



AMP NZ Office Trust

Interim Result – FY2007

(For Six Months ending 31 December 2006)

February 9, 2007



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Highlights

- Strong unit holder returns
- Solid revenue, earnings and distribution growth
- Successful acquisition
- Stronger capital base - balance sheet enhanced
- Positive operating environment and market demographics
- Current and prospective rent reviews offering strong upside
- Attracting new tenants, achieved higher occupancy and retention rates
- Conservative forward lease expiry risk, cash flows enhanced
- Valuation outlook attractive
- Established strong platform for future EPU, DPU and NTA growth
- Positive reporting and regulatory (tax) environment initiatives



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Net Profit and Operating Performance

- **Operating Profit (before tax) – Distributable Profit**
 - up 10.3% to \$18.87m yoy
 - EPU up 7.7% to 3.90 cpu yoy
- **Operating Profit delivered off active revenue and expense management**
 - Rental Revenue up 12.3% to \$51.5m yoy
 - Like for like portfolio Rental Revenue up 6.3% yoy
 - Like for like portfolio Direct Expenses up only 1.9% yoy
- **Key performance drivers**
 - new investment contributions (Mayfair House, No.1 The Terrace, AXA Centre)
 - rent reviews completed: +28.1% average increase
 - high tenant retention rate and fewer vacancy voids
 - higher average occupancy
 - operating expense containment
- **IFRS Net Profit**
 - up 11.3% to \$14.97m (after non-cash adjustments – see IFRS note)



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Distributions and Policy

➤ Distributions

- FY07 2nd qtr DPU 1.892 cpu, up 2.27% yoy
- Interim period (six mths) DPU 3.784cpu, up 2.27% yoy

➤ Upward revision of FY07 distribution

- DPU increase from 7.63cpu to 7.76cpu announced in Dec 06
- results in a 4.0 % yoy increase in full year DPU to 7.76cpu
- increase to be paid in 3rd and 4th quarters
- projected annual DPU growth rate revised upward to *minimum* of 2.5%

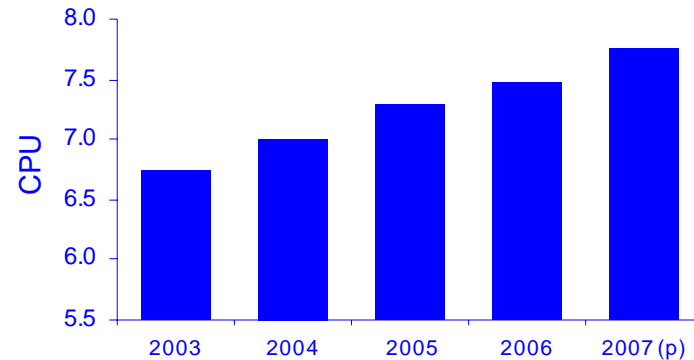
➤ Distribution policy aligned to strategic objective

- sustainable distribution growth
- payout ratio range: 90% - 110% of earnings
- reserve not intended to exceed \$6.0m

➤ Distributions are gross and unimputed (note PIE regime)

➤ Confident of future distributions being in line with or exceeding past growth

Distributions - Actual/Projected





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Balance Sheet* (as at 31 Dec 2006)

- **Total assets up 5.5% or \$56.3m to \$1,070m**
 - \$39.5m acquisition of AXA Centre
 - IFRS recognition of tax losses of \$3.3m and fair value of SWAPS of \$4.4m
 - assets not revalued for interim result
- **Total liabilities up 23.4% or \$93.3m to \$492m**
 - IFRS recognition of deferred tax - depreciation of \$65.9m and deferred tax revaluations of \$26.2m
 - Debt to total assets: 28.4% (Trust Deed limit 50%)
 - \$195m bank debt capacity until 40% management limit
 - 87% of floating debt fixed with an average hedge duration of 5.0 years
- **Equity down 5.9% to \$581.9m**
 - Decline largely due to net IFRS adjustments (see asset and deferred tax adjustments above)
 - \$40m of new equity issued in Dec at \$1.11 per unit, 1.77% discount to market.
 - \$5,000 Unit Purchase Plan underway
- **NZ IFRS NTA \$1.08 per unit**
 - Adjusted NZ IFRS NTA down 0.8% to \$1.12 due to December 06 equity issuance.

