



AMP NZ Office Trust

www.anzo.co.nz

Stock ticker: APT.NZ

Full Year Result Presentation

13 August 2009

Rob Lang, Chief Executive Officer

Amish Vallabh, Chief Financial Officer



Managed by AMP Haumi Management Limited



Agenda

- Overview – State on the Market
- Year In Review
- Financial Review
- Portfolio Activity
- Market Review
- Outlook



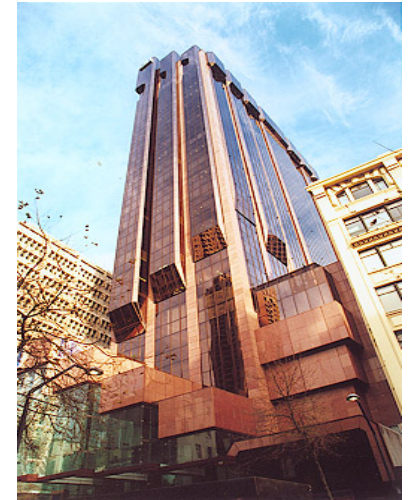
Overview – State of the Market

- Global financial crisis has heavily impacted REIT sector performance
 - NZ REIT sector market capitalisation declined by 18.1% during FY09 to 30 June 2009
 - Australian REITs market capitalisation declined by 21.4% during FY09 to 30 June 2009
- All property sector market fundamentals are being negatively affected
- Downward asset valuation pressure across all sectors
- REIT sector focussed on balance sheet strength and loan covenant security
- Office sector
 - Unemployment outlook unfavourable, but its impact has been modest to date
 - Market vacancy rates to increase
 - Market rents to rebase
- ANZO has taken action to re-stabilise its business: respond to economic conditions, reduce operating risk and optimise prospects of future opportunities and returns
- Confident that REIT sector will rebound (current high distribution yields will firm)



Year In Review

- Focus on managing and reducing risk
- Capital restructure
 - Refinanced bank facilities
 - Pro-rata rights issue
 - Conservative gearing regime in place
- Distribution policy amended and rebased
- Solid operating result
- Market conditions weaker
- Valuation environment challenging
- Fund adjusted and re-stabilised to succeed in uncertain market environment





Consolidated NZIFRS Income Statement - Overview

- Total Revenue up 10.8% to \$133.7m
 - Like for like contract rent increased 8.6%
- Direct Expenses up 5.4% to \$33.7m
 - Like for like direct expenses increased 4.1% in line with expectation
- Indirect Expenses up 17.9% to \$36.8m
- Distributable Profit up 13.4% to 59.2m
 - EPU¹ after current tax up 10.7% to 8.39cpu
- Net Loss: \$192.8m
 - Directly due to unrealised \$19.7m loss in fair value of swap, \$248.3m revaluation loss on investment properties and \$34.4m impairment loss on 21 Queen Street
 - \$9.9m realised loss on swap cancellations
- Key Earning Drivers
 - Full year contribution from Chews Lane acquisition
 - 70 rent reviews completed: 25.7% average increase in contract rents
 - Higher average occupancy/low void periods due to renewals
 - Active lease management
 - Full year earnings affected by unsettled rent reviews: positive lag effect

Consolidated NZIFRS Income Statement	FY09 (\$000's)	FY08 (\$000's)	% Change
Total Revenue	133,717	120,717	10.8%
Total Direct Expenses	33,684	31,957	5.4%
Operating Profit Before Direct Expenses	100,033	88,760	12.7%
Total Indirect Expenses	36,844	31,262	17.9%
Operating Profit Before Tax	63,189	57,498	9.9%
Current Tax	4,004	5,315	-24.7%
Operating Profit After Current Tax (Distributable Profit)	59,185	52,183	13.4%
Realised Loss on Swap Cancellation	(9,907)	-	
Unrealised Net Change in Value of Investment Properties	(248,301)	113,036	-319.7%
Impairment Loss on Development Properties	(34,446)	-	
Unrealised Interest Rate Swap Loss	(19,718)	(7,617)	158.9%
Deferred Tax Benefit	60,344	(38,746)	-255.7%
Net Profit After Taxation	(192,843)	118,856	-262.2%
EPU - Distributable Profit (cpu) ¹	8.39	7.58	10.7%

1. Distributable profit is net profit after tax before revaluations on investment properties, revaluations of derivative financial instruments, amortisation of landlord-owned incentives, fixed rental smoothing, deferred tax and other non-cash NZIFRS adjustments. Based on weighted average units on issue during the year.



