

Kiwi Income Property Trust (KIP)

Capital Management Initiatives

1 April 2009

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Glossary

Term	Definition
Bank Covenant gearing	Bank debt plus fair value of interest rate derivatives divided by total assets
Cap. rate	Portfolio weighted average capitalisation rate
CPU	Cents per unit
DPU	Distribution per unit
KIP	Kiwi Income Property Trust
NTA	Net tangible asset backing per unit
Occupancy	Property portfolio occupancy (by net lettable area)
Trust Deed gearing	Bank debt divided by total assets
UPP	Unit purchase plan
WALT	Weighted average lease term to expiry (by income)
FY09	Financial Year Ending 31 March 2009

Agenda

- Executive Summary
- Portfolio Update
- Capital Management Initiatives
- Impact on KIP
- Investment Case
- Summary
- Appendices
 1. Capital Management
 2. Property Portfolio
 3. Colonial First State Global Asset Management

Executive Summary

Executive Summary

- KIP is undertaking a number of capital management initiatives to further reinforce its financial position:
- Underwritten institutional placement to raise \$50m
 - Intention to make a UPP offer to eligible unit holders following the institutional placement
 - Asset sales totalling \$38m

Executive Summary

- These initiatives are expected to strengthen KIP's balance sheet and reduce debt
- Post the initiatives KIP's key metrics will include ^[1]:
 - Pro forma Trust Deed gearing of 29.2%
 - Pro forma Bank Covenant gearing of 31.2%
 - Pro forma adjusted undiluted NTA of \$1.33 per unit
 - No change to cash distribution guidance of 8.0cpu for full year to 31 March 2009

[1] The above metrics exclude the impact of any UPP funds raised. Trust Deed and Bank Covenant Gearing metrics are based on estimates as at 31 March 2009 and are adjusted for capital management initiatives. The adjusted undiluted NTA is based on an estimate as at 31 March 2009, adjusted for capital management initiatives and excludes deferred tax on items which will not crystallise. The estimates are unaudited and may be subject to change

Portfolio Update

Portfolio Update

Portfolio Metrics ^[1]	Mar-09 ^[2]
Total Property Assets ^[3]	\$1,906,235
Occupancy ^[4]	98.6%
WALT ^[4]	4.3 years
Weighted Average Cap. Rate ^[4]	7.73%
Number of Assets ^[4]	20

- Value of Trust's portfolio decreased by \$214.2m (10.1%) to \$1.91b for financial year to 31 March 2009 ^[2]
- Unconditional sale agreements have been entered into for Fisher & Paykel Finance Building and BP House for a total of \$38m

[1] Includes F&P Finance Building & BP House which are subject to unconditional sale agreements

[2] Information is subject to final audit and will be confirmed in the Trust's financial result for the year ended 31 March 2009

[3] Includes investment property under development

[4] Excludes investment property under development

Capital Management Initiatives

Capital Management Initiatives

Offer Overview

- Issue of new units to raise \$50m via an institutional placement at a fixed price of \$0.879 per unit – the placement is fully underwritten

Key institutional placement details

Offer Price	\$0.879
Discount to close on Tuesday 31 March 2009 ^[2]	8.4%
Discount to 5 day VWAP ^[2]	9.9%
Discount to 10 day VWAP ^[2]	10.9%

- New units rank equally with existing units and are eligible for the distribution for six months to 31 March 2009
- Institutional placement has a dilutionary impact to cash distributions ^[1], however no change to FY09 distribution guidance
- Subsequent to the institutional placement KIP intends to make a UPP offer to eligible unit holders (further details on the UPP will be announced in due course)

[1] Circa 0.30-0.35 cpu. Calculation assumes placement proceeds used to reduce debt at current weighted average cost of debt

[2] Source: IRESS

Capital Management Initiatives

Asset Sales

- On 6 March 2009 KIP announced the unconditional sale of **F&P Finance Building** for \$12m
- The sale price is in line with the March 2009 valuation of \$12.0m and represents a passing yield of 8.36%
- The transaction is due to settle on 15 June 2009 and the proceeds will be used to repay bank debt

F&P Finance Building, Auckland

Date built:	1999
Net lettable area:	4,049m ²
Tenant:	F&P Finance
Occupancy rate:	100%
Valuation (Mar-09):	\$12.0 million
Capitalisation rate:	8.50%

