KIWI INCOME PROPERTY TRUST

Interim Report 30 September 2002

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1 CHAIRMAN'S REVIEW

OVERALL PERFORMANCE

The Trust had a strong start to the financial year, with the successful 100% leasing of the Majestic and Royal & SunAlliance buildings, a rights issue, and commencement of the Northlands development being the major achievements of the period. This was supported by a continuation of the positive economic conditions that were experienced in the last financial year for commercial and retail property.

The Trust's net income after tax for the six months to 30 September 2002 was $22.1 million, representing an increase of 4.2% over the same period last year. The Manager of the Trust, Kiwi Income Properties Limited, considers this an excellent result as the profit for the same period last year included income from two non-strategic assets that were later sold. Importantly, these sales have lifted the overall quality of the portfolio, while the Trust was able to maintain total property income due to improved leasing and occupancy levels.

The Trust will pay a gross interim dividend of 1.765 cents per unit, comprising 1.477 cents per unit in cash and imputation credits of 0.288 cents per unit. Together with the special interim dividend that was paid on 31 July 2002, the total gross dividends for the six months to 30 September 2002 will be 4.635 cents per unit (including imputation credits of 0.598 cents per unit).

The 4.635 cents per unit compares with a gross dividend of 5.460 cents over the same period last year. However it should be noted that an additional 54.6 million units are participating in this current dividend that were not eligible last year. These were Class B units that converted to ordinary units in December 2001.

As at 30 September 2002, the Trust had total assets of $875 million, largely unchanged from its 31 March 2002 position of $880 million. Debt has decreased from $257 million as at 31 March 2002 to $195 million at 30 September 2002.

The fall in the debt ratio from 29.3% to 22.4% was primarily brought about by the proceeds from the rights issue that was completed in July 2002. A total of $69.4 million was raised from a renounceable pro-rata issue to existing unit holders and converting note holders. The issue was fully underwritten by JB Were (NZ) Limited and was the first time that the Trust had gone to unit holders to raise equity since 1996. The issue was met with confidence and was 93% subscribed, with the remainder taken up by the underwriters. The reduction in debt results in the Trust having a more flexible capital structure to manage the redevelopment of Northlands.

The Trust's market capitalisation improved in the period under review. As at 31 March 2002, market capitalisation stood at $532 million and by 30 September 2002, this had improved to $629 million, improving the Trust's position and weighting on the New Zealand Stock Exchange listing of the top 40 companies.

NEW ZEALAND ECONOMIC OVERVIEW

Following the significant downturn in the major world economies over the past year, New Zealand has been waiting for a slowdown that, thus far, has not eventuated. Kiwi Income Property Trust's performance in the period reflects this continued buoyancy.

The strong growth in New Zealand has continued in the first six months of this financial year. Interest rates have been stable, although commodity prices have softened somewhat and the New Zealand dollar has risen.

The New Zealand economy has remained relatively buoyant, and sectors such as tourism have felt only minimal effect of the world economic downturn and terrorism. Any impact of recent terrorist activity in Bali on Australasian economic performance is yet to be assessed, but for the first time it has undermined confidence in respect of security in this part of the world.

Retail sales have maintained a positive trend, following the pattern of growth seen since a turning point in May 1998, according to the Government statistician.

In the property market, there has been renewed international investor interest in both commercial and retail assets from Australian, European, and US interests. A German investor recently acquired the State Insurance and Mobil on the Park buildings in Wellington, making an unprecedented first-time investment. This transaction underscores New Zealand's position as a compelling property investment market. There is no capital gains tax, no land tax and there are no significant Goods and Services Tax issues. It is simple to do business here. Commercial property in New Zealand is also providing a higher yield than many other markets and, while world economic instability continues, this country provides something of a safe haven for defensive investment.

OPERATING OVERVIEW

THE RETAIL PORTFOLIO

The Trust's retail portfolio continues to perform solidly. Annual sales increased by 7.5% with specialty sales up 6.5% on the previous year. While net rental income was down 1.7% to $14.9 million, as a result of tenancy remixes being completed at The Plaza and Centre Place, the outlook remains very positive.