Balance Sheet Overview (as at 30 June 2009)

- Strong and secure balance sheet
- Banking environment very uncertain, outlook unstable
- Total Assets declined 14.1% to \$1.4bn
- Total Liabilities declined 30.0% to \$431.0m
- Debt to total assets: 20.5%¹
- Equity declined 4.5% to \$977.4m
 - May 2009 pro-rata rights issue raised \$201m
 - Asset devaluations and impairments \$282m
 - Distribution reserve \$15.6m
- NZ IFRS Adjusted NTA² declined 37.4% to \$1.02 per unit

Balance Sheet	FY09 (\$000's)	FY08 (\$000's)
Current assets	7,794	3,516
Leasing fees	3,757	3,623
Fair value of swaps	-	4,298
Deferred tax - fair value of interest rate swaps	4,573	-
Investment properties	1,327,850	1,568,950
Development properties	64,404	59,203
Total Non-Current Assets	1,400,584	1,636,074
TOTAL ASSETS	1,408,378	1,639,590
Fair value of swaps	688	-
Other current liabilities	7,476	13,888
Total Current Liabilities	8,164	13,888
Term loan	266,000	404,000
Fair value of swaps	14,558	-
Deferred tax - fair value of interest rate swaps	-	1,341
Deferred tax - depreciation	85,903	84,011
Deferred tax - property revaluations / impairments	56,378	112,697
Total Non-Current Liabilities	422,839	602,049
TOTAL LIABILITIES	431,003	615,937
EQUITY	977,375	1,023,653
TOTAL LIABILITIES AND EQUITY	1,408,378	1,639,590
Units on Issue	997,718,478	688,083,056
Weighted Average Units on Issue	705,049,380	688,083,056
Net tangible asset (\$) per unit	0.97	1.47
Adjusted net tangible asset (\$) per unit	1.02	1.63

1. Gearing for bank covenant purposes is calculated, on a group basis, as total liabilities (excluding deferred tax liability and MCN's but including any other contingent liabilities) to total assets.

2 Adjustment refers to the exclusion of the deferred tax on revaluation gains of \$56.4m, which is not payable in NZ as ANZO is on capital account for income tax purpose



Balance Sheet (as at 30 June 2009)

➤ Total Assets down 14.1% to \$1.4bn

- \$248m net annual revaluation decline
- Yoy 98bps point market cap rate expansion, 52bps expansion in terminal yields (mkt cap rate reversing to similar levels in 2004)
- Valuers adopted longer releasing assumptions (up to 27mths), lower market rents (Akld: -4.5%, Wgtn: -1.4%), lower growth rates (5yr down two thirds to 1.15%)
- \$34m impairment loss on 21 Queen Street (valued as at 30 June i.e. under construction and vacant)
- Decline in asset values is earnings accretive (due to lower management fees)

