



AMP NZ Office Trust

Full Year result

For the year ending 30 June 2006

Rob Lang - Executive Manager



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Highlights

- Strong unit holder returns
- Positive operating environment
- Solid revenue, earnings and distribution growth
- Distribution reserve strengthened
- Strong balance sheet, capacity to grow
- Revaluations out-performed
- Successful acquisition and development
- Attracting new tenants, achieved higher occupancy and retention rates
- Forward lease expiry risk significantly reduced, cash flows enhanced
- Established strong platform for future performance

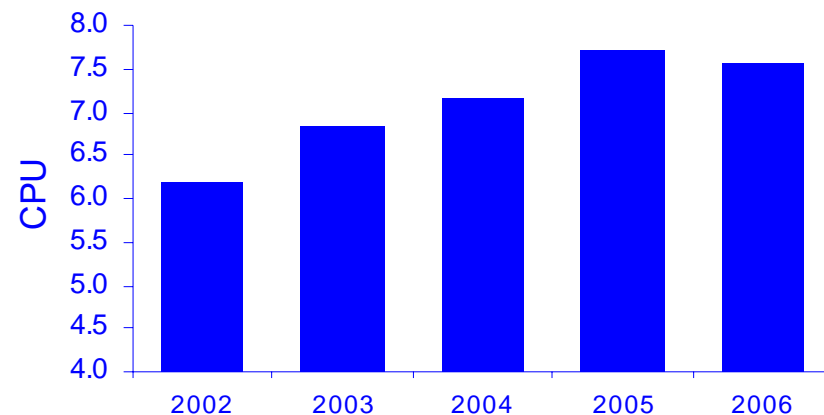


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Earnings

- Earnings before revaluations up 4.4% to \$35.9m
 - 1.7% ahead of consensus analyst forecasts
 - EPU before revaluations down 2.1% to 7.55cpu (UPP and Placement - additional units impact)
 - earnings after revaluations: \$156.1m up 77.1%
- Revenue up 8.4% to \$96.1m
- Like for like Direct Expenses up 1.6%
 - purchasing power is delivering cost savings
 - insurance premium savings of 18% (50% over past 2 yrs)
 - electricity cost savings of 6.5% (5yr fixed-step contract)
- Indirect Expenses up 13.1%
- Key earnings drivers
 - Mayfair House acquisition
 - full period contribution of Pastoral House
 - 28 rent reviews completed: 15.6% average increase
 - high tenant retention rate and fewer vacancy voids
 - higher average occupancy
 - operating expense containment:

Earnings Per Unit

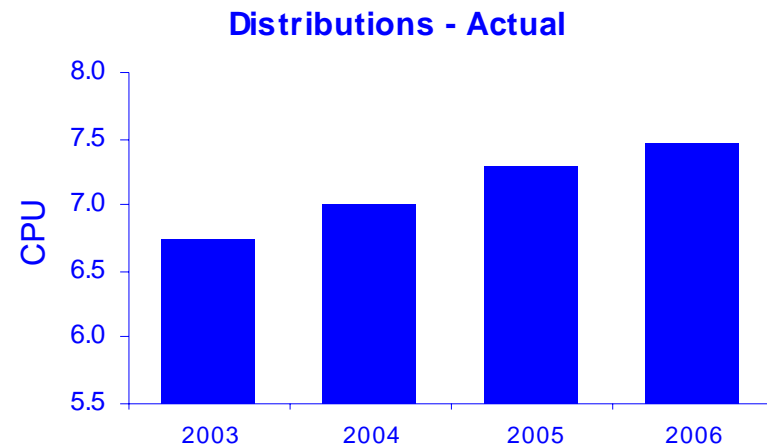




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Distributions and Policy

- DPU 7.464 cpu, up 2.25%
- Earnings payout ratio 99.7%
- Distribution reserve: \$5.7m or 1.2cpu
- Distribution policy aligned to strategic objective
 - sustainable distribution growth
 - payout ratio range: 90% - 110% of earnings
 - reserve not intended to exceed \$6.0m
- Distributions are gross and unimputed
- Confident of future distributions being in line with or exceeding past growth

