

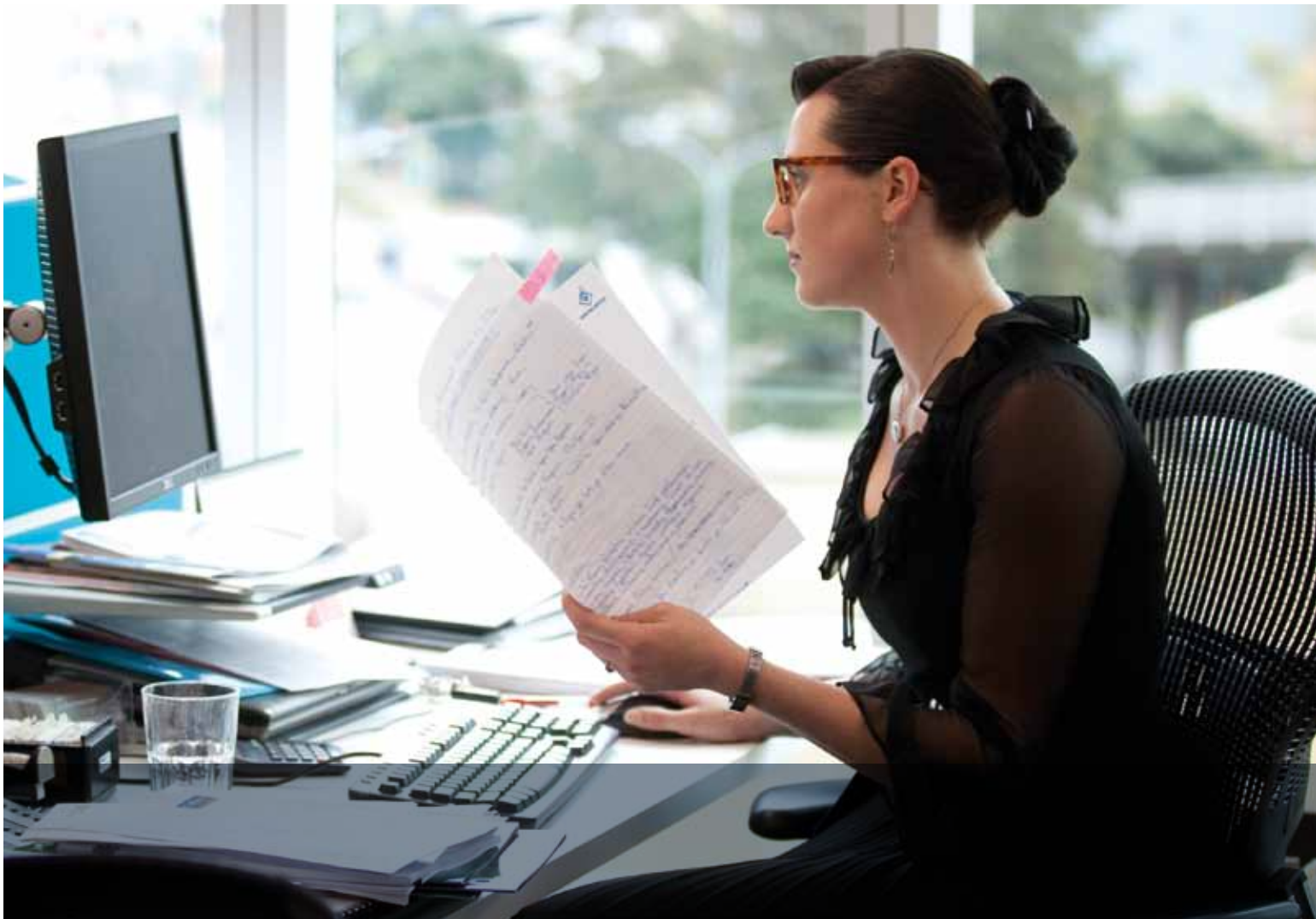
ANNUAL REPORT 2011



AMPNZ OFFICE

A CELEBRATION OF THE WORKPLACE





**WE WORK TO MAKE
OUR BUILDINGS
WORK FOR OUR
CLIENTS**

A close-up, slightly blurred photograph of an office workstation. A black computer keyboard is the central focus, with a red mouse visible to the left. The background shows a computer monitor and other office equipment, creating a professional and busy atmosphere.

**In these busy times, people
spend huge amounts of their
day in the office.**

Culture lives here.

Decisions are made here.

Strategies are formed here.

Operations run from here.

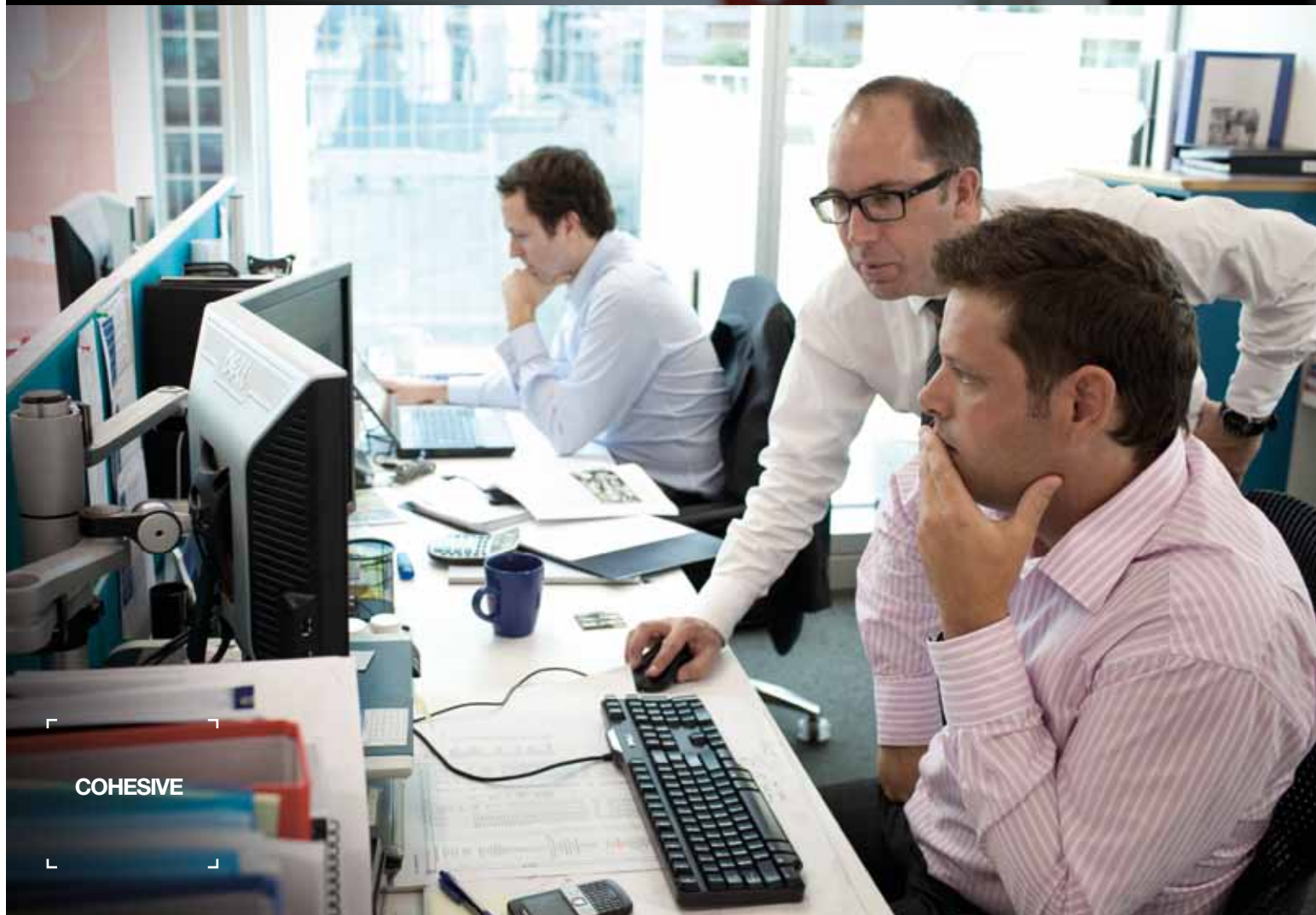
**Our role is to provide clients
with buildings and facilities
that make work as productive,
enjoyable and safe as possible.**





STRATEGIC

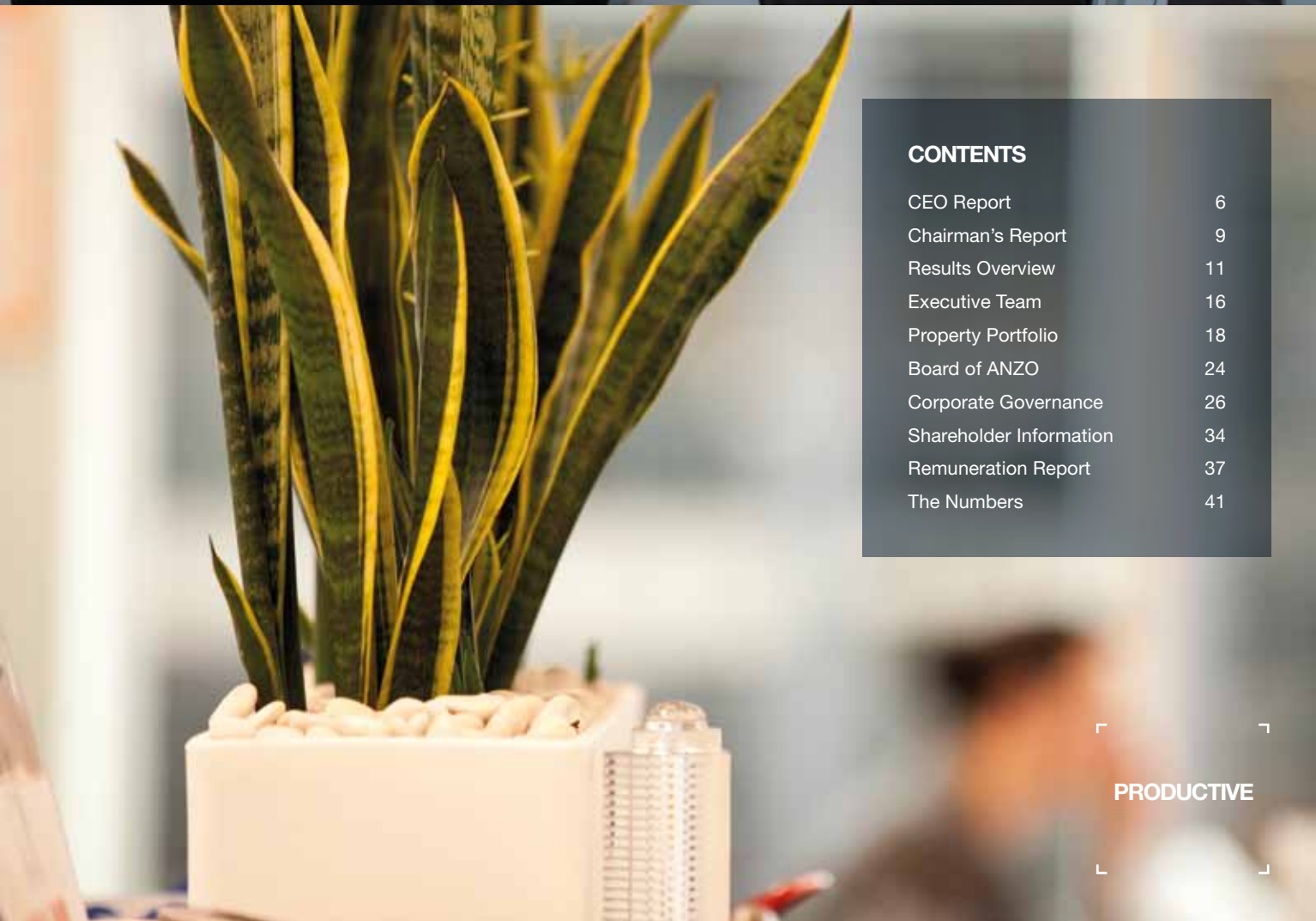
WORK



COHESIVE



ENJOYABLE



CONTENTS

CEO Report	6
Chairman's Report	9
Results Overview	11
Executive Team	16
Property Portfolio	18
Board of ANZO	24
Corporate Governance	26
Shareholder Information	34
Remuneration Report	37
The Numbers	41

PRODUCTIVE

**ULTIMATELY – IF IT
WORKS FOR OUR
CLIENTS, IT WORKS
FOR US**



\$61.1m

distributable profit, ahead of expectations

94%

occupancy, up from 90% in 2010

5.8yrs

weighted average lease term (WALT),
extended from 4.5 years

28.9%

total compound return for the
2011 financial year

23.7%

gearing banking covenant

\$400m

new bank debt facility

2011 KEY EVENTS

- Successful corporatisation and fee structure alignment
- New ANZO board established, with a majority of independent directors
- New executive team appointed
- Retention of major clients ANZ National Bank and PricewaterhouseCoopers*
- Zurich House (21 Queen Street, Auckland) occupancy lifted from 10% to 70%
- Dividend policy revised
- Sale of Chews Lane, Wellington at a premium to valuation*
- Property management to be brought in-house on a cost-recovery basis*

* Post-balance date events

CEO
REPORT

TODAY

Following a year of significant improvements for ANZO¹, it is pleasing to report that the early results of those improvements are already visible in key aspects of the business.

The improvements are evidenced by a significant uplift in the portfolio's occupancy and weighted average lease term (WALT). Building relationships with our clients is our key focus. In a challenging operating environment ANZO's high-quality buildings have responded well to this refreshed focus.

We believe that ANZO will secure enhanced results through longer term relationships by listening to our clients and providing workspace solutions that meet their requirements.

