

AMP  
NZ  
OFFICE  
TRUST  
INTERIM  
REPORT  
2004

# BUILDING ON INITIATIVES



AMP NZ  
OFFICE  
TRUST

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This report has been prepared by AMP Ronin Management Limited, ANZO's new management company.

AMP Ronin Management is a joint venture between AMP Capital Investors (formerly AMP Henderson Global Investors) and Australian-listed Ronin Property Group. Ronin Property Group is also the largest single investor in ANZO, with a 30% holding.

These changes were announced in December 2003 as part of a package of major initiatives. More information can be found in the unit buy-back offer document recently sent to ANZO investors.

**RONIN PROPERTY GROUP – AN AUSTRALIAN PROPERTY INVESTMENT SPECIALIST**

Ronin Property Group was created in 2003 from Australia's AMP Office Trust, ANZO's Australian counterpart.

Ronin Property Group's objective is to achieve superior earnings growth relative to its peers through the development of sustainable corporate income streams, while maintaining a moderate risk profile and a high-quality investment portfolio.

Ronin Property Group has assets under management of approximately AUD\$2.0 billion, with an investment portfolio comprising 12 prime office investments. The portfolio is well diversified by geography with investments in seven of Australia's major office markets with a bias towards Sydney. Landmark office towers include Darling Park, Sydney, Bourke Place, Melbourne and BankWest Tower, Perth.

**3.5**  
CENTS

Interim distribution per unit,  
a 7.69% increase

**\$23.95**  
MILLION

Acquisition of Wellington's  
Pastoral House for refurbishment

**4**

MAJOR INITIATIVES  
announced to  
enhance performance

**\$602.05**  
MILLION

Total portfolio value, up from \$577.35 million

**95%**  
PORTFOLIO OCCUPANCY

**6.9**  
YEARS

Weighted average lease term

**IN DECEMBER 2003, A STRATEGIC REVIEW OF THE AMP NZ OFFICE TRUST CULMINATED IN THE ANNOUNCEMENT OF A PACKAGE OF MAJOR INITIATIVES TO INCREASE UNITHOLDER VALUE AND ENHANCE PERFORMANCE.**

As chairman of ANZO's Trust Management Committee, I have taken great pleasure in guiding these initiatives into reality and in seeing the early results. I believe ANZO is extremely well positioned for the future, and will look forward to continued improvements in performance as one of the six directors of ANZO's manager.

Rob Morrison, AMP Capital's Director of Property Asia/Pacific, takes up the role of chairman of the new board, comprising representatives of AMP Capital Investors, Ronin Property Group and two independent directors.



Catherine Savage Chairman, AMP NZ Office Trust Management Committee (to 15 January 2004), Managing Director, AMP Capital Investors (New Zealand) Limited



**ANZO HAS TURNED IN A SOLID PERFORMANCE OVER THE SIX MONTHS, AND IT IS A PLEASURE TO REPORT THAT THE FUTURE LOOKS EVEN MORE PROMISING.**

Externally, business confidence has rebounded, resulting in improved office market trading conditions. Internally, we have unveiled a package of major initiatives to improve ANZO's performance, and the benefits are already showing.

Investor returns for the six months to 31 December 2003 have been restored to their previous levels. We are now forecasting a full-year distribution of 7 cents per unit, representing a 4.1% increase on last year. In addition, ANZO is targeting annual growth in distributions of 2.25%.

A distribution reserve account has been established to provide more consistent investor returns. This practice is used successfully by Australian listed property trusts in particular, but ANZO is New Zealand's only listed property vehicle to operate such an account.

ANZO's dividend distributions will now be made quarterly (rather than six-monthly), an advantage to investors who rely on regular income returns. The first quarterly distribution is payable in May this year.

**OPERATIONAL PERFORMANCE**

ANZO's rental revenues for the six months were 3.57% higher, at \$25.56 million<sup>1</sup>, than the previous interim period. The main drivers were improved occupancy and higher rents secured through rent reviews and new leases.

1. This figure excludes revenue from recovery of operating expenses from tenants and income derived from tenant air-conditioning and energy consumption, which are shown in the total operating revenues figure in the financial statements.

