

>> AMP NZ OFFICE TRUST

>> INTERIM REPORT 2010

FOR THE SIX MONTHS TO DECEMBER 2009



AMP NZ
OFFICE
TRUST

Key Events

- »» Reviews of ANZO's fee structure and governance model to enhance alignment with unit-holders
- »» Rental revenues 7.8% higher
- »» Distributable profit up 18.5%
- »» Full-year gross distribution remains on track for 2.0% growth over 2009
- »» Gearing ratio of 21.7% - one of the lowest in the Australian and New Zealand listed property sectors
- »» Lease expiries for remainder of financial year now down to 1.6% of portfolio area
- »» Tax reform proposals have created uncertainty around all property investments

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Overview

In reviewing ANZO's performance for the six months to 31 December 2009 – and its prospects for the short to medium term – many of the positive outcomes are tempered with a note of caution.

While ANZO continues to benefit from substantial growth in rental revenues, this growth owes more to what has taken place in the market over past years than the current environment.

The 18.5% increase in interim distributable profit is a pleasing result; however, the full-year distributable profit is expected to be approximately level with the previous year.

The market environment is undoubtedly a tough one, with tenants taking a cautious approach and vacancy rates and incentives on the rise.

During a downturn it is apparent that tenants see the “stay put” option (remaining in their current premises) as a prudent and logical decision. This is borne out by the fact that ANZO's lease expiries have been reduced from 11.4% at the beginning of the financial year to just 1.6%. There is also evidence of new leases being implemented, with ANZO recently signing the second-largest lease agreement in the Trust's 12-year history. Furthermore, based on the understanding of our tenants' needs, ANZO's management believes the vacancy outlook for New Zealand's key CBD office markets is not as daunting as some commentary has indicated.

Other noteworthy events addressed in this report include the recommended changes announced by the Tax Working Group (which have created uncertainty amongst investors with a consequential effect on the listed property sector).

In October 2009, the Board announced the imminent reviews of ANZO's corporate structure and governance model and its management fee structure. The reviews were conducted to ensure the interests of unit-holders and those of management are fully aligned.

An update on the reviews of ANZO's governance structure and management fees is included as part of this report.

Financial Performance

Key Financial Statistics

	31 DEC 2009 (\$ MILLION UNLESS OTHERWISE STATED)	31 DEC 2008 (\$ MILLION UNLESS OTHERWISE STATED)	% CHANGE
Rental revenue	70.32	65.24	7.8%
Total revenue	70.41	65.48	7.5%
Operating profit before indirect expenses	52.51	48.77	7.7%
Operating profit before taxation	37.65	30.07	25.2%
Net operating profit after current taxation – ANZO's distributable profit	32.10	27.09	18.5%
Net profit (loss)	(27.76)	(4.97)	(458.4)%
Earnings per unit based on operating profit before current taxation	3.77	4.37	(13.7)%
Earnings per unit based on net operating profit after current taxation (ANZO's distributable profit)	3.22	3.94	(18.3)%
Total gross distribution for interim period (cents per unit)	3.528	4.192	(15.8)%
Total net distribution for interim period (cents per unit)	3.022	3.663	(17.5)%
Adjusted NTA ¹	\$0.96	\$1.59	
NTA	\$0.91	\$1.34	
Gearing ratio at balance date	21.7%	28.7%	

¹ Adjustment refers to the exclusion of deferred tax in revaluation gains, which is not payable in New Zealand as ANZO is on capital account for income tax purposes.

Commentary

Higher rental revenues, in combination with lower interest costs and asset management fees, were the key drivers of the 18.5% increase in ANZO's distributable profit for the interim period.

ANZO's rental revenues for the six months to 31 December 2009 were 7.8% higher, at \$70.32 million, as a result of continued positive rent review outcomes, new leases and lease renewals.

Interest costs for the six months were down \$3.22 million or 24.3% to \$10.03 million, following the partial repayment of bank debt last financial year.

Asset management fees were 14.2% lower, due to reduced portfolio values. As previously advised, the management fee applicable to 21 Queen Street has been reduced by 50% to reflect the slower-than-expected leasing progress in this property, with this arrangement being subject to review in September this year.

ANZO's net operating profit after current taxation – the profit available for distribution to investors – was \$32.10 million, showing a \$5.01 million increase over the previous interim period.

In ANZO's view (along with those of virtually all of New Zealand's listed property entities) distributable profit is the most relevant indicator of profit. NZ IFRS accounting standards require that net profit after tax (NPAT) must now include a number of non-cash adjustments – some of which will never crystallise.

ANZO has recorded an unrealised net loss of \$27.76 million for the six months, including the interim portfolio revaluation announced in December 2009 (see Portfolio Revaluation section), which resulted in a net decline of \$63.12 million¹, as well as a gain in the fair value of ANZO's interest rate swaps. This unrealised loss under NZ IFRS does not affect the profit available for distribution to investors.

The financial statements on page 11 reflect the fact that effective 1 July 2009 NZIAS 1 (revised 2007) requires ANZO to present a Statement of Comprehensive Income rather than an Income Statement. This new statement required all non unit-holder changes in equity to be deducted from profit (loss) after tax to reflect a total comprehensive income (loss) after tax attributable to unit-holders. At 31 December 2009 there were no non-unit-holder changes in equity, resulting in the profit (loss) after tax being the same as total comprehensive income (loss) after tax attributable to unit-holders.