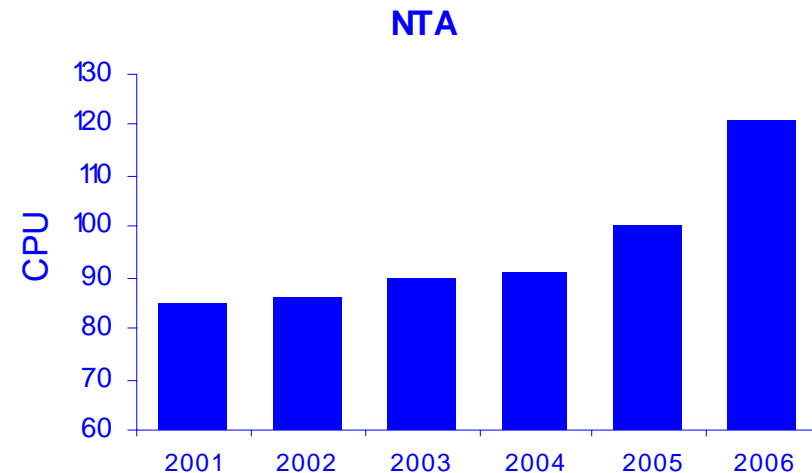




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Balance Sheet

- Total assets up 20.9% or \$176m to \$1,018m
 - \$126m gross revaluation gain
 - \$29.7m acquisition of Mayfair house
 - \$19.8m No.1 The Terrace (work in progress during the year)
- Total liabilities 14.3% to \$304m (ex MCN)
 - Debt to total assets: 30% (Trust Deed limit 50%)
 - \$150m bank debt capacity until 40% management limit
 - 88% of floating debt fixed
 - Average hedge duration of 4.9 years
- Equity +28.3% to \$618m
 - \$15.7m unit purchase plan completed in Sept
 - retained earnings up 128.7% to \$214.3m
- NTA up 20.5% to \$1.21 per unit
- Strong balance sheet to fund growth





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Annual Revaluation Performance

- 14.2% portfolio valuation increase
- Valuation drivers (attribution):
 - c.70-80% net income based (contract net income up +9.7%)
 - c.20-30% market yield, terminal yield, IRR compression and yoy better short-term rental growth rates (note: Wellington rents are stated as gross)

Property	10 Year Avg. Terminal			Over/Under	Wgt. Avg.3	Avg. Market	Market		Market	Market Value 2005	% Change 2005 - 06
	Growth Rate	Yield	IRR	Renting (Fully-Occup.)	Lease Term	Office Rent (\$Net / m2)	Market Yield	Initial Yield	Value 2006		
HP Tower	3.2%	8.3%	9.8%	-8.6%	5.8	430	7.75%	7.22%	60,300,000	50,900,000	18.5%
No.1 The Terrace	3.4%	8.1%	10.4%	-12.1%	11.3	435	7.63%	6.72%	76,100,000	67,000,000	13.6%
125 The Terrace	3.3%	8.4%	10.2%	-9.6%	5.5	385	7.88%	7.25%	56,600,000	50,300,000	12.5%
Pastoral House	3.4%	8.6%	10.6%	-7.5%	9.5	345	8.13%	7.47%	53,750,000	50,000,000	7.5%
Mobil on the Park	3.2%	8.3%	9.6%	-9.7%	4.0	445	7.63%	6.98%	87,800,000	75,700,000	16.0%
State Insurance	3.2%	8.4%	9.9%	-4.9%	3.4	350	7.88%	7.33%	96,100,000	81,900,000	17.3%
Mayfair House	3.3%	9.3%	10.6%	-16.0%	3.1	259	8.75%	7.42%	35,250,000	29,300,000	20.3%
No.3 The Terrace	n/a	7.0%	7.2%	n/a	52.2	n/a	7.00%	6.97%	10,800,000	9,100,000	18.7%
151 Queen Street	2.5%	8.3%	9.8%	-7.9%	3.4	285	8.00%	7.56%	79,700,000	71,900,000	10.8%
Quay Tower	2.7%	8.0%	9.9%	-2.0%	4.8	253	8.00%	7.97%	86,100,000	75,400,000	14.2%
ANZ Centre	2.6%	8.1%	9.9%	-6.4%	3.9	326	7.88%	7.45%	159,500,000	140,000,000	13.9%
PWC Tower	2.7%	7.7%	9.6%	-4.2%	6.2	425	7.38%	7.07%	216,400,000	190,400,000	13.7%
Total	2.89%	8.14%	9.86%	-6.85%	5.7	358.00	7.78%	7.29%	1,018,400,000	891,900,000	14.18%



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NZ IFRS

- New standards effective from 1 July 2006
- ANZO is first NZ LPT to adopt NZIFRS
- NZ IFRS will not impact ANZO's.....
 - net cash flows
 - distributable surplus
 - debt covenants
- Major balance sheet adjustments...
 - recognition of deferred tax liabilities on depreciation, property revaluations and swap revaluations
 - recognition of income tax losses as an asset
 - recognition of fair value of interest rate swap's as asset or liability
 - investment properties recognised at fair value i.e. no disposal provision



NZ IFRS

- Major non cash profit and loss adjustments.....
 - deferred tax expense for depreciation, property revaluations and swap revaluations
 - unrealised gain or loss on interest rate swap revaluations
 - amortisation of tenant incentives over life of the lease
- Units classified as equity
 - trust deed amended in July 2006 to allow units to be classified as equity under NZ IFRS
- Implications for ANZO
 - revised NTA calculation
 - volatility in net surplus from non-cash NZ IFRS adjustments
 - exclusion of deferred tax liabilities for loan gearing covenants
 - capitalisation of interest only during development activity i.e. no capitalisation on land banking

