

2009 Financial year results – 20 August 2009

# Macquarie Office Trust



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All information contained herein is current as at 30 June 2009 unless otherwise stated. All property portfolio information excludes Quintana, California, unless otherwise stated. All references to dollars (\$) are to Australian dollars, unless otherwise stated.

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# Agenda



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1. **Performance and strategy**

**Adrian Taylor**  
Chief Executive Officer



**Adrian Taylor**  
Chief Executive Officer

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2. **Financial and capital management**

**Alex Pritchard**  
Chief Financial Officer



**Alex Pritchard**  
Chief Financial Officer

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3. **Portfolio summary**

**Jill Rikard-Bell**  
Chief Operating Officer



**Jill Rikard-Bell**  
Chief Operating Officer

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4. **Portfolio update**  
(Australia, Europe and Japan)

**Jill Rikard-Bell**  
Chief Operating Officer



**Paul Sorensen**  
Managing Director,  
Portfolio Management

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5. **US portfolio**

**Paul Sorensen**  
Managing Director, Portfolio Management

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6. **Forward**

**Adrian Taylor**  
Chief Executive Officer



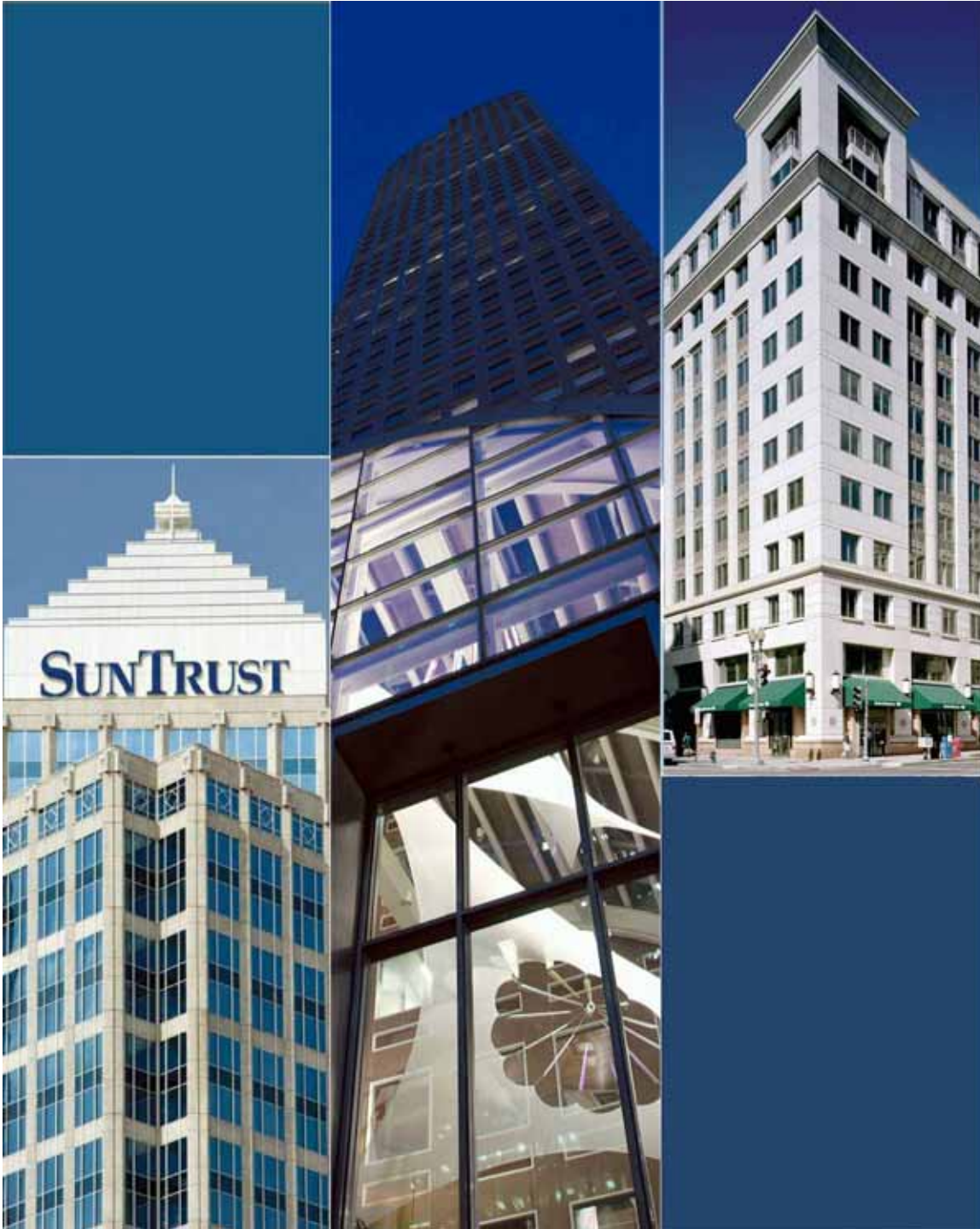
**Craig Newman**  
Head of Portfolio Management

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7. **Annexures**

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Exchange rates in this presentation are: A\$1.00 : US\$0.8068 / €0.5749 / ¥77.6892 at June 2009 and average for the year at A\$1.00 : US\$0.7445 / €0.5430 / ¥73.9042.  
Portfolio statistics used in this presentation exclude Quintana Campus, Irvine.



# 01

Performance and strategy



# Position



- ✓ Greater balance sheet stabilisation
- ✓ Model adjusted for new financial environment
- ✓ Positioned to retain and attract tenants
- ✓ Portfolio re-balancing toward Australia to continue in ordinary course of business

# Results summary

## 12 months to 30 June 2009



### Financial

- Second half earnings exceeded equity raising guidance
- Core earnings of \$185.8m or 5.64 cpu
- Distribution of 3.75 cpu (2H 1.5 cpu on guidance)
- Statutory accounting loss of \$1.37b
- NTA \$0.49 per unit on 4.6b units

### Operational

- Occupancy of 92.8% on a WALE of 4.8 years
- Leased 124,547 sqm (11% of the portfolio)
- Like for like net property income reduced by 1%
- Revaluations down 10.7% (\$556m) from Dec 2008



# Key achievements



- ✓ Resolved \$1.8b of debt (61% of June 2008 debt)
- ✓ Realised A\$461m from assets sales
- ✓ \$940m to be applied against debt to strengthen balance sheet
- ✓ Removed Head Trust gearing covenant in syndicate facility
- ✓ Derivative positions reduced or removed

Focused on strengthening the balance sheet

# Capital management initiatives – debt

## Refinanced over A\$1.8b ✓

- Extended syndicate to FY12                      A\$900m
- Refinancing CMBS                                      A\$513m
- Refinanced Delaware, Boston, DC              US\$160.3m
- Extended Milan facility for 5 years              €76.5m

## Covenant improvements ✓

- Head Trust gearing covenant removed
- ICR covenant reduced from 2.0x to 1.75x





# FY09 sale successes



	US\$	AU\$	AU\$	AU\$	AU\$	AU\$
<b>Sale Price</b>	182.5	279.0	49.0	95.0	38.0	461.0
<b>Historical Cost</b>	172.6	225.0	52.7	63.0	24.7	365.3
<b>Gain on Cost</b>	9.9	54.0	(3.7)	32.0	13.3	95.7
<b>Gain %</b>	5%	19%	-7%	34%	35%	26%
<b>IRR (unlevered)</b>		10.9%	11.2%	12.8%	11.4%	
<b>Period held</b>		5 Year	13 years	16 years	11 years	



# Capital management initiatives – actions

- Managing liquidity
  - Adjusted distribution payout policy to ~70% of core earnings
  - Converted syndicate foreign currency drawings to A\$
  - Underwrote Q4 DRP
  - Change to 6 monthly distribution payment cycle
  
- Derivative simplification
  - Closed out all equity cross currency swaps
  - Provided to close out Sep 2009 debt cross currency swaps
  - FX income hedging policy cash based



02

Financial Performance

# 2H09 - Capital raising guidance exceeded



	6 Months to Jun 09 \$m	Up-scaled Issue Guidance (Jan 09 Amendment) \$m
<b>Income</b>		
Net Property Income	185.6	199.8
Interest Income	8.1	6.2
Financing Expense	(80.6)	(92.0)
Management Fees	(11.8)	(15.3)
Other Expenses	(4.0)	(3.9)
Net Income Hedging Impact	0.0	(1.0)
Adjustments	(2.4)	0.5
<b>Core Earnings Assessment</b>	<b>94.9</b>	<b>94.3</b>
Units 'm	4,584	4,584
<b>Core Earnings Per Unit</b>	<b>2.07</b>	<b>2.06</b>
<b>Core Earnings Per Unit (Annualised)</b>	<b>4.14</b>	<b>4.12</b>
Adjustment for Asset Sales (cpu)		(0.04)
<b>Adjusted Core Earnings Per Unit</b>	<b>2.07</b>	<b>2.02</b>
<b>Adjusted Core Earnings Per Unit (Annualised)</b>	<b>4.14</b>	<b>4.04</b>

# Core earnings



	Income Statement Group \$m	Income Statement Joint Venture \$m	Other Adjustments \$m	FY2009 Core Earnings \$m	FY2008 Core Earnings \$m
<b>Income</b>					
<b>Net Property Income</b>	<b>224</b>	<b>162</b>	<b>(7)</b>	<b>380</b>	<b>356</b>
Interest and Other Income	16			16	7
<b>Expenses</b>					
Management base fee	(22)	(3)		(24)	(26)
Finance Costs	(125)	(23)	(25)	(173)	(137)
Other Expenses	(7)	(2)		(9)	(6)
<b>Total Expenses</b>	<b>(153)</b>	<b>(28)</b>	<b>(25)</b>	<b>(206)</b>	<b>(170)</b>
<b>Taxation</b>			(4)	(4)	(3)
<b>Core Earnings</b>				<b>186</b>	<b>190</b>
(Loss) / Gain on Sale	(138)				47
Property Valuation (Losses) / Gains	(784)	(548)			32
Derivative Movements	(336)				108
Taxation Benefit	206				33
Goodwill Impairment					(201)
Other	5				-
<b>Statutory Result</b>	<b>(959)</b>	<b>(413)</b>			<b>209</b>
		<b>(1,372)</b>			



