KIWI INCOME PROPERTY TRUST

Colonial First State
Global Asset Management

INTERIM RESULT

For the six months ended 30 September 2010

KIWI INCOME PROPERTY TRUST

12 November 2010

Chris Gudgeon Chief Executive
Gavin Parker Chief Financial Officer

Agenda

Chris Gudgeon, Chief Executive

– **Interim result overview**

Gavin Parker, Chief Financial Officer

– **Financial review**

Chris Gudgeon, Chief Executive

– **Portfolio overview**
– **Review of operations**
– **Outlook**

All statistics as at 30-Sep-10 unless otherwise stated

Interim result overview

Interim result presentation for the six months ended 30 September 2010

Highlights

Solid operating performance:

- Net operating income $68.2 million, **up 1.5%**
- Distributable profit after tax $33.0 million, **up 10.4%**
- Interim distribution after tax 3.50 cents per unit, in line with guidance

Strong balance sheet:

- Net gearing ratio of **24.9%**
- Bank debt facilities renewed for **$302.5 million**, maturing FY15-FY17
- Weighted average term of bank debt facilities increased from 1.4 years to **2.9 years**

Index outperformance:

- Outperformed NZX 50 and NZX Property Indices

Highlights (continued)

Robust portfolio performance:

- Core retail and office occupancy rate **97.0%**
- Weighted average lease term stable at **4.2 years**
- Active leasing program delivering results
- Retail sales recovering and affordability ratios improving
- Sylvia Park net operating income up **7.3%**
- Christchurch properties fully operational post Canterbury earthquake

Development program:

- ASB development on track: **8.5% yield** on $126.2 million development cost
- Plan change provides expansion options for Sylvia Park (subject to appeals)

Financial result

Financial performance For the six months ended	30-Sep-10	30-Sep-09	Variance	
	$m	$m	$m	%
Gross rental income[1]	94.0	92.9	*+1.1*	*+1.2*
Property operating expenditure	-25.8	-25.7	*-0.1*	*-0.4*
Net operating income[1]	**68.2**	**67.2**	***+1.0***	***+1.5***
Other operating expenses	-31.2	-29.9	*-1.3*	*-4.3*
Distributable profit before tax	**37.0**	**37.3**	***-0.3***	***-0.8***
Current tax expense	-4.0	-7.4	*+3.4*	*+45.9*
Distributable profit after tax	**33.0**	**29.9**	***+3.1***	***+10.4***
Property revaluations [fair value change]	-0.8	-65.8	*+65.0*	*+98.8*
Interest rate derivatives [fair value change]	-14.4	7.3	*-21.7*	*-297.3*
Other non-operating items	-1.6	0.5	*-2.1*	*-420.0*
Deferred tax benefit/(expense)	-134.7	9.9	*-144.6*	*-1,460.6*
Reported loss after tax	-118.5	-18.2	*-100.3*	*-551.1*
***Cash distribution** [cpu]*	***3.50***	***3.75***	***-0.25***	***-6.7***

Distributable profit

$33.0m

1. Excludes rental income resulting from straight-lining of fixed rental increases and other non-cash rental adjustments

Total returns

Cumulative average Total Return[1] since inception

9.5%

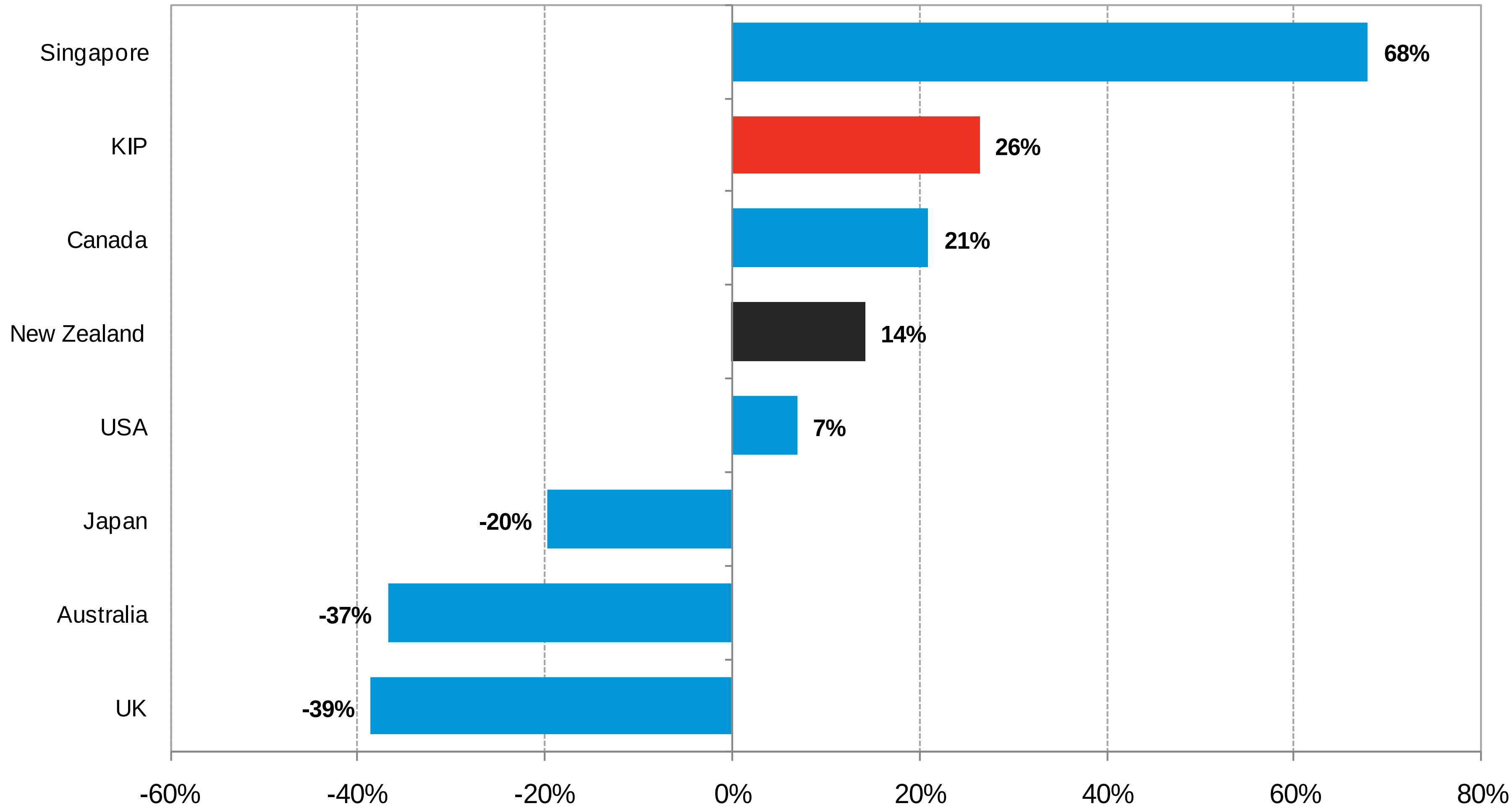
Total returns For the periods to 30-Sep-10	1 year	3 year	5 year
	%pa	%pa cum	%pa cum
KIP [Unit price $1.01]	**3.6**	**-3.9**	**4.8**
NZX 50 Gross Index	0.5	-9.4	-1.6
NZX Property Gross Index	1.8	-5.1	2.7

