



KIWI INCOME PROPERTY TRUST

Manager of Kiwi Income Property Trust:
Kiwi Income Properties Limited

Level 2, The Ferry Building,
99 Quay Street, PO Box 2071,
Auckland, New Zealand.

21 November 2003

Telephone: +64 9 357 9333
Fax: +64 9 358 3044

Kiwi Income Property Trust's Interim Profit Up 8.6% to \$24.01 M

Auckland (November 21 2003) – New Zealand's largest listed property trust, Kiwi Income Property Trust (the Trust), has recorded a tax-paid profit for the six months to 30 September 2003 of \$24.01 million, an increase of 8.6% over the same period last year.

Chief Executive Angus McNaughton said the higher result is especially pleasing as it has occurred during a period when the Trust has been expanding, developing and refurbishing its retail assets, which will provide a strong platform for further growth in earnings over time.

The Trust will pay a gross interim dividend of 4.224 cents per unit for the half year, comprising 3.773 cents per unit in cash and 0.451 cents per unit in imputation credits. The Trust is continuing to project that its gross dividend for the full year ending 31 March 2004 will be between 8.30 cents and 8.50 cents per unit.

As at 30 September 2003, the Trust had total assets of \$960.4 million, up \$48.7 million from its 31 March 2003 position of \$911.7 million. The increase is mainly due to additional investment into retail assets.

"On the 3rd of December this year we will celebrate our 10th anniversary as a listed trust, and to mark that milestone with a substantial increase in earnings and assets is a great achievement," Mr McNaughton said.

Investors' funds at 30 September 2003 were \$692.9 million, with debt of \$228.0 million - giving a ratio of debt to total assets of 23.7%. In May this year the Trust successfully raised \$25 million through a placement of units to institutional and other investors. These funds were used for the acquisition of Downtown Plaza Shopping Centre in Hamilton and the upgrade of North City Shopping Centre in Porirua.

The other major capital event during the period was the conversion in September of the Trust's converting notes into units. In accordance with the conversion terms, 71.1 million new units were issued on 30 September 2003 and allotted to the converting note holders in consideration of the redemption of their converting notes. The new units are not entitled to participate in the interim dividend payable for the first half of the financial year, and have therefore been trading on the NZX as new ordinary units. These new ordinary units will automatically amalgamate with the ordinary units after the interim dividend record date on 5 December 2003. Conversion of the converting notes and amalgamation of the new ordinary units on 5 December 2003 results in a simplified capital structure

for the Trust and an expanded unit holder base. The Trust now has in excess of 13,800 unit holders.

The Trust's market capitalisation as at 30 September 2003 was \$672.5 million, up \$8.8 million from the 31 March 2003 position. The Trust's ranking on the NZX's Top 50 Index of listed entities (NZSX 50 Index) was 14th at the end of the period.

Mr McNaughton noted that during the first six months of this financial year the Trust achieved a number of milestones. These included:

- Opening of the first stage of the Northlands Shopping Centre redevelopment in Christchurch on target and to budget
- A successful \$25 million placement of units
- Acquisition of Hamilton's Downtown Plaza Shopping Centre
- Successful resolution of planning issues for Auckland's Sylvia Park site
- Announcement of plans to refurbish North City Shopping Centre in Porirua

These achievements continued to improve the quality of income and diversification of the Trust's assets, by sector, region and quality of tenants.

A major achievement in the half-year has been the continued diversification of the Trust's retail portfolio.

"We have been able to focus on improving the income and quality of the Trust's retail centres, while also taking the opportunity to invest in new assets – thus gaining further exposure to one of the best performing sectors of the New Zealand property market," Mr McNaughton said.

The retail portfolio accounted for 42% of the Trust's investment property portfolio at the half year compared with 40% a year earlier. Excluding Northlands Shopping Centre and North City Shopping Centre that are under development and refurbishment, the occupancy of the retail assets was 98.6% as at 30 September 2003. Annual sales growth continued to be solid, up 4.3% and 3.3% respectively for Centre Place Shopping Centre and The Plaza Shopping Centre when compared with the previous year.

A major milestone for the Trust during the first half of the financial year was the opening of the first stage of the Northlands Shopping Centre redevelopment in Christchurch on 24 July.

The first stage included 54 new specialty stores, a new 7,000 square metre The Warehouse store and 400 car parking spaces.

Demand for retail space has been strong with this first stage being fully leased three months ahead of its target opening, and the second stage of 47 stores also leased months before it opened in November. Leasing for the final 34 stores in stage three that is due to open in the first quarter of 2004 is also progressing well.

