



AMP NZ Office Trust

Interim Result – FY06

1 February 2006

Rob Lang - Executive Manager



Highlights

- Robust revenue and earnings growth
- Solid distribution growth
- Strong balance sheet
- Robust market conditions
- Successful acquisition
- Attracting new tenants
- Achieved higher occupancy and excellent tenant retention rates
- Forward expiry risk significantly reduced, cash flows enhanced
- Significant asset management “wins”
- Investments and projects performing well



Earnings

- Earnings up 4.0% to 17.1m
 - EPU down 5.2% to 3.62cpu (UPP and Placement impact)
 - adjusted earnings up 9.0% to \$17.9m after \$0.82m unrealised development margin (No.3 The Terrace)
 - adjusted EPU down 0.5% to 3.82cpu
- Revenue up 6.0% to \$46.9m
- Like for like direct expenses up only 2.9%
 - adjusting for Mayfair House, Pastoral House and leasing fees direct expenses up only 6.0 to \$13.0m
- Key earnings drivers – strong portfolio and asset management
 - Mayfair House acquisition contributed \$0.5m to net income
 - 26 rent reviews completed with an average increase of 15.5%
 - high tenant retention rate and fewer vacancy voids
 - higher average occupancy
 - favourable commercial office market conditions
- Distribution up 2.8% to 3.70cpu



Balance Sheet

- Total assets up 5.2% to \$886m
 - \$29.3m acquisition of Mayfair house
 - \$12.3m work in progress at No.3 The Terrace
 - no revaluations carried out during interim period
- Total liabilities 10.0% to \$294m (ex MCN)
 - Debt to total assets: 33.2% (Trust Deed limit 50%)
 - \$90m bank debt capacity until 40% management limit
 - 89% of floating debt fixed
 - Average hedge duration of 5.4 years
- Equity +3.4% to \$498m
 - \$15.7m unit purchase plan completed in September 2005 (65% investor take-up)
- NTA up 1.4% to \$1.018 per unit
- Strong balance sheet to fund growth



