

KEEPING TO OUR GAME PLAN



KIWI INCOME
PROPERTY TRUST

KIWI INCOME
PROPERTY TRUST IS
MANAGED WITHIN



Global Asset Management

**Kiwi Income Property Trust
2012 Annual Meeting**

Our vision is to be New Zealand's leading property investment vehicle with a diversified portfolio of high-quality assets providing superior returns

Today we are New Zealand's largest listed diversified property entity, with \$2.0 billion invested in a portfolio predominantly comprising prime office and dominant regional shopping centres



▪ **Chairman's overview**

▪ **Chief Executive's review**

▪ **Summary and outlook**

▪ **Questions**

Unless otherwise stated all statistics are as at 31 March 2012.

For further information refer to:

www.kipt.co.nz or www.nzx.com

CHAIRMAN'S OVERVIEW

2012 Annual Meeting



Vero Centre, Auckland



**KIWI INCOME
PROPERTY TRUST**

**Colonial
First State**
Global Asset Management

Annual result highlights

A high-quality result delivered in a challenging year



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High-quality
financial result
delivered

Strong financial
position
maintained

- Operating profit before tax of **\$81.3 million**, +\$4.9 million
- Profit after tax of **\$89.2 million**, +\$115.6 million
- Distributable income of **\$71.7 million**, +\$2.9 million
- Full year after-tax distribution of **7.00 cpu**, per guidance
- Cumulative average total return of **9.7% pa¹** since inception

- Total assets of **\$2.16 billion**, +\$47.1 million
- Net bank debt gearing ratio **33.8%**
- Net tangible assets per unit of **\$1.09**, +\$0.02

1. Includes unit price movements and the reinvestment of cash distributions and imputation credits on the ex-date.

Annual result highlights

A high-quality result delivered in a challenging year

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Solid property
fundamentals

- Occupancy stable at **96.2%**
- Weighted average lease term stable at **3.9 years**
- Shopping centre sales growth **+8.4%**
- Developments and defensive investments on track



CHIEF EXECUTIVE'S REVIEW

2012 Annual Meeting

THE PLAZA

The Plaza Shopping Centre, Palmerston North



**KIWI INCOME
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Financial highlights

Financial performance and distributable income



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Financial performance For the year ended

	31-Mar-12 \$m	31-Mar-11 \$m	Variance	
Net rental income	144.0	137.8	+4.5%	↑
Operating profit before tax	81.3	76.4	+6.4%	↑
Profit/(loss) after tax	89.2	(26.4)	+\$115.6m	↑

Distributions For the year ended

	31-Mar-12	31-Mar-11	Variance	
Distributable income after tax (\$m)	71.7	68.8	+4.2%	↑
Distributable income after tax (cents per unit) ¹	7.34	7.07	+3.8%	↑
Cash distribution (cents per unit)	7.00	7.00	-	↔

1. Calculated using the number of units on issue at the distribution payment dates.

Financial highlights

Financial position



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Financial position

As at

	31-Mar-12 \$m	31-Mar-11 \$m	Variance	
Property assets	2,009	1,985	+\$24m	↑
Total assets	2,160	2,113	+\$47m	↑
Unit Holder funds	1,073	1,043	+\$30m	↑
Net gearing ratio ¹	33.8%	32.7%	-1.1%	
Net tangible asset backing (per unit)	\$1.09	\$1.07	+\$0.02	

1. Calculated as bank debt less \$58.5 million (31 March 2011 \$102.0 million) MCN proceeds on deposit over total assets (excluding MCN proceeds on deposit).

Financial highlights

Unit Holder funds



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Movements	Unit Holder funds \$m	NTA \$/unit
Fair value changes		
- Centre Place	-20.0	-0.02
- The Majestic Centre	-34.4	-0.04
- Sylvia Park	+27.5	+0.03
- Other	+17.3	+0.02
PwC write-off	-26.9	-0.03
Insurance proceeds	+67.1	+0.07
Other	-0.8	-0.01
Net movement	+29.8	+0.02