Understanding the requirements of major client ANZ National Bank (ANZ) allowed us to provide an innovative solution. The successful retention of ANZ resulted in the bank committing to 10 additional floors in the ANZ Centre, Auckland. This will also have positive benefits for the rest of ANZO's Auckland properties. By helping to maintain the supply-demand dynamics of the Auckland CBD office market, it will support rental growth prospects, projected vacancy rates and values.

Recently, another key client PricewaterhouseCoopers committed to a further 9 year lease over 8 floors at the PricewaterhouseCoopers Tower, Auckland. At Zurich House, Auckland, just two full floors now remain available, signifying the market's enthusiasm for this building's quality.

In Wellington, Government organisations such as the New Zealand Qualifications Authority and the Ministry of Health have joined law firms Russell McVeagh and Minter Ellison Rudd Watts in recommitting to the ANZO portfolio.

Following the Christchurch earthquakes Wellington occupiers have shown a heightened awareness of building structural

integrity. This has seen an increase in inquiry within the Premium and A-Grade office markets. We expect this trend will continue for the foreseeable future.

I would like to acknowledge the willingness of the ANZO board members to consider and debate the new approaches proposed by the management team. The benefits of ANZO's business model, complemented by best practice corporate governance are becoming clear with a majority of truly independent directors and a focus on transparency, accountability and delivering shareholder returns.

ANZO's Manager² has also supported change and has been willing to make the additional investment required. This has included expanding the management team including new senior management positions, and the recently-announced decision to bring property management services in-house on a cost-recovery basis. This is a market-leading initiative that will bring us into closer contact with our clients. This will further enhance relationships and provide us with a better understanding of their needs.

Global economic uncertainty and key lease expiries will provide for a challenging year ahead. However, I expect our focus on client relationships combined with the quality of our buildings will ensure that ANZO continues to perform well.

On behalf of the management team, our thanks go to all ANZO shareholders and clients for your continued support especially during this transformational year. ANZO is well positioned. We look forward to the future.



SCOTT PRITCHARD
Chief Executive Officer

¹ AMP NZ Office Limited.

² AMP Haumi Management Limited.

BUILDING CLIENT RELATIONSHIPS IS THE KEY FOCUS

CHIEF
EXECUTIVE
OFFICER

**SCOTT
PRITCHARD**



George Crawford, Chief Financial Officer (left) and Scott Pritchard, Chief Executive Officer (right).

CHAIRMAN



**WELL POSITIONED
FOR THE CHALLENGES
AND OPPORTUNITIES
AHEAD**

CHAIRMAN'S
REPORT**CRAIG
STOBO**

DEAR SHAREHOLDER,

I am pleased to present the 2011 ANZO annual report. This year's report highlights ANZO's shift in focus to our clients and their workspace. It has led to a significant amount of leasing success and is a key contributor to this year's performance and future outlook.

PERFORMANCE

Operating profit after tax for the year was \$61.1 million (2010: \$60.7 million), with net profit attributable to shareholders of \$10.4 million (2010: (\$43.0 million), an improvement of \$53.4 million compared to the previous year, driven largely by a more stable investment and occupier market.

A cash dividend of 5.47 cents per share was payable for the 2011 financial year representing a payout ratio of 89.2% of operating profit after tax.

Leasing transactions equivalent to a quarter of ANZO's portfolio during the year have led to portfolio occupancy increasing from 90% to 94%. Future earnings are more secure with the WALT increasing to 5.8 years from 4.5 years at 30 June 2010.

SIGNIFICANT CHANGES

Almost a year has passed since ANZO investors voted in favour of significant change. The changes were initiated to achieve greater transparency, control and accountability for investors, as well as a stronger alignment between ANZO and its Manager.

Since last year:

- ANZO has been "corporatised" from a unit trust into a company.
- A new board of directors for ANZO has been established, with a majority of directors independent of the Manager.
- A new management agreement with ANZO's external manager has taken effect, with a new management fee structure comprising a tiered base fee and a performance fee based on relative outperformance of its peers.
- A new executive team has been appointed.

The directors believe that ANZO's business model with certainty around its fixed management costs, coupled with best practice corporate governance and alignment of shareholder and Manager returns, provides a robust investment framework.

ANZO's Manager is a joint venture company with two global property experts as partners, giving ANZO access to international expertise and best practice across a range of disciplines, providing substantial benefits to ANZO's operations and performance.

In my view, the key criteria that form the hallmarks of a desirable investment opportunity are:

- corporate governance structure
- quality of individual directors
- quality of management team
- high quality cashflows

- results and track record of directors and management
- investment policy, and the strategies to deliver on it.

Following the corporatisation in November the board welcomed highly-experienced new directors Don Huse and Graeme Wong, widening the board's skill set.

The board is committed to providing a level of corporate governance and direction that shareholders demand.

ANZO's board is also committed to delivering a market-leading level of transparency. As one element of that commitment, this year's report contains a new section detailing the remuneration of directors, the Manager and management (see page 37).

ANZO's total fees payable to the Manager for 2011 were \$0.7 million lower than the previous period. This was notwithstanding the fact that two performance fees were paid during the year in recognition of total return outperformance.

CAPITAL MANAGEMENT

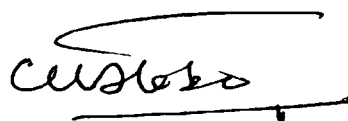
In May, ANZO's financial position was further strengthened by entering into a new \$400 million bank debt facility. The new facility provides funding sufficient for all known commitments including the ANZ Centre redevelopment.

A number of other capital management initiatives were undertaken during the period. This included a revised financial risk management and dividend policy. Both of these are consistent with international best practice through providing more sustainable dividends.

The revised dividend policy is designed to match dividends to the recurring cash flow generated by operations after taking into account recurring maintenance capital expenditure. The new policy to pay around 90% of distributable income will be phased in over the next two years, with an expected payout ratio of around 95% in the 2012 and 2013 financial years.

OUTLOOK

A great deal has been achieved over the past year and the board would like to thank the new management team for their contributions. Further initiatives – such as the new approach to property management – are still in their early stages. However, the economic outlook within New Zealand continues to be tempered by global uncertainty. That said ANZO's board is pleased with the changes made and the progress achieved. We believe that as a result ANZO is well positioned for the challenges and opportunities ahead.



CRAIG STOBO
Chairman

FINANCIAL SUMMARY



KEY FINANCIAL INFORMATION¹

	2011	2010 ²	Change
	(\$ millions unless otherwise stated)	(\$ millions unless otherwise stated)	
Rental revenue	\$137.0	\$137.9	(0.7%)
Operating profit before indirect expenses	\$101.1	\$100.6	0.5%
Operating profit before income tax	\$69.6	\$70.1	(0.7%)
Operating profit after current taxation – ANZO's distributable profit	\$61.1	\$60.7	0.7%
Net profit/(loss) after taxation	\$10.4	(\$43.0)	124.2%
Earnings per share based on operating profit before current tax	6.98 cents	7.02 cents	(0.6%)
Earnings per share based on operating profit after current tax	6.13 cents	6.08 cents	0.8%
Gross dividend (cents per share) ³	6.336 cents	7.058 cents	(10.2%)
Net dividend (cents per share) ³	5.468 cents	6.113 cents	(10.6%)
Payout ratio	89.2%	100.5%	(11.2%)
Total assets	\$1,283.9	\$1,299.3	(1.2%)
Total liabilities	\$401.5	\$366.7	9.5%
Total equity	\$882.4	\$932.6	(5.4%)
Shares on issue (million shares)	997.07	997.72	(0.1%)
Net tangible assets per share	0.885	0.935	(5.3%)
Gearing ratio at balance date ⁴	23.7%	21.3%	11.3%

¹ The information set out above has been extracted from the financial statements set out on pages 42 to 69.

² The 2010 comparatives have been restated to reflect early adoption of the amendments to IAS12.

³ Dividend paid and proposed relating to financial year.

⁴ For loan covenant purposes deferred tax losses and fair value of swaps are not included in the calculation of gearing ratio.

RESULT OVERVIEW

SOLID FULL-YEAR RESULT

Operating profit after current tax for the year (distributable profit) rose \$0.4 million (0.7%) to \$61.1 million (2010: \$60.7 million), or 6.13 cents per share (2010: 6.08 cents per share). This was a solid result for ANZO demonstrating resilience in market rents and growth in occupancy.

ANZO's revenues for the year to 30 June 2011 were \$137 million (2010: \$137.9 million). On a like-for-like basis, setting aside the effect of property sales, rental income was constant as a result of higher occupancy across the portfolio. This offset moderately-lower rental levels.

Property expenses for the year were reduced by \$1.4 million (3.8%) due to a lower level of non-recoverable expenses. However, net interest costs, at \$22.3 million, were \$1.4 million (6.7%) higher than in 2010 following the completion of the Zurich House redevelopment. This required interest costs associated with that property to be expensed, rather than capitalised.

ANZO recorded a 28.9% total return for the year to 30 June 2011 compared with the benchmark New Zealand listed property sector return (excluding ANZO) of 21.3%. This outperformance has led to two performance fees being paid in the final two quarters of the financial year. Notwithstanding these two performance fees – being \$956,475 and \$1,010,895 respectively – the fee rebate of \$741,756 as a result of the corporatisation has led to ANZO's total fees payable to the manager being \$0.7 million lower than the previous period.

Current tax was \$8.5 million (2010: \$9.4 million). This reduction was due to higher deducted leasing costs arising from the considerable leasing success during the year.

As a result of the early adoption of NZ IAS 12 (Income Taxes), ANZO's deferred taxation liability in relation to investment properties of \$76.0 million now represents the tax consequences of a sale at market valuation. The 2010 balances have been restated accordingly. The deferred tax expense is mainly due to an increase in the provision for depreciation recovered. This compares with 2010's reduction in the provision for depreciation recovered due to the change in the company tax rate from 30% to 28%, combined with portfolio revaluations.

ANZO's annual portfolio revaluation as at 30 June 2011 resulted in an unrealised decline in value of \$36.3 million or 2.8%.

With the ANZ Centre excluded (the valuation of which takes into account the cost of the upcoming redevelopment including contingency and an assumed development profit), the decrease in portfolio value was limited to \$19.6 million or 1.8%. This indicates a stabilisation of asset values.

The weighted average capitalisation rate across the portfolio (excluding the ANZ Centre) was 8.04%, down from 8.12% a year earlier. The lower capitalisation rate is seen as further evidence of increased stability in the investment market.

The revaluation brings the total value of ANZO's portfolio to \$1.25 billion, with net tangible assets per share reducing from 93.5 cents per share to 88.5 cents per share.

A non-cash accounting adjustment of \$8.2 million was made by way of a write off against the opening balance of capitalised rental incentives and leasing fees. This is in line with investment property valuations being stated inclusive of these amounts in accordance with NZ IFRS.

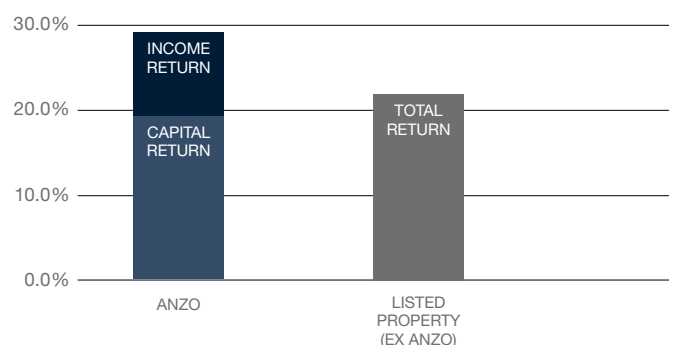
This led to a net profit after tax and unrealised gains of \$10.4 million, compared with a loss of \$43.0 million in 2010.

INVESTOR RETURNS

ANZO shareholders have received a total dividend for the 2011 financial year of 5.47 cents per share, representing a payout ratio of 89.2%

The total compound return for the year was 28.9% comprising income return of 9.7% and a capital return of 19.2%. This compares with a total compound return of 21.3% for the New Zealand listed property sector excluding ANZO.

TOTAL COMPOUND RETURNS



Returns inclusive of imputation credits and assumed reinvestment of dividends. Returns are calculated in accordance with the performance fee methodology.

Source: Ernst & Young, performance fee calculation.

**RESULT
OVERVIEW**
(CONTINUED)

**CASE
STUDY**

**ZURICH HOUSE
21 QUEEN ST, AUCKLAND**



A TARGETED APPROACH TO SECURING CLIENTS

Zurich House, Auckland came to the market during the deepest recession for a generation. It reached practical completion in late 2009. Increasing occupancy at Zurich House soon became ANZO's largest and most visible challenge.

As well as the weak economic backdrop, an issue in securing occupiers was the fact that this building does not offer car parks (even though public car parks are available in the vicinity). By targeting CBD occupiers that value sustainability and whose workforce prefers to be close to key public transport links ANZO has secured a number of premium clients. These clients include CB Richard Ellis, The Guardians of New Zealand Superannuation, Human Rights Commission, Parsons Brinkerhoff, SFO and Zurich Insurance.

The ANZ Centre redevelopment provided an opportunity to continue this leasing momentum. Key clients were relocated from the ANZ Centre to customised workspaces within Zurich House, with ANZ leasing the vacated space in the ANZ Centre.

As a result of this leasing success building occupancy for Zurich House at 30 June 2011 was 70%, up from 10% 12 months ago.

Full occupancy is now within sight at Zurich House.

CAPITAL MANAGEMENT

ANZO's previous bank debt facility was replaced in May 2011 with a new \$400 million bank debt facility. This increased the size and term of funding arrangements.

The new facility is provided for terms of up to five years by three banks – ANZ National Bank, ASB Institutional and Bank of New Zealand.

The quality of ANZO's assets and the strength of the underlying cash flows contributed to strong interest from the banks and a positive outcome. The gearing covenant has been extended from 40% to 50%, providing ANZO with significant covenant headroom and funding capacity. The facility remains unsecured, with the banks having the benefit of a negative pledge deed providing greater flexibility for future funding. The interest cover covenant remains unchanged at two times earnings before interest and tax.