# Balance sheet



	Jun 2009 \$m	<sup>1</sup> Adjusted 31 Dec 2008 \$m	Jun 2008 \$m
Cash (look through)	324	238	147
Total assets (look through)	5,403	6,684	6,477
Total debt (look through)	(2,788) <sup>2</sup>	(3,137) <sup>3</sup>	(2,943)
Total liabilities (look through)	(3,137)	(3,793)	(3,374)
<hr/>			
Total assets (balance sheet)	4,434	5,521	5,607
Total liabilities (balance sheet)	(2,168)	(2,631)	(2,504)
<b>Net assets</b>	<b>2,266</b>	<b>2,889</b>	<b>3,102</b>
NTA (post distribution and excl DTL)	2,319	3,084	3,319
Units on issue (millions)	4,584	4,584	2,042
<b>NTA per unit (\$)</b>	<b>0.49</b>	<b>0.63</b>	<b>1.52</b>
<b>NTA per unit (\$) (excl distribution and DTL)</b>	<b>0.51</b>	<b>0.67</b>	<b>1.63</b>
<b>Balance Sheet Gearing</b>	<b>36.9%</b>	<b>33.4%</b>	<b>36.1%</b>

1. Adjusted to reflect impact of equity raised in January (net of accrued costs) and syndicate debt facility repayment

2. Net of borrowing costs \$29.0m

3. Net of borrowing costs \$31.7m

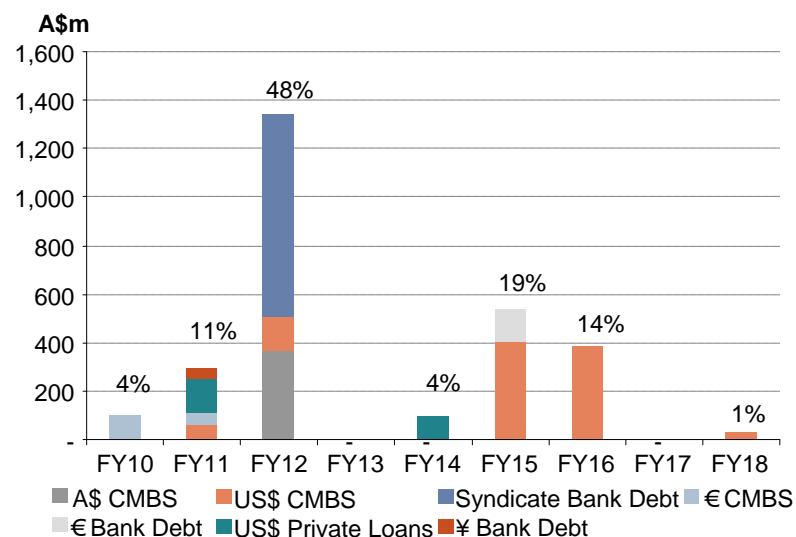
# Debt maturity



- During the period the Trust has resolved or extended A\$1.8b of near term debt maturities, this includes:
  - A\$900m Syndicate facility extended to September 2011
  - A\$512.5m CMBS Series 1 to be refinanced by drawing upon the Syndicate facility<sup>1</sup> and the Northbridge sale proceeds
  - €76.5m Milan facility extended to October 2014
  - US\$80m 700 13th St facility refinanced, maturing August 2013
  - US\$47.2m 1&3 Christina refinanced, maturing June 2011 (additional 2x12-month extension options available)
  - US\$33.1m 745 Atlantic Ave refinanced, maturing September 2011

- FY10 debt maturities comprise:
  - CMBS Series 1 (A\$512.5m outstanding) maturing in September 2009, to be refinanced with existing cash reserves and drawing down the Syndicate facility
  - €59.3m Berlin (June 2010)

As at 30 June 2009



1. Remains subject to certain conditions precedent

\*FY10 assumes CMBS Series 1 facility refinanced via draw down of Syndicate facility and cash on hand

# Sep 09 liquidity



Cash and undrawn debt facilities cover upcoming Sep 09 obligations

	\$m
<b>Available Cash - 30 June 2009</b>	<b>108</b>
Undrawn Syndicate Facility Balance	439
Northbridge Proceeds (Restricted)	93
Hay Street Proceeds (Restricted)	14
<b>Source of Funds</b>	<b>654</b>
CMBS S1 Refinancing	(513)
Debt XXCY Swaps (Sep 09)	(71)
Other	(20)
<b>Residual</b>	<b>50</b>
Property Level Cash <sup>1</sup>	60
<b>Residual Including Property Cash</b>	<b>110</b>

	\$m
Look through Cash	324
Property Cash	(60)
Northbridge Proceeds (Restricted)	(93)
505 and Hay St Proceeds (Restricted)	(49)
Hay Street Proceeds (Restricted)	(14)
<b>Available Cash - 30 June 2009 *</b>	<b>108</b>

1. Includes lender restricted amounts ( typically for building maintenance, taxes or leasing)



# Derivative positions reduced or removed

## Mark – To – Market Derivatives Position

	Jun 09 Current \$'m	Jun 09 Non-Current \$'m	Jun 09 Total \$'m	Sep 09 Pro-forma <sup>3</sup> \$'m	Dec 08 Position \$m	Comment
<b>Interest Rate Hedges</b>	(1)	(52)	(53)	(53)	(66)	Paid out of future earnings
<b>Foreign Income Hedges<sup>1</sup></b>	(1)	(2)	(3)	(3)	(10)	Paid out of future earnings
<b>Debt Hedges</b>						
– Cross Currency Swaps <sup>2</sup>	28	15	43	16	(62)	Spot FX rate higher than contracted avg. rate
– FX Contracts (offsetting) <sup>1</sup>	(95)	-	(95)	-	(14)	Reduces in Pro-forma position by the 71m September payment
	<b>(67)</b>	<b>15</b>	<b>(52)</b>	<b>16</b>	<b>(76)</b>	
<b>Equity Hedges</b>						
– Cross Currency Swaps <sup>2</sup>	-	(26)	(26)	Nil	(140)	Collapsed – Receiving \$4m net post balance date
– FX Contracts (offsetting) <sup>1</sup>	-	31	31	Nil	134	Collapsed – Receiving \$4m net post balance date
	-	<b>5</b>	<b>5</b>	<b>Nil</b>	<b>(6)</b>	
	<b>(69)</b>	<b>(34)</b>	<b>(103)</b>	<b>(40)</b>	<b>(159)</b>	

<sup>1</sup> Sum of FX contracts is a net liability of \$66.6m

<sup>2</sup> Total cross currency swaps is a net asset of \$16.7m

<sup>3</sup> June position adjusted for Equity Cross Currency Terminations executed in July and the \$71m September debt cross currency maturity



# 03

Portfolio summary





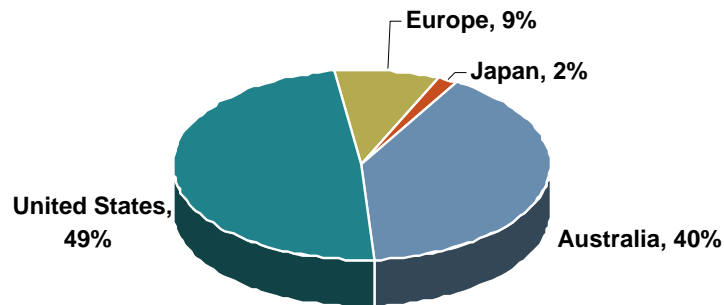
# High quality office portfolio

– 29 markets

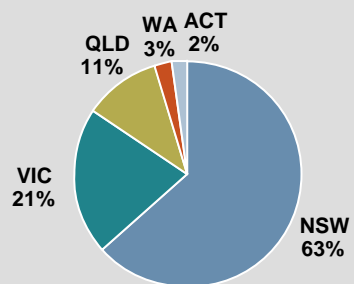
– 39 office properties

– 85%+ Prime/A grade<sup>3</sup>

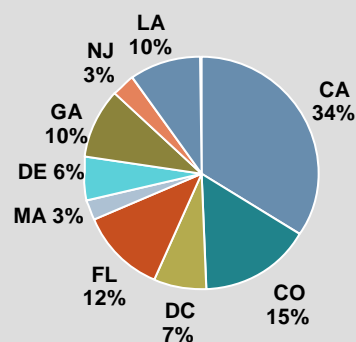
**Geographic diversification by value**



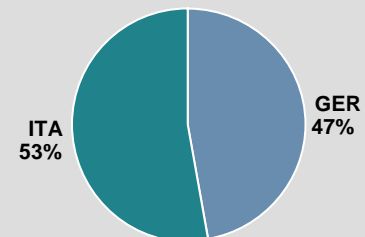
Region	Area		Avg. capital value <sup>1</sup>	
	Sqm	Local Measure	A\$/sqm <sup>2</sup>	Local Measure
<b>Aust</b>	334,353	334,353 sqm	5,594	\$6,426/sqm
<b>EUR</b>	77,478	77,478 sqm	5,224	€3,707/sqm
<b>Japan</b>	6,614	2,001 tsu	12,026	¥3,071,619/tsu
<b>US</b>	678,223	7,300,568 sf	3,345	US\$271/sf
<b>Total</b>	<b>1,096,668</b>		<b>4,216</b>	



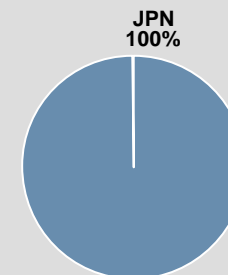
**Australia**



**US**



**Europe**



**Japan**

<sup>1</sup> Based on book value as at 30 June 2009

<sup>2</sup> Calculated at 30 June 2009 spot rates

<sup>3</sup> Management assessment

# Portfolio achievements



Portfolio activity	US	Australia	Europe	Japan	Total
Occupancy <sup>1</sup>	90%	97%	100% <sup>4</sup>	96%	<b>92.5%</b>
Unexpired average lease term <sup>2</sup> (years)	5.3	4.2	4.7	1.1	<b>4.8</b>
Like for like property income growth <sup>3</sup>	(4%)	1%	6%	N/A	<b>(1%)</b>
% of portfolio reviewed	43%	67%	20%	-	<b>48%</b>
Average increase from rent reviews	3%	5%	1%	N/A	<b>4%</b>
Tenant incentives (\$m)	11.4	8.0	-	-	<b>19.4</b>
Other capital expenditure (\$m)	7.1	3.4	0.4	-	<b>16.9</b>
Number of leases executed	54	33	4	13	<b>104</b>
FY09 leasing (sqm) <sup>1</sup>	83,900	34,010	4,098	2,539	<b>124,547</b>
<i>% of portfolio leased</i>	<i>12%</i>	<i>10%</i>	<i>5%</i>	<i>38%</i>	<i><b>11%</b></i>

