

Kiwi Income Property Trust

Interim Result

Six Months Ended 30 September 2006

Operating Highlights

- Net profit after tax (excluding realised gains) increased by 8.7% to \$29.7m
- Net rental revenue up 7.1% to \$47.5m (“like for like” basis up 6.0%)
- Gross interim dividend up 4.4% from 4.55cpu to 4.75cpu
- Full year gross dividend projection increased to 9.50cpu (up 4.4% on FY06)
- Total assets increased \$108.1m to \$1.6bn from 31 March 2006
- Post half year acquisition of the remaining 50% of National Bank Centre for \$55.6m
- Retail and Office portfolio occupancy levels remain at all time highs of 99.7% and 99.6% respectively

Financial Overview

	1H07	1H06		
Rental Income	\$47.5m	\$44.3m	↑	7.1%
Net Income Before Tax	\$33.1m	\$32.7m ¹	↑	1.2%
Net Income After Tax	\$29.7m	\$29.1m	↑	2.0%
Normalised Net Income After Tax	\$29.7m	\$27.3m	↑	8.7%
Gross EPU (normalised)	4.65cpu	4.63cpu	↑	0.4%
Gross Dividend	4.75cpu	4.55cpu	↑	4.4%

	1H07	FY06
Total Assets	\$1.55b	\$1.45b
Bank Debt to Assets Ratio	22.2%	16.3%
Portfolio Occupancy	99.6%	99.5%
Weighted Average Lease Term	5.2	5.4

¹ Excludes sale of AUT

Total Returns

Returns to 31 October 2006	Yearly	Two Year Cumulative p.a. return	Three Year Cumulative p.a. return
NZX Property Gross	19.4%	19.9%	18.3%
NZX50 Gross	17.3%	17.2%	18.1%
KIP	24.6%	20.2%	17.6%

Source: Iress, GSJBWere Research Estimates

- KIP total gross return since listing in 1993 (to 31 October 06) 12.1% p.a.
- Capped performance fee of \$1.1m paid for half year

Debt

- Debt level increased by \$108.5m to \$344.5m primarily due to ongoing Sylvia Park expenditure
- Secured borrowings as percentage of total assets 22.2%
- Post the settlement of National Bank Centre acquisition and completion of retail stage at Sylvia Park, secured borrowings as percentage of total assets of approximately 32%
- Weighted average cost of debt 6.9%
- Weighted interest rate hedging cover of approximately 65% over next three years (post National Bank settlement)

Acquisitions

- National Bank Centre (Auckland)
 - ▶ Exercised pre-emptive right to acquire the remaining 50% for \$55.6m
 - ▶ 26,146m² building, with two office towers, prominent ground floor retail premises, and basement carparking
 - ▶ Initial yield 7.8%, market yield 8.0%
 - ▶ Debt funded with settlement on 20 November 2006
 - ▶ Well located, level of under-renting, rental growth, opportunities to add value to retail

Disposals

- No disposals over the period

Occupancy

Office Portfolio

(as at 30 September 2006)

Property	Net Lettable Area m ² *	Vacant Area m ² *	Occupancy %
Vero Centre	39,482	-	100.0%
National Bank (50%)	13,073	609	95.3%
21 Pitt Street	17,226	-	100.0%
F&P Finance Building	4,049	-	100.0%
The Majestic Centre	23,963	-	100.0%
BP House	9,140	-	100.0%
Unisys House	22,151	-	100.0%
Vector Building	10,109	-	100.0%
Intergen House	2,428	-	100.0%
PWC	16,082	-	100.0%
Total Office	157,703	609	99.6%

* Excludes storage areas

Retail Portfolio

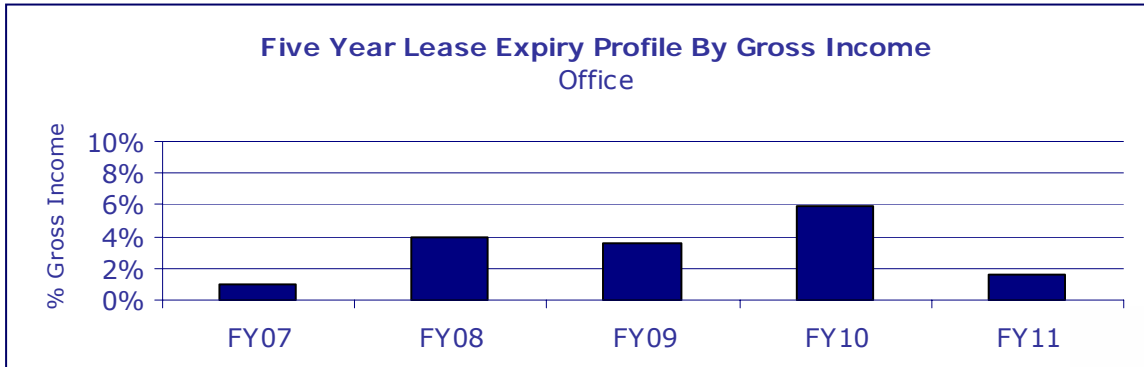
(as at 30 September 2006)