KIP has outperformed both NZX 50 and NZX property indices

1. Total Return means the return, including unit price movements and the reinvestment of all cash distributions and imputation tax credits

LPT global total return

Five years ended 30-Sep-10



Source: Goldman Sachs & Partners NZ Research

Financial review

Interim result presentation for the six months ended 30 September 2010

Distributable profit

Distributable profit For the six months ended	30-Sep-10	30-Sep-09	Variance		
	$m	$m	$m	% Total	% L4L
Net operating income - retail[1]	38.6	35.7	+2.9	+8.1	-1.3
Net operating income - office[1]	28.2	29.8	-1.6	-5.4	-2.6
Net operating income - other[1]	1.4	1.7	-0.3	-17.6	-17.6
Net operating income[1]	**68.2**	**67.2**	***+1.0***	***+1.5***	***-2.4***
Net bank interest[2]	-16.7	-18.0	+1.3	+7.2	
Mandatory convertible notes	-8.2	-5.7	-2.5	-43.9	
Management fees	-5.1	-4.7	-0.4	-8.5	
Other expenses	-1.2	-1.5	+0.3	+20.0	
Total expenses	**-31.2**	**-29.9**	***-1.3***	***-4.3***	
Distributable profit before tax	37.0	37.3	-0.3	-0.8	
Current tax expense	-4.0	-7.4	+3.4	+45.9	
Distributable profit after tax	**33.0**	**29.9**	***+3.1***	***+10.4***	
Weighted average no. units [m]	*889.7*	*792.1*	*+97.6*	*+12.3*	
Distributable profit: gross [cpu][3]	*4.16*	*4.71*	*-0.55*	*-11.7*	
Distributable profit: net [cpu][3]	*3.71*	*3.77*	*-0.06*	*-1.6*	

– Net operating income increased by **1.5%** and distributable profit increased **10.4%**

1. Excludes rental income resulting from straight-lining of fixed rental increases and other non-cash rental income adjustments
2. Net of interest income and capitalised interest and excludes movement in cash flow hedge reserve
3. Calculated using the weighted average number of units on issue

Financial position

KIWI INCOME PROPERTY TRUST

Colonial First State Global Asset Management

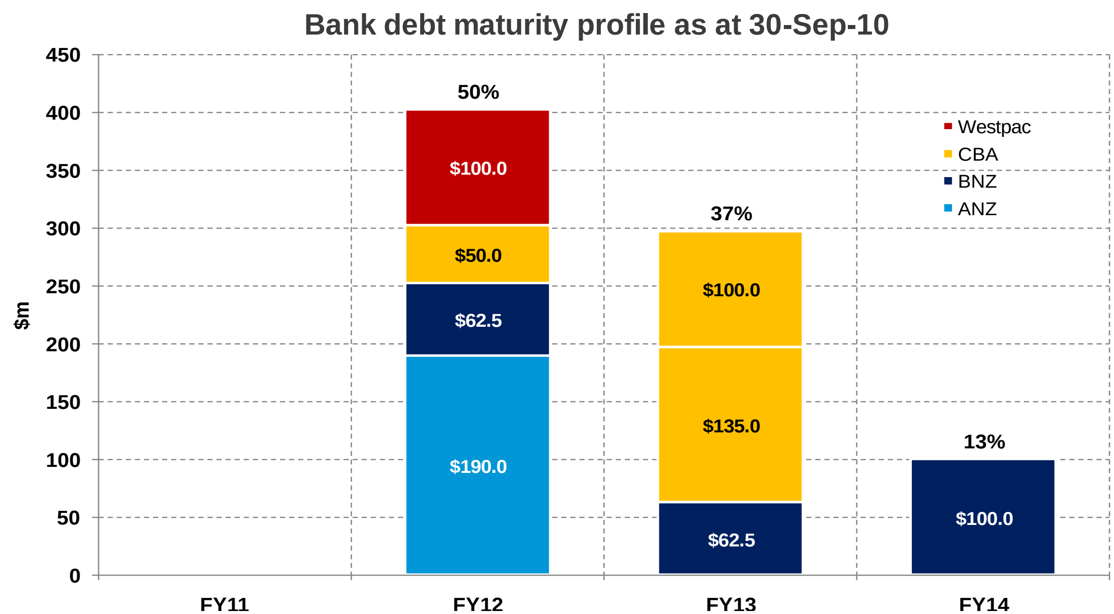
Financial position As at	30-Sep-10 $m	31-Mar-10 $m	Variance $m	Variance %
Assets				
Property assets	1,856.1	1,848.7	*+7.4*	*+0.4*
Cash on deposit	112.7	117.8	*-5.1*	*-4.3*
Other assets	23.1	18.3	*+4.8*	*+26.2*
	1,991.9	**1,984.8**	***+7.1***	***+0.4***
Liabilities				
Secured bank debt	578.0	571.0	*-7.0*	*-1.2*
Mandatory convertible notes	117.3	261.7	*+144.4*	*+55.2*
Deferred tax liability	315.7	177.6	*-138.1*	*-77.8*
Other liabilities	76.2	65.9	*-10.3*	*-15.6*
	1,087.2	**1,076.2**	***-11.0***	***-1.0***
Unit holder funds	**904.7**	**908.6**	**-3.9**	**-0.4**
Net gearing ratio[1]	*24.9%*	*24.4%*		*-0.5%*
Adjusted NTA[2]	*$1.15*	*$1.22*	*-$0.07*	*-5.7%*