<sup>1</sup> Includes LOI

<sup>2</sup> Weighted by Gross Income

<sup>3</sup> Excludes one-off items

<sup>4</sup> Excluding income support, occupancy is 96%



# Portfolio valuation summary



- Values decreased by \$556m or 10.7% against December 08 values
- Cap rates and discount rates softened by 66bps and 33bps respectively against the prior external valuations
- Portfolio cap rates softened by 162 bps (28%) since their peak values

## June 2009 Revaluation Summary

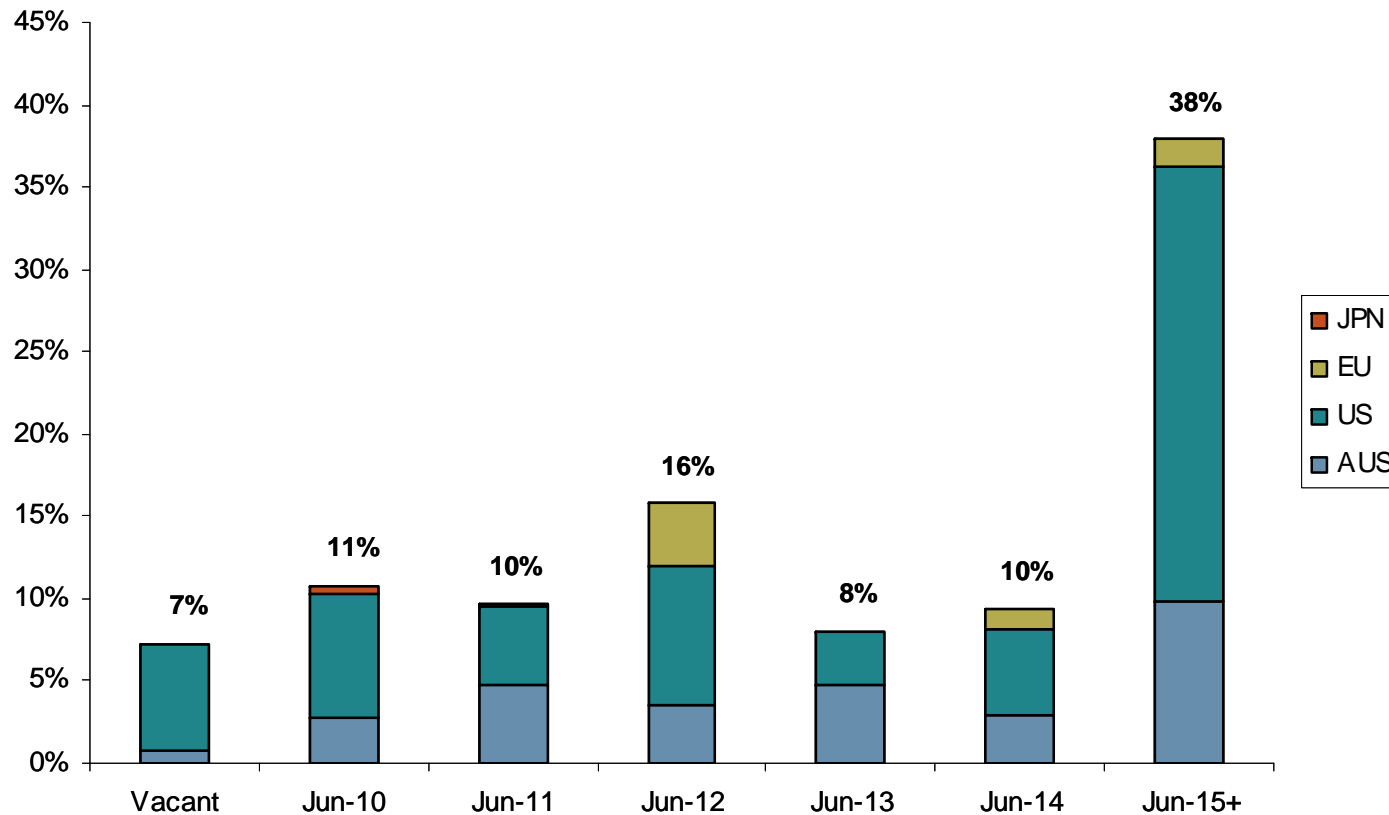
External Valuations	Australia	United States	Japan	Europe	Totals
Number of properties valued - external	9	7	3	2	21
Jun 09 book value (\$m)	\$1,870.4	\$2,268.4	\$79.5	\$404.8	\$4,623
Dec 08 valuation (\$m)	\$2,039.9	\$2,614.1	\$96.3	\$428.9	\$5,179
Aggregate movement in value (\$m)	(\$169.5)	(\$345.7)	(\$16.7)	(\$24.2)	(\$556)
Variance from Dec 08 value %	(8.3%)	(13.2%)	(17.4%)	(5.6%)	(10.7%)
Capital value (local currency/local measure)	\$6,426/sqm	US\$271/sf	¥3,071,619/tsu	€3,707/sqm	A\$4,216/sqm
Portfolio capitalisation rate	7.9%	7.4%	5.3%	6.8%	7.5%
10 year bond rate	5.6%	3.5%	1.4%	3.4%	
Capitalisation rate / bond rate spread	230 bps	390 bps	390 bps	340 bps	
Cap rate movement from prior external value	54 bps	81 bps	40 bps	33 bps	66 bps



# Diverse portfolio lease expiry profile

- 11% of portfolio expires in the next year
- Anchor tenant WALE of 5.0 years

MOF portfolio lease expiry

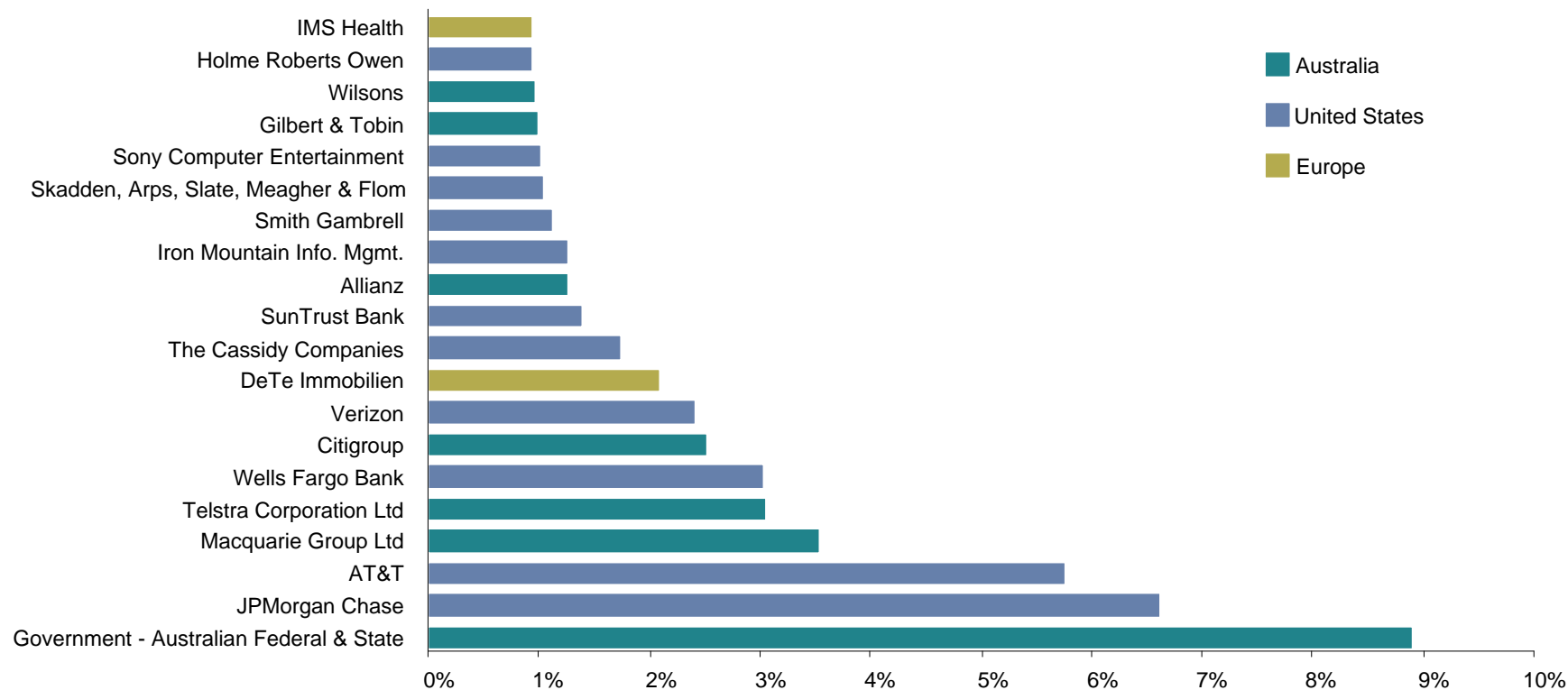


# Secure and diverse revenue base



- Largest customer - 9% of gross income
- Largest lease - 4% of gross income
- Top 20 customers represent 51% of gross income
- 79% Government & investment grade or equivalent<sup>1</sup> customers

Top 20 Tenants (by gross income)