Property	Net Lettable Area m ² *	Vacant Area m ² *	Occupancy %
Sylvia Park (Stages I & II)	36,900	-	100.0%
Centre Place	15,077	117	99.2%
Downtown Plaza	2,959	198	93.3%
The Plaza	14,500	-	100.0%
North City	25,677	67	99.7%
Northlands	41,458	148	99.6%
Sub Total	136,571	530	99.6%
Adjoining Properties	15,014	-	100.0%
Total Retail	151,585	530	99.7%

- Total portfolio occupancy of 99.6%

Lease Expiry Profile

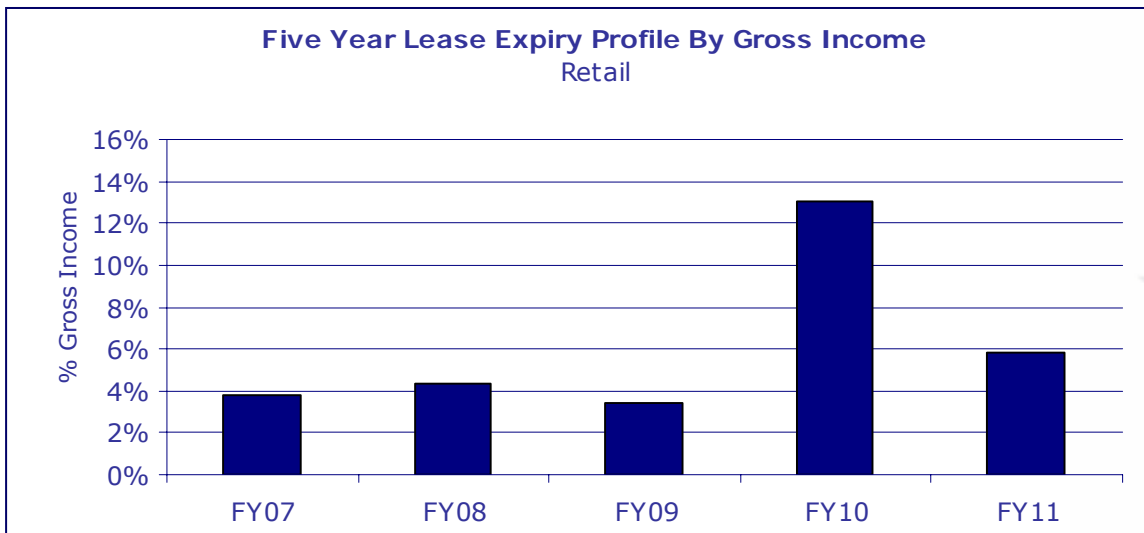
Office



Office Key Expiries

- FY07
 - ▶ Macquarie 1,170m² (NBC)
- FY08
 - ▶ Government of Japan 2,043m² (Majestic)
 - ▶ Department of Labour 6,900m² and Commerce Commission 2,700m² (Unisys House)

