

# **KIWI INCOME PROPERTY TRUST**

## **INTERIM RESULT**

Six Months Ended 30 September 2007

- ▶ **Profit After Tax** increased 79.7% to **\$43.6m**  
(maiden NZ IFRS result after adjustment for unit holder finance charges)
- ▶ **Distributable Profit** of **\$29.3m**, in line with 1H07
- ▶ **Full Year Cash Distribution** projection of 9.00 cpu, up **7.9%** on previous year
- ▶ **Interim Cash Distribution** increased 3.7% to **4.50 cpu**
- ▶ **Total Annual Gross Return** of **14.4% pa** (to 31-Oct-07)
- ▶ **Total Assets** increased by \$37m to **\$2.0b**
- ▶ **Secured Bank Debt** up \$46m to **\$532m**, representing **26.9%** of total assets
- ▶ **NZ IFRS Adjusted<sup>1</sup> Undiluted NTA** of **\$1.63** per unit
- ▶ **Portfolio Occupancy** remains high at **99.1%**
- ▶ **Sylvia Park Shopping Centre** completed with the opening of Stage IV on programme in June 2007. Retail stores **100%** leased

---

<sup>1</sup> Adjustment of NTA refers to the exclusion of deferred tax on revaluation gains and other items which will not crystallise.

# Financial Summary

<b>Maiden NZ IFRS Result</b>	<b>Six Months ended</b>		<b>% Chg</b>
	<b>Sep-07</b>	<b>Sep-06</b>	
Net Rental Income	\$60.6m	\$46.9m	+29.2%
Operating Profit before Tax	\$32.1m	\$32.9m	-2.5%
Profit after Tax	\$43.6m	\$24.3m	+79.7%
Cash Distribution	4.50cpu	4.34cpu	+3.7%
	<b>As at</b>		
	<b>Sep-07</b>	<b>Mar-07</b>	
Total Assets	\$1.981b	\$1.944b	
Secured Bank Debt	\$532.0m	\$486.0m	
Secured Bank Debt to Total Assets	26.9%	25.0%	
Weighted Average Cost of Debt (including fees)	7.55%	7.18%	
Percentage of Bank Debt Hedged	70%	71%	
Weighted Average Term to Maturity of Fixed Debt	4.88 years	5.37 years	
Securities on Issue - Units	715.8m	714.0m	
- Mandatory Convertible Notes	142.3m	142.3m	




# Total Returns

**Total Gross Return of 14.4%** for year ended 31 October 2007

- ▶ Return outperforms key indices on annual, 2 yr cumulative & 3 yr cumulative basis.

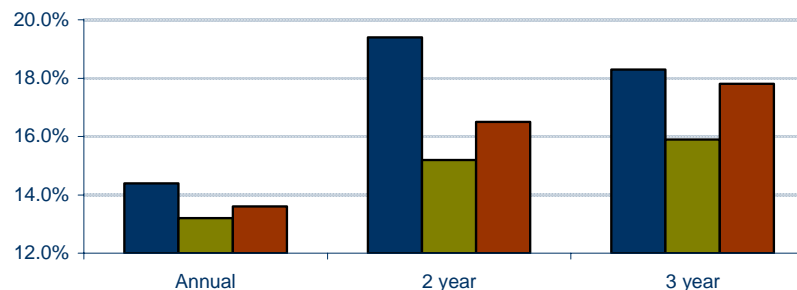
## Returns to 31 October 2007

## Cumulative (pa return)

		Annual	2 year	3 year
Kiwi Income Property Trust		14.4%	19.4%	18.3%
NZX 50 Gross		13.2%	15.2%	15.9%
NZX Property Gross		13.6%	16.5%	17.8%

(Source: GSJBWere Research)