<sup>1</sup>Including nationally recognised firms



# Commitment to sustainability



## Sustainability achievements

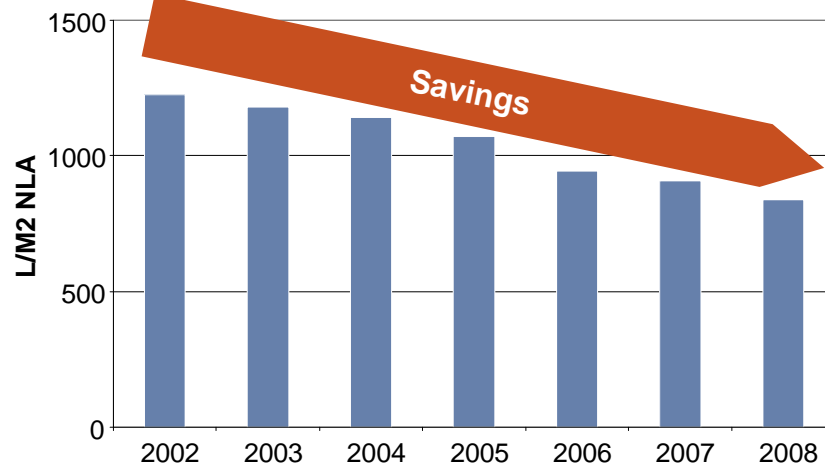
- 10% reduction in carbon dioxide emissions since 2007/08 for the Australian portfolio
- 15% less water used by the Australian portfolio in the calendar year to December 2008
- NABERS energy rating up from 3.8 to 4.2 stars in the Australian Portfolio
- 9 US assets achieved Energy Star ratings



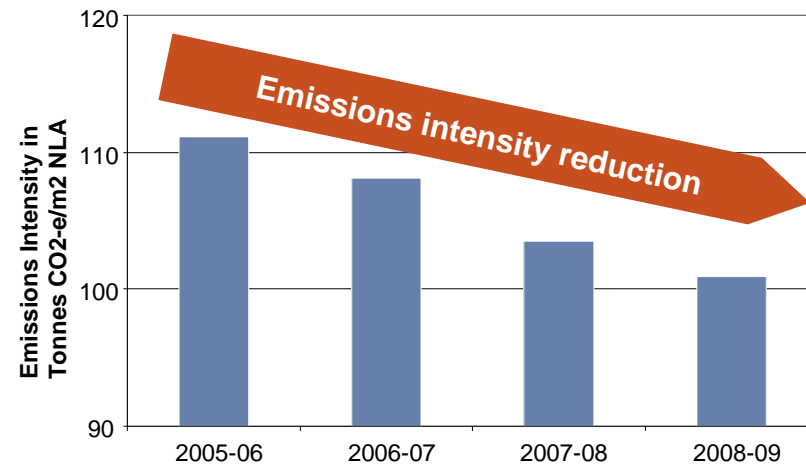
FTSE4Good



Water Consumption – Australian Portfolio



Reducing the Emissions Intensity of the Australian Portfolio





# 04

Portfolio update  
Australia  
Europe  
Japan

# Portfolio performance



Australian portfolio	Jun 2009
Occupancy <sup>1</sup>	<b>97%</b>
Unexpired average lease term <sup>2</sup> (years)	<b>4.2</b>
Anchor customer unexpired average lease term <sup>2,3</sup> (years)	<b>4.8</b>
Leasing activity <sup>1</sup> (sqm)	<b>34,010</b>
Leasing – increase over prior rent <sup>2</sup>	<b>20%</b>
Leasing – average gross incentive <sup>2</sup>	<b>11%</b>
Rent reviews – average increase	<b>5%</b>
Area subjected to rental review (sqm)	<b>224,441</b>

<sup>1</sup> Includes LOI

<sup>2</sup> Weighted by gross income

<sup>3</sup> Anchor tenants defined as largest per property



# Maintaining high occupancy



- Occupancy 97%
- 10% of portfolio was leased<sup>1</sup>

Market	Jun 08 Available sqm	Expiries sqm	12 Months Leasing <sup>1</sup> sqm	Jun 09 Available sqm	Jun 09 Occupancy <sup>1</sup>	WALE <sup>2</sup> Years	Jun 09 Over/(under) Renting
North Sydney	92	10,779	12,734	1,278	95%	4.6	2.9%
Melbourne	-	7,859	7,591	705	99%	3.3	(0.2%)
Perth	-	4,047	6,144	1,727	85%	3.4	(8.6%)
Sydney	303	4,279	3,780	2,865	97%	4.7	3.0%
Other Markets	-	-	2,221 <sup>3</sup>	-	100%	7.8	12.7%
Sydney Non-CBD	-	2,618	995	2,101	95%	5.3	6.6%
Brisbane	-	1,040	545	267	99%	3.8	(5.6%)
<b>Total</b>	<b>395</b>	<b>30,621</b>	<b>34,010</b>	<b>8,943</b>	<b>97%</b>	<b>4.2</b>	<b>1.5%</b>

<sup>1</sup> Includes LOI

<sup>2</sup> Weighted by gross income

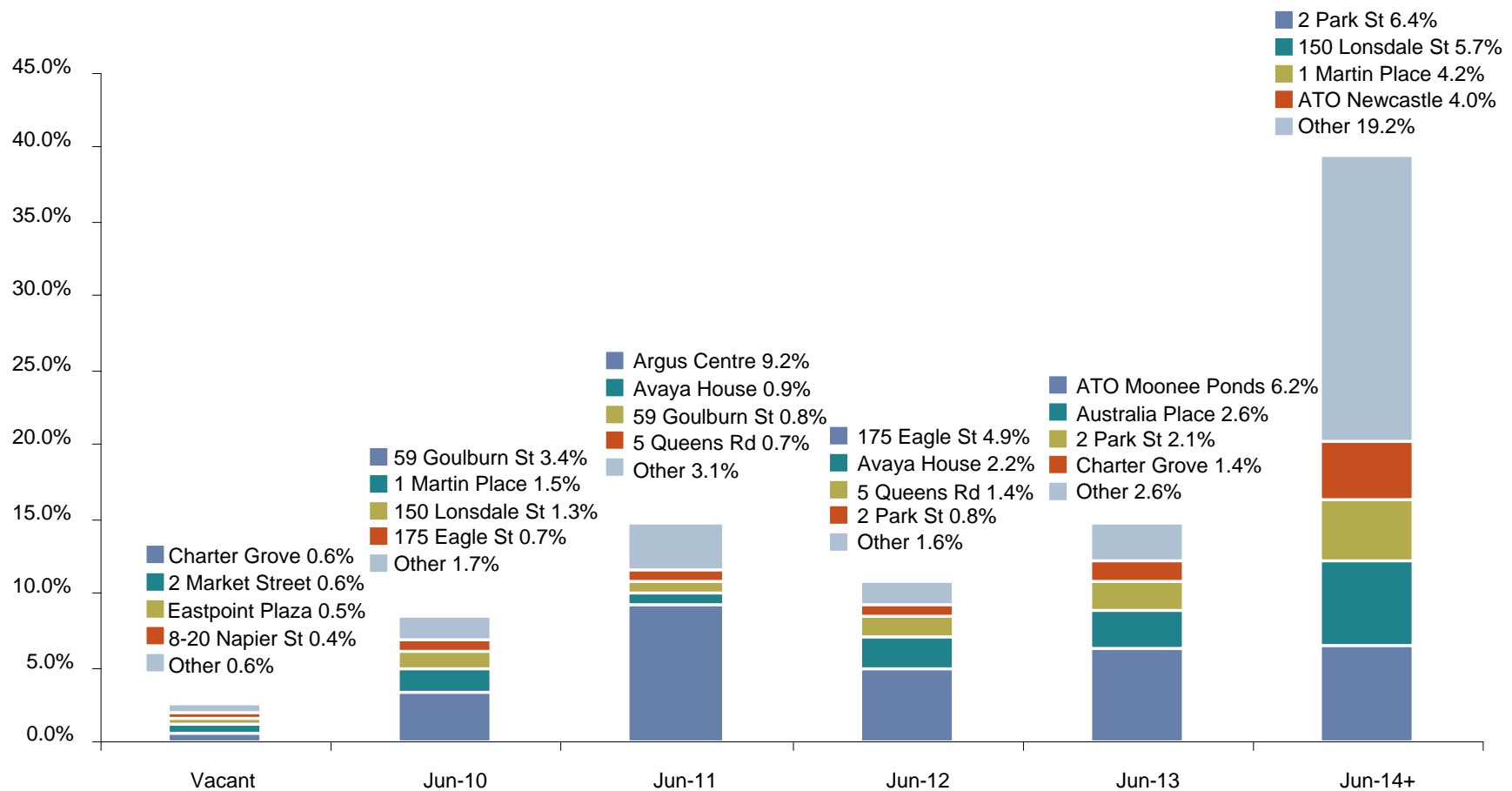
<sup>3</sup> Naylor House, Adelaide

# Diverse Australian lease profile



— 9% of portfolio expires in the next year

— Anchor customer WALE of 4.8 years<sup>1</sup>



<sup>1</sup> Largest customer per property weighted by gross income

# Office market fundamentals



- Weaker economic conditions
- Vacancy rates expanding
- Limited supply in most markets
- Lower expected peak in unemployment

Market (CBD)	Premium & A-Grade Stock June 2009	Premium & A-Grade Vacancy Jun 08 <sup>2</sup>	Premium & A-Grade Vacancy Jun 09	Premium & A-Grade Net Absorption (12 months)	Net increase in supply 2010 sqm	% Total stock June 2009
Sydney CBD	2,490,091	3.8%	8.2%	(197,692)	90,339	1.9%
North Sydney	331,069	13.5%	13.3%	24,096	23,371	2.8%
Melbourne CBD	2,223,640	0.9%	5.3%	39,754	104,240	2.6%
Brisbane CBD	853,694	0.4%	6.4%	13,543	29,622	1.6%
Perth CBD	732,831	0.1%	5.3%	5,466	94,515	6.7%
Adelaide CBD	429,064	3.0%	3.2%	29,812	22,692	1.8%
Canberra	1,029,136	6.3%	11.1%	(7,331)	149,742	8.0%
<b>Total/Weighted Avg</b>	<b>8,089,525</b>	<b>3.0%</b>	<b>7.3%<sup>1</sup></b>	<b>(92,353)</b>	<b>514,521</b>	<b>3.2%</b>