All but one of ANZO's remaining retail and office investments in Wellington's Chews Lane were sold at a 3.3% premium to the 2010 financial year valuations. This realised a total of \$48.9 million on settlement in July 2011 (post-balance date). One retail unit remains for sale.

Following settlement of the Chews Lane transaction (post balance date), ANZO's gearing was 21 percent. After commitments (including the ANZ redevelopment) it increases to 25 percent. The board of ANZO considers the current level of gearing to be low and will continue to consider value accretive opportunities over time.

KEY METRICS

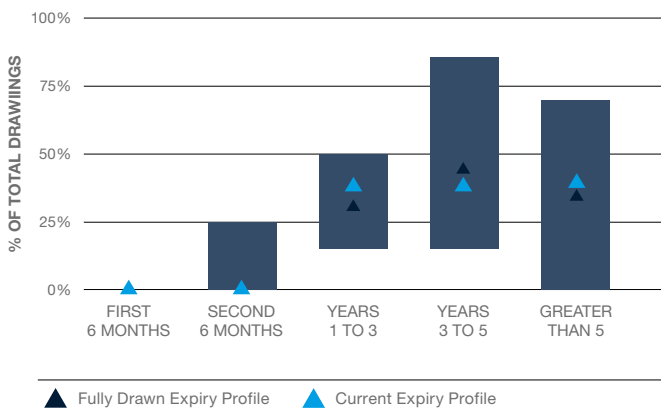
Key metrics	30 June 2011
Debt drawn	\$282.5m
Gearing – banking covenant	23.7%
Weighted facility expiry	3.3 yr
Weighted average debt cost (incl margin and line fee)	7.82%
Hedged	88%
Interest coverage ratio	4.1 times

FINANCIAL RISK MANAGEMENT POLICY

During the year, ANZO reviewed and updated its approach to managing interest rate and refinancing risks.

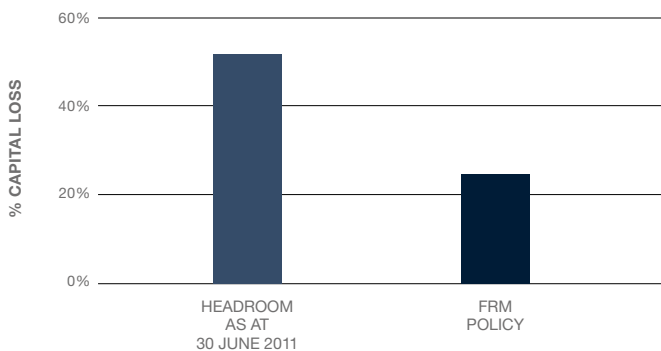
The objective of the liquidity risk management policy is to ensure that ANZO has sufficient funds to meet its operational expenses, capital commitments and debt expiries. The liquidity policy provides adequate time to pursue alternatives to refinancing where credit market conditions adversely change.

DEBT EXPIRY PROFILE COMPARED TO POLICY



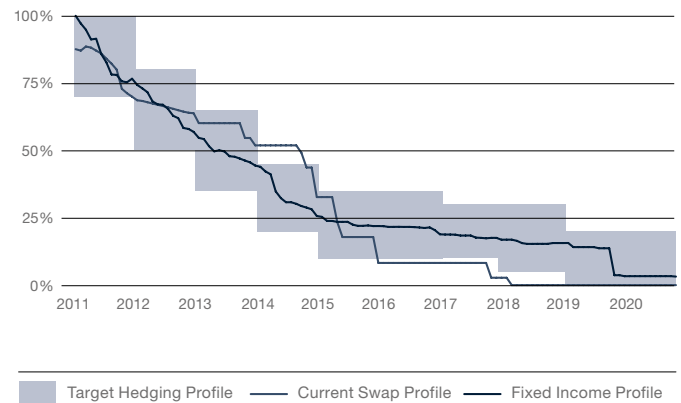
The liquidity policy also requires that no capital commitment is entered into without funding in place to meet that capital commitment and that adequate headroom to gearing covenants is maintained to withstand a portfolio devaluation of 25%.

CAPITAL LOSS HEADROOM



ANZO's interest rate risk management policy is set to minimise the risk of earnings volatility as a result of interest rate movements. This is achieved through aligning the interest rate re-pricing profile with the re-pricing profile of ANZO's rental income.

SWAP MATURITY PROFILE



PORTFOLIO PERFORMANCE

ANZO's focus on client relationships resulted in 50 new leases and a further 19 lease renewals covering nearly 65,000 sqm, a quarter of ANZO's portfolio. Sixteen new clients were welcomed into the ANZO portfolio.

This has lifted portfolio occupancy from 90% to 94%. It has extended the weighted average lease term from 4.5 to 5.8 years. The WALT has improved further to 6.2 years as a result of post-balance date transactions.

The key achievement during the year was the leasing transaction with ANZ National Bank (ANZ). ANZ has committed to a new 15 year lease commencing in 2014 in the ANZ Centre. This commitment provides ANZO the opportunity to reposition this building back to a premium quality with a projected \$76 million refurbishment.

Post-balance date, ANZO also secured major clients, PricewaterhouseCoopers and Marsh Mercer on 9 and 10 year terms respectively, further demonstrating the benefits of ANZO's refreshed client focused approach.

ANZO's increased occupancy was largely driven by the leasing success in Zurich House where occupancy increased from 10% to 70% during the year.

Rent reviews settled during the year equated to 16% of ANZO's portfolio by net property income. This resulted in a weighted average reduction in contract rents of just 1.7%. The resilience of ANZO's contracted rentals through market rent reviews over the past two years demonstrates the merits of ANZO's investment philosophy of owning high quality real estate combined with high levels of client service.

RESULT OVERVIEW (CONTINUED)

During the 2012 financial year, a third of ANZO's portfolio will be subject to a lease event (a rent review or a lease expiry). The market rental assessments in ANZO's recent portfolio revaluation indicate that the portfolio is currently 6.9% over-rented.

NEW APPROACH TO PROPERTY MANAGEMENT

The day-to-day management of ANZO's properties has historically been outsourced to real estate agencies. A strategic decision has been made that ANZO's Manager will directly provide these services following the expiry of the existing contract at the end of November 2011.

The Manager will do so on a cost-recovery basis, employing and engaging approximately 14 property management professionals, for an initial three-year term.

This is a market-leading initiative. It will bring ANZO into closer contact with its clients, while also giving ANZO's board full transparency as to service levels and costs.

OFFICE MARKET OVERVIEW

In Wellington, demand for high-quality office space is expected to remain constant due to the comparatively-lower proportion of higher quality buildings and an increased focus by occupiers on structural integrity (see separate feature on facing page).

The Government continues its initiative to reduce its footprint in the Wellington market. The expectation is that this will further influence the increasingly two tiered market as the Government is expected to only occupy buildings which are structurally sound. Consequently rental levels for prime and A-grade properties have stabilised after two or three years of mild decline.

The Auckland market is considered to be slightly ahead of Wellington in the cycle, with clear demand for quality office space and a growing regional economy. The market is expected to show signs of rental growth almost immediately as it recovers from a more pronounced decline over the past three years.

OUTLOOK

Global economic conditions continue to be uncertain. Against this backdrop, ANZO's strong governance framework, balance sheet strength and recent portfolio improvements ensure it is well positioned. The Auckland and Wellington office markets have stabilised. However, ANZO's earnings outlook over the immediate term reflects both the traditional delay between changes in the general economy and changes in property earnings and specific client departures.

ANZO has previously provided earnings guidance for the year to 30 June 2012 of between 5.1 cents per share and 5.4 cents per share. This expected reduction in earnings is principally due to lower occupancy, arising from the departures of Westpac from the PricewaterhouseCoopers Tower and the Bank of New Zealand from the State Insurance Tower.

Reflecting the new dividend policy (detailed in the Chairman's message on page 9), dividends for the 2012 financial year are forecast to be at a similar level to the third- and fourth-quarter dividends for 2011.

Potential earnings growth beyond 2012 will come from factors such as restoring occupancy to higher levels, taking advantage of ANZO's balance sheet capacity, and growth in market rentals.

CASE STUDY

ANZ CENTRE ALBERT ST, AUCKLAND



INNOVATIVE SOLUTION

The retention of major client ANZ National Bank (ANZ) was one of the standout successes of the year.

ANZ will become ANZO's largest client after agreeing to a new 15-year lease from 2014 to occupy 17,700 sqm in Auckland's ANZ Centre. This building is to be comprehensively redeveloped at an estimated cost of \$76 million.

The redevelopment will include a substantial new pavilion lobby, entrance and new building services on a floor-by-floor basis. The ANZ Centre will be repositioned as one of Auckland's premier office towers, and in addition the ANZ will increase occupancy from 8 to 18 floors.

Following a comprehensive procurement process ANZO is close to awarding a construction contract to a preferred main contractor. Work will commence in October and gather momentum following the Rugby World Cup.

Resource consent was granted in June 2011. Completion of the project is expected mid 2013.

CASE
STUDYWELLINGTON SEISMIC
PERFORMANCE

The Canterbury earthquakes have impacted the Wellington market, with building structural integrity becoming a key focus for occupiers.

Although the probability of a major earthquake has not altered, occupiers have become acutely aware of earthquake performance issues.

Many Wellington occupiers now require their office accommodation to meet at least 67% of the “building code” and in some cases up to 80%. This change in demand effectively leaves a substantial proportion of Wellington’s office buildings out of contention for such occupiers.

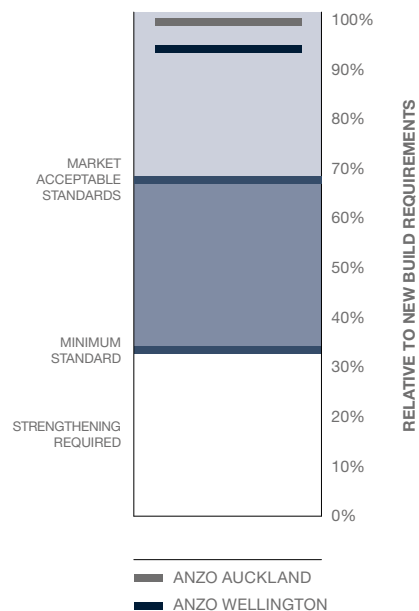
Expert¹ advice has confirmed that ANZO’s portfolio scores at least 75% and up to 100% of the current Building Code loading standard strength requirement for a new building. Of ANZO’s 14 buildings, 8 score c.100% of code, 2 score between 90% and 100%, and 4 score between 75% and 90%.

The shift in perceptions has been noted by CB Richard Ellis national director, professional services John Schellekens. He comments: “Owners of properties that are modern and meet the code or better will experience strong demand.

“Safety is becoming more important than ‘green’ (environmental performance), at the present time anyway, and it will stay that way for some time.”

Mr Schellekens also noted that the demand for safe buildings is being reflected in rentals.

ANZO’S SEISMIC PERFORMANCE



¹ Holmes Consulting Group.

EXECUTIVE TEAM



1

2

3

1. Scott Pritchard

Chief Executive Officer

Scott took up the helm at ANZO in 2010. His previous experience includes property roles with NZX-listed entities Auckland International Airport, Urbus Properties, ING Property Trust and Goodman Property Trust.

Scott holds a Masters degree in Business Management from Massey University. He is a director of the New Zealand Green Building Council and is also a member of the Property Council's national council.

2. Peter Walkinshaw

General Manager, Operations

Peter was appointed General Manager, Operations, in 2011, following two years as ANZO's Portfolio Manager.

His new role is focused on the operational performance of the ANZO portfolio, including the redevelopment of the ANZ Centre.

Before joining ANZO, Peter spent five years as Manager Group Property Assets for British Airways.

He is a registered valuer with a Bachelor of Commerce (Valuation and Property Management) and a postgraduate Diploma in Commerce subjects from Lincoln University.

3. Trevor Wairepo

General Counsel and Company Secretary

Trevor was appointed to this role in 2011, bringing extensive experience in all aspects of commercial real estate, both in New Zealand and the United Kingdom.

He has previously worked in the UK for nine years with international US firm Gibson Dunn & Crutcher and prior to that, with international UK firm Freshfields Bruckhaus Deringer. Most recently, Trevor was senior legal counsel with Meridian Energy, based in Christchurch.

Trevor is a Chartered Company Secretary, a Fellow of the Institute of Chartered Secretaries and a UK and NZ qualified solicitor.



4.

George Crawford

Chief Financial Officer

George joined ANZO in early 2011. As Chief Financial Officer, he is responsible for the financial and management reporting, capital management, cash flow management and taxation compliance functions for ANZO.

After gaining experience with a large accountancy firm in the United Kingdom, George moved to New Zealand and worked for Fonterra and PricewaterhouseCoopers before joining Goodman Property Trust, where he was most recently Chief Financial Officer.

George has a Bachelor of Science Honours degree from Edinburgh University and qualified as a Chartered Accountant in the UK.

5.