*Movements calculated in comparison to 30 June 2006 financial year end. Bank debt covenants exclude NZIFRS deferred tax liabilities. Additional IFRS explanatory notes in memorandum located on ANZO website. Note: As at 31 December 2006 units on issue total 516,814,665 or 620,332,432 fully diluted for MCN conversion on 30 June 2007



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Reporting and Regulatory Initiatives

- **International Financial Reporting Standards (IFRS)**
 - new standards adopted 1 July 2007
 - ANZO is first NZ LPT to adopt IFRS
 - IFRS will not impact: cash flows, distributable profit, debt covenants
 - IFRS explanatory memorandum on ANZO's website: www.anzo.co.nz

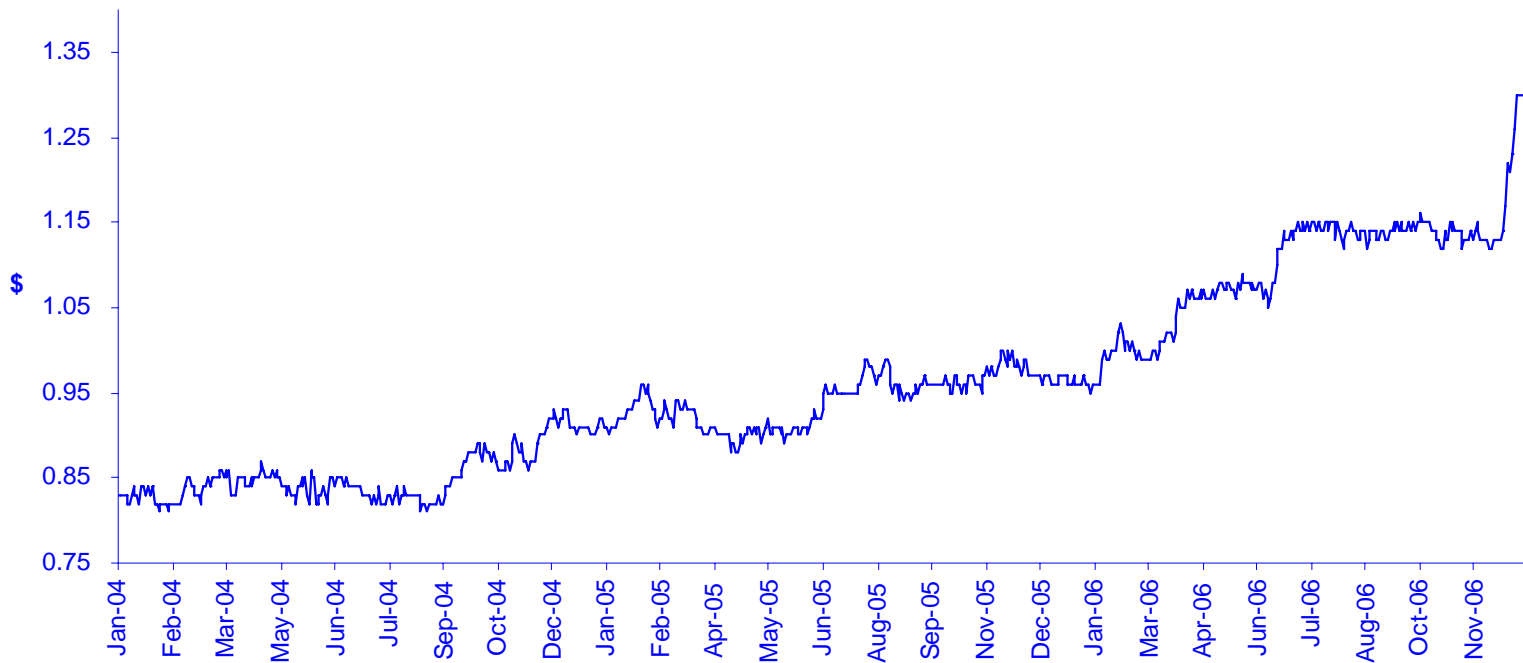
- **Portfolio Investment Entity (PIE) legislation passed**
 - ANZO likely to qualify as a PIE effective 1 October 2007
 - Removes some tax inequities between direct and indirect property investment
 - Most investors taxed at their marginal tax rate
 - Net returns enhanced by depreciation deductions passing through to most investors
 - Capital gains derived from ANZO pass through investors tax free
 - Recent unit price appreciation partially a result of the improved future benefits of PIE



Returns

- Total return: 43.6% (12 months to 31 December 2006):
- Total return: 17.8% (6 months to 31 December 2006)

Unit Price (1 Jan '04 onwards)





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Portfolio Overview and Performance.....

