

**NZX & Media Release
13 August 2008**

Positive Outlook for Kiwi Income Property Trust

The outlook for Kiwi Income Property Trust remains positive with continuing solid demand for high-quality office and retail space expected, said Sean Wareing, Chairman of the Manager of the Trust, Kiwi Income Properties Limited, at the Annual Meeting today.

"As a result, we anticipate continued high occupancy levels and rental growth across the Trust's portfolio," he said.

"The Trust has a diversified and high-quality property investment portfolio with high occupancy levels. The balance sheet is conservatively geared with committed and enduring debt facilities in place. Furthermore, the Trust's listing on the NZSX provides a ready and liquid market for investors to buy and sell units with typical daily volumes in the order of a million units," Mr Wareing said.

The Trust would continue to consolidate its pre-eminent position in the prime office and retail markets through active property and asset management, tenancy remixes, refurbishments, redevelopments and acquisitions.

"While we remain cautious in the current economic environment, based upon the outlook for the Trust, and subject to a continuation of reasonable economic conditions, we are projecting a cash distribution for the year ending 31 March 2009 of approximately 9.0 cents per unit, representing an after tax yield of around 8% p.a. for domestic investors at current unit prices. This is equivalent to a pre-tax yield of approximately 12% p.a. for an investor who pays tax at a rate of 33%," Mr Wareing said.

"The Trust's defensive qualities will ensure that it is well placed to perform strongly in the more challenging environment we face with uncertainties in global financial markets. There is some evidence to suggest that property values around the world are coming under pressure and it is therefore possible that the Trust may face asset devaluations in the future."

As a result, at a Board meeting following the Annual Meeting the Board of the Manager resolved to commission independent external valuations of the Portfolio as at 30 September 2008. "Whilst property valuations are usually updated on an annual basis the Board consider it prudent and appropriate to keep unit holders fully informed in the current environment by undertaking an additional round of valuations at the half year," Mr Wareing said.

We expect that any downward movement in the Trust's property values would be reasonably contained, given the quality of the Trust's portfolio. Equally importantly, we do not expect any

devaluation to adversely affect distributions to Unit Holders, although it will reduce the Trust's net asset backing".

Leasing Progress at The Plaza, Palmerston North

Chris Gudgeon, Chief Executive of Kiwi Income Properties Limited, said that progress on leasing The Plaza shopping centre in Palmerston North was very encouraging, with good demand for high-quality retail space from local, national and international retailers.

The first retail stage, opening in March 2009, was now 88% leased in terms of budgeted income, with 12 out of the 17 shops now unconditionally committed.

The \$93 million redevelopment and expansion of The Plaza was announced by Kiwi Income Property Trust in February 2008.

"The redevelopment will substantially increase the size of The Plaza and consolidate its position as the leading retail destination in the Manawatu-Wanganui region. The Plaza will increase in area by nearly 60% from 19,700m² to 31,200m², and the completed redevelopment will feature a new two-level 6,800m² Farmers department store," Mr Gudgeon said.

The first stage of the project, involving construction of a three-storey car parking building, began in March 2008 and the entire redevelopment is scheduled for completion in the second quarter of 2010.

"The city is a major distribution centre and is supported by a strong agricultural base, a significant presence of armed-forces personnel and a broad education sector that includes Massey University, New Zealand's largest institution for agriculture, life sciences and horticulture," he said.

Result of voting

At the Annual Meeting, Unit holders voted to approve an ordinary resolution to entitle the Manager, immediately following receipt of any performance fee, to use that performance fee to subscribe for Units in the Trust.

As required, the same resolution was put to a meeting of Mandatory Convertible Note Holders in the Trust, held immediately following the Meeting of Unit Holders. MCN Holders also approved the resolution.

For further information, please contact:

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About Kiwi Income Property Trust

Kiwi Income Property Trust's objective is to optimise returns for its Unit Holders through the careful acquisition, development and professional management of its property portfolio. The Trust is listed on the New Zealand Stock Exchange and is ranked within the top 15 on the NZX 50 Index, and is a member of the NZX 10 Index.

The total value of the Trust's assets is \$2.1 billion, as at 31 March 2008. Assets include:

Key Office Assets

Vero Centre	Auckland
National Bank Centre	Auckland
21 Pitt Street	Auckland
Majestic Centre	Wellington
Unisys House	Wellington
BP House	Wellington
Vector Building	Wellington
PricewaterhouseCoopers Centre	Christchurch

Key Retail Assets

Sylvia Park Shopping Centre	Auckland
Northlands Shopping Centre	Christchurch
Centre Place Shopping Centre	Hamilton
Downtown Plaza Shopping Centre	Hamilton
North City Shopping Centre	Porirua
The Plaza Shopping Centre	Palmerston North

Kiwi Income Property Trust's website address is www.kipt.co.nz