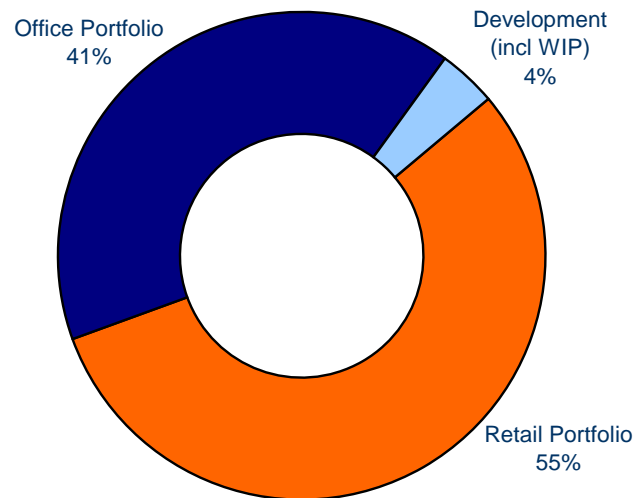
KIPT Annual Return vs Indices



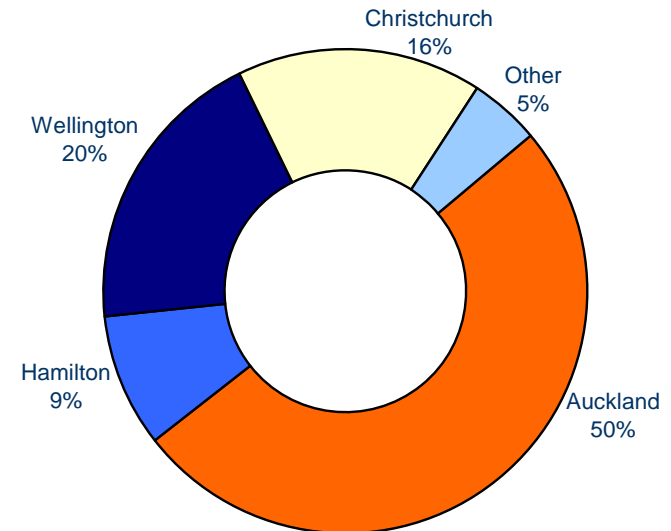
## Portfolio Diversification

- ▶ Both sector & regional diversification have remained stable since the last financial year end.
- ▶ A marginally higher regional weighting to Hamilton has occurred with the purchase of three assets adjoining Centre Place.

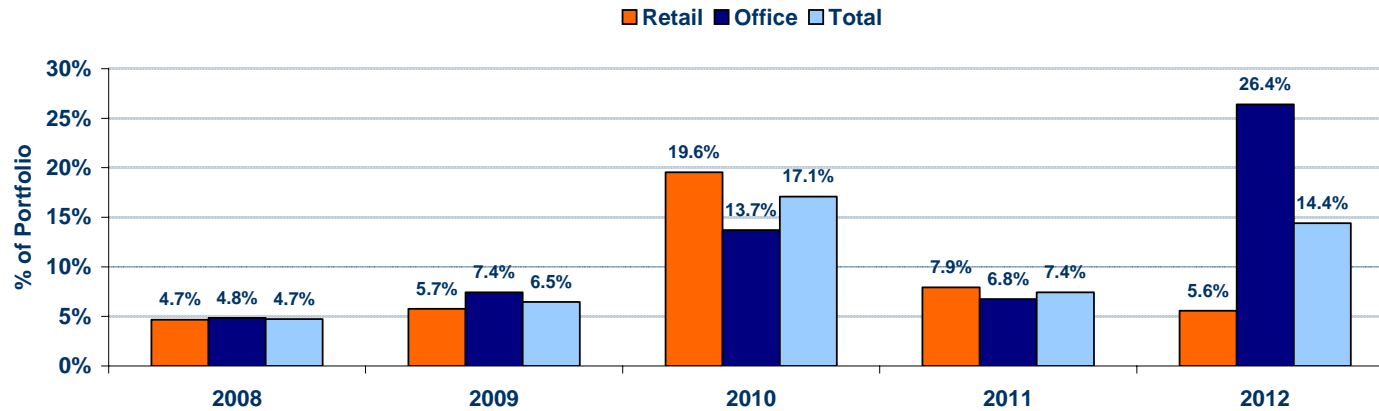
Diversification By Sector



Diversification By Region



## 5 Year Lease Expiry Profile (by gross income)



### Key Expiries - Retail

Year End March	Property	Tenant	m <sup>2</sup>
2009	Langdons Road	The Warehouse Stationery	2,301
2009	Centre Place	Rialto Cinemas	1,469
2010	North City	Specialty tenants	
2010	Northlands	Specialty tenants	