Pricewaterhouse Coopers Tower



IAG House



Quay Tower



ANZ Centre



State Insurance Tower



HP Tower



Mayfair House



Vodafone on Quay



No.1 The Terrace



125 The Terrace



Pastoral House



AXA Centre



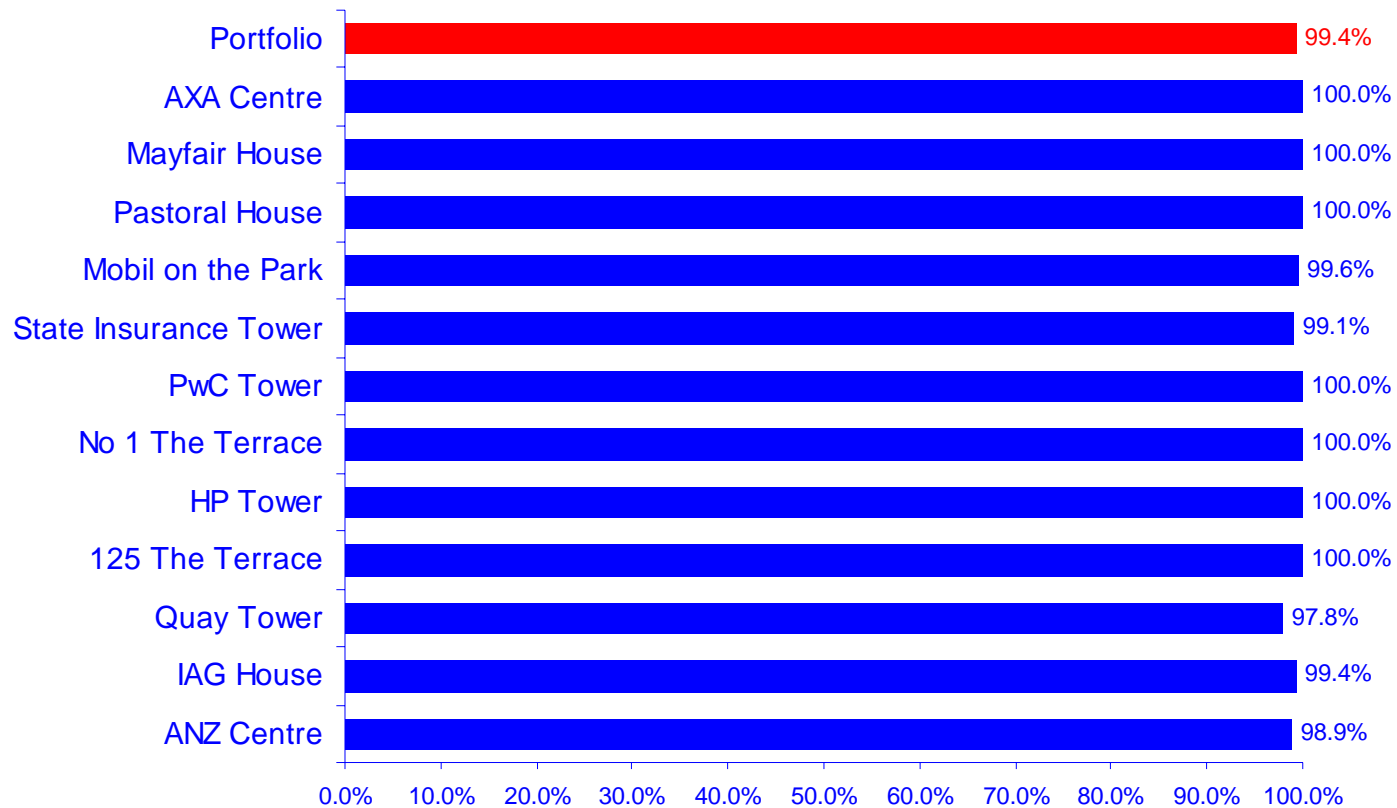
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High Quality Portfolio