Unit-holder Returns

ANZO unit-holders have received a net second-quarter distribution of 1.523 cents per unit plus imputation credits of 0.241 cents per unit. Total gross distributions for the six months have been 3.528 cents per unit. This is lower than at the same time last year but consistent with the rebasing of distributions announced in May 2009. Importantly, as noted elsewhere in this report, ANZO's full-year gross distribution for the current 2010 financial year remains on track for 2.0% growth.

The total return (income yield and change in unit price) for the six months has been 12.5%.

¹ Includes capital expenditure of \$2.9 million for the six-month period.



Portfolio Revaluation

ANZO's normal practice is to carry out an annual portfolio revaluation at the end of its financial year on 30 June. However, the effects of the global financial crisis have required more frequent revaluations across most asset classes to maintain a current and transparent view of values.

An interim valuation of ANZO's portfolio as at 31 December 2009 showed a decrease of \$60.20 million^{2,3} or 4.32% over the six months since 30 June 2009, bringing the total portfolio value to \$1.33 billion. However, the rate of decline in valuations has decelerated in the last 12 months. A notable feature of the interim revaluation was a relative stabilisation of the capitalisation rates used by valuers. The weighted average market capitalisation rate adopted by the valuers across ANZO's portfolio remained essentially unchanged at 8.08%. The main drivers of the valuation decline were lower effective market rents, extended periods for re-leasing vacant space, and weaker rental growth expectations.

ANZO's next scheduled revaluation will occur as part of its financial year-end reporting as at 30 June 2010.

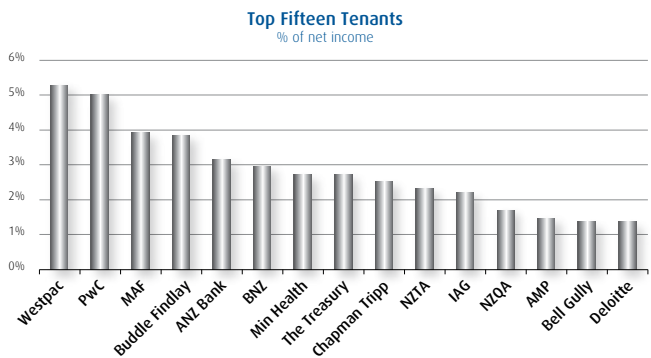
Statement of Financial Position

Effective 1 July 2009, NZ IAS 1 (Revised 2007) requires ANZO for statutory purposes to rename the Balance Sheet to Statement of Financial Position.

ANZO's gearing ratio remains one of the lowest in the Australian and New Zealand listed property sectors, at 21.7% as at 31 December 2009, compared with the loan covenant ratio of 40%. The interest cover ratio for the 12-month period ending 31 December 2009 was a healthy 3.13 times, compared with a covenant of 2 times.

ANZO's net tangible asset backing (NTA) per unit as at 31 December 2009 under NZ IFRS was \$0.91 per unit. The adjusted NZ IFRS NTA (after reversing deferred tax on revaluation gains, which ANZO is not required to pay under current New Zealand tax law) was \$0.96 per unit.

A conservative balance sheet is considered sensible in the context of continued valuation instability. However, ANZO's Board and



2 Before allowing for capital expenditure of \$2.9 million.

3 Also taking into account ANZO's redevelopment of 21 Queen Street in Auckland, which reached practical completion during the interim period.



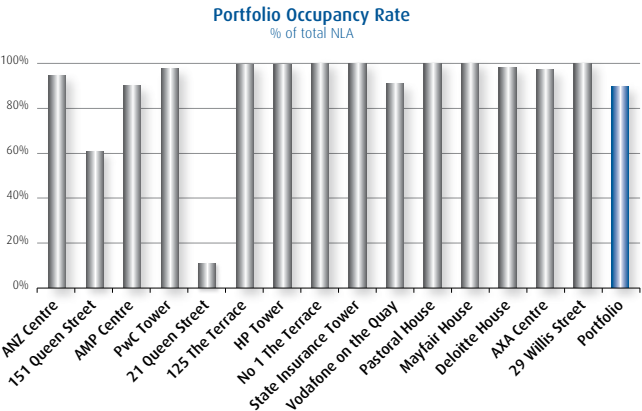
Management is not averse to a return to previous gearing levels of approximately 30 – 33%, subject to three conditions being satisfied:

- Consistent growth in macro-economic indicators.
- Stabilised credit markets and lending conditions.
- A stabilised valuation environment.

A higher gearing level could come about through various capital management initiatives and investment opportunities as they present themselves, assuming ANZO's investment criteria can be met.

As at 31 December 2009, ANZO had 98.0% of its bank debt fixed through the use of interest rate swaps at a weighted average interest rate of 8.05% (inclusive of margin and line fees). The weighted average duration of swaps was 4.9 years. The level of fixed debt is expected to reduce to 92-95% by the end of the financial year.

Opportunities to reduce the overall cost of capital are beginning to emerge as credit market conditions ease, and ANZO's management will continue to explore options to achieve longer tenure and greater diversification of funding.



Portfolio Operations

Portfolio occupancy at 31 December 2009 was relatively steady at 89.9%, with a weighted average lease term (WALT) of 4.5 years.