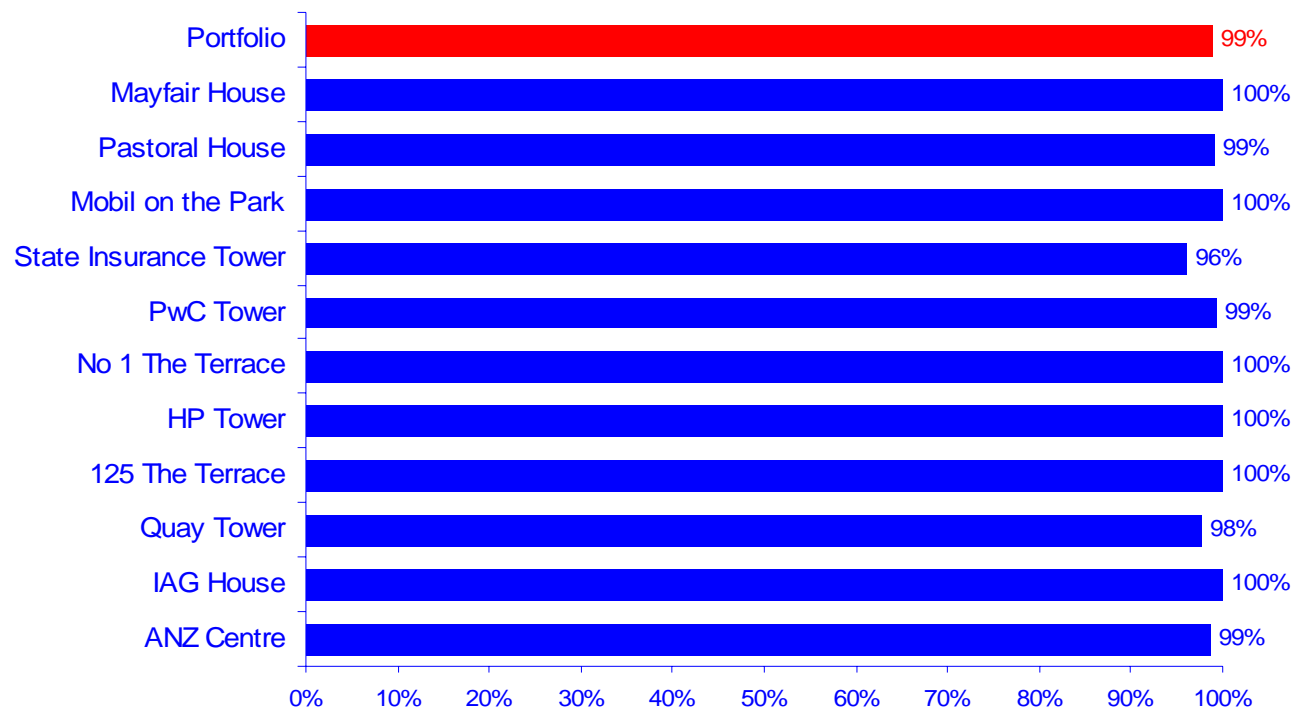
Asset Management – Key Themes

- Advantaged portfolio with distinctive leadership position
- Demand is becoming more discriminating....is likely to produce significant differences in asset performance in favour of ANZO
- Sweating the assets for out-performance
- Leveraging economies of scale and presence amongst office occupiers
- Protecting against the downside events
- Delivering management capability
- Positioning portfolio for growth with security



Asset Management Performance

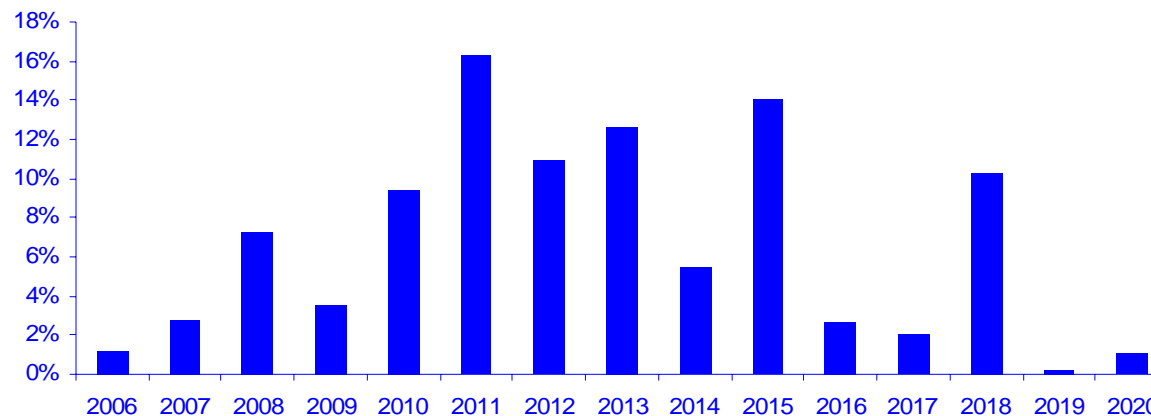
- Portfolio occupancy 98.8% (95.1% June 05)
- Weighted average lease term 6.15 years (6.2yrs June 05)





Asset Management (con't)

- 42 new leases and renewals over 32,000sqm
- Tenant retention: 92% (>90% annually for past three years)
- 21 new tenants secured
- Government sector = 19.4% of NLA and 17.8% of net income
- Quay Tower (Air New Zealand) expiry risk overcome
- Low risk forward expiry profile:





Asset Management (con't)

- Major over-renting reversions overcome (125 and No.1&3 The Terrace)
- Through cycle record rents established in Auckland and Wellington
 - Wellington: \$522/sqm gross
 - Auckland: \$460/sqm net
- 26 rent reviews completed: ave. increase 15.4% or \$1.2m annual uplift
- Under-renting offers solid upside
- 7 reviews in progress
- Top 15 Tenants = 45.5% of total net rent
- Current vacancies
 - PWC Tower: 121sqm
 - Quay Tower: 250sqm
 - ANZ Centre: 466sqm
 - State Insurance: 900sqm (retail)
 - Pastoral House: 125sqm



Investment Activity

- **Mayfair House (Sept 2005)**
 - \$29.3m price
 - 100% occupied
 - 4 year WALT
 - Government tenants = 83% of net income
 - Asset management opportunities
- **No.3 The Terrace**
 - May completion
 - Min. Health rent commenced 1 Jan
 - Occupancy 85.4%
 - \$7m of capex remaining
- **\$90m balance sheet capacity**
- **Opportunities exist but finding value is challenging**