There has been a change in the Auckland City Council's rates collection policy which means that all building owners, rather than tenants, are now invoiced directly for municipal rates and this is reflected in ANZO's financial statements for the first time. This change in policy was the main contributor to a 43.6% increase in total direct operating expenses to \$9.09 million. Excluding this effect and tenant-related energy consumption costs, total direct property expenses increased by \$0.44 million or 7.5%.

## NET SURPLUS

ANZO's net surplus is \$17.29 million, 3.92% higher than the previous interim period.

## BALANCE SHEET

As part of the review leading to the package of initiatives announced in December, ANZO carried out a portfolio revaluation, which showed a slight increase in the gross value of the portfolio to \$578.10 million. Net tangible asset backing per unit also moved up, to \$0.90 cents per unit.

ANZO's total debt to total assets ratio at 31 December 2003 was 20.3%.

The acquisition of Pastoral House for \$23.95 million lifted the portfolio value to \$602.05 million, and increased gearing to 23.4%.

The buy-back of units which is in progress is expected to take ANZO's gearing to 31.0% at the end of March. ANZO has also increased its self-imposed threshold from 35% to 40%, retaining financial capacity and flexibility while remaining comfortably below the debt ceiling of 50% stated in the Trust Deed under which ANZO was formed.

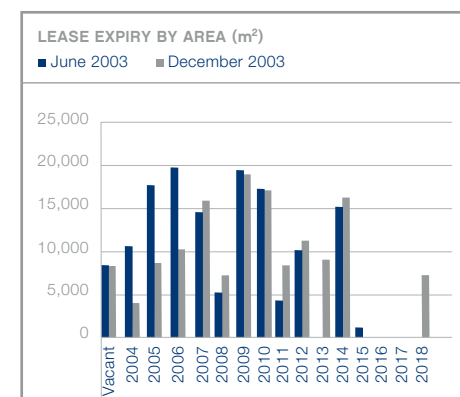
## INVESTOR RETURNS AND DISTRIBUTION RESERVE

In addition to the interim dividend distribution of 3.5 cents per unit, which is being paid to investors on April 2, an initial \$2.29 million (or \$0.54 cpu) has been allocated to the distribution reserve account. This will allow ANZO to maintain distributions to investors through any unforeseen short-term dips in cashflow.

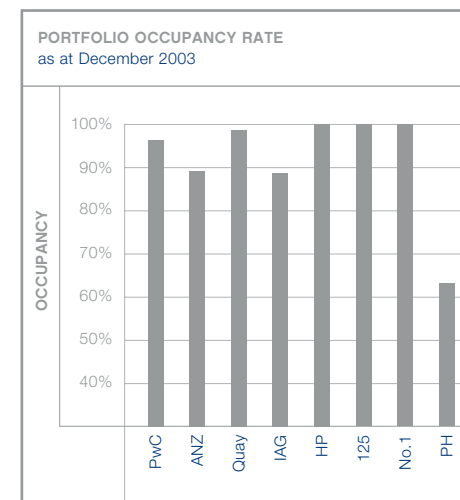
In mid May, ANZO investors will receive their first quarterly distribution, following the close of the March quarter. This will be 1.75 cpu (half of the 3.5 cents remaining to bring the full year-distribution to 7 cpu).

## PORTFOLIO PERFORMANCE

Continuing the momentum of the past financial year's record leasing total, ANZO's asset managers have secured more than 12,500 sqm in new leases during the six months. Both the quantity of space leased and the rentals achieved have been ahead of projections in ANZO's business plan. A number of the tenants are enviable "blue chip" additions to our tenant list and have taken long-term leases. These include intellectual property lawyers and patent attorneys AJ Park (almost two full floors in Quay Tower), insurance company Vero (setting a new benchmark rent in the ANZ Centre) and international consulting firm Mercers (a full floor in IAG House). Tenants have also proven more willing to make timely decisions and to pay more to secure the locations they want.



The graph above shows the progress in ANZO's forward lease expiry risk management over the past six months. Scheduled lease expiries in the near term have been pushed further into the future through new leases and lease renewals.



