

NZX & MEDIA RELEASE

16 May 2007

KIWI INCOME PROPERTY TRUST FULL YEAR PROFIT ANNOUNCEMENT

Kiwi Income Property Trust today reported a net profit after tax of \$59.2 million for the year to 31 March 2007. In addition to this profit, the Trust recorded a net revaluation gain of \$219.8 million. Excluding one off gains of \$15.0 million last year, the result represents an after-tax increase of 3.7% over the previous financial year. Taking into account unit price appreciation, the total gross return to unit holders over the 12 months to 31 March 2007 was 38.0%, significantly ahead of both the NZX Property and NZX50 indices.

A final gross dividend of 4.85 cents per unit has been announced by the Trust, which includes imputation credits of 0.85 cents per unit. This brings the gross dividend for the year to 9.60 cents per unit, an increase of 5.5% over the previous year. The full year dividend comprises 8.34 cents per unit in cash and 1.26 cents per unit in imputation credits. The record date for the 2007 final dividend is 1 June 2007, and the payment date is 15 June 2007.

The Trust's total assets increased by \$481.6 million to \$1.93 billion, with secured bank debt up by \$250.0 million to \$486.0 million, representing 25.2% of total assets. The level of bank borrowings increased over the period primarily due to the capital expenditure on the Sylvia Park project and acquisition of the remaining 50% of the National Bank Centre.

Chairman of the Board of the Manager of the Trust, Sean Wareing, said the result continues a strong period of performance for the Trust, and reinforces the benefits of the Trust's focus on a well diversified, superior quality property portfolio, the effective implementation of its asset management strategy, and the judicious redevelopment and refurbishment of existing assets.

"Sound market fundamentals across both the retail and office sectors, combined with the continued strong interest from off-shore investors for both direct and indirect investment underpinned a very buoyant property market for the year".

Operating Highlights

- Net profit after tax increased by 3.7% to \$59.2 million (excluding one off gains).
- Net rental revenues were \$100.7 million, up 4.9% on a comparable basis.
- The portfolio recorded a revaluation gain of \$219.8 million.
- Total assets increased from \$1.45 billion to \$1.93 billion.
- Net asset backing per unit (undiluted) increased by 31 cents to \$1.75 (includes final dividend).
- High portfolio occupancy level of 99.2%.
- Stages I, II and III of Sylvia Park successfully opened on programme, within budget and 100% leased.
- A total gross return to unit holders of 38.0% for the 12 months to 31 March 2007.
- The Trust's market capitalisation increased by \$270.8 million to \$1.18 billion.

Portfolio Management

Chief Executive of the Manager of the Trust, Angus McNaughton, said leasing activity, high portfolio occupancy levels, positive rent reviews, and the benefits of portfolio expansion and redevelopment, all contributed to the strong result and record revaluation gain.

"The revaluation gain reflected the significant demand for investment grade assets internationally, portfolio rental growth, and again, the quality of the Trust's portfolio. The \$219.8 million revaluation gain was equally spread between the retail and office portfolios, and compares with a gain for the same period last year of \$103.2 million. The increase in the value of the Trust's assets endorses the Trust's investment strategy which focuses on maintaining a stable, well-diversified portfolio of premium shopping centres and office buildings with strong income and superior long-term growth potential.

Due to Sylvia Park's construction reaching a significant level of completion, the Centre has, for the first time, been valued as an investment property. The current value of the retail centre as at 31 March 2007 has been assessed at \$422.7 million, giving rise to a current year revaluation gain of \$47.6 million, significantly ahead of the projected revaluation gain of \$6.0 million.

The Trust's flagship office asset, the Vero Centre, has continued to benefit from a very strong Auckland office market, increased market rentals, and a firming of its cap rate to 6.75%. The building has increased in value by \$44.0 million to \$300.1 million and has predominantly underpinned the gain in the overall office portfolio.

As well as the Auckland office market, the office portfolio continued to benefit from strong market conditions in both Wellington and Christchurch. Demand for office space across the portfolio remains firm with the Trust's office occupancy level of 98.7% providing an excellent platform for further rental growth. Key office leasing transactions during the year included a new nine year lease to Deutsche New Zealand Limited for 1,200m² in the Vero Centre in Auckland, and the restructuring of the Government of Japan's 2,000m² premises in the Majestic Centre in Wellington.

The retail portfolio performed solidly with occupancy levels remaining high at 99.7%. A number of Australian retailers continued to seek new retail opportunities in New Zealand, contributing to the demand for space within the portfolio.

The key acquisition during the year was the remaining 50% of the National Bank Centre in Auckland for \$55.6 million. There were no divestments during the period under review.

Sylvia Park

The successful delivery and completion of Sylvia Park remained the key focus of the management team for the year. Stages I, II and III of the project opened on programme and 100% leased during the year. With Stage III complete, Sylvia Park is now the largest shopping centre in New Zealand at 57,000m². The final Stage IV of the retail project is also on programme to open mid-year, together with the Sylvia Park railway station, taking the overall Centre to 65,000m².

The recently opened Stage III signature Entertainment and Leisure Precinct included the world-leading Hoyts cinema complex, a superb range of dining options, and 45 stores spanning

adventure, electronics, books, fashion and more. Following a very successful leasing campaign, only one first floor retail tenancy now remains to be leased in the entire retail project.

Sylvia Park is now the flagship retail asset of the Trust's \$1.91 billion property portfolio. It has become the iconic destination shopping centre in New Zealand, offering an international shopping, entertainment and dining experience, setting a new benchmark for customer expectations.

Portfolio Investment Entity Regime & Dividend Projection

As previously advised, the Government has introduced a new tax regime for Portfolio Investment Entities (PIE), such as the Trust. The new PIE regime dramatically alters the way in which the Trust's dividends will be taxed. For New Zealand resident investors, no further tax will be payable on the cash dividend paid. For off-shore investors, the amount of tax paid in New Zealand will decrease, but depending on personal tax circumstances, further tax will generally be payable in the country of residence. The new regime takes effect from 1 October 2007 and applies to dividends paid after that date. As the Trust's first dividend for the year ending 31 March 2008 is paid after 1 October 2007, the new regime will effectively apply for the full year.

Based on the outlook for the Trust, and as a consequence of the new PIE 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. The result is a significant uplift to the after tax dividends received by most New Zealand resident investors. For example, in the case of a tax-payer on a 33% marginal tax rate, the increase is approximately 37% greater than last years' cash dividend.

Outlook

Mr Wareing said, "Despite a higher interest rate environment, property sector fundamentals are expected to remain resilient. There is demand for quality space in both the retail and office markets, underpinning solid rental growth in the Trust's portfolio. While the continued demand by both offshore and New Zealand investors for quality assets will make it increasingly challenging to acquire new assets, continuing the Trust's strategy of adding value to the portfolio through tenancy remixes, refurbishments, and the development of assets where they cannot be purchased will remain an important part of our asset management strategy".

ENDS

For further information please contact:

Angus McNaughton
Chief Executive
Kiwi Income Properties Limited
DDI: 64 9 357 9332
Mob: 021 946 157

About Kiwi Income Property Trust

Kiwi Income Property Trust's objective is to maximise 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, 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 \$1.93 billion. Key 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