The majority of the portfolio continues to enjoy high occupancy and solid levels of lease renewals.

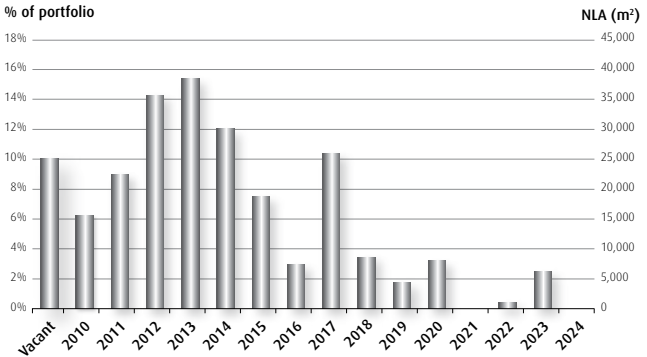
Relocation decisions are few and far between in the current market, and 21 Queen Street has unfortunately been delivered at a time when the number of tenants with the willingness to commit to new premises is very low, with many opting to renew in their current premises.

However, renewals are typically for three-year terms, meaning these tenants will be reconsidering their options in as little as 18 months.



It is also worth noting that, although tenants are proceeding slowly and with caution, there has been a definite increase in tenant engagement.

Lease Expiry Profile



Note: Since balance date, ANZO's lease expiries have reduced to 1.6%

During the six months, ANZO's asset managers secured seven new leases and eight lease renewals. Fifty-one rent reviews were also carried out, resulting in an average net increase over the previous contract rents of 24.5%.

Post-balance date, ANZO has announced the second-largest lease transaction in the Trust's 12-year history, with the Department of Corrections, an existing tenant, signing a new six-year lease for more than 12,000 sqm⁴ – the majority of the space in Wellington's Mayfair House. This has increased ANZO's weighted average lease term (WALT) from 4.5 to 4.6 years, and reduced the lease expiry profile to 1.6% for the 2010 Financial Year.

A decision has also been taken to market five individually-titled retail units in Wellington's Chews Lane precinct for sale by tender.

These were acquired by ANZO in 2008 as part of a larger purchase in the Chews Lane precinct, which was led primarily by the opportunity to acquire the office space, (comprising 80% of the area) and was fully leased for 15 years to a government tenant. However, the retail space in general is not a core investment for ANZO.

The units are in a price range that is popular with small to medium investors and family trusts, making them more "liquid" than ANZO's other investments.

ANZO will initially use the sale proceeds to repay bank debt. This will have a neutral effect on earnings and gearing will remain essentially unchanged.

ANZO also owns a further 11 retail units in the Chews Lane precinct at 50 Victoria Street. These are integrated with an office component to form a single building, with ANZO as sole owner, and are not part of the sales process.

4 Subject to Cabinet approval.



Outlook

As mentioned earlier in this report, ANZO's distributable profit for the full year to 30 June 2010 is expected to be approximately level with the previous year.

Looking further ahead, growth in unit-holder distributions will be contingent on factors such as:

- Achieving leasing targets for 21 Queen Street.
- Improving occupancy across the portfolio and market.
- The proposed tax changes being considered by the Government.

ANZO's management is working to a conservative set of assumptions and better-than-expected outcomes are a possibility, certainly in relation to the first two factors. Improving portfolio occupancy from 89.9% to the historic average of 95% or above will have a direct benefit on profitability.

While the near-term environment is challenging, the right signals are starting to emerge in terms of macro-economic indicators, credit market conditions and tenant engagement. Tenants are well aware that favourable lease terms can be negotiated in times such as these, and this – along with those who see an opportunity to migrate up the quality chain from secondary buildings, or move into the CBD from the fringe – can easily provide a catalyst for increased activity.

Compared with previous recessions, the amount of vacant space to be absorbed is relatively low.

ANZO's strategy of investing in high-quality properties, with a tenant roll that includes leading national and international corporates and government departments, remains sound. Just four of ANZO's 220 tenants have defaulted since the beginning of the recession.

ANZO's immediate focus remains on vigorously leasing vacant space in 21 Queen Street and elsewhere in the portfolio.

At the same time, the Board and management are acutely aware of both the potential impact of the Government's proposed tax reforms, and the need to enhance unit-holder alignment (see separate sections in the following pages).

As this is my last official review of the Trust before I leave ANZO, I want to take the opportunity to thank investors for your support over the years. I have been chief executive of ANZO for a decade now and it has been a stimulating journey for me. I leave you in the solid and experienced hands of the management team and Board. The Trust starts a new phase in its life over the coming months, and for the most part I will be overseeing the transitional steps. Most importantly, the Trust's clear strategy for the future will see it in a strong position to perform for its investors.



Robert Lang
Chief Executive



Tax Working Group Recommendations

In January 2010, following a year-long process, the Tax Working Group presented its recommendations for reform of the New Zealand tax system.

Two of these recommendations were of particular concern to ANZO – the proposed removal of building depreciation and the introduction of a land tax. Other property investors have voiced their own objections to various aspects of the Tax Working Group's recommendations. Uncertainty arising from the recommendations had an immediate effect on the unit/share prices of New Zealand's listed property sector (and is also believed to have contributed to a fall in the number of residential property sales in January).