The \$91 million redevelopment is on time and on budget to be fully completed during the first half of 2004, at which time it will be New Zealand's largest enclosed shopping centre with a lettable area of 40,700 square metres.

A further significant step in the expansion of the retail portfolio was the purchase in July of Hamilton's landmark Downtown Plaza Shopping Centre for \$13.86 million. The Trust bought Downtown Plaza, which has 32 specialty retailers, at an initial yield of 10.5%.

Downtown Plaza has one of the highest pedestrian traffic counts in Hamilton and is located adjacent to the Trust's successful Centre Place Shopping Centre, which is already the pre-eminent retail centre in the Waikato region.

Opportunities to add value to the Trust's combined Hamilton retail investments are being realised, with management synergies occurring and cost efficiencies being achieved.

A \$10 million project at North City Shopping Centre in Porirua was also announced during the half year and has now commenced and is progressing on time and on budget.

Upgrading the 24,966 square metre Centre involves introducing new specialty shops on the ground level and creating a new 500-seat foodcourt on the upper level.

The project which has sparked a lot of attention from unit holders, analysts and observers of Kiwi Income Property Trust has been the proposal to develop the Trust's 24 hectare Sylvia Park site at Mount Wellington, Auckland.

"It is pleasing to note that in June we overcame a significant hurdle towards the implementation of a plan change for the site, with an agreement being reached with the Ngati Maru Iwi Authority for the development. The rezoning will allow New Zealand's largest retail and mixed-use development to proceed," Mr McNaughton said.

Management is continuing to work with the parent of the Manager of the Trust, Colonial First State Property in Australia, to develop a long-term ownership strategy for Sylvia Park that addresses the risks associated with a project of this scale, with the objective of limiting the Trust's development exposure to an acceptable level.

"Unit holders can be assured that we are mindful of the need to both maximise income and provide long-term sustainable returns for our investors, and the structure and funding of Sylvia Park will address these principles," Mr McNaughton said.

The Trust's office portfolio continued to benefit from sound economic growth, with a variety of rental reviews resulting in moderate gross rental income growth. At the end of September, occupancy levels within the Trust's eight office assets remained high at 96.9%.

The Trust's landmark tower in Shortland Street, Auckland was renamed the Vero Centre during the half year. The Centre is the premier office complex in New Zealand and continues to enjoy a very high occupancy rate at 98.4%.

A number of new leases totalling 1,683 square metres have been granted in The National Bank Centre in Auckland increasing the occupancy level in this asset to 92.4%.

One of the most significant commercial achievements was finalised shortly after the half year, with the extension of the Trust's lease with accounting firm Ernst & Young for four floors (approximately 4,000 square metres) of the Majestic Centre in Wellington. The Trust's lease with Ernst and Young has been extended by nine years to 2018. This long-term lease commitment will improve the Trust's

weighted average lease term, providing long-term security and underpinning the ongoing sustainability of earnings for the Trust.

In Christchurch, over 2,300 square metres has been leased in the Trust's PricewaterhouseCoopers Centre, increasing the occupancy of the building to 97.1%, the highest occupancy level since the building was constructed in 1990.

In September 2003 the Trust relinquished its listing on the Australian Stock Exchange (ASX). With the Trust's very strong liquidity on the NZX, and the lack of trading on the ASX, management considered it did not make sense for unit holders to incur the dual costs of listing in both markets. There is an obvious preference for investors to trade in the Trust's units on the NZX.

Mr McNaughton said the half-year has been a successful period for the Trust, and it is well placed to continue to be recognised as New Zealand's leading listed property trust, providing long-term sustainable returns to its unit holders.

About Kiwi Income Property Trust

Kiwi Income Property Trust's aim is to maximise returns for its unit holders through the careful acquisition and professional management of its property portfolio. All net operating income (after tax) is distributed to unit holders in each financial year.

The Trust is listed on the New Zealand Exchange and is ranked 14th by market capitalisation on the NZSX50.

The Trust's office assets are located in key CBD locations and comprise:

Vero Centre	Auckland
National Bank Centre	Auckland
HP House	Auckland
Vodafone House	Auckland
AUT Faculty of Arts Building	Auckland
Majestic Centre	Wellington
BP House	Wellington
PricewaterhouseCoopers Centre	Christchurch

The Trust's retail assets comprise:

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

For further information please contact:

Angus McNaughton
Chief Executive
Kiwi Income Properties Limited
Phone +64 9 357 9332 Mobile +64 21 946 157