



## Investor Asset Tour

Wellington and Auckland  
22 – 23 July 2010



KIWI INCOME  
PROPERTY TRUST IS  
MANAGED WITHIN



Global Asset Management

### **Kiwi Income Property Trust**

is New Zealand's largest listed property trust, with \$1.85 billion invested in a diversified portfolio of prime office and retail assets located throughout New Zealand. The Trust listed on the New Zealand Stock Exchange in December 1993 and is a member of the NZX 10 Index.

### **Colonial First State Global Asset Management (CFSGAM)**

is the consolidated asset management arm of the Commonwealth Bank of Australia Ltd ABN 48 123 123 124 (the Bank), and sits within the Bank's wealth management division. Entities within CFSGAM provide management services to the Trust.

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# Kiwi Income Property Trust

## Kiwi Income Property Trust

### **Fund overview** (all statistics in this document are as at 31 March 2010 unless otherwise stated)

- New Zealand's largest listed diversified property trust listed in 1993
- Only listed property trust in the NZX 10 Index (ranked 10<sup>th</sup>)
- Combined market capitalisation of over **\$1.1 billion** (including MCNs)
- Total assets of **\$1.98 billion**
- Property assets of **\$1.85 billion**
- Cumulative average Total Return of **~9.4%** since inception of the Trust
- Balance sheet strength and flexibility with low net debt to total assets ratio of **25%**
- Solid property fundamentals:
  - Occupancy **97%**
  - Weighted average lease term to expiry of **4.3 years**
- Growth through potential acquisitions, intensive asset management, asset enhancement and prudent development

Kiwi Income Property Trust is one of three publicly listed trusts within Colonial First State Global Asset Management (CFSGAM). CFSGAM is the consolidated asset management division of the Commonwealth Bank of Australia, one of the leading banking groups in the world.

The property division of CFSGAM is a fully integrated real estate investment business with more than A\$18 billion in funds under management.

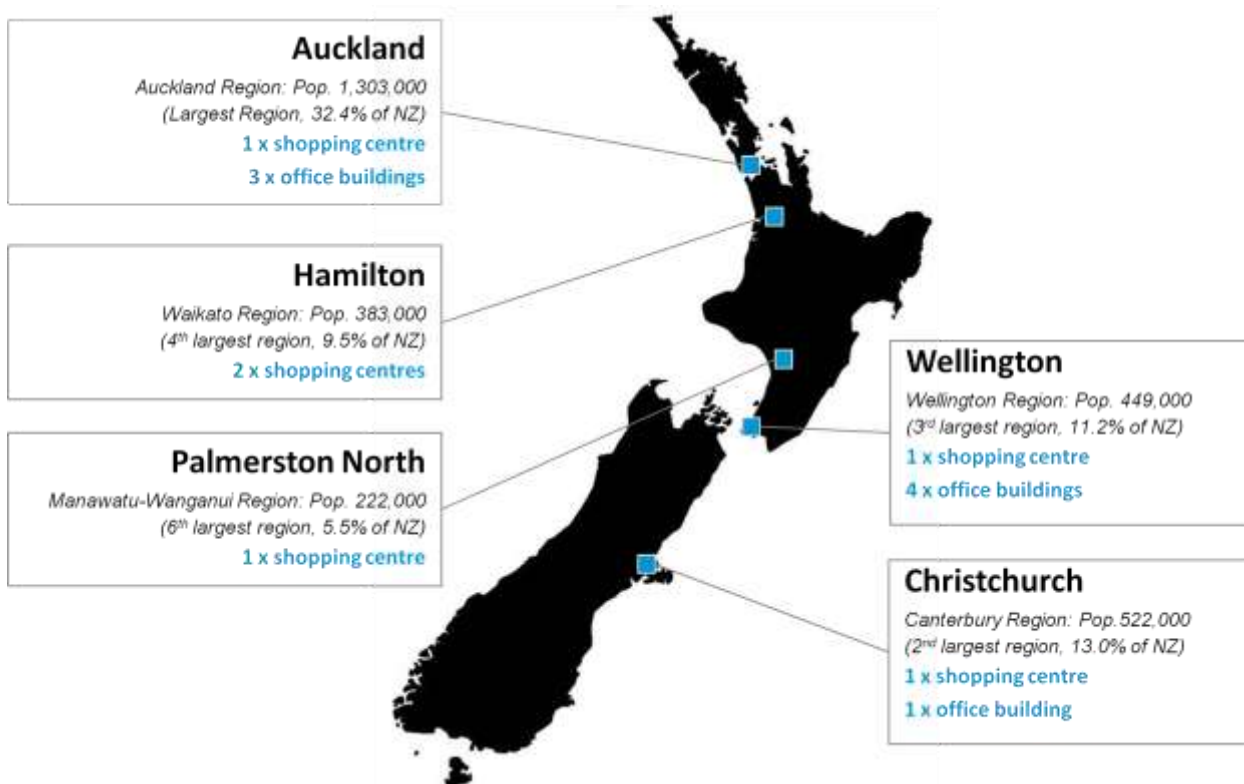
# Kiwi Income Property Trust

## Portfolio overview

### Key portfolio metrics

Portfolio metrics <sup>1</sup>	Retail	Office	Total
Number of core assets	6	8	14
Value [\$000]	1,099,979	686,350	1,786,329
Percentage of investment portfolio [%]	62	38	100
Net lettable area [sqm]	191,114	158,038	349,152
Number of tenants	664	133	797
Occupancy [%]	99	95	97
Weighted average capitalisation rate [%]	7.55	8.35	7.86
Weighted average lease term [years]	4.3	4.2	4.3

1 Excludes investment properties classified as 'other property' (ie adjoining, development and non-core) (value \$62.3 million/3.4% of total portfolio)

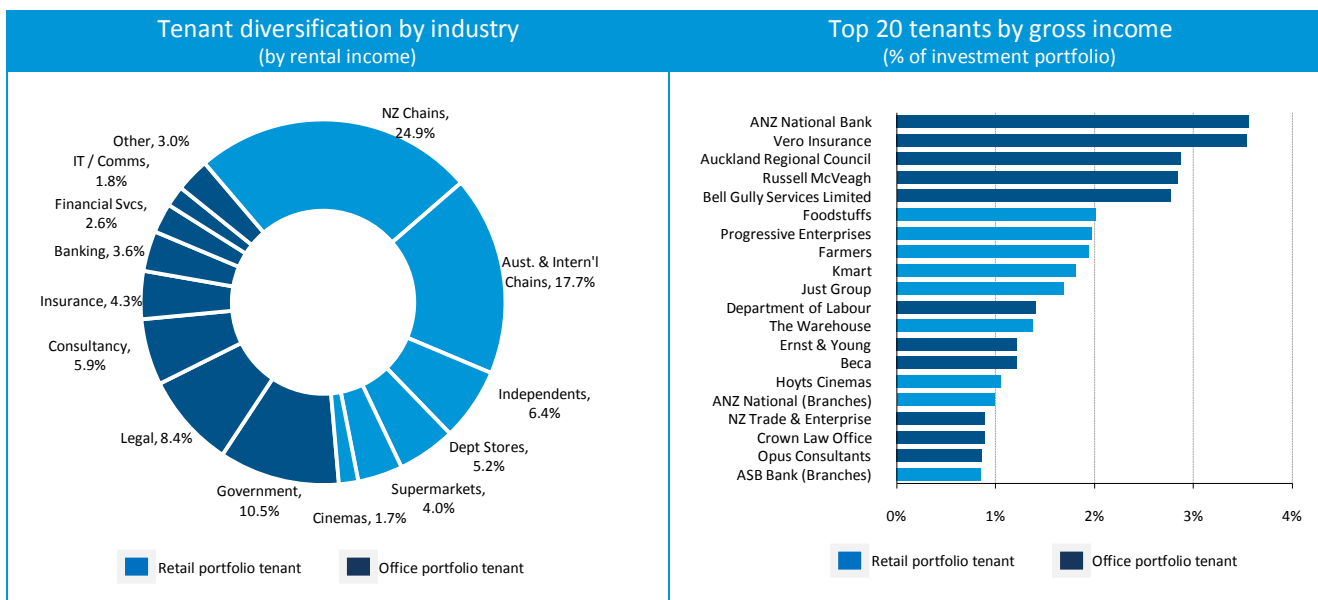


## Kiwi Income Property Trust Portfolio overview

### Diversification – sector and regional

By value [%]	Auckland	Wellington	Christchurch	Palmerston North	Hamilton	TOTAL [% total by sector]
Retail	25	5	13	11	6	60
Office	22	12	3	-	-	37
Other	2	-	-	-	1	3
<b>TOTAL</b> [% total by region]	<b>49</b>	<b>17</b>	<b>16</b>	<b>11</b>	<b>7</b>	<b>100</b>