- ANZO is New Zealand's leading CBD office investor
- Advantaged portfolio with distinctive market leadership position
- Excellent / strategic locations and favourable market demographics
- 12 predominantly prime and A-grade assets
- Attractive high quality tenant covenants, long lease terms
- Total assets of \$1.07 billion, average market cap rate of 7.8%
- Geographical portfolio split*: 51% Auckland, 49% Wellington
- Total net lettable area: 230,573sqm
- 210+ tenants
- 2,496 car parks

Portfolio Occupancy

➤ Portfolio occupancy 99.4% (99% June 06)





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Leasing Activity Review

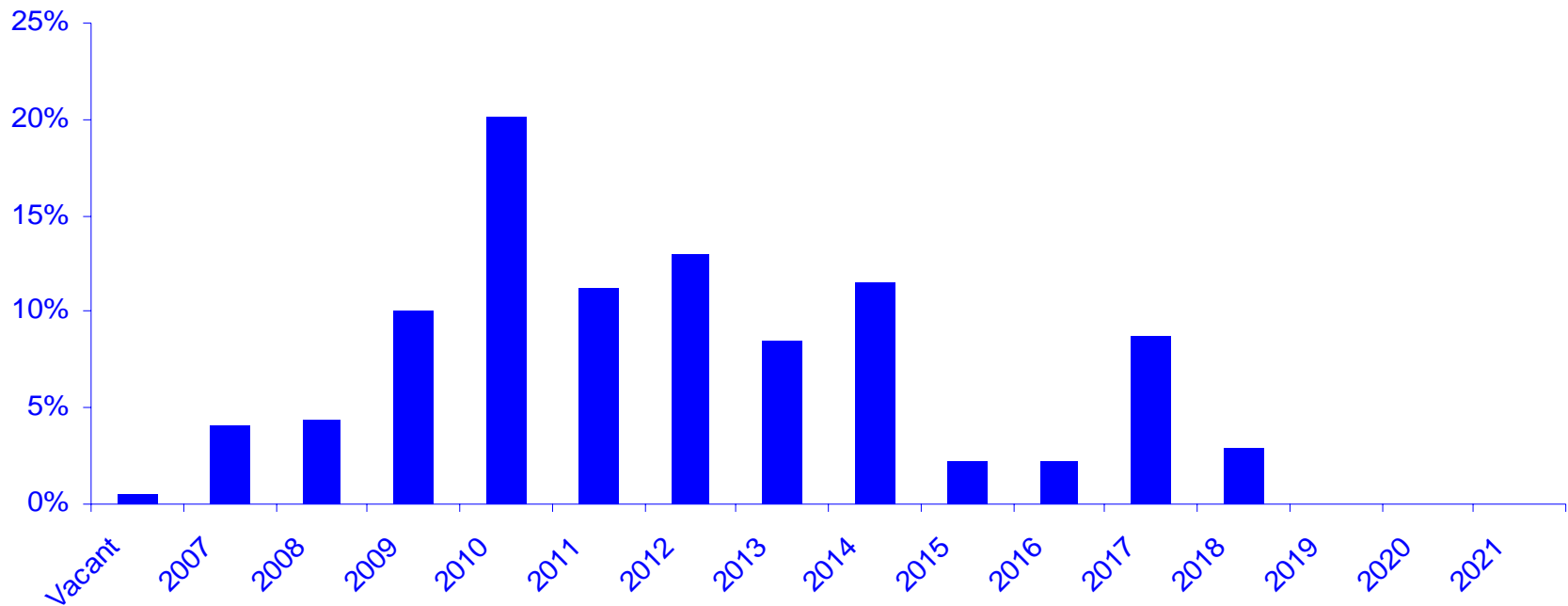
- High quality properties foster maximum demand, high retentions and lower vacancy rates
- Tenant demand is discriminating in favour of ANZO
- Virtually no incentives
- 16 new leases (5,085sqm)
- 7 renewals (8,061sqm)
- Tenant retention: 100% (>90% annually for past four years)
- 12 new tenants secured
- Remaining vacancy represents 100-450sqm “pockets”



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Lease Expiry Profile

- Weighted average lease term 5.2 years (5.7yrs June 06)
- Low risk forward expiry profile (see chart below - % total NLA)
 - less than 10%pa of NLA expiring during next 2.5 years