### Key Expiries - Office

Year End March	Property	Tenant	m <sup>2</sup>
2008	Unisys	Department of Labour	6,941
2009	Vector	Commerce Commission	2,677
2009	Unisys	Unisys	6,008
2010	National Bank	Phillips Fox	2,638
2010	Vero	Russell McVeagh	7,453
2012	21 Pitt Street	Beca Carter	4,205
2012	National Bank	National Bank	12,045
2012	Vero	Vero	5,396
2012	Vector	Tertiary Education Comm.	2,744
2013	Vero	Vero	6,212

## Portfolio Occupancy of **99.1%**

Occupancy	Sep-07		
	NLA (m2)	Vacant (m2)	Occupancy
<b>Retail Portfolio</b>			
Sylvia Park Shopping Centre	70,063	437	99.4%
Centre Place Shopping Centre	15,028	97	99.4%
Downtown Plaza	5,834	145	97.5%
The Plaza Shopping Centre	14,183	-	100.0%
North City Shopping Centre	25,272	226	99.1%
Northlands Shopping Centre	41,269	264	99.4%
PricewaterhouseCoopers Building (ex Beattie Rickman)	2,812	-	100.0%
Countrywide Building	397	-	100.0%
The Farmers Building	8,205	-	100.0%
Langdons Road	3,600	-	100.0%
<b>Total Retail Portfolio</b>	<b>186,664</b>	<b>1,169</b>	<b>99.4%</b>
<b>Office Portfolio</b>			
Vero Centre	39,490	-	100.0%
National Bank Centre	26,147	1,817	93.0%
21 Pitt Street	17,236	-	100.0%
Fisher & Paykel Finance Building	4,049	-	100.0%
The Majestic Centre	24,049	-	100.0%
BP House	9,140	-	100.0%
Unisys House	22,151	-	100.0%
Vector Building	10,109	-	100.0%
50 The Terrace (ex Intergen House)	2,428	197	91.9%
PricewaterhouseCoopers Centre	16,082	92	99.4%
<b>Total Office Portfolio</b>	<b>170,881</b>	<b>2,106</b>	<b>98.8%</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>357,545</b>	<b>3,275</b>	<b>99.1%</b>

Note: Excludes storage areas.

### Retail occupancy **99.4%**

- ▶ Sylvia Park retail 100% leased. Marginal reduction when commercial suites included.

### Office occupancy **98.8%**

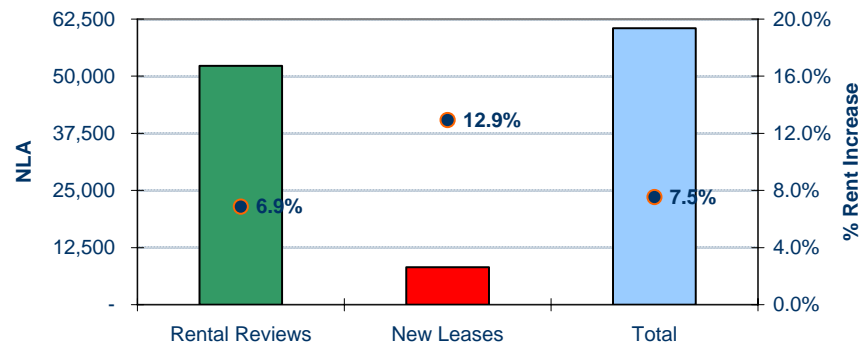
## Retail Portfolio Activity

- Over 32% of the total retail portfolio has been subject to rental uplift through rental reviews, renewals & new leases with a resultant increase of **\$2.57m** or **7.5%**.

