

NZX & MEDIA RELEASE

17 May 2010

Conversion of 8% Mandatory Convertible Notes (NZX: KIPGB)

Kiwi Income Properties Limited, as Manager of Kiwi Income Property Trust (KIP), wishes to advise that the 8% Mandatory Convertible Notes (MCNs) that were issued in 2005 will convert into ordinary KIP Units (Units) on 30 June 2010.

In accordance with terms contained in the Investment Statement and Prospectus dated 31 May 2005 (Offer Document), the key dates associated with this event are as follows:

Event	Explanation	Date(s)
Conversion announcement date	The day that the conversion price will be determined and announced to NZX	16 June 2010
Cessation of trading	The date on which the MCNs (NZX Code: KIPGB) will cease to trade to facilitate the conversion into Units (NZX Code: KIP)	5.00pm, 24 June 2010
Conversion record date	The date on which the MCNs register closes to determine the holder who is entitled to receive Units upon conversion	5.00pm, 29 June 2010
Conversion date	The date set for cancellation of the MCNs in exchange for new Units	5.00pm, 30 June 2010
Allotment date	The date set for allotment of Units to former MCNs holders and issuance of Security Holding Notices	On or about 1 July 2010

As outlined in the Offer Document, the conversion price will be the lower of a 2% discount to the average of the daily volume weighted average price (VWAP) of the Units for the 20 business days (18 May 2010 – 15 June 2010 inclusive) prior to the conversion announcement date (16 June 2010) or \$1.23 per unit.

The Offer Document also requires an adjustment to be made to the conversion price in the event that there is a record date for a distribution in respect of Units during the conversion pricing period. This adjustment ensures that the conversion price calculation

excludes any cash distributions not attributable to MCNs holders upon conversion of the MCNs into Units on the conversion date (30 June 2010). It is expected that the record date for KIP's final distribution will be 4 June 2010. This means that the value of the cash distribution will be deducted from each of the daily VWAPs during the period 18 May 2010 to 4 June 2010 inclusive.

Units in KIP which are issued as a result of the conversion will be entitled to future distributions, with the first expected to be KIP's interim distribution payable in December 2010. Distributions are currently paid semi-annually, in or around June and December each year.

In addition to the conversion event, holders of MCNs will also receive their final interest payment on 30 June 2010. Key dates associated with this event are as follows:

Event	Explanation	Date(s)
Interest record date	The date on which the MCNs register closes to determine the holder who is entitled to receive the interest payment	5.00pm, 25 June 2010
Interest payment date	The date upon which the final interest payment is made	30 June 2010

ENDS

For further information please contact:

Chris Gudgeon
Chief Executive
Kiwi Income Properties Limited
DDI: +64 9 359 4011
Mob: +64 21 855 907

Mathew Chandler
Investor Relations Manager
Colonial First State Global Asset Management
DDI: +61 2 9 303 3484
Mob: +61 407 009 687

About Kiwi Income Property Trust

Kiwi Income Property Trust's objective is to optimise 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 and 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 property portfolio is \$1.85 billion. Assets include:

Key Retail Assets

Sylvia Park Shopping Centre	Auckland
Centre Place Shopping Centre	Hamilton
The Plaza Shopping Centre	Palmerston North
North City Shopping Centre	Porirua
Northlands Shopping Centre	Christchurch

Key Office Assets

Vero Centre	Auckland
National Bank Centre	Auckland
21 Pitt Street	Auckland
The Majestic Centre	Wellington
Unisys House	Wellington
44 The Terrace	Wellington
50 The Terrace	Wellington
PricewaterhouseCoopers Centre	Christchurch

Kiwi Income Property Trust's website address is www.kipt.co.nz