### Diversification – tenant



Kiwi Income Property Trust  
**Tour personnel**



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Chris Gudgeon  
Chief Executive



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Gavin Parker  
Chief Financial Officer



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Miles Brown  
Manager – Commercial Portfolio



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Mathew Chandler  
Investor Relations Manager



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Karl Retief  
Manager – Retail Portfolio

# Notes

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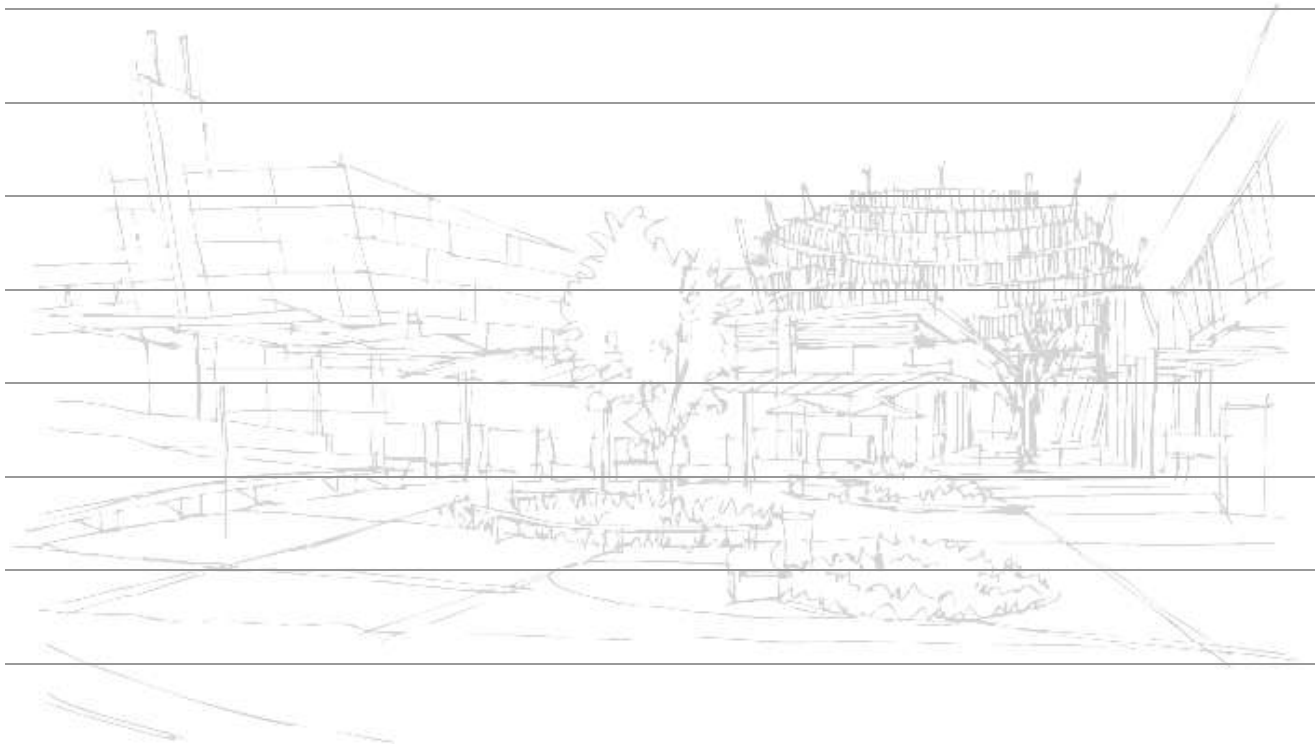
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**Tour  
properties**

## The Majestic Centre, Wellington

### Property details

#### General property information

Location	151 Willis Street, Wellington
Date acquired	March 1994, December 1997
KIP ownership [%]	100

#### Property breakdown

	NLA [sqm]	NLA [%]	Income [%]
Office	22,149	90.8	78.0
Retail	2,187	9.0	9.3
Other	51	0.2	11.0
Carparks (263)			1.7
<b>Total</b>	<b>24,387</b>	<b>100.0</b>	<b>100.0</b>
Typical floorplate [sqm]	1,000		

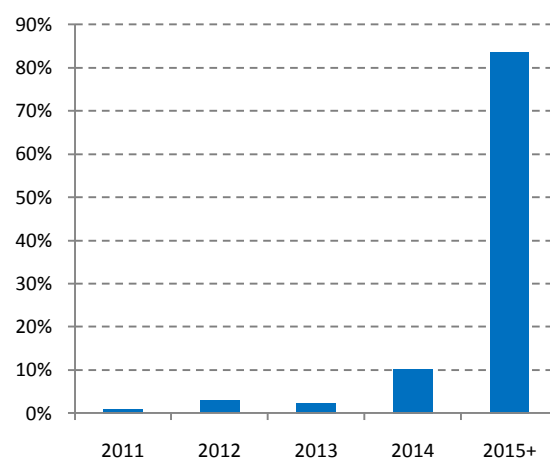
#### Office statistics

Vacancy (by area) [%]	0.0
Average net passing rent (occupied office) [\$/\$sqm]	423
Over/(under) renting [%]	1.2
Weighted average lease term by income [years]	5.4
Rent reviews next 12 months [NLA sqm / %NLA]	9,149 / 37.5
Outgoings – statutory [\$/\$sqm]	51
Outgoings – non statutory [\$/\$sqm]	86
Gross leases (by area) [%]	90.8
Net leases (by area) [%]	9.2

#### Major tenants

	NLA [%]	Expiry date	Next rent review
Opus Consulting	17.4	Dec-14	Jan-12
Ernst & Young	16.4	Mar-18	Apr-12
NZ Trade & Enterprise	12.4	Apr-14	May-11

#### Lease expiry profile (by gross income)



#### Valuation

Valuation [\$m]	103.4
Valuation date	31 March 2010
Capitalisation rate [%]	8.50
Discount rate [%]	9.75



## The Majestic Centre, Wellington

### Property details

#### Building profile

Level 28	Airways	WRCC
Level 27	Airways	
Level 26	Airways	
Level 25	Cigna Life	
Level 24	Ernst & Young	
Level 23	Ernst & Young	
Level 22	Ernst & Young	
Level 21	Ernst & Young	
Level 20	Earthquake Commission	
Level 19	Govt. of Japan	
Level 18	Govt. of Japan	
Level 17	Plant	
Level 16	Plant	
Level 15	NZTE	
Level 14	Sweeney Vesty	NZTE
Level 13	Plant	
Level 12	NZTE	
Level 11	IBM	
Level 10	IBM	
Level 9	Opus	
Level 8	NZTE	Fusion5
Level 7	Opus	
Level 6	Opus	
Level 5	Opus	
Level 4	Podium / Manager's office	
Level 3	Habit Gym	
Level 2	Cigna	
Level 1	Buoy Hairdressing	Cigna
Level G	Retail	
HPH	HPH Limited	

#### Location map



## Unisys House, Wellington

### Property details

#### General property information

Location	44 The Terrace, Wellington
Date acquired	April 2004
KIP ownership [%]	100

#### Property breakdown

	NLA [sqm]	NLA [%]	Income [%]
Office	20,522	92.6	93.0
Retail	1,571	7.1	6.1
Other	65	0.3	0.9
Carparks (325)			
Total	22,158	100.0	100.0
Typical floorplate [sqm]	1,200		

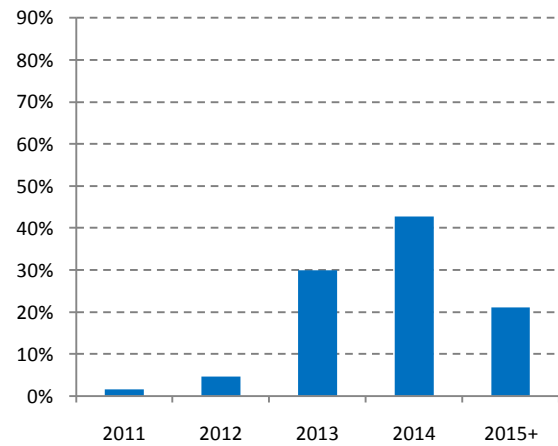
#### Office statistics

Vacancy (by area) [%]	0.0
Average net passing rent (occupied office) [\$ / sqm]	345
Over/(under) renting [%]	(1.1)
Weighted average lease term by income [years]	3.5
Rent reviews next 12 months [NLA sqm / %NLA]	13,556 / 61.2
Outgoings – statutory [\$ / sqm]	35
Outgoings – non statutory [\$ / sqm]	49
Gross leases (by area) [%]	100
Net leases (by area) [%]	0

