



# 2010 Results & Briefing

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February 2011

# 2010 Highlights

- Record Distributable Profit and Earnings on normalised basis
- Sector High occupancy
- Tax Challenge met proactively
- New Bank Debt facility completed with favourable commercial terms and covenants
- 6 properties divested - \$21.45m\*
- 4 new developments completed or committed
- Portfolio “set” to benefit from gradual recovery
- Strong Balance Sheet with gearing below sector average and values stabilising

\* (956 / 956a Great South Road – sold post balance date)

# 2010 Full Year Result

## Financial Performance

For the twelve months ending	31-Dec-10 Audited \$m	31-Dec-09 Audited \$m	Change Audited \$m
Total gross income	32.5	31.4	1.1
Property expenses	2.8	3.0	0.2
Net property income	29.7	28.4	1.3
Indirect expenses	(1.1)	(0.9)	(0.2)
Earnings Before Interest and Tax (EBIT)	28.6	27.5	1.1
Net Interest expense	(8.1)	(7.9)	(0.2)
Operating profit before tax	20.5	19.6	0.9
Current tax expense	(2.3)	(3.7)	1.4
Distributable profit after tax	18.2	15.9	2.3
Deferred tax expense	(3.8)	(0.5)	(3.3)
Unrealised net change in value of investment property	(2.6)	(28.4)	25.8
Fair value change in interest rate swaps & financial instruments	(1.1)	1.1	(2.2)
Gain/(loss) on disposal of property	(0.7)	(0.6)	(0.1)
Net profit after tax	10.0	(12.5)	22.5
Weighted average number of shares (m)	215.99	213.46	
Distributable profit - pre-tax (cps)	9.46 cps	9.19 cps	0.27 cps
Distributable profit - post-tax (cps)	8.43 cps	7.46 cps	0.97 cps

# Balance Sheet

	31-Dec-10 Audited \$m	31-Dec-09 Audited \$m	Change Audited \$m
Property Assets	354.3	363.3	(8.7)
Other	6.2	7.7	(1.5)
<b>Total Assets</b>	<b>360.5</b>	<b>371.0</b>	<b>(10.2)</b>
Bank Debt	111.6	123.1	11.5
Deferred Tax Liability	7.3	3.5	(3.8)
Other	7.5	7.4	(0.1)
<b>Total Liabilities</b>	<b>126.4</b>	<b>134.0</b>	<b>7.6</b>
<b>Equity</b>	<b>234.1</b>	<b>237.0</b>	<b>(2.9)</b>
Bank Debt to total assets	30.95%	33.20%	2.25%
Shares on issue (m)	216.759	214.544	2.215
Net tangible assets \$ per share	\$1.08	\$1.10	(0.02)

# Capital Management

- Strong balance sheet with significant headroom to covenants
- Term bank debt refinance negotiations completed December 2010
- 65.60% hedged therefore taking advantage of low floating rates

Key Metrics	31-Dec-10
Term Debt Drawn	\$111.2m
Gearing	30.95%
Weighted average swap facility	2.94 years
Weighted average debt cost (incl margin & line fee)	7.70%
Hedged	65.60%
ICR	3.5 times

# PFI February 2011

- 52 properties
- Over 100 customers
- Portfolio value (Dec 10) - \$352.61m
- Market cap - \$247.106m
- Debt (Dec 10) - \$111.2m (31.0% NIBD / TA)
- Shareholders funds (Dec 10) - \$234.054m
- Contract Rent (Dec 10) - \$31.431m p.a
- Market Rent (Dec 10) - \$30.412m p.a
- Portfolio Yield – Market Rent - 8.72% \*
- Occupancy (Dec 10) - 99.4%
- Weighted Average Lease Term (Dec 10) - 4.08 years (4.49 years fully built)
- Site Coverage (NLA excl. yards & canopies / land area) - 43.4%
- Non Income Producing Land Value - \$4.113m (\$302 psm)