- On 30 March 2009 KIP announced the unconditional sale of **BP House** for \$26m
- The sale price is in line with the March 2009 valuation of \$26.3m and represents a passing yield of 7.3%
- The transaction is due to settle no later than 18 August 2009 and the proceeds will be used to repay bank debt

BP House, Wellington

Date built:	1971
Net lettable area:	9,140m ²
Tenant:	BP (Headlease)
Occupancy rate:	100%
Valuation (Mar-09):	\$26.3 million
Capitalisation rate:	8.20%

Impact on KIP

Impact on KIP Gearing ^[1]

	Trust Deed gearing	Bank Covenant gearing
31 March 2009 estimated position	33.1%	35.1% ^[2]
Adjustment for capital management initiatives:		
- Asset sales	-1.4%	-1.4%
- \$50m Placement	-2.5%	-2.5%
Pro forma gearing post capital management initiatives	29.2%	31.2%
Adjustment for currently committed expenditure:		
- Accruals and FY09 final distribution	+1.8%	+1.8%
- Committed capital expenditure (The Plaza & others)	+2.3%	+2.3%
Pro forma gearing post capital management initiatives and currently committed expenditure	33.3%	35.3%

[1] Excludes impact of any UPP funds raised

[2] Includes estimated \$39m liability for the fair value of the interest rate derivatives

Impact on KIP

Sensitivity to Further Revaluations

- Capital management initiatives are prudent and provide capacity to absorb further potential reductions in asset valuations

Cap. rate sensitivity	Portfolio value decline	Pro forma Trust Deed gearing	Pro forma Bank Covenant gearing
7.72% ^[1]		33.3% ^[2]	35.3% ^[2]
+25 bps	\$50.0M / 2.6%	34.2%	36.2%
+50 bps	\$106.7M / 5.6%	35.2%	37.4%
+75 bps	\$160.0M / 8.3%	36.3%	38.5%
+100 bps	\$210.4M / 10.9%	37.3%	39.6%
		Maximum Ratio 40%	Maximum Ratio 45%

[1] The base case cap. rate of 7.72% is as at 31 March 2009, excluding F&P Finance Building and BP House

[2] Pro forma gearing post capital management initiatives and currently committed expenditure

Investment Case

Investment Case

- NZ was one of the best performing property sectors globally for the year to 31 January 2009 ^[1]
- KIP has a diversified portfolio of prime NZ retail and office assets
- Predictable, relatively low risk income streams
- Traditional real estate investment vehicle
- Conservatively geared with prudent debt and treasury position
- Strong underlying operating performance
 - Premium assets
 - Sector diversification (retail & office)
 - Diverse and high quality tenant base
 - Low vacancy rates

[1] Source: Goldman Sachs JBWere Research

Summary

Summary

- KIP is undertaking a number of prudent capital management initiatives to reduce debt
 - New units being issued via an underwritten institutional placement to raise \$50m
 - Intention to make a UPP offer to eligible unit holders
 - Unconditional sale agreements for F&P Finance Building and BP House with combined proceeds of \$38m being used to reduce debt
- These initiatives are expected to strengthen KIP's balance sheet, reduce debt and provide flexibility to take advantage of opportunities that may arise
- No change to FY09 distribution guidance