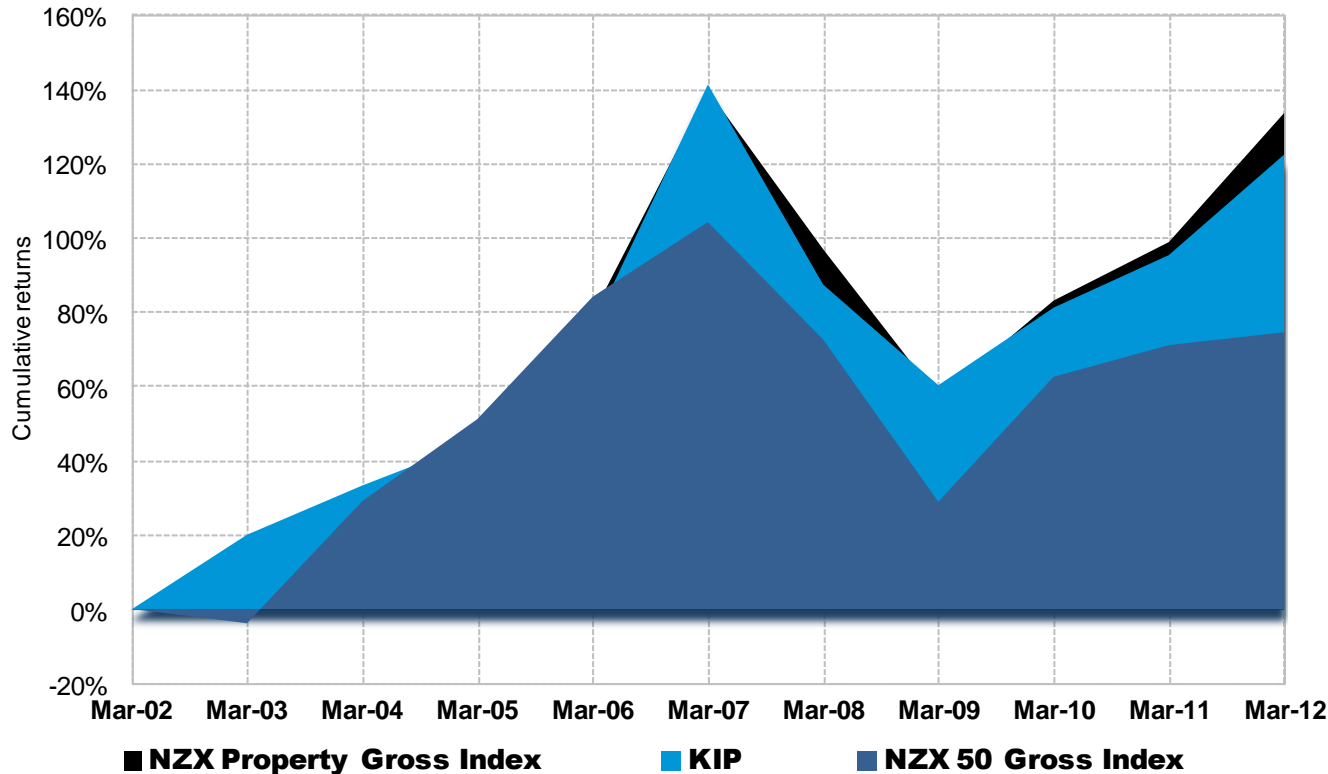
Investment return highlights

Ten years of solid performance



Cumulative total return¹

Total return over the 10 years from 31 March 2002 to 31 March 2012



The Trust has produced a 10-year Total Return to 31 March 2012 of **8.3% pa¹**

Source: IRESS

1. Includes unit price movements and the reinvestment of cash distributions, but not imputation credits, on the ex-date.

Operating highlights

Progress against 2012 priorities

Priority	Achieved	Progress
<p>Protect the balance sheet by maintaining conservative gearing and diversity within the capital structure to optimise the cost of capital</p>		<ul style="list-style-type: none"> ▪ 33.8% net bank debt gearing ratio ▪ \$592.5 million of bank debt facilities favourably refinanced – increased weighted average term to maturity to 3.5 years ▪ \$63.4 million capital recycled out of mature assets ▪ \$69.3 million settlement reached with insurers for PwC Centre
<p>Intensively manage assets to maximise income and investment performance</p>		<ul style="list-style-type: none"> ▪ Occupancy rate of 96.2% ▪ Seismic assessments undertaken and earthquake strengthening program proactively commenced ▪ Sales and rental growth from our shopping centre portfolio assisted by research-based centre marketing programs
<p>Add value through our investment decisions to optimise earnings</p>		<ul style="list-style-type: none"> ▪ ASB North Wharf development on program for completion in 2013 at an initial yield of 8.5% per annum ▪ Centre Place development commenced to competitively reposition the centre