\*excl. non income producing land

Prime Locations – Quality Property – Well Leased

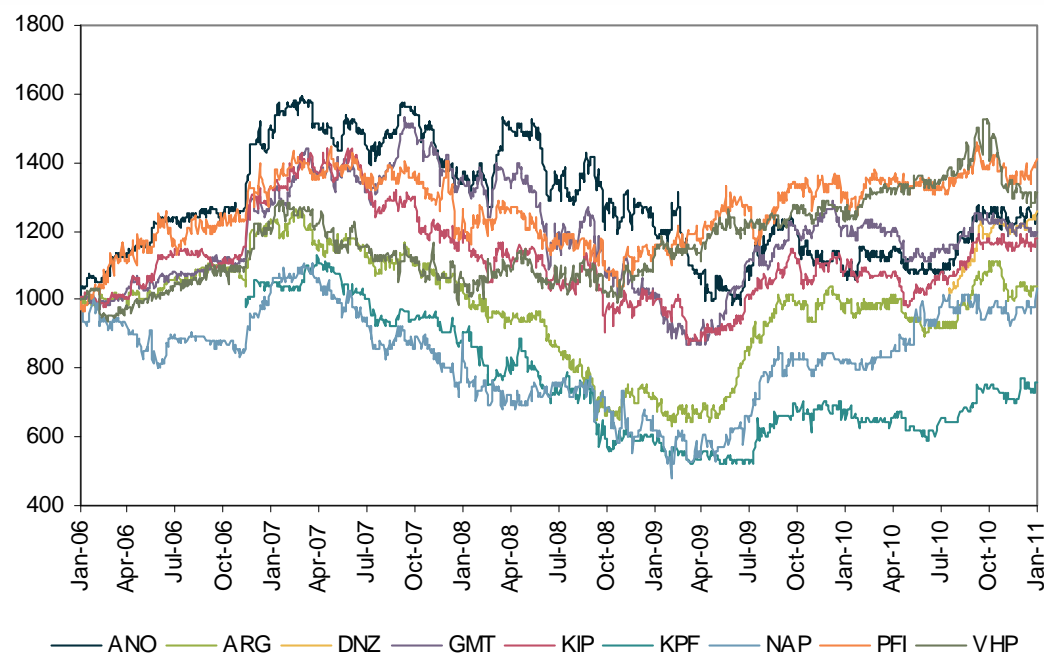


# PFI Performance Track Record (CPS)

## 5 Years

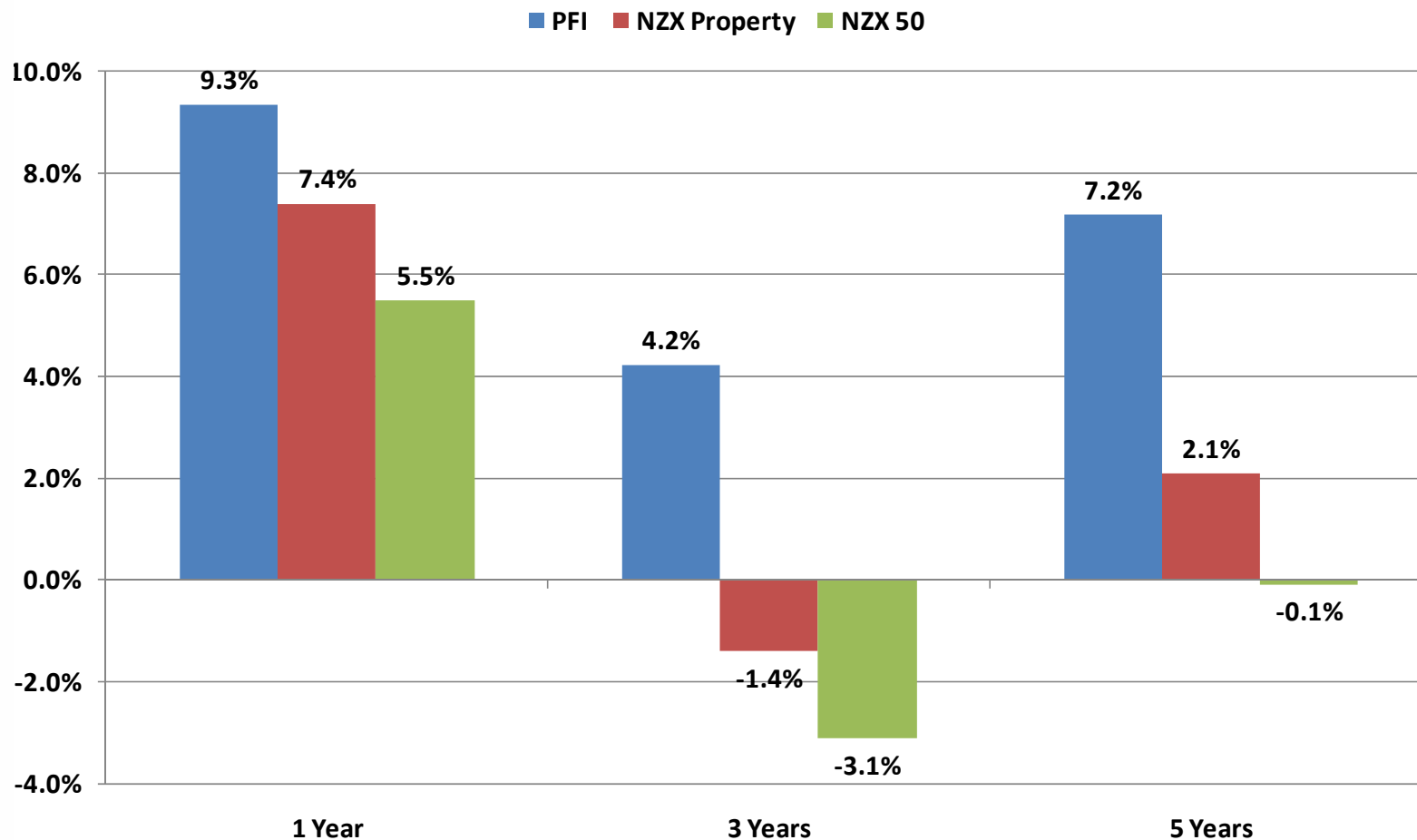
	2006	2007	2008	2009	2010
Distributable Earnings per share (before revaluations)	6.77	7.11	7.42	7.46	8.43
Profit after Tax per share (after revaluations)	22.82	21.21	(15.09)	(5.86)	4.64
Gross dividend per share	8.77	8.82	8.83	9.07	8.25
Net tangible assets per share (non diluted)	131.60	146.00	126.57	110.46	107.98