Activity	No.	NLA [m2]	% Portfolio	Rent Increase		
				[\$000s]	[%]	CAGR
Rental Reviews	308	52,283	28.0%	2,080	6.9%	5.4%
New Leases	56	8,211	4.4%	489	12.9%	
<b>Total</b>	364	60,495	32.4%	2,569	7.5%	



**Retail Portfolio Activity**  
[Previous Rental vs Achieved Rental]



## Retail Sector

- ▶ New Zealand retail sales have continued to increase in recent months albeit at a slower rate of growth than was exhibited in the early part of the financial year.
- ▶ Recent increases in interest rates have seen a reduction in household disposable income.
- ▶ The effect on retail sales has been offset to a degree by an exceptionally strong labour market and the strength of the rural economy.
- ▶ Retail sales have been solid across KIPT's portfolio, underpinning good demand for retail space from both New Zealand and Australian based retailers.
- ▶ KIPT retail rental growth insulated to some extent due to fixed and CPI adjusted rent review structure.

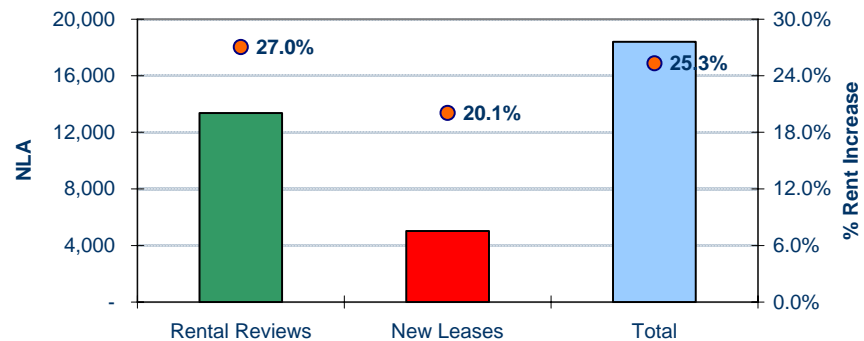
## Office Portfolio Activity

- ▶ Almost 11% of the total office portfolio has been subject to rental uplift through rental reviews, renewals & new leases with a resultant increase of **\$1.37m** or **25.3%**.

Activity	No.	NLA [m2]	% Portfolio	Rent Increase		
				[\$000s]	[%]	CAGR
Rental Reviews	25	13,360	7.8%	1,103	27.0%	9.3%
New Leases	13	5,033	2.9%	269	20.1%	
<b>Total</b>	38	18,394	10.8%	1,371	25.3%	



**Office Portfolio Activity  
[Previous Rental vs Achieved Rental]**



## Auckland CBD Office Market

- ▶ Vacancy rates have remained stable over the last quarter with nil vacancy in Premium grade towers including Vero, PWC & Lumley.
- ▶ Rentals have increased significantly with rent for premium upper level space having reached \$580m<sup>2</sup>.
- ▶ The investment market over the past six months has been active but more recently there has been a slow down with anecdotal evidence from CBRE indicating that yields have stabilised.
- ▶ Beyond 80 Queen Street, current committed CBD development activity is predominantly limited to smaller scale fringe buildings. A number of large tenants are seeking proposals for new premises and we are likely to see a more significant CBD development take shape in the medium term.

## Wellington CBD Premium Office Market

- ▶ Since March overall vacancy in the Wellington CBD has reduced to 3.7%, the lowest rate for the past five years, although Premium grade vacancy remains unchanged at 2.5%.
- ▶ With limited supply, rental rates have continued to climb with top end rentals in Premium grade buildings now approaching \$440m<sup>2</sup> net.
- ▶ There have been few transactions involving Premium office stock during the past six months with yields remaining in the 7.00% to 7.35% band, down approximately 0.8% for the year.