Countering that has been the scheduled expiry of two over-rented head leases at IAG House in Auckland.

The overall portfolio occupancy rate has therefore remained steady at 95.1%, the same level as at 30 June 2003. The portfolio average weighted lease term is 6.9 years, down slightly from 7.1 in June. ANZO's WALT and occupancy levels are among the highest of our peer group in the New Zealand listed property sector, and are an indicator of the security of our cashflows and future investment performance.

## PROJECTS

Post-balance date, the Ministry of Health has been confirmed as the major new tenant for ANZO's redeveloped property at No. 3 The Terrace. Coupled with the new 12-year lease to The Treasury, this means the combined No. 1 and 3 The Terrace project has 84% tenant pre-commitment.

The market intelligence and tenant interest acquired from this project has given ANZO the confidence to embark on a second Wellington initiative, the refurbishment to A-grade standard of the newly-acquired Pastoral House. This project features on page six.

While new office developments have now appeared on the Wellington horizon, they will not add significant vacant space to the market. ANZO's projects have been carefully conceived to provide tenants with the efficiency and productivity gains of brand-new office space, without the costs of moving into a new development.

We believe this combination is the best match for the price point and image sought by Government tenants (in particular) which continue to be the main drivers of demand in Wellington.

ANZO's two projects hold two additional advantages:

- a) timing – tenants will be able to take occupancy within the next 18 months, compared with two-and-a-half to three years for new developments
- b) landlord covenant – tenants continue to take into account the benefits of a professional, well-resourced landlord committed to providing and maintaining superior office space and meeting their long-term space requirements.

## CAPITAL WORKS

A \$3 million capital works project is nearing completion at IAG House in Auckland, in support of the leasing campaign for that property. The main foyer is being refurbished, with improvements including the installation of a concierge station. The lift cars, and common areas on a number of floors, are also being refurbished, and the building's access control and closed-circuit TV systems are being replaced.

## OUTLOOK

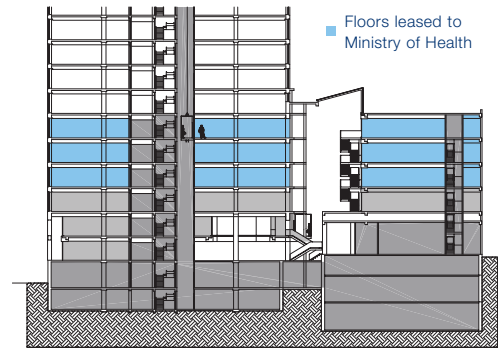
The initiatives announced in December have not only placed ANZO in a far stronger competitive position for the future but have already begun to deliver tangible results. Significantly, they have also enabled ANZO's management team to make a firm commitment to ongoing growth in investor returns. Improving occupancy will continue to be a management focus, particularly in the Auckland portfolio. Contributing to this will be ANZO's current leasing momentum, while the rental benchmarks we have set in recent months will support our negotiations with incoming tenants and at rent reviews. The key external factors to achieve those goals – economic conditions and office market supply-and-demand dynamics – are the most positive they have been for some time. As signalled in the December announcement, ANZO is now pursuing a broader range of investment opportunities within its existing commercial office investment policy. We will continue to explore possible value-add projects and other opportunities to grow the fund, matching these to anticipated tenant demand and market expectations.



Robert Lang Executive Manager, AMP NZ Office Trust



## NO. 1 AND 3 THE TERRACE WELLINGTON



- Forecast yield on cost 9.1%
- Refurbishment/development margin 8.1%
- Forecast to increase earnings per unit by 3.1% in first full year of income
- Will extend portfolio WALT
- Tenant pre-commitment now 84%
- Strong Government cashflow covenant

The first stage of this project – the \$7 million full interior refurbishment of No. 1 The Terrace – is now underway and proceeding on budget and to schedule.

In February 2004, the Ministry of Health signed a 12-year lease for three of the four floors in the low-rise annex which is to be constructed at No. 3 The Terrace, linking through to No. 1. Final planning is taking place for this \$20-22 million stage of the project.