5 year Gross Returns



# PFI Performance

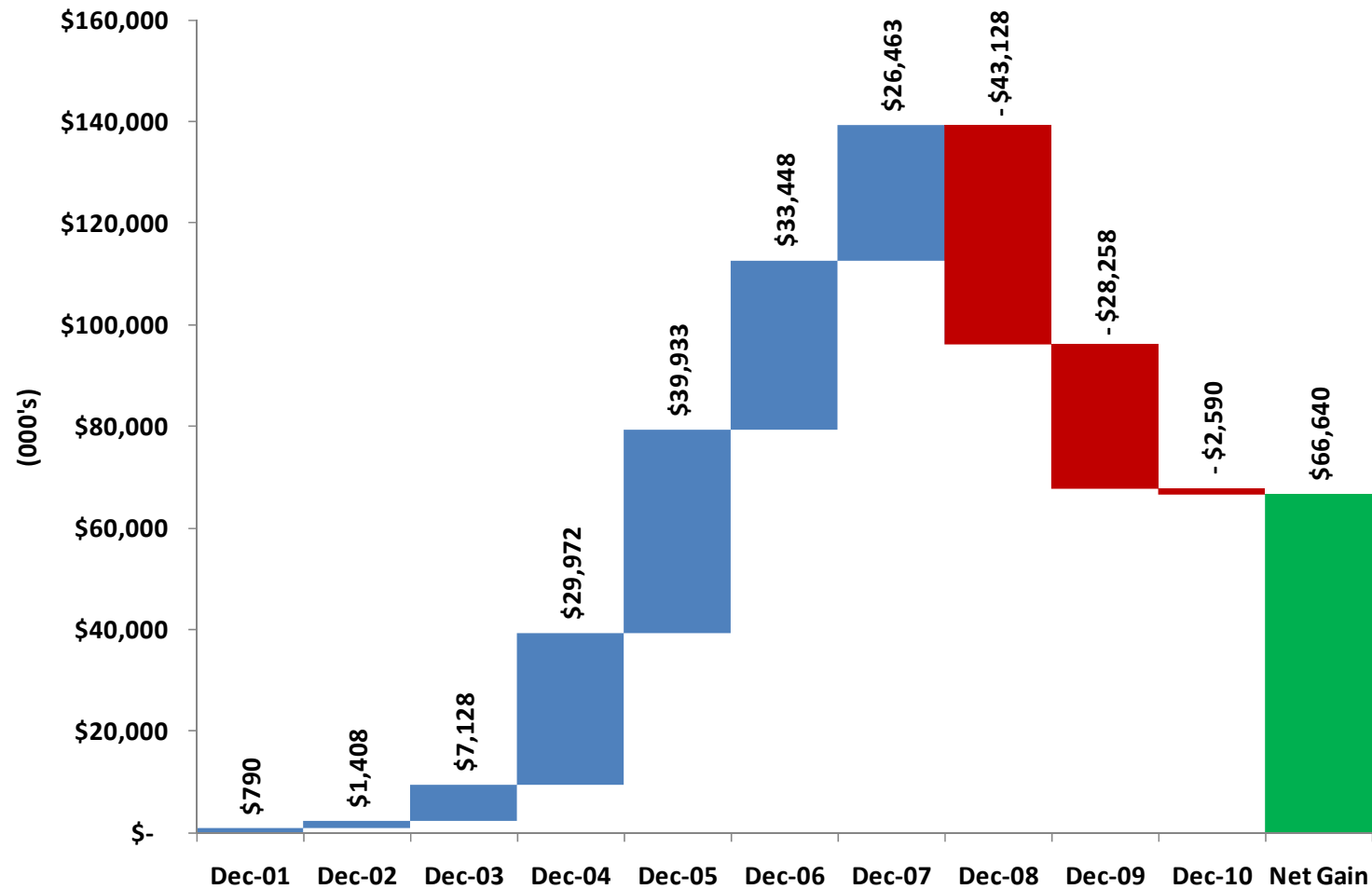
## Average Compounded Gross Annual Total Returns



As at 31 January 2011

Source FNZC

# Cumulative Portfolio Revaluation Gain/(Loss) FY01-10



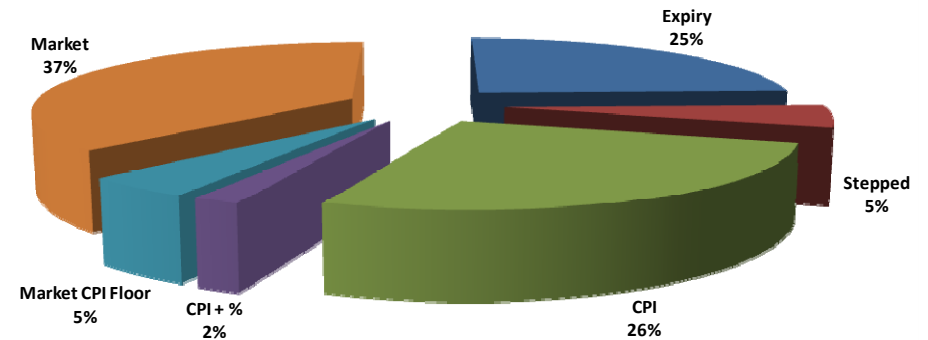
# 2010 Rent Reviews

## Contribution from Structured Rent Reviews

Year	No of Leases	Old Rent Roll (\$m)	New Rent Roll (\$m)	Annual Increase
2006	26	9.667	10.697	4.33%
2007	29	8.586	9.658	4.49%
2008	34	11.526	12.624	3.61%
2009	32	6.918	7.366	2.71%
2010	45	13.855	14.224	1.14%