Andrew Stringer

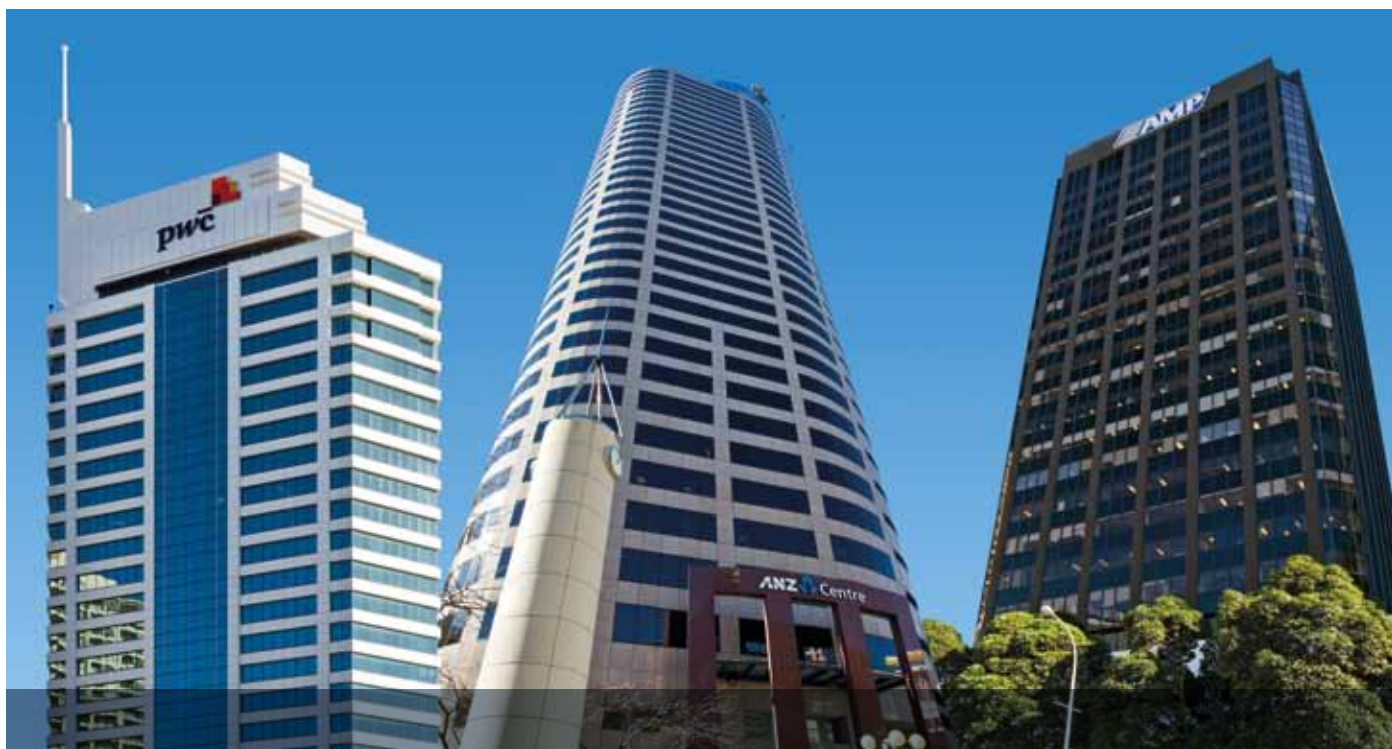
General Manager, Property

Andrew joined ANZO in 2011 from Colliers International, where he was National Director of Valuation & Advisory Services.

His previous roles include General Manager of private development company Landco Land Developments, and Manager - Projects and Acquisitions for Kiwi Income Property Trust, with direct involvement in the development of the Sylvia Park shopping centre. He has also previously been Senior Director at CB Richard Ellis Valuation and Advisory Services.

Andrew has a Bachelor of Property degree from the University of Auckland and is a Registered Valuer.

PROPERTY PORTFOLIO



PricewaterhouseCoopers Tower

OCCUPANCY **95%**
WALT **2.6 years**¹

MAJOR CLIENTS

PwC
Buddle Findlay
Jones Lang LaSalle
Crown Fibre Holdings

ANZ Centre

OCCUPANCY **99%**
WALT **11.6 years**

MAJOR CLIENTS

ANZ National Bank
Chapman Tripp
Mighty River Power
Vero
First NZ Capital

AMP Centre

OCCUPANCY **90%**
WALT **6.8 years**

MAJOR CLIENTS

AMP Financial Services
AON
AJ Park
QBE Insurance
Southern Cross
Thales

Quay Street, Auckland

The PricewaterhouseCoopers Tower is one of New Zealand's most sought-after office addresses. Completed in 2002 with state-of-the-art building technology, the 29-level tower is set on a first-class location on Auckland's waterfront and features some of the country's largest floor plates, a hotel-style lobby and high-speed lifts, along with 11 retail premises and 358 car parks.

Albert Street, Auckland

Topped by a unique geodesic dome, the ANZ Centre is one of New Zealand's tallest and most recognisable buildings at 39 levels, occupying a key site on Auckland's Albert Street. It features a distinctive polished Spanish granite façade and full-height windows, providing generous natural light and expansive views of Auckland city and the Waitemata Harbour. The ANZ Centre is about to be repositioned through a major upgrade and extension.

Customs Street West, Auckland

The AMP Centre is a 25-level building with excellent views to Viaduct Harbour and the Hauraki Gulf. It occupies a prominent site adjoining the PricewaterhouseCoopers Tower in Auckland's waterfront precinct, and has large flexible floor plates, making it attractive to organisations requiring extensive areas of efficient working space.

CB Richard Ellis valuation
as at 30 June 2011: **\$207.0 million**
Total net lettable area (NLA): **31,314 sqm**
Typical office floor plate: **1,350 sqm**

Colliers International valuation
as at 30 June 2011: **\$158.5 million**
Total net lettable area (NLA): **32,794 sqm**
Typical office floor plate: **1,054 sqm**

CB Richard Ellis valuation
as at 30 June 2011: **\$98.3 million**
Total net lettable area (NLA): **25,134 sqm**
Typical office floor plate: **1,097 sqm**

¹ Excludes post balance date 9 year lease to PwC.



SAP Tower (FORMERLY 151 QUEEN ST)

OCCUPANCY **79%**
WALT **3.1 years²**

MAJOR CLIENTS

SAP
Marsh Mercer
Goodman Group
Swire Shipping
Colliers International

Queen Street, Auckland

Located in the heart of Auckland's Queen Street, this prime office building comprises 21 levels of high-quality office accommodation, as well as two levels of retail and a health club that includes a tennis court and swimming pool. SAP Tower was built in 1989 to a striking design, and its distinctive architecture has made it an Auckland landmark. The building's rectangular shape, together with the positioning of the service core, provides a high level of flexibility of use.

Jones Lang LaSalle valuation
as at 30 June 2011: **\$73.3 million**
Total net lettable area (NLA): **17,649 sqm**
Typical office floor plate: **762 sqm**

Zurich House (FORMERLY 21 QUEEN ST)

OCCUPANCY **70%**
WALT **7.4 years**

MAJOR CLIENTS

Zurich
Willis New Zealand
CB Richard Ellis
AMP Capital Investors
NZ Funds Management
The Guardians of New Zealand
Superannuation
Parsons Brinkerhoff

Queen Street, Auckland

Zurich House was redeveloped by ANZO to a 5-Star Green Star rating, achieved by incorporating highly innovative energy-efficient and environmentally-friendly materials while recycling some of the existing building structure and using sustainable business practices. The building features 15 levels of high-quality office accommodation, with a two-storey entrance gallery and lobby. The entire façade of Zurich House is clad in energy-efficient glazing to maximise natural light.

Jones Lang LaSalle valuation
as at 30 June 2011: **\$71.5 million**
Total net lettable area (NLA): **14,446 sqm**
Typical office floor plate: **910 sqm**

State Insurance Tower

OCCUPANCY **94%**
WALT **3.6 years**

MAJOR CLIENTS

State Insurance
Air New Zealand
AJ Park
Buddle Findlay
Hudson
Darrochs

Willis Street, Wellington

One of New Zealand's best-known office buildings, located in the prime commercial office district of the Wellington CBD, State Insurance Tower was completed in 1984. The building is adjacent to Willis Street and Lambton Quay and is a short stroll from Frank Kitts Park and the Wellington harbour waterfront. The office floors enjoy excellent harbour views and natural sunlight from all cardinal points. The property also offers one level of street-level retail, one-and-a-half levels of car parking and an enclosed subterranean retail level.

Bayleys valuation
as at 30 June 2011: **\$124.6 million**
Total net lettable area (NLA): **26,933 sqm**
Typical office floor plate: **1,050 sqm**

² Excludes post balance date 10 year lease to Marsh Mercer.

PROPERTY
PORTFOLIO
(CONTINUED)



Vodafone on the Quay

OCCUPANCY **97%**

WALT **3.7 years**

MAJOR CLIENTS

Vodafone
Westpac
Russell McVeagh
Microsoft
Fonterra
Rabobank

No. 1 The Terrace

OCCUPANCY **100%**

WALT **6.8 years**

MAJOR CLIENTS

Treasury
Ministry of Health
Parliamentary Services

171 Featherston Street

OCCUPANCY **100%**

WALT **4.1 years**

MAJOR CLIENTS

Bell Gully
First NZ Capital
AMP Financial Services
Cameron & Company

Lambton Quay, Wellington

Vodafone on the Quay is a landmark property in the heart of Wellington fronting Midland Park. The building has a distinctive presence on Lambton Quay, with its integrated architectural styles and green-tinted glazing. Vodafone on the Quay is close to the courts, Parliament and Treasury. The office floors have panoramic views of the harbour and inner city, and provide column-free office space and efficient floor layouts.

The Terrace, Wellington

No. 1 The Terrace occupies the prestigious corner location of The Terrace and Bowen Street in Wellington, adjacent to Parliament Buildings, the Beehive and the Reserve Bank. After redevelopment in 2006, it is an 18-level building with an adjoining low-rise annex featuring some of the largest CBD floor plates in New Zealand.

Featherston Street, Wellington

171 Featherston Street is the office tower component of a 26-level dual office/hotel complex occupying a key Wellington waterfront location, with uninterrupted views of the harbour. The office tower comprises the upper 13 levels, the three basement levels of car parks and part of the ground floor. The building features distinctive bronze-tinted glass cladding and strong vertical lines and offers a premium Wellington business address.

Colliers International Wellington valuation as at 30 June 2011: **\$96.3 million**
Total net lettable area (NLA): **16,768 sqm**
Typical office floor plate: **1,001 sqm**

Colliers International Wellington valuation as at 30 June 2011: **\$79.0 million**
Total net lettable area (NLA): **18,851 sqm**
Typical office floor plate (tower): **768 sqm**
2,080 sqm (podium floors)

Colliers International Wellington valuation as at 30 June 2011: **\$65.0 million**
Total net lettable area (NLA): **11,307 sqm**
Typical office floor plate: **915 sqm**



125 The Terrace

OCCUPANCY **94%**

WALT **6.3 years**

MAJOR CLIENTS

Minter Ellison Rudd Watts
New Zealand Qualifications Authority
Canadian High Commission

Pastoral House

OCCUPANCY **100%**

WALT **5.3 years**

MAJOR CLIENTS

**Ministry of Agriculture
and Forestry**
Bank of New Zealand

Deloitte House

OCCUPANCY **98%**

WALT **3.7 years**

MAJOR CLIENTS

Deloitte
Telecom
Medsafe
Powerhouse People
Real Estate Agents Authority
OMV

The Terrace, Wellington

125 The Terrace is in the heart of Wellington's central business and retail district and enjoys some of the region's highest measured pedestrian traffic flows. The building comprises 13 levels of prime office accommodation, two levels of retail and four levels of car parks. The blue laminated reflective glass and distinctive blue granite exterior finishes merge to create an attractive landmark that provides some of Wellington's best-appointed office accommodation.

The Terrace, Wellington

Pastoral House is an 18-level A-grade building comprising 17 levels of office accommodation and one ground floor retail level. It has wide dual frontages to The Terrace and Lambton Quay, and offers easy access to Government departments, Parliament and transport hubs. The property has an excellent aspect with harbour views, and the Lambton Quay frontage enjoys good retail pedestrian exposure. ANZO completed a refurbishment of Pastoral House in 2005.

Featherston Street, Wellington

Deloitte House is located in the heart of the Wellington CBD and enjoys triple frontages to Brandon and Featherston streets and Customhouse Quay. Originally built in 1983, the building was extended and refurbished in 2005/07 and now comprises 16 office floors, ground floor retail and a basement car parking level. There is good natural light for all levels and unobstructed harbour views from level five and above.

Bayleys valuation

as at 30 June 2011: **\$64.2 million**

Total net lettable area (NLA): **12,019 sqm**

Typical office floor plate: **869 sqm**

Colliers International Wellington valuation

as at 30 June 2011: **\$56.0 million**

Total net lettable area (NLA): **15,466 sqm**

Typical office floor plate: **827 sqm**

CB Richard Ellis valuation

as at 30 June 2011: **\$48.7 million**

Total net lettable area (NLA): **12,957 sqm**

Typical office floor plate: **775 sqm**

PROPERTY
PORTFOLIO
(CONTINUED)



Mayfair House

OCCUPANCY **100%**

WALT **4.2 years**

MAJOR CLIENTS

Department of Corrections

AXA Centre

OCCUPANCY **90%**

WALT **1.9 years**

MAJOR CLIENTS

AXA

New Zealand Fire Service

Grant Thornton

**Transport Accident and
Investigation Commission**

The Terrace, Wellington

Mayfair House was constructed in 1986. It is well-located, enjoying a favourable aspect at the northern end of The Terrace, just 200 metres from Parliament and close to key Government departments. It comprises 13 office floors, being some of the largest and most efficient plate sizes within the Government precinct. The property includes 251 car parks.

The Terrace, Wellington

AXA Centre is located on The Terrace, conveniently positioned near Government offices, car parks, bus and rail transport links, with nearby on- and off-ramps to the urban motorway. The set-back frontage and motorway to the rear ensure good natural light to all levels and harbour views from the upper floors. Completed in 1987, the building comprises 14 levels of office accommodation on top of four levels (eight split levels) of car parks.