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Rent Reviews

- High quality properties commanding superior rents
- Through cycle record rents established in Auckland and Wellington
 - Wellington: \$522/sqm gross
 - Auckland: \$525/sqm net
- 22 rent reviews completed: ave. increase 28.1% or \$1.7m annualised uplift
- 42 reviews to be undertaken during remainder of financial year
- Portfolio >7.1% under-rented (as at 30 June 06), offering solid upside
 - Wellington portfolio = >9.0% under-rented
 - Auckland portfolio = >5.0% under-rented
 - further growth in market rents during the interim period has improved under-renting / growth opportunity
- 63,000sqm and 51,000sqm subject to rent review during FY08 and FY09 respectively

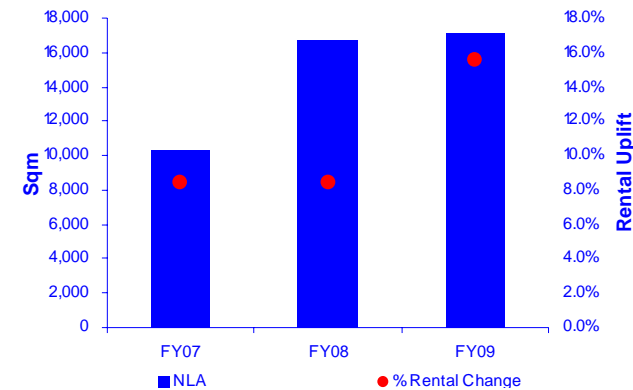


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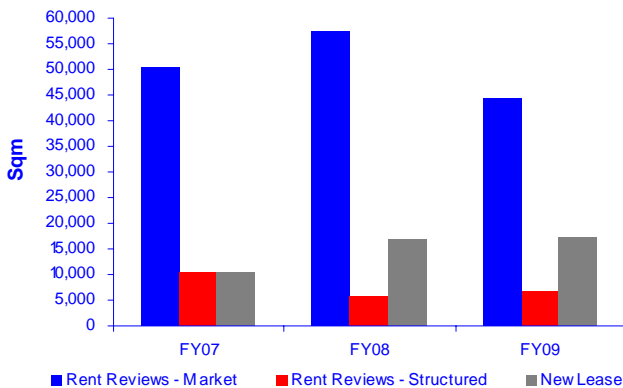
Near Term Lease Events

- Excellent underlying growth opportunity
- Rent reviews provide strong upside
- New lease rents provide upside
- High retentions, lower voids - upside

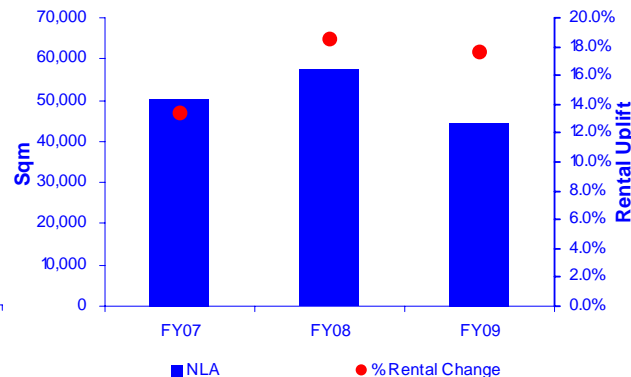
New Leases - Net Lettable area/ % uplift in rental