Office Markets

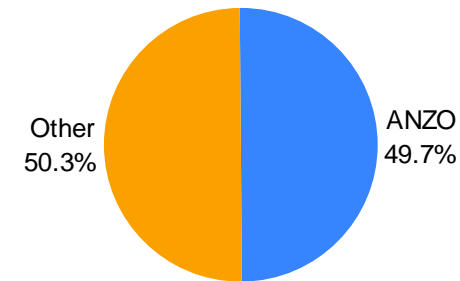
- Continuation of previous themes.....
- Investment themes evolving...in favour of property
 - increasing demand from off-shore and institutional investors
 - demographics changing savings (and investment) trends...funds flow significant
 - risk free interest rates flattening
 - risk premium decreasing
 - cross sectional volatility decreasing across all capital markets
- Acknowledge softer economic environment but business conditions still good
- Property market fundamentals asserting themselves..."stars are aligned"
 - vacancy at historical lows
 - tenants continue to migrate to higher quality buildings
 - supply risk constrained by high construction costs (economic rents higher than market)
 - real rents are c.35%-50% lower than 15 years ago...affordability factor relatively high
 - rental growth and recent yield compression (re-rating) sustainable
 - valuation environment favourable



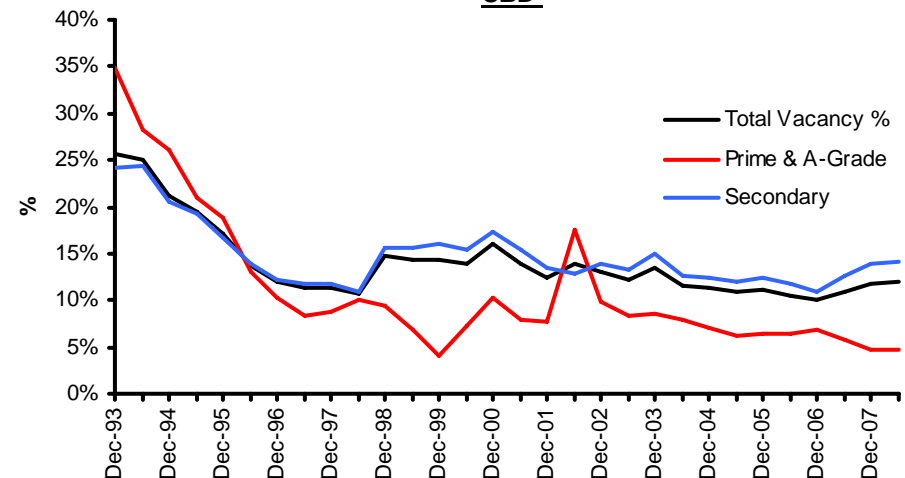
Office Markets - Auckland

- **Vacancy close to historical lows**
 - Current (Top 7 buildings): 12,300sqm or 6.3%
 - Current (total mkt): 101,000sqm or 10.8%
 - '07 forecast (Top 7): 9,800sqm or 4.6%
 - '07 forecast (total mkt): 114,900sqm or 12.0%
- **Strong market share**
 - core CBD favours landlords
 - ANZO premium market share 49.7%
- **Medium term development risk**
- **Positive rental growth forecast**
- **Suburban office markets**
 - few supply constraints: (f) 126,000sqm supply
 - suburban markets favour tenants