Bayleys valuation

as at 30 June 2011: **\$38.3 million**

Total net lettable area (NLA): **12,254 sqm**

Typical office floor plate: **1,100 sqm**

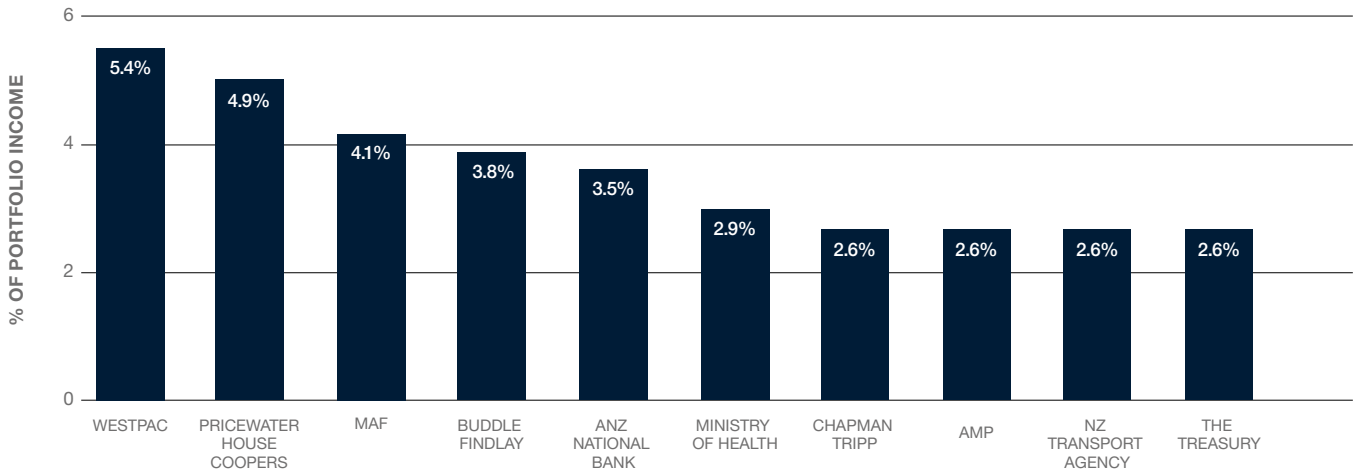
CB Richard Ellis valuation

as at 30 June 2011: **\$30.4 million**

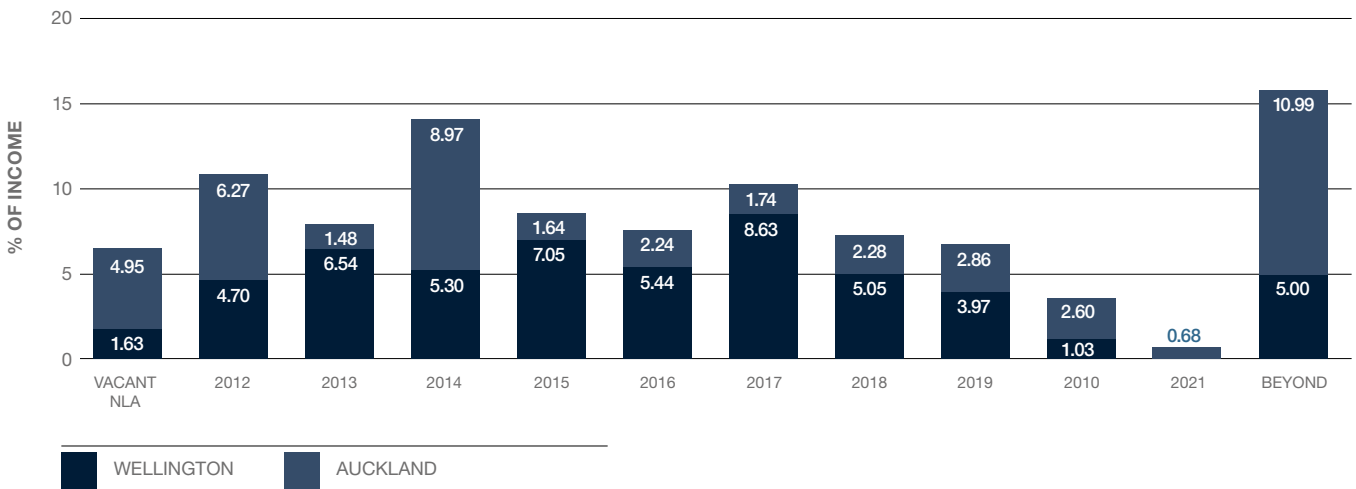
Total net lettable area (NLA): **10,565 sqm**

Typical office floor plate: **778 sqm**

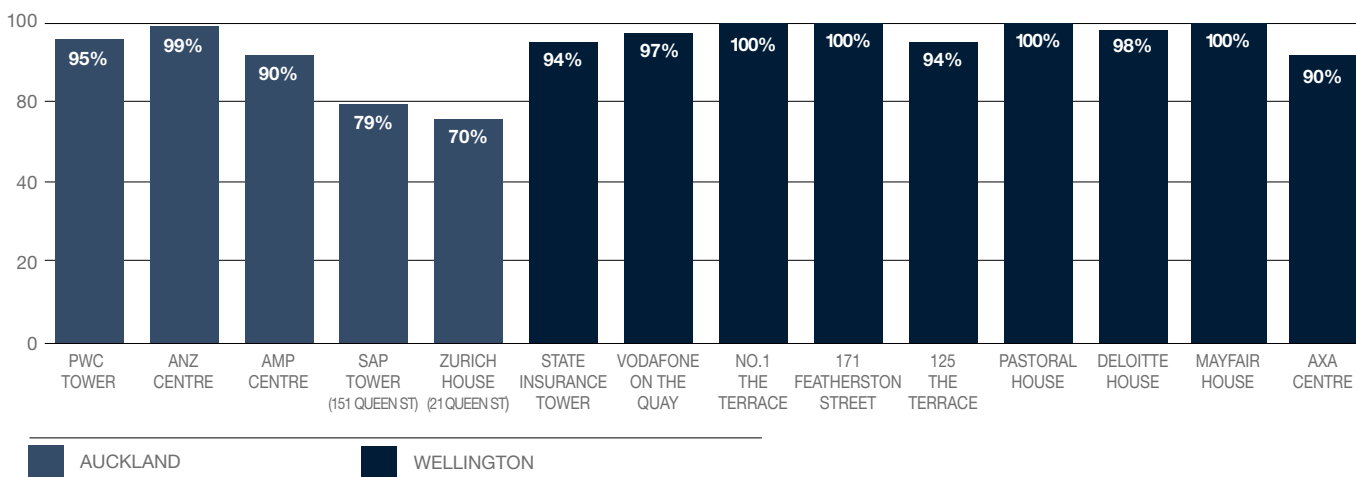
TOP 10 CLIENTS BY GROSS INCOME
as at 30 June 2011



LEASE EXPIRY PROFILE



OCCUPANCY BY PROPERTY¹



¹ The one remaining retail unit at Chews Lane has been excluded.

BOARD OF ANZO



Craig Stobo

Chairman, Independent
BA (Hons) First Class Economics



Don Huse

Director, Independent
BCA, CA



Graeme Horsley

Director, Independent
MNZM, LFNZIV/LFPINZ, FRICS,
AF Inst D



Graeme Wong

Director, Independent
BCA (Hons) Bus Admin, FINFINZ
AF Inst D

Educated at Otago University and Wharton Business School, Craig Stobo has worked as a diplomat, economist, investment banker, and as CEO of BT Funds Management Ltd.

He has authored reports for the NZ Government on "The Taxation of Investment Income and for the Taupo Group on "Creating Wealth for New Zealanders", and chaired the Government's International Financial Services Development Group in 2010.

Craig is a professional director and entrepreneur. In addition to his involvement with ANZO since 2005, he is chairman of executive recruitment company OCG Consulting Ltd, chairman and shareholder of independent investment advisory business Saturn Portfolio Management Ltd, chairman and shareholder of Elevation Capital Management Ltd, the investment manager of the Multi Strategy Fund and Value Fund, and chairman and shareholder of Appello Services Ltd, a specialist unit registry provider.

Don Huse is a professional director. His previous roles include chief executive of Auckland International Airport, chief financial officer of Sydney Airport Corporation, chief executive of Wellington International Airport and a director of Trans Alta New Zealand.

He is a director of Cavalier Corporation, OTPP New Zealand Forest Investments, Sydney Airport Corporation and Transpower New Zealand. He is a trustee of the Karori Sanctuary Trust and South Auckland Health Foundation.

A chartered accountant, Don holds a degree in economics from Victoria University of Wellington, and is also a member of the Institute of Directors in New Zealand and of the Australian Institute of Company Directors.

Graeme Horsley is an independent property consultant and professional director with more than 40 years' property valuation experience, including 14 years with Ernst & Young New Zealand, where he was national director of the real estate group. Graeme is a Member of the New Zealand Order of Merit, a life fellow of the Property Institute of New Zealand, an Eminent Fellow of the Royal Institution of Chartered Surveyors, a Counselor of Real Estate and an accredited fellow of the New Zealand Institute of Directors.

In 2007, he was appointed an additional member of the High Court.

Graeme has been involved with ANZO since 2005. He is also chair of Ngati Whatua o Orakei Corporation and an independent director of Vital Healthcare Property Trust (formerly ING Medical Properties Trust), Willis Bond Capital Ltd and Trust Investments Management Ltd.

Graeme Wong has a background in stock broking, capital markets and investment. He was founder and executive chairman of investment company Southern Capital, which listed on the NZX and evolved into Hirequip New Zealand before being sold to private equity interests.

Graeme has previously been a director of Sealord Group, Tasman Agriculture, Magnum Corporation, At Work Insurance, and an alternate director of Air New Zealand.

He is currently chairman of Harbour Asset Management and Areograph, a director of New Zealand Farming Systems Uruguay and Tourism Holdings, and a member of the management and trust boards of Samuel Marsden Collegiate School.



Anthony Beverley

Director
MCom (VPM) (Hons) First Class,
FNZIV, FPINZ, FINSIA



Mark Verbiest

Director
LLB



Mohamed Ahmed Darwish Karam Al Qubaisi

Director
BA Bus



Robert Walker

Alternate Director
BSc (Hons) in Urban Estate
Management, MRICS

Anthony Beverley is a consultant and professional director. Formerly head of property for AMP Capital Investors (New Zealand) Ltd, he has been involved with ANZO since listing in 1997.

He is also a director of listed property company Property For Industry Ltd and of Marlborough Lines Ltd. In 2005, Anthony was presented with the Property Institute of New Zealand's premier award in recognition of his contribution to the property industry and the wider economy.

Mark Verbiest is an appointee of major investor Haumi Company Limited. He is also a director of Freightways Ltd and Southern Cross Medical Care Society. He is a member of the board of trustees of the Southern Cross Healthcare Society and of the Government Superannuation Fund Authority. He is chairman of Willis Bond Capital Partners Ltd and Transpower New Zealand Ltd, and a member of the Financial Markets Authority.

Mark was a member of Telecom's senior executive team from 2000 to 2008 and previously, a senior partner in national law firm Simpson Grierson, specialising in mergers and acquisitions and securities, competition and utilities-related law.

He has been involved with ANZO since 2008.

Mark resigned from the board on 14 September 2011, effective 30 November 2011 to take up a prospective role as Chairman of Telecom.

Mohamed Ahmed Darwish Karam Al Qubaisi is an appointee of the Manager. Mohamed joined Abu Dhabi Investment Authority (ADIA) Real Estate Department in 2007 and has been involved since then on the Asia Pacific portfolio, assisting with the investment management, underwriting and hold/sell analysis of a large portfolio. He is actively involved in direct acquisitions and indirect investments, mainly focused in China, India, Japan, New Zealand and Australia.

Mohamed is also a 2006 graduate of Albers School of Business and Economics at Seattle University, Washington, USA.

Robert is an alternate director for Mohamed Ahmed Darwish Karam Al Qubaisi.

He is a Senior Portfolio Manager for the Abu Dhabi Investment Authority (ADIA) Real Estate Department with responsibility across the Asia Pacific region, having joined in 2009. He is a chartered surveyor with over 20 years' experience in the property industry in Asia Pacific. Previous roles include Managing Director of Jones Lang LaSalle in Beijing, Director of Marketing and Operations in China for Hines, and CEO of the Macquarie Wanda Real Estate Fund, an 8 million square feet unlisted shopping centre business.

CORPORATE GOVERNANCE

Introduction

Following the implementation of the changes approved by investors in October 2010, ANZO's structure and corporate governance have changed significantly since ANZO's previous annual report. Since that time, ANZO has converted from a unit trust into a company, with a new management agreement, under the supervision and strategic direction of a new board of directors, the majority of whom are independent.

ANZO's four independent directors were deemed to be appointed by ANZO's shareholders pursuant to ANZO's constitution and are required to retire by rotation. At this year's annual general meeting in November 2011, Craig Stobo and Graeme Horsley will retire and will be eligible for re-election.

The board of directors is responsible for the governance of ANZO. The board is committed to ensuring that ANZO is governed in accordance with best practice and the highest ethical standards and integrity.

The board's commitment to corporate governance best practice can be seen in the Corporate Governance Manual that the board developed and adopted. The manual includes a Code of Ethics and a Board Charter.

The Corporate Governance Manual is available on ANZO's website (www.anzo.co.nz) together with a statement of how ANZO's corporate governance policies, practices and processes differ from the NZX Corporate Governance Best Practice Code.

The board

At 30 June 2011 there were 7 directors of ANZO. All directors are non-executive. A majority (4) of the directors are independent (as defined by the NZX Listing Rules). Further details of each director are set out below.

Mark Verbiest was appointed a director by Haumi Company Ltd pursuant to a provision in ANZO's constitution which grants any security holder holding more than 15% of ANZO shares the right to appoint one director. Mr Verbiest is not required by ANZO's constitution to retire by rotation.

Anthony Beverley and Mohamed Ahmed Darwish Al Qubaisi were appointed directors by AMP Haumi Management Ltd pursuant to a provision in ANZO's constitution which grants the Manager the right to appoint up to two directors. Robert Walker is an alternate director for Mohamed Ahmed Darwish Al Qubaisi. Neither Mr Beverley, Mr Al Qubaisi nor Mr Walker is required by ANZO's constitution to retire by rotation.

During the year to 30 June 2011 no ANZO director ceased to hold office as director.

