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INVESTOR UPDATE



WELCOME. Amidst the challenges of global financial markets, the New Zealand listed property sector continues to offer sound investment attributes. In this Investor Update we include information about a Unit Purchase Plan that will enable unit holders to acquire further units in the Trust. This follows on from the Trust's recent issuing of new units to institutional investors, successfully raising \$50 million of additional equity and further strengthening our financial position. In addition, we have included updates on The Plaza, Sylvia Park and National Bank Centre which demonstrate that, even in challenging times, positive outcomes can still be achieved.

CHRIS GUDGEON, CHIEF EXECUTIVE, KIWI INCOME PROPERTIES LIMITED.

UNIT PURCHASE PLAN (UPP) PLANNED FOR MAY

KIP HAS ANNOUNCED FURTHER DETAILS OF A PROPOSED UNIT PURCHASE PLAN (UPP), TO PROVIDE ELIGIBLE UNIT HOLDERS WITH THE OPPORTUNITY TO ACQUIRE UNITS ON TERMS SUBSTANTIALLY EQUIVALENT TO THOSE OFFERED UNDER THE \$50 MILLION INSTITUTIONAL PLACEMENT COMPLETED ON 1 APRIL 2009. IT IS EXPECTED THAT UNIT HOLDERS WITH A REGISTERED ADDRESS IN AUSTRALIA OR NEW ZEALAND WILL BE ELIGIBLE TO PARTICIPATE IN THE UPP.

The UPP offer is expected to open on 18 May 2009, following the announcement of Kiwi Income Property Trust's annual result for the financial year ending 31 March 2009. Offer documentation relating to the UPP will be mailed to unit holders at this time.

The Manager of the Trust has applied to the New Zealand Securities Commission and NZX for exemptions and waivers to allow it to offer eligible unit holders the opportunity to acquire units with a value of up to NZ\$15,000 (instead of the current limit of NZ\$5,000) and to the Australian Securities and Investments Commission to permit the offer to be made to Australian unit holders. The amount to be raised under the UPP offer will be limited to \$15 million and will not be underwritten. Applications will be scaled pro-rata if they total greater than this maximum amount.

Subject to the terms of the Trust Deed, the price of the units issued under the UPP will be the lesser of 87.9 cents per unit, being the issue price under the institutional placement, and a volume weighted average price over the seven calendar days prior to the UPP offer opening.

The new units issued under the UPP will be entitled to the distribution for the six months to 31 March 2009.

Chris Gudgeon said "The proceeds of the UPP will be used to further reduce the Trust's debt. A stronger balance sheet will provide greater capacity for the Trust to absorb further potential reductions in asset valuations should they occur, whilst better positioning the Trust to take advantage of future opportunities that may arise."

Applications will be accepted from eligible unit holders only after they have received the UPP offer documentation. No money is currently being sought in relation to the UPP.

PROPERTY SALES YIELD \$38 MILLION

THE TRUST HAS SUCCESSFULLY SOLD TWO ASSETS FROM ITS PORTFOLIO.

On 30 March 2009, KIP announced the sale of BP House on Customhouse Quay in Wellington for \$26 million. The sale price, which reflected a passing yield of 7.3%, was in line with the latest valuation of \$26.3 million.

This divestment follows on from the sale of the Fisher & Paykel Finance Building in East Tamaki which sold in February 2009 for \$12 million.

The sales support the Trust's capital management initiatives, with the proceeds used to repay debt.

TRUST RAISES \$50 MILLION TO STRENGTHEN FINANCIAL POSITION

ON 2 APRIL 2009, THE TRUST ANNOUNCED THE SUCCESSFUL COMPLETION OF A \$50 MILLION PLACEMENT TO INSTITUTIONAL INVESTORS AT 87.9 CENTS PER UNIT.

The placement was oversubscribed, with support from both existing and new domestic and international investors. The subscription price for units issued under the placement represented an 8.4% discount on the closing unit price on 31 March 2009.

