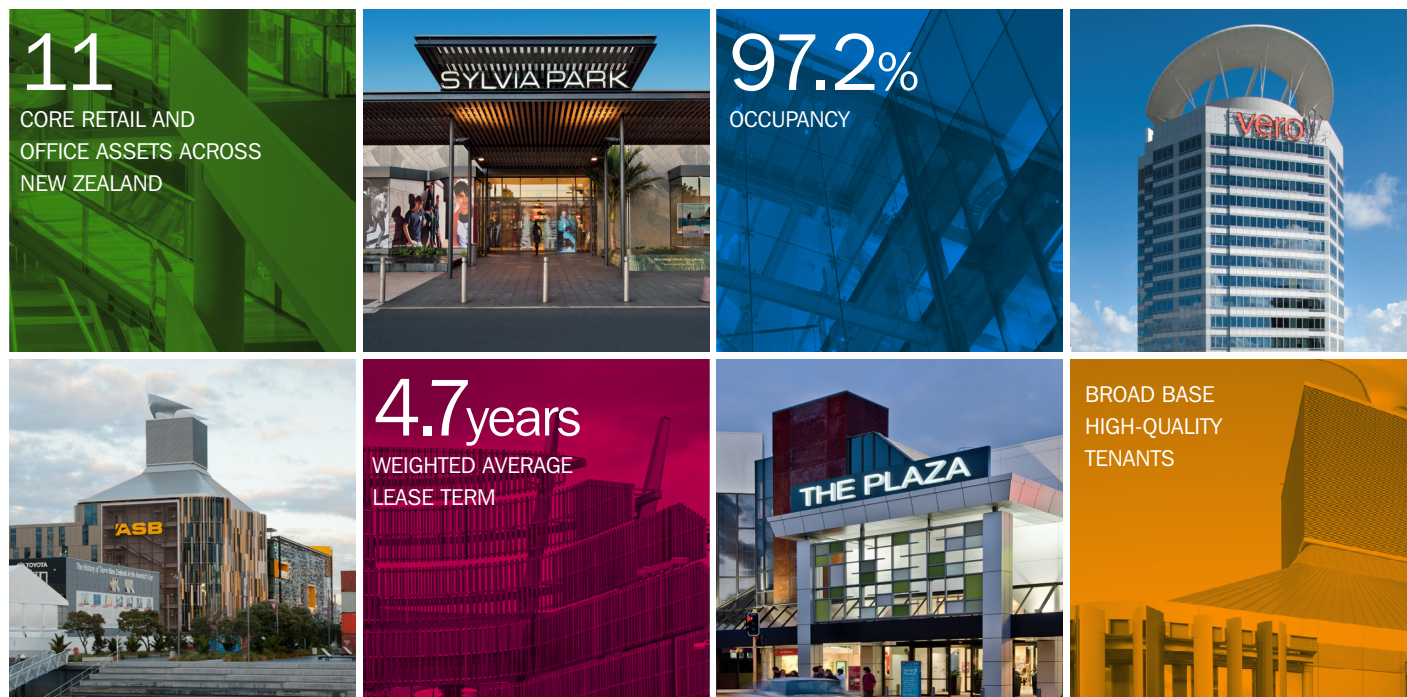


Kiwi Income Property Trust

KIP is New Zealand's largest listed property trust¹ with a diversified high-quality portfolio of retail and office assets located throughout New Zealand.



On 3 December 2013, KIP marked its 20th anniversary since listing on the NZX Main Board. Over this period, KIP has built a reputation for delivering long-term sustainable returns for its investors through the strategic acquisition, intensive and active asset management and ongoing development of retail and office assets.

KIP today has total assets of \$2.2 billion (and total liabilities of \$1.0 billion).² Its property portfolio includes some of New Zealand's best retail and office properties, including the iconic ASB North Wharf office complex at Wynyard Quarter, the premium-grade Vero office tower and the landmark Sylvia Park Shopping Centre.

KIP has a market capitalisation of \$1.3 billion (including the MCNs), and prides itself on maintaining robust corporate governance practices, with all of its current Board members being independent. KIP is considering moving from a trust to a corporate structure in late 2014.

Diversification reduces the volatility of income returns throughout the property cycle. To that end, KIP's portfolio has:

- 67% exposure to retail assets
- 30% exposure to office assets
- Over 850 tenants

KIP is focused on producing predictable levels of income. Around 90% of retail leases and approximately 50% of office leases are subject to fixed and CPI-based rental increases.

KIP is focused on maintaining a strong financial position with conservative gearing.