Occupancy levels in the retail centres stood at 99.0% by 30 September, illustrating the strong demand from tenants for space in quality retail assets.

NORTHLANDS

Northlands was the strongest performing centre in the retail portfolio with annual specialty sales growth of 11.9%. Consistent with the Trust's pro-active approach to management of its portfolio and continued value-added activity, the Trust undertook and completed a successful rights issue to help fund the development of Northlands.

Of the $90.9 million needed for the development, $69.4 million is being funded by the proceeds of the rights issue, with the remainder from bank debt drawn down as the project progresses.

The development of Northlands commenced in October 2002. The Centre is located to the North of Christchurch on a major arterial route, in one of the fastest growing areas of the city. Once completed in 2004, Northlands will be the largest enclosed shopping centre in New Zealand. The lettable area of the Centre will almost double in size, from 20,785 square metres to 40,700 square metres. Trading will continue throughout the phased, eighteen month development period. The main construction contract has been awarded to Fletcher Construction Limited. Over 400 full time equivalent jobs will be created for the region during construction.

Five major retail tenants will be the anchors for the centre, being Farmers, Pak 'N Save, The Warehouse, Hoyts Cinemas and Countdown Supermarket. Fifty specialty stores, in addition to the 70 currently on the site, will complete the centre. Leasing of the specialty stores has been progressing in line with the Manager's targets.

The design for the development includes a salute to the feel and heritage of Canterbury. Sport, people and the environment that define the region will be recognised. Themes and features are designed to echo the local environment, including natural timber, river rocks, stone walls, and local landscaping. Christchurch raised architect Andy Anderson from Jasmax Architects has been appointed to lead the project.

SYLVIA PARK

Work is continuing on finalising the master plan, completing market research and negotiating with major anchor tenants for the development of Sylvia Park in Mt Wellington, Auckland. While the Environment Court endorsed the Trust's rezoning of Sylvia Park in its decision in December 2001, one appellant whose subsequent appeal to the High Court was dismissed in June 2002, will have their Treaty of Waitangi issues heard by the Court of Appeal. This final rezoning hurdle is expected to be resolved in the near future. On this project, the Trust is benefiting from senior expertise provided by Colonial First State Property. A new project director, Evan Vertue has also been appointed. Evan was formerly the Chief Executive of Southway Properties Limited, an owner, developer and manager of shopping centres in the South Island, and more recently the Chief Executive of Lemar Environmental Limited. Evan brings a wealth of knowledge and experience to the Trust.

COMMERCIAL PORTFOLIO

The first half of the 2003 financial year continued a very sound leasing market in the major regions. These were arguably the best market conditions experienced by the Trust for many years. Real rental growth was evident in Christchurch and Wellington, while Auckland enjoyed buoyant commercial property investment conditions.

The Trust's income from the commercial portfolio was $20.7 million, representing an increase of 1% over the same period last year. If income from the two properties sold last year is excluded, the actual increase in commercial property income is 6.1%. Alcatel House was sold unconditionally in September 2002 for

$10.5 million (net $10.3 million after selling costs), a figure slightly better than book value ($10.25 million). Following a regular review of the Trust's portfolio, it was determined that this was a non-strategic asset with limited future growth. Proceeds from the sale were utilised to reduce the Trust's debt.

As at September 2002, the Royal & SunAlliance Centre in Auckland was 100% leased when two New Zealand owned businesses signed up for the last remaining space.

The Majestic Centre, Wellington, was also 100% leased for the first time since the building was constructed in 1991. IBM has leased two floors and INL one floor.

With the exception of half the top floor of the PricewaterhouseCoopers building in Christchurch, and around 2,000 square metres of space in Auckland's National Bank Centre (50% owned by the Trust), all of the Trust's commercial property is now leased. The vacancy rate for the commercial portfolio is now only 1.1%, compared with 4.5% at 31 March 2002.