# Sylvia Park

- ▶ Centre fully complete with the opening of Stage IV on 28 June 2007.
- ▶ Retail occupancy 100%.
- ▶ Total occupancy (incl professional suites) of 99.4%.
- ▶ Strong trading performance continues. Comparable Total Centre Sales for September (100 tenants) up 18.6% (Specialty up 16.3%).
- ▶ Significant demand for retail space especially from fashion retailers.
- ▶ Train station proving popular for both Centre customers & staff. Recent survey indicates more than 5,000 train users per week.
- ▶ Added value opportunities being evaluated & implemented including tenancy mix enhancements, new kiosks, casual leasing, signage & carparking.



## Recent retail portfolio initiatives include:

Project	Cost	Initial Yield
Downtown Plaza: - Refurbishment & remix completed May 2007	\$5.1m	7.8%
Centre Place: - Refurbishment & remix underway - Three adjoining properties acquired	\$1.2m	19.4%
	\$9.8m	8.6%
Northlands: - Farmers upgrade & expansion underway	\$4.3m	4.7%
	<b>\$20.4m</b>	<b>8.2%</b>

## Added Value - The Plaza, Palmerston North



- ▶ The pre-eminent retail centre in the Manawatu region.
- ▶ KIPT's strongest performing centre on a specialty MAT/m<sup>2</sup> basis.
- ▶ Redevelopment/remix plans envisage a department store to anchor a new eastern mall with an additional 40 specialty shops.
- ▶ Potential increase in NLA from 14,000 m<sup>2</sup> to circa 26,500 m<sup>2</sup> and carparks from 680 to over 1,200.
- ▶ Total capitalised project cost circa \$90m.
- ▶ Strong progress made to date on the potential development with some commercial issues yet to be finalised.

# Added Value - Sylvia Park Offices

- ▶ Resource Consent for two 5-level Buildings received
- ▶ High quality space available:-
  - Building A – 10,600m<sup>2</sup>
  - Building B – 7,600m<sup>2</sup>
- ▶ Flexible floor plates allow for whole or part floor occupants
- ▶ Environmentally sustainable design features
- ▶ Aiming to achieve NZGBC 5 Green Star rating
- ▶ Full design development and costing of Building B completed by Q2 2008
- ▶ Construction decision on Building B by mid-2008
- ▶ Construction cost at circa \$30m for Building B. Other works include further levels to the North-East multi-storey carpark



## Public Transport

The new Sylvia Park Train Station is proving popular with visitors and Centre staff. September 2007 survey results showed:-

- ▶ Regular usage at 5,300 passengers per week
- ▶ School holidays increase to 9,200 passengers per week

- ❑ Portfolio in strong position
  - ▶ High quality asset base
  - ▶ Strong rental growth achieved & projected to continue
  - ▶ Continued high occupancy
  - ▶ Tenant demand for high quality space
  - ▶ Positive growth potential at Sylvia Park
  
- ❑ Growth through quality / strategic acquisitions & developments
  - ▶ Future expansion of The Plaza
  - ▶ Future development of Sylvia Park Office Building(s)
  - ▶ Continuation of other added value opportunities within the existing portfolio
  - ▶ Ongoing investigation of external opportunities
  
- ❑ Continued delivery of investor returns
  - ▶ Increased cash dividend projection of 9.0 cpu for the year ending 31-Mar-08 (+7.9% on previous year), subject to continuation of reasonable economic conditions.

# KIWI INCOME PROPERTY TRUST

**Disclaimer:**

This presentation has been prepared by Kiwi Income Properties Limited as the Manager for Kiwi Income Property Trust. The details in this presentation provide general information only. It is not intended as investment or financial advice and must not be relied upon as such. You should obtain independent professional advice prior to making any decision. This presentation is not an offer or invitation for subscription or purchase of securities or other financial products. Past performance is no indication of future performance.

November 2007