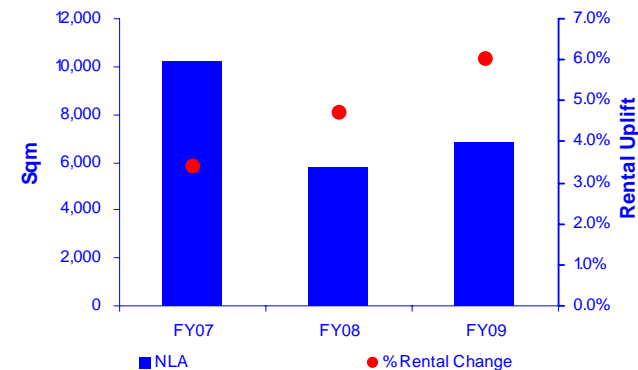
Portfolio Lease Events FY07 - FY09



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



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

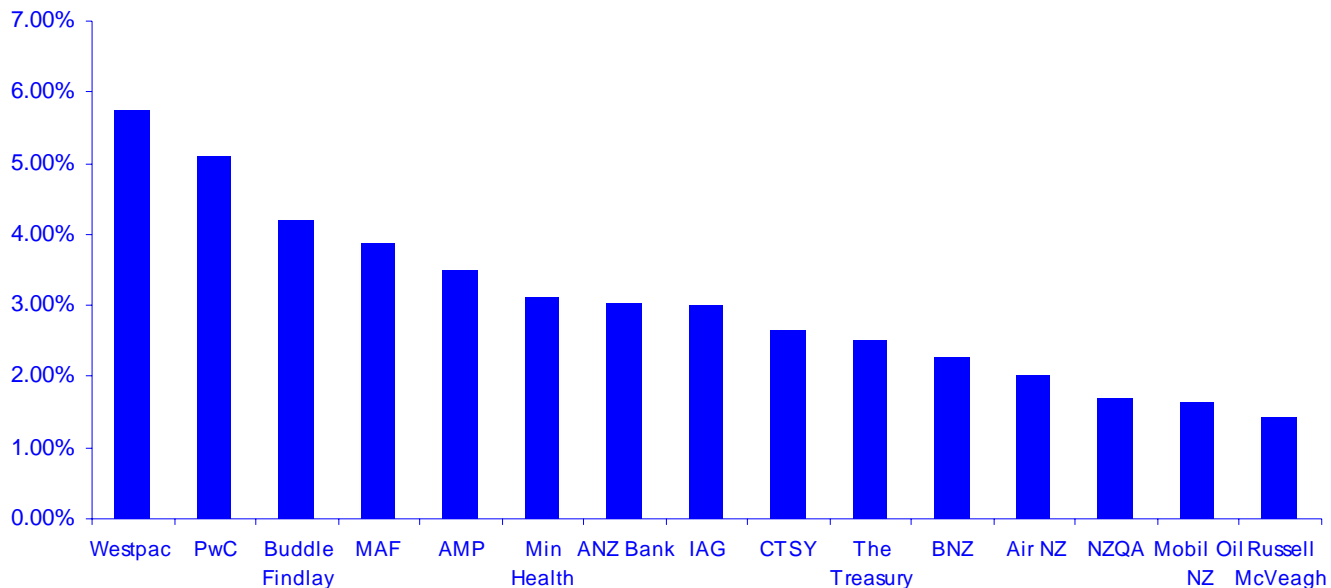




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Superior Tenant Covenant

- Top 15 Tenants = 45.8% of portfolio net income
- Government sector = 24% of total portfolio NLA
- Government sector = 41% Wellington portfolio NLA
- “Sticky” tenants, stable cash flows





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Recent Investment Activity

➤ AXA Centre

- \$39.5m acquisition
- A-grade building in strong location
- 100% occupancy
- 7.14% 12mth running yield increasing to in excess of 9% over 3 years
- 11.7% projected 5yr average annual total return
- 19.4% under-rented
- 3.7 year WALT
- High quality institutional and quasi-governmental tenants
- Opex savings being achieved: these synergies expected to increase valuation performance





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Office Investment Markets

- **Market conditions positive**
 - economic environment neutral to positive
 - unemployment low, recruitment positive
 - funds flow and investment trends: very positive
 - equity vs debt: navigating the capital decision

- **Property market fundamentals continue to assert themselves**
 - vacancy at historical lows
 - tenants continue to migrate to higher quality buildings
 - real rents are c.15%-20% lower than 15 years ago...affordability factor relatively high
 - rental growth and recent yield compression (re-rating) sustainable
 - valuation environment favourable
 - total return benchmarks vs yield accretion: growth playing greater role
 - scarcity and demand are underpinning a resilient market