A subsequent statement to Parliament by Prime Minister John Key in early February indicated that the Government had ruled out a land tax.

However, there was less detail about the Government's intentions around building depreciation, with this topic to be addressed in May's Budget.

In a worst-case scenario, whereby the depreciation allowance on buildings is fully abolished, ANZO's prospective after-tax distributable profit (the profit available for distribution to investors) for the coming 2011 financial year would be reduced by approximately 8-10%.

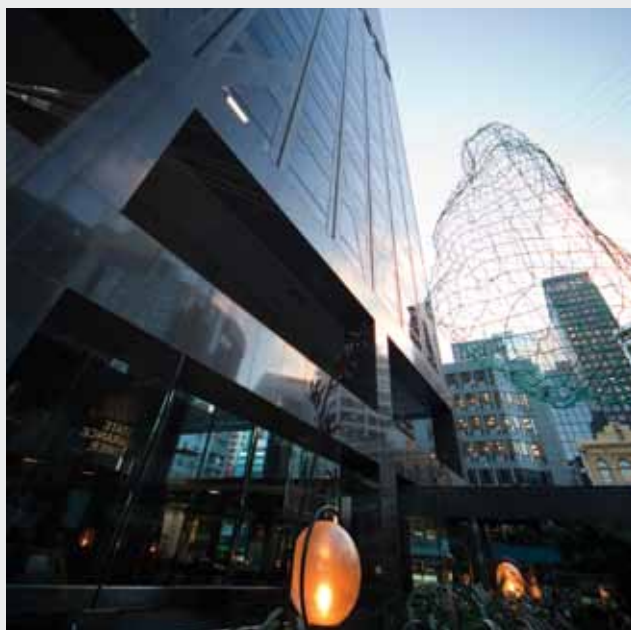
In a statement from the Board of ANZO's manager, AMP Haumi Management Limited, chairman Craig Stobo noted the potential impact on investors, who depend on regular income from their investments.

He also cautioned that New Zealand's ability to attract capital from overseas investors would be diminished by new taxes.

Meanwhile, the Property Council – which represents New Zealand's commercial, industrial, retail, property funds and multi-unit residential property owners, investors and managers – has commissioned two expert reports.

Both highlighted the approach to depreciation taken by other OECD countries and New Zealand's major trading partners, with KPMG commenting: "We believe a clear distinction needs to be drawn between the residential rental sector and the commercial and industrial property sector."

ANZO's manager and the Property Council are involved in direct discussions with the Government.



Governance and Fee Reviews

In October 2009, the AMP Haumi Management Limited Board announced two director-led reviews.

The reviews were initiated partly in response to feedback from unit-holders, and were discussed with those attending ANZO's annual meeting and investor presentations in Wellington and Auckland.

The outcome of the reviews was announced in February 2010 when the Board proposed significant changes to the governance and control of the vehicle for the benefit of unit-holders, to be approved by unit-holders by 30 June 2010. The changes include a proposed new corporate structure and governance model that clearly separates the interests of ANZO and the Manager and a management fee structure that strongly incentivises the Manager to deliver the best investment outcome for ANZO's investors.

The proposed corporate governance structure provides clear separation between the interests of the investment vehicle and those of the Manager, with strong alignment, greater transparency and separate governance and control over each. Key features include:

- A Board of directors including a majority of independent directors (including the chair), nominated and elected by shareholders, with control of and accountability for the governance and performance of the investment entity.
- A company structure subject to corporate law, NZX listing rules (including the Takeovers Code) and related investment/market regulation in the normal way.
- The company will remain subject to the rigorous disclosure and reporting requirements of listed entities.

ANZO will continue to benefit from the extensive experience and capability of AMP Haumi Management Limited under a robust external management contract. The contract will specify the role, responsibility and remuneration of the Manager, establish performance standards and delivery criteria, and will set out the provisions as to management tenure and change of manager.

The new management fee structure proposed – which would be retrospectively applied from 1 July 2009 – creates clear and transparent incentives for the Manager to act in the best interests of all investors in ANZO by introducing an at risk component that rewards superior investment performance, links the returns of the Manager and unit-holders more closely, and strengthens incentives to optimise the asset portfolio. Key features include:

- A base fee of 0.55% for the first \$1 billion of investment properties and 0.45% thereafter.
- A performance fee of 10% of outperformance of the company over other NZX listed property vehicles, with an out-performance cap of 5% above the performance hurdle.

The changes mark the beginning of a new era for ANZO.

Chief Executive Rob Lang, after 10 years of leading the management team at ANZO, has announced his resignation from the Trust, although he will remain with ANZO to see through the successful transition to the new governance and fee structures by the end of June this year.

The Board recognises that Rob Lang has made a tremendous contribution to ANZO during his tenure. He has provided high quality leadership to the business and has positioned ANZO strongly as an internationally recognised REIT (real estate investment trust) that is on track to create further value for investors for years to come.

The Board will conduct an international recruitment process to identify an appropriate successor during the transition period.