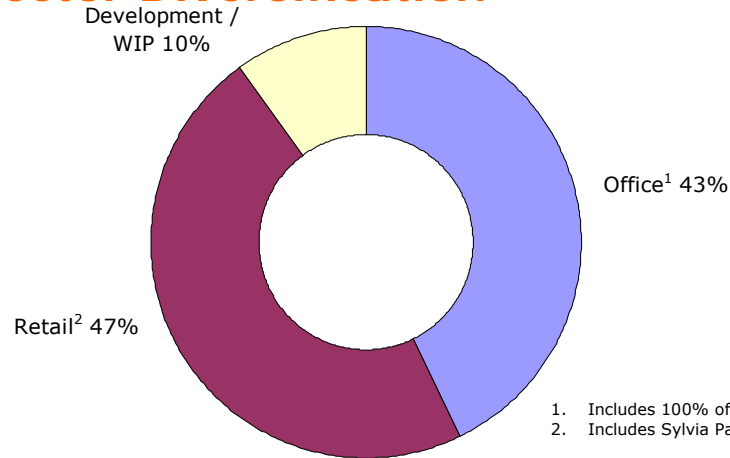
Retail



Retail Key Expiries

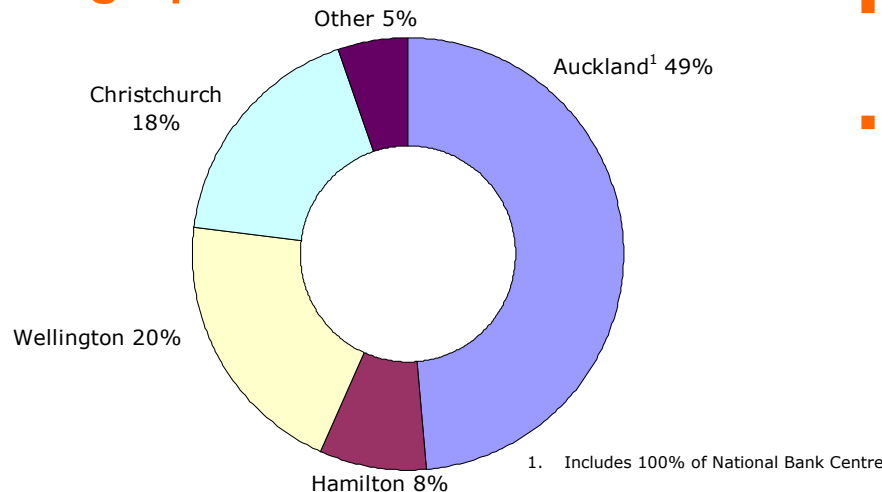
- FY10
 - ▶ Northlands specialty leases

Sector Diversification



- Broad diversification across both office and retail sectors
- Retail assets account for approximately 50% of portfolio

Geographic Diversification



- Geographic diversification throughout New Zealand
- Nearly 50% of portfolio located in strong performing Auckland market

Asset Management

New Leases

- 15 new leases, renewals & extensions, \$0.49m (30.6%) ahead of previous income (“like for like”)
- 5,612m² of net lettable area

Rent Reviews

- 29 rent reviews were completed, \$0.71m (10.7%) ahead of previous income
- 17,787m² of net lettable area

Auckland CBD Office Market

- During the first half of 2006 net absorption was 12,500m². Annual net absorption for the year to June was 24,000m², approximately half of that recorded over the same period in 2005
- CBD vacancy over all grades recorded an increase from 8.4% in 2005 to 9.5% for the year to June 2006. However, the prime vacancy rate continued to fall, recording 3.1% as at 30 June 2006
- Growth in prime rentals was 7.3% for the year to September 2006. Effective rentals are approaching \$500/m² net at the top of the Vero Centre
- Indicative prime yields have firmed by 25 basis points since the beginning of 2006 and now stand at 7.65%

Source: CB Richard Ellis 2006
& Kiwi Property Management

Wellington CBD Office Market

- Net absorption for the six months to 30 June 2006 was negative 3,500m²
- The overall vacancy rates are extremely low, having reduced from 4.9% a year ago to 3.8% at 30 June 2006. Vacancy in the premium sector is almost non-existent at 0.6%
- Prime and secondary rentals have increased by 10.6% and 12.8% respectively over the last year
- Premium yields are recorded at 7.4% down from 7.8% 12 months ago

Source: CB Richard Ellis 2006

Christchurch CBD Office Market

- Vacancies in the top three office towers have increased from zero to 2.4% over the last year. Forecasts are for occupancy in the prime sector to remain extremely high
- Rentals continue to increase. IRD are paying \$337/m² (gross) for their new building in Cashel Street. Prime rentals in existing buildings are \$230-\$270/m² gross
- Market yields reflect aggressive local buying at 6.5%-8.5%

Sources: Fright Aubrey
& Kiwi Property Management

Asset Management (excludes Sylvia Park)

New Leases

- 34 new leases or renewals completed \$0.20m (11.3%) ahead of previous income

Rent Reviews

- 171 rent reviews completed \$0.76m (5.1%) ahead of previous income

Retail Sales

- Major sales growth of 2%, specialty sales down 2%, overall “like for like” sales flat across portfolio