#### Major tenants

	NLA [%]	Expiry date	Next rent review
Department of Labour	42.3	Jan-14	Jan-11
Crown Law	21.7	Mar-13	-
Unisys NZ Limited	10.8	Jun-14	Jul-11

#### Lease expiry profile (by gross income)



#### Valuation

Valuation [\$m]	79.8
Valuation date	31 March 2010
Capitalisation rate [%]	8.75
Discount rate [%]	9.75



## Unisys House, Wellington Property details

### Building profile

Unisys House	
Level 18	Securities Commission
Level 17	Department of Labour
Level 16	Unisys NZ Limited
Level 15	Unisys NZ Limited
Level 14	Unisys NZ Limited
Level 13	Department of Labour
Level 12	Crown Law
Level 11	Crown Law
Level 10	Crown Law
Level 9	Crown Law
Level 8	Securities Commission
Level 7	Department of Labour
Level 6	Department of Labour
Level 5	Department of Labour
Level 4	Department of Labour
Level 3	Department of Labour
Level 2	Les Mills World of Fitness
Level 1	ProCopy / Les Mills
Ground	Fix / Fuel Espresso

Aurora Chambers	
Level 7	Department of Corrections
Level 6	Department of Labour
Level 5	Department of Labour
Level 4	Department of Labour
Level 3	NZ School Trustees Assn
Level 2	Les Mills World of Fitness
Level 1	Les Mills
Ground	Fix

### Location map



## Vero Centre, Auckland

### Property details

#### General property information

Location	48 Shortland Street, Auckland
Date acquired	April 2001
KIP ownership [%]	100

#### Property breakdown

	NLA [sqm]	NLA [%]	Income [%]
Office	37,775	95.7	86.6
Retail	285	0.7	0.6
Other	1,430	3.6	1.8
Carparks (263)			11.0
Total	39,490	100.0	100.0
Typical floorplate [sqm]	1,200		

#### Office statistics

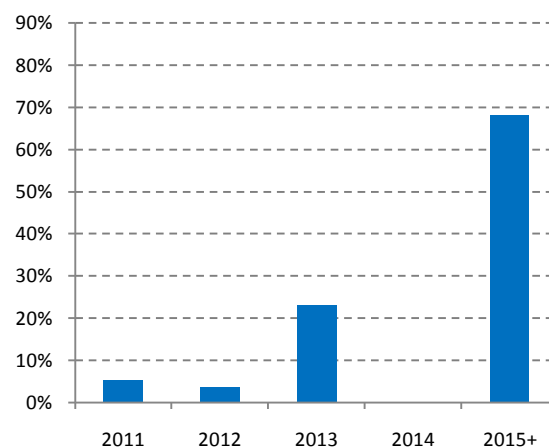
Vacancy (by area) [%]	9.0
Average net passing rent (occupied office) [\$/\$sqm]	489
Over/(under) renting [%]	3.5
Weighted average lease term by income [years]	5.4
Rent reviews next 12 months [NLA / % NLA]	734 / 1.9
Outgoings – statutory [\$/\$sqm]	66
Outgoings – non statutory [\$/\$sqm]	84
Gross leases (by area) [%]	-
Net leases (by area) [%]	100

#### Major tenants

	NLA [%]	Expiry date	Next rent review
Vero	23.3	Mar-18	Apr-12
Bell Gully	19.7	Nov-15	Nov-12
Russell McVeagh	18.9	Dec-12	Dec-12 <sup>1</sup>

1 If renew

#### Lease expiry profile (by gross income)



#### Valuation

Valuation [\$m]	265.4
Valuation date	31 March 2010
Capitalisation rate [%]	7.75
Discount rate [%]	9.38



## Vero Centre, Auckland Property details

### Building profile

Level 40	Plant					
Level 39	JBWere	Plant				
Level 38	JBWere					
Level 37	Masfen	HHL	GTL			
Level 36	Deustche					
Level 35	Mitsui	Gilbert Walker	Artemis	Public Trust		
Level 34	Vacant	Vacant	CTC	LEK	Sowerby	Newfield
Level 33	Vero					
Level 32	Craigs Investment Partners					
Level 31	Craigs Investment Partners	Grant Samuels	Rainey Law			
Level 30	Russell McVeagh					
Level 29	Russell McVeagh					
Level 28	Russell McVeagh					
Level 27	Russell McVeagh					
Level 26	Russell McVeagh					
Level 25	Russell McVeagh					
Level 24	Plant					
Level 23	Cameron & Partners	Plant				
Level 22	Bell Gully					
Level 21	Bell Gully					
Level 20	Bell Gully					
Level 19	Bell Gully					
Level 18	Bell Gully					
Level 17	Bell Gully					
Level 16	Lee Salmon Long	Bell Gully				
Level 15	Vero	Rider Hunt				
Level 14	Vero					
Level 13	Vero					
Level 12	Vero					
Level 11	Vero					
Level 10	Vacant					
Level 9	Vacant					
Level 8	Vero					
Level 7	Vero					
Level 6	Café	Lobby				
Level 5	Gym	Lobby				
Level 4	Carpark					
Level 3	Carpark					
Level 2	Carpark					
Level 1	Carpark					

### Location map



## ASB office development, Auckland

### Development details

#### General property information

Location	Wynyard Quarter, Auckland
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In February 2010, the Trust entered into a conditional development agreement with ASB Bank Limited (ASB) to develop its new head office premises in Wynyard Quarter on Auckland's waterfront.

Under the terms of the development agreement, ASB will take an 18-year lease over 18,000 sqm of modern, environmentally sustainable office space (approximately 92% of the building). The Trust is to receive an initial net rental yield of 8.78% on the \$121 million development budget<sup>1</sup> that has been set under the agreement, while ASB secures its objectives regarding maximum rent payable under the lease. The lease agreement provides for fixed annual rental increases of 2.5% pa throughout the 18-year term with a mid-term market rent review, subject to a 15% cap and collar arrangement.

The intention of the Trust's investment in the ASB development, should it proceed as planned, is to enhance Unit Holder distributions. The projected internal rate of return on the investment is comfortably in excess of the Trust's weighted average cost of capital, with an appropriate margin for risk. Investment benefits include the quality of the tenant covenant, the long-term lease with fixed rental growth and the resulting extension to the portfolio weighted average lease term.

The Trust's involvement with this development has been very deliberately structured to minimise the Trust's exposure to development and ongoing investment risk.

#### Key facts

- New 18,000 sqm premium grade office building
- 18-year lease with fixed rental increases
- Initial yield linked to development budget
- Project significantly de-risked

<sup>1</sup> The \$121 million development budget in the ASB development agreement includes a \$16.5 million ground rent pre-payment, and a holding cost allowance of \$11.1 million calculated on a conventional interest cost capitalisation approach.

As the MCN proceeds are to be utilised as specific borrowings for the purposes of the development, accounting rules require the MCN interest, net of interest earned on the proceeds, to be capitalised as a project cost from the time the land for the development is unconditionally secured.