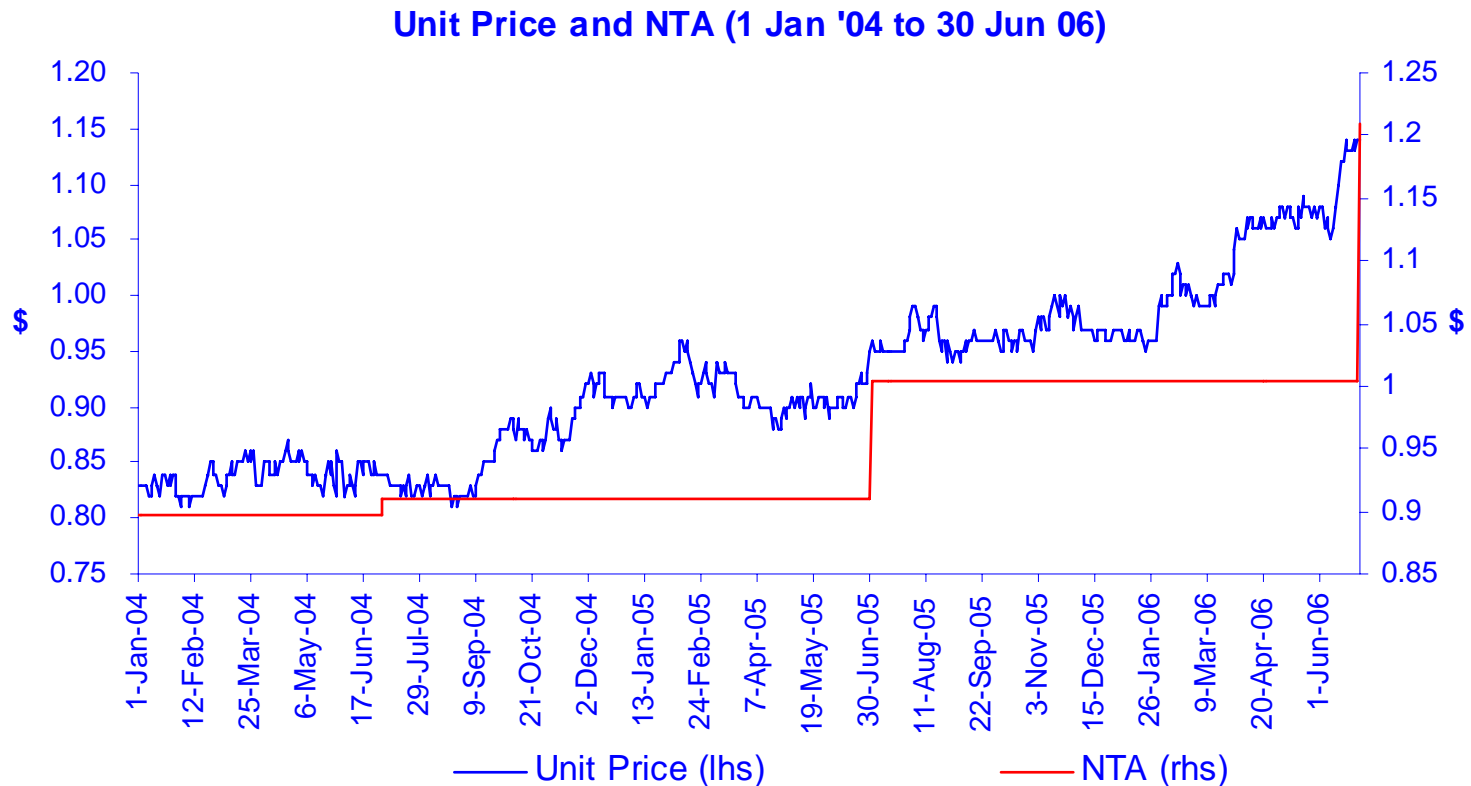
NZ IFRS – Restated Balance Sheet

AMP NZ Office Trust - NZ IFRS Balance Sheet 30 June 2006	(000's)
Total Assets NZ GAAP	1,017,805
<i>Adjustments to Total Assets</i>	
Recognition of Tax Losses	4,696
Disposal Provision	8,656
Interest SWAP Fair Value	1,857
IFRS Total Assets	<u>1,033,014</u>
Total Liabilities Under NZ GAAP	398,930
<i>Adjustments To Liabilities</i>	
Deferred Tax Liability on Depreciation Clawback	61,065
Deferred Tax on Revaluations	26,813
Deferred Tax on Interest SWAP Fair Value	613
IFRS Total Liabilities	<u>487,421</u>
Total Equity Under NZ GAAP	618,875
<i>Adjustments To Equity</i>	
IFRS Adjustments to Retained Earnings	-73,282
IFRS Total Equity	<u>545,593</u>
NTA Pre IFRS	1.21
NTA Post NZ IFRS	1.08
NTA Post NZ IFRS Exclude Deferred Tax Revaluations	1.13



Returns

- Total return: 29.2% (rolling 12 mth to 30 June 06):





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Portfolio Overview and Performance.....