Listing Rule Waivers

Waivers from the following NZSX Listing Rules were either granted and published by NZX within, or relied upon by ANZO during, the 12-month period preceding the date two months before the publication of this annual report:

- Listing Rules 3.1.1(a), 3.3, 3.4 and 3.5 (granted at the time of the original listing of ANZO in December 1997).
- Listing Rule 4.5.10 (in connection with certain pre-emptive rights arrangements over units in ANZO).
- Listing Rule 4 (in connection with the acquisition of ANZO units by the AMP Investments' Tracker Fund and AMP Superannuation Tracker Fund).
- Listing Rule 9.2.1 (in connection with the \$201.3 million Rights Issue undertaken by ANZO in June this year).

A full description of each of the above waivers is available on ANZO's website, www.anzo.co.nz

Transfer of Office of Manager and Joint Venture

New Zealand Exchange Limited (NZX) requires the following information to be included in this report.

UNIT-HOLDER TRANSACTIONS

On 19 February 2008, Haumi Company Limited in its capacity on behalf of the general partner of "Haumi Company Limited and Company" (a special partnership which had not then been formed) (HCL) acquired 19.9% of the units in ANZO. In addition, on that date Haumi Development Auckland Limited in its capacity on behalf of the general partner of "Haumi Development Auckland Limited and Company" (a special partnership which had not then been formed) (HDAL) acquired 50% of the shares in AMP Multiplex Management Limited (now called AMP Haumi Management Limited), the Manager of ANZO. The other 50% of the shares in the Manager are held by AMP Capital.

AMP Capital and HDAL also entered into a joint venture agreement in relation to the operation and management of the Manager and ANZO. In addition, AMP Capital, HCL and HDAL entered into a specified rights deed which sets out the pre-emptive rights granted by HCL to AMP Capital in respect of units in ANZO held or controlled by HCL.

The special partnerships contemplated above were ultimately not formed, and ANZO understands that deeds of novation have been entered into under which HCL's and HDAL's rights and obligations are now held in their capacity as general partner on behalf of the Haumi (NZ) Limited Partnership and the Haumi Development Limited Partnership (respectively).

The number of units which is the subject of the pre-emptive rights is 198,524,814, being HCL's unit-holding as of 12 March 2010.

NZX granted the following waivers to AMP Capital in respect of the pre-emptive rights granted by HCL:

- (a) a waiver from certain content requirements in Listing Rule 4.5.2 in respect of the Restricted Transfer Notice given by AMP Capital in relation to the pre-emptive rights; and
- (b) a waiver from the requirement under Listing Rule 4.5.10 to provide Restricted Transfer status reports on the condition that ANZO discloses a summary of the joint venture arrangements between AMP Capital, HDAL and HCL regarding HCL's ANZO unit-holding in each yearly and half yearly report of ANZO as disclosed in the Restricted Transfer notice as given by AMP Capital. This summary can be viewed at www.anzo.co.nz

Financial Statements



AMP NZ OFFICE TRUST

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2009

\$000	Notes	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Revenue				
Gross rental income		70,318	65,243	133,377
Interest income		91	239	340
Total revenue		70,409	65,482	133,717
Direct expenses				
Operating profit before indirect expenses		52,506	48,770	100,033
Audit fees		31	55	105
Trustee fees		78	73	144
Asset management fees		4,373	5,099	9,809
Interest expense		10,026	13,249	25,956
Other expenses		344	220	830
Total indirect expenses		14,852	18,696	36,844
Operating profit before income tax		37,654	30,074	63,189
Non-operating income (expenses)				
Realised gain (loss) on swap cancellation		-	-	(9,907)
Unrealised net change in value of investment properties		(63,119)	-	(248,301)
Impairment (loss) on development properties		-	-	(34,446)
Unrealised interest rate swap gain (loss)		2,965	(39,678)	(19,718)
Total non-operating income (expenses)		(60,154)	(39,678)	(312,372)
Net profit (loss) before income tax		(22,500)	(9,604)	(249,183)
Income tax benefit (expense)				
Current tax	7	(5,558)	(2,987)	(4,004)
Deferred tax	7	302	7,620	60,344
Total income tax benefit (expense)		(5,256)	4,633	56,340
Net profit (loss) after income tax		(27,756)	(4,971)	(192,843)
Total comprehensive income (loss) after income tax attributable to unit-holders	8	(27,756)	(4,971)	(192,843)
Earnings per unit (cents)				
Basic and diluted earnings per unit	9	(3)	(1)	(27)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009

\$000	Notes	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Equity at the beginning of the period				
Net profit (loss) after income tax		977,375	1,023,653	1,023,653
Total recognised earnings for the period		(27,756)	(4,971)	(192,843)
Distributions				
Distributions to unit-holders		(28,255)	(26,725)	(48,503)
Total distributions		(28,255)	(26,725)	(48,503)
Other movements				
Units issued	9	-	-	201,263
Unit issue costs	9	(39)	-	(6,195)
Total other movements		(39)	-	195,068
Equity at the end of the period		921,325	991,957	977,375

The accompanying notes form part of these Financial Statements.