	Market Value 30 June 2009 \$m	Market Value 30 June 2008 \$m	Occupancy	WALT ²	Initial Yield	Market Cap. Rate ¹	IRR ¹	Total Return FY09	Typical Office Floor	NLA	Car Parks	Valuer
ANZ Centre	190.0	224.0	94.5%	3.8	7.2%	8.3%	9.23%	-9.7%	1,054	32,793	467	CBRE
IAG House	82.5	106.5	95.2%	2.2	8.4%	8.5%	9.45%	-18.1%	762	17,631	289	CBRE
AMP Centre	100.5	121.0	91.6%	4.9	7.4%	8.5%	9.49%	-11.7%	1,097	25,136	101	CBRE
PwC Tower	243.0	300.0	97.5%	4.2	8.0%	7.6%	9.50%	-13.2%	1,350	31,311	358	Colliers
125 The Terrace	64.2	75.5	99.1%	3.2	8.3%	8.3%	9.41%	-8.5%	869	12,021	117	CBRE
HP Tower	70.5	82.0	99.4%	4.0	7.1%	7.8%	9.74%	-8.5%	915	11,293	221	Colliers
No 1 The Terrace	90.3	97.5	100.0%	8.0	7.5%	7.5%	9.19%	-2.1%	768	18,792	27	Colliers
State Insurance Tower	122.5	142.0	99.8%	3.3	7.8%	8.0%	9.35%	-9.3%	1,050	26,905	177	CBRE
Vodafone on the Quay	102.0	122.0	93.8%	3.5	7.4%	7.7%	9.25%	-10.8%	1,001	16,751	315	CBRE
Pastoral House	64.0	67.4	100.0%	6.8	8.0%	8.0%	9.77%	2.5%	827	15,564	34	Colliers
No 3 The Terrace	10.4	10.8	N/a	49.2	0.0%	0.0%	0.00%	3.4%	N/a	N/a	N/a	Colliers
Mayfair House	35.0	39.8	100.0%	1.4	9.2%	9.0%	10.22%	-4.1%	1,055	12,025	251	Colliers
AXA Centre	38.2	40.7	97.2%	3.4	7.3%	8.8%	9.81%	0.1%	778	10,566	139	Colliers
Deloitte House	52.8	62.0	100.0%	4.8	7.9%	8.2%	9.44%	-9.4%	775	12,977	35	CBRE
29 Willis Street	62.0	77.8	100.0%	9.6	8.1%	7.9%	9.50%	-14.3%	1,105	9,053	59	CBRE
Portfolio	1,327.9	1,569.0	97.2%	4.7	7.74%	8.03%	9.45%	-9.8%	N/a	252,819	2,590	

¹ - Weighted by market value

² - Weighted by income

Note: excludes 21 Queen St development



Balance Sheet (as at 30 June 2009)

- Total Liabilities down 30% to \$431.0m
- Bank Facility Renegotiated
 - Bank facility reduced from \$485m to \$342.5m
 - Reduced facility size materially improved new facility covenants
 - Refinancing \$342.5m of debt facility for attractive three year term, debt is senior and unsecured
 - Undrawn debt facilities = \$76m
 - Committed expenditure fully funded under current facility headroom

Bank Facility Tranche	Value	Bank	Term	Expiry Date	Gearing Covenant ⁽¹⁾	Interest Cover Covenant ⁽²⁾	Minimum WALT ⁽³⁾
Tranche 1	\$242.5m	BNZ / Westpac	3 years	November 2011	40%	2.0x	3.0 years
Tranche 2	\$100.0m	BNZ / Westpac	3 years	June 2012	40%	2.0x	3.0 years

- Debt to total assets: 20.5%¹
 - Committed basis: 23%
 - Management imposed / bank limit 40%, Trust Deed limit 50%
 - Gearing lowest in New Zealand Listed Property Sector

(1) Gearing for bank covenant purposes is calculated, on a group basis, as total liabilities (excluding deferred tax liability and MCN's but including any other contingent liabilities) to total assets.

(2) Interest cover is based on Earnings Before Interest and Tax (EBIT). EBIT for bank covenant purposes is, on a group basis, net operating earnings before charging interest and taxes but excluding any gains or losses on asset sales, unrealised revaluations on investment properties, revaluations of derivative financial instruments, amortisation of landlord owned incentives, fixed rental smoothing and deferred tax.

(3) Weighted average lease term – the unexpired lease term in a property portfolio.



