

## **Chairman's Address**

### **Annual Meeting of Unit Holders**

**Monday, 13 August 2007 at 10.30 am**

Good morning Ladies and Gentlemen, welcome to the fourteenth Annual Meeting of Kiwi Income Property Trust.

My name is Sean Wareing and I am an independent director and Chairman of the Manager of the Trust. Under the terms of the Trust Deed, I have been appointed Chairman of this meeting by the Trustee, New Zealand Permanent Trustees Limited.

I am pleased to advise that there is a quorum present and I declare the Meeting of Unit Holders open.

I would like to take the opportunity to introduce my colleagues on the Board of the Manager.

- **Wal Edgell** – Wal is Chief Operating Officer for the Property and Alternative Investments business of Colonial First State Global Asset Management and a Director of the Manager's parent company, Colonial First State Property Limited in Australia.
- **Richard Didsbury** – Richard was one of the original founders of the Trust in 1992. He is a Trustee of the Committee of Auckland and chairs the Trust's Project Control Group which has directed the Sylvia Park project.
- **Robert Narev** – Robert joined the Board in 1992 and is an independent director. He was a senior partner of the Auckland-based law firm, Glaister Ennor, for whom he is now a Consultant. Robert specialises in property, commercial law and trusts, and he is a Member of the New Zealand Order of Merit.
- **Joanna Perry** – Joanna joined the Board as an independent director in September 2006, following 17 years as a partner with accounting firm KPMG. She chairs the Financial Reporting Standards Board, and is a member of the Securities Commission and Australian Accounting Standards Board.
- **John Duncan** – John chairs the Compliance Boards of ASB Bank Group Investments Limited and Sovereign Superannuation Trustees Limited, and is a director of Colonial Fiji Life Limited and the National Bank of Fiji Limited.

Unfortunately Jim Syme is unable to attend today.

Also joining us as at the table is the Chief Executive of the Manager of Kiwi Income Property Trust, Angus McNaughton, and the Chief Financial Officer, Gavin Parker.

We also extend a welcome to our Trustee, Philip Dyer from New Zealand Permanent Trustees, and Alan McIntyre from our auditors, PricewaterhouseCoopers.

The Trust had another successful financial year, reporting a healthy profit and a record revaluation gain of \$219.8 million.

The \$59.2 million profit for the year to 31 March 2007, represented a 3.7% increase over the previous year, excluding one-off realisation gains of \$15 million last year from the sale of the Trust's investment in Capital Properties and the sale of the AUT Building.

The \$219.8 million revaluation gain reflected strong demand for high-quality retail and office space and contributed to a 31 cents per unit rise in the undiluted net asset backing to \$1.75 per unit.

At year end, the Trust's total assets stood at \$1.93 billion, an increase of \$481.6 million over the previous year.

A total gross dividend of 9.60 cents per unit was paid to unit holders, 5.5% higher than the 9.10 cents per unit paid in 2006. Taking into account the dividend and unit price appreciation, the total gross return for the year was 38.0%, compared with 33.6% for the NZX Property Index and 10.9% for the NZX50 Index.

The positive result reinforces the benefits of the Trust's focus on adding value to a diversified, superior quality, property portfolio.

Consistently high occupancy levels across the Trust's properties, improvements in asset management and the successful opening of the first three stages of Sylvia Park, all contributed to the 2007 financial result and created value for investors.

Regarding Sylvia Park, the remarkable progress of this project has continued and the Trust is delighted with the recent completion of the final stage of the shopping centre and the opening of the Sylvia Park railway station. All four stages of this project were completed on time and on budget.

The exceptional location, the accessibility and overall quality of Sylvia Park has generated a strong level of commitment from iconic New Zealand, Australian and international retailers and our dedicated and highly experienced leasing team have delivered arguably New Zealand's best ever tenancy mix.

We are extremely proud of Sylvia Park and I would like to emphasise that opportunities to invest in high-quality, high-growth, retail projects on the scale of Sylvia Park are very limited.

On behalf of the Board, I would like to take this opportunity to thank the Trust's management team for the successful delivery of the project and for the continued strong performance of the Trust's portfolio.

Looking ahead, the property sector will receive a boost from 1 October 2007 with the introduction of the Portfolio Investment Entity regime. Under this new set of tax rules, no further tax is payable by New Zealand-resident investors on cash dividends paid by the Trust.

We are very pleased with the outcome of the new regime which will significantly improve the after-tax returns for most New Zealand resident investors.

At the same time, property sector fundamentals are expected to remain sound, despite the higher interest rate environment. The outlook is for continued strong demand for both office and retail space and for the continued dominance of the Trust's assets at the top-end of the market.

While demand for high-quality assets from both offshore and New Zealand investors will make it increasingly challenging to acquire new assets, an important part of our asset management strategy will be to continue to add value to the portfolio through tenancy remixes, refurbishments, and the development of assets which cannot be purchased.

Based on the positive outlook for the Trust and as a consequence of the Portfolio Investment Entity regime, the Trust is projecting a cash dividend for the year ending 31 March 2008 of approximately 8.8 cents per unit. This projection is based on current tax legislation and a continuation of reasonable economic conditions. Unlike previous dividends, no further withholding taxes will be deducted from this amount for New Zealand resident investors.

It has been another successful year for the Trust and I would like to thank my fellow directors for their support and guidance. With a superior quality property portfolio and through the enterprise and energy of its people, the Trust will continue to grow, prosper and deliver value to investors.

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