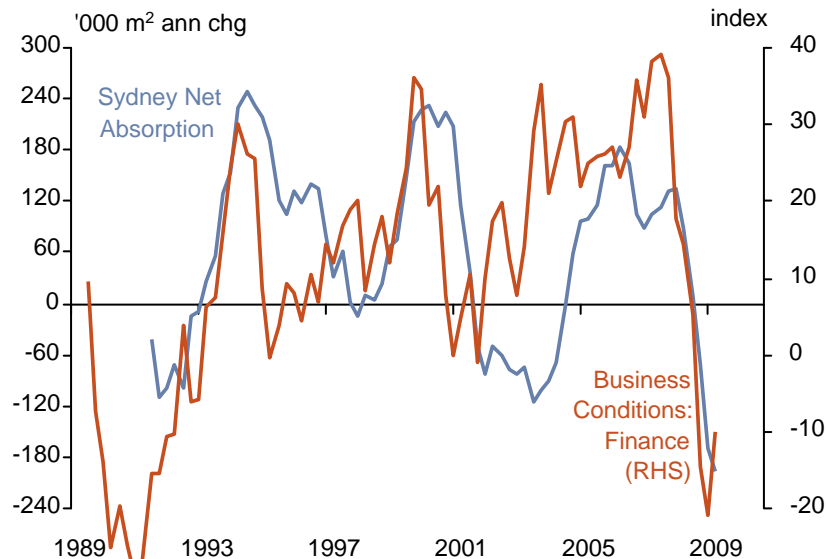
Source: PCA, JLL

<sup>1</sup> Weighted by total Premium A grade stock as at Q2/2009

<sup>2</sup> June 2008 vacancy based on Q2/2008 stock

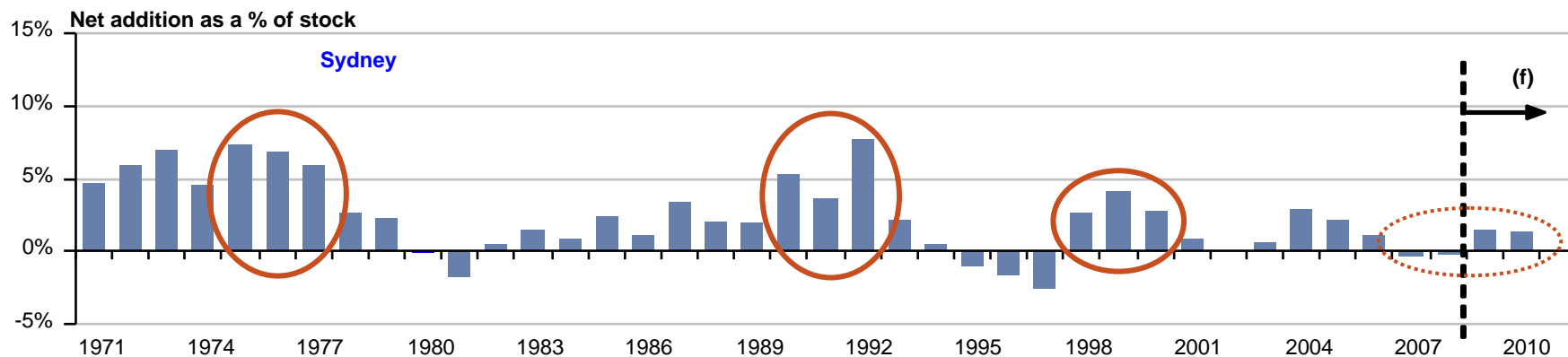


# Sydney CBD market in focus



Source: Macquarie Capital Advisers

- Office markets closely linked with business conditions which is beginning to show signs of improvement
- Prior economic downturns characterised by substantial new supply
- Forecast supply significantly below historic average
- Rental growth forecast to return in 2011



Source: Macquarie Capital Advisers

# Leasing case study

## 5 Queens Road, Melbourne



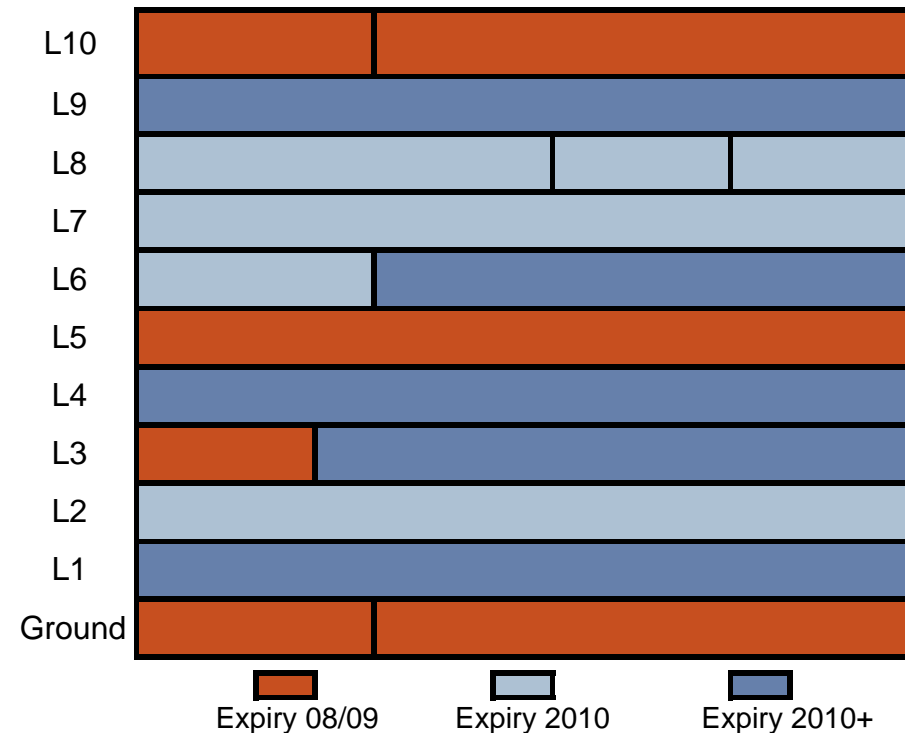
### Challenge

- 4 Tenants relocated due to business change
- 39% of building to become vacant
- WALE 2.2 years

### Outcome

- 6,150 sqm leasing completed
- Occupancy up to 96%
- WALE 4.2 yrs

5 Queens Road, Melbourne



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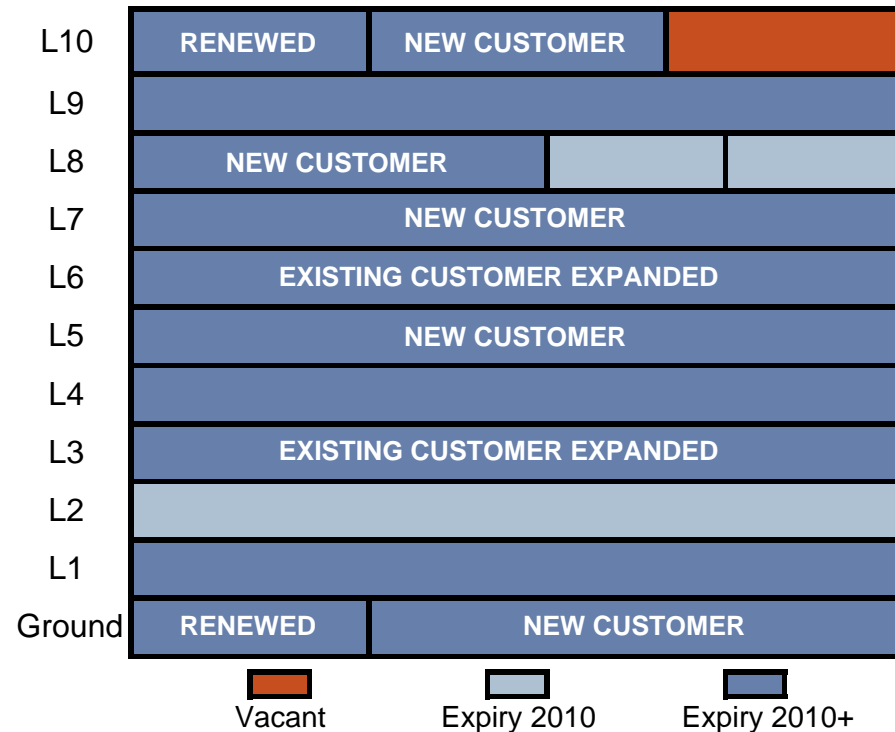
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5 Queens Road, Melbourne



# Europe & Japan portfolio snapshot

June 2009	Europe	Japan
Occupancy	100% <sup>1</sup>	96%
Unexpired average lease term <sup>2</sup>	4.7 years	1.1 years
Leasing	4,098 sqm	2,539 sqm
% of portfolio leased in period	5.3%	37.9%
Portfolio value	€232.7m	¥6,180m
Over/(Under) rented	2.2%	(1.1%)



<sup>1</sup> Including income support. If income support is excluded occupancy is 96%

<sup>2</sup> Weighted by gross income





# 05

US Portfolio Update

# Portfolio performance



US Portfolio	Jun 2009
Occupancy <sup>1</sup>	<b>90%</b>
Unexpired average lease term <sup>2</sup> (years)	<b>5.3 Years</b>
Anchor customer average unexpired lease term <sup>2,3</sup> (years)	<b>5.5 Years</b>
Leasing activity <sup>1</sup>	<b>903,119 sf</b>
Tenant retention last 6 months	<b>83.5%</b>
Leasing – increase over prior rents <sup>1</sup>	<b>12.8%</b>
Leasing – average gross incentive <sup>2</sup>	<b>12.4%</b>
Over rented	<b>2.7%</b>