AMP NZ OFFICE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

\$000	Notes	UNAUDITED AS AT 31 DECEMBER 2009	UNAUDITED AS AT 31 DECEMBER 2008	AUDITED AS AT 30 JUNE 2009
Current assets				
Cash at bank		9,279	2,520	1,519
Trade debtors		2,708	310	626
Leasing fees		1,067	943	938
Prepayments and other current assets		1,750	1,622	3,278
Provision for current tax		-	-	1,433
Total current assets		14,804	5,395	7,794
Non-current assets				
Leasing fees		3,486	3,281	3,757
Deferred tax - fair value of swaps		3,684	10,562	4,573
Investment properties	4	1,334,150	1,570,386	1,327,850
Development properties	5	-	82,992	64,404
Other non-current assets		512	-	-
Total non-current assets		1,341,832	1,667,221	1,400,584
Total assets		1,356,636	1,672,616	1,408,378
Current liabilities				
Short-term loan	3	-	242,500	-
Fair value of swaps		508	-	688
Provision for current tax		204	239	-
Other current liabilities		8,737	6,722	7,476
Total current liabilities		9,449	249,461	8,164
Non-current liabilities				
Term loan	3	273,000	195,000	266,000
Fair value of swaps		11,773	35,206	14,558
Deferred tax - depreciation		85,996	89,016	85,903
Deferred tax - property revaluations/impairments		55,093	111,976	56,378
Total non-current liabilities		425,862	431,198	422,839
Total liabilities		435,311	680,659	431,003
Equity				
Units		817,120	622,091	817,158
Retained earnings		104,205	369,866	160,217
Total equity	10	921,325	991,957	977,375
Total liabilities and equity		1,356,636	1,672,616	1,408,378

CONSOLIDATED STATEMENT OF CASHFLOWS

For the six months ended 31 December 2009

\$000	Notes	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Cash flows from operating activities				
Gross rental income		68,559	65,636	133,666
Interest income		91	239	340
Office property and other expenses		(13,990)	(20,103)	(39,210)
Other trust expenses		(4,714)	(4,996)	(10,539)
Loss on swap cancellation		-	-	(9,907)
Interest expense		(11,400)	(12,315)	(25,022)
Income tax		(3,921)	(2,572)	(5,261)
Net cash inflow (outflow) from operating activities	2	34,625	25,889	44,067
Cash flows from investing activities				
Development properties		(1,621)	(21,190)	(34,243)
Investment properties		(2,562)	(6,886)	(12,111)
Capitalised interest on development properties		(1,275)	(2,599)	(5,403)
Net cash inflow (outflow) from investing activities		(5,458)	(30,675)	(51,757)
Cash flows from financing activities				
Issue of units		-	-	201,263
Loan facility drawdowns		7,000	33,500	-
Loan facility repayments		-	-	(138,000)
Distributions to unit-holders		(28,255)	(26,725)	(48,503)
Offering costs	10	(152)	-	(6,082)
Net cash inflow (outflow) from financing activities		(21,407)	6,775	8,678
Net increase (decrease) in cash held		7,760	1,989	988
Cash at the beginning of the period		1,519	531	531
Cash at the end of the period		9,279	2,520	1,519

The accompanying notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2009

1. Statement of Accounting Policies

Reporting Entity

The unaudited interim financial statements presented are those of AMP NZ Office Trust and its subsidiaries (ANZO). ANZO is a unit trust created by a Trust Deed executed 13 November 1997 by AMP Capital Investors (New Zealand) Limited and the Trustee, Perpetual Trust Limited. ANZO is an issuer for the purposes of the Financial Reporting Act 1993.

ANZO's principal activity is investment in predominantly prime CBD office properties in New Zealand. ANZO is managed by AMP Haumi Management Limited.

Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. The unaudited interim financial statements have been prepared using New Zealand Dollar functional and reporting currency and have been rounded to the nearest thousand dollars (\$000).

These unaudited interim financial statements should be read in conjunction with the financial statements and related notes included in ANZO's Annual Report for the year ended 30 June 2009. There has been no change in accounting policies and all policies have been applied on a consistent basis with those used in the financial statements for the year ended 30 June 2009.

Significant Accounting Judgements, Estimates and Assumptions

In preparing the unaudited interim financial statements management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on ANZO when applying the accounting policies. Actual results may differ from the judgements, estimates and assumptions made by management.

Except as described below, the same accounting policies and methods of computation are followed in the interim financial statements as with the most recent annual financial statements.

ANZO has adopted the following new standards which are effective for the current reporting period:

NZ IAS 1 - Presentation of Financial Statements (revised). The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the Consolidated Statement of Changes in Equity, requiring 'non-owner changes in equity' to be presented separately from 'owner changes in equity'. All 'non-owner changes in equity' are required to be shown in a performance statement.

ANZO has elected to present one performance statement (the Consolidated Statement of Comprehensive Income). The interim financial statements have been prepared under the revised disclosure requirements.

NZ IAS 23 - Borrowing costs (revised). This standard has no material impact on ANZO.

NZ IFRS 8 - Operating segments. Refer to note 12 for further details on the impact of the adoption of this new standard.