Wellington, Christchurch, and to a lesser degree, Auckland, all have a shortage of premium grade commercial property. The Trust is benefiting from its long term focus on this type of asset. In the Auckland CBD, in spite of 68,000 square metres of space that has come onto the market in the past few years (not including the Viaduct Harbour), the Trust has improved occupancy levels in its portfolio. Much of this additional supply has been indirectly absorbed by the continued growth in demand in the education sector. In Wellington, there is a shortage of new supply. While a number of potential developments have been mooted, they are probably some time away from being delivered.

THE MANAGER

This was the first half year under the management of Colonial First State Property, a division of the Commonwealth Bank of Australia. Colonial First State Property is a highly experienced property funds manager with property funds under management exceeding NZ$16 billion.

The Trust benefited from Colonial's fresh insight and strategic thinking in the period. Colonial brings new access to the Australian market in terms of capital, and a high degree of expertise in processes, particularly in corporate governance, managing debt, and systems. For example, Colonial is in the latter stages of implementing the leading edge integrated SAP real estate computer system across its New Zealand business, including the Trust.

GENERAL

PricewaterhouseCoopers was appointed auditor to the Trust during the period, and Gavin Parker has been appointed as the new Chief Financial Officer, replacing Peter Simmonds. Gavin was with ING (formerly Armstrong Jones) for seven years, and brings with him a total of 12 years experience in the funds management industry. Gavin holds a Bachelor of Commerce and Graduate Diploma in Business from Auckland University.

The Trust also completed a full listing on the Australian Stock Exchange. The Trust previously maintained a Foreign Exempt Listing.

In summary, the Manager's concentration on leasing over the past six months has paid dividends with minimal vacancy now existing across the portfolio. This leasing activity, supported by a robust New Zealand economy, places the Trust in a strong position going forward.

Over the next six months the Manager will continue its active leasing strategy together with exploring value adding opportunities, both across the existing asset base and the wider market.

Jim Syme
CHAIRMAN

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	NOTE	UNAUDITED 6 MONTHS 30 SEPT 02 $000	UNAUDITED 6 MONTHS 30 SEPT 01 $000	AUDITED 12 MONTHS 31 MAR 02 $000
INCOME				
Rental Income	10	35,983	36,109	71,817
Interest Income		295	127	238
		36,278	36,236	72,055
DIRECT COSTS				
Audit Fees		65	63	145
Interest Expense		6,215	7,862	14,935
Legal & Professional Fees		111	75	161
Manager's Fees		3,317	3,379	6,685
Registry & Stock Exchange Fees		115	62	126
Trustee's Fees		128	163	318
Unit Holder Communication		175	90	194
Other Operating Expenses		188	148	483
		10,314	11,842	23,047
Net Operating Income before Taxation		25,964	24,394	49,008
Add Gains/Less Losses on Realisation of Investments		151	(463)	(468)
Net Income before Taxation		26,115	23,931	48,540
Less: Taxation	8	4,007	2,708	5,180
Net Income after Taxation		22,108	21,223	43,360
Less Gains/Add Losses on Realisation of Investments		(151)	463	468
Income Available for Distribution		21,957	21,686	43,828

The notes form part of and are to be read in conjunction with these interim financial statements