Balance Sheet (as at 30 June 2009)

➤ Capital Management

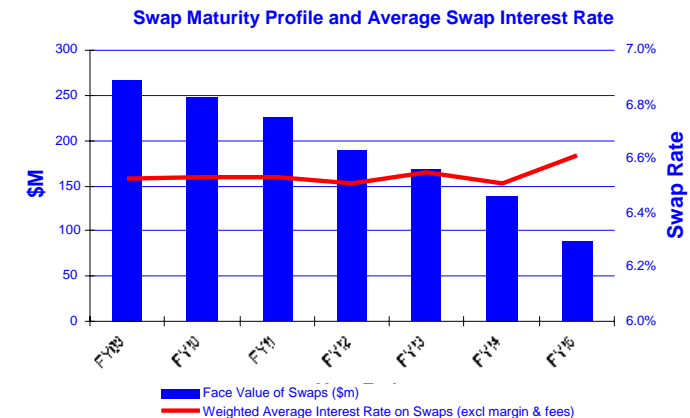
- May 2009 \$201m pro-rata rights issue proceeds used to reduce debt
- Conservative debt profile sought at this stage of cycle
- Subject to cycle expect long-term gearing to revert to c.30-35%
- Asset sales not off agenda

Asset Value Decline	Implied Cap Rate Decline	Impact on Committed Gearing
10%	90 bps	25.5%
15%	150bps	27.0%
20%	200bps	28.5%

➤ Sensible and structured approach to treasury management

- Immunised against gearing and interest cover covenant pressure
- Current average interest rate (including margin and line fees) is 8.2%
- 100% of total bank debt fixed via interest rate swaps as at 30 June 2009
- Committed capex to reduce fixed level to approx 90-95% during FY10
- Weighted average duration of hedged debt is 4.6 years (benchmark = 5 yrs)
- Post May rights issue \$82m principal value of swaps closed off (close-off cost \$9.9m)
- Weighted average interest rate of swaps closed off at 7.6% (excluding margin and line fees)
- Management will continue to actively manage its swaps portfolio and duration

	Bank Covenant	FY09 Actual	FY10 (est)
ICR	2x	2.53x	3.7x / 4.0x





Distributions to Investors

- Rebasing of distribution
 - Aims to provide sustainable forward growth profile
 - Prudent response to market uncertainty, capital restructure and new bank facility pricing
 - Distribution reserve balance adjusted to reflect sensible risk management
- FY09 Gross Distribution 6.920 cents per unit
 - Full year gross DPU 6.92 cpu gross , -17.5% yoy
 - 4th qtr net DPU 1.333cpu plus 0.031cpu imputation credits
 - Payout ratio 80.7%, funded from operational earnings
- FY09 Net (Cash) Distribution 6.337 cents per unit
 - Full year net DPU 6.337cpu plus 0.583cpu imputation credits
 - One-off tax benefit from swap close-off equivalent to 0.3cpu
 - ANZO's expected FY10 tax rate is approximately 15-16%
- Outlook and Policy
 - FY10 outlook favourable: *minimum* of +2% gross DPU growth
 - Minimum gross distribution growth policy of 2.0%pa
 - Distribution reserve \$15.6m, underpinning sustainability

Distribution Reconciliation Statement	Cents \$000's per Unit			
Net Profit (Loss) After Tax	(192,843)			
Add Realised Loss on Swap	9,907			
Add Unrealised Net Change in Value of Investment Properties	248,301			
Add Impairment Loss on Development	34,446			
Add Unrealised Interest Rate Swap	19,718			
Less Deferred Tax Benefit	(60,344)			
Net Profit (Loss) After Tax (Distributable Profit)	59,185			
Net Distributable Profit	47,732	6.920		
Gross Distributable Profit	51,838	6.337		
Payout Ratio	80.70%			
Distribution Reserve Balance	15,557			
	Q1	Q2	Q3	Q4
Distribution Payments (net cpu)	1.83	1.82	1.34	1.33