2010 Attribution	Total	Per Annum
Stepped Rents	-0.94%	-0.70%
Market Rents	1.40%	0.52%
CPI Rents	5.68%	2.57%

PFI Next Leasing Event (Passing Rental)

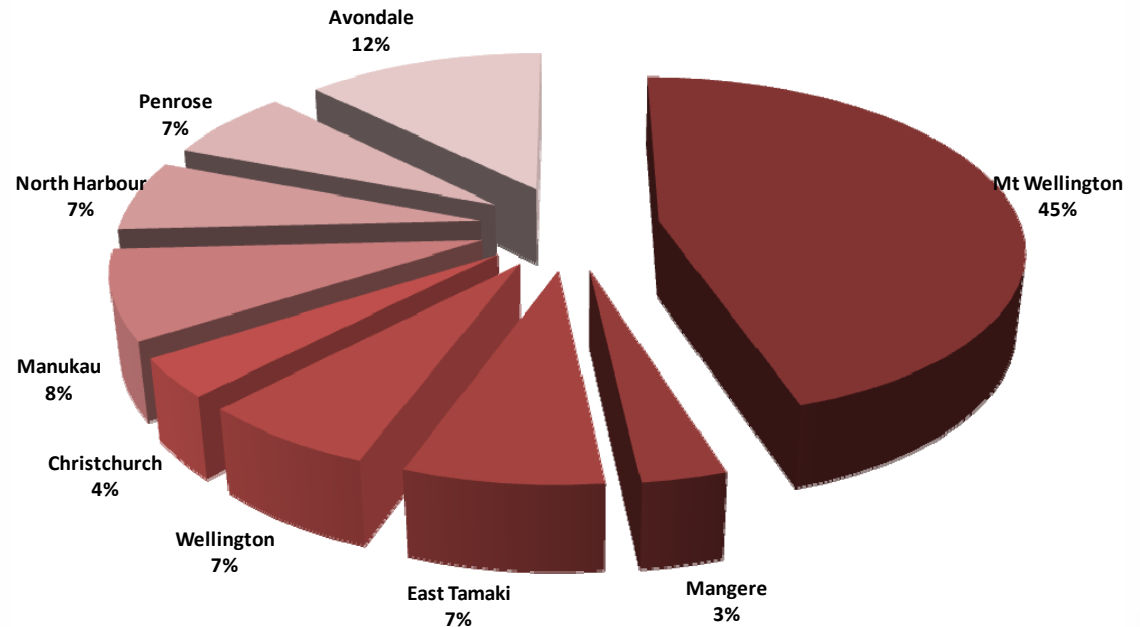


# Portfolio Metrics

TENANCY USE	% of NLA
Wholesale Trade	33.3%
Warehousing / Logistics etc.	32.8%
Manufacturing	20.7%
Other	4.0%
Retail	3.7%
Office	2.9%
Finance & Insurance	2.6%

TOP 10 TENANTS (RENTAL)	% of Total
1 DHL Supply Chain NZ	5.9%
2 Wickliffe NZ Ltd	5.7%
3 Pharmacy Retailing New Zealand	5.0%
4 Brambles New Zealand Ltd	4.4%
5 Cardinal Freight	3.5%
6 Electrolux Home Products	3.2%
7 Fletchers	3.0%
8 JD Lyons	2.6%
9 Akzo Nobel	2.6%
10 NZ Window Shades	2.5%
<b>TOTAL</b>	<b>38.4%</b>
<b>BALANCE OF PORTFOLIO</b>	<b>61.6%</b>