Specialty Gross Occupancy Costs

- Range between 12.3% and 16.2%

Retail Market

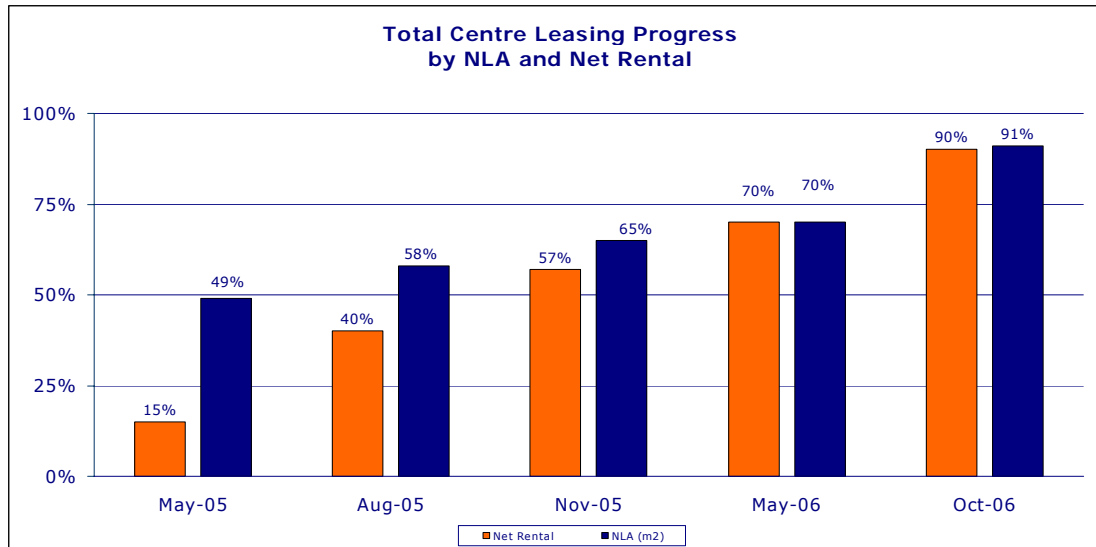
- More challenging environment as economy slows
- Continued demand from new Australian retailers will help maintain high occupancy levels
- Specialty lease structure with largely fixed rental increases will maintain rental growth



- Stages I and II opened fully leased in June and August respectively
- Leasing of Stages III and IV are nearing completion, overall Centre 91% leased by area as at October 2006
- Construction on budget and scheduled for completion in mid-2007
- Railway station under construction for completion in early 2007
- Stages I and II are trading well
- Christmas trading period now well underway



Leasing Progress



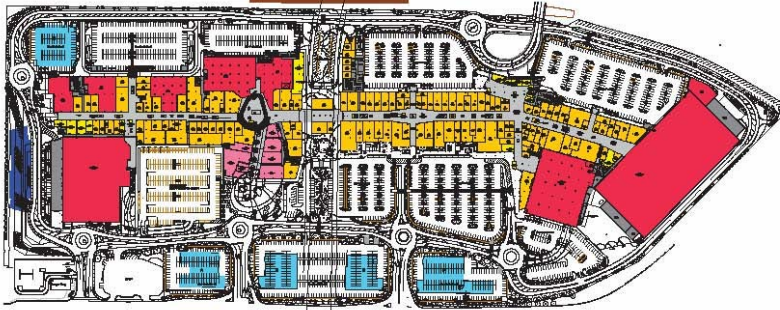
As at October 2006 ...

- Stage III
 - 84% by area leased
 - 79% by net rental
- Stage IV
 - 62% by area leased
 - 61% net rental
- Overall Centre 91% leased by area

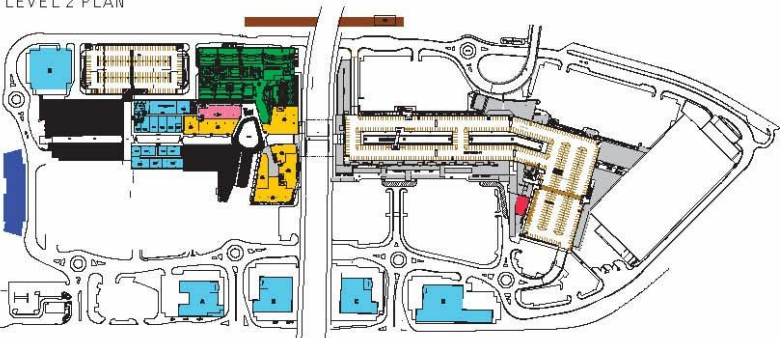
- Mini majors include Kathmandu, EziBuy, Noel Leeming, Borders, Dick Smith Electronics Powerhouse, Baby Factory
- Dining Lane includes wagamama, Garrison Gastro Bar, Casablanca, Nandos, Coffee Club, Umi Sushi Restaurant, and Burger Fuel
- Stage III Specialty includes Bed Bath N' Table, Foot Locker, Sony Style, Valley Girl, Playboy, Timberland, Diffusion and Purple Moss

