP UNITS

PLEASE HEED THIS SECURITIES COMMISSION WARNING.

The Securities Commission recently issued a warning to all New Zealand investors to be "very wary of any unexpected offers they may receive for their shares or other investments."

In a March 2011 press statement, the Commission said it had become aware of a number of unsolicited offers being made by limited partnerships. It said the offers may seem attractive, but payment for the securities acquired were often deferred or may not be received by the investor for up to 10 years.

"This means that the offers are worth significantly less than may first appear and may even mean that the investor will never receive the full payment if the offeror (sic) is unable or unwilling to pay at any time in the future."

Investors who receive unsolicited offers are encouraged to carefully read the offer and take the time to make a few important checks – for further guidance seek advice from your financial adviser. For additional information see the Commission's website www.seccom.govt.nz.

CREATING THE FUTURE

Friday, February 4 2011 marked an important day in the Trust's calendar, with Chief Executive, Chris Gudgeon 'breaking ground' to mark the commencement of works on the new head office building for ASB at Wynyard Quarter.

The Trust's contracted builder, Fletcher Construction, took possession of the site on 17 January and is currently undertaking preliminary site works. Piling and the installation of underground services commenced in March 2011, with construction of the new office tower to commence in June 2011.

The ceremony was also attended by acting ASB Chief Executive Officer, Ian Park, who said: "We're confident that our Wynyard Quarter location is a place that will become increasingly

desirable over time, due to its unique setting, inspiring community areas and expansive open spaces – all within a vibrant maritime setting."

"For our customers and the community, we want this to be a place where they can visit, that gives them a real sense of ASB as we help them create their future," Mr Park said.

As we have reported previously, the Trust is developing a new environmentally friendly, 18,000 sqm premium grade office building for ASB on a parcel of land within the Wynyard Quarter, Auckland's showpiece for the 2011 Rugby World Cup and a long-term addition to the city's waterfront architecture.

The building is programmed to be completed in time for ASB's lease commencement in June 2013.



INTRODUCING LYNNMALL SHOPPING CENTRE

LYNNMALL SHOPPING CENTRE WAS STRATEGICALLY ADDED TO THE TRUST'S PORTFOLIO OF 14 OFFICE BUILDINGS AND SHOPPING CENTRES IN DECEMBER 2010, WITH THE \$174.0 MILLION ACQUISITION REPRESENTING A 'BOTTOM OF THE CYCLE' OPPORTUNITY TO CREATE LONG-TERM VALUE FOR THE TRUST AND ITS INVESTORS.

Comprising 103 shops, 11 foodcourt units, nine kiosks and seven ATMs, LynnMall Shopping Centre is one of just eight existing regional shopping centres in the greater Auckland region. The 31,384 sqm centre, which has been attracting Auckland shoppers since 1963, is anchored by a Farmers department store and Countdown supermarket, together with four mini-major tenants being JB Hi-Fi, Number One Shoes, Noel Leeming and Postie Plus.

Importantly for investors, the acquisition was immediately accretive to earnings.

Chief Executive Chris Gudgeon said: "Our ability to execute this transaction is due to the Trust's strong balance sheet position, which we maintained throughout the global financial crisis by prudent capital management."

"To be able to invest at the bottom of the cycle into an Auckland regional shopping centre represents a valuable opportunity, particularly given that this asset class is very tightly held," he said.

The Trust settled the acquisition of the shopping centre on 31 December 2010.

Mr Gudgeon said: "LynnMall provides us with an opportunity to apply our proven active asset management model to improve the centre's attractiveness and competitiveness to shoppers and tenants alike."

"In acquiring this asset, we have already identified potential opportunities to enhance the centre and its retail mix by drawing on our extensive network of national and international retailers," Mr Gudgeon said.

The centre benefits from its strategic location within the Auckland suburb of New Lynn.

AN ATTRACTIVE OPPORTUNITY

Acquisition price	\$174.0 million
Passing yield	9.05%
Long-term yield forecast	8.41%
Internal rate of return	10.5%

Recent road and public transport upgrades, including the completion of an integrated rail and bus transport centre immediately adjacent to LynnMall, have increased accessibility to the centre. Future road works, including the upgrade of traffic routes into New Lynn from the existing SH20 termination point at Maioro Street, together with the completion of the SH20 to SH16 link, will improve this accessibility further.