"This equity raising strengthens our balance sheet and reinforces our commitment to maintaining a conservative level of gearing," explained Sean Wareing, Chairman of the Manager of the Trust. "It demonstrates our prudent capital management approach, and focus on delivering solid and stable returns for all unit holders."

The proceeds of the equity raising, together with the \$38 million of asset sales recently announced, will be used to reduce debt. Prior to the placement, bank debt represented approximately 33% of total assets and the effect of the institutional placement and recent asset sales announced would be to reduce this gearing by approximately 4%.

DISTRIBUTION REINVESTMENT PLAN OFFERS CHOICE

**INVESTORS ARE REMINDED OF THE
DISTRIBUTION REINVESTMENT PLAN.**

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

For further information, please contact the Registrar, Link Market Services on 0800 377 388.



TOUR OF TRUST'S AUCKLAND ASSETS

FINANCIAL ANALYSTS AND INSTITUTIONAL INVESTORS RECENTLY TOURED THE TRUST'S AUCKLAND RETAIL AND OFFICE ASSETS.

Highlights of the day-long tour, led by members of the executive team of the Manager in March, included visits to The National Bank Centre, 21 Pitt Street, the Vero Centre and Sylvia Park.

Each participant was given an Auckland Asset Tour booklet. To download this booklet, and learn more about the Trust's Auckland portfolio, visit www.kipt.co.nz, click through to the 'Investor' section, then on 'Presentations'.

PORTFOLIO VALUE DOWN 10%

THE TRUST HAS REPORTED A NET REDUCTION IN PORTFOLIO VALUE OF AROUND \$162.2 MILLION FOR THE SIX MONTHS TO 31 MARCH 2009.

This brings the reduction in portfolio value for the year to 31 March 2009 to \$214.2 million, or 10.1%. The portfolio is now valued at \$1.91 billion.

"The decline in the value of our property portfolio over the past year is a reflection of adverse global economic conditions and negative sentiment in financial markets worldwide," noted Sean Wareing, Chairman of the Manager of the Trust.

"Despite this challenging environment, the underlying operating earnings remain sound as 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. As at 31 March 2009, the Trust's portfolio enjoys occupancy of 98.6%, with a solid weighted average lease term to expiry of 4.3 years," Mr Wareing said.

More information in relation to valuations: www.kipt.co.nz

KIWI CONGRATULATES VERO ON BUSINESS EXCELLENCE AWARD

Kiwi Income Property Trust warmly congratulates Vero on winning gold in the 2008 Business Excellence Awards. Winning this award has confirmed Vero as demonstrating international best practice throughout all aspects of their business.

Vero is the anchor tenant in the Trust's premier office building the Vero Centre and Kiwi Income Property Trust is proud to be closely associated with this outstanding organisation.

This award recognises Vero as having achieved the gold standard in business.



THE NEW FOOD COURT HAS BEEN BUSY SINCE THE OFFICIAL OPENING ON 5 MARCH WITH FOOD OUTLETS REPORTING A STEADY TRADE. THE NEW LOOK AND FEEL IS A PRELUDE TO THE REDEVELOPMENT PLANNED FOR COMPLETION DURING EARLY 2010.

THE PLAZA STAGE ONE NOW OPEN

STAGE ONE OF THE PLAZA SHOPPING CENTRE REDEVELOPMENT IN PALMERSTON NORTH HAS OPENED FOR BUSINESS.

The early-March opening day saw The Plaza packed with shoppers from all around the Manawatu region. Fifteen speciality shops opened for the first time, including nine food outlets in the new foodcourt, which seats 450 diners.

At midday, representatives from the Trust's management team and board welcomed the city's Mayor, councillors and local iwi to sample from the new foodcourt menu.