2. Reconciliation of Net Profit (Loss) after Taxation with Cash Inflow (Outflow) from Operating Activities

\$000	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Net profit (loss) for the period	(27,756)	(4,971)	(192,843)
Add (less) non-cash items and non-operating items			
Unrealised net change in value of investment properties	63,119	-	248,301
Impairment (loss) on development properties	-	-	34,446
Unrealised interest rate swap gain (loss)	(2,965)	39,678	19,718
Deferred tax expense (benefit)	(302)	(7,620)	(60,344)
Movement in working capital			
Increase (decrease) in creditors	3,275	(1,300)	(2,873)
(Increase) decrease in debtors	(746)	102	(2,338)
Net cash inflow (outflow) from operating activities	34,625	25,889	44,067

3. Term Loan

ANZO has a cash advance facility with Bank of New Zealand (BNZ) and Westpac Banking Corporation (Westpac) for \$342,500,000 (31 December 2008: \$485,000,000). The maturity profile for the facility is as follows:

\$000	Maturity date	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Bank facility limit				
Bank of New Zealand	Oct 09	-	121,250	-
Westpac Banking Corporation	Oct 09	-	121,250	-
Bank of New Zealand	Nov 11	121,250	121,250	121,250
Westpac Banking Corporation	Nov 11	121,250	121,250	121,250
Bank of New Zealand	Jun 12	50,000	-	50,000
Westpac Banking Corporation	Jun 12	50,000	-	50,000
Total debt facility limit		342,500	485,000	342,500

AMP NZ OFFICE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2009

3. Term Loan (continued)

		UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
\$'000				
Bank facility drawn	Maturity date			
Bank of New Zealand	Oct 09	-	121,250	-
Westpac Banking Corporation	Oct 09	-	121,250	-
Bank of New Zealand	Nov 11	121,250	97,500	116,000
Westpac Banking Corporation	Nov 11	121,250	97,500	116,000
Bank of New Zealand	Jun 12	15,250	-	17,000
Westpac Banking Corporation	Jun 12	15,250	-	17,000
Total debt facility drawn		273,000	437,500	266,000

The entire facility is interest only. The loan facility contains a negative pledge obligation on ANZO and its subsidiary companies.

Interest rates charged on the facility are at the 90-day benchmark borrowing rate (BKBM rate plus a margin). As at 31 December 2009 the weighted average interest rate applying to these funds was 3.71% (includes margin), (December 2008: 6.45%). Through the use of interest rate swaps ANZO has as of 31 December 2009 effectively fixed the interest rate on \$267,500,000, being 98.0% (December 2008: \$359,500,000, 82.2%) of its total debt at a weighted average interest rate of 7.37% (includes margin) (December 2008: 7.44%). The weighted average term of the swaps was 4.9 years (December 2008: 5.1 years).

ANZO also pays a quarterly fee for the facility to BNZ and Westpac which is expensed on a straight line basis. ANZO also pays a facility agent fee to BNZ.

4. Investment Properties

		VALUATION 31 DECEMBER 2009	REVALUATION 31 DECEMBER 2009	ADDITIONS/ DISPOSALS	VALUATION 30 JUNE 2009	BOOK VALUE 31 DECEMBER 2008
\$'000						
ANZ Centre	CB Richard Ellis	177,500	(12,446)	(54)	190,000	224,422
151 Queen Street	CB Richard Ellis	73,400	(9,331)	231	82,500	106,512
AMP Centre	CB Richard Ellis	93,600	(7,507)	607	100,500	120,815
125 The Terrace	CB Richard Ellis	63,600	(769)	169	64,200	75,500
HP Tower	Colliers International	69,800	(711)	11	70,500	82,229
No.1 and 3 The Terrace	Colliers International	88,000	(2,244)	(6)	90,250	97,500
No. 3 The Terrace ¹	Colliers International	10,300	(100)	-	10,400	10,800
PwC Tower	Colliers International	225,000	(18,028)	28	243,000	300,019
Pastoral House	Colliers International	62,500	(1,519)	19	64,000	67,400
Vodafone on the Quay	CB Richard Ellis	99,900	(2,186)	86	102,000	121,996
State Insurance Tower	CB Richard Ellis	121,900	(1,041)	441	122,500	142,321
Mayfair House	Colliers International	34,000	(1,021)	21	35,000	39,800
AXA Centre	Colliers International	36,000	(2,264)	64	38,200	40,955
Deloitte House	CB Richard Ellis	52,100	(798)	98	52,800	62,367
Chews Lane	CB Richard Ellis	60,300	(1,711)	11	62,000	77,750
21 Queen Street ²	Colliers International	66,250	(1,443)	67,693	-	-
Market value (fair value) of properties		1,334,150	(63,119)	69,419	1,327,850	1,570,386

1 No 3 The Terrace relates to the value of the ground lease.

2 At 26 September 2009 21 Queen Street reached practical completion and was transferred from development properties into investment properties in accordance with NZ IAS 40.

5. Development Properties

	BOOK VALUE 31 DECEMBER 2009	TRANSFER TO INVESTMENT PROPERTIES	IMPAIRMENT 31 DECEMBER 2009	ADDITIONS /DISPOSALS	BOOK VALUE 30 JUNE 2009	BOOK VALUE 31 DECEMBER 2008
\$'000						
21 Queen Street ¹	-	(67,693)	-	3,289	64,404	82,992

1 At 26 September 2009 21 Queen Street reached practical completion and was transferred from development properties into investment properties in accordance with NZ IAS 40.

During the period, interest and finance charges of \$1,274,910 (December 2008: \$2,827,360) were capitalised to the development properties. ANZO had fixed the interest rate on \$34,000,000 of the development costs with interest rate swaps at 6.35% plus margin and line fee. On the balance of the development costs the effective interest rate that applied on a monthly basis varied depending on the prevailing market rate each month plus margin and line fee.