The Ministry will relocate in early 2006, replacing more than 6000 sqm of space at three other Wellington buildings with 5415 sqm of floor space at No. 3 The Terrace.

This transaction demonstrates the change in tenant appreciation of the total cost of occupying office space. While the rental at No. 3 The Terrace will be slightly higher, the move is expected to bring the Ministry savings in maintenance costs, in travel between buildings and to other Government departments. There will also be savings from avoiding expected rental increases for the Ministry's current leases, which would have been up for renegotiation next year.

ANZO's project at No. 1 and 3 The Terrace was planned to meet anticipated tenant demand. Market intelligence indicated reducing vacancy, a shortage of new supply – especially for large tenants wanting multiple floors – and rental growth in the premium and A-grade categories, with demand driven mainly by Government tenants.

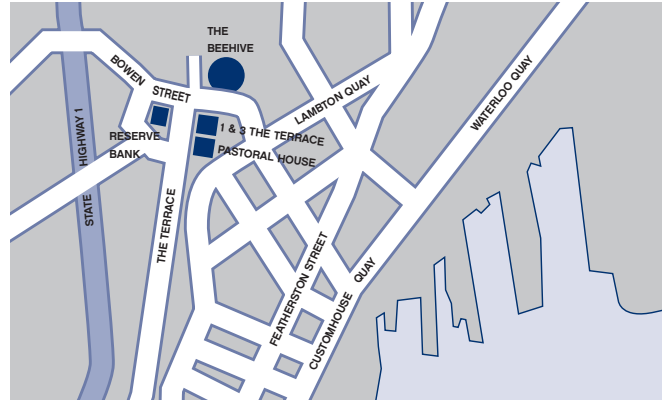
Now the only remaining space in the redevelopment is the 500 sqm mezzanine and the 2150 sqm Level One.

With the completion of this project and the refurbishment of the adjoining Pastoral House, ANZO will command two of the top office buildings within the Government accommodation precinct (see location map on facing page).

# PASTORAL HOUSE

WELLINGTON

- Forecast yield on cost 9.7%
- Refurbishment/development margin 8.9%
- Forecast to increase earnings per unit by 3% in first full year of income and 3.5% for following five years
- Will extend portfolio WALT when leased



There has been immediate tenant interest in multiple floors at the refurbished Pastoral House, bought by ANZO in a tender process in December.

The purchase price was \$23.95 million and ANZO will invest another \$15.5 million on the refurbishment which will lift the property from its current B-grade comfortably into the A category.

The property's value on completion has been independently estimated at \$43.0 million. The refurbishment will begin in the next two months and will be complete by July next year. It will include new floor coverings and ceilings, new lift interiors, a major air-conditioning upgrade for high-density occupation, new lighting, a new access control system and the addition of sprinkler systems, bringing the building up to current compliance code.

Previously occupied by the New Zealand Dairy Board, Pastoral House is 37% vacant and this will rise to 42% within six months. Some vacancy is key to allowing the refurbishment to take place.

Balancing that is a new 10-year lease to the BNZ for two levels (or about 10.6% of the net lettable area), along with holding income from other tenants including NZ Trade & Enterprise. ANZO will progressively re-lease the space as the refurbishment rolls through the building, maintaining some cashflow throughout the project.

Located at 94-98 Lambton Quay, Pastoral House enjoys dual frontages to Lambton Quay and The Terrace, and offers easy access to many major Government departments, Parliament, the motorway and railway station. The typical office floor plate of more than 800 sqm is efficient and all floors receive superior natural light.