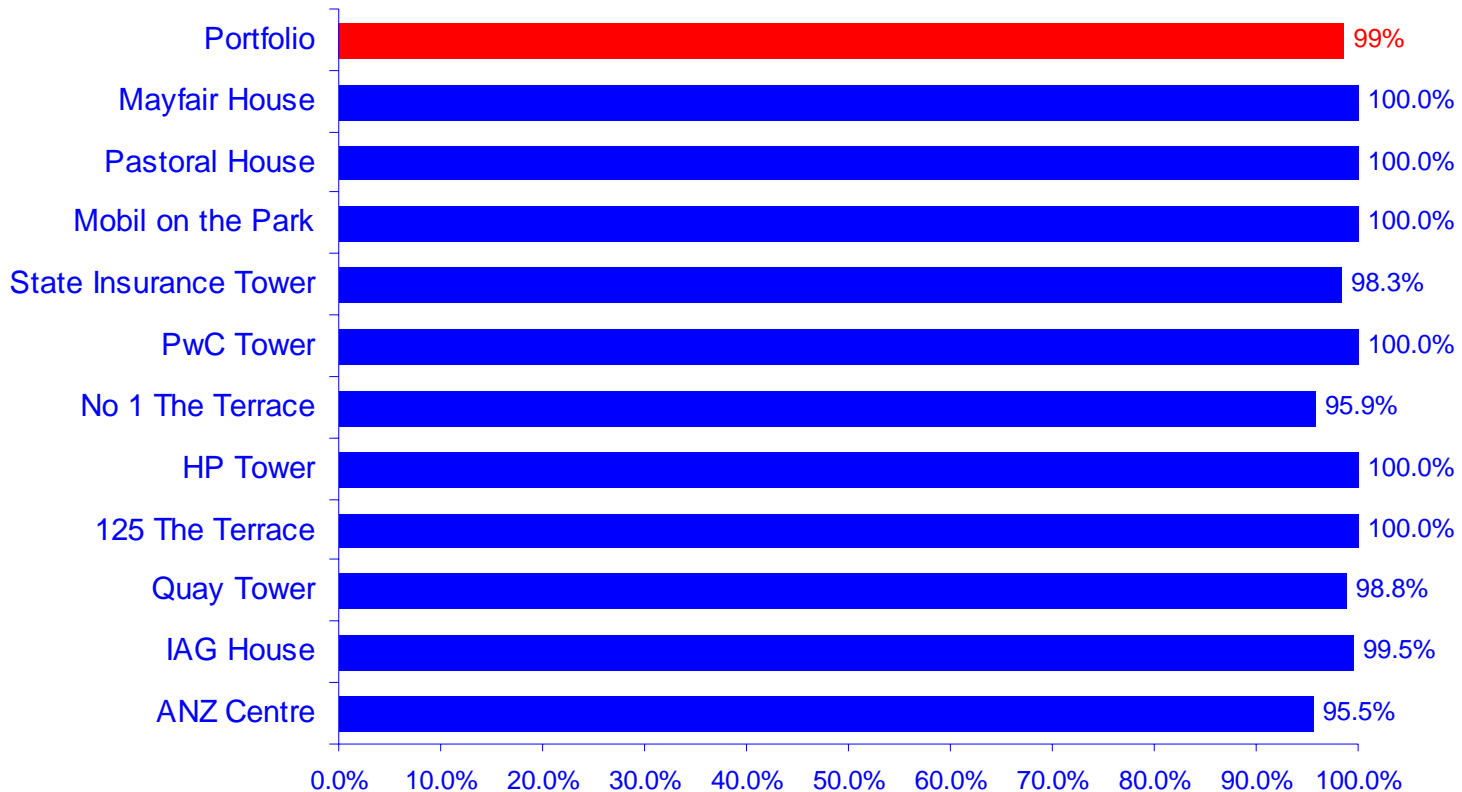
Overview

- Vision: “to be New Zealand office landlord of choice”
- Strategic objective: sustainable earnings and distribution growth
- 11 predominantly prime and A-grade assets
- Geographical portfolio split (by value): 53% Auckland, 47% Wellington
- Total net lettable area: 219,482sqm
- 194 tenants
- 2,330 car parks
- Expert, specialist managers backed by AMP Capital and Multiplex
- Market capitalisation*: NZ\$552m, NZX50 rank 30th, incl. EPRA index
- Major investors: AMP (14.2%), Multiplex (21.1%)

*NZ\$644m fully diluted (after allowing for the mandatory convertible notes).

