

Chairman's Address**Annual Meeting of Unit Holders and MCN Holders****Wednesday, 13 August 2008 at 10.30 am**

Good morning Ladies and Gentlemen, welcome to the fifteenth 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. The full Board is present, and they are:

- **Wal Edgell** – Wal is Head of Business Implementation Group, Property and Alternative Investments within the Colonial First State Global Asset Management business. He is an experienced company director whose current directorships include Colonial First State Property Limited, the Manager's parent company.
- **Richard Didsbury** – Richard was one of the founders of the Trust in 1992. He has recently been appointed to the boards of Auckland International Airport and Hobsonville Land Company and contributes to a variety of public initiatives such as being a Trustee of the Committee of Auckland. He also chairs the Trust's Project Control Group directing the ongoing development of Sylvia Park and The Plaza in Palmerston North.
- **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.
- **Jim Syme** – Jim is an experienced company director who joined the Board in April 2002. His current directorships include Deputy Chairman of ASB Bank Limited and Deputy Chairman of Sovereign Assurance Limited.
- **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, is a member of the Australian Accounting Standards Board and has been a member of the Securities Commission for 10 years.
- **John Duncan** – John chairs the Compliance Boards of ASB Bank Group Investments Limited and Sovereign Superannuation Trustees Limited. He joined the Board of the Manager of the Trust in 2002 and is also Chairman of Colonial Fiji Life Limited and the National Bank of Fiji Limited.

Also joining us as at the table is the Chief Executive of the Manager of the Trust, Chris Gudgeon, and the Chief Financial Officer, Gavin Parker.

I would like to take this opportunity to welcome Chris who took over as Chief Executive this month replacing Angus McNaughton who has moved to Singapore within the CBA Group. Chris has more than 20 years of experience in the New Zealand property industry and his skills in property management and investment, and development and construction, will be enormously valuable to our business.

Chris began his association with the Trust in the late 1990s when he was responsible for delivering the Vero Centre development. This building is the Trust's flagship office asset.

Chris was most recently General Manager Property at Auckland Airport and was also previously the Chief Executive of Capital Properties New Zealand Limited, a publicly listed property company with a strong presence in Wellington.

I also extend a welcome to our Trustee, Lloyd Wong, from New Zealand Permanent Trustees and Jonathan Freeman from our auditors, PricewaterhouseCoopers. Jon and his team will act as scrutineers for any poll which may be required.

Summary of the day's proceedings

I would like to take a few moments to explain today's agenda.

Proceedings will commence with my address which will cover the Trust's financial and operating highlights for the year to 31 March 2008.

I will then invite Chris Gudgeon to provide an update on the Trust's activities.

We will then move onto the special business of the Meeting.

There is only one item of special business to be considered. As outlined in the Notice of Meeting, this involves consideration of an Ordinary Resolution to allow the Manager, immediately following receipt of any performance fee, to use that performance fee to subscribe for new Units in the Trust.

The New Zealand Stock Exchange Listing Rules require that each class of Security Holder vote separately on the Resolution.

Consequently, this Resolution will be tabled to Unit Holders during this Annual Meeting, then separately to MCN Holders at the Meeting of MCN Holders which will be formally convened immediately following the conclusion of the Annual Meeting of Unit Holders.

TRUST PERFORMANCE

The Trust had a successful year to 31 March 2008 reporting a distributable profit of \$62.1 million, up 4.9% on the distributable profit for the corresponding period the previous year. The full-year cash distribution was 9.00 cents per unit, a 7.9% increase over the 2007 financial year.

While the \$123 million net profit after tax under NZ IFRS was 51.7% lower than the restated net profit after tax for the 2007 financial year, this was largely due to a net revaluation gain across the portfolio of \$64.7 million this year, compared with a revaluation gain a year earlier of \$226.2 million.

The \$64.7 million net revaluation gain for the year to 31 March 2008 was underpinned by strong rental growth and solid demand for space in the Trust's office buildings and retail shopping centres which are positioned at the top end of the market.

Despite the deteriorating economic environment, the Trust remains in a strong financial position with a healthy balance sheet and a conservative debt to total assets ratio.

At year end, the Trust's total assets stood at \$2.1 billion, an increase of \$144.9 million over the previous year, with bank debt of \$571 million, representing a conservative 27.3% of total assets. Since balance date, the Trust has extended its committed debt facilities by \$50 million to \$800 million. The weighted average term to maturity is now just under four years and there are no bank debt expiries before March 2011.

The Trust's sound operating performance illustrates the benefits of an active approach to managing existing assets to maximise value, acquiring and developing new assets when there is a compelling business rationale to do so, and restructuring leases due for expiry.

An energetic leasing programme during the year capitalised on solid tenant demand for premium-quality office and retail space to maintain the occupancy level across the portfolio in excess of 99%. Positive rent reviews boosted rental income further.

Among the highlights of the 2008 financial year was the completion of Stage IV of the Sylvia Park retail project on programme and within budget in June 2007, bringing the total number of retailers at New Zealand's largest shopping centre to more than 200. In January 2008, Sylvia Park became the first shopping centre in New Zealand to achieve annual retail sales of more than \$300 million, with only half of the 200 retailers trading for a full year. Retail sales for the financial year to 31 March 2008 have now reached \$349 million. The size, amenity and quality of Sylvia Park have combined to raise the bar for shopping centres in this country and the Centre continues to perform strongly.

Another milestone event during the reporting period was the commencement of the \$93 million redevelopment and expansion of The Plaza Shopping Centre in Palmerston North. The Plaza is the strongest performer in the Trust's retail portfolio on a sales-per-square-metre basis and the

redevelopment will substantially increase the size of the shopping centre and consolidate its position as the leading retail destination in the Manawatu-Wanganui region.

On behalf of the Board, I would like to thank the Trust's management team for the positive start to The Plaza project, the successful delivery of Sylvia Park, and for the continued strong performance of the Trust's portfolio.

OUTLOOK

The outlook for the Trust remains positive with anticipated solid demand for high-quality office and retail space resulting in high occupancy levels and rental growth across the Trust's portfolio. The Trust's defensive qualities will ensure that it is well placed to perform strongly in the more challenging environment we face with uncertainties in global financial markets and high interest rates. There is some evidence to suggest that property values around the world are coming under pressure and it is therefore possible that the Trust may face asset devaluations in the future. We expect that any downward movement in the Trust's property values would be reasonably contained, given the quality of the Trust's portfolio. Equally importantly, we do not expect any devaluation to adversely affect distributions to Unit Holders, although it will reduce the Trust's net asset backing.

It should be noted that the Trust has a diversified and high quality property investment portfolio with high occupancy levels. The balance sheet is conservatively geared with committed and enduring debt facilities in place. Furthermore, the Trust's listing on the NZSX provides a ready and liquid market for investors to buy and sell units with typical daily volumes in the order of a million units.

The Trust will continue to consolidate its pre-eminent position in the prime office and retail markets through active property and asset management, tenancy remixes, refurbishments, redevelopments and acquisitions.

While we remain cautious in the current economic environment, based upon the outlook for the Trust, and subject to a continuation of reasonable economic conditions, we are projecting a cash distribution for the year ending 31 March 2009 of approximately 9.0 cents per unit, representing an after tax yield of around 8% p.a. for domestic investors at current unit prices. This is equivalent to a pre-tax yield of approximately 12% p.a. for an investor who pays tax at a rate of 33%.

It has been another successful year for the Trust and I would like to thank my fellow directors for their support and guidance. Their depth and range of experience has proved to be invaluable. 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.