



KIWI INCOME
PROPERTY TRUST

Kiwi Income Property Trust

Extraordinary General Meeting

27 January 2005

Resolution

- To amend the Trust Deed so that the limit on borrowings is increased from 35% to 40% of the gross value of the Trust Fund.



Rationale



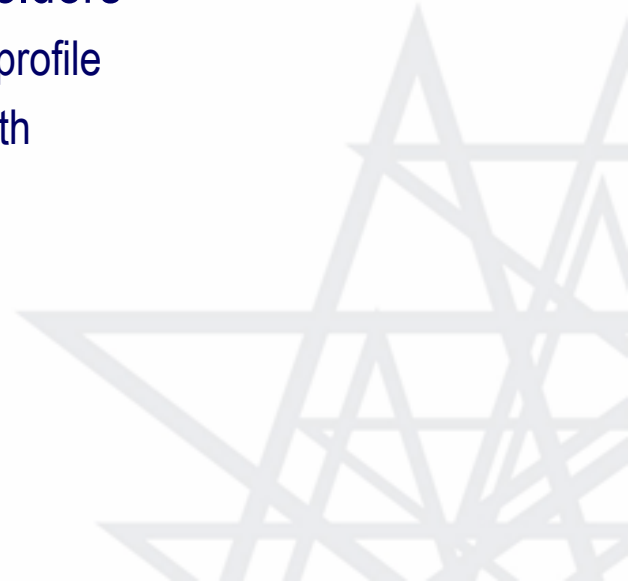
- Funding flexibility
 - ▶ Ability to pursue added value opportunities on a timely basis.
 - ▶ Opportunities include Sylvia Park, The Plaza, and possible further investment in Capital Properties.
 - ▶ Approximately \$100m of additional debt capacity.
 - ▶ Requirement for new equity reduced.
 - ▶ Strong support from New Zealand institutional and retail investors.

Rationale



- Lower cost of capital
 - ▶ Debt is a cheaper form of funding than equity
 - ▶ A higher proportion of debt within the funding mix lowers the cost of capital
 - ▶ A lower cost of capital enhances asset returns

- Higher returns for unit holders
 - ▶ Enhanced distribution profile
 - ▶ Additional capital growth



Case Study



Acquisition Cost: \$50 million

Acquisition Yield: 9.5%

Gross Dividend Impact:

100% Debt Funded +0.12cpu

100% Equity Funded +0.06cpu

Unit holder return is higher through debt funding

Peer Review



Borrowings to Total Assets Maximum

AMP NZ Office Trust	50%
Capital Properties	50%
ING Property Trust	50%
Macquarie Goodman	50%
Property For Industry	50%
National Property Trust	45%
Urbus	40%
Kiwi Income Property Trust (Proposed)	40%
Calan Healthcare	35%

Summary



- Adding value through the utilisation of funding flexibility
 - Lowers any future requirement for equity funding
 - No change to stable low risk profile of Trust
 - Cost of capital is reduced
 - Enhanced returns to unit holders
 - The Trust is in a strong position
- **Proposal is of benefit to unit holders**

The Resolution



Clause 20.3 of the Trust Deed is amended by deleting the existing paragraph (a) and inserting the following:

“No such Borrowing shall be made if the effect of that Borrowing would be such that immediately after that Borrowing, the total of money Borrowed by the Trust Fund and outstanding would exceed 40% of the Gross Value of the Trust Fund at that date (calculated taking account of the proceeds of the Borrowing) provided that, if at any time (due to circumstances outside the Manager’s control) the total Borrowings exceed 40% of the Gross Value of the Trust Fund, the Manager (in consultation with the Trustee) shall forthwith take such action (which may include the disposal of Assets) as may be appropriate to generate sufficient Cash to repay, and the Manager shall apply that Cash in repaying Borrowings such that the total amount Borrowed immediately after such repayment does not exceed 40% of the Gross Value of the Trust Fund at that date.”



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