Summary

Indicative Placement Timetable

Offer Opens 10:00am on Wednesday, 1 April 2009

Offer Closes 6:00pm on Wednesday, 1 April 2009

Settlement of placement units Wednesday, 8 April 2009

Allotment and trading of placement units Thursday, 9 April 2009

Appendices

Appendix 1: Capital Management

Appendix 2: Colonial First State Global Asset Management

Appendix 3: Property Portfolio

Appendix 1

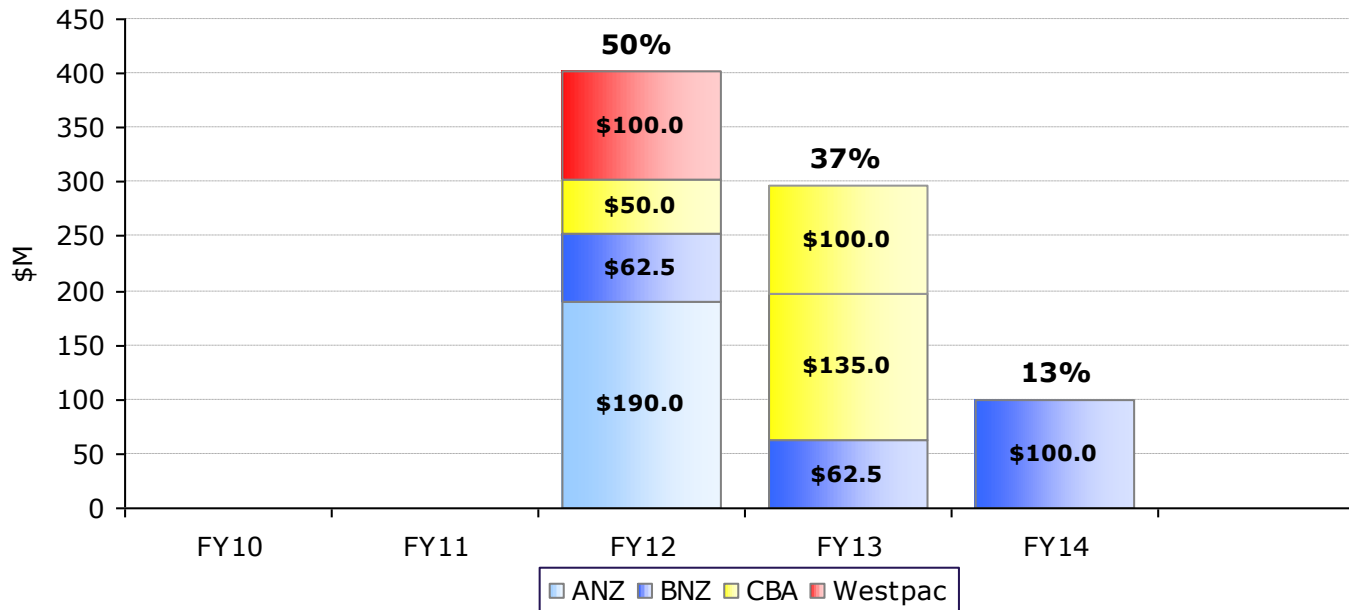
Capital Management

Capital Management

Debt Profile as at 31 March 2009

- All bank debt sourced from Australia's four leading banks (all S&P AA rated)
- Early renewal of facilities ahead of credit crisis
- Multiple facilities and staggered expiries
- Weighted average interest rate (incl margins & fees) 6.45%
- Weighted average duration of bank debt 2.9 years