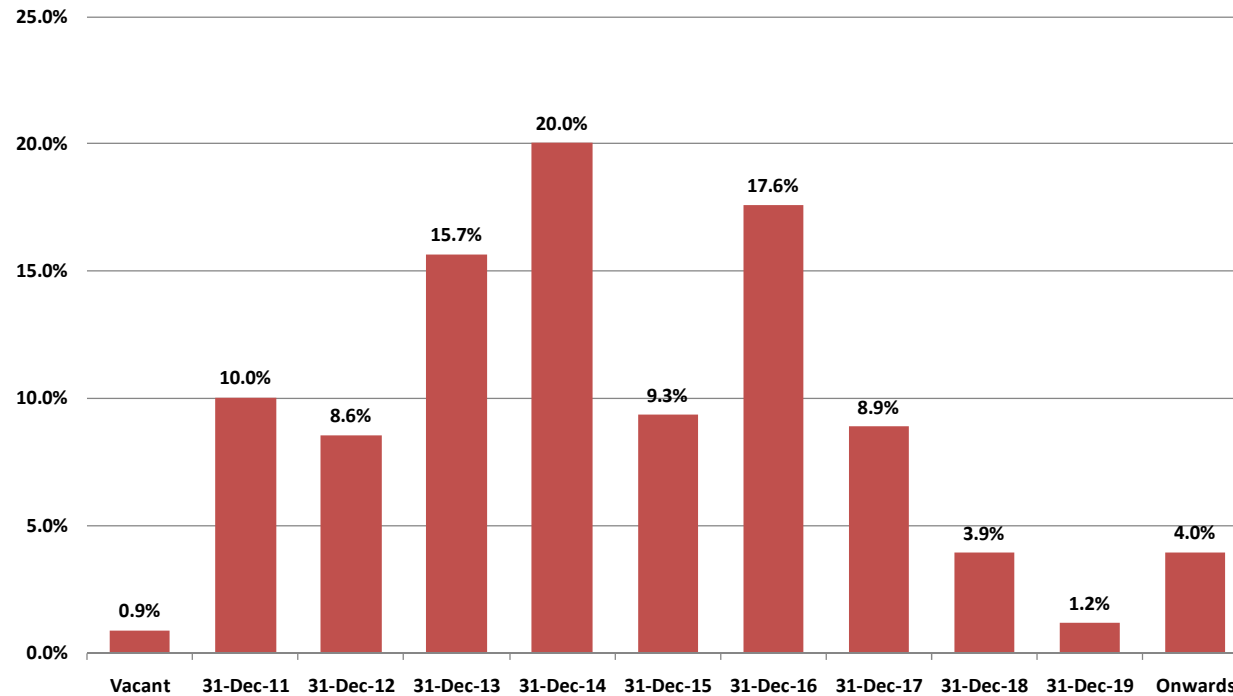
Portfolio Value by Region



# Lease Expiry

## Lease Expiry Profile (Passing Rental)

*NB: Market Rent Reported for Vacancies*



Current vacancy by rent roll \$272k  
(vs \$1.64 expiry 1/1/2010)

\$2.14m rent roll expiry in 2011  
(vs \$3.3m expiry 1/1/2010)

\$2.52m rent roll expiry in 2012

Major expiries 2011

Mondiale \$686k

Colgate \$658k

Major expiries 2012

Postie Plus \$606k

# New Leasing

- 9 New Customers 2010 – 17789 sqm - \$2.3m p.a
- Average new lease term 7.9 years, Average incentive 7.6 months

Property	Customer	Area (sqm)
19 Omega Street, North Harbour	Just Switchboards	543
15a Vestey Drive, Mt Wellington	PMP Maxum	2,338
8 Cavendish Drive, Manukau	Greenmark	1,072
61 Patiki Road, Avondale	Itech Plus	142
8 Hugo Johnston Drive, Penrose	Tenix	820
326 Rosebank Road, Avondale	Te Ngahere	544
Peninsula Business Park, Avondale	Dunlop Living	7,960
76 Carbine Road, Mt Wellington	Atlas Gentech	2,770
1 Niall Burgess Road, Mt Wellington	R L Button	1,600
<b>Total</b>		<b>17,789</b>