Portfolio Review

Pricewaterhouse Coopers Tower



IAG House



AMP Centre



ANZ Centre



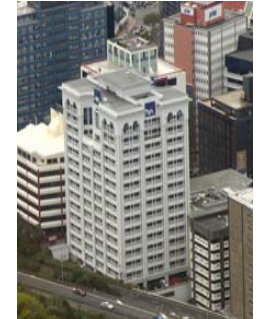
State Insurance Tower



HP Tower



AXA Centre



Mayfair House



Vodafone on the Quay



No.1 The Terrace



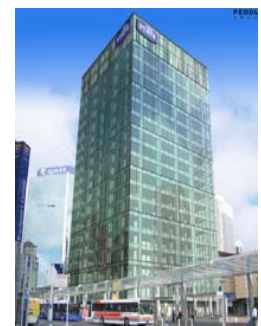
125 The Terrace



Pastoral House



Deloitte House



21 Queen Street



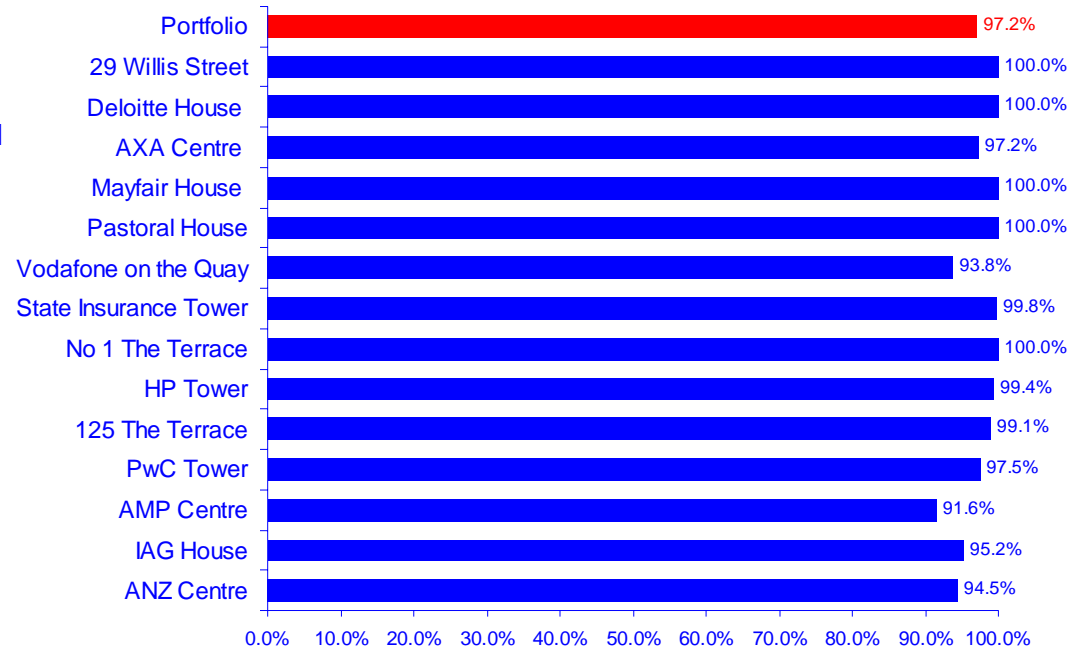
Highest Quality Portfolio / Active Management

- New Zealand's leading CBD office portfolio
- 15 predominantly prime and A-grade assets
- Advantaged portfolio with distinctive market leadership position
- Excellent / strategic locations and favourable market demographics
- Attractive high quality customer covenants, long lease terms
- Diversified customer base
- Delivering experienced management capability
 - Sweating the assets for out-performance
 - Leveraging economies of scale and presence amongst office occupiers and suppliers
 - Protecting against the downside events
 - Positioning portfolio for growth with security
- Geographical split (by value): 46% Auckland, 54% Wellington
- Total net lettable area: 252,819 sqm