- Gearing (Finance Debt to Total Tangible Assets) of 35.5% (covenant <45%)
- Interest cover of 3.09 times (bank covenant >2.25 times)



Unless otherwise stated, all information is stated as at 31 March 2014. In respect of the property statistics, these are as at 31 March 2014, adjusted for the sale of KIP's remaining 50% interest in 205 Queen, Auckland, which settled on 3 June 2014.

¹ By total asset value.

² The total assets and total liabilities are stated as at 31 March 2014. These figures have been extracted from the Group's audited financial statements for the year ended 31 March 2014.

Fixed Rate Senior Secured Bonds

The Bonds¹ are offered pursuant to a Simplified Disclosure Prospectus dated 1 July 2014, a free copy of which can be obtained from KIP's website kipt.co.nz/investor-information/bonds or your usual authorised financial adviser.

Issuer	Kiwi Property Management Limited, in its capacity as manager of Kiwi Income Property Trust (KIP)
Instrument	Fixed rate senior secured bonds (Bonds) (the security for the Bonds is discussed below)
Issue amount	Up to \$100 million, with the ability to accept oversubscriptions of up to \$25 million
Use of proceeds	General corporate purposes, including the repayment of existing bank debt facilities
Tenor	7 years
Maturity Date	20 August 2021
Interest Rate	The Interest Rate, which will be a fixed rate, will be set and announced via nzx.com following the bookbuild on 10 July 2014. Indicatively, the Interest Rate will be between 6.10% and 6.30% per annum
Interest payments	Semi-annual in arrear on 20 February and 20 August. The first interest payment will be on 20 August 2014 to the original subscriber of the Bonds and will include early bird interest
Guarantee	New Zealand Permanent Trustees Limited (in its capacity as Trustee of KIP) and KIP's property owning subsidiaries, Kiwi Property Holdings Limited and Sylvia Park Business Centre Limited (Guarantors) guarantee the Bonds on a joint and several basis ²
Security	The Guarantors have granted security over all of their assets under a general security agreement in favour of the Security Trustee for the benefit of all Beneficiaries (including Bond Holders, the Bank Lenders, Hedging Providers and any new future secured creditors) on an equal ranking basis. The security includes a security interest over all personal property, a charge over real property and an agreement to mortgage in respect of real property, and secures all amounts owing to the applicable secured creditors. In an insolvency of a Guarantor, the claims of the senior secured creditors (including the Bond Holders) will (by virtue of that security) rank ahead of all other creditors of the relevant Guarantee other than certain statutorily preferred creditors
Gearing Covenant	The Bond Trust Documents include a gearing covenant that requires consolidated Finance Debt of the Group to not exceed 45% of the Total Tangible Assets of the Group at all times ³
Credit rating	KIP and the Bonds are unrated
Issue Price	\$1.00 per Bond
Application amount	Minimum of \$5,000 and multiples of \$1,000 thereafter
Listing	It is expected the Bonds will be quoted under the code KIP010 on the NZX Debt Market ⁴

Risks

An overview of the key risks that may affect your returns and repayment of your investment in the Bonds is contained in the Simplified Disclosure Prospectus. You should read the Simplified Disclosure Prospectus before deciding whether to invest in the Bonds.

Key dates⁵

Interest Rate set	10 July 2014	Trading expected to commence	7 August 2014
Opening Date	11 July 2014	First Interest Payment Date	20 August 2014
Closing Date (5.00pm)	1 August 2014	Subsequent Interest Payment Dates	Each 20 February and 20 August
Issue Date	6 August 2014	Maturity Date	20 August 2021

How to apply

If you are interested in applying for Bonds, you should contact your usual authorised financial adviser or any Primary Market Participant for details on how to acquire Bonds. You can find a Primary Market Participant by visiting nzx.com/investing/find_a_participant. The Offer of Bonds is to the public in New Zealand only and in no other country or jurisdiction.

1 Capitalised terms in this flyer are defined in the Simplified Disclosure Prospectus.

2 The guarantee obligations of the Guarantors are not limited, but recourse to the Trustee in respect of the guarantee is limited to the assets of KIP.

3 Finance Debt, for the purposes of the Gearing Covenant, excludes any subordinated debt (including KIP's mandatory convertible notes) and any unrealised indebtedness or exposure in respect of a derivative contract before its close-out. Total Tangible Assets, for the purposes of the Gearing Covenant, excludes any unrealised amount owing under a derivative contract before its close-out.

4 Application has been made to NZX Limited (NZX) for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this flyer have been duly complied with. However, the Bonds have not yet been approved for quotation and NZX accepts no responsibility for any statement in this flyer. NZX is a registered exchange and the NZX Debt Market is a registered market under the Securities Markets Act 1988.

5 Key dates in relation to the Offer may be subject to change at the Issuer's discretion.