Bank Debt Maturity Profile

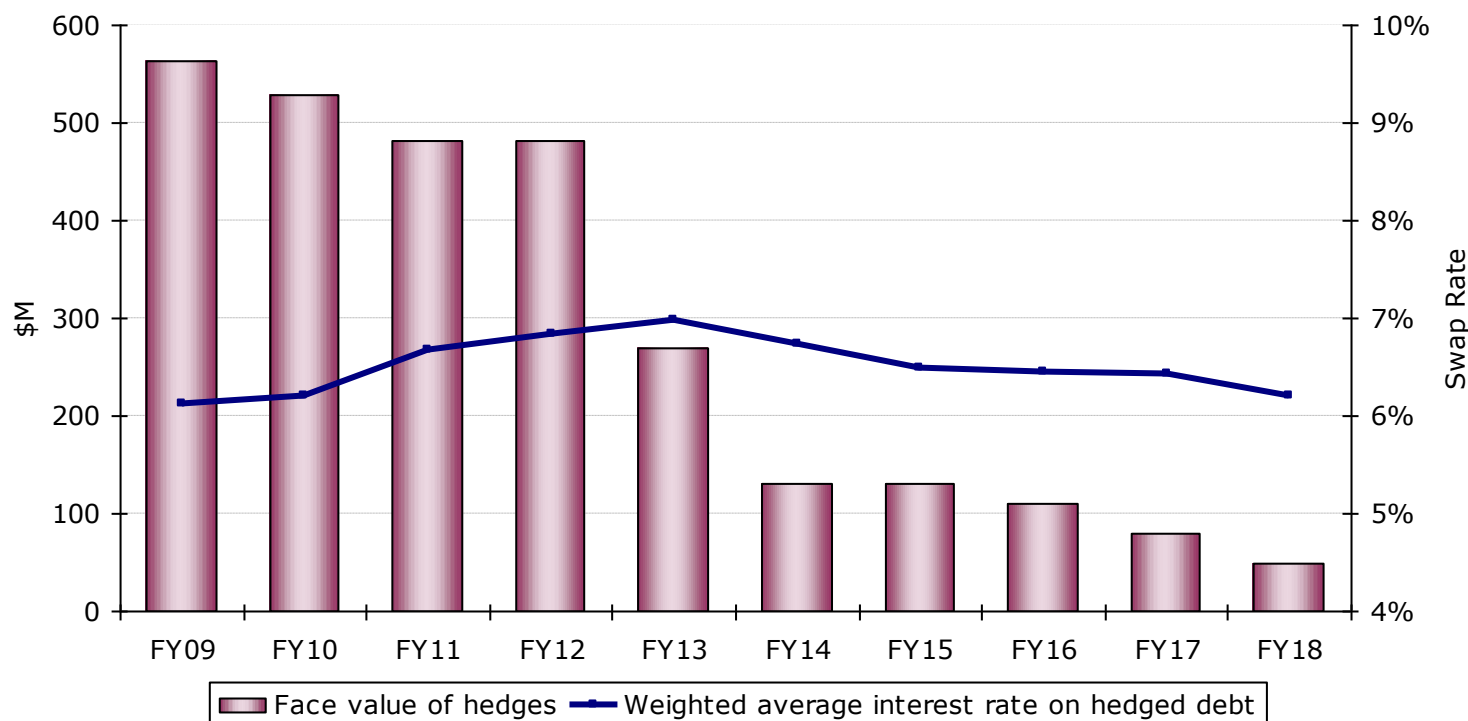


Capital Management

Hedging Profile as at 31 March 2009

- Disciplined and experienced approach to treasury management
- Debt hedged 89%
- Weighted average interest rate on hedged debt (excl margins & fees) 6.13%
- Weighted average duration of hedged debt 4.83 years