**AMP NZ OFFICE TRUST CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

For the six months ended 31 December 2003

All figures \$000s	Notes	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2003	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2002	AUDITED YEAR ENDED 30 JUNE 2003
<b>REVENUE</b>				
Gross rental income		32,165	29,333	59,706
Interest income		41	63	139
<b>Total Operating Revenue</b>		<b>32,206</b>	<b>29,396</b>	<b>59,845</b>
<b>DIRECT EXPENSES</b>				
Office property and other expenses		9,089	6,331	12,545
<b>Total Direct Expenses</b>		<b>9,089</b>	<b>6,331</b>	<b>12,545</b>
<b>Operating Result after Direct Expenses</b>		<b>23,117</b>	<b>23,065</b>	<b>47,300</b>
Audit fees		21	21	42
Trustee fees		68	68	135
Other expenses		300	320	807
Asset management fees		1,883	1,793	3,661
Interest expense	5	3,551	4,221	8,389
<b>Operating Surplus (Deficit) Before Taxation</b>		<b>17,294</b>	<b>16,642</b>	<b>34,266</b>
Taxation benefit (expense)		–	–	–
<b>Operating Surplus (Deficit) After Taxation and Before Revaluation</b>		<b>17,294</b>	<b>16,642</b>	<b>34,266</b>
Property revaluation gain		–	–	21,605
<b>Net Surplus for the Period</b>		<b>17,294</b>	<b>16,642</b>	<b>55,871</b>

The accompanying notes form part of these Financial Statements.

**AMP NZ OFFICE TRUST CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY**

For the six months ended 31 December 2003

All figures \$'000s	Notes	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2003	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2002	AUDITED YEAR ENDED 30 JUNE 2003
<b>Equity at the start of the Period</b>		<b>457,850</b>	<b>419,104</b>	<b>419,104</b>
Net Surplus		17,294	16,642	55,871
<b>Total Recognised Revenues and Expenses for the Period</b>		<b>17,294</b>	<b>16,642</b>	<b>55,871</b>
Other				
Distributions to Unit holders		8,700	9,000	17,125
<b>EQUITY AT THE END OF THE PERIOD</b>		<b>466,444</b>	<b>426,746</b>	<b>457,850</b>

The accompanying notes form part of these Financial Statements.

**AMP NZ OFFICE TRUST CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2003

All figures \$000s	Notes	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2003	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2002	AUDITED YEAR ENDED 30 JUNE 2003
<b>ASSETS</b>				
CURRENT ASSETS	4	5,467	2,851	4,076
<b>NON CURRENT ASSETS</b>				
Investments in properties		574,891	551,667	572,444
Leasing fees		2,396	–	968
Work in progress		2,523	–	308
<b>TOTAL ASSETS</b>		<b>585,277</b>	<b>554,518</b>	<b>577,796</b>
<b>LIABILITIES</b>				
CURRENT LIABILITIES				
Short-term loan	6	110,000	112,000	–
Convertible Note liability	5	–	8,649	–
Other current liabilities		8,833	7,123	4,946
<b>TOTAL CURRENT LIABILITIES</b>		<b>118,833</b>	<b>127,772</b>	<b>4,946</b>
NON CURRENT LIABILITIES				
Term loan		–	–	115,000
<b>TOTAL LIABILITIES</b>		<b>118,833</b>	<b>127,772</b>	<b>119,946</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>466,444</b>	<b>426,746</b>	<b>457,850</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>585,277</b>	<b>554,518</b>	<b>577,796</b>

The accompanying notes form part of these Financial Statements.



**1. CHANGES IN ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the accounting policies as stated in the published financial statements to 30 June 2003. There has been no change in accounting policies and all policies have been applied on a basis consistent with those used in prior periods. Comparable half year values for December 2002 have been shown below in brackets.

**2. CAPITAL COMMITMENTS**

As at 31 December 2003 ANZO has outstanding capital commitments totalling \$30,552,000 (December 2002: \$0). ANZO has entered into an unconditional contract for the purchase of Pastoral House, 94-98 Lambton Quay, Wellington which settled on 29 January 2004.