Portfolio Occupancy

➤ Portfolio occupancy 99% (95.1% June 05)





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Leasing Activity

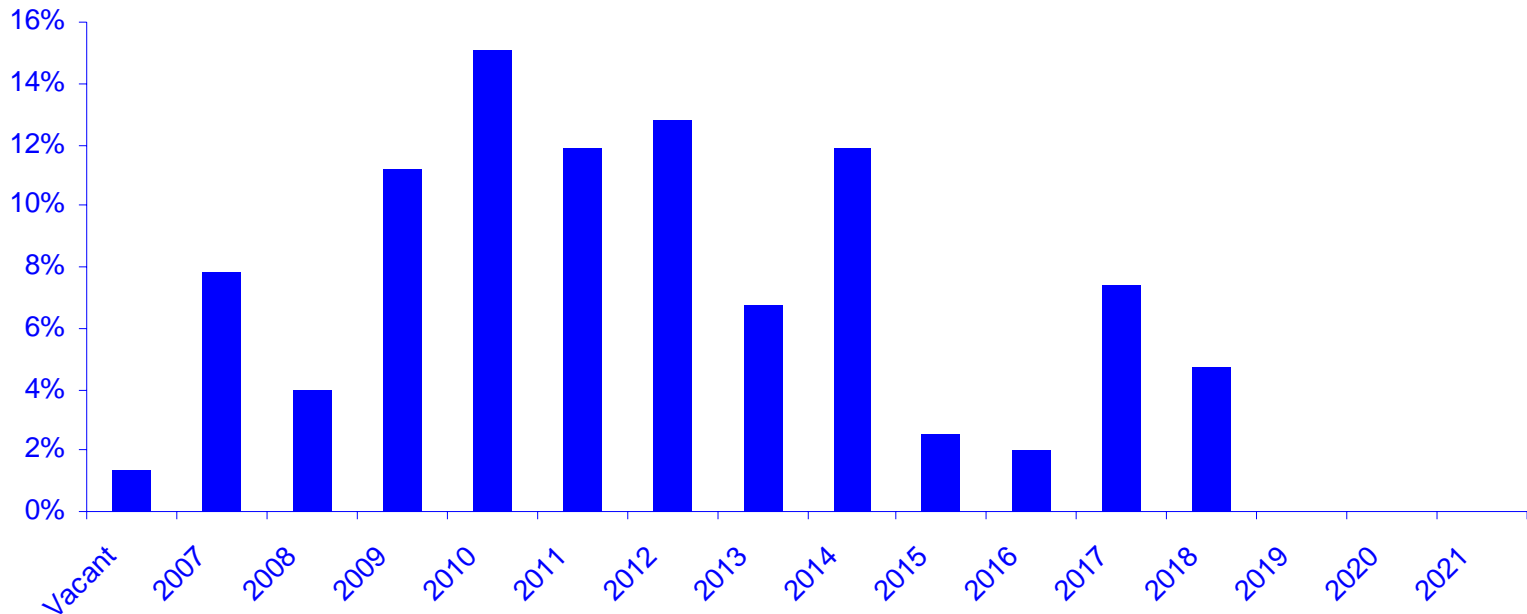
- Record leasing activity
- 41 new leases (29,775sqm)
- 10 renewals over (8,555sqm)
- Tenant retention: 93.1% (>90% annually for past four years)
- 22 new tenants secured
- Quay Tower (Air New Zealand) expiry risk overcome
- Key new leases:
 - AMP Financial Services (2,208sqm)
 - AMP Financial Services (3,309sqm)
 - Farmers Mutual Group (1,001sqm)
 - QBE (3,288sqm)
 - NZQA (5,212sqm)
 - Stanwell Holdings (796sqm)
 - Wilsons Parking (850sqm)
 - NZ Defence Force (797sqm)
- Remaining vacancy represents 100-450sqm “pockets”



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Lease Expiry Profile

- Weighted average lease term 5.7 years (6.2yrs June 05)
- Low risk forward expiry profile (see chart below - % total NLA)
- High quality assets foster maximum demand, high retentions and lower vacancy rates





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Rent Reviews

- Major over-renting reversions overcome (125 and No.1 The Terrace)
- Through cycle record rents established in Auckland and Wellington
 - Wellington: \$522/sqm gross
 - Auckland: \$460/sqm net
- 28 rent reviews completed: ave. increase 15.5% or \$2.1m annual uplift
- Portfolio 6.85% under-rented, offering solid upside
 - Wellington portfolio = 9.0% under-rented
 - Auckland portfolio = 5.0% under-rented
- 174,000sqm subject to rent review over next three years....