CONSOLIDATED STATEMENT OF MOVEMENTS IN INVESTORS' FUNDS

	NOTE	UNAUDITED 6 MONTHS 30 SEPT 02 $000	UNAUDITED 6 MONTHS 30 SEPT 01 $000	AUDITED 12 MONTHS 31 MAR 02 $000
Investors' Funds at Start of the Period		585,865	581,401	581,401
EARNINGS AND REVALUATIONS				
Income Available for Distribution		21,957	21,686	43,828
Revaluation of Investment Properties		–	–	1,717
Gains/(Losses) on Realisation of Investments		151	(463)	(468)
Total Recognised Earnings and Revaluations		22,108	21,223	45,077
CAPITAL MOVEMENTS				
Rights Issue		69,368	–	–
Dividend Reinvestment Plan		3,384	1,047	3,215
Total Capital Movements		72,752	1,047	3,215
DISTRIBUTIONS				
Converting Note Interest		(2,993)	(2,993)	(5,985)
Taxation Benefit on Converting Note Interest		988	988	1,975
Distributions to Unit Holders		(19,952)	(19,681)	(39,818)
Total Distributions		(21,957)	(21,686)	(43,828)
Investors' Funds at End of the Period		658,768	581,985	585,865

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT
30 SEPTEMBER 2002

	NOTE	UNAUDITED AS AT 30 SEPT 02 $000	UNAUDITED AS AT 30 SEPT 01 $000	AUDITED AS AT 31 MAR 02 $000
INVESTORS' FUNDS				
Units	2	505,490	430,571	432,739
Reserves		89,101	87,237	88,949
		594,591	517,808	521,688
Converting Notes	3	64,177	64,177	64,177
Total Equity		658,768	581,985	585,865
REPRESENTED BY:				
Non-current Assets				
Investment Property	4	802,130	810,386	809,633
Investment Property under Development	6	60,760	53,792	63,874
Investments & Term Deposits		423	485	437
Future Taxation Benefit		402	1,058	482
		863,715	865,721	874,426
Current Assets				
Cash and Deposits		3,587	1,647	1,260
Taxation Receivable		–	961	1,146
Accounts Receivable & Prepayments		3,284	8,543	3,063
Current Portion of Investments & Term Deposits		91	161	140
Investment Property Intended for Sale	5	4,201	–	–
		11,163	11,312	5,609
Total Assets		874,878	877,033	880,035
Less: Liabilities				
Non-current Liabilities				
Term Liabilities	7	195,000	249,500	257,200
Current Liabilities				
Current Portion of Term Liabilities	7	–	110	–
Distributions Payable		8,167	22,821	20,906
Taxation Payable		370	–	–
Accounts Payable		11,870	19,874	15,101
Advance Rentals		703	2,743	963
		21,110	45,548	36,970
Total Liabilities		216,110	295,048	294,170
Net Assets		658,768	581,985	585,865

The Board of Kiwi Income Properties Limited, the Manager of Kiwi Income Property Trust, authorised these interim financial statements for issue on 6 November 2002.

J. M. R. Syme
Chairman
6 November 2002

R. Narev
Chairman of the Audit Committee
6 November 2002

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CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	UNAUDITED 6 MONTHS 30 SEPT 02 $000	UNAUDITED 6 MONTHS 30 SEPT 01 $000	AUDITED 12 MONTHS 31 MAR 02 $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Rental Income & Operating Expense Recoveries		47,712	50,521	92,544
Interest Received		294	125	234
		48,006	50,646	92,778
Cash was applied to:				
Tenants Operating Expenses		7,722	7,150	14,452
Other Property & Operating Expenses		9,650	8,719	15,027
Interest Paid		6,582	7,720	14,671
Taxation and GST		692	463	1,608
		24,646	24,052	45,758
Net Cash Flows available from (used in) Operating Activities	9	23,360	26,594	47,020
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Investment Property		13,855	12,112	17,942
Repayment of Investments		–	–	198
Repayment of Fitout Advances		31	25	–
Other Investments		–	101	–
		13,886	12,238	18,140
Cash was applied to:				
Cost of Investment Property		3,932	7,633	11,980
Cost of Investment Property Under Development		3,628	3,303	8,226
Cost of Investment in Kiwi Development Trust		–	550	550
Interest Capitalised to Non-current Assets		2,013	1,806	3,864
Other Investments		44	–	–
		9,617	13,292	24,620
Net Cash Flows available from (used in) Investing Activities		4,269	(1,054)	(6,480)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Issue of Units		71,277	–	–
Increase in Borrowings		–	–	1,200
Refund of Stock Exchange Bond		–	75	75
		71,277	75	1,275
Cash was applied to:				
Costs Associated with Issuing New Units		1,910	–	–
Distributions		29,476	15,160	35,118
Converting Note Interest		2,993	2,990	5,934
Decrease in Borrowings		62,200	6,681	366
		96,579	24,831	41,418
Net Cash Flows available from (used in) Financing Activities		(25,302)	(24,756)	(40,143)
Net Increase in Cash		2,327	784	397
Add: Opening Cash brought forward		1,260	863	863
Ending Cash carried forward		3,587	1,647	1,260