**3. RECONCILIATION OF NET SURPLUS AFTER TAXATION WITH CASH INFLOW(OUTFLOW) FROM OPERATING ACTIVITIES**

\$000s	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2003	UNAUDITED SIX MONTHS ENDED 31 DECEMBER 2002	AUDITED YEAR ENDED 30 JUNE 2003
<b>Net Surplus (Deficit) for the Period</b>	<b>17,294</b>	<b>16,642</b>	<b>55,871</b>
Add (less) non-cash items and non operating items			
Unrealised net change in value of investment property	-	-	(21,605)
Movement in Working Capital			
Increase (decrease) in creditors	1,291	(3,288)	810
(Increase) decrease in debtors	(647)	(382)	(1,420)
<b>Net Cash Inflow (Outflow) from Operating Activities</b>	<b>17,938</b>	<b>12,972</b>	<b>33,656</b>

**4. CURRENT ASSETS**

	UNAUDITED AS AT 31 DECEMBER 2003	UNAUDITED AS AT 31 DECEMBER 2002	AUDITED AS AT 30 JUNE 2003
Cash	1,045	190	1,470
Trade Debtors	1,201	1,681	1,044
Other Debtors	-	-	1,353
Leasing fees	188	128	209
Other Current Assets	3,033	852	-
	5,467	2,851	4,076

**5. NOTE COUPONS**

ANZO issued 250 million units in December 1997. The units carry full voting rights, no redemption rights and are subject to the terms of the Trust Deed. On 17 December 1997 ANZO issued 250 million convertible notes which matured on 30 June 2003 and converted into units on a one-to-one basis. The new units carry the same voting rights as the original units and have no redemption rights.

**6. SHORT-TERM LOAN**

ANZO has negotiated a new committed cash advance facility with the Bank of New Zealand from 15 January 2004 for \$250,000,000 (Dec 2002: BNZ \$140,000,000). This facility is for three years maturing in January 2007, replaces a revolving cash advance facility with Westpac Banking Corporation and is for interest only. ANZO's subsidiary companies and their assets secure the facility.

**7. EVENTS AFTER BALANCE DATE**

On 18 February 2004 in accordance with the Trust Deed, an interim dividend of 3.50 cents per unit was approved to be paid on 2 April 2004. On 4 February 2004 ANZO announced a one-for-seven unit buy-back.

## STATEMENT REQUIRED BY NZX LISTING RULES

New Zealand Exchange Limited (**NZX**) requires the following information to be included in this report and ANZO's annual report for the year ending 30 June 2004. ANZO is also required to announce this information to the market three months after each yearly and half yearly report.

The office of manager of ANZO was transferred by AMP Capital Investors (New Zealand) Limited (**AMP Capital**) to AMP Ronin Management on 15 January 2004. The shareholders of AMP Ronin Management are AMP Capital and Ronin Funds Management Limited (**Ronin**). AMP Capital and Ronin have entered into a joint venture agreement in relation to the operation and management of AMP Ronin Management and ANZO.

AMP Capital, Ronin in its personal capacity and Ronin in its capacity as the responsible entity of Ronin Property Trust have also entered into a deed (the Deed) which sets out the pre-emptive rights granted by each of AMP Capital and Ronin Property Trust to the other in respect of certain units in ANZO held or controlled by them.

### 1. Pre-emptive rights granted to AMP Capital

Under the terms of the Deed, Ronin Property Trust is required, in certain circumstances, to offer ANZO units held or controlled by it to AMP Capital. In particular:

- 1.1 if Ronin proposes to sell, transfer or otherwise dispose of its shareholding in AMP Ronin Management, Ronin Property Trust must offer to sell all the ANZO units held or controlled by it to AMP Capital;
- 1.2 in the event of a change of control (as defined in the Deed) in Ronin or Ronin Property Holdings Limited, Ronin Property Trust must offer to sell all the ANZO units held or controlled by it to AMP Capital;
- 1.3 if Ronin Property Trust wishes to sell ANZO units held or controlled by it which comprise, in aggregate, more than three per cent of the total

number of ANZO units outstanding at that time, it must first offer to sell those ANZO units to AMP Capital. Under the Deed, this obligation lasts until 15 January 2006;

- 1.4 the number of ANZO units held or controlled by Ronin Property Trust must be not less than 19.9 per cent of the total number of outstanding ANZO units until 15 January 2006, and 15 per cent thereafter (these thresholds are subject to adjustment if ANZO undertakes certain transactions which affect its capital structure). If Ronin Property Trust fails to hold or control the specified minimum number of ANZO units, it must offer to sell all the remaining ANZO units held or controlled by it to AMP Capital;
- 1.5 if Ronin or Ronin Property Trust breach certain non-compete provisions, Ronin Property Trust must offer to sell all the ANZO units held or controlled by it to AMP Capital; and
- 1.6 if one or more of specified events of default occur in relation to Ronin, Ronin Property Trust must offer to sell all the ANZO units held or controlled by it to AMP Capital.