The balance sheet remains strong and provides flexibility to explore value-added investment opportunities

1. Calculated as bank debt less $108.4 million (31-Mar-10 $113.8 million) MCN proceeds on deposit over total assets (excluding MCN proceeds on deposit)
2. Adjustment of NTA refers to the exclusion of deferred tax on items that will not crystallise

Debt summary

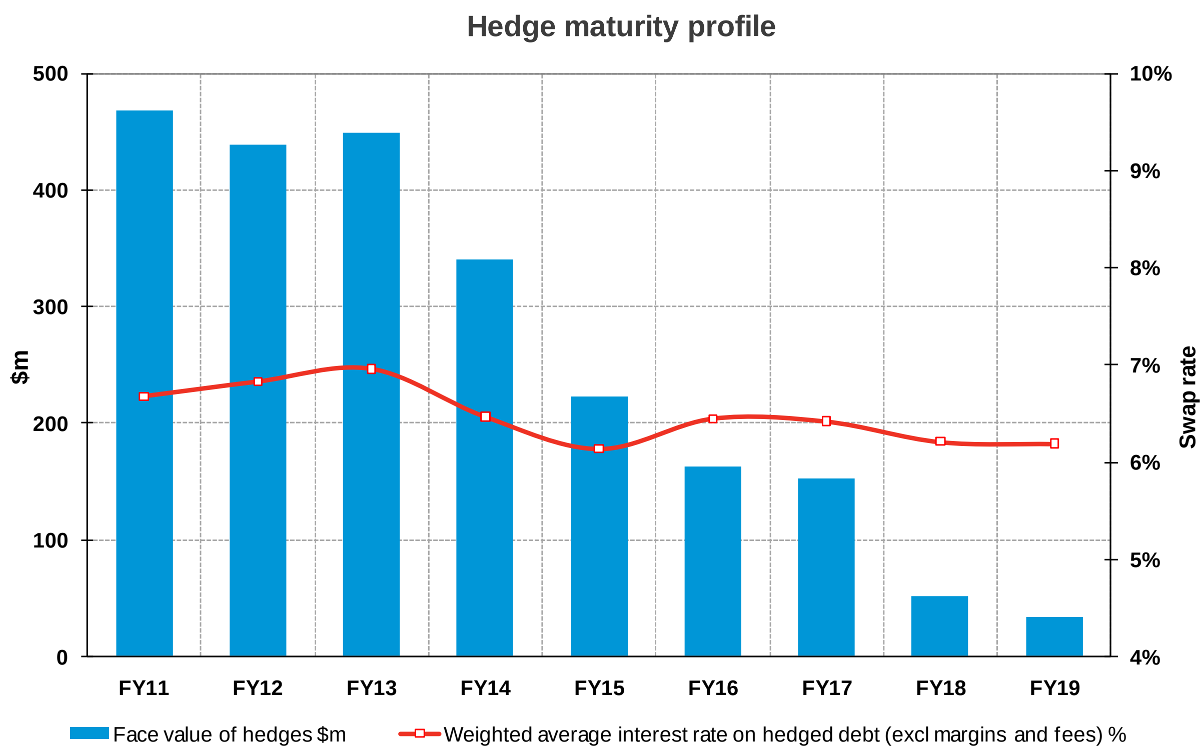
Bank facilities	30-Sep-10	31-Mar-10
Bilateral facilities [ANZ, BNZ, CBA and Westpac]	$800m	$800m
Balance drawn	$578m	$571m
Balance undrawn	$222m	$229m
MCN proceeds on deposit	$108m	$114m
Weighted average cost of debt (incl. margin and line fees)	6.68%	7.07%
Weighted average term to maturity of facilities	1.4 years	1.9 years
Trust Deed gearing ratio [requirement: < 40%][1]	29.0%	28.8%
Bank covenant interest cover ratio [requirement: > 2.25 times][2]	3.96	3.73



1. Calculated as bank debt over total assets
2. Calculated as net rental income over net interest expense (net interest excludes interest on mandatory convertible notes)