Portfolio Occupancy 97.2%

- Occupancy robust after 18 months of recession
- Occupational demand / sentiment weak
 - service sector retrenchments less than anticipated
 - CBD employment signals weaker
 - Yoy customer enquiry lower but improving
- Default risk low
 - Three customers defaulted
 - One replaced on better terms
 - One still paying (by receiver)
- Return to incentives, but varying and face rents holding up

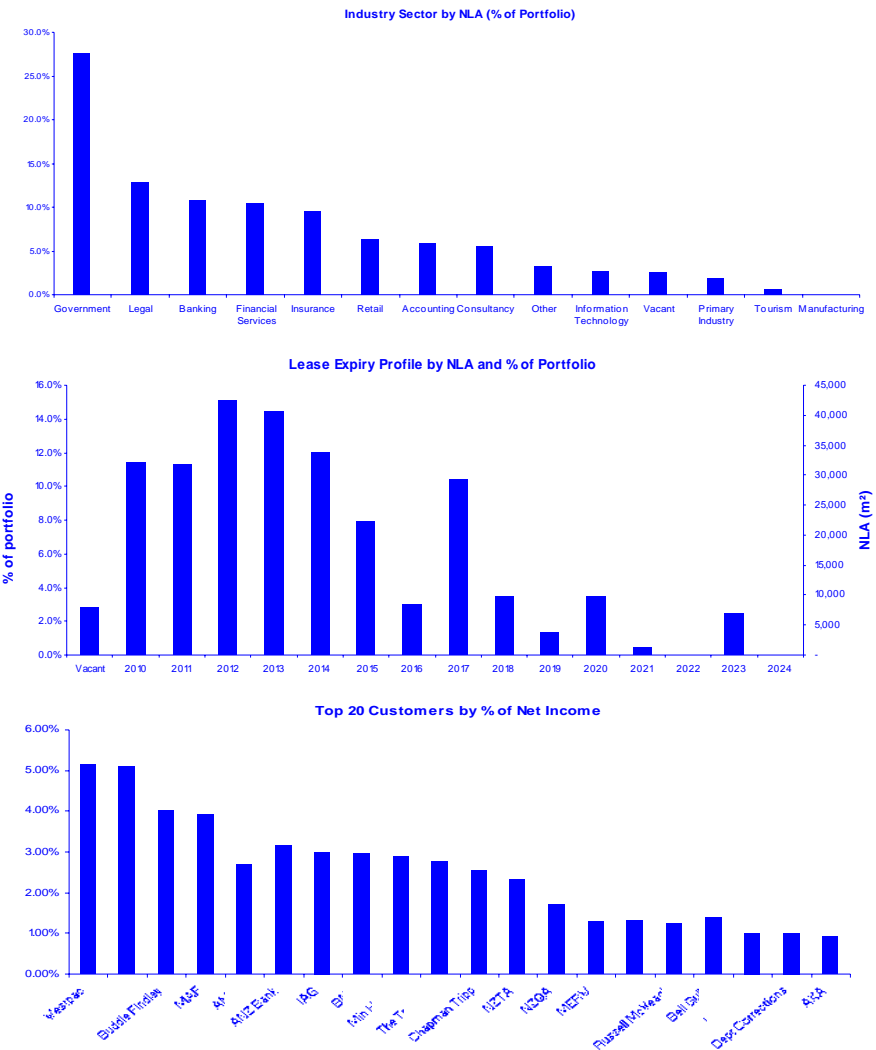




Sustainable and Secure Revenue Base

- High quality and diversified customer base
 - Crown is largest customer occupying 27% of total portfolio NLA
 - Crown occupies 42.8% of Wellington portfolio NLA
 - Largest customer 5% of net rent, is AAA rated
 - Top 5 (20% of net rent) customers from different sectors
- Sustained high customer retentions
 - > 90% average annual tenant retention rate over last 6 years
 - High retention provide additional upside
- 4.7 year portfolio weighted average lease term
- Solid progress being made on renewals and forward expiries
 - FY09: 8 new leases (7,000sqm), rents up 23.6% over previous contract
 - FY09: 21 renewals (22,170sqm), rents up 32.8%¹, \$1.25m uplift
 - FY10: 11.4% (28,800sqm) of portfolio NLA scheduled to expire, down from 18.7% a year ago
 - FY10 renewals progressing well