Auckland



Historic and Projected Office Vacancy Rates - Auckland CBD

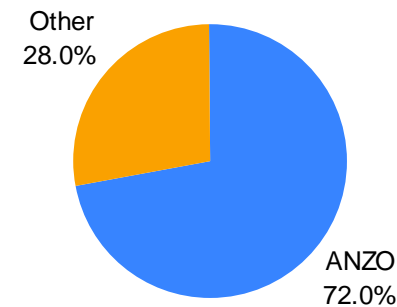




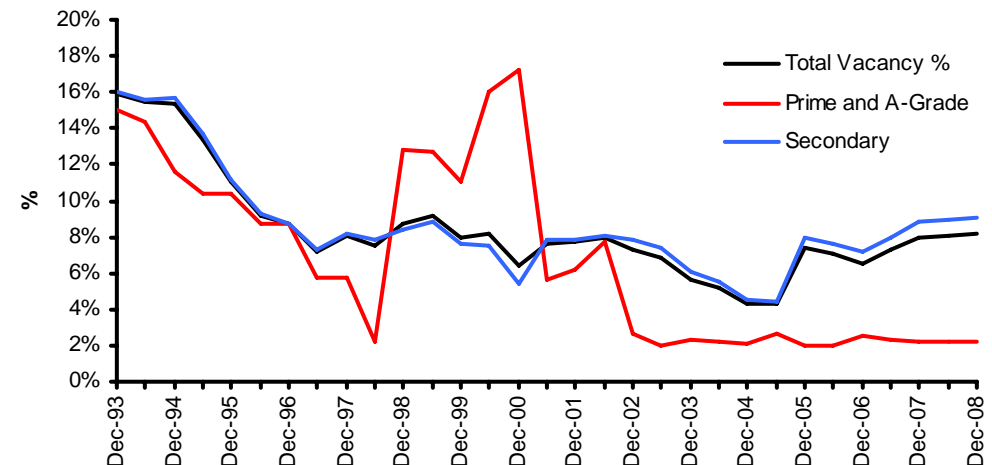
Office Markets - Wellington

- **Vacancy close to historical lows**
 - Current (Top 7 buildings): 2,900sqm or 2.2%
 - Current (total mkt): 45,000sqm or 4.9%
 - '08 forecast (Top 7): 3,200sqm or 2.6%
 - '08 forecast (total mkt): 91,000sqm or 8.2%
- **Strong market share**
 - ANZO premium market share 72%
- **Gov't sector star performer**
- **Medium term development risk**
 - Centreport
 - Others
- **Positive rental growth forecast**
 - market fundamentals favour landlords

Wellington



Historic and Projected Office Vacancy Rates - Wellington CBD





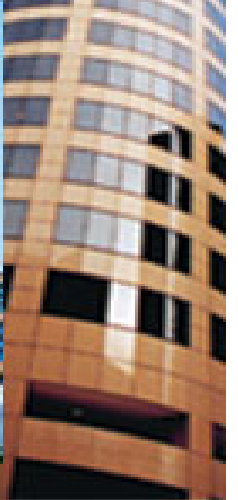
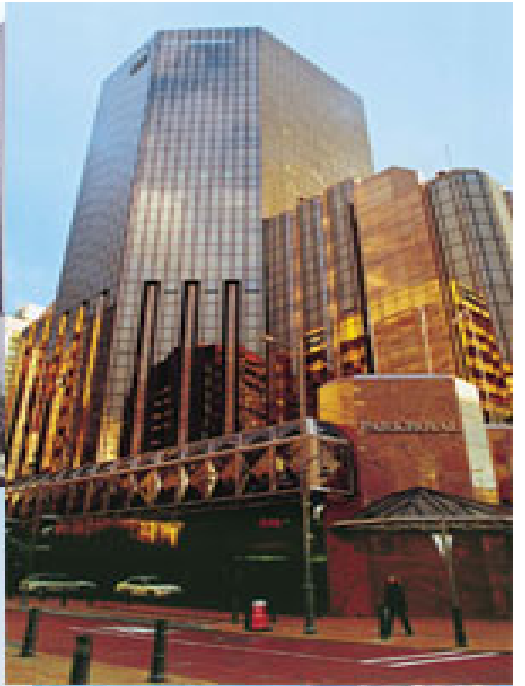
Investment Case Summary

- High quality assets in strong locations
- High occupancy and tenant covenant
- Under-rented portfolio
- Long lease term
- Low expiry profile
- High tenant retention rate
- Minimised interest rate risk
- Established distribution reserve
- Investments are performing well
- Market favouring landlords
- Likely to be only NZX listed investor exclusively focussed on investing in commercial office property in New Zealand



Outlook and Key Priorities

- Outlook positive for rental and capital growth, underpinned by scarcity and demand
- Supply side factors becoming more important in softer economic times
 - increasingly constrained supply
 - pipeline outlook very modest
- Investment market remains strong – underlying conditions moving to favour prime with high quality cash flows preferred
- Active asset management
 - sweating assets for out-performance
 - protect against downside
 - position for growth with security
- Deliver existing investment initiatives
- Committed to improving earnings, diversification and unit holder returns



PRICEWATERHOUSECOOPERS

QAY TOWER



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