Hedging summary

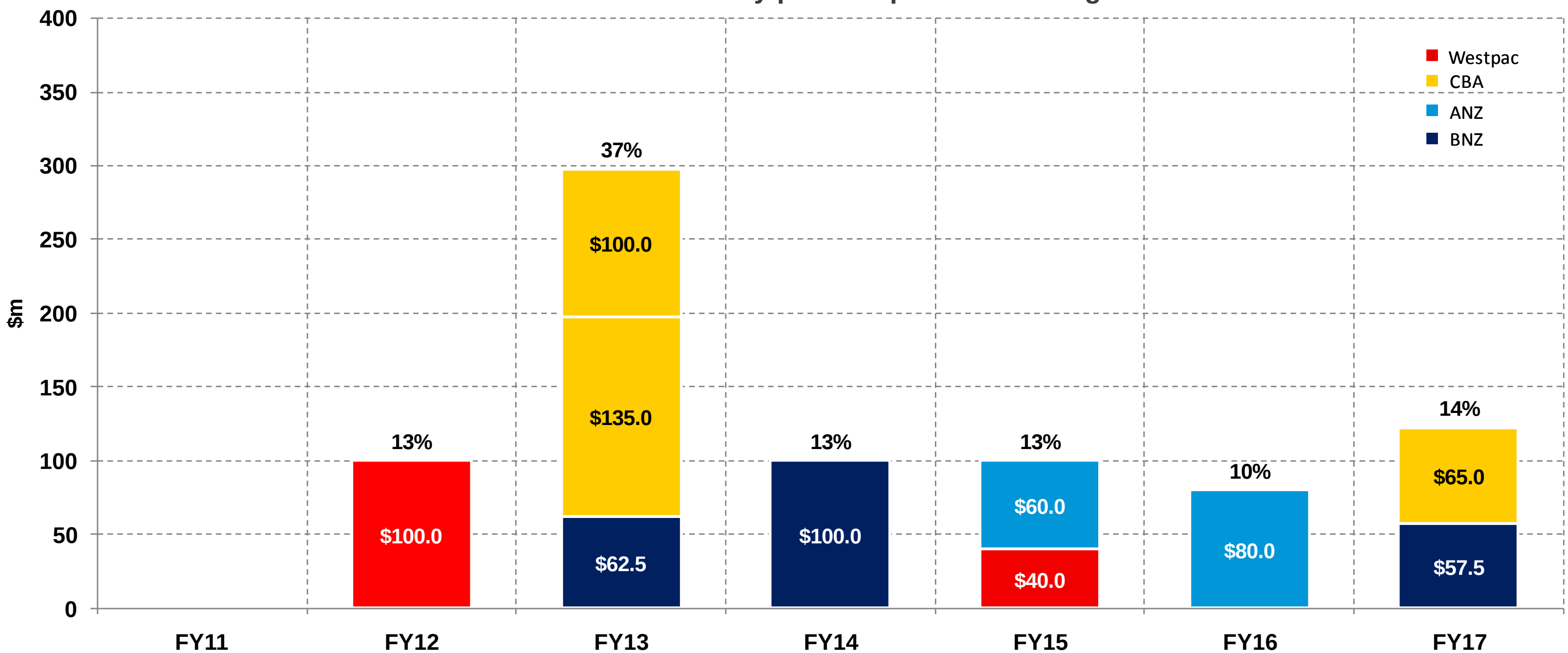
Hedging profile	30-Sep-10	31-Mar-10
Percentage of drawn debt hedged [fixed rate]	82%	94%
Weighted average interest rate on hedged debt [excl margin and fees]	6.66%	6.67%
Weighted average term to maturity of interest rate hedges	3.7 years	3.6 years



Debt refinancing

- **$302.5 million in bank debt facilities renewed** post the reporting period, with $800 million in bilateral bank debt facilities maintained
- Weighted average term to maturity has increased by 1.5 years to 2.9 years
  - Renewed facilities with ANZ, BNZ, CBA and Westpac spreads the maturities amongst the Trust's financial years ending 31 March 2015, 2016 and 2017
- Following the extensions, allocation to each of the four banks will be – ANZ: $140 million (17.5%), BNZ: $220 million (27.5%), CBA: $300 million (37.5%) and Westpac: $140 million (17.5%)