6. Related Party Transactions

For the six months ended 31 December 2009 the following arm's length related party transactions occurred:

Perpetual Trust Limited, as Trustee of AMP NZ Office Trust has a fee payable set at \$67,500 for six months (December 2008: \$67,500), and is payable in six-monthly in arrears. Supplemental fees of \$10,286 were paid during the six months (December 2008: \$5,000). An outstanding amount for ANZO of \$67,500 was payable to Perpetual Trust Limited at 31 December 2009 (December 2008: \$67,500).

Perpetual Trust Limited leases premises in AMP Centre. Total rent paid to ANZO during the six months was \$90,780 (December 2008: \$83,994). ANZO had an amount receivable from Perpetual Trust Limited of \$223 at 31 December 2009 (December 2008: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2009

6. Related Party Transactions (continued)

ANZO pays AMP Haumi Management Limited an asset management fee. The amount payable for the six months was \$4,373,075 (December 2008: \$5,099,088). An outstanding amount for ANZO of \$2,218,569 (December 2008: \$2,549,544) was payable to AMP Haumi Management Limited. At 31 December 2009 the 30 June 2009 fee review was still in progress. The fee charged for the six months to 31 December 2009 has been calculated on an interim basis at 0.65% of Gross Investment Assets. The outcome of the review will be retrospectively applied to 1 July 2009.

ANZO pays AMP Haumi Management Limited a leasing fee where AMP Haumi Management Limited has negotiated leases instead of a real estate agent. The amount paid for the year was \$271,547 (December 2008: \$53,820). No balance was outstanding at 31 December 2009 (December 2008: \$nil).

ANZO did not pay any acquisition or divestment fees to AMP Haumi Management Limited during the year to 31 December 2009 (December 2008: \$nil). No balance was outstanding at 31 December 2009 (December 2008: \$nil).

ANZO paid AMP Haumi Management Limited as development manager total fees for the six months of \$136,750 (December 2008: \$168,750). An outstanding amount for ANZO of \$108,750 was payable to AMP Haumi Management Limited at 31 December 2009 (December 2008: \$168,750).

ANZO received rental income from AMP Capital investors (New Zealand) Limited and AMP Financial Services Limited for premises leased in AMP Centre and HP Tower. Total rent received by ANZO during the period was \$3,062,669 (December 2008: \$2,583,165). As at 31 December 2009 an amount of \$11,221 was owing to AMP Capital Investors (New Zealand) Limited from ANZO (December 2008: owing to ANZO \$45,885).

No related party debts for ANZO have been written off or forgiven during the period (December 2008: \$nil).

7. Taxation

Major components of income tax expense are:

\$000	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Current tax benefit (expense)	(5,558)	(2,987)	(4,004)
Deferred tax benefit (expense)			
Unrealised loss (gain) on revaluations	1,285	722	56,320
Unrealised loss (gain) on swap revaluations	(890)	11,903	5,915
Depreciation	(93)	(5,005)	(1,891)
Total deferred tax benefit (expense)	302	7,620	60,344

8. Reconciliation of Distributable Surplus

ANZO's current distribution policy is to distribute 90-110% of its distributable profit. Distributable profit is net profit after tax before revaluations on investment properties, revaluations of derivative financial instruments, amortisation of landlord-owned incentives, fixed rental smoothing, deferred tax and other non-cash NZ IFRS adjustments.

\$000	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Profit (loss) after income tax	(27,756)	(4,971)	(192,843)
Unrealised net change in value of investment properties	(63,119)	-	(248,301)
Impairment (loss) on development properties	-	-	(34,446)
Realised gain (loss) on swap cancellation	-	-	(9,907)
Unrealised interest rate swap gain (loss)	2,965	(39,678)	(19,718)
Deferred tax benefit (expense)	302	7,620	60,344
Distributable profit	32,096	27,087	59,185

9. Earnings per Unit

Basic earnings per unit amounts are calculated by dividing net profit/change in net assets for the year attributable to ordinary unit-holders - excluding distributions to unit-holders of the parent - by the weighted average number of units outstanding during the year.

Diluted earnings per unit amounts are calculated by dividing the net profit/change in net assets attributable to unit-holders - excluding distributions to unit-holders - by the weighted average number of units outstanding during the year.

The following reflects the income and unit data used in the total operations basic and diluted earnings per unit computations:

\$000	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2009	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2008	AUDITED YEAR ENDED 30 JUNE 2009
Net profit (loss) after taxation basic and diluted earnings per unit	(27,756)	(4,971)	(192,843)
Weighted average number of units for basic and diluted earnings per unit	997,718	688,083	705,049

There have been no new securities issued subsequent to balance date that would affect the above calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2009

10. Equity

The total number of units outstanding as at 31 December 2009 are 997,718,478 (December 2008: 688,083,056)

11. Capital Commitments

As at 31 December 2009 ANZO had no outstanding capital commitments (December 2008: \$15,842,000).

12. Operating Segments

ANZO has adopted NZ IFRS 8 which is mandatory for the first time for the financial year beginning 1 January 2009. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. ANZO is internally reported as a single operating segment to the chief operating decision-maker hence no further changes to reportable segments have been made compared to previous segments reported under NZ IAS 14 Segment Reporting.

13. Events After Balance Date

On 3 February 2010 the Board approved the payment of a net cash distribution of 1.523 cents per unit (\$15,279,206 in total) to be paid on 25 February 2010.



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