The notes form part of and are to be read in conjunction with these interim financial statements

1. PREPARATION OF ACCOUNTS

These interim financial statements have been prepared in accordance with FRS 24: Interim Financial Statements, and should be read in conjunction with the previous annual report.
The accounting policies used are consistent with those used in the previous annual and interim reports. Where necessary, comparatives have been adjusted to conform with changes in presentation in these interim financial statements.

2. UNITS

	DATE	UNAUDITED 30 SEPT 02 NO. OF UNITS 000	UNAUDITED 30 SEPT 02 VALUE $000	UNAUDITED 30 SEPT 01 NO. OF UNITS 000	UNAUDITED 30 SEPT 01 VALUE $000	AUDITED 31 MAR 02 NO. OF UNITS 000	AUDITED 31 MAR 02 VALUE $000
(i) Units							
Balance of Units as at beginning of period		461,086	432,739	308,299	311,258	308,299	311,258
Issue of Units:							
K D T Acquisition – 5%	2 Apr 01	–	–	7,200	6,480	7,200	6,480
K D T Acquisition – Takeover Offer	2 Apr 01	–	–	84,525	76,072	84,525	76,072
K D T Compulsory Acquisition	19 Apr 01	–	–	2,996	2,697	2,996	2,697
Dividend Reinvestment Plan	4 May 01	–	–	1,217	1,047	1,219	1,047
Conversion of Class B Units to Units	3 Dec 01	–	–	–	–	54,589	33,017
Dividend Reinvestment Plan	14 Dec 01	–	–	–	–	2,258	2,168
Rights Issue	26 Jul 02	86,923	69,367	–	–	–	–
Dividend Reinvestment Plan	31 Jul 02	3,760	3,384	–	–	–	–
Balance of Units as at end of period		551,769	505,490	404,237	397,554	461,086	432,739
(ii) Class B Units							
Balance of Class B Units as at beginning of period		–	–	54,590	33,017	54,589	33,017
Conversion of Class B Units to Units	3 Dec 01	–	–	–	–	(54,589)	(33,017)
Balance of Class B Units as at end of period		–	–	54,590	33,017	–	–
Total Units Issued as at end of period		551,769	505,490	458,827	430,571	461,086	432,739

Units and Class B Units ranked pari passu in all respects except that the Class B Units were not entitled to participate in any dividend or other distribution in respect of any period ended on or prior to 30 September 2001. The Class B Units converted to Units on 3 December 2001.
In accordance with a prospectus dated 14 June 2002, 86,923,399 new units were issued on 26 July 2002. The issue raised $69,367,258 net of issue costs of $1,909,929. The new units rank pari passu with existing units in all respects except that they were not entitled to participate in the special dividend paid on 31 July 2002.

3. CONVERTING NOTES

	UNAUDITED 30 SEPT 02 NO. OF UNITS 000	UNAUDITED 30 SEPT 02 VALUE $000	UNAUDITED 30 SEPT 01 NO. OF UNITS 000	UNAUDITED 30 SEPT 01 VALUE $000	AUDITED 31 MAR 02 NO. OF UNITS 000	AUDITED 31 MAR 02 VALUE $000
Balance of Notes	60,455	64,177	60,455	64,177	60,455	64,177

The subordinated Converting Notes are unsecured and carry a fixed coupon of 9% per annum. The Notes are constituted under a Trust Deed dated 7 November 1996. Interest is payable semi annually on 31 March and 30 September. Note holders were entitled to convert the Notes into Units in the Trust on a one for one basis on 30 September 1999 and were entitled to convert on 30 September in every subsequent year up to and including 30 September 2002. On 30 September 2003 all Converting Notes not previously converted into Units will mandatorily convert into Units on a basis which ensures that the minimum conversion value of each Note is $1.23. The Notes do not carry voting rights in the meetings of Unit Holders, but they participate in rights and bonus issues as described in the Trust Deed. No note holders have elected to convert the Notes into Units since issue.