ANZO has a number of subsidiary companies which hold the individual ANZO properties. The directors for each ANZO subsidiary are Anthony Beverley, Scott Pritchard and George Crawford except for ANZOL Investments Ltd where Anthony Beverley is the only director. During the year to 30 June 2011 Amish Vallabh, ANZO's former CFO, ceased to hold office as director of every ANZO subsidiary of which he had previously been a director.

Director	Status	Date of appointment	Board attendances for the year	Board meetings
Craig Stobo	Board Chairman Nominations Committee Chairman Independent Director	4 May 2010 ¹	9	9
Graeme Horsley	Independent Director	4 May 2010 ¹	8	9
Anthony Beverley	Director	4 May 2010	9	9
Mark Verbiest	Director	4 May 2010 ²	9	9
Mohamed Ahmed Darwish Al Qubaisi	Director	28 July 2010	8	9
Robert Walker	Alternate Director	28 July 2010	9	9
Don Huse	Audit and Risk Committee Chairman Independent Director	1 November 2010	7*	9
Graeme Wong	Remuneration Committee Chairman Independent Director	1 November 2010	7*	9

¹ Prior to corporatisation Craig Stobo and Graeme Horsley were independent directors of the Manager and were both appointed on 5 April 2005.

² Prior to corporatisation Mark Verbiest was a non-executive director of the Manager and was appointed 6 June 2008.

Note: *Two of the Board meetings occurred prior to the appointment of Don Huse and Graeme Wong as directors.

CORPORATE GOVERNANCE (CONTINUED)

The committees of the board

The board established four committees during the year to 30 June 2011. These comprise an Audit and Risk Committee, a Nominations Committee, a Remuneration Committee and a Due Diligence Committee. The charters that exist for each committee can be found in the Corporate Governance Manual which is available on ANZO's website (www.anzo.co.nz).

The Audit and Risk Committee comprises Don Huse as Chairman, Graeme Horsley, Craig Stobo, and Mark Verbiest. This committee met 3 times during the year and all members attended all meetings. The committee was established to assist the board in discharging its duties with respect to financial reporting, compliance and risk management.

The Remuneration Committee comprises Graeme Wong as Chairman, Anthony Beverley and Craig Stobo. This committee met once during the year and all members attended the meeting. The committee provides guidance to the board when approving directors' remuneration.

The Nominations Committee comprises Craig Stobo as Chairman, Graeme Horsley and Anthony Beverley. This committee did not meet during the year. The committee is to assist the board in planning the board's composition, evaluating competencies required of prospective directors and to make relevant recommendations to the board.

The Due Diligence Committee comprises Graeme Horsley as Chairman, Anthony Beverley, Craig Stobo, and Mark Verbiest. This committee did not meet during the year and is an ad hoc committee that can be called on by the board to provide guidance and recommendations regarding due diligence related matters.

Management fee structure

Following ANZO's conversion from a unit trust to a company, ANZO has a new management fee structure, with a three-tier base fee and a performance fee based on relative outperformance over other NZX-listed property entities.

Management services agreement summary

ANZO and the Manager are party to a management services agreement (the Management Agreement), pursuant to which the Manager provides management services to ANZO. A copy of the Management Agreement is available on ANZO's website (www.anzo.co.nz).

The Management Agreement, which came into effect on 1 November 2010, was subsequently amended to include a third tier in the base management services fee (see below). Under the NZSX Listing Rules, this amendment would have required shareholder approval, but for a waiver granted by the NZX. As a condition of that waiver, this report is required to contain the following description of the material terms of the Management Agreement.

Management services fee

The Manager is entitled to two fees under the Management Agreement:

- the base management services fee; and
- the performance fee.

Base management services fee

The base management services fee is calculated as follows:

- 0.55% per annum, plus GST (if any) of the Value of Investment Property to the extent that the Value of Investment Property is less than or equal to \$1,000,000,000; plus
- 0.45% per annum, plus GST (if any) of the Value of Investment Property to the extent that the Value of Investment Property is between \$1,000,000,000 and \$1,500,000,000; plus
- 0.35% per annum, plus GST (if any) of the Value of Investment Property to the extent that the Value of Investment Property exceeds \$1,500,000,000.

"Value of Investment Property" means, in effect, the total value of all real property assets owned or leased by ANZO as determined in accordance with GAAP. Adjustments for revaluations, acquisitions and disposals are made on a pro rata basis each month.

Development properties are excluded from the Value of Investment Property. A property is classified as a development property if it is under construction or is fully vacant and undergoing refurbishment work. The base management services fee is payable in respect of these properties upon receipt of a certificate of practical completion for each property.

The base management services fee is paid to the Manager monthly in arrears in cash.

CORPORATE GOVERNANCE (CONTINUED)

Performance fee

ANZO also pays a performance fee to the Manager linked to ANZO's adjusted equity returns relative to its peers in the listed property sector.

Key features of the performance fee are, in broad terms, as follows:

- The performance fee is payable quarterly in arrears and in cash.
- ANZO's quarterly performance (expressed as a percentage return) is determined, based on the 5 day volume weighted average ANZO share price movement on NZSX at the open and close of that quarter plus gross distributions paid in the quarter ("Shareholder Return").
- ANZO's quarterly performance is then benchmarked against an NZX Property Index return (excluding ANZO but including the value of imputation credits of constituent members of that index), also expressed as a percentage return ("Benchmark Return").
- "Outperformance" (or "underperformance") is determined, being the difference between the Shareholder Return and the Benchmark Return.
- An "Initial Amount" (or "Deficit") is then determined, being 10% of that outperformance (or underperformance) multiplied by an amount reflecting ANZO's market capitalisation for that quarter, and this Initial Amount (or Deficit) is then credited to the "Carrying Account".
- The performance fee for any quarter is then equal to the credit balance (if any) in the Carrying Account at that time, subject to two limitations:
 - the performance fee in any quarter is limited to the "Performance Cap", which is, effectively, 0.125% of an amount reflecting ANZO's market capitalisation for that quarter. The extent to which the performance fee would otherwise have exceeded this Performance Cap will remain in the Carrying Account and be carried forward to the following quarter; and
 - no performance fee is payable in respect of a quarter if ANZO's absolute Shareholder Return in that quarter is negative, even if it is above the Benchmark Return. Rather, the Initial Amount (calculated by reference to the Outperformance in that quarter) will be credited to the Carrying Account and carried forward to the following quarter.
- Any Initial Amount credited to the Carrying Account which is not used up in paying performance fees or in off-setting subsequent Deficits will effectively expire 2 years after it is credited to the Carrying Account. Similarly, any Deficit debited against the Carrying Account which is not used up in off-setting subsequent Initial Amounts will also effectively expire 2 years after it is debited against the Carrying Account.

Base management services

The base management services to be provided by the Manager include:

- Corporate and fund management services, being, in general, those services which are necessary as part of the day-to-day management of a major corporate enterprise including the provision of support to the board, company secretarial matters, reporting, engaging and dealing with advisers, managing payments and accounts, financial management and reporting, record keeping, Listing Rules and regulatory compliance, capital management and research and monitoring.
- Portfolio and asset management services, being, in general, those services which are necessary as part of managing a major property portfolio including identifying opportunities, submitting proposals to the board, managing the implementation of board approved proposals, performance monitoring, budgeting, reporting, relationship management, development and implementation of annual asset management plans and documentation management.

The Manager is permitted to sub-contract some or all of the base management services, but only with the board's consent (not to be unreasonably withheld). The Manager will continue to be responsible for delivery of any sub-contracted services.

Additional services

The Manager is also responsible for procuring the provision of Additional Services to ANZO, relating primarily to the day-to-day management of individual properties and assets within the ANZO portfolio.

The Additional Services may be provided by any person approved by the Manager as having sufficient expertise and resources available to it to perform the service. The Manager may perform Additional Services so long as, other than in respect of certain services which ANZO has already agreed the Manager has the skills to perform, the Manager can demonstrate to the reasonable satisfaction of the board that the Manager has sufficient expertise and resources available to it to perform the Additional Services. Furthermore, no person is to be engaged to perform Additional Services without board approval or authorisation under delegated authorities approved by the board.

The Additional Services are not included within the base management services fee payable under the Management Agreement. The costs of these services will be payable by ANZO.

CORPORATE GOVERNANCE (CONTINUED)

Reimbursement of costs

The Manager is also entitled to be reimbursed for specified items of expenditure incurred on ANZO's behalf (these costs are not included within the fees payable under the Management Agreement).

Services similar to services provided to AMP NZ Office Trust

The Manager has, in effect, represented and warranted to ANZO that, as at the date of the Management Agreement:

- The base management services set out in the Management Agreement are all the material services that were performed by the Manager in its capacity as manager of AMP NZ Office Trust (Trust) in consideration for the management fee payable by the Trust under the relevant provisions of the Trust Deed.
- The Additional Services set out in the Management Agreement are services which were not provided by the Manager in its capacity as manager of the Trust in consideration for the management fee referred to immediately above.

The Manager and the ANZO have agreed that if this warranty proves not to be correct, the remedy will be, in effect, to correct the relevant Management Agreement schedules and, in certain cases where the ANZO has paid fees for Additional Services, the Manager will reimburse ANZO.

Resourcing

ANZO does not employ any staff, including senior executives. Instead, all personnel, including ANZO's Chief Executive Officer and Chief Financial Officer, are provided by the Manager – which is responsible for providing access to, or otherwise employing, all staff necessary to perform its obligations.

Although ANZO does not employ its own staff, the Manager must consult with the board regarding the appointment, removal and remuneration of the Chief Executive Officer and Chief Financial Officer. Furthermore, the Manager must:

- Ensure that certain key personnel are dedicated to, and work exclusively in providing services to, ANZO, unless agreed otherwise by the board.
- Ensure that the employment or secondment arrangements relating to certain key personnel require them to act in the best interests of, and for the benefit of, ANZO and its subsidiaries.

Term and termination

The Management Agreement has no fixed term and the Manager is to provide the management services to ANZO until such time as the Management Agreement is terminated in accordance with its terms.

In general, the Management Agreement may be terminated in the following ways:

- By either party if the other party commits or is or becomes subject to a default event. The default events are insolvency type situations and circumstances which lead to a party's unremedied material breach of the Management Agreement. In the case of the Manager, a material breach:
 - is a breach or series of related breaches which in aggregate have a material and adverse effect on ANZO's financial performance, business or assets and which is unremedied or not compensated for within 30 business days following delivery of a detailed notice to the Manager by ANZO;
 - is deemed to include fraud by the Manager which has a material adverse effect on ANZO which is incapable of compensation; and
 - is deemed to include a change of control which results in a party (other than AMP Capital Investors (New Zealand) Limited or Haumi Development Limited Partnership or any of their related parties) acquiring the power to exercise or control the exercise of 75% or more of the voting securities of the Manager without ANZO's written consent, provided that in each case ANZO may only exercise this right of termination if the termination has been approved by a special resolution of shareholders other than the Manager or its "Associated Persons".
- By the Manager on 6 months' written notice to ANZO.

ANZO does not have a unilateral right to terminate the Management Agreement at its discretion.

If requested by ANZO, the Manager will provide disengagement services to ANZO following termination in certain circumstances to assist in the transition to a new manager or self-management.

If the Management Agreement is terminated then the Manager will not be paid any fees upon termination (other than any accrued and unpaid fees and costs up to the termination date).

Call option (transfer of Manager's interests in the Management Agreement)

Under the Management Agreement, the Manager has agreed that any person who acquires, or acquires the right or power to exercise or control the exercise of the votes attached to, 50% or more of the voting securities of ANZO will have a six week period to exercise an option to purchase the Manager's interest in the Management Agreement by way of assignment upon and subject to certain terms and conditions as set out in the Management Agreement. If the consideration for the assignment of the Management Agreement cannot be agreed, it will be set by expert determination.

CORPORATE GOVERNANCE (CONTINUED)

Board appointment rights

The Manager is entitled, by notice in writing to ANZO, to appoint up to two directors to the board and to substitute or remove such directors by notice in writing.

This director appointment right is subject to the Listing Rules and the requirements of any ruling granted by NZX from time to time.

Takeovers Code exemptions

Introduction

This section contains information required by the Takeovers Code (AMP NZ Office Limited) Exemption Notice 2010.

Unless otherwise stated, the information provided in this section of the report is as at 29 August 2011.

Any term capitalised in this section but undefined has the meaning given to it in the Takeovers Code (AMP NZ Office Limited) Exemption Notice 2010.

Pre-emptive Acquisitions

AMPCI and Haumi Company Limited (as general partner of the Haumi (NZ) Ltd Partnership (HNZLP)) are party to a deed dated 27 September 2010, which records certain pre-emptive rights arrangements in respect of ANZO voting securities held by HNZLP and AMPCI (in its own right – not in its capacity as manager of a fund) (the *Pre-emptive Arrangements*).

The Pre-emptive Arrangements are described as follows:

- If HNZLP wishes to sell, transfer or dispose of all or any of its ANZO voting securities (or any interest (whether legal or beneficial) in them) held by it to any third person, or AMPCI wishes to sell, transfer or dispose of all or any of its ANZO voting securities held by it in its own right, and not in its capacity as a manager of a fund, (or any interest (whether legal or beneficial) in them) to any third person, then HNZLP or AMPCI (as the case may be) must first offer to sell those ANZO voting securities to the other party at a price specified by the offeror. The offeree has 15 working days to decide whether to accept the offer.
- If the other party does not accept the offer or give notice within the 15 working day period, then the party wishing to sell, transfer or otherwise dispose of its ANZO voting securities can sell the relevant ANZO voting securities to a third party within 90 working days, provided that such sale must be for a price and on terms no more favourable than those offered to AMPCI or HNZLP (as the case may be).
- In addition, in the event of a “change of control”, or if a “relevant event” occurs in respect of either HNZLP or AMPCI, then that party is deemed to have offered to sell its ANZO shares to the other at either an agreed price, or, if no such agreement can be reached, such amount, per ANZO voting security, as is equal to the volume weighted average price of ANZO voting securities traded on the NZSX during the period of five trading days immediately preceding the date on which the relevant sale notice is given. In the case of AMPCI, it will only be deemed to have offered to sell its ANZO shares held by it in its own right, and not in its capacity as manager of a fund.
- These Pre-emptive Arrangements cease to apply if AMP Haumi Management Limited ceases to be manager of ANZO.