# Retentions / Renewals and Lease Restructuring

- 40,362 sqm extended over 2010
- Average extension 4.74 years over rent roll of \$4.02m p.a
- Average incentive 3.0 months

Property	Customer	Area (sqm)
956a Great South Road, Penrose	Parcel Express	2,620
8 Hugo Johnston Drive, Penrose	Lunch Bar	69
212 Cavendish Drive, Manukau	Cardmember Wines	4,317
102 Mays Road, Penrose	Full Circle	4,089
16 Hugo Johnston Drive, Penrose	Modempak	2,090
54 Carbine Road, Mt Wellington	Propharma	6,330
41 William Pickering Drive, North Harbour	Mayo Hardware	1,904
Peninsula Business Park, Avondale	Akzo Nobel	1,966
61-69 Patiki Road, Avondale	Gunnerson	2,531
6 Donnor Place, Mt Wellington	Wickliffe NZ Ltd	12,074
322 Rosedale Road, North Harbour	Caprice Curtains	2,372
<b>Total</b>		<b>40,362</b>

# Strengthening the Portfolio

## Divestment of



## Funds Re-Investment in

4 Rothwell Ave  
Sold \$4.8m 8.85%



26 William Pickering Drive  
Sold \$1.4m 9.28%



18 Cryers Road /  
8 Stonedon Ave  
Sold \$9.75m 9.34%



956 / 956a Great South Road\*  
Sold \$5.5m 8.9%



\*sold post balance date

76 Carbine Road  
Atlas Gentech  
Project Cost \$1.7m  
ROC 8.2%



Peninsula Business Park  
NZAA / Akzo Nobel  
Project Cost \$1.62m  
ROC 8.53%



Peninsula Business Park  
Dunlop Living  
Project Cost \$6.98m  
ROC 8.2%

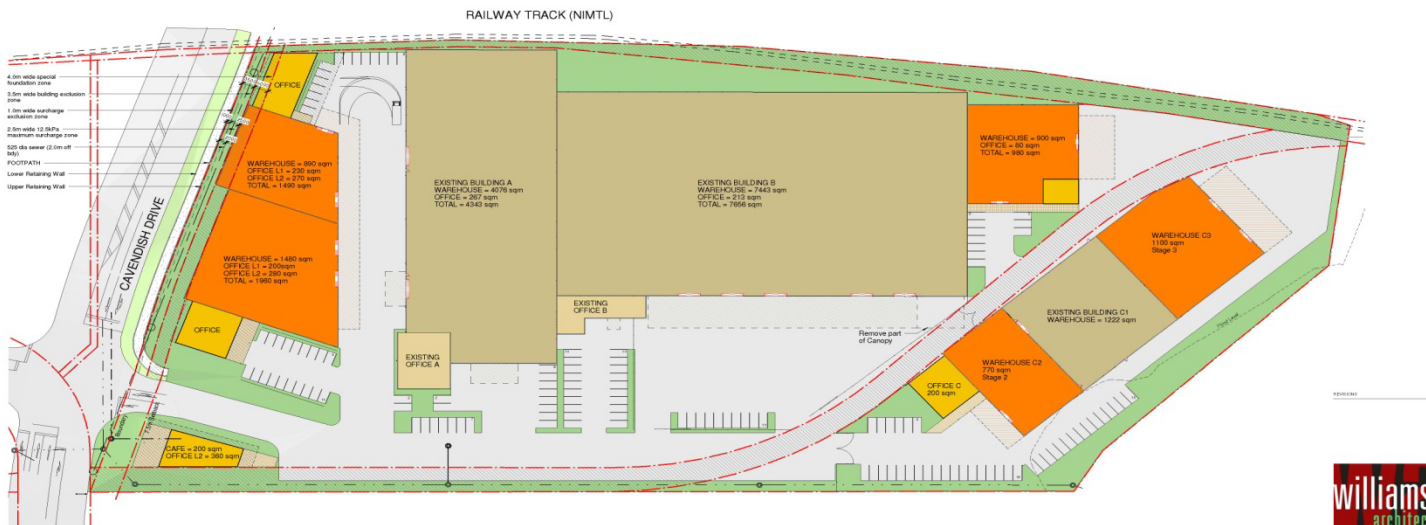