## ASB office development, Auckland **Development details**



Concept drawing Wynyard Quarter



1. Proposed ASB head office site    2. North Wharf    3. Marine Events Centre    4. Interim Te Wero Bridge

## Sylvia Park, Auckland

### Property details

#### General property information

Location	286 Mt Wellington Highway, Auckland
Date completed	June 2007
KIP ownership [%]	100

#### Property breakdown

	No. of Tenants	NLA [sqm]	NLA [%]
Majors	4	33,445	47.0
Mini majors	17	13,155	18.5
Specialty <sup>1</sup>	184	24,450	34.4
Office	1	118	0.1
Storage			
<b>Total</b>	<b>206</b>	<b>71,168</b>	<b>100.0</b>

1 Specialty includes foodcourt and kiosks

#### Retail statistics

Vacancy (by area) [%]	0.0
Over/(under) renting [%]	(3.6)
Weighted average lease term by income [years]	4.4
MAT (\$m) incl GST	395.9
Carparks [no./ratio per 100 sqm NLA]	5.62

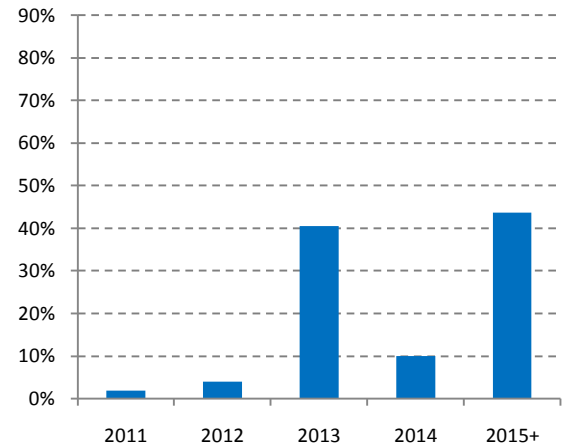
#### Awards received

ICSC Asia Pacific Gold Award for Innovative Design & Development
ICSC International Merit Award for Innovative Design & Development
NZ Institute of Architects Award
NZ Institute of Landscape Architects – various awards

#### Major tenants

	Category	NLA [%]	Next rent review
The Warehouse Extra	Discount dept store	18	Jun-10
Hoyts	Cinemas	14	Mar-12
PAK'nSAVE	Supermarket	9	Aug-09
Foodtown	Supermarket	7	Jun-09

#### Lease expiry profile (by gross income)



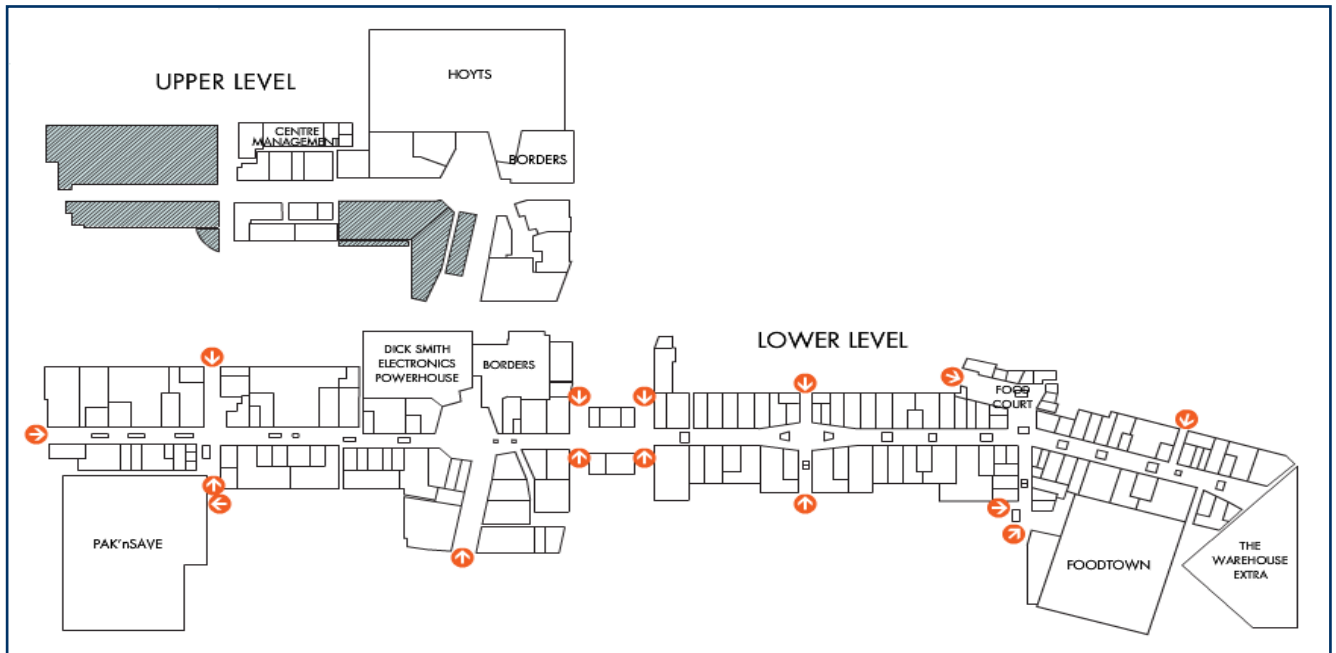
#### Valuation

Valuation [\$m]	452
Valuation date	31 March 2010
Capitalisation rate [%]	6.88
Discount rate [%]	9.75



## Sylvia Park, Auckland Property details

### Centre profile



### Location map





## Notes

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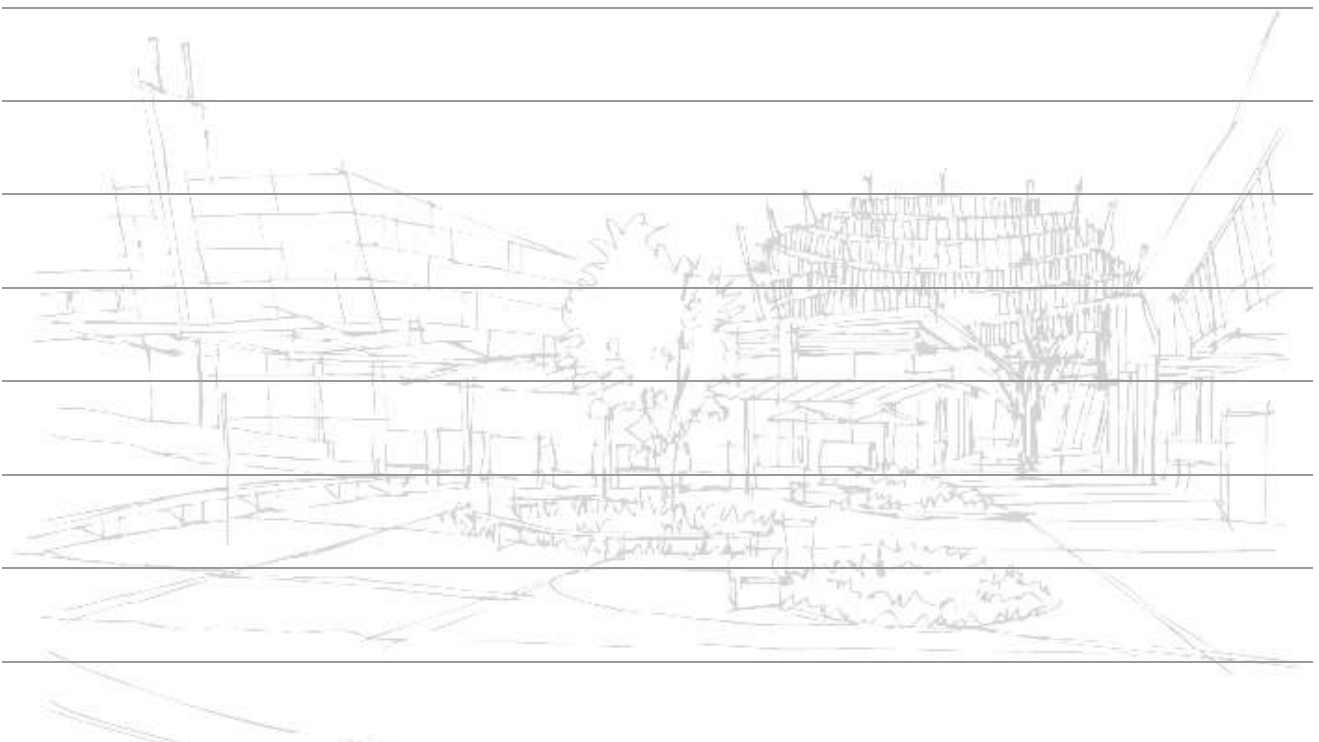
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## Notes