In addition, Ronin Property Trust may not sell, transfer or otherwise dispose of, in any rolling 12 month period, ANZO units held or controlled by it which would, in aggregate, comprise more than ten per cent of the total number of outstanding ANZO units at the commencement of the relevant 12 month period.

### 2. Pre-emptive rights granted to Ronin Property Trust

Under the terms of the Deed, AMP Capital is required, in certain circumstances, to offer ANZO units held or controlled by it (in its own right) to Ronin Property Trust. In particular:

- 2.1 if AMP Capital proposes to sell, transfer or otherwise dispose of its shareholding in AMP Ronin Management, AMP Capital must offer to sell all the ANZO units held or controlled by it (in its own right) to Ronin Property Trust;
- 2.2 in the event of a change of control (as defined in the Deed) in AMP Capital or AMP Capital Holdings Limited (or any company that replaces

it as the parent company of the funds management companies in the AMP group), AMP Capital must offer to sell all the ANZO units held or controlled by it (in its own right) to Ronin Property Trust;

- 2.3 if AMP Capital wishes to sell any ANZO units held or controlled by it (in its own right), it must first offer to sell those ANZO units to Ronin Property Trust. Under the Deed, this obligation lasts until 15 January 2006;
- 2.4 if AMP Capital breaches certain non-compete provisions, AMP Capital must offer to sell all the ANZO units held or controlled by it (in its own right) to Ronin Property Trust; and
- 2.5 if one or more of specified events of default occur in relation to AMP Capital, AMP Capital must offer to sell all the ANZO units held or controlled by it (in its own right) to Ronin Property Trust.

### 3. Price

Under the terms of the Deed:

- 3.1 except in the circumstances described in 3.2 and 3.3 below, the price at which ANZO units would be offered to AMP Capital or Ronin Property Trust (as the case may be) is to be an amount equal to the average of:
  - i. the net tangible assets of ANZO divided by the number of outstanding ANZO units, multiplied by 0.969; and
  - ii. the weighted daily average closing price of ANZO units on NZX during the five trading days immediately preceding the date on which those ANZO units are offered for sale to AMP Capital or Ronin Property Trust (as the case may be), multiplied by 1.074;
- 3.2 if Ronin proposes to sell, transfer or otherwise dispose of all the shares in AMP Ronin Management held by it to a third party, Ronin must offer to sell those shares and Ronin Property Trust must offer to sell all the ANZO units held or controlled by it to AMP Capital at a price determined by them. If AMP Capital does

not purchase those shares and ANZO units, Ronin may sell those shares, and Ronin Property Trust may sell those ANZO units, to the third party for a price not less than the price at which those shares and ANZO units were offered to AMP Capital; and

- 3.3 if AMP Capital proposes to sell, transfer or otherwise dispose of all the shares in AMP Ronin Management held by it to a third party, AMP Capital must offer to sell those shares and all the ANZO units held or controlled by it (in its own right) to Ronin and Ronin Property Trust respectively at a price determined by it. If Ronin and Ronin Property Trust do not purchase those shares and ANZO units, AMP Capital may sell those shares and ANZO units to the third party for a price not less than the price at which those shares and ANZO units were offered to Ronin and Ronin Property Trust.

### 4. General

- 4.1 The above rights cease to apply if AMP Ronin Management ceases to be the manager of ANZO.
- 4.2 Under the terms of the Deed, the acquisition of ANZO units by either party in accordance with its pre-emptive rights set out in the Deed would be conditional on the relevant party obtaining all applicable regulatory approvals and consents for such acquisition
- 4.3 None of the pre-emptive rights described above have been exercised.
- 4.4 All of the ANZO units which Ronin Property NZ Limited acquired from National Provident Fund are subject to the obligations imposed on Ronin Property Trust under the Deed. All ANZO units held or controlled by AMP Capital in its own right (but not in any other capacity) are subject to the obligations imposed on AMP Capital under the Deed. As of the date of this report, AMP Capital holds no such ANZO units.