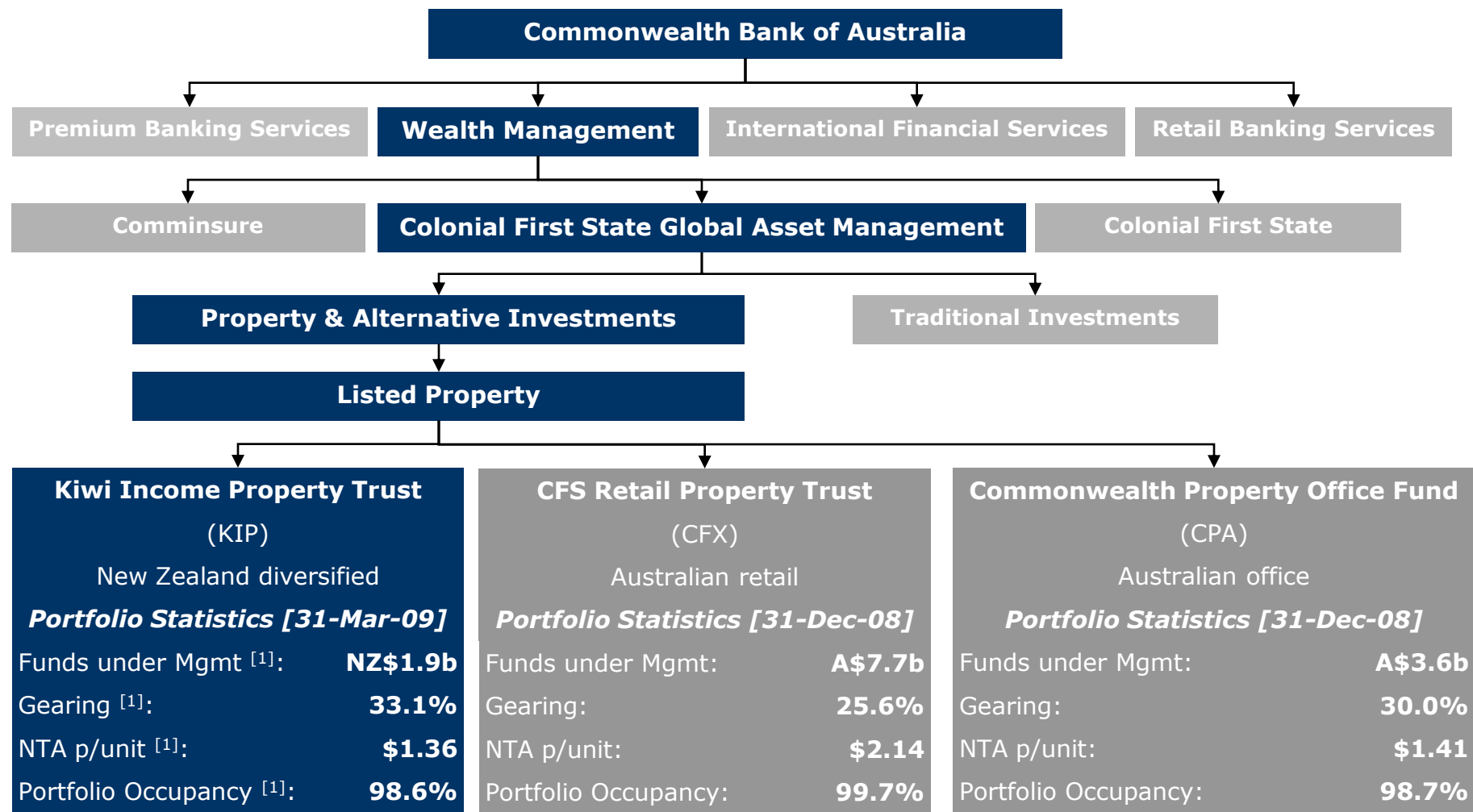
Hedge Maturity Profile



Appendix 2

Colonial First State Global Asset Management

Colonial First State Global Asset Management Structure



[1] Information is subject to final audit and will be confirmed in the Trust's financial result for the year ended 31 March 2009

Colonial First State Global Asset Management

Global Operations

Globally: \$129 billion Funds under Management ('FUM') ^[1], 986 people

North America

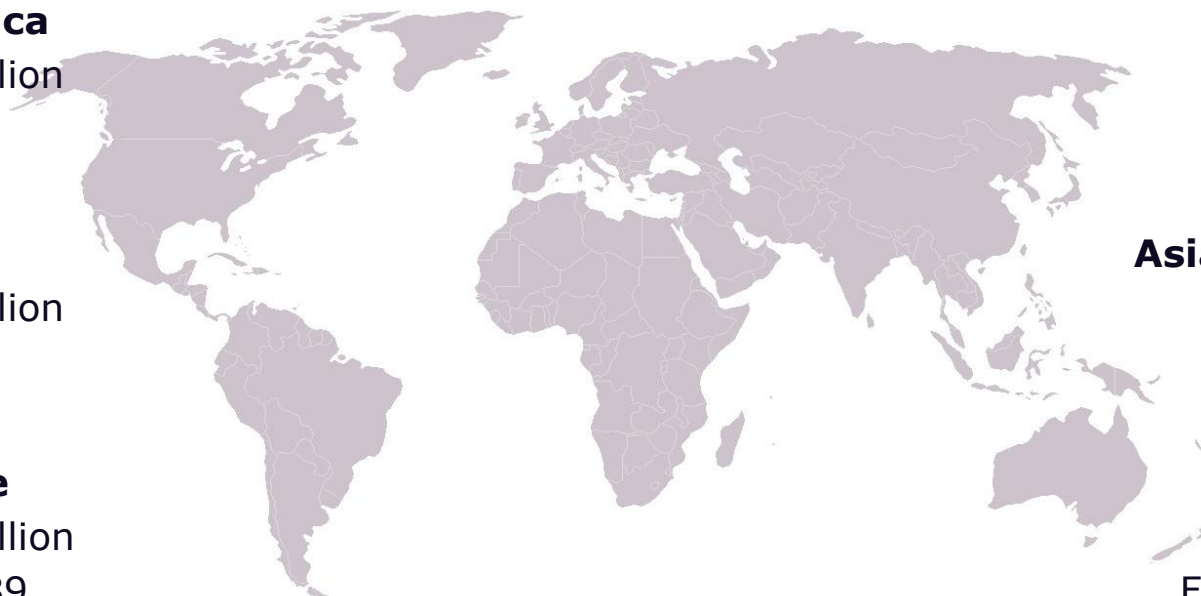
FUM: \$1.3 billion
Personnel: 4

Middle East

FUM: \$4.6 billion

UK & Europe

FUM: \$12.6 billion
Personnel: 189



Japan

FUM: \$3.2 billion

Asia (excl. China & Japan)