Bank debt maturity profile – post refinancing



Portfolio overview

Interim result presentation for the six months ended 30 September 2010

Occupancy

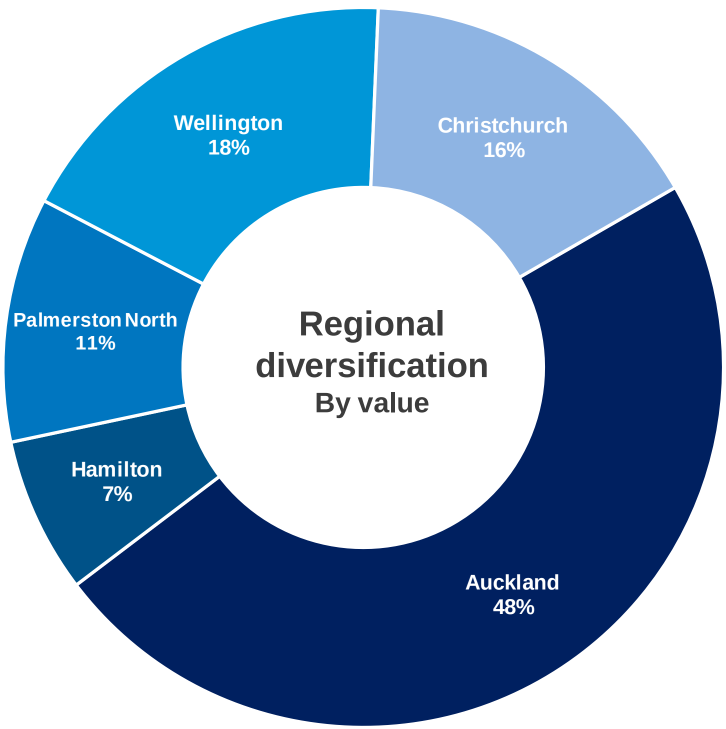
Portfolio occupancy

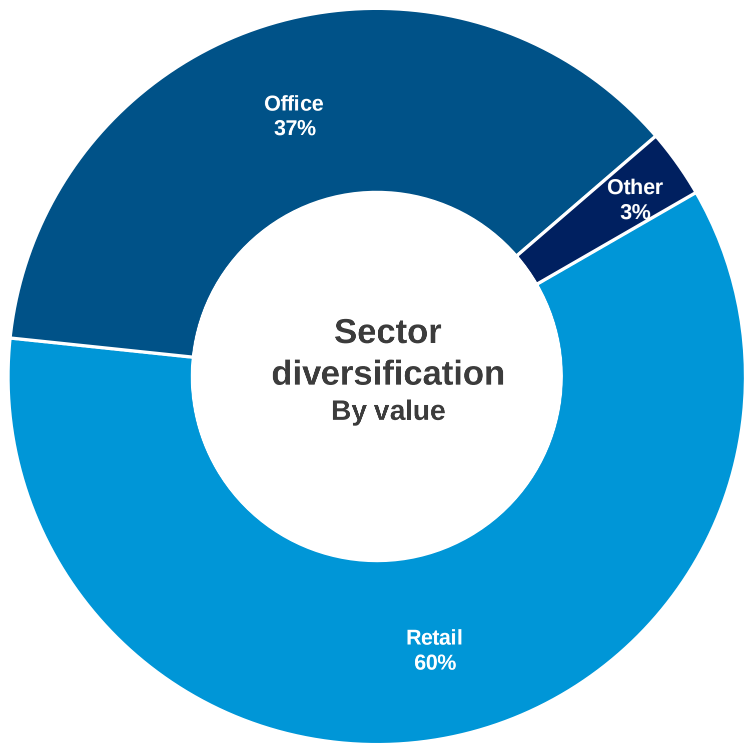
97.0%

Portfolio / Property	NLA	Vacant	Occupancy
	sqm	sqm	%
Sylvia Park	71,225	-	**100.0**
Centre Place	15,133	1,319	**91.3**
Downtown Plaza	6,146	-	**100.0**
The Plaza	32,279	-	**100.0**
North City	25,795	447	**98.3**
Northlands	42,256	881	**97.9**
Total: Retail	**192,834**	**2,647**	**98.6**
Vero Centre	39,490	3,554	**91.0**
National Bank Centre	26,141	2,870	**89.0**
21 Pitt Street	17,252	-	**100.0**
The Majestic Centre	24,387	-	**100.0**
Unisys House	22,158	-	**100.0**
44 The Terrace	10,109	-	**100.0**
50 The Terrace	2,442	-	**100.0**
PricewaterhouseCoopers Centre	16,082	1,581	**90.2**
Total: Office	**158,061**	**8,005**	**94.9**
Total: Investment portfolio	**350,895**	**10,652**	**97.0**

Diversification: Sector and regional

By value	Auckland	Wellington	Christchurch	Palmerston North	Hamilton	TOTAL % Total by Sector
Retail	24%	6%	13%	11%	6%	**60%**
Office	22%	12%	3%	-	-	**37%**
Other	2%	-	-	-	1%	**3%**
TOTAL % Total by Region	**48%**	**18%**	**16%**	**11%**	**7%**	**100%**

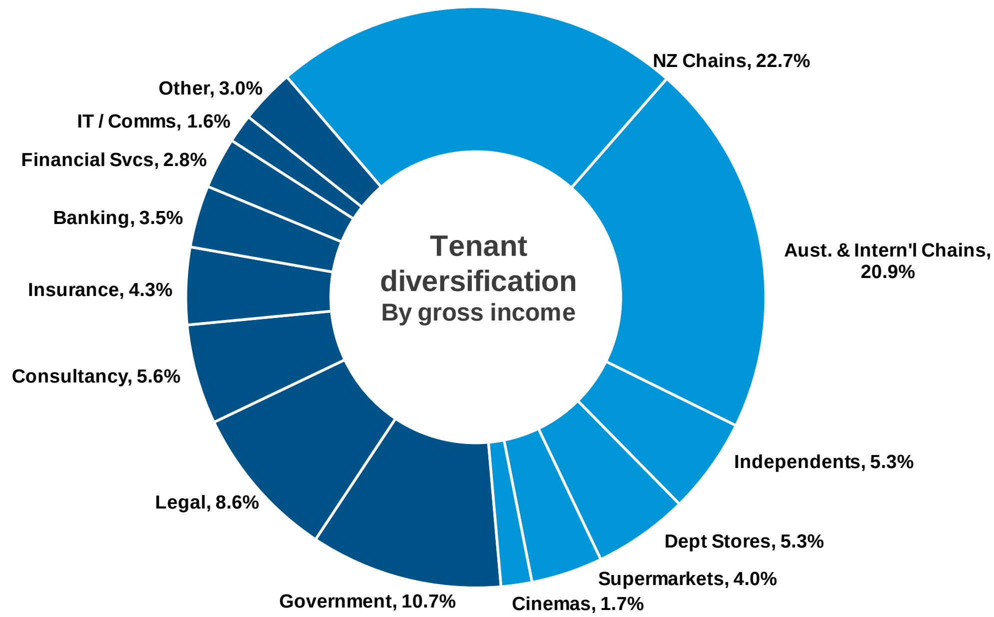




Diversification: Tenant

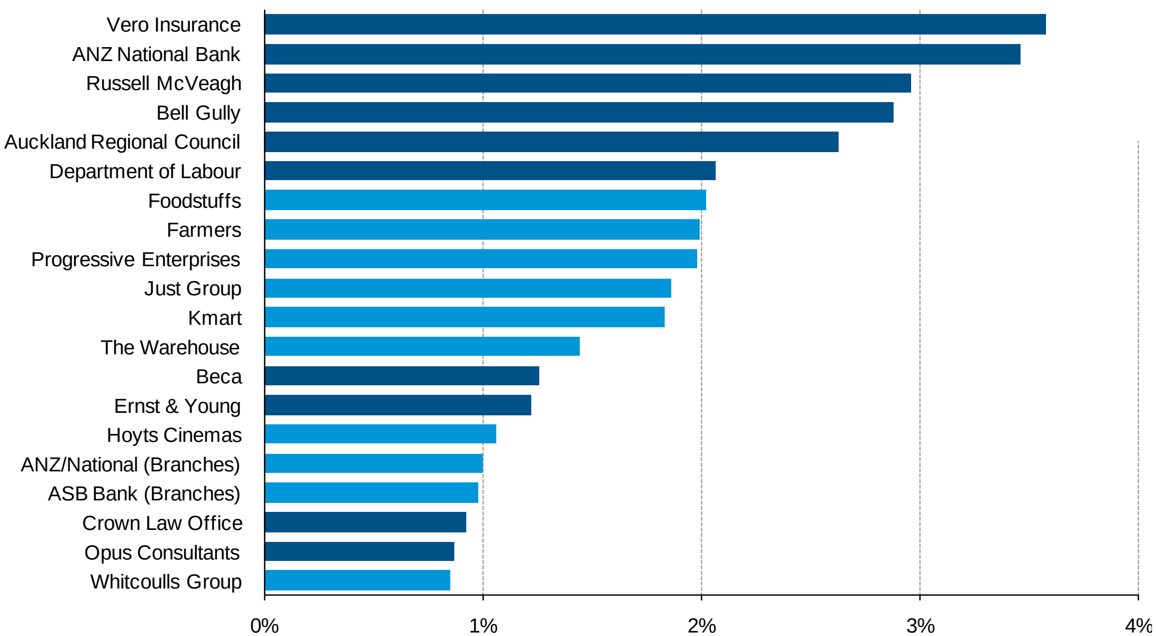
Analysis of property portfolio

Portfolio	No. Tenants	NLA	Gross income
Retail	83%	55%	60%
Office	17%	45%	40%
Top 20 tenants	3%	53%	37%