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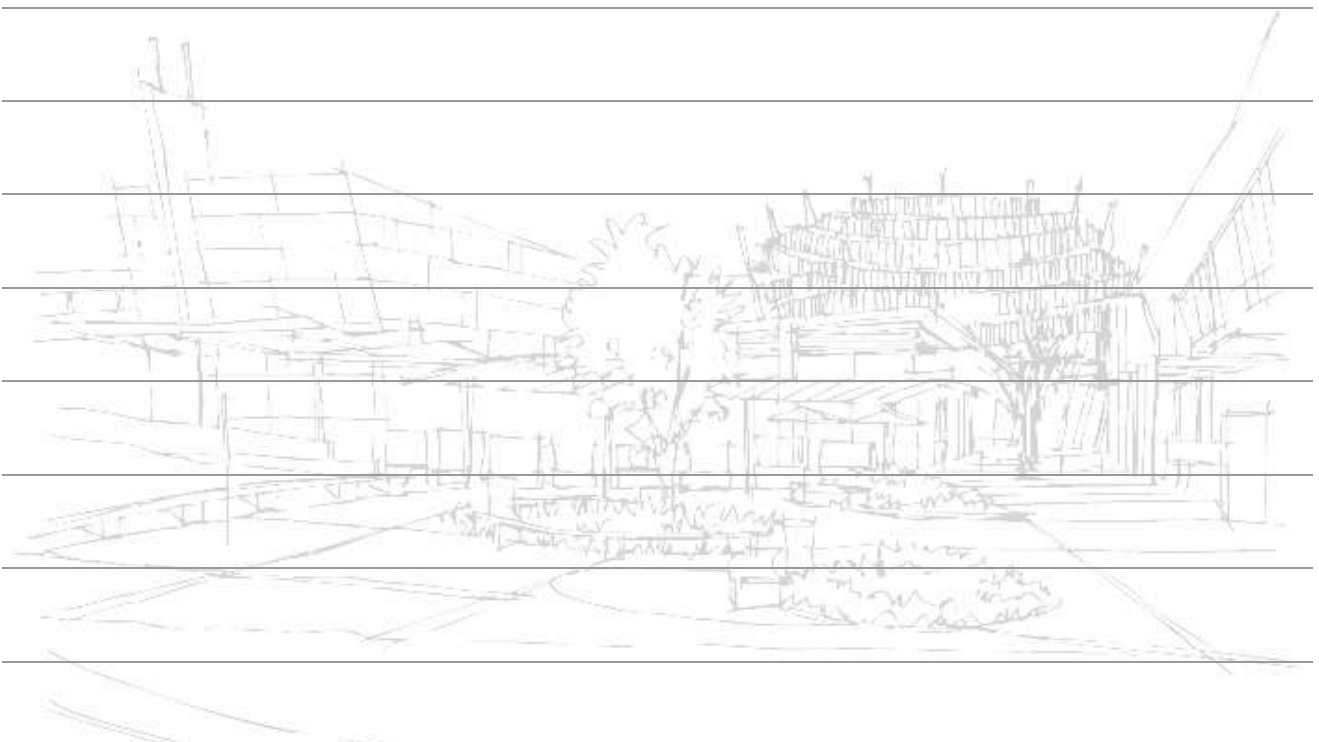
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A nighttime photograph of the Vero Centre in Auckland. The image features a prominent, tall, black, illuminated tower in the foreground. To the left is a modern glass building with a curved facade. In the background, other city buildings are visible, including one with a distinctive red and white facade. The sky is a deep blue, and the overall scene is lit with warm interior lights and cool exterior lighting.

# Other KIP properties

## Northlands Christchurch

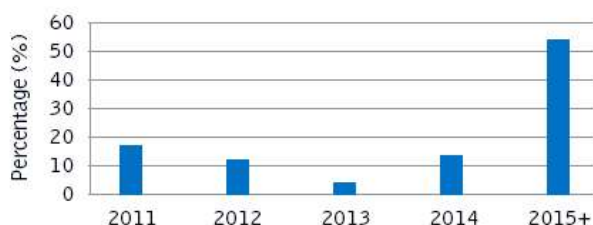


Northlands is a substantial, freestanding, single-level regional shopping centre originally constructed in 1967. The centre was extensively redeveloped in 2004 to incorporate an enviable mix of anchor tenants, making it the dominant shopping centre in northwest Christchurch.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

	Regional SC
Centre type	Regional SC
Date acquired	March 1994, March 1998
Net lettable area [sqm]	42,247
Carparks [no.]	1,800
2010 net rental income [\$m]	16.0
Valuation [\$m]	236.0
Capitalisation rate [%]	7.50
Terminal yield [%]	7.50
Indicated internal rate of return [%]	10.05
Occupancy [%]	99.7
Weighted average lease term [years]	4.8

## The Plaza Palmerston North

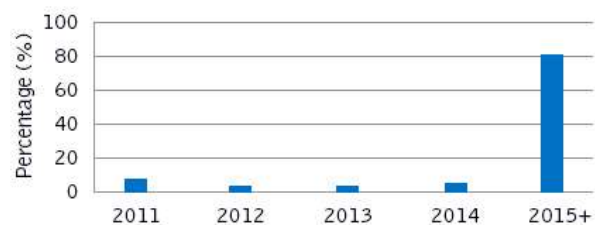


The Plaza is Manawatu's premium shopping destination, located on the city square, in the heart of Palmerston North's CBD. The centre was redeveloped in 2010 to include a Farmers department store and JB Hi-Fi electronics store (opened May 2010) together with an expanded food and retail offer and extensive carparking.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

	Regional SC
Centre type	Regional SC
Date acquired	August 1993
Net lettable area [sqm]	30,676 <sup>1</sup>
Carparks [no.]	1,251
2010 net rental income [\$m]	6.6
Valuation [\$m]	194.2 <sup>1</sup>
Capitalisation rate [%]	7.50
Terminal yield [%]	7.63
Indicated internal rate of return [%]	9.95
Occupancy [%]	97.3
Weighted average lease term [years]	6.3

1 In May 2010 the addition of a new JB Hi-Fi store will increase the net lettable area to over 32,000 sqm and increase the valuation to \$195.5 million.

## North City Porirua



North City is a two-level regional shopping centre that opened in 1990 and was extensively refurbished and expanded in 1997 and 2004. The centre boasts strong anchor tenants and a broad range of quality national and international specialty retailers.

## Centre Place Hamilton

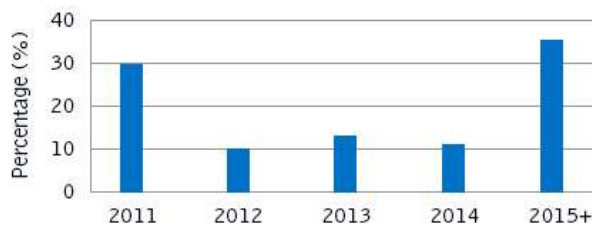


Centre Place is Waikato's leading CBD retail and fashion destination. Tenants include a wide range of quality national and international retailers, a foodcourt and cinemas all serviced by an integrated multi-storey carpark.

Tenant distribution (by gross income)



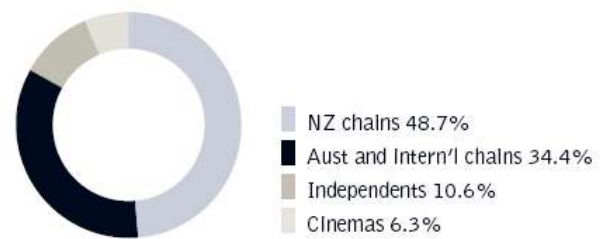
Lease expiry profile (by gross income)



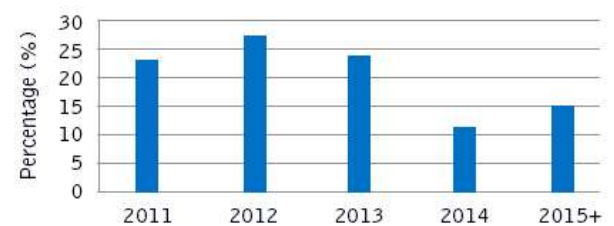
### Key property statistics

Centre type	Regional SC
Date acquired	December 1993
Net lettable area [sqm]	25,757
Carparks [no.]	1,171
2010 net rental income [\$m]	8.4
Valuation [\$m]	103.0
Capitalisation rate [%]	8.75
Terminal yield [%]	9.00
Indicated internal rate of return [%]	10.27
Occupancy [%]	96.9
Weighted average lease term [years]	3.0

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

Centre type	CBD SC
Date acquired	December 1994
Net lettable area [sqm]	15,110
Carparks [no.]	604
2010 net rental income [\$m]	8.3
Valuation [\$m]	92.9
Capitalisation rate [%]	9.13
Terminal yield [%]	8.63
Indicated internal rate of return [%]	11.39
Occupancy [%]	93.3
Weighted average lease term [years]	2.2

## Downtown Plaza Hamilton

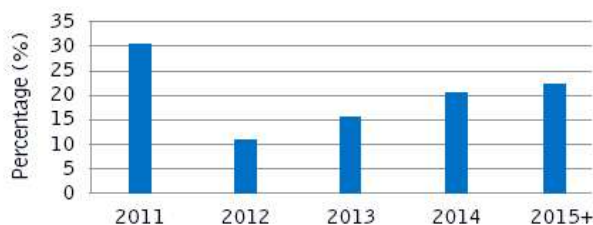


Downtown Plaza is a fully enclosed single-level shopping centre opened in 1994. The centre was refurbished and remixed in 2007, with the introduction of popular large-format retailers.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