FUM: \$9.8 billion
Personnel: 111

Australia & New Zealand

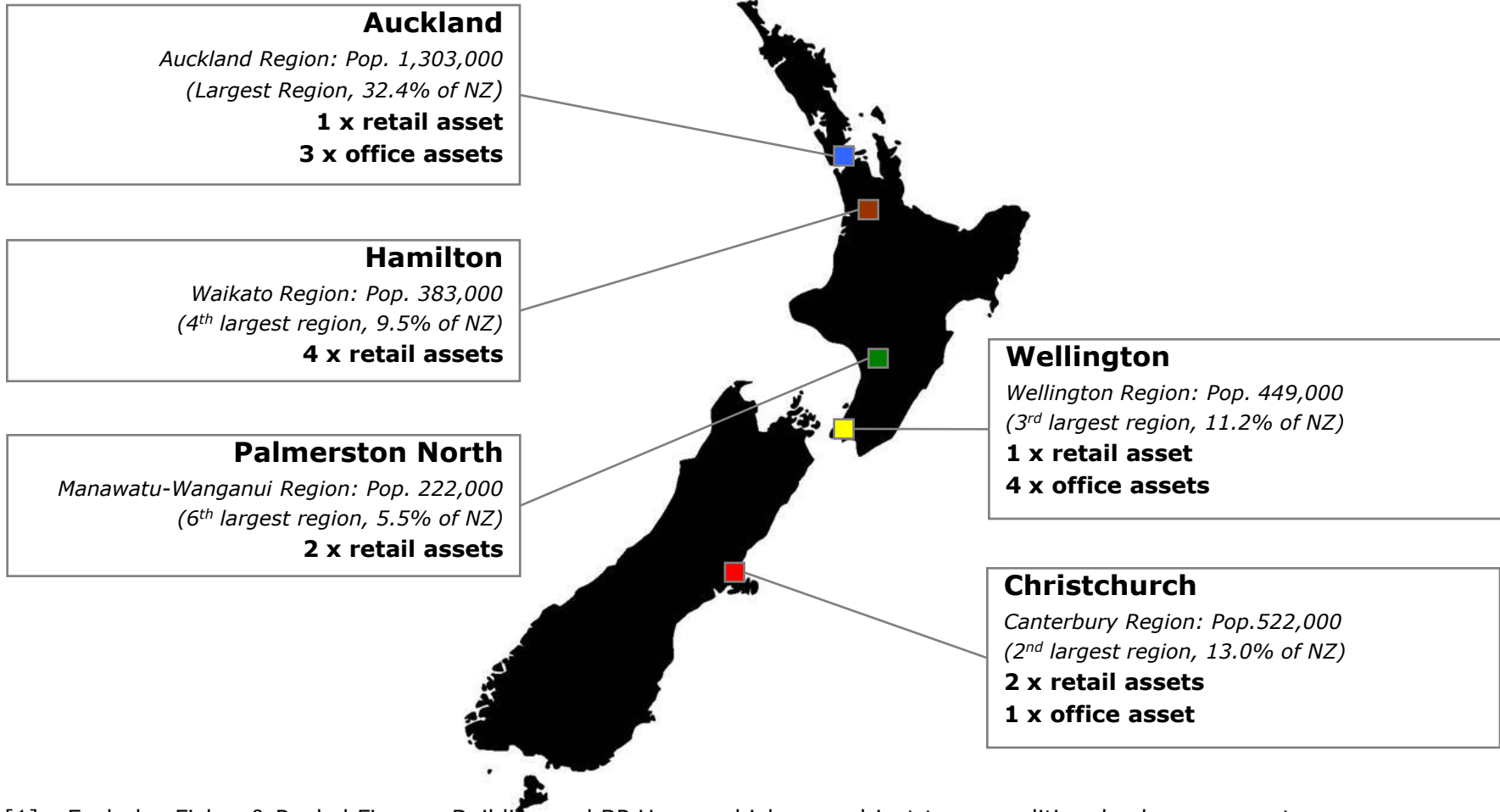
FUM: \$97.1 billion
Personnel: 682

[1] All figures as at 31 December 2008. FUM excludes the Group's interest in the China Joint Venture, AWG plc or ENW United
All expressed in Australian dollars

Appendix 3

Property Portfolio

Property Portfolio Summary [1] [2]



[1] Excludes Fisher & Paykel Finance Building and BP House which are subject to unconditional sale agreements

[2] Population statistics sourced from Statistics New Zealand (2006 Census results)