<sup>1</sup> Includes LOI

<sup>2</sup> Weighted by gross income

<sup>3</sup> Anchor customer defined as largest per property



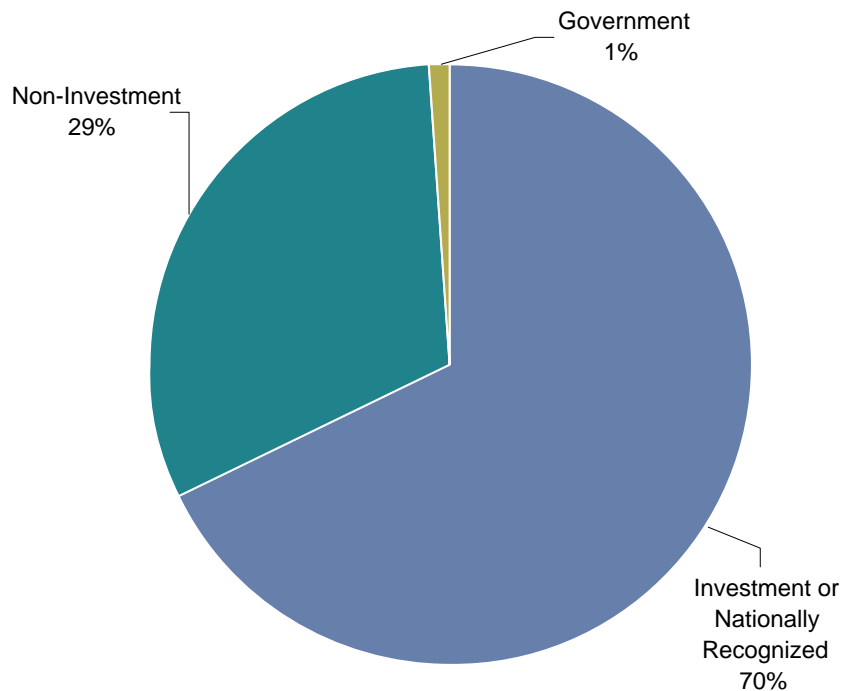


# High quality, broad customer base

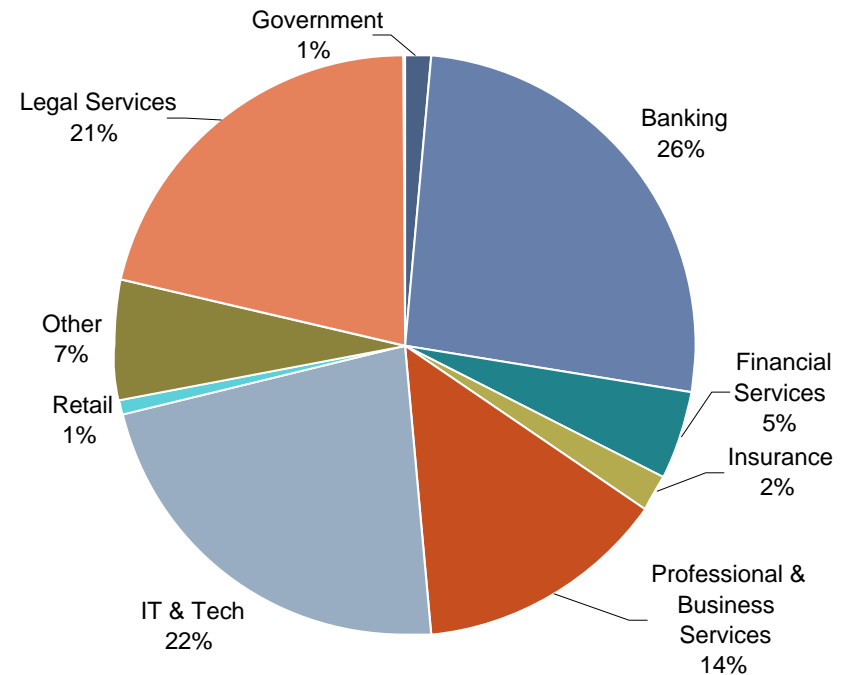
- 71% of customers are either government, investment grade or nationally recognised firms

- Banking and Finance sectors have a combined WALE of 7.3 years<sup>1</sup>

**United States Portfolio  
Customer Grade by NLA**



**United States Portfolio  
Customer Classification by NLA**



<sup>1</sup> Weighted by gross income

# Quintana Campus, Irvine, CA



## Property Background

- Four building campus totaling 414,595 sf
- Previous single tenant campus occupied by WaMu
- 80%/20% JV with Maguire
- Value as of Dec. 2008 = US\$108.6m
- Debt = US\$106m



## WaMu acquired by JPM

- WaMu leases 360,245 sf (87% of building) as of June 30, 2008
- JPM/Chase takeover of WaMu (FDIC assisted) – Sept. 25, 2008
- Rejection of WaMu leases (360,245 sf): March / April 2009
- Subsequent short term lease for 109,867 sf
- JV elects to default on June 15, 2009

## Next Steps

- Non-recourse loan (principle and interest)
- Current discussions with CMBS special servicer
- Potential outcomes & timing
  - Market with Lender – 6 months
  - Foreclosure / Deed in Lieu – 6 months
- Financial impact
  - FMV of property and FMV of debt both equal US\$75m (US\$60m MOF share)

# US leasing and occupancy



Property	Jun 08 Available sf	Vacated Tenants Sf	12 mths Leasing <sup>1</sup> Sf	Jun 09 Available Sf	Jun 09 Occupancy <sup>1</sup>	WALE Years <sup>2</sup>	Jun 09 Over/(Under) Rented
San Diego Tech Center, San Diego	21,732	19,451	213,097	33,176	94.9%	3.4	(0.2%)
Wells Fargo Center, Denver	58,466	38,065	197,326	72,497	94.0%	7.8	(8.2%)
One California Plaza, Los Angeles	104,790	128,465	175,130	220,562	78.0%	5.3	(9.5%)
SunTrust Center, Orlando	61,990	153,776	97,530	198,786	69.3%	5.3	16.0%
Chase Tower, Indianapolis	20,800	-	66,946	16,305	98.5%	7.6	12.0%
Pasadena Towers, Pasadena	164,712	28,703	65,331	195,573	55.7%	6.1	(0.2%)
Stadium Gateway, Anaheim	14,513	66,076	51,997	23,663	91.3%	4.2	2.2%
SunTrust Financial Centre, Tampa	43,867	11,037	14,566	53,175	89.9%	4.5	(0.1%)
1 & 3 Christina Center, Wilmington	-	-	12,134	-	100%	6.4	19.7%
700 Thirteenth Street, Washington DC	2,385	-	4,887	2,385	99.0%	3.0	(6.3%)
Promenade II, Atlanta	15,544	1,343	4,175	13,866	98.2%	4.0	12.6%
Cerritos Corporate Center, Cerritos	-	-	-	-	100%	4.3	6.4%
745 Atlantic Avenue, Boston	-	-	-	-	100%	4.1	8.5%
30 Independence Boulevard, Warren	-	-	-	-	100%	2.8	13.6%
<b>Total</b>	<b>527,864</b>	<b>446,916</b>	<b>903,119</b>	<b>829,988</b>	<b>89.7%</b>	<b>5.3%</b>	<b>2.7%</b>

<sup>1</sup> Includes LOIs

<sup>2</sup> By Gross Income

# US market fundamentals



<u>MOF Asset Information</u>			<u>Market Vacancy</u>		<u>Market Supply Q2 2009</u>	
Market Current	Submarket	Vacancy	Jun 2009	Jun 2008	SF Under Construction	% of Total Sub-market
Atlanta	Midtown	1.8%	24.3%	19.4%	719,000	5.2%
Boston	South Station	0.0%	14.2%	4.8%		
Denver	Downtown	6.0%	14.2%	11.2%	831,000	3.4%
Indianapolis	Downtown	1.5%	16.4%	14.2%		
Los Angeles	Tri-Cities	44.3%	14.4%	8.5%		
Los Angeles	Downtown	22.0%	14.9%	12.2%		
Northern New Jersey	287 Interchange	0.0%	10.1%	10.7%		
Orange County	Central OC	4.0%*	17.4%	15.4%	82,000	0.5%
Orlando	Downtown	30.7%	17.1%	12.9%		
Philadelphia	Wilmington CBD	0.0%	19.8%	18.2%	164,000	2.4%
San Diego	Sorrento Mesa	5.1%	17.8%	15.1%		
Tampa	CBD	10.1%	17.5%	14.8%		
Washington DC	East End	1.0%	9.4%	6.6%	608,000	1.5%
<b>Weighted Average / Total</b>		<b>10%</b>	<b>14.3%</b>	<b>11.2%</b>	<b>2,404,000</b>	<b>1.0%</b>