Information on the number of voting securities that have been acquired by the Combined AMPCI Parties under the Pre-emptive Acquisitions, the percent of all voting securities on issue that are held or controlled by the AMPCI Parties, and the maximum percentages of voting securities after the Pre-emptive Acquisitions is set out below. Further information on the maximum percentages of voting securities that may be held by the AMPCI Parties (and their Associates) after the acquisition of voting securities under the Combined Transactions is set out below.

Funds Management Acquisitions

A reference in this section of the report to a Funds Management Acquisition is any acquisition of ANZO voting securities by a Managed Fund. A Managed Fund is any investment fund, entity or scheme managed by AMPCI or any subsidiary of AMPCI in the ordinary course of its funds management business, and includes any manager, trustee, or custodian of any such fund.

The persons for whom an increase in voting control results or may result from any Fund Management Acquisition are:

- the AMPCI Parties;
- any trustee or custodian of a Managed Fund; and
- in certain circumstances, where a Managed Fund is operated for the benefit of a single client, that client (as a result of having the ability, under the investment management arrangements with the relevant AMPCI Party, to direct the exercise of voting rights controlled by the relevant AMPCI Party in respect of that Managed Fund).

The percentage of ANZO voting securities at any time held or controlled by the Combined AMPCI Parties as a result of the Funds Management Acquisitions has not exceeded 4.9% of the total ANZO voting securities on issue.

CORPORATE GOVERNANCE (CONTINUED)

Information on the maximum percentage of all voting securities on issue that may be held or controlled by the AMPCI Parties (and their Associates) after any Fund Management Acquisition is set out below. Further information on the maximum percentages of voting securities that may be held by the AMPCI Parties (and their Associates) after the acquisition of voting securities under the Combined Transactions is set out below.

Employee Share Scheme Acquisitions

The Manager has established the AMP Haumi LTI Bonus Scheme (LTI Scheme) as a long term incentive scheme for selected employees of the Manager (Eligible Employees) who are engaged in operating ANZO's business. The key terms of the LTI Scheme are:

- Eligible Employees are invited to borrow an interest free amount (Loan) from the Manager. The Loan amount is determined at the discretion of the Board of the Manager based on the agreed performance criteria for the LTI Scheme (which is based on the level of performance fees earned by the Manager).
- The Loan amount is advanced to AMP Haumi LTI Trustee Ltd (the Employee Share Scheme Administrator), who uses the Loan to purchase ANZO shares (the Employee Share Scheme Acquisitions), and then holds those ANZO shares on trust for the Eligible Employees in accordance with the rules of the LTI Scheme.
- Participants who remain employed by the Manager for the duration of the Loan period receive a bonus equal to the amount of the Loan, which may be used towards repayment of the Loan. In other circumstances, participants are required to repay the Loan at the expiry of the Loan Period (and the rules of the LTI Scheme contain a mechanism which protects participants from changes in market value of the ANZO shares).
- Participants are entitled to ANZO shares held for them by the Employee Share Scheme Administrator only if they have satisfied the vesting requirements of the LTI Scheme.
- Participants who cease to be employed by the Manager before satisfying the vesting requirements of the LTI Scheme are not entitled to the ANZO shares held for them by the Employee Share Scheme Administrator. Those participants are required to repay their Loan when their employment terminates, and the Employee Share Scheme Administrator will sell the ANZO shares held for that participant and use the sale proceeds towards repayment of the Loan.

Employee Share Scheme Acquisitions will or may result in the Employee Share Scheme Administrator, the Manager or the Eligible Employees increasing their voting control of ANZO.

The percentage of voting securities at any time held or controlled by the Employee Share Scheme Administrator and the Manager as a result of the Employee Share Scheme has not exceeded 1% of the total voting securities on issue.

Information on the maximum percentages of voting securities that may be held or controlled by the Employee Share Scheme Administrator or the Manager (and their Associates) after any Employee Share Scheme Acquisition is set out below. Further information on the maximum percentage of voting securities that may be held by the Employee Share Scheme Administrator or the Manager (and their Associates) after the Combined Transactions is set out below.

Disclosure of numbers and percentages of Voting Securities

Pre-emptive Arrangements

The number of voting securities that have been acquired by the AMPCI Parties under the Pre-emptive Arrangements, the percentage of voting securities on issue that are held or controlled by the AMPCI Parties, and the potential maximum percentages of voting securities that could be held or controlled by the AMPCI Parties after the Pre-emptive Acquisitions are as follows:

Exempted person	Number of voting securities that have been acquired under the Pre-emptive Acquisitions	% of voting securities on issue that are held or controlled	% of all voting securities on issue that are held or controlled with Associates	Maximum % of all voting securities on issue that could be held or controlled after the Pre-emptive Acquisitions	Maximum % of all voting securities on issue that could be held or controlled with Associates after the Pre-emptive Acquisitions
AMPCI Parties	Zero*	4.46**	24.486**	21.35***	21.411***

Note: The figure marked * is calculated on the basis that no voting securities in ANZO have been acquired under the Pre-emptive arrangements. The figures marked with a ** are calculated on the basis of the total holdings of voting securities in ANZO by the Combined AMPCI Parties as at 29 August 2011. The figures in this table marked with a *** are calculated on the basis that only the Corporatisation Transfer and the Pre-emptive Acquisitions occur.

**CORPORATE
GOVERNANCE
(CONTINUED)**
Fund Management Acquisitions

The potential maximum numbers and percentages of voting securities that could be held or controlled by the AMPCI Parties after the Funds Management Acquisitions are as follows:

Exempted person	Maximum % of all voting securities on issue that could be held or controlled as a result of Funds Management Acquisitions	Maximum % of all voting securities on issue that could be held or controlled with Associates as a result of Funds Management Acquisitions
AMPCI Parties	4.9000	24.961

Note: The figures in this table are calculated on the basis that only the Corporatisation Transfer and the Fund Management Acquisitions occur.

Employee share scheme acquisitions

The potential maximum numbers and percentages of voting securities that could be held or controlled by the Manager and the Employee Share Scheme Administrator as a result of the Employee Share Scheme Acquisitions are as follows:

Exempted person	Maximum % of all voting securities on issue that could be held or controlled as a result of the Employee Share Scheme Acquisitions	Maximum % of all voting securities on issue that could be held or controlled with Associates as a result of the Employee Share Scheme Acquisitions
Employee Share Scheme Administrator	1.0000	22.35
The Manager	1.0000	22.35
Total	1.0000	22.35

Note: The figures in this table are calculated on the basis that the Corporatisation Transfer and the Employee Share Scheme Acquisitions occur

Combined Transactions

The potential maximum numbers and percentages of voting securities that could be held or controlled at any time by the AMPCI Parties, the Employee Share Scheme Administrator, the Manager and the Employee Share Scheme Administrator and the Manager combined are as follows:

Exempted person	Maximum % of all voting securities on issue that could be held or controlled as a result of all transactions	Maximum % of all voting securities on issue that could be held or controlled with Associates as a result of all transactions
AMPCI Parties	24.9000	25.9000
Employee Share Scheme Administrator	1.0000	25.9000
The Manager	1.0000	25.9000
Employee Share Scheme Administrator and the Manager (combined)	1.0000	25.9000

Note: The figures in this table are calculated on the basis of the maximum percentages of ANZO voting securities that could be held at any time by the parties as a result of the Combined Transactions.

**CORPORATE
GOVERNANCE
(CONTINUED)**

NZX rulings and waivers

This section contains information required by NZX Markets Supervision Waiver Decisions.

NZX has granted, subject to a number of conditions, waivers from, and made rulings in respect of, the following Listing Rules in respect of ANZO:

- A waiver from Listing Rule 9.2, for any requirement for any acquisition of the Manager's interest in the Management Agreement pursuant to the right of any person (under the Management Agreement) who acquires 50% or more of ANZO shares, to be approved by an ordinary resolution of shareholders under Listing Rule 9.2.1. This waiver is conditional on the terms and conditions of the Management Services Agreement not being materially altered as part of such transactions, unless any such alterations are approved by an ordinary resolution of shareholders under Listing Rule 9.2 or otherwise made in accordance with any waiver granted by NZX.
- A waiver from Listing Rule 3.3, to the extent required, to permit:
 - the Manager to appoint up to 2 directors, and those directors to be excluded from the obligation to retire pursuant to Listing Rule 3.3.11;
 - any shareholder holding 15% or more of ANZO shares (15%+ Shareholder) to appoint 1 director, even if that shareholder is an associate of the Manager, and any such director to be excluded from the obligation to retire pursuant to Listing Rule 3.3.11;
 - any director appointed by the Manager to be excluded from the number of Directors upon which is based the calculation of the number of directors required to retire under Listing Rule 3.3.11.

This waiver is conditional on the following:

- a majority of the directors must be independent of the Manager;
- the chairperson of the board (and any meeting of the board) must be a director who is independent of the Manager;
- in the event of an equality of votes on a matter before the board, the chairperson of the meeting may exercise a casting vote;
- no 15%+ Shareholder who has exercised a right to appoint a director shall have the right to vote on the election of other directors;
- any director appointed by a 15%+ Shareholder must be included in the number of directors upon which is based the calculation of the number of directors required to retire under Listing Rule 3.3.11,

provided that the first four of these conditions will not apply if the Manager elects not to appoint any directors pursuant to the Management Agreement (and removes, or procures the resignation of, any directors appointed by it pursuant to the Management Agreement).

- A waiver from Listing Rule 9.2, for any requirement for the amendment to the Management Agreement to include a third tier in the base management fee, to be approved by an ordinary resolution of shareholders under Listing Rule 9.2.1.
- Various other waivers were granted to ANZO in connection with the “corporatisation” from a unit trust to a company, and these waivers are available on ANZO's website: www.anzo.co.nz.

SHAREHOLDER INFORMATION

Twenty largest ANZO shareholders as at 29 August 2011.

Rank	Shareholder	No. of shares	% of shares
1.	Haumi Company Ltd	198,524,814	19.91
2.	Accident Compensation Corporation	95,266,225	9.55
3.	HSBC Nominees (New Zealand) Ltd	45,500,975	4.56
4.	FNZ Custodians Ltd	39,374,706	3.95
5.	Premier Nominees Ltd – Onepath Wholesale Property Securities	35,637,292	3.57
6.	Investment Custodial Services Ltd	34,996,799	3.51
7.	BT NZ Unit Trust Nominees Ltd	25,393,152	2.55
8.	Private Nominees Ltd	24,191,673	2.43
9.	Custodial Services Ltd	23,434,681	2.35
10.	National Nominees New Zealand Ltd	16,485,314	1.65
11.	AMP Investments Strategic Equity Growth Fund	14,479,630	1.45
12.	MFL Mutual Fund Ltd	12,196,483	1.22
13.	Forsyth Barr Custodians Ltd	10,438,795	1.05
14.	New Zealand Superannuation Fund Nominees Ltd	10,136,158	1.02
15.	JPMorgan Chase Bank NA	9,708,227	0.97
16.	Custodial Services Ltd	9,253,765	0.93
17.	Custodial Services Ltd	7,247,637	0.73
18.	Mint Nominees Ltd	7,238,419	0.73
19.	Citibank Nominees (New Zealand) Ltd	7,177,245	0.72
20.	Cogent Nominees (NZ) Ltd	6,889,555	0.69
	Total	633,571,545	63.54

Distribution of ANZO shares and shareholders as at 29 August 2011.

Size of shareholding	No. of Shareholders	%	Number of shares	%
1 to 1,000	129	1.7	91,210	0.01
1,001 to 5,000	821	10.8	2,729,782	0.27
5,001 to 10,000	1,267	16.68	9,616,604	0.96
10,001 to 100,000	4,945	65.08	155,885,270	15.64
100,001 and over	436	5.74	828,746,928	83.12
Total	7,598	100	997,069,794	100

**SHAREHOLDER
INFORMATION
(CONTINUED)**
Substantial security holders as at 29 August 2011.

Security holder	No. of Shares	%	Date of notice
AMP Capital Investors (New Zealand) Ltd ¹	247,559,910	24.829	22.07.2011
Accident Compensation Corporation	88,994,004	8.92	02.11.2010
ING (NZ) Ltd	59,414,955	5.95	01.10.2010

¹ AMP Capital Investors (New Zealand) Ltd's substantial security holder notice includes the 198,524,814 ANZO shares of Haumi Company Ltd.

The total number of voting securities on issue as at 29 August 2011 was 997,069,794.

ANZO's website (www.anzo.co.nz) contains a summary of all NZX waivers granted and published by NZX within or relied on by ANZO within the 12 month period preceding the date 2 months before the date of publication of this annual report.

ANZO donated \$1,000 to the Red Cross during the year to 30 June 2011.

Details of director's interests in ANZO shares as at 29 August 2011.