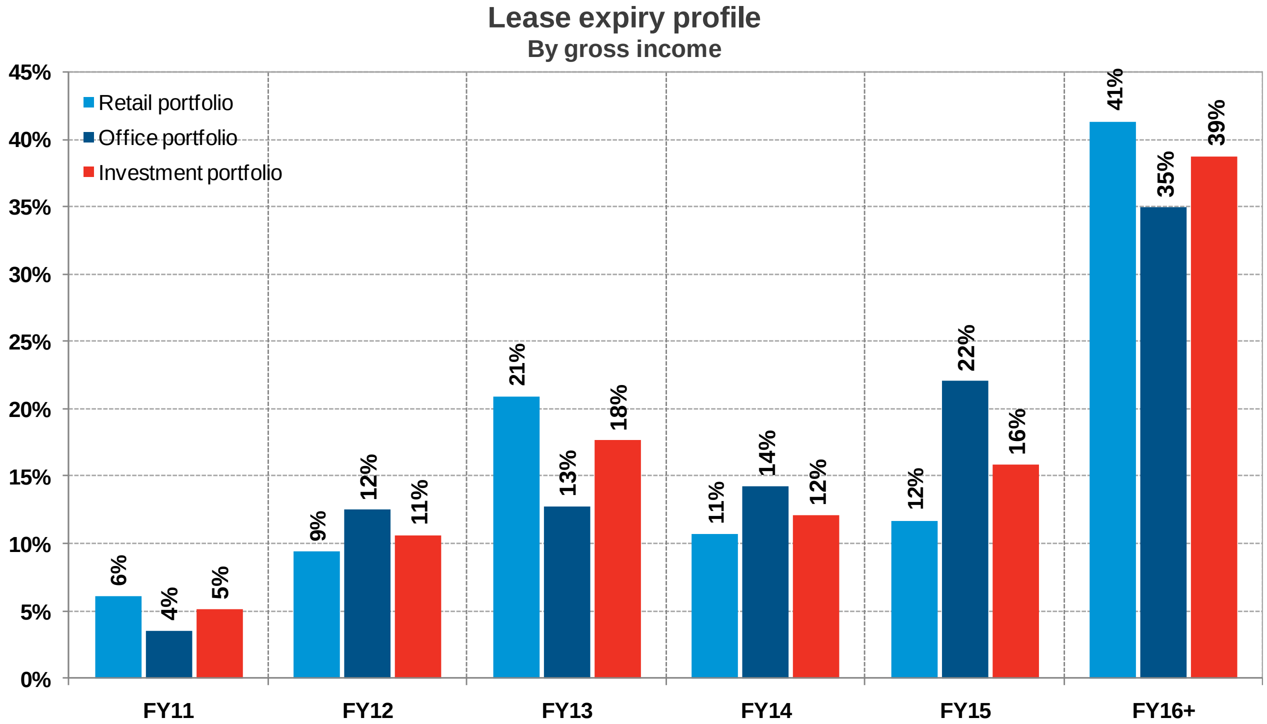


Top 20 tenants by gross income

% of investment portfolio



Lease expiry and WALT



Portfolio WALT

4.2 yrs

- Retail WALT: 4.3 years
- Office WALT: 4.1 years

Key expiries forthcoming: Office

FY	Property	Tenant	NLA sqm
11	44 The Terrace	Commerce Commission	2,677
12	National Bank Centre	ANZ National Bank [incl. retail]	5,735
12	21 Pitt Street	Beca[1]	4,205
13	Unisys House	Crown Law	4,806
13	Vero Centre	Russell McVeagh	7,452

Key expiries forthcoming: Retail

FY	Property	Tenant	NLA sqm
12	Centre Place	Event Cinemas	2,726
13	Sylvia Park	~100 specialty stores	~12,000
13	North City	Farmers	4,589