4. INVESTMENT PROPERTY

	UNAUDITED 30 SEPT 02 $000	UNAUDITED 30 SEPT 01 $000	AUDITED 31 MAR 02 $000
Commercial Property			
Royal & SunAlliance Centre, Auckland	201,500	202,000	201,500
Majestic Centre, Wellington	71,500	68,800	71,500
National Bank Centre, Auckland (50% interest)	46,000	50,345	46,000
Vodafone House, Auckland	39,600	40,500	39,600
PricewaterhouseCoopers Centre, Christchurch	33,000	32,770	33,000
AUT Faculty of Arts Building, Auckland	26,750	28,360	26,750
HP House, Auckland (formerly Compaq House)	25,300	25,240	25,300
BP House, Wellington	22,275	21,980	22,275
Alcatel House, Auckland	–	10,240	10,250
Total Commercial Property	465,925	480,235	476,175
Retail Property			
Northlands Shopping Centre, Christchurch	85,550	84,120	85,550
North City Shopping Centre, Porirua	82,750	80,990	82,750
Centre Place Shopping Centre, Hamilton	74,250	69,201	74,250
The Plaza Shopping Centre, Palmerston North	58,500	57,123	58,500
Countdown, Christchurch	6,175	6,175	6,175
Farmers, Palmerston North	5,480	5,482	5,480
The Warehouse, Christchurch	4,215	4,215	4,215
Beattie Rickman, Hamilton	2,940	2,509	2,940
FTC Warehouse, Christchurch	2,780	2,780	2,780
Countrywide Building, Hamilton	420	429	420
Total Retail Property	323,060	313,024	323,060
Industrial Property			
77 Carbine Road, Auckland	6,540	6,570	6,540
99 Carbine Road, Auckland	–	3,430	–
Total Industrial Property	6,540	10,000	6,540
Work in Progress	6,605	7,127	3,858
Total Investment Property as at end of period	802,130	810,386	809,633

5. INVESTMENT PROPERTY INTENDED FOR SALE

	UNAUDITED 30 SEPT 02 $000	UNAUDITED 30 SEPT 01 $000	AUDITED 31 MAR 02 $000
99 Carbine Road, Auckland	4,201	–	–
Total Investment Property Intended for Sale as at end of period	4,201	–	–

6. INVESTMENT PROPERTY UNDER DEVELOPMENT

	UNAUDITED 30 SEPT 02 $000	UNAUDITED 30 SEPT 01 $000	AUDITED 31 MAR 02 $000
Sylvia Park Lot 1 & 2, Auckland	55,751	50,629	52,486
Sissons Road, Christchurch	3,421	3,163	3,286
Northlands Church, Christchurch	1,588	–	1,545
99 Carbine Road, Auckland	–	–	6,557
Total Investment Property under Development as at end of period	60,760	53,792	63,874

7. TERM LIABILITIES

	UNAUDITED 30 SEPT 02 $000	UNAUDITED 30 SEPT 01 $000	AUDITED 31 MAR 02 $000
Syndicated Bank Debt	195,000	249,500	257,200
Vendor Loans	–	185	–
Less: Prepaid Interest	–	(75)	–
	–	110	–
Total Term Liabilities	195,000	249,610	257,200
Less: Payments due within one year reclassified as current liabilities	–	110	–
	195,000	249,500	257,200