\* Weighted average vacancy by asset size for Stadium Gateway and Cerritos

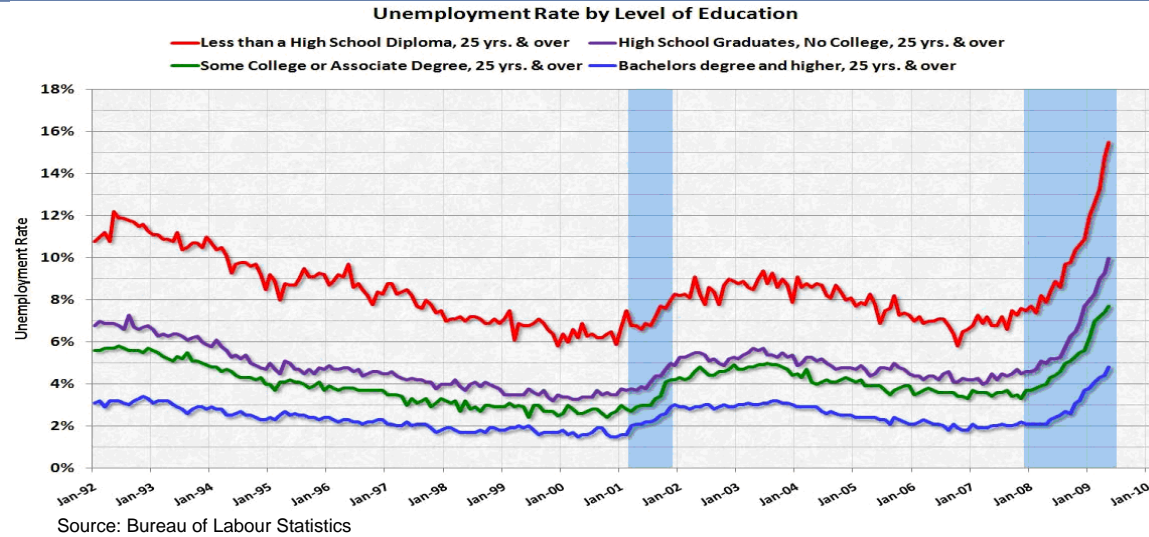
Source: CBRE, CoStar, JLL

# Prior cycles and outlook



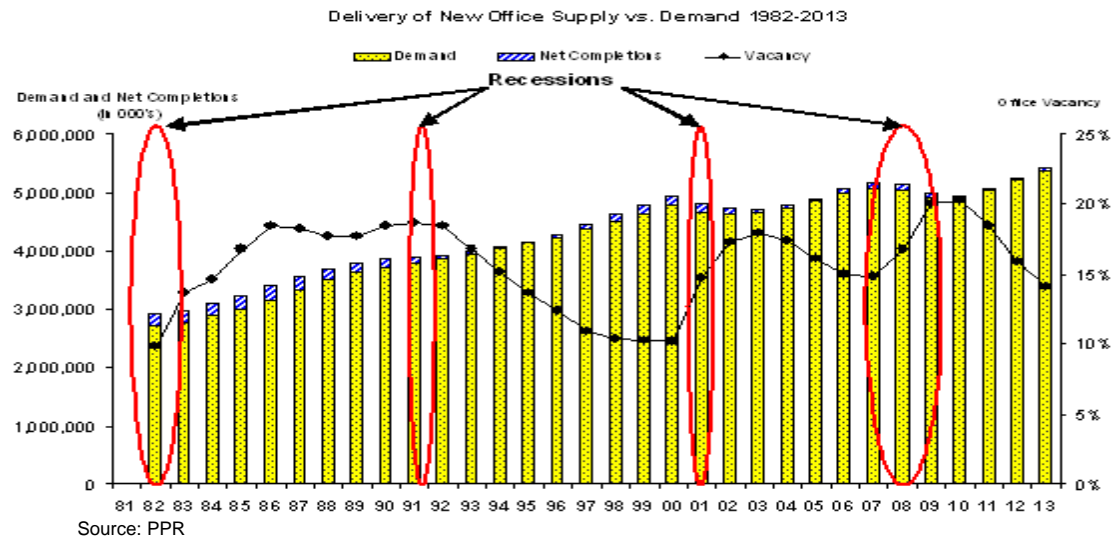
## Office Employment:

- The story behind the headlines
- Significant differences in unemployment by education level



## Office Vacancy:

- Back to 1990's levels
- Challenge to fill vacant space
- Landlord advantage in retaining tenants

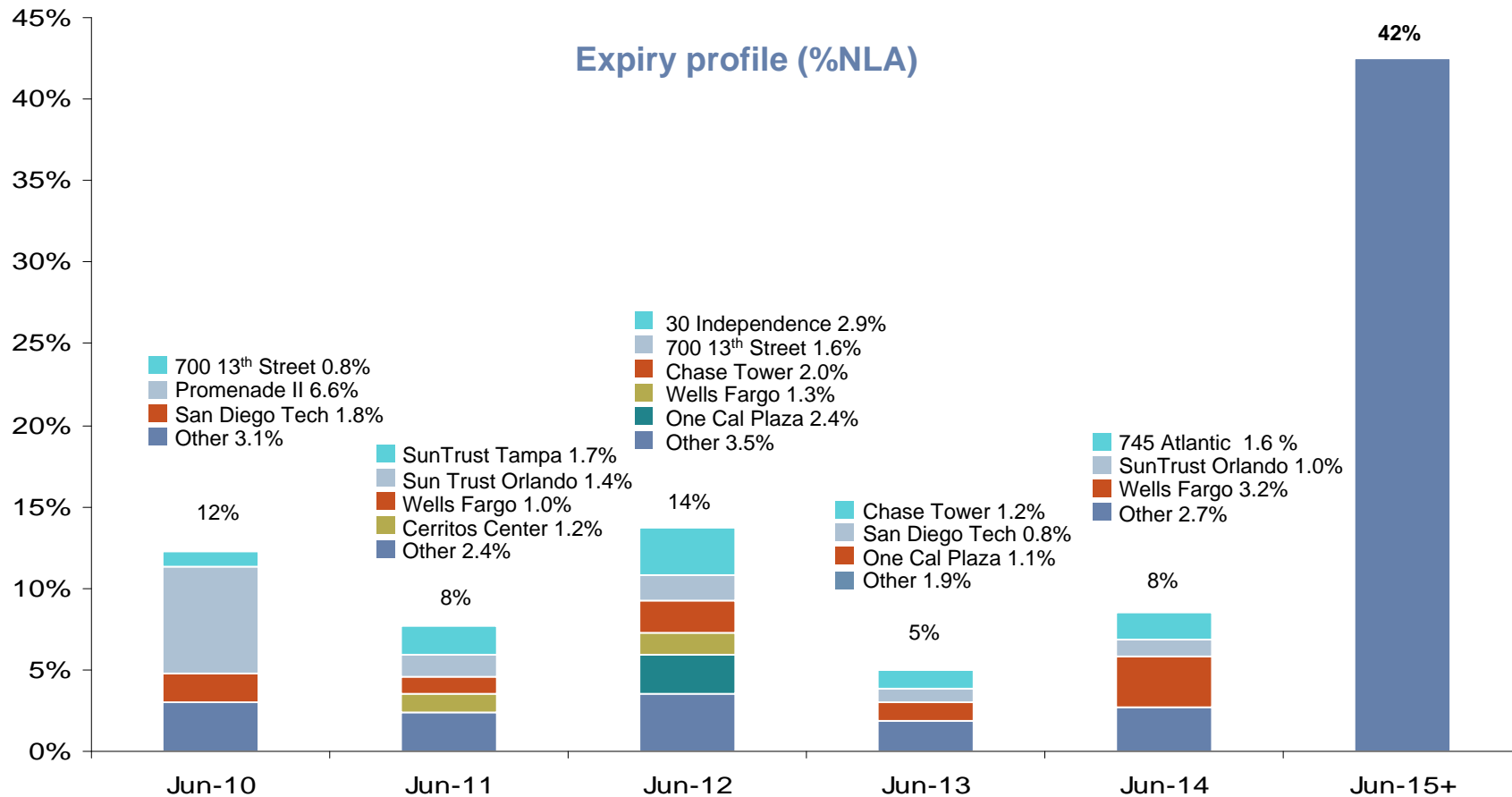


# Diverse lease profile



— 12% of portfolio expires next year

— Anchor customer WALE<sup>1</sup> of 5.5 years



<sup>1</sup> Largest customer per property weighted by Gross Income





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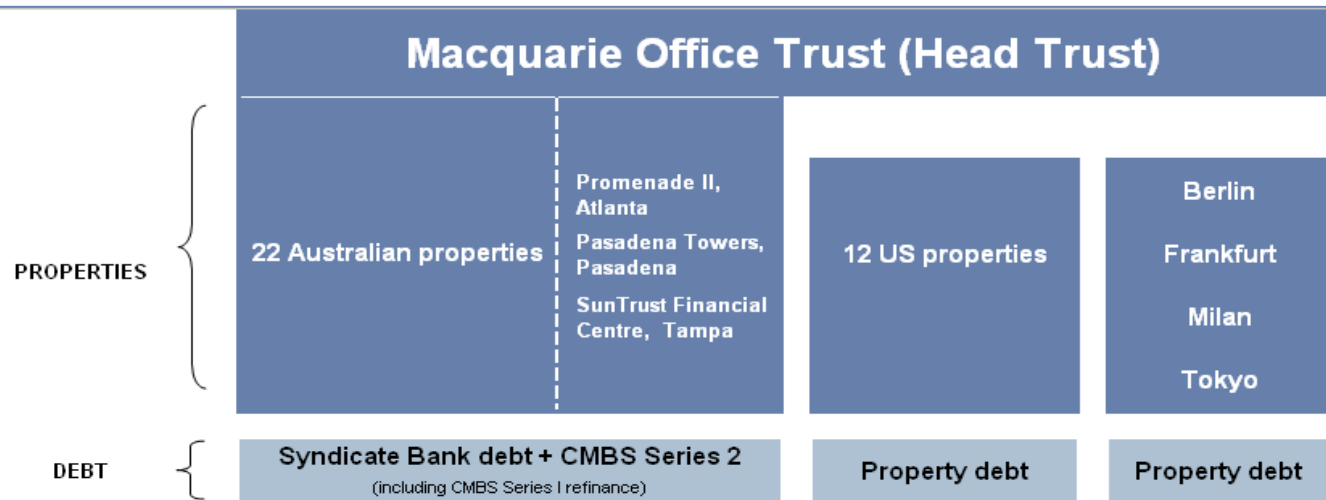
Forward



## Re-cap on year's activities

- ✓✓ Resolved 2009 debt maturities
- ✓✓ Selectively sold assets to realise value and liquidity
- ✓✓ Improved debt covenant position
- ✓✓ Reduced gearing volatility through locking in and closing out derivatives
- ✓✓ Only asset level debt maturities to FY12
- ✓✓ Leased 11% of portfolio (now 93% leased for 4.8 years)

# Geographic debt split



				TOTAL
Property	\$2,382m	\$1,831m	\$484m	\$4,698m
Debt	\$1,140m	\$1,224m	\$331m	\$2,788m
Other assets (liabilities) <sup>1</sup>	\$278m	(\$37m)	\$23m	\$357m
Net Assets	\$1,520m	\$571m	\$176m	\$2,266m
NTA per unit	\$0.33	\$0.12	\$0.04	\$0.49
Gearing <sup>2</sup>	31.9%	63.9%	62.0%	
Gearing (Balance sheet)				42.3%
Cap rate	7.9%	7.4%	6.6%	7.5%
sensitivity to 10% cap rate increase				
Gearing <sup>2</sup>	34.8%	67.1%	67.8%	
NTA	\$0.30	\$0.10	\$0.03	\$0.41

- No debt maturities until FY12 post CMBS S1 refinance
- No Trust level gearing covenant

- Asset level debt with average maturity of 4.8yrs
- No LVR Covenants except 30 Independence at 125% vs. actual 44%

- Asset level debt

<sup>1</sup> Inclusive of MTM of derivatives

<sup>2</sup> Net debt: Total assets (less cash and cash equivalents)

Analysis based on 30 June '09 FX rates: USD 0.8068, EUR 0.5749, JPY 77.69

# Selective asset sales



## Australia

No further sales expected (171 Collins Street possible exception)

## US

Negotiating terms for potential sale of One California Plaza, LA  
Withdrawn Boston, Indianapolis and Denver assets from market

## Europe

### Milan

- Renewed debt (potentially transferable)
- Title separated between two buildings
- Marketing to commence shortly

### Berlin

- Lender LVR waiver received to at least 31 Dec 09
- Goal to extend lease and then market

### Frankfurt

- Being marketed for sale

## Japanese Portfolio

Appointed agents to market the portfolio

# Strategy and objectives



- Short to medium term
  - Refinance CMBS Series 1 into syndicate – Sep 2009
  - Finalise negotiations with lenders for Quintana and Berlin
  - Close selective offshore asset sales
  - Continue to work with customers to renew tenancies and let vacant space
  
- Medium to long term
  - Selectively re-weight to majority Australian assets (long-run exchange rates)

**Continue to take action toward restoring unitholder value**

# Outlook



- FY10 Earnings will be lower than second half 2009 core earnings annualised of 4.14cpu reflecting full year effect of slow leasing conditions and full year financial effect of the previously announced initiatives:
  - asset sales ~0.19 cpu;
  - Q4 09 underwritten DRP ~0.15 cpu;
  - removal of debt cross currency swap income ~0.15 cpu.
- Real Estate lending markets to remain difficult but liquidity is easing.
- High quality assets, solid tenant covenants and a healthy occupancy and WALE underpins the Trust's ability to meet the challenges of the global economic conditions.