Operating highlights

Total sales increased 8.4% to \$1.4 billion



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Sales growth

Total
+8.4%
\$1.4b

Comparable
+5.7%
\$966m

Up across all
categories

Strong centres

Northlands
+22.2%

Sylvia Park
+7.1%

North City
+5.8%

Improved specialty GOC

13.4%
Down from
14.1%

Operating highlights

Leasing and rental review activity



Active leasing period

784
Leases/rent reviews completed

154,400sqm
Net lettable area leased

On average, 15% of total rental income expires in each of the next four years

Rental growth achieved

\$1.1m
Uplift achieved on prior passing rent

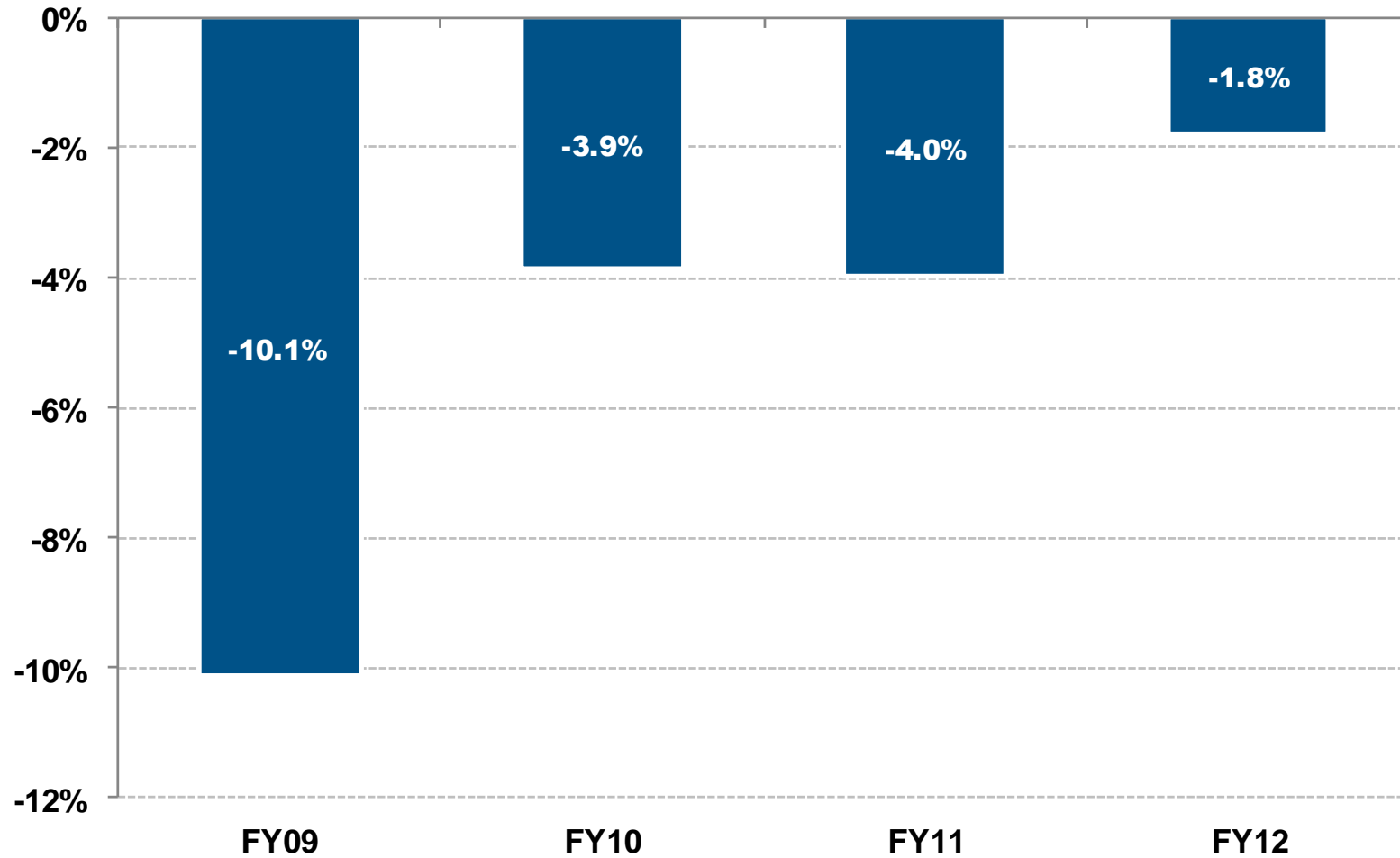
0.8%
Portfolio over-renting

Operating highlights

Portfolio valuations are stabilising



Portfolio revaluation movements



Operating highlights – ASB North Wharf

Building topped off, project on time and on budget



Key project metrics

Development budget	\$132.1m
Target initial yield	~8.5%
Est. value on completion	\$144.0m