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 Chairman, Sydney

Catherine Savage, BCA, CA  
 Managing Director, Wellington

Mervyn Peacock, CPA, FAII, ASIA  
 Sydney

Andrew Brockway, BMS (Hons), ACA, ANZSIA  
 Wellington

Simon Urquhart-Hay, BA  
 Wellington

Anthony Beverley, MCom (Hons) ANZIV ASIA  
 Wellington

**MANAGER FROM 15 JANUARY 2004**

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## PRICEWATERHOUSE COOPERS TOWER

Officially opened in June 2002, the PricewaterhouseCoopers Tower was developed by ANZO and completed ahead of schedule. The 32-level tower on Auckland's Quay St incorporates the latest thinking in office development – from a hotel-style public lobby to high-speed lifts and ultra-large column-free floors. Its location in Auckland is unrivalled, with the waterfront virtually at its doorstep. The triangular floor plates are among the largest and most efficient in the country.



## IAG HOUSE

Located in the heart of Auckland's Queen St, IAG House was built in 1989 to a striking design, set off with Argentinean Red Dragon granite cladding and a copper-tinted glass façade. The property comprises 20 levels of office accommodation, two retail levels, and a corporate health club with swimming pool and tennis court. A capital works project is nearing completion at this building.



## NO. 1 THE TERRACE

This property occupies the prestigious corner location of The Terrace and Bowen St in Wellington, adjacent to Parliament Buildings, the Beehive and the Reserve Bank. Built in 1979, this 18-level building comprises 15 levels of office accommodation and three levels of foyer and other areas (including mezzanine). The building is prominently located in the Government precinct of Wellington for tenants requiring quality office accommodation. It is currently undergoing a full interior refurbishment to a standard equivalent to that of a new building.



## ANZ CENTRE

Topped by a unique geodesic dome, the ANZ Centre is one of New Zealand's tallest buildings and captures expansive views of Auckland City and the Waitemata Harbour. The 42-level tower was built in 1990 on a key site in Albert St and features polished pink Spanish granite cladding. Full-height windows on the office levels provide occupants with generous natural light. Staff of ANZ Centre tenants have access to a foyer espresso bar, with lounge-style furniture, and a childcare centre in an adjacent building.



## HP TOWER

HP Tower is the office tower component of a 26-level office/hotel complex in Wellington's Featherston St. Built in 1989/90 and clad in distinctive bronze-tinted glass, the complex occupies a waterfront location with uninterrupted views of Wellington Harbour. ANZO's investment comprises 13 office levels, part of the ground floor and three basement levels of car parks.



## PASTORAL HOUSE

Pastoral House is ANZO's newest acquisition. An 18-level office tower completed in the late 1970s, Pastoral House enjoys dual frontages to Lambton Quay and The Terrace. This location offers easy access to many major Government departments, Parliament, the motorway and railway station. The typical office floor plate of more than 800 sqm is efficient and all floors receive superior natural light.



## QUAY TOWER

Built in 1980, Quay Tower has excellent views west to Viaduct Harbour and east to the Hauraki Gulf. Its location continues to become stronger with the gravitation of the Auckland CBD towards the waterfront. The floor plates of 1100 sqm are rectangular and still highly efficient by today's standards, allowing for flexible, high-density layouts in combination with effective airconditioning. Quay Tower has benefited from a recent capital works project, which included repainting of the exterior façade.



## 125 THE TERRACE

Built in 1989/90 and finished in blue glass and blue granite, 125 The Terrace is recognised as one of Wellington's premier buildings. This property comprises 13 levels of office accommodation and four levels of car parks, linked to the two-level retail complex Capital on the Quay. The retail space is located on Lambton Quay, which enjoys some of New Zealand's highest pedestrian counts and therefore commands premium retail rentals.



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