Centre type	CBD SC
Date acquired	July 2003, December 2005
Net lettable area [sqm]	6,156
Carparks [no.]	146
2010 net rental income [\$m]	2.0
Valuation [\$m]	21.9
Capitalisation rate [%]	10.00
Terminal yield [%]	8.75
Indicated internal rate of return [%]	12.00
Occupancy [%]	100.0
Weighted average lease term [years]	2.8

## National Bank Centre Auckland

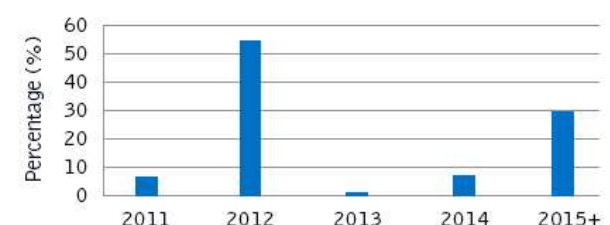


The National Bank Centre is well located on an entire block, at one of the city's busiest pedestrian intersections. The property was completed in 1990. It comprises twin towers of 17 levels and 22 levels, with a recently refurbished podium lobby and basement carparking. The landmark property has a distinctive design.

### Tenant distribution (by gross income)



### Lease expiry profile (by gross income)



### Key property statistics

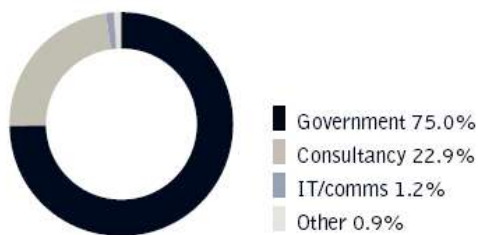
Building grade	A-grade
Date acquired	November 1996, November 2006
Net lettable area [sqm]	26,141
Carparks [no.]	216
2010 net rental income [\$m]	8.4
Valuation [\$m]	97.5
Capitalisation rate [%]	8.75
Terminal yield [%]	9.00
Indicated internal rate of return [%]	9.71
Occupancy [%]	86.8
Weighted average lease term [years]	2.5

## 21 Pitt Street Auckland

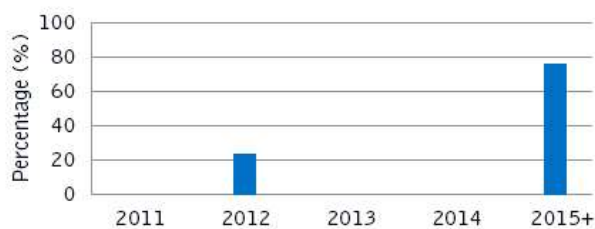


This prominent 10-level building, on Auckland's CBD periphery, enjoys high exposure and convenient access to the nearby central motorway junction. The building was completed in 1990. It enjoys 360-degree views with outstanding harbour scenery from most floors. Quality services and generous floor plates appeal to large occupiers.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

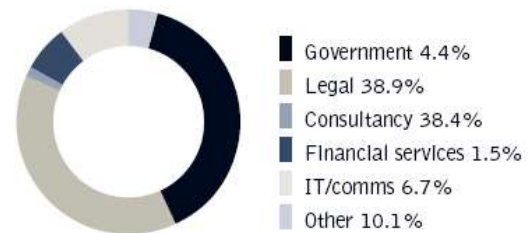
Building grade	A-grade
Date acquired	March 1997
Net lettable area [sqm]	17,229
Carparks [no.]	249
2010 net rental income [\$m]	4.4
Valuation [\$m]	52.0
Capitalisation rate [%]	8.88
Terminal yield [%]	9.00
Indicated internal rate of return [%]	9.79
Occupancy [%]	100.0
Weighted average lease term [years]	4.0

## PricewaterhouseCoopers Centre Christchurch

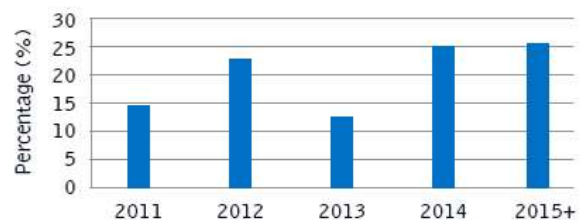


PricewaterhouseCoopers Centre is Christchurch's premier CBD office tower. Completed in 1990 this 21-level building comprises 18 levels of office space, ground floor retail, gymnasium, swimming pool, sauna and two levels of carparking. The tower offers 360-degree views of the city to the Southern Alps and has efficient 860 sqm floor plates.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

Building grade	A-grade
Date acquired	December 1997
Net lettable area [sqm]	16,082
Carparks [no.]	158
2010 net rental income [\$m]	4.5
Valuation [\$m]	51.8
Capitalisation rate [%]	8.88
Terminal yield [%]	8.88
Indicated internal rate of return [%]	9.68
Occupancy [%]	96.6
Weighted average lease term [years]	2.9

## 44 The Terrace Wellington

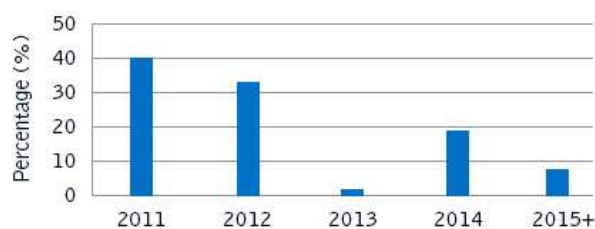


With quality ground floor retail and 12 levels of office space, 44 The Terrace is an appealing building that stands alongside Unisys House. Just before the Trust's acquisition of the property, an extensive retrofit and refurbishment was undertaken. The Trust has continued to improve services and amenities, ensuring ongoing demand for space.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

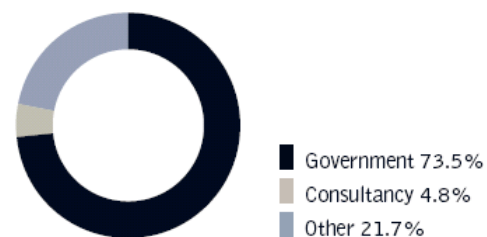
Building grade	B-grade
Date acquired	September 2004
Net lettable area [sqm]	10,109
Carparks [no.]	-
2010 net rental income [\$m]	2.7
Valuation [\$m]	30.3
Capitalisation rate [%]	8.75
Terminal yield [%]	9.00
Indicated internal rate of return [%]	9.74
Occupancy [%]	100.0
Weighted average lease term [years]	2.3

## 50 The Terrace Wellington

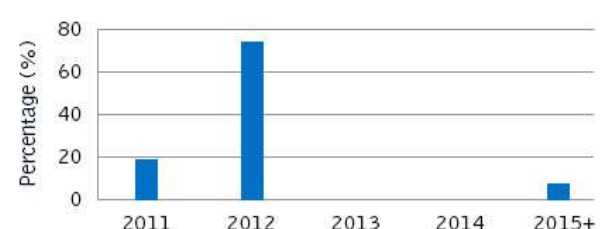


Completed in 1988, 50 The Terrace is a three storey office building located adjacent to the Trust's two larger assets on The Terrace and is within an office precinct popular with government tenants.