The ANZ Banking Group, Bank of New Zealand, The Hongkong and Shanghai Banking Corporation, and Citibank NA ("the Banks") have provided the Trust with $300 million of revolving loans for a term of five years expiring on 13 October 2004. The loans are secured by a Global Security Deed, dated 13 October 1999, between the Trust and the Bank of New Zealand (as security agent) which provides for a composite fixed and floating charge over the assets of the Trust and all of its subsidiaries ("the Charging Group"). As well, further security is provided by a Master Banking Agreement, dated 5 November 1998, between the Charging Group and the Banks, whereby the Charging Group has given a negative pledge that (with certain exceptions) it will not create or allow any security interest over its charged assets. Further negative and positive undertakings have been given as to the nature and conduct of its business.

8. INCOME TAX

	UNAUDITED 6 MONTHS 30 SEPT 02 $000	UNAUDITED 6 MONTHS 30 SEPT 01 $000	AUDITED 12 MONTHS 31 MAR 02 $000
Net Income before Taxation	26,115	23,931	48,540
Permanent and Non Reversing Timing Differences:			
(Gains)/Losses on Realisation of Investments	(151)	463	468
Tax Depreciation net of Depreciation Recovered	(11,243)	(12,780)	(25,227)
Deductible Expenses Capitalised	(2,578)	(3,407)	(8,085)
Taxable Income	12,143	8,207	15,696
Taxation at 33%	4,007	2,708	5,180

9. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	UNAUDITED 6 MONTHS 30 SEPT 02 $000	UNAUDITED 6 MONTHS 30 SEPT 01 $000	AUDITED 12 MONTHS 31 MAR 02 $000
Net Income after Taxation	22,108	21,223	43,360
Add Non Cash Items:			
Imputed Interest on Vendor Loans	–	(34)	42
(Gains)/Losses on Realisation of Investments	(151)	463	468
Movement in Future Taxation Benefit	80	(7)	568
Taxation Benefit on Converting Note Interest	988	988	1,975
	23,025	22,633	46,413
Add/(Less) Movements Relating to Operating Activities in Working Capital Items:			
Taxation Receivable/Payable	1,685	1,340	1,155
Accounts Receivable	(253)	534	58
Accounts Payable	(837)	474	(439)
Advance Rentals	(260)	1,613	(167)
Net Cash Inflow from Operating Activities	23,360	26,594	47,020

10. RENTAL INCOME

	UNAUDITED 6 MONTHS 30 SEPT 02 $000	UNAUDITED 6 MONTHS 30 SEPT 01 $000	AUDITED 12 MONTHS 31 MAR 02 $000
Gross Rental Income & Operating Expense Recoveries	47,390	47,179	92,916
Less:			
Tenants Operating Expenses	(7,722)	(7,150)	(14,452)
Owners Operating Expenses	(3,634)	(3,836)	(6,529)
Bad Debts	(51)	(84)	(118)
	(11,407)	(11,070)	(21,099)
Rental Income	35,983	36,109	71,817

11. COMMITMENTS

	UNAUDITED 30 SEPT 02 $000	UNAUDITED 30 SEPT 01 $000	AUDITED 31 MAR 02 $000
(a) Capital Commitments			
At reporting date the Group had the following capital commitments contracted:			
Development costs at Northlands Shopping Centre, Christchurch	66,219	–	–
Development costs at The Plaza Shopping Centre, Palmerston North	1,185	–	–
Other Capital Expenditure	812	–	–
Development costs at 99 Carbine Road, Auckland	–	–	320

(b) Ground Leases

Ground leases exist over North City Shopping Centre, Centre Place Complex, The National Bank Centre, HP House (formerly Compaq House) and Alcatel House (up until the date of sale). The amount paid in respect of ground leases during the period was $535,841 (September 2001 $447,835, March 2002 $1,091,255). The leases terminate between November 2089 and June 2179.