FUTURE GROWTH IS ENCOURAGED

- New Lynn is identified in key regional planning documents as a sub-regional centre where future growth is encouraged;
- The former Waitakere City Council has been actively planning for such growth for more than a decade and recent planning initiatives seek to rezone large areas of land in the area to facilitate intensive residential and commercial development;
- The recently completed rail and bus transport interchange, adjacent to LynnMall, is expected to form a nucleus around which New Lynn will develop;
- Improvements to rail, arterial roading and motorway networks increase accessibility to New Lynn and provide opportunity to capture greater market share of retail spending in the trade area; and
- There are no specific limitations on use, height or gross floor area providing a high level of flexibility for the future development of LynnMall.



TURNING BACK THE CLOCK

It was a step back in time when the Victoria Theatre Trust reopened Devonport's Victoria Theatre, replete with seats, curtains and speakers donated by Kiwi Income Property Trust.

The theatre equipment was donated to the Theatre Trust after the former Rialto Cinemas at Centre Place Shopping Centre in Hamilton were refurbished to make way for the new Lido Cinemas complex.

Our donation of the former Rialto fit-out was critical to the success of the Victoria Theatre Trust securing the theatre lease and getting the venue up and running. The Victoria Theatre was built in 1912 and is the earliest purpose-built cinema still in existence in the Southern Hemisphere.

The theatre reopened in late October 2010 and has been visited by up to 4,800 patrons per month. It is on track to be a key community facility for both film and drama.



OUR GLOBAL FOOTPRINT

THE TRUST HAS COME A LONG WAY SINCE IT LISTED ON THE NEW ZEALAND STOCK EXCHANGE IN 1993. BACK THEN, THE BULK OF OUR INVESTORS WERE HOME GROWN – DOMINATED BY DOMESTIC INSTITUTIONS AND RETAIL INVESTORS.

We are proud to say that the support of our New Zealand investors remains as strong today as it did then, but we have also increased our international marketing efforts to ensure our liquidity is maintained and to continually protect, enhance and grow the Trust's place in the global investment market.

As a result, we now have registered investors from 27 countries, from as far afield as Andorra, Qatar and the Isle of Man, to Vanuatu, Australia, the United Kingdom and the United States.

In the year to date, we have undertaken a number of investment roadshows for

prospective and existing investors, including domestic asset tours here in New Zealand, as well as international roadshows in Melbourne, Sydney, Hong Kong, Singapore, Philadelphia, New York and Miami.

These marketing efforts form an essential part of our commitment to our investors to continually drive investment value.

In February, Chief Executive Chris Gudgeon addressed a meeting of members of the Auckland branch of the New Zealand Shareholders Association, representing another important component of our investor relations calendar.

GET YOUR DISTRIBUTIONS FASTER

More than 1,100 of our investors still receive their distributions by cheque. If you are one of those investors and you hold a New Zealand bank account, there is a faster way to receive your distributions from us. By providing the Registrar with your bank account details and selecting the direct credit option, you

can have your distributions paid directly into your bank account.

To switch to the direct credit option, please contact the Registrar during normal business hours on 0800 377 388 or +64 9 375 5998 (overseas holders).

ACTIVE CAPITAL MANAGEMENT

IN NOVEMBER 2010, WE SUCCESSFULLY RENEWED AND EXTENDED \$302.5 MILLION OF THE TRUST'S BANK DEBT FACILITIES THAT WERE DUE TO EXPIRE IN APRIL AND MAY 2011.

These new facilities, which were agreed with ANZ, BNZ, CBA and Westpac, maintain the Trust's diversity of debt funding and are for terms of between 3.3 years and 5.4 years, with maturities spread amongst the Trust's financial years ending 31 March 2015, 2016 and 2017.

Chief Financial Officer, Gavin Parker said: "Due to our long-term capital management planning, we have been able to get through the worst of the global financial crisis on bank debt negotiated prior to the downturn. Although our cost of debt increased, we have avoided the very high rates and onerous terms seen at the peak of the financial crisis and have been able to negotiate comparatively favourable rates in a more stable banking environment."

FINANCIAL CALENDAR

Key dates for investors are outlined below:

18 May 2011	Full year announcement
2 June 2011	Final distribution record date
16 June 2011	MCN interest payment record date
20 June 2011	Payment of MCN interest
21 June 2011	Payment of final distribution

Please note: These dates are indicative and may be subject to change.

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