1. 9 rents settled of 21 renewals





Rent Reviews

- Portfolio rent reviews continue to under-pin revenue growth through the recession
- Positive reversion to market rents will continue into FY10, providing revenue growth
- 70 rent reviews (57,783sqm) completed in FY09 with average upward reversion of 25.6% secured
- Portfolio is 3% under-rented, ranging up to 36%
- 108,725sqm (43.2%) of portfolio NLA to review during FY10
 - Of this 62,650sqm of rent reviews are carried over from FY09.
 - Expected backdated rent from FY09 is c. \$1.6m



21 Queen Street Development

- Prime 5 Star Green Star rated office development
 - Achieved highest points score of any 5 Star rated building in NZ
 - International recognition
- 14,765sqm of net lettable area (5.52% of portfolio)
- Strong and high profile location
- Completion due 1 October 2009
- Negotiations underway with multiple prospective tenants
- Project returns / customer demand severely affected by global financial crisis
 - Project valued on completed but fully vacant basis by Colliers International
 - Current market value of \$71m, below the total expected cost of \$105.4 (excluding tenant incentives). This has resulted in an impairment of \$34.4m.
 - The value is expected to improve following leasing success (driven by cap rate adjustment to reflect occupancy)





Market Environment

- Remember this
- LPT investment market shifted
 - Shifting from balance sheet (survival) loan to value risks to cash flow risks
 - Re-pricing shifting to focus on property fundamentals like falling rents and rising vacancies
 - Outlook unlikely to improve until operational transparency and market clarity is achieved
- Property market fundamentals developing weaker characteristics
 - Weaker fundamentals set to stay for another 12 months at a minimum
 - Vacancy rising off a low base through to 2011
 - Occupational demand weaker and cautious ...unemployment not as damaging as expected
 - Incentives emerging across all quality types, but varying in amount and structure
 - Fall in net effective rents due to increased incentives as opposed to decreasing face rents
 - Rental growth rates adjusted to reflect supply stream
 - Further new build supply risk constrained by high construction costs, lack of consented projects, lag effects and risk aversion
 - Signs of tenants looking to exploit declining rents and upgrade
- Valuation outlook
 - Continued weakness in valuation outlook, pressure to come from effective rents, releasing assumptions
 - Largest write-downs have likely occurred: further movement will largely be linked to specific asset characteristics
 - Senior Managing Director, CBRE: "If I had the money I would look at assets that can be repositioned in time for the next global asset grab...by this we are talking most likely CBD offices...off enough scale to justify their time in coming here". (Aug 2009)