"This is a significant milestone for the Trust," said Chris Gudgeon. "After all the planning, it's wonderful to see things come to fruition. Shoppers asked us for a centre of an international standard and The Trust has responded. As well as top quality stores and dining, the design and services here rival the best in Wellington and Auckland," he said.

"The redevelopment has also created opportunities for the local construction industry – there are over 150 local workers currently on site."

Stage one of the \$93 million redevelopment has seen Countdown incorporated into the Centre. A new three-storey parking building with 700 spaces has also opened. When the redevelopment is complete in the second quarter of 2010, there will be 1200 spaces and around 100 speciality stores.

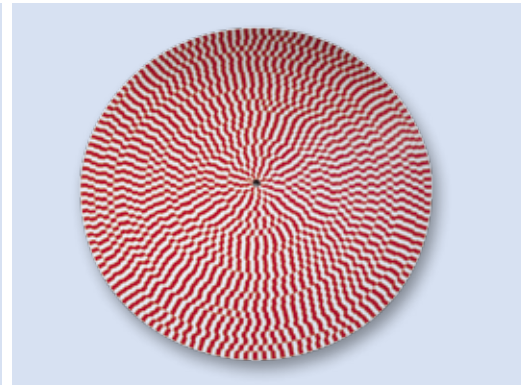
More: www.theplaza.co.nz



Economic Indicator – 2008-09 oil on linen
1950 x 1950 mm



Streaming 3 – 2008-09, oil on linen
1950 x 1950 mm



Torpedo 2 – 2008, Paper tags hand dipped in acrylic paint
approx 4500 mm diameter

NEW ART FOR NATIONAL BANK CENTRE

THREE WORKS BY ARTIST SARA HUGHES NOW HANG IN THE REFURBISHED LOBBY OF THE NATIONAL BANK CENTRE.

The three works are titled *Economic Indicator*, *Streaming 3* and *Torpedo 2*. Miles Brown and Stefan Winstanley, from the Trust’s commercial office team, saw *Torpedo 2* while meeting at Gow Langsford Gallery in Auckland.

“We knew *Torpedo 2* would be ideal for the lobby. Sara’s artwork is so fresh and vibrant,” Mr Brown said. The other two works now hang in each of the lift lobbies.

Ms Hughes also exhibited in the Auckland Festival 2009 Artbus, which travelled around Auckland.

SYLVIA PARK GAINS INTERNATIONAL AWARDS

THE INNOVATIVE DESIGN AND DEVELOPMENT OF SYLVIA PARK HAS RECEIVED INTERNATIONAL RECOGNITION – TWICE.

The first was a gold in the International Council for Shopping Centres (ICSC) Asia Shopping Centre Awards, recognising innovative development and design.

That prestigious win led to automatic entry into last December’s Design and International Development Awards in Phoenix, US. Sylvia Park received a Merit Award. The next round is the ICSC Best of the Best International Awards, to be held in Las Vegas in May 2009.

“The awards recognise Sylvia Park as amongst the best shopping centres in the world,” said Andrew Buckingham, Sylvia Park Project Director. “They are testimony to the design values that have helped make Sylvia Park a stand out shopping experience.”

Sylvia Park is the country’s largest shopping centre, achieving sales of over \$350 million in its first full year of trading. In December 2008, a new parking building with 750 spaces was opened. The Centre now offers over 4,000 parking spaces, as well as convenient bus and train connections.



MEETING UNITED STATES INVESTORS

CHRIS GUDGEON AND GAVIN PARKER RECENTLY RETURNED FROM THE UNITED STATES, WHERE THEY MET WITH INVESTORS AT A GLOBAL REAL ESTATE CONFERENCE.

“Around 16% of the Trust’s unit holders are in the United States,” explained Mr Parker, Chief Financial Officer of the Manager of the Trust. “The visit was an excellent opportunity to lift our profile with those investors, as well as to meet with potential new investors.

“It’s important to challenge traditional approaches to attracting investors and grow offshore interest in our business,” he said.

CONTACT DETAILS

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