Director	No. of Shares
Graeme Horsley	310,000
Don Huse	50,000
Graeme Wong	50,000

The following interest register entries were recorded for ANZO and its subsidiaries for the year.
Anthony Beverley

Director of Property for Industry Ltd
 Director of P.F.I. Property No.1 Ltd
 Director of P.F.I. Property No.2 Ltd
 Director of P.F.I. Property No.3 Ltd
 Director of P.F.I. Property No.4 Ltd
 Director of P.F.I. Property No.5 Ltd
 Director of P.F.I. Property No.6 Ltd
 Director of Carbon Systems (NZ) Ltd
 Director of Marlborough Lines Ltd
 Director of Southern Lines Ltd
 Director of AMP Haumi Management Ltd

Graeme Horsley

Director of Graeme Horsley Ltd
 Director of Salter Investments Ltd
 Director of Hoiho Management Company Ltd
 Chairman of Ngati Whatua o Orakei Corporation Ltd
 Director of Trust Investments Management Ltd
 Director of ING Medical Properties Ltd
 Director of Willis Bond Capital Partners Ltd
 Director of Willis Bond General Partner Ltd
 Director of Orakei Retirement Care Ltd
 Director of Orakei Management Services Ltd
 Director of Corporate Property Investments Ltd
 Director of Richard Waddel Investments Ltd
 Director of Tamaki Retirement Care Ltd
 Director of Tamaki Management Services Ltd
 Director of Ministry of Education Governance Board –
 School Properties
 Additional Member of the High Court – Land Valuation
 Proceedings

**SHAREHOLDER
INFORMATION
(CONTINUED)**
Interest register entries (continued)
Don Huse

Director of Cavalier Corporation Ltd
 Director of OTPP New Zealand Forest Investments Ltd
 Director of OTPP Forests (No 1) Ltd
 Director of OTPP Forests (No 2) Ltd
 Director of Southern Cross Airports Corporation Holdings Ltd
 Director of Southern Cross Airports Corporation Pty Ltd
 Director of Sydney Airport Corporation Ltd
 Director of Sydney Airport Finance Company Pty Ltd
 Director of Sydney Airport RPS Company Pty Ltd
 Director of Transpower Finance Ltd
 Director of Transpower New Zealand Ltd
 Trustee of Karori Sanctuary Trust (Inc)
 Trustee of South Auckland Health Foundation

Mohamed Ahmed Darwish Al Qubaisi

Director of Haumi Company Ltd
 Director of Haumi Development Auckland Ltd
 Director of AMP Haumi Management Ltd

Craig Stobo

Director of A H Stobo Ltd
 Director of OCG Consulting Ltd
 Director of Stobo Group Ltd
 Director of SouthWest Trustees Ltd
 Director of Elevation Capital Management Ltd
 Director of Saturn Portfolio Management Ltd
 Director of Saturn Invest New Zealand Ltd
 Director of Appello Services Ltd
 Director of Legend Terrace Ltd
 Director of The Great Pinot Noir Company Ltd
 Director of Broadview Financial Management Ltd
 Director of Broadview Nominees Ltd
 Director of BioMarine Ltd
 Adviser for Retail Holdings Ltd
 Adviser for Cressida Capital Ltd

Mark Verbiest

Director of Bear Fund NZ Ltd
 Director of Southern Cross Medical Care Society
 Consultant for Simpson Grierson
 Director of Activa Health Ltd
 Director of Southern Cross Health Services Ltd
 Trustee of Southern Cross Health Trust
 Member of Financial Markets Authority
 Member of Board of Trustees of the Government
 Superannuation Fund Authority (managed by Annuitas
 NZ Ltd)
 Director of Freightways Ltd
 Chairman of Willis Bond Capital Partners Ltd
 Director of Willis Bond General Partner Ltd
 Chairman of Transpower New Zealand Ltd

Graeme Wong

Director of Totara Island Farms Ltd
 Director of Jaguar Nominees Ltd
 Director of Silver Earth Nominees Ltd
 Chairman of Harbour Asset Management Ltd
 Director of Glaisnock Ltd
 Director of Kaihiku Dairy Farm Ltd
 Director of Paretai Dairy Farm Ltd
 Director of Mt Acernus Holdings Ltd
 Director of Clyde Court Ltd
 Director of Areograph Ltd
 Director of Areograph Simulation Ltd
 Director of Areograph Holdings Ltd
 Director of Areograph Nominee Ltd
 Director of NZ Farming Systems Uruguay Ltd
 Director of Radius Lint Ltd
 Director of Henry Wong Ltd
 Director of Tourism Holdings Ltd
 Director of Wong & Company Supermarket Ltd
 Director of Kaihiku Rural Properties Ltd
 Director of Kaihiku 2010 Ltd

REMUNERATION REPORT

Report on the remuneration of the ANZO Directors, the Manager and Management

Remuneration of ANZO Directors

The remuneration of ANZO directors was established by the Remuneration Committee having reference to remuneration paid to directors of comparable New Zealand listed entities. As part of the corporatisation of ANZO, a cap of \$450,000 per annum on director remuneration was established. The actual fees paid are below this cap and vary according to the responsibilities and committee participation of each independent director.

The Board policy is for Directors' remuneration to increase annually in line with inflation and to be reviewed every two years to ensure that it remains at market levels to attract and retain high quality independent directors.

Only independent directors have received remuneration from ANZO for their services as directors.

	Role	Paid in period	Annualised remuneration
Craig Stobo	Board Chairman Nominations Committee Chairman	\$121,525	\$130,000
Don Huse	Independent Director Audit and Risk Committee Chairman	\$53,333	\$80,000
Graeme Horsley	Independent Director Due Diligence Committee Chairman	\$73,478	\$70,000
Graeme Wong	Independent Director Remuneration Committee Chairman	\$46,667	\$70,000
Total		\$295,003	\$350,000

Fees paid to Craig Stobo and Graeme Horsley in the period include fees paid by AHML in relation to the period prior to corporatisation on 1 November 2010.

From time to time the board may establish further subcommittees to consider specific issues or transactions. Membership of these committees may result in additional fees being payable at a rate of \$250 per hour.

Remuneration of the Manager

The roles, responsibilities and remuneration of the Manager are determined by the Management Services Agreement between ANZO and the Manager. The table below sets out the various services provided by the Manager and details the fees paid for those services in the period.

Fee	Fee basis	Service provided	Amount in period
Base management services fee	0.55% on the Value of Investment Property to \$1 billion. 0.45% on the Value of Investment Property between \$1 billion and \$1.5 billion. 0.35% on the Value of Investment Property above \$1.5 billion.	Day to day management of ANZO to deliver on the Board approved business plans, budgets and strategies.	\$5.8 million
Performance fee	10% of quarterly outperformance of ANZO against the NZX Property Index (excluding ANZO). Limited to a cap of 0.125% of ANZO's opening market capitalisation.	Investment outperformance. The performance fee provides strong alignment between the interests of ANZO shareholders and the Manager by rewarding superior performance and linking the returns of the Manager and ANZO shareholders.	\$2.0 million

**REMUNERATION
REPORT
(CONTINUED)**

Fee	Fee basis	Service provided	Amount in period
Leasing fees – new leases	<p>In accordance with Clause 1 of Schedule 3 of the MSA:</p> <p>a) A minimum fee of \$2,500 per lease.</p> <p>b) For leases with an annual rental of less than \$100,000, a fee equivalent to two months' rental.</p> <p>c) For leases with a term of less than 3 years, 12% of the annual rental.</p> <p>d) For leases with a 3 year term, 13% of the rental.</p> <p>e) For leases with a term exceeding three years, 13% of the annual rental plus 1% for each year or part thereof, up to a maximum of 20% of annual rental.</p> <p>f) Incentive fees ranging from 150% to 300% of the standard scale; only payable where competing market opportunities include incentive fees.</p>	<p>Leasing of vacant space comprising annual rental of \$13.3 million for a weighted average term of 13 years.</p> <p>ANZO engages the Manager and external agents to lease vacant space.</p> <p>Where both the Manager and an external agent are involved, any fee payable to an external agent reduces the fee payable to the Manager so that the total fee payable by ANZO is no greater than the agreed scale of fees.</p> <p>If the fee payable to an external agent is equal to or exceeds the Manager scale of fees, no fee is payable to the Manager.</p> <p>During the year, ANZO and the Manager agreed that fees payable for relocations of existing customers would be based on the additional term certain secured.</p> <p>The scale of leasing fees paid to the Manager is consistent with the scale of leasing fees paid to external agents. Fees paid by ANZO to external agents during the year totalled \$3.01 million.</p> <p>During the year no incentive fees were payable by ANZO to the Manager.</p>	\$1.25 million
Leasing fees – renewals	<p>In accordance with Clause 2 of Schedule 3 of the MSA.</p> <p>A fee of 50% to 100% of the leasing fee for new leases.</p> <p>The Board of ANZO has applied judgement to determine the fair and reasonable fee payable for lease renewals. Broadly, the Board has determined that the following guidelines should apply:</p> <p>a) 50%: where a client exercises its renewal option in accordance with the lease agreement.</p> <p>b) 75%: where a client renegotiates the terms of the lease resulting in new documentation, but for a term materially consistent with the existing renewal term.</p> <p>c) 100%: where a client renegotiates the terms of the lease and where that negotiation results in a new term materially greater than the existing renewal term.</p>	<p>Lease renewals over space comprising annual rental of \$5.9 million for a weighted average term of 9.3 years.</p>	\$1.0 million

**REMUNERATION
REPORT
(CONTINUED)**

Fee	Fee basis	Service provided	Amount in period
Development management fees	In accordance with Clause 6 of Schedule 3 of the MSA. A fee of 2.5% of the total development cost excluding land cost, incentives, marketing, and finance costs.	Development management fees paid in the period relate to the redevelopment of the ANZ Centre with a total project cost forecast at \$76 million and a development programme scheduled to be complete in mid 2013. Overall management of the development includes co-ordination of design, construction contract tendering, management of risks, appointment of consultants.	\$0.475 million paid in the year. Further fees of \$1.375 million are payable on achievement of certain project milestones through to practical completion.
Acquisition and sale of properties	In accordance with Clause 5 of Schedule 3 of the MSA. A fee of 1% of the purchase price or other consideration to be provided by the purchaser. A reasonable cost recovery fee on unsuccessful acquisitions based on "time in attendance" using a reasonable hourly rate and capped at \$40,000 per acquisition.	During the year the Chews Lane, Wellington property was sold at a 3.3% premium to book value. Managing the sale or purchase including instruction of agents, valuers and lawyers and coordination of due diligence.	\$nil. The Manager agreed not to charge a fee in relation to the Chews Lane sale. No fees were charged in relation to unsuccessful acquisitions.
Rent review fees	In accordance with Clause 3 of Schedule 3 of the MSA. a) Where the rent does not increase because of a ratchet clause, an administration fee of \$1,000 will only be payable at Board discretion. b) Open market reviews: 3% of the annual gross rental or 10% of the rental increase achieved.	The Manager managed the rent review process for reviews totalling annual rental of \$7.825m. The balance of rent reviews were managed by external agents.	\$0.06 million.

Management Expense Ratio

The management expense ratio for ANZO for the year ended 30 June 2011 is 0.72% (0.56% excluding performance fee). This has been calculated as follows:

	\$M
Base management fee	5.8
Performance fee	2.0
Audit, Trustee and Directors	0.4
Other Expenses	1.0
Total management expenses	9.2
Average total property assets	\$1,276.8
Management expense ratio	0.72%
Management expense ratio – excluding performance fee	0.56%

Management expenses include \$7.8 million of fees payable to the Manager.

Other fees paid to the Manager outside of management expenses total \$2.785 million as detailed above.

REMUNERATION REPORT (CONTINUED)

Management remuneration

Management remuneration is not an expense of ANZO as management are engaged by the Manager and paid out of the fees paid to the Manager described above. However, the Board of ANZO believes that it is important for shareholders to understand the structure of management remuneration as it is an important determinant of management retention, motivation and alignment between management and shareholders. The disclosures set out below have therefore been made by the Manager on a voluntary basis in the interests of providing maximum transparency for ANZO shareholders.

Under the Management Agreement, the Board of ANZO must be consulted on management remuneration.

Remuneration of the CEO and CFO comprises base salary, short term incentive payments ("STI") and long term incentive payments ("LTI"). The CEO and CFO receive a market based base salary which also includes a superannuation contribution equivalent to 10%.

STI scheme

STI payments are payable at the discretion of the Board of the Manager and are based on management achieving certain operational objectives including, but not limited to: ANZO earnings targets; portfolio objectives of occupancy and WALT; treasury and capital management; major leasing initiatives; client satisfaction; Manager earnings targets and staff management objectives.

LTI scheme

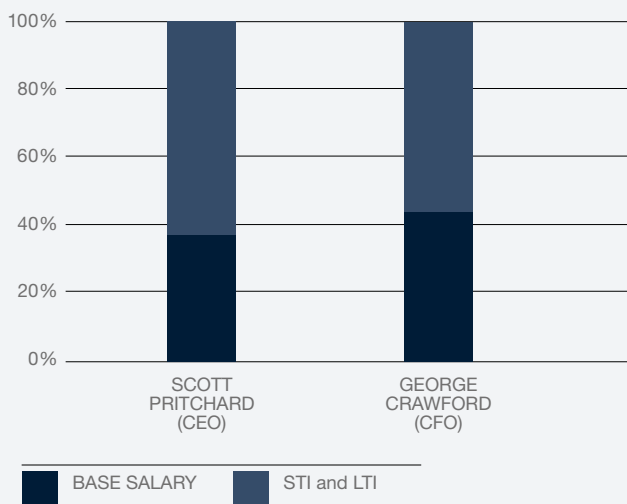
The Manager operates an LTI scheme under which the CEO and CFO are granted shares in ANZO, which are held in trust and vest on the third anniversary of the grant subject to their continuing employment. The amounts of the grants made under the LTI scheme are determined at the discretion of the Board of the Manager and are generally based on the performance fee earned by the Manager.

The Board of ANZO considers that the LTI scheme strongly aligns management with the interests of shareholders through the performance fee mechanism and through the LTI scheme grants comprising shares in ANZO. For the year ended 30 June 2011, the CEO received an LTI allocation of \$350,000 and the CFO received an LTI allocation of \$210,084.

As a result of the LTI allocations during the year and previous allocations, the CEO holds a beneficial interest in 521,331 shares and the CFO holds a beneficial interest in 318,659 shares.

The chart below demonstrates the split of executive remuneration between fixed pay and "at risk" or performance related remuneration. This shows that the majority of management remuneration is dependent on performance, and of this a significant portion is aligned with shareholders' returns through the LTI scheme.

DISTRIBUTION OF ANNUAL REMUNERATION



This annual report of AMP NZ Office Ltd is dated 14 September 2011 and is signed on behalf of the board by:

CRAIG STOBO
Chairman

DON HUSE
Director