12. ADDITIONAL INFORMATION AS REQUIRED BY THE TRUST DEED AND THE UNIT TRUSTS ACT 1960

(a) Termination Date

The Trust will terminate after the expiration of 40 years from 21 August 1992 provided that the Unit Holders may, by Extraordinary Resolution passed at any time before the expiration of such 40 year period, extend the Trust for a further period of 39 years.

(b) Units held by the Manager

The Manager held no Units in the Trust at 30 September 2002 (September 2001 Nil, March 2002 Nil).

	UNAUDITED 6 MONTHS 30 SEPT 02 $000	UNAUDITED 6 MONTHS 30 SEPT 01 $000	AUDITED 12 MONTHS 31 MAR 02 $000
(c) Other Financial Information			
Net Tangible Asset Backing per Unit-Undiluted	$1.078	$1.129	$1.131
Net Tangible Asset Backing per Unit-Diluted	$1.053	$1.074	$1.092
Earnings per Unit after Tax – Undiluted	$0.041	$0.048	$0.093
Earnings per Unit after Tax – Diluted	$0.039	$0.041	$0.087

The calculation of the diluted Net Tangible Asset Backing per unit has assumed that the Converting Notes will convert on the basis of the unit price prevailing at 30 September 2002.

ACCOUNTANTS' REVIEW
ENGAGEMENT REPORT

PRICEWATERHOUSECOOPERS

TO THE UNIT HOLDERS OF KIWI INCOME PROPERTY TRUST

We have reviewed the interim financial statements on pages 4 to 11. The interim financial statements provide information about the past financial performance and cash flows of the Group comprising the Trust and its subsidiaries for the six months ended 30 September 2002 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 8.

MANAGER'S RESPONSIBILITIES

The Manager is responsible for the preparation and presentation of the interim financial statements that present fairly the financial position of the Group as at 30 September 2002 and its financial performance and cash flows for the six months ended on that date.

ACCOUNTANTS' RESPONSIBILITIES

We are responsible for reviewing the interim financial statements presented by the Manager in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the interim financial statements do not present fairly the matters to which they relate.

BASIS OF OPINION

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the interim financial statements and, accordingly, we do not express an audit opinion.

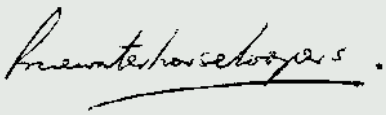
We have reviewed the interim financial statements of the Group for the six months ended 30 September 2002 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

Our firm has a tenancy relationship with the Group on normal terms within the ordinary course of trading activities. We have no further relationships with or interests in the Trust or any of its subsidiaries other than in our capacity as auditor and as accountants conducting this review.

REVIEW OPINION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly the financial position of the Group as at 30 September 2002 and its financial performance and cash flows for the six months ended on that date.

Our review was completed on 6 November 2002 and our review opinion is expressed as at that date.



Chartered Accountants
Auckland

DIRECTORY

DIRECTORS OF TRUST MANAGER

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TRUST MANAGER

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CONVERTING NOTE TRUSTEE

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Company Limited
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Royal & SunAlliance Centre
PO Box 1934, Auckland
Telephone 0-9-379 3630
Facsimile 0-9-377 7477

AUDITORS

PricewaterhouseCoopers
Auckland

BANKERS

ANZ Banking Group (NZ) Limited
Bank of New Zealand Limited
Citibank, N.A.
The Hongkong and Shanghai Banking
Corporation Limited

LEGAL ADVISORS

To the Trust, the Manager and the Trustees
Russell McVeagh, Auckland
Glaister Ennor, Auckland
Bell Gully Buddle Weir, Auckland

VALUATION PANEL

CB Richard Ellis Limited
Colliers International New Zealand Limited
Darroch and Co.
Jones Lang LaSalle Limited

UNIT AND CONVERTING NOTE REGISTRAR

BK Registries Limited
PO Box 384, Ashburton
Telephone 0-3-308 8887 or 0800-377 388
Facsimile 0-3-308 1311

Insight Communications Limited, Auckland. KIPT020 11/02