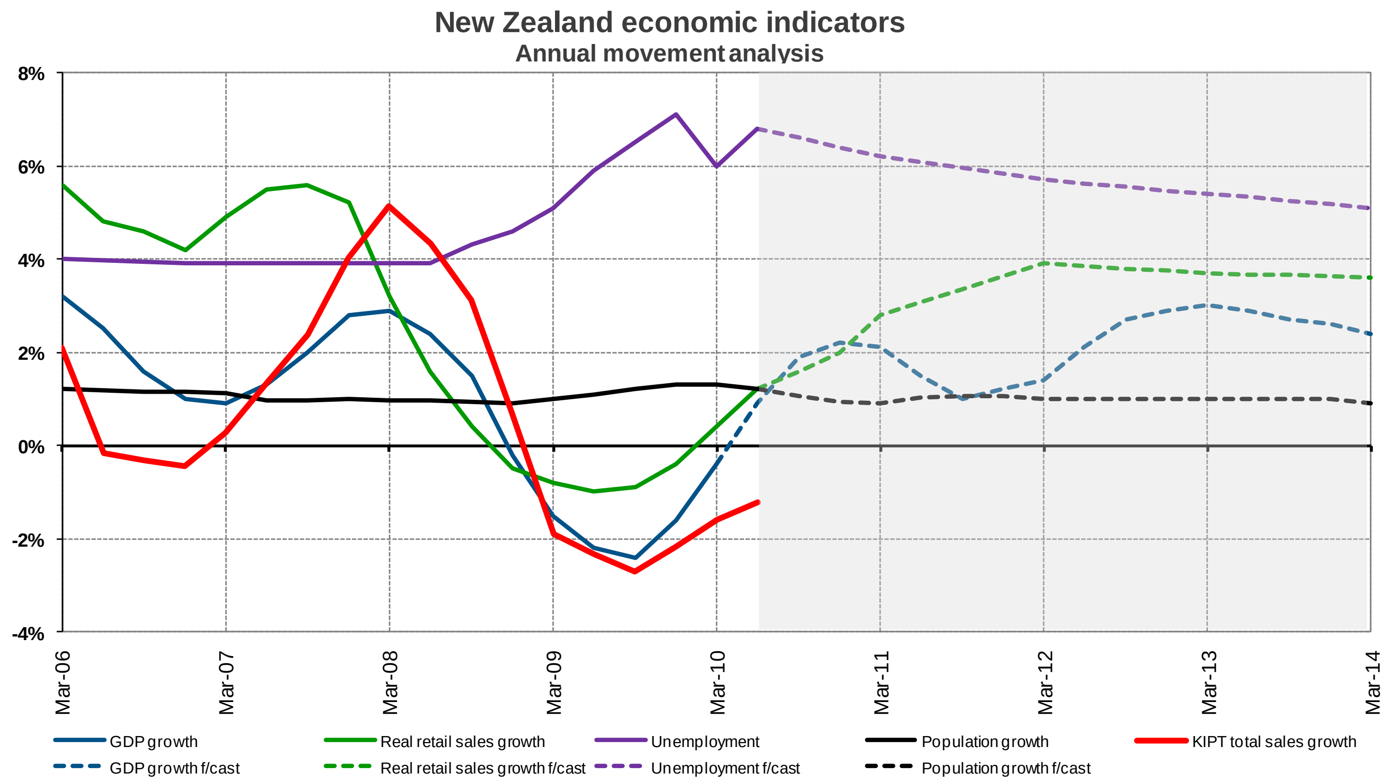
1. Subsequent to 30 September 2010, a new nine-year lease over 14,000 sqm was completed with Beca

Review of operations

Interim result presentation for the six months ended 30 September 2010

General economy

Indicator For the year ended/as at 31 Mar	2008A	2009A	2010A	2011F	2012F
GDP Growth	2.9%	-1.5%	-0.4%	2.1%	1.4%
Private Consumption Growth	3.2%	-0.8%	0.4%	2.8%	3.9%
Unemployment	3.9%	5.1%	6.0%	6.2%	5.7%



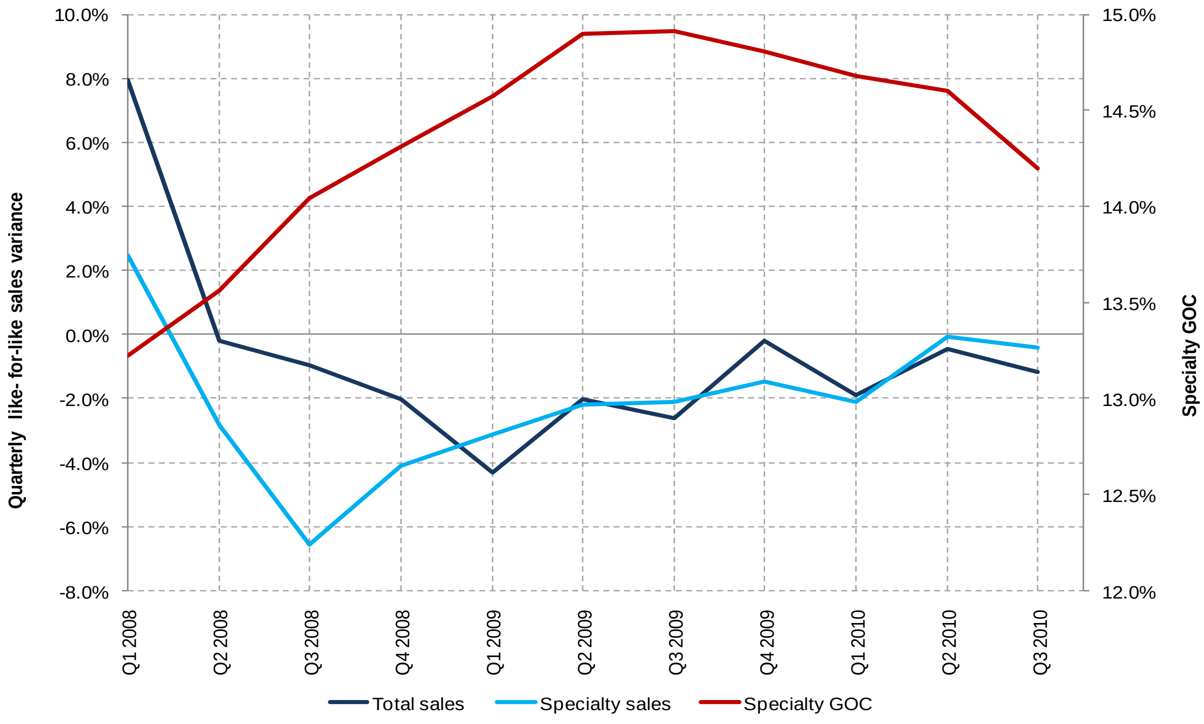
- Pace of recovery in global economy has slowed
- Growth in Australia and Asia offsets United States and EU weakness
- In New Zealand, economic recovery is export led
- New Zealand domestic economy subdued and household sector remains cautious
- Recovery in retail sales expected in 2011
- Unemployment rate stabilising around 6%

Source: Statistics NZ, NZIER Quarterly Predictions Sep-10

Retail sales and GOC

Sales and gross occupancy costs For the year ended / as at [Incl. GST]	30-Sep-10	30-Sep-09	Variance	
Portfolio moving annual turnover [$m]	1,074.5	1,042.3	*+32.2*	*+3.1%*
Like-for-like moving annual turnover [$m]	918.5	925.9	*-7.4*	*-0.8%*
Specialty gross occupancy costs [GOC]	14.2%	14.7%	*-0.5%*	