Master Plan & Project Data

GROUND FLOOR PLAN



LEVEL 2 PLAN



KEY

- Retail
- Major Tenancy
- Restaurants
- Cinemas
- Food Court/Kiosk
- Services and Amenities area
- Mall / Lane
- Residential
- Offices
- Train Station

Area (m ²)						
	Majors	Mini-Majors	Specialty	Total Retail	Office	Total Centre
Stage I	17,200	-	5,500	22,700	-	22,700
Stage II	6,700	1,000	6,500	14,200	-	14,200
Stage III	6,400	6,400	8,500	21,300	-	21,300
Stage IV	-	2,800	4,200	7,000	2,700	9,700
Total	30,300	10,200	24,700	65,200	2,700	67,900

Tenancy Numbers				
	Majors	Mini-Majors	Specialty	Total Retail
Stage I	2	0	57	59
Stage II	1	2	49	52
Stage III	1	5	47	53
Stage IV	0	3	34	37
Total	4	10	187	201

Timetable	
June 2006	Stage I opened
August 2006	Stage II opened
2 nd Quarter 2007	Stage III opens
Mid 2007	Stage IV opens

Sylvia Park Trading

Sylvia Park Main Catchment



- Sylvia Park drawing customers from a wide catchment
- 63% of sales since opening from customers within Auckland City and Manukau City catchment as identified on map
- 4% of sales from customers coming from Waikato region
- Weekend trading particularly strong
- Sales growing in line with expectation for the staged project
- Of the 22 retailers with a number of stores in KIP's portfolio, for September,
 - 16 out of 22 Sylvia Park stores ranked either first or second in terms of total sales
 - 13 out of 22 Sylvia Park stores ranked either first or second in terms of \$/m²

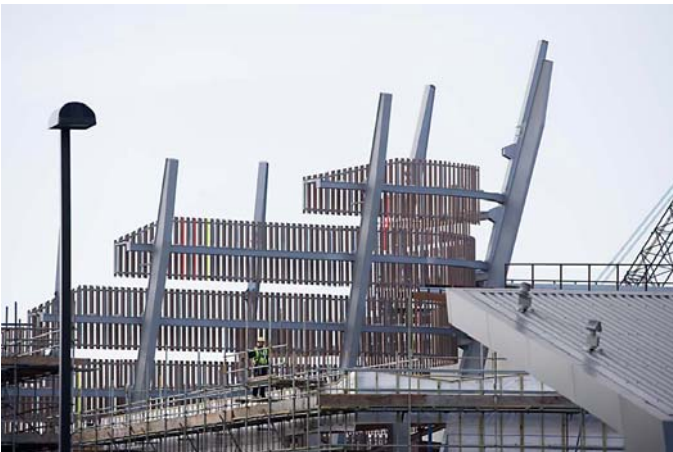
Stage I & II - Complete



Stage III & IV – Under Construction



View West – Entertainment & Leisure Precinct



The Cone – Stage III



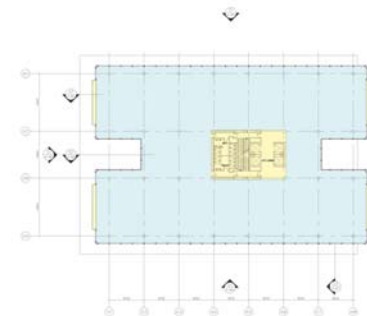
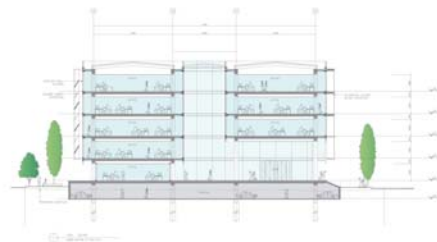
Eastern Aspect – Stage III

Sylvia Park Offices



Potential for:

- 4/5 mid-rise office buildings
- 35-45,000m² of office space with effective, efficient workplace design
- Large, flexible floor plates
- Environmentally responsive design



- Gross dividend projection of 9.50cpu for full year ending 31 March 2007, subject to a continuation of reasonable economic conditions. Projection is 4.4% ahead of previous year's dividend
- Key focus remains on successful completion of Sylvia Park Stages III and IV, and office buildings at Sylvia Park
- KIP portfolio remains in a sound position for growth, with low vacancy levels and solid rental growth, despite a more challenging economic outlook for NZ economy

KIWI INCOME PROPERTY TRUST

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November 2006