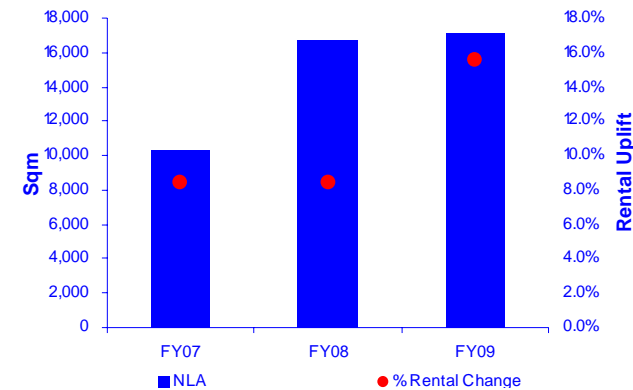


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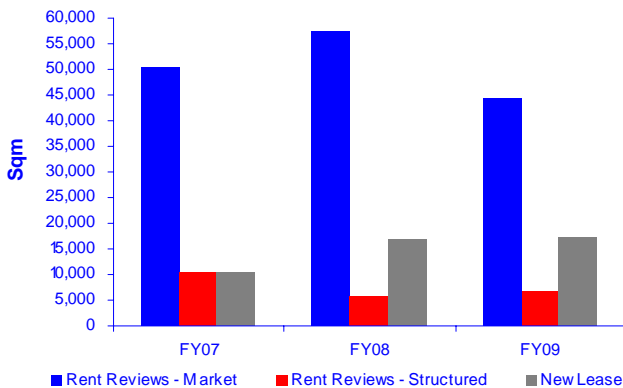
Near Term Lease Events

- Rent reviews provide strong upside
- New lease rents provide upside
- High retentions, lower voids - upside

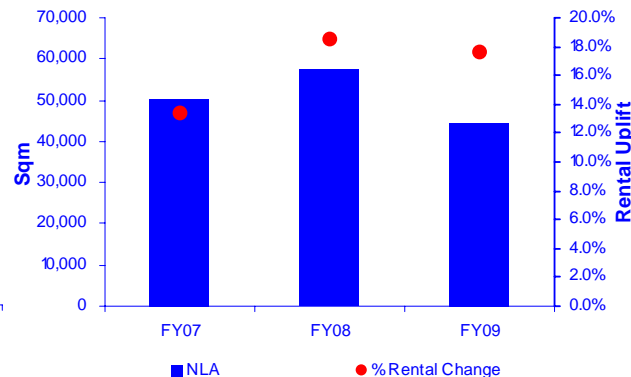
New Leases - Net Lettable area/ % uplift in rental