Sales and GOC
Quarterly movement analysis



Portfolio sales

- Total sales have increased due to new store openings
- Household spending subdued. Same store sales down **-0.8%**
- Like-for-like sales movement:
  - Supermarkets **+0.5%**
  - Department stores **+0.3%**
  - Disc. Dept. stores **-3.0%**
  - Cinemas **+18.3%**
  - Mini majors **-6.0%**
  - Specialty **-0.8%**

Specialty GOC

- Reduced to **14.2%**

Office markets

	AUCKLAND		WELLINGTON	
	Current	Forecast	Current	Forecast
Supply	~32,000 sqm new Telecom head office recently completed	~52,000 sqm of new space forecast for 2011 with 60% pre-commitment [2]		~99,000 sqm of new space over 2010/2011. 89% pre-committed[5]
Vacancy	Current / (Prior year):[1] - Core CBD total **12.2%** (9.6%) - Core Premium 6.7% (2.2%) - Core A-grade 15.7% (11.2%)	Peak at **14.8%** in 2011 and recover thereafter albeit with a spike in 2013 as new developments complete[2]	Current / (Prior year):[4] - Core CBD total **8.1%** (5.8%) - Core Premium 2.9% (3.7%) - Core B-grade 5.3% (7.1%)	Increasing to a peak of **11.7%** during 2011 with steady recovery thereafter[5]
Rents	CBD avg net effective:[1] Current / (Prior year) - Premium **$375/sqm** ($424) - A-grade **$232/sqm** ($266)	Further falls in 2010 but forecast to increase in 2011. Premium grade will continue to improve thereafter with improving vacancy. A-grade recovery will flatten in 2013 with vacancy spike[2]	CBD avg gross effective:[4] Current / (Prior year) - Premium **$452/sqm** ($475) - B-grade **$287/sqm** ($304)	Premium: Further falls expected in 2010/11 with return to 2009 levels by 2014. B-grade: Further falls expected through to 2012 with subsequent strong rebound[5]
Sales	Activity still subdued. Deloitte House (80 Queen St) still latest transaction of note. Sold 1H 2010 for $177m or 7.67% equivalent yield[3]	Investment yields forecast to firm by 80bps to 90bps over the next four years[2]	Some recent sales following long period of inactivity. 180 Molesworth St sold for $38.2m at equivalent yield of 8.68%[6]	Investment yields for all grades expected to firm over the next four years, Premium by 80bps and B-grade by 42bps[5]

1. Auckland Property Market Monitor (CBRE, Jul-10)
2. Auckland Property Market Outlook (CBRE, May-10)
3. Colliers International analysis
4. Wellington Property Market Monitor (CBRE, Jun-10)
5. Wellington Property Market Outlook (CBRE, Jun-10)
6. Bayleys Valuations Limited analysis

Review of operations

Lease and rental activity

Portfolio	No.	NLA	Rental uplift		
		sqm	$000	%	CAGR
NEW LEASES AND RENEWALS					
Retail	62	7,459	-104	-1.8	N/A
Office	25	16,192	-9	-0.2	N/A
Total: New leases and renewals	**87**	**23,651**	**-113**	**-1.0**	**N/A**
RENT REVIEWS					
Retail	273	56,564	1,394	4.3	4.0
Office	21	24,122	741	11.1	4.1
Office [renewals where rent not concluded]	4	7,312	-	-	N/A
Total: Rent reviews	**298**	**87,998**	**2,135**	**5.4**	**4.0**
Total [excl.renewals where rent not concluded]	**381**	**104,337**	**2,022**	**4.0**	**N/A**
Total	**385**	**111,649**			

New leases, renewals and rent reviews

385

Uplift over previous rental

4.0%

New lease to Beca

- New nine-year lease agreement for 14,000 sqm of space with Beca Corporate Holdings
- Lease to commence March 2012
- Auckland Regional Council to surrender bulk of its lease. Final tenancy is exited in 2015
- Transaction highlights leasing team's forward solving abilities
- Increases building's weighted average lease term to 9.5 years from 3.5 years
- General amenities upgrade will be undertaken as part of lease agreement

Development activity update

ASB Head Office

- Satisfied key Board and Trustee approvals contained in the conditional development agreement in August
  - Proposed development remains conditional on a number of procedural matters including obtaining resource consent
- Construction expected to commence by mid-2011

Potential project statistics **Based on conditional contract**	
Development budget - $m	126.2
Target initial yield	8.5%
Net lettable area – sqm	18,000
ASB net lettable – area	93%
ASB lease term – years	18
Construction period	Jun-11 to Jun-13

Sylvia Park

- Auckland City Council approved the Trust's plan change in September (subject to any appeals received). This allows:
  - An increase in gross floor area (GFA) from 148,000 sqm to 250,000 sqm (included within this is an increase in allowance for retail and entertainment activities from 75,000 sqm to 130,000 sqm). The existing shopping centre has a GFA of 72,500 sqm
  - Increased height limits
- The successful conclusion of this plan change is an important and necessary step in the long-term strategic planning of the Trust's most valuable asset

KIWI INCOME PROPERTY TRUST

Colonial First State Global Asset Management

Outlook

Interim result presentation for the six months ended 30 September 2010

Outlook

Moderate pace of economic recovery

- Economic recovery export led – strong growth in Australia, China and emerging Asia
- Household sector cautious with soft consumer spending
- Recovery in retail sales and employment in 2011

Trust's defensive characteristics

- Strong financial position
- Active management maintaining high occupancy rates
- Premium assets, diversified portfolio, solid tenant base
- Platform to explore investment opportunities

Distribution
cents per unit

7.00

- Based on the outlook for the Trust, and subject to economic conditions, we are projecting an after tax cash distribution of 7.00 cents per unit for the year ended 31 March 2011

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November 2010