Tenant distribution (by gross income)



Lease expiry profile (by gross income)



### Key property statistics

Building grade	B-grade
Date acquired	January 2005
Net lettable area [sqm]	2,442
Carparks [no.]	66
2010 net rental income [\$m]	0.6
Valuation [\$m]	6.2
Capitalisation rate [%]	9.75
Terminal yield [%]	10.00
Indicated internal rate of return [%]	10.47
Occupancy [%]	100.0
Weighted average lease term [years]	1.8

**Notes**





# Market information



## Market information

### New Zealand overview

Key facts	
Population	4.36 million
Population growth	2.3% (migration 0.5%, natural 1.8%)
Area	269,000 sqkm (similar in size to United Kingdom)

Economic statistics	
Nominal GDP (year to Dec-09)	NZ\$183.4 billion
GDP per capita (year to Dec-09)	NZ\$43,021
Real GDP growth	+0.8% (Dec-09 quarter), +0.3% (Sept-09 quarter), -1.6% (over year to Dec-09)
Inflation (at Mar-10)	2.0%
Unemployment rate (at Mar-10)	6.0%
Foreign credit rating	AA+ (S&P)
Currency (at 20-Jul-10)	NZ\$1:US\$0.70, NZ\$1:A\$0.80
Government net debt (at 30-Apr-10)	NZ\$27.8 billion (15% of GDP)
Market capitalisation (at 20-Jul-10)	NZ\$49.9 billion (166 listed securities)

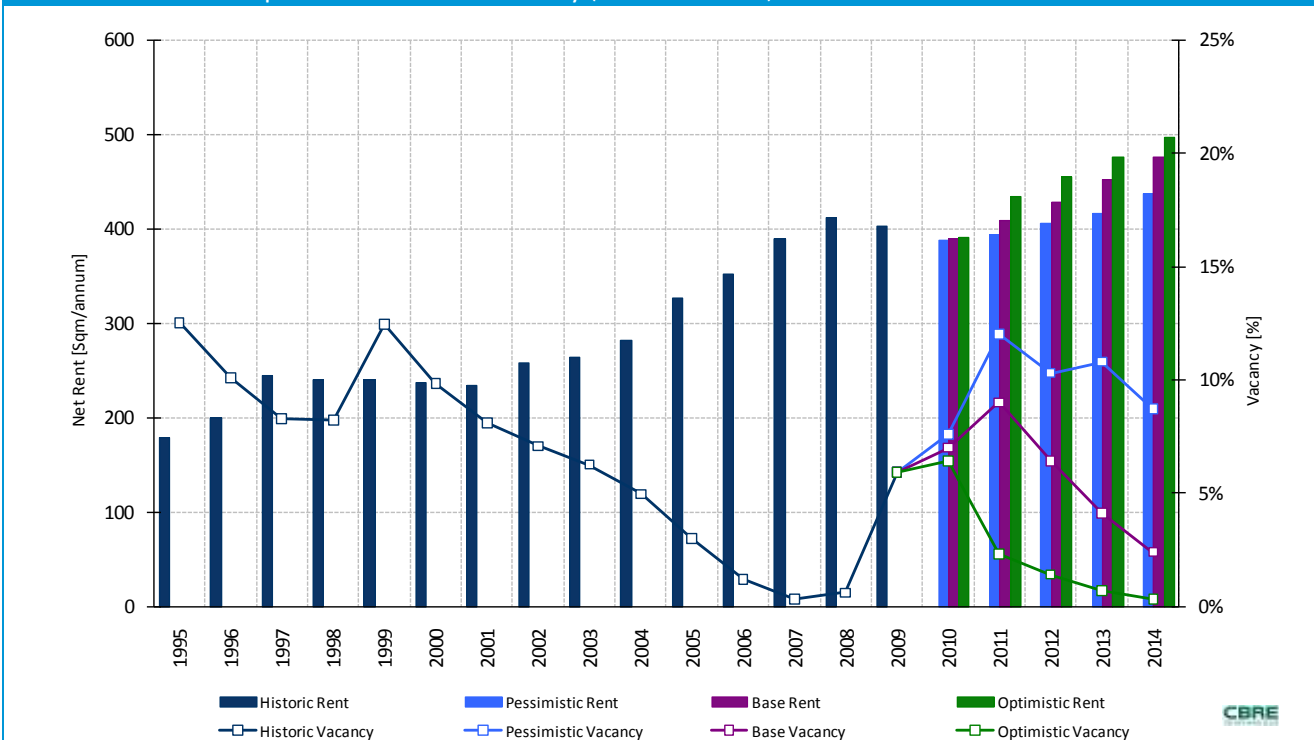
Sources: Investment New Zealand, Reserve Bank of New Zealand, Statistics New Zealand, Standard & Poors and NZX



## Market information

## Auckland office market summary

Auckland CBD office premium rent and vacancy (net effective rent)

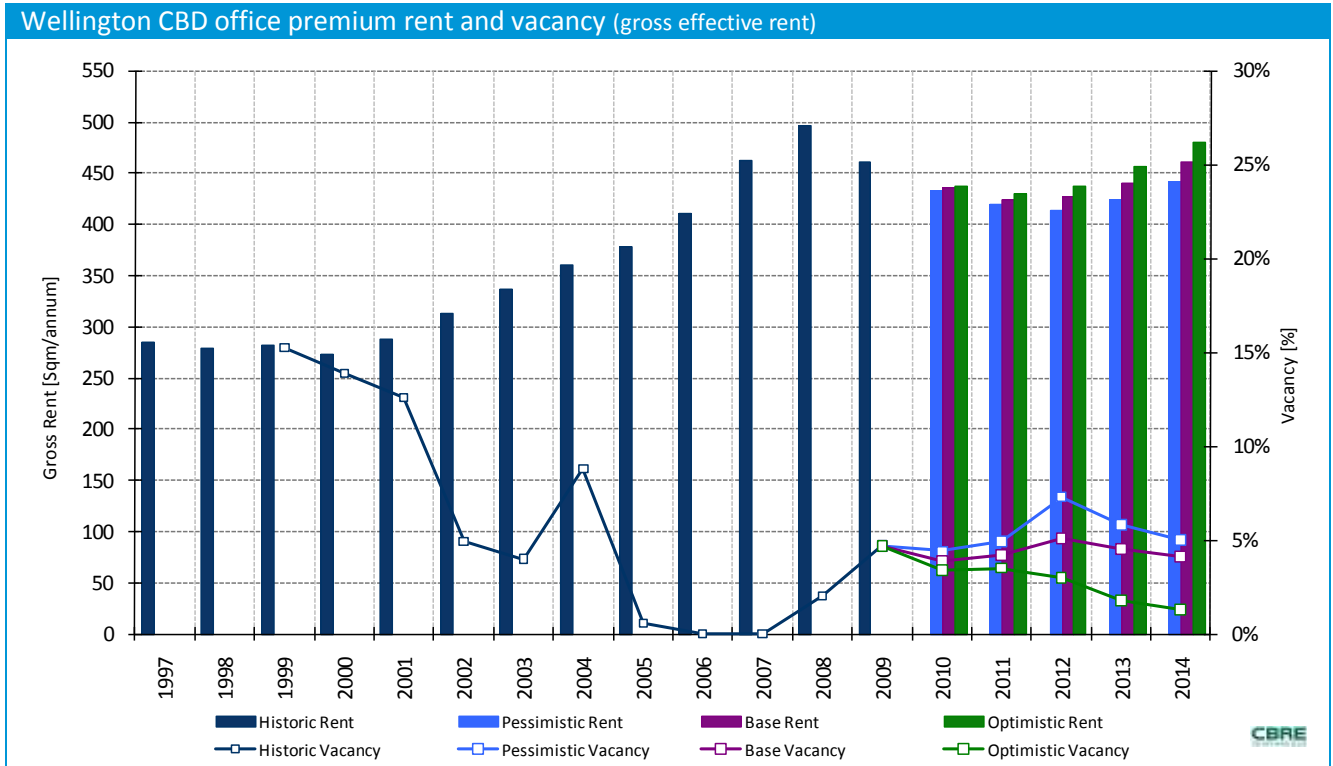


## Office market summaries

Supply <sup>1</sup>	<ul style="list-style-type: none"> <li>~88,000 sqm of new space over 2010/2011. 75% pre-committed</li> </ul>
Vacancy <sup>1</sup>	<p><b>Actual:</b></p> <ul style="list-style-type: none"> <li>Overall CBD: <b>13.1%</b> (Jun-09: 10.4%)</li> <li>Core CBD premium: <b>5.9%</b></li> <li>Core CBD A-grade: <b>13.6%</b></li> </ul> <p><b>Forecast:</b></p> <ul style="list-style-type: none"> <li>Overall CBD forecast to peak at 14.8% in 2011 then moderately fall thereafter</li> <li>Premium CBD forecast to peak at 9.0% then fall sharply to ~2.4% by 2014</li> <li>Core CBD A-grade forecast to fall to 11% by 2012 but rise to 13% following completion of new developments and expected tenants vacate existing buildings</li> </ul>
Rentals <sup>1</sup>	<p><b>Actual:</b></p> <ul style="list-style-type: none"> <li>Core CBD premium: Net effective <b>\$392/sqm</b> (Dec-09: \$403/sqm)</li> <li>Core CBD A-grade: Net effective <b>\$233/sqm</b> (Dec-09: \$235/sqm)</li> </ul> <p><b>Forecast:</b></p> <ul style="list-style-type: none"> <li>Following further falls in 2010, rents are forecast to increase in 2011 due to improvements in the economy. Premium grade will continue to improve thereafter with improving vacancy. A-grade recovery will flatten in 2013 with vacancy spike.</li> </ul>
Sales	<ul style="list-style-type: none"> <li>Recent \$177 million sale of 80 Queen Street representing an equivalent yield of <b>7.67%</b> and IRR of <b>9.73%</b></li> <li>Investment demand dominated by the on-shore private sector</li> </ul>
Returns <sup>1</sup>	<ul style="list-style-type: none"> <li>Annualised five year total return of <b>13.1%</b> for premium CBD grade and <b>14.9%</b> for core CBD A-grade properties</li> </ul>

<sup>1</sup> CBRE Auckland Property Market Outlook (May 2010). Data for vacancy is as at Dec-09. Data for rentals is as at Mar-10.

