



WELCOME. In this Investor Update we provide a property analyst's views of the listed property sector. We summarise the outcome of the latest revaluation of the Trust's property portfolio revaluation. Highlights of the opening of stage two of The Plaza Shopping Centre redevelopment in Palmerston North are also included, together with details of the new Lido Cinema soon to open in Centre Place in Hamilton. We also touch on the Trust's involvement with the New Zealand Green Building Council

We hope you find this news update informative and welcome any feedback. Simply email us at info@kipt.co.nz

CHRIS GUDGEON, CHIEF EXECUTIVE, KIWI INCOME PROPERTIES LIMITED

MARKET ANALYSIS

STRONG LISTED PROPERTY BOUNCE BACK

Commentary provided by Jeremy Simpson, Senior Investment Analyst, Forsyth Barr.

The listed property sector has bounced back strongly in recent months on the back of improved investor confidence. In August the property index was up 3.6% and was up 15.5% over the three months to 31 August. Kiwi Income Property Trust (+5.1%) and AMP NZ Office Trust (+5.7%) were solid performers in August and were the major contributors to the strength of the property index.

We believe there has been increased confidence that the very attractive dividends on offer from the listed property sector will hold up reasonably well from here and that the listed property vehicles (LPVs) will be able to continue to work through the downturn in the property cycle and keep banking arrangements under control. In recent months a number of LPVs have confirmed forecast dividend levels in line with market expectations.

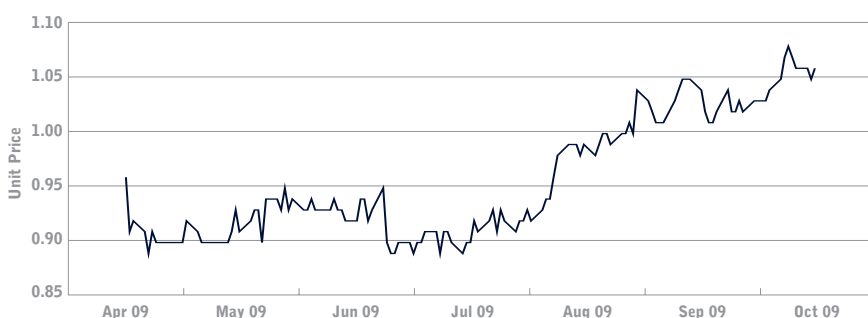
While there remain uncertainties around rental levels, vacancies and asset values, many LPVs are still trading at large discounts to asset values indicating a level of negativity remains factored into unit prices. In the current environment, we continue to prefer the larger LPVs with solid balance sheets and a diversified exposure to major property assets.

Disclosure Statements for Forsyth Barr and any of its Investment Advisors are available on request and free of charge.

VEHICLE	MARKET CAP	ASSETS	RECOMMENDATION
AMP NZ Office Trust	\$788m	\$1.4b	Accumulate
Goodman Property Trust	\$823m	\$1.5b	Accumulate
ING Medical Properties	\$166m	\$295m	Hold
ING Property Trust	\$410m	\$1.0b	Hold
Kiwi Income Property Trust	\$843m	\$1.9b	Buy
Kermadec Property Fund	\$40m	\$134m	Hold
National Property Trust	\$93m	\$269m	Hold
Property for Industry	\$240m	\$355m	Accumulate

Source: Forsyth Barr Research. Table dated September 2009

STRONG PERFORMANCE FOR KIP OVER PAST SEVEN MONTHS



Source: IRESS

REVALUATIONS COMPLETE FOR SEPTEMBER 2009

The Trust reported a net reduction of approximately \$66 million (pre tax) in the value of its portfolio of prime office and retail assets for the six months ended 30 September 2009.

After allowing for asset sales and capital expenditure, the reduction decreases the value of the Trust's total portfolio by 3.5% to \$1.83 billion and reduces the adjusted undiluted net tangible asset backing per unit by approximately 6 cents to approximately \$1.24¹ at 30 September 2009.

The valuations were determined by independent valuers, are subject to final review by the auditors and will be confirmed in the Trust's interim result for the six months to 30 September 2009.