# Peninsula Business Park Case Study



# Development Pipeline Near Term

	Scheme	Approx Cost \$m	Land Area (ha)
Seaview Business Park	Business Park	6.0	1.0
6a Donnor Place	Office / Warehouse	3.5	0.35
212 Cavendish Drive	Office / Warehouse	6.0	0.8
55 Nesdale Avenue	Office / Warehouse	5.0	1.0
		20.5	3.15



# Industrial Property Market

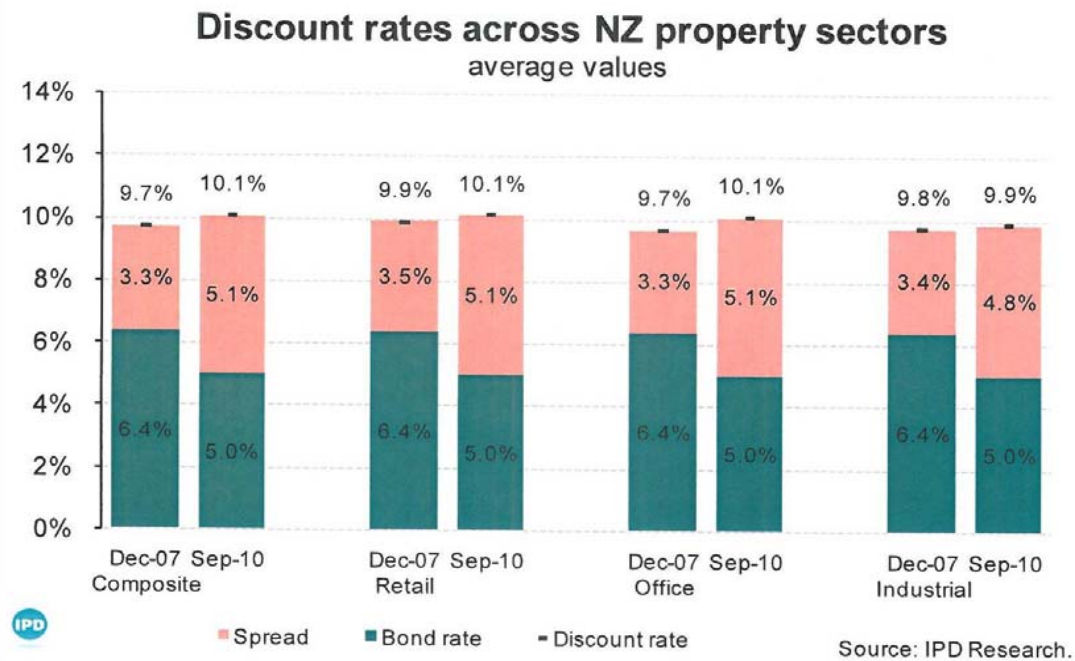
- Industrial building supply limited to pre commits
- Vacancy 4.5% (ex. CBRE), down from 5.0% in June
- Lease enquiry for good quality, existing stock solid. Consolidation is continuing theme
- Rents stabilised
- Yields stabilised for well leased quality stock, tax changes and increasing interest rates offered by improving market sentiment
- Incentives possible stabilising

## NZIER Real GDP by Industry

	2005-2010	2010-2015 (f)
Wholesale Trade	-1.0%	2.6%
Transport and Storage	-0.5%	3.4%
Average all sectors	1.0%	2.2%

# Strategy & Outlook

- Absolute focus on leasing and lease restructuring further out i.e to 2014
- Further divestment 'non core' properties will be considered to fund development program on in house land bank
- Low Risk Treasury Management Strategy
- Opportunist Acquisitions – quality properties still tightly held
- With values stabilising “yield gap” may become attractive on relative risk basis



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