## Market information Wellington office market summary



### Office market summaries

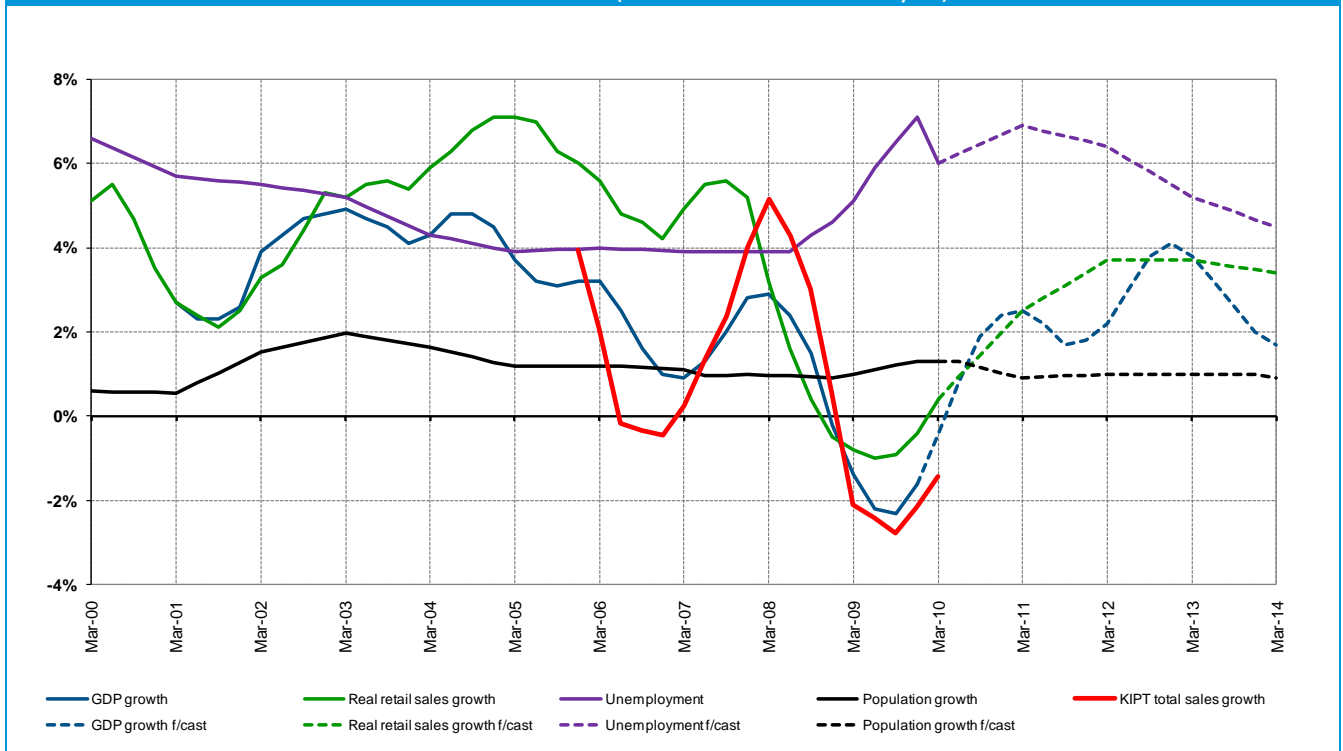
Supply <sup>1</sup>	<ul style="list-style-type: none"> <li>~99,000 sqm of new space over 2010/2011. 89% pre-committed</li> </ul>
Vacancy <sup>1</sup>	<p><b>Actual:</b></p> <ul style="list-style-type: none"> <li>Overall CBD: <b>6.1%</b> (Jun-09: 5.8%)</li> <li>Core CBD premium: <b>4.7%</b></li> <li>Core CBD B-grade: <b>4.7%</b></li> </ul> <p><b>Forecast:</b></p> <ul style="list-style-type: none"> <li>Overall CBD forecast to peak at 11.7% in 2011 then fall thereafter</li> <li>Premium CBD forecast to peak at 5.1% in 2012 then fall thereafter</li> <li>Core CBD B-grade forecast to peak at 12.4% in 2011 then fall thereafter</li> </ul>
Rentals <sup>1</sup>	<p><b>Actual:</b></p> <ul style="list-style-type: none"> <li>Core CBD premium: Gross effective <b>\$452/sqm</b> (Dec-09: \$462/sqm)</li> <li>Core CBD B-grade: Gross effective <b>\$285/sqm</b> (Dec-09: \$285/sqm)</li> </ul> <p><b>Forecast:</b></p> <ul style="list-style-type: none"> <li>CBD premium: Further falls are expected in 2010/2011 with a return to 2009 levels by 2014</li> <li>CBD B-grade: Further falls are expected through to 2012 with a strong rebound subsequent to this</li> </ul>

<sup>1</sup> CBRE Wellington Property Market Outlook (June 2010). Data for vacancy is as at Dec-09. Data for rentals is as at Mar-10.

## Market information

### Retail

New Zealand economic indicators and retail sales (annual movement analysis)



Source: NZIER and Statistics New Zealand, KIP sales growth Kiwi Property Management Limited

## Economy

- The economy is recovering, however indicators of economic growth remain mixed.
  - Indicators influencing economic improvement include:
    - GDP growth - The economy is out of recession, with positive GDP growth in three successive quarters to December 2009
    - More favourable employment markets - Unemployment for the March 2010 quarter fell to 6% (the largest quarterly fall since the survey began in 1986)
    - Dairy industry - Near record payment to dairy farmers (payout for the May 2010 season \$6.10/kg milk-sold), the third highest payout since June 1999
    - Tax cuts - \$15 billion reduction in personal income tax over the next four years
    - Consumer confidence - Surveys have remained in optimistic territory since September 2009
  - Tempering this improvement, indicators of cautiousness include:
    - Migration - Recent impetus from migration is fading as emigration to Australia resumes
    - Higher cost of living - Higher fuel and energy prices following implementation of the Emissions Trading Scheme
    - Household debt - Rising interest rates combined with stagnating house prices means households are focusing on debt reduction rather than borrowing to fuel consumption as occurred in the middle part of the decade

After consideration of the above and other factors, the NZIER is forecasting a subdued economic recovery but with positive economic growth and retail sales growth over at least the next few years.

## Market information

### Retail

#### Sales

- Retail sales across the Trust's portfolio have been constrained since the market peaked in late 2007, but the decline appears to be easing.
- Total sales have held up, more due to new store openings, while like-for-like sales have shown negative growth, as experienced by the wider New Zealand retail market.

Sales and gross occupancy costs For the year ended [Incl. GST]	31-Mar-10	31-Mar-09	Variance	
Portfolio moving annual turnover [\$m]	1,045.5	1,045.8	-0.3	-0.0%
Like-for-like moving annual turnover [\$m]	957.3	969.4	-12.1	-1.2%
Specialty gross occupancy costs [GOC]	14.7%	14.7%	-	

- For the year to March 2010, the Trust's retail portfolio experienced a decline in like-for-like sales of 1.2%
- Sales decline has mainly been felt in the discretionary spend sectors while non-discretionary expenditure (supermarket and grocery sales) has shown relatively strong growth
  - Supermarkets +2.6%
  - Department stores +1.0%
  - Discount department stores -7.7%
  - Cinemas +12.7%
  - Mini-majors -3.7%
  - Specialty -1.5%
- Gross occupancy cost ratios appear to have peaked

The Trust's total retail sales have historically followed the trend of national retail sales and GDP growth as can be seen on the above graph. A continuation of this trend should see positive sales growth across our retail portfolio in the near future.







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