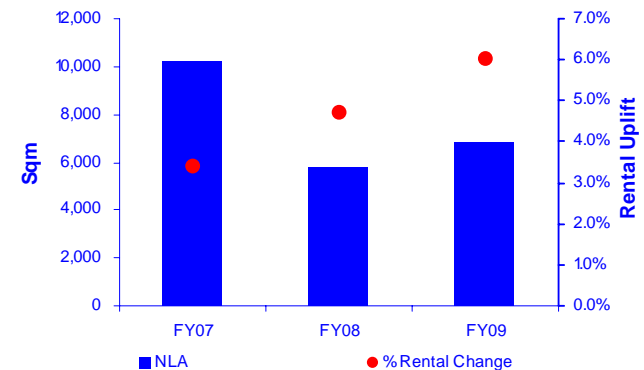
Portfolio Lease Events FY07 - FY09



Market Rental Reviews - Net Lettable area/ % uplift in rental



Structured Rental Reviews - Net Lettable area/ % uplift in rental

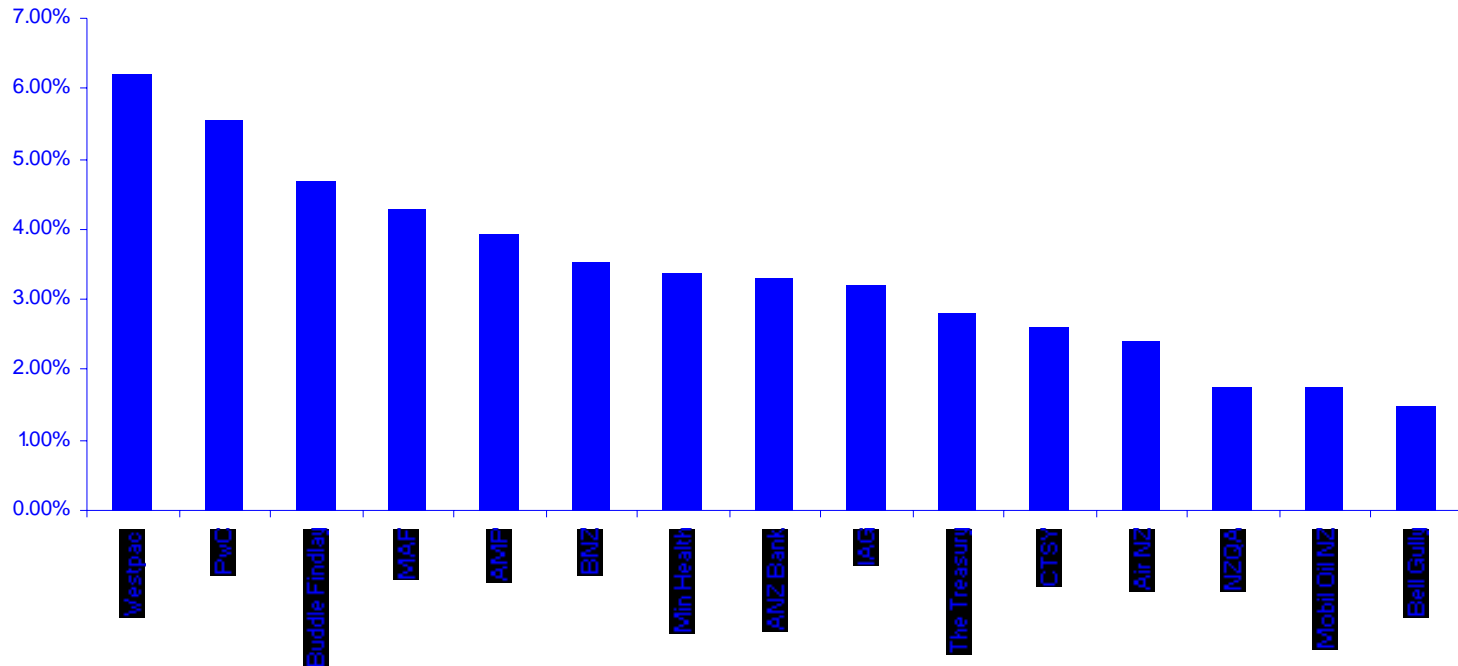




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Superior Tenant Covenant

- Top 15 Tenants = 51% of portfolio net income
- Government sector = 23% of total portfolio NLA
- Government sector = 41% Wellington portfolio NLA

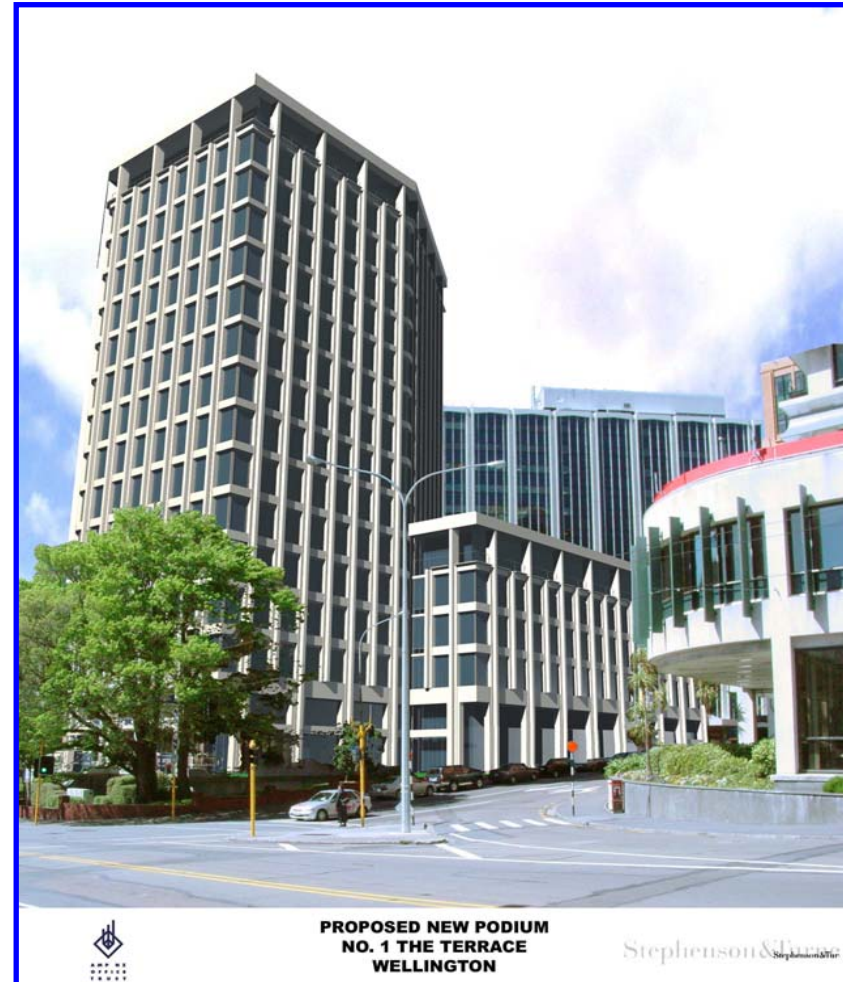




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Recent Investment Activity

- No.1 The Terrace
 - practical completion May 2006
 - \$76.1m value
 - Yield on cost 9% (on passing rents)
 - redevelopment margin 23.9%
 - 96.0% occupied
 - 12% under-rented (yield on cost based on market rents 9.7%)
 - Government tenants:
 - The Treasury (7,450sqm)
 - Ministry of Health (8,100sqm)
 - 12-34 year leases
 - 11.3 year weighted average lease term



PROPOSED NEW PODIUM
NO. 1 THE TERRACE
WELLINGTON

Stephenson & Larner



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Recent Investment Activity

➤ Mayfair House

- \$35.25m year end value (30 June 06)
- \$29.3m acquisition price (Sept 05)
- 26% total return since acquisition
- 100% occupied
- 3.1 year WALT
- 16% under-rented
- Gov't tenants = 83% of net income
- Gov't tenant rent review in May/June 2007
- excellent asset management opportunities