ASB lease details

Net lettable area (93% of building NLA)	19,465 sqm
Initial lease term	18 years
Lease commences	July 2013
Rent reviews	Fixed 2.5% pa



ASB
NORTH WHARF

ASB North Wharf, Auckland
May 2012

Operating highlights - Centre Place

Repositioning as a competitive CBD specialty centre

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Milestones

- Opened:
 - New foodcourt and dining lane Sep-11
 - New Rebel Sport store Jul-12
- New Farmers store opening late 2013

Other improvements

- Parking and access
- Council revitalisation of CBD underway



Key project metrics

Development budget (incl completed stages)	\$49.9m
Target initial incremental yield	~8.4%

Projected on-completion statistics

Centre value	\$140.0m
NOI ¹	\$11.0m
NLA	26,293 sqm
MAT first year ²	\$116.0m

- Pre amortisation of incentives and fees.
- Urbis Research (Aug-11).



DINING Lane

SHIRAZI

DINING Lane

THE FLYING SCIMITAR BROTHERS
BARBECUE & RESTAURANT

DINING Lane

**Dining Lane
Centre Place Shopping Centre, Hamilton**



Demolition

PricewaterhouseCoopers Centre

- Building currently being demolished at insurers' expense
- Insurance claim settled for \$69 million



Strengthening

Earthquake strengthening underway

- The Majestic Centre, Wellington - \$35 million
- Northlands Shopping Centre, Christchurch - \$9 million







Ten-year program

Balance of portfolio

- Investigations undertaken, work being scoped and prioritised
- Estimate of cost \$30-\$40 million over ten years

External environment

New Zealand economy slowly and steadily improving

Indicator	Current	Outlook	Key points
GDP growth	+1.7%		Forecast to lift to ~3.0% by 2014
Unemployment	6.7%		Forecast to decrease to 5.4% by 2014
House prices	+3.0%		Forecast to rise a further 6.0% over 2012
Core retail sales	+4.8%		Forecast growth of 2-4% over 2012

Sources:

1. ASB Economics, Apr-12 and Jul-12
2. Statistics New Zealand, Feb-12 and May-12
3. New Zealand Institute of Economic Research Mar-12 and Jun-12
4. QV Latest Property News May-12
5. Westpac Economic Overview May-12

External environment

85% of core portfolio located in recovering property markets



Sector	Core portfolio weighting ¹	Short term outlook	Medium term outlook	Key points
Retail	65%			Forecast sales growth: <ul style="list-style-type: none"> - 2012: >2% - Medium term: 2-4%
Auckland office	20%			<ul style="list-style-type: none"> - Vacancy expected to reduce - Rents expected to improve - Further yield compression expected
Wellington office	8%			<ul style="list-style-type: none"> - Vacancy expected to increase - Rent growth suppressed by increasing insurance costs - Seismic performance under scrutiny

1. The balance of the portfolio (7%) comprises development land, investment property under construction and adjoining properties.

Priorities for FY13

An active year ahead

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Intensive asset management

- Active retail and office leasing
- Seismic strengthening works

Balance sheet protection

- Refinance and extend bank debt

Add value through development

- Progress ASB North Wharf
- Progress Centre Place

Add value through strategic decisions

- Seek acquisition opportunities that add value, consistent with the Trust's strategy

SUMMARY AND OUTLOOK

2012 Annual Meeting

The Majestic Centre, Wellington



Summary and outlook

Projected FY13 after-tax distribution of 6.60 cents per unit



Robust fundamentals

Challenges ahead require caution

Projected distribution

- Strong financial position
- Solid portfolio metrics
- Active management approach
- Sound investment strategy
- Performance underpinned by favourable exposure to:
 - Shopping centres (70% by value)
 - Auckland (61% by value)

- The Manager remains cautious given the current economic environment and the cost and income impacts of our earthquake strengthening requirements

- Based upon the outlook for the Trust and subject to a continuation of reasonable economic conditions, an after-tax distribution of 6.60 cpu is projected for FY13

QUESTIONS

2012 Annual Meeting



LynnMall Shopping Centre, Auckland



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