Property Portfolio

Key Retail Assets

Sylvia Park, Auckland



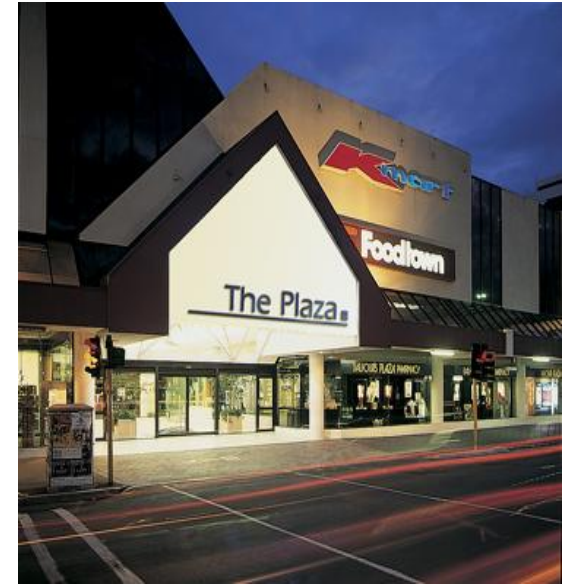
Date completed: 2007
 Net lettable area: 70,722m²
 Occupancy rate: 99.3%
 Current valuation: \$453.7 million ^[1]
 Capitalisation rate: 6.63% ^[1]

Northlands, Christchurch



Date built: 1967
 Last refurbished: 2004
 Net lettable area: 42,288m²
 Occupancy rate: 98.8%
 Current valuation: \$242.0 million
 Capitalisation rate: 7.38%

The Plaza, Palmerston North



Date built: 1986
 Last redeveloped: 2009-2010
 Net lettable area: 18,479m²
 Occupancy rate: 98.6%
 Current valuation: \$134.0 million
 Capitalisation rate: 7.50%

[1] Includes 77 Carbine Road

Property Portfolio

Key Retail Assets

Centre Place, Hamilton



Date built: 1985
 Last refurbished: 2000
 Net lettable area: 15,116m²
 Occupancy rate: 96.4%
 Current valuation: \$103.5 million
 Capitalisation rate: 8.88%

North City, Porirua



Date built: 1990
 Last refurbished: 2004
 Net lettable area: 26,022m²
 Occupancy rate: 98.6%
 Current valuation: \$107.0 million
 Capitalisation rate: 8.50%

Downtown Plaza, Hamilton



Date built: 1994
 Last refurbished: 2007
 Net lettable area: 6,037m²
 Occupancy rate: 98.4%
 Current valuation: \$24.8 million
 Capitalisation rate: 9.50%

Property Portfolio

Key Office Assets

Vero Centre, Auckland



Date built: 2000
 Net lettable area: 39,490m²
 Tenant type: Professional
 Occupancy rate: 100%
 Current valuation: \$300.0 million
 Capitalisation rate: 7.50%

National Bank Centre, Auckland



Date built: 1990
 Net lettable area: 26,140m²
 Tenant type: Professional
 Occupancy rate: 89.2%
 Current valuation: \$108.7 million
 Capitalisation rate: 8.50%

Majestic Centre, Wellington



Date built: 1991
 Net lettable area: 24,428m²
 Tenant type: Professional
 Occupancy rate: 100%
 Current valuation: \$107.5 million
 Capitalisation rate: 8.38%

Property Portfolio

Key Office Assets

Unisys House, Wellington



Date built: 1968
 Net lettable area: 22,156m²
 Tenant type: Government
 Occupancy rate: 100%
 Current valuation: \$82.0 million
 Capitalisation rate: 8.75%

21 Pitt Street, Auckland



Date built: 1990
 Net lettable area: 17,229m²
 Tenant type: Regional Govt.
 Occupancy rate: 100%
 Current valuation: \$55.8 million
 Capitalisation rate: 8.75%

PwC Centre, Christchurch



Date built: 1990
 Net lettable area: 16,082m²
 Tenant type: Professional
 Occupancy rate: 100%
 Current valuation: \$55.4 million
 Capitalisation rate: 8.50%

Property Portfolio

Key Office Assets

44 The Terrace, Wellington



Date built:	1988
Net lettable area:	10,109m ²
Tenant type:	Government
Occupancy rate:	100%
Current valuation:	\$31.8 million
Capitalisation rate:	8.75%