Sean Wareing, Chairman of the Manager of the Trust said, "Further softening in commercial property values since March this year has been widely anticipated by the market. In the current environment, the Board considered it prudent to keep Unit Holders fully informed by undertaking an additional round of valuations at the half year. It is pleasing to note these latest valuations indicate that the rate of decline in values appears to be slowing and expectations are that recent improvements in global economic conditions will help to stabilise property values going forward."

"The Trust continues to benefit from the strength of its premium assets, its sector diversification in both retail and office properties and its diverse and high-quality tenant base. Underlying operating earnings remain sound and this movement in portfolio value will not adversely affect distributions to Unit Holders," Mr Wareing said.

As at 30 September 2009, occupancy within the Trust's core portfolio remains high at 98.5% with a weighted average lease term to expiry of 4.2 years.

"Strong balance sheet fundamentals supplemented by a number of capital management initiatives have enabled the Trust to maintain a robust financial position throughout the current economic downturn," Mr Wareing said.

¹ The adjusted undiluted net tangible asset backing per unit calculation excludes deferred tax on items which will not crystallise.

FASHION STORES OPEN AT THE PLAZA

Stage two of The Plaza in Palmerston North opened on 3 September with even more on offer to welcome shoppers from across the Manawatu region. Visit now and be enticed by the new jewellery stores Bling and Michael Hill, plus discover the latest in fashion frames from Sunglass Style and Specsavers. You'll also find revamped Colorado, Just Cuts, Stewart Dawsons, Just Jeans, Overland, and Jay Jays stylish new stores alongside the recently opened Professionail, Wendy's Supa Sundaes, Jeanswest and Silvermoon.

This is the second of three stages to open in the \$93 million redevelopment of The Plaza. Earlier this year thousands of shoppers from Palmerston North and

beyond celebrated the first stage opening which saw the unveiling of an exciting new 450-seat foodcourt.

Stage three is on track for opening in the second quarter of 2010 which will add another 30 new stores, a two-level Farmers department store, plus an additional multi-level car park on Ashley Street providing a total of 1,200 car parks across the development.

"The Plaza vision is coming to a reality now," said Chris Gudgeon. "Thousands of shoppers from around the Manawatu will soon be enjoying one of the best shopping experiences in the country."



NATIONAL BANK CENTRE IN GREEN BUILDING PILOT

THE TRUST'S NATIONAL BANK CENTRE IN AUCKLAND, IS TAKING PART IN A PILOT SCHEME TO TEST THE APPLICATION OF A NEW GREEN BUILDING RATING TOOL WITH THE NEW ZEALAND GREEN BUILDING COUNCIL (NZGBC).



The NZGBC runs a 'Green Star' rating system for new buildings which is now being expanded to include existing buildings. The same comprehensive range of checks and tests, including building materials, efficiency, ventilation, air quality, land reuse, change in ecological value, waste management and water course pollution, will be applied under this new tool.

"More than 96% of our building stock is made up of existing buildings. This addition to Green Star will encourage and reward building owners who include green building features in their refurbishments," says Jane Henley, NZGBC Chief Executive. The new rating system provides a means of ratifying the 'green' benefits of proposed upgrades before committing to proceed.

An application for assessment under the expanded tool has been submitted to the NZGBC for the National Bank Centre.

The National Bank Centre design submission considers a range of potential sustainability upgrades as part of a wider building refurbishment and enhancement programme.

Some key sustainability enhancements under consideration are:

- > low volatile organic compound internal finishes to offer healthier indoor environments
- > more efficient office lighting and improved air conditioning control to reduce energy costs
- > rainwater harvesting to reduce water demand
- > enhanced cycle storage facilities
- > enhanced recycling facilities and processes
- > green roof on podium level.

These proposed 'green' upgrades if delivered, would further enhance the centre's existing high quality base specification.

Jason Happy, National Facilities Manager for the Manager of the Trust was on the pilot scheme's steering committee charged with developing this expanded rating tool. A launch event to promote the scheme will take place later this year once the pilot process has concluded.

More: www.nzgbc.org.nz

TRUST MARKETING PRICEWATERHOUSECOOPERS CENTRE

THE TRUST IS MARKETING PRICEWATERHOUSECOOPERS CENTRE IN CHRISTCHURCH FOR SALE THROUGH COLLIERS INTERNATIONAL AND CB RICHARD ELLIS.