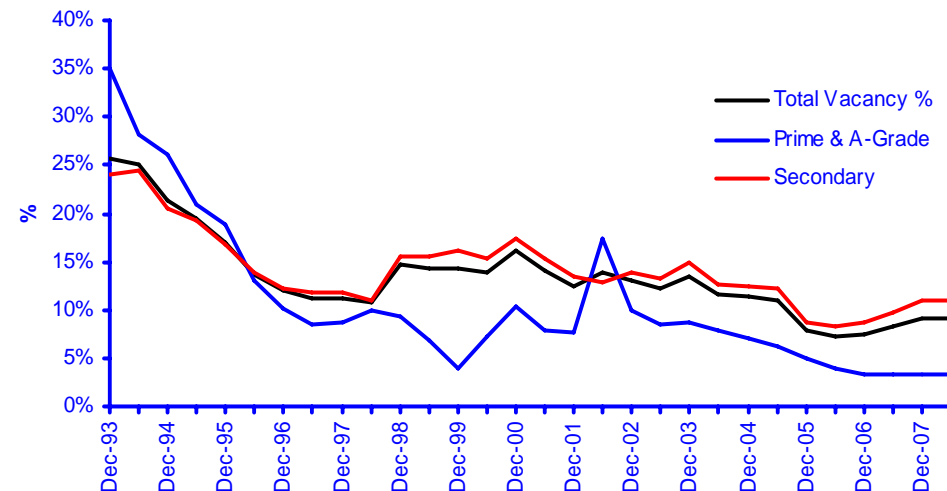
- **Accessing investment grade stock remains key challenge**
 - PIE is likely to re-rated property market
 - initial yields are low (market is under-rented)
 - accretive (initially) acquisitions challenging



Office Markets - Auckland

- Vacancy close to historical lows
 - vacancy broadly unchanged
 - Current (Top 10 buildings): 8,304sqm or 3.6%
 - Current (total mkt): 73,000sqm or 7.8%
 - '08 forecast (Top 10): 7,070sqm or 2.8%
 - '08 forecast (total mkt): 107,448sqm or 10.5%
- Core CBD Absorption
 - 20,000sqm in last six months
- Strong market share
 - core CBD favouring landlords
 - ANZO premium market share 45%
- Medium term development supply
- Positive rental growth outlook
- Investment yields firming

Historic and Projected Office Vacancy Rates - Auckland CBD

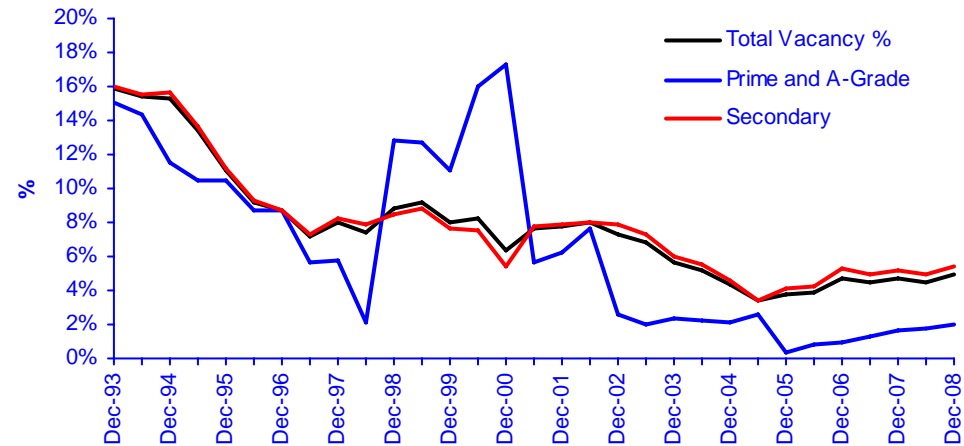




Office Markets - Wellington

- **Vacancy close to historical lows**
 - vacancy broadly unchanged
 - Current (Top 7 buildings): c.1% or 1,200sqm
 - Current (total mkt): 52,454sqm or 3.7%
 - '08 forecast (Top 7): 2,900sqm or 4.7%
 - '08 forecast (total mkt): 55,455sqm or 5.0%
- **Strong market share**
 - ANZO premium market share 69%
- **Gov't sector still strong**
- **Medium term development risk**
 - CentrePort: capacity now reduced and limited
 - Others
- **Positive rental growth forecast**
 - market is under-rented
 - market fundamentals favour landlords

Historic and Projected Office Vacancy Rates - Wellington CBD





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Investment Case

- High quality assets in strong locations
- High occupancy and tenant covenant
- Under-rented portfolio
- Long lease term
- Low expiry profile
- High tenant retention rate
- Strong market share



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Investment Case

- Minimised interest rate risk
- Superior access to capital
- Established distribution reserve
- Investments are performing well
- Market favouring landlords
- Only NZX listed investor exclusively focussed on commercial office in NZ



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Outlook and Key Priorities

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





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