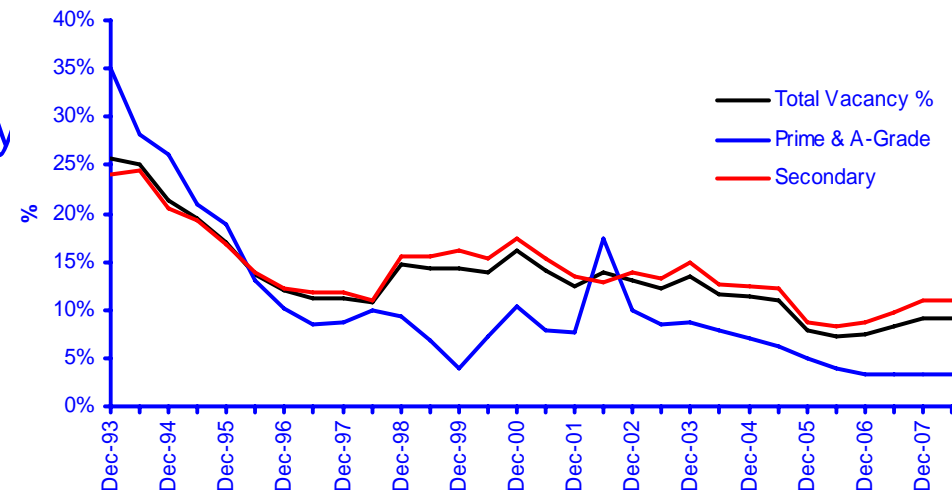


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Office Markets - Auckland

- Vacancy close to historical lows
 - Current (Top 10 buildings): 8,304sqm or 3.6%
 - Current (total mkt): 73,000sqm or 7.8%
 - '08 forecast (Top 10): 7,070sqm or 2.8%
 - '08 forecast (total mkt): 107,448sqm or 10.5%
- Strong market share
 - core CBD favouring landlords
 - ANZO premium market share 45%
- Medium term development supply
- Positive rental growth outlook
- Prime investment yields firming

Historic and Projected Office Vacancy Rates - Auckland CBD

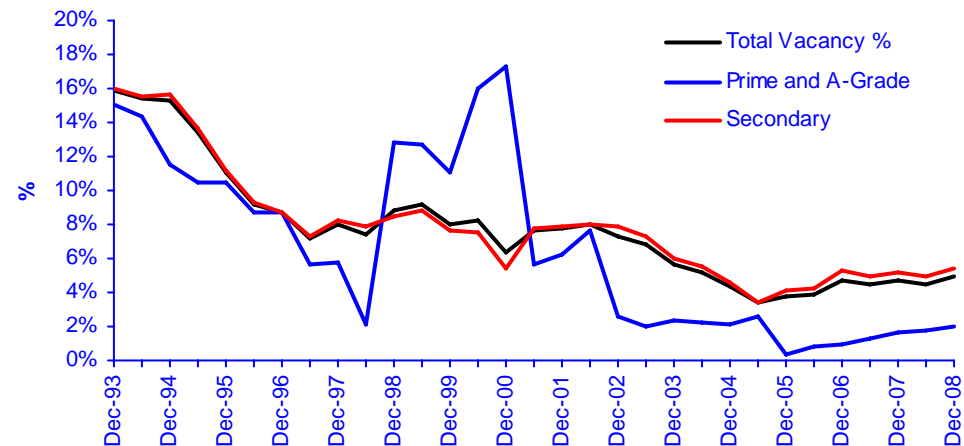




Office Markets - Wellington

- **Vacancy close to historical lows**
 - Current (Top 7 buildings): 855sqm or 0.8%
 - Current (total mkt): 52,454sqm or 3.7%
 - '08 forecast (Top 7): 2,900sqm or 4.7%
 - '08 forecast (total mkt): 55,455sqm or 5.0%
- **Strong market share**
 - ANZO premium market share 69%
- **Gov't sector still strong**
- **Medium term development risk**
 - CentrePort
 - Others
- **Positive rental growth forecast**
 - market fundamentals favour landlords

Historic and Projected Office Vacancy Rates - Wellington CBD





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Investment Merits

- High quality assets in strong locations
- High occupancy and tenant covenant
- Under-rented portfolio
- Long lease term
- Low expiry profile
- High tenant retention rate
- Minimised interest rate risk,
- Superior access to capital
- Established distribution reserve
- Investments are performing well
- Market favouring landlords
- Trading below replacement cost
- Only NZX listed investor exclusively focussed on commercial office in NZ



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Outlook and Key Priorities

- Well positioned for earnings, distribution and capital growth
 - capitalise on portfolio under-renting
 - net income growth expected to drive valuation and NTA performance
 - retained earnings underpins DPU (and provides protection against downside)
- Near term market supply side factors neutral to low
- Investment market remains strong – underlying conditions favour prime
- Strong balance sheet, competitive cost of capital
- Grow portfolio / access new investment opportunities
 - existing portfolio refurbishment
 - acquisitions
 - developments
- Committed to improving earnings, diversification and unit holder returns





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