The PricewaterhouseCoopers Centre comprises of 18 levels of office space, ground floor retail, two levels of carparking, gymnasium, swimming pool and sauna. The building is currently valued at \$55.4 million with indicative rentals for 2010 of \$4.7 million.

The property is for sale by private treaty and is part of a move to concentrate the Trust's office assets in the larger Auckland and Wellington markets. If a sale is concluded, the proceeds will be used to repay debt.





SHOPPING CENTRES SUPPORT BREAST CANCER AWARENESS

FROM AUCKLAND TO CHRISTCHURCH, ALL SIX TRUST SHOPPING CENTRES ARE GETTING BEHIND THIS YEAR'S BREAST CANCER AWARENESS MONTH AND ARE HOSTING EXCITING EVENTS FOR CUSTOMERS TO GET INVOLVED WITH.

DESIGN-A-BRA

AN IMPORTANT FUNDRAISER

THE PLAZA SHOPPING CENTRE IS TAKING A NOVEL APPROACH TO RAISING MONEY FOR THE NEW ZEALAND BREAST CANCER FOUNDATION.

For the Foundation's official awareness month of October, several local and national personalities have each decorated a bra. The bras are going on display at the shopping centre where customers can vote for their favourite design by donating money.

At the end of October, an auction will raise additional funds. Bra artists: Mike West and Gareth Pringle (More FM radio hosts); Nikki Watson (model); Hamish McKay (TV3 sports presenter); Shane Cortese (actor/Dancing with the Stars); Toni Marsh (TV3 weather presenter).

Elsewhere in New Zealand, other Trust-owned shopping centres are also holding events, with all donations going directly to the Foundation.

NEW HAMILTON CINEMA OPENS IN NOVEMBER

SUPERB NEWS FOR HAMILTON'S AVID MOVIE-GOERS – IN NOVEMBER A NEW LIDO CINEMA WILL OPEN IN THE TRUST-OWNED CENTRE PLACE SHOPPING CENTRE.

"The new Lido is a boutique cinema with seating for approximately 320 patrons," explained Mark Luker, General Manager – Development. The cinema lease was taken by Richard Dalton, owner of the Lido Cinema and the revamped Capitol Cinema, both in Auckland. The Auckland Lido has gained consistent high praise, and has been voted Auckland's best cinema for five of the past six years. "With this reputation we are pleased to secure this latest addition to the Centre Place Shopping Centre," says Mark.

"Opening in Hamilton is an exciting opportunity for Lido Cinemas," said Mr Dalton. "Centre Place is a great fit with our business. We are certain that the experience we're offering and the variety of films will appeal to Hamilton cinema-goers."



Lido, Manukau Road, Epsom

INVESTOR NEWS

ANNUAL MEETING

The sixteenth Annual Meeting of Kiwi Income Property Trust Unit Holders was held at the Ellerslie Event Centre in Auckland on Thursday, 13 August. The Annual Meeting was an opportunity to present the annual result to investors and to ask questions of the board and executive management. Over 140 people attended including retail investors, institutional investors and media.

OPTING IN TO THE DISTRIBUTION REINVESTMENT PLAN

Investors are reminded of the Distribution Reinvestment Plan (DRP).

The DRP offers you the opportunity to reinvest the amount of any distribution directly with the Trust. This enables you to accumulate more units without brokerage or fees.

The strike price for the DRP in respect of the final distribution paid on 24 June 2009 was \$0.88 per unit. This price represented a 2.5% discount to the volume weighted average price of units traded over the 10 business days succeeding the record date. Approximately 25% of Unit Holders by number (representing 12% of the cash distribution payable) elected to participate in the DRP. Unit Holders who wish to participate in the DRP for future distributions, should notify the registrar, Link Market Services on 0800 377 388.

FINANCIAL CALENDAR

Key dates for Investors are outlined below:

06 Nov 2009	Interim Result Announcement
30 Nov 2009	Interim Distribution Record Date
18 Dec 2009	Payment of Interim Distribution
22 Dec 2009	MCN Interest Record Date
31 Dec 2009	Payment of MCN Interest

Please note: These dates are indicative only and may be subject to change.

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