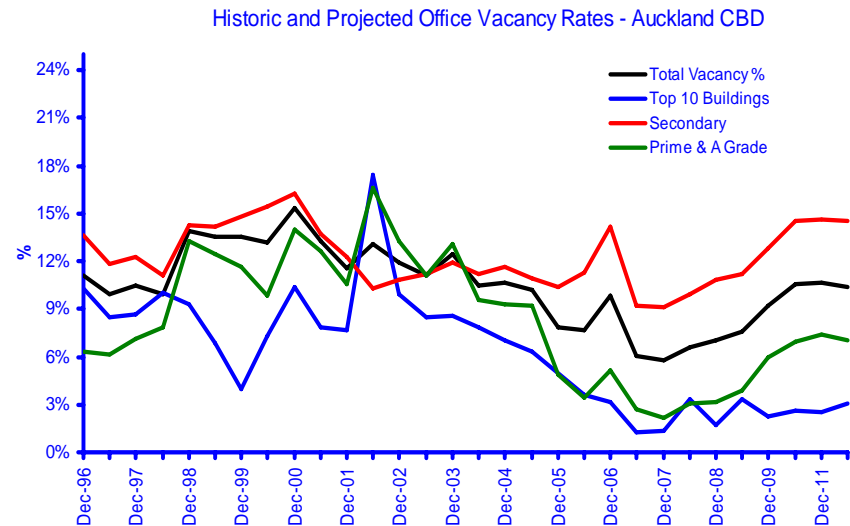




Office Markets

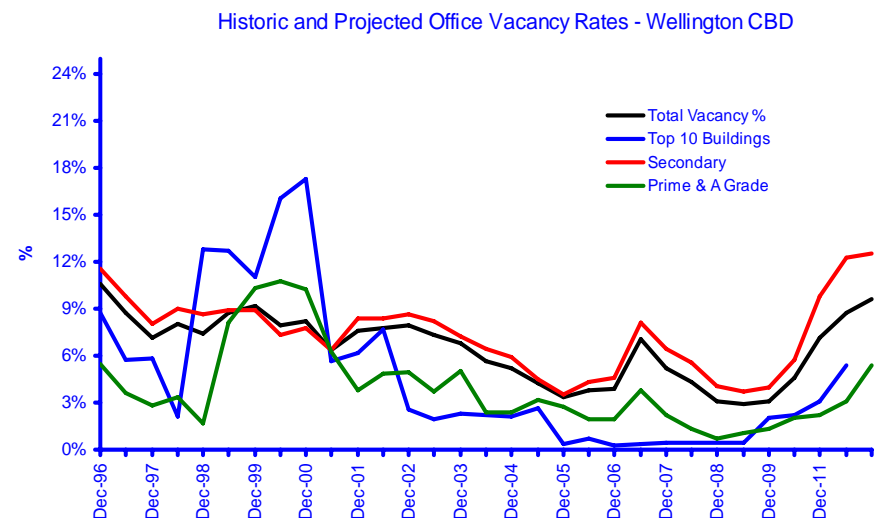
➤ Auckland vacancy at historical lows and now rising

- Current (Prime: top 10): 7,572sqm or 3.3%
- Dec'12 forecast (Prime: top 10): 6,998sqm or 3.05%
- Current total market: 71,774sqm or 7.6%
- Dec'12 total market: 109,708sqm or 10.4%
- Net absorption for year to 30 June 09 was negative 4,777sqm
- Confirmed new supply (under construction) = 70,000sqm, c.50,000sqm is pre-leased.
- Supply risk largely rests in existing stock following relocations
- Net effective rents will experience contraction



➤ Wellington vacancy at historical lows and now rising

- Current (Prime: top 10): 688sqm or 0.5%
- Dec'12 forecast (Prime: top 10): 7,824sqm or 5.3%
- Current total market: 35,963sqm or 3.1%
- Dec'12 total market: 139,337sqm or 9.7%
- Overall net absorption six months to June 09 was negative 22,000sqm. 41,000sqm new supply entered market (new and refurb) with 100% take up – the magnitude of tenancy relocations and contraction exceeded this.
- 144,000sqm pipeline confirmed between 2009 and 2011
- Net effective rents will experience contraction





Summary and Outlook

- Simple and transparent business model
- ANZO has adjusted and re-stabilised its business to weather the current recession
 - And to benefit from the market's recovery
- Balance sheet is strong with desired liquidity and ample covenant headroom
- Assuming static portfolio assumptions and barring unforeseen circumstances targeting:
 - Gross distribution of 7.058 cents per unit, a 2% growth rate
 - Funded from distributable profit
- Challenging market environment ahead
 - Deteriorating office market fundamentals
 - Pressure on property values to continue
 - Constrained credit environment
- High quality portfolio and lease covenants, diversified rental base = relative income stability
- Maintain focus on active asset management: occupancy, rent reviews, capex, costs
 - Core business remains the maintenance and improvement of income from leasing, renewals and rent reviews.
- Strong focus on improving unit holder value (through higher returns and improved alignment)



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