Q&A







# 07

Annexures

# Annexures



1a.	Like for like property income – Portfolio summary
1b.	Like for like property income – Australia
1c.	Like for like property income – US
1d.	Like for like property income – Europe & Japan
2.	Reconciliation of net property income
3a.	Capital management – debt
3b.	Gearing and ICR
3c.	Capital management – debt (interest rate exposure)
3d.	Capital management – income hedging
3e.	Capital management – capital hedging
4.	Calm being restored to financial markets

**Exchange rates:**

Income from investments  
A\$: US\$0.7445 / €0.5430 / ¥73.9042  
Portfolio statistics and balance sheet items  
A\$: US\$0.8068 / €0.5749 / ¥77.6892

# Annexure 1a

## Like for like property income – Portfolio summary (excludes one-off items)



12 months (FY09 vs FY08)	FY09 A\$m	FY08 A\$m	Difference
Australian Portfolio	140.6	139.5	1%
United States Portfolio	147.0	152.9	(4%)
European Portfolio	9.9	9.3	6%
<b>Total Portfolio – Like for Like Net Property Income</b>	<b>297.5</b>	<b>301.7</b>	<b>(1%)</b>

# Annexure 1b

## Like for like property income – Australia (excludes one-off items)



	FY09 A\$m	FY08 A\$m	Difference
Citi Centre, 2 Park Street, Sydney	24.2	23.8	2%
No. 1 Martin Place, Sydney	19.9	18.9	5%
Allianz Centre, 2 Market Street, Sydney	10.3	10.5	(1%)
59 Goulburn Street, Sydney	6.2	5.4	16%
The Denison, North Sydney	6.7	5.1	31%
NCR House, North Sydney	3.6	4.8	(24%)
Charter Grove, St. Leonards	5.7	6.6	(12%)
Avaya House, North Ryde	5.7	5.6	2%
2 Wentworth Street, Parramatta	2.1	2.0	5%
ATO Newcastle	5.1	5.1	-
Argus Centre, Melbourne	9.5	9.1	4%
150 Lonsdale Street, Melbourne	7.7	8.2	(6%)
5 Queens Road, Melbourne	5.4	5.8	(7%)
ATO Moonee Ponds	6.0	5.8	3%
175 Eagle Street, Brisbane	12.9	12.2	5%
Capital Hill, Brisbane	2.9	3.2	(10%)
1100 Hay Street, West Perth	3.0	2.2	32%
Australia Place, Canberra	3.7	5.2	(28%)
<b>Australian Portfolio – Like for Like Net Property Income</b>	<b>140.6</b>	<b>139.5</b>	<b>1%</b>
Eastpoint Plaza, Perth (Acquired FY08)	3.3		
ATO Northbridge, Perth (Sold FY09)	8.6		
Naylor House, Adelaide (Sold FY09)	3.1		
171 Collins Street site, Melbourne (Development site)	(0.3)		
<b>Australian Portfolio – Other Net Property Income</b>	<b>14.7</b>		
<b>Australian Portfolio Total Property Income</b>	<b>155.3</b>		



# Annexure 1c

## Like for like property income – US (excludes one-off items)



	FY09 US\$m	FY08 US\$m	Difference
One California Plaza, Los Angeles	12.6	14.0	(10%)
Pasadena Towers, Pasadena (75%) <sup>1</sup>	2.9	4.1	(30%)
Cerritos Corporate Center, Cerritos	6.8	6.7	1%
Stadium Gateway, Anaheim	3.2	3.9	(18%)
San Diego Tech Center, San Diego	9.4	8.7	9%
Wells Fargo Center, Denver	20.2	19.2	5%
SunTrust Center, Orlando (75%) <sup>1</sup>	4.1	7.4	(45%)
Promenade II, Atlanta (50%) <sup>1</sup>	8.2	8.3	(1%)
700 Thirteenth Street, Washington DC	8.7	8.4	4%
745 Atlantic Avenue, Boston	4.1	4.3	(4%)
1 & 3 Christina Center, Delaware	9.0	8.8	2%
30 Independence Boulevard, New Jersey	5.7	5.7	-
Chase Tower, Indianapolis	14.5	14.3	1%
<b>United States Portfolio – Like for Like Net Property Income</b>	<b>109.4</b>	<b>113.8</b>	<b>(4%)</b>
SunTrust Financial Centre, Tampa (Acquired 100% & sold to 91% FY08)	5.1		
Pasadena Towers, Pasadena (25%) <sup>1</sup>	1.0		
SunTrust Center, Orlando (25%) <sup>1</sup>	1.4		
Promenade II, Atlanta (50%) <sup>1</sup>	8.2		
Quintana Campus, Irvine (In loan default)	6.2		
Wachovia Financial Center, Miami (Sold FY09)	5.3		
Other	0.3		
<b>United States Portfolio – Other Net Property Income</b>	<b>27.5</b>		
<b>United States Portfolio Total Net Property Income</b>	<b>136.9</b>		

1. Balance acquired in October 2007

# Annexure 1d

## Like for like property income – Europe and Japan (excludes one-off items)



	FY09 €m	FY08 €m	Difference
Atrium Charlottenberg, Berlin	5.4	5.0	6%
<b>European Portfolio – Like for Like Net Property Income</b>	<b>5.4</b>	<b>5.0</b>	<b>6%</b>
Sachsenhausen, Frankfurt (Acquired FY08)	2.5		
City Central, Milan (Acquired FY08)	8.4		
European portfolio – Other Net Property Income	10.9		
<b>European Portfolio Total Net Property Income</b>	<b>16.3</b>		

	FY09 ¥m	FY08 ¥m	Difference %
<b>Japanese Portfolio – Like for Like Net Property Income</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Morita, Tokyo (Acquired FY08)	102.9		
Takara-cho, Tokyo (Acquired FY08)	72.5		
Tamachi, Tokyo (Acquired FY08)	93.7		
<b>Japanese Portfolio Total Net Property Income</b>	<b>269.1</b>		

# Annexure 2

## Reconciliation of net property income



	Controlled Property A\$m	JV Property A\$m	Combined A\$m
Net Property Income			
- Australian	103.5	54.6	158.1
- US	78.7	109.3	188.0
- EU	30.1	-	30.1
- Japan	3.8	-	3.8
AIFRS Adjustments	8.2	(1.5)	6.7
<b>Net Property Income</b>	<b>224.3</b>	<b>162.4</b>	<b>386.7</b>
Loss on Sale of Property	(138.0)	-	(138.0)
Property Valuation Losses	(784.3)	(548.1)	(1,332.4)
Interest Expense	(124.7)	(23.2)	(147.9)
Other Expenses	(28.2)	(4.5)	(32.7)
Maguire Promote Provision	4.9	-	4.9
	<b>(846.0)</b>	<b>(413.4)</b>	<b>(1,259.4)</b>
Interest and Other Income	16.1	-	16.1
Financial Instruments - Realised	58.3	-	58.3
Financial Instruments - Unrealised	(393.8)	-	(393.8)
Taxation	206.4	-	206.4
<b>Loss attributable to unitholders</b>	<b>(959.0)</b>	<b>(413.4)</b>	<b>(1,372.4)</b>

# Annexure 3a

## Capital management – debt



Facility	Currency	Ownership	Drawn Currency 'm	Drawn A\$m	Rate	Maturity	LVR <sup>1</sup>	Financial Covenants
<b>Australia</b>								
Syndicate Bank Debt Facility	A\$	100%	225.3	225.3	Floating	Sep-11	40%	Trust ICR >1.75 times Syndicate LVR 50%, ICR >1.75x
CMBS Series 1	A\$	100%	570.0	570.0	Floating	Sep-09	54%	None
CMBS Series 2	A\$	100%	365.0	365.0	Floating <sup>2</sup>	Sep-11	55%	None
<b>United States - CMBS</b>								
1 & 3 Christina Center	US\$	80%	47.2	58.5	Fixed	Jun-11	43%	Guarantor net worth > US\$150m
745 Atlantic Av.	US\$	100%	33.1	41.0	Fixed	Sep-11	58%	DSCR >1.2x, Guarantor net worth >US\$300m <sup>4</sup>
Quintana Campus <sup>3</sup>	US\$	80%	59.2	73.4	Fixed	Dec-11	99%	None
Wells Fargo Center	US\$	80%	220.8	273.7	Fixed	Apr-15	79%	DSCR >1.1x
San Diego Tech Center	US\$	80%	106.4	131.9	Fixed	Apr-15	70%	None
Sun Trust Center (Orlando)	US\$	100%	77.0	95.4	Fixed	Jan-16	64%	DSCR >1.2x
Cerritos Corporate Center	US\$	80%	76.0	94.2	Fixed	Feb-16	98%	None
Stadium Gateway	US\$	80%	41.6	51.6	Fixed	Feb-16	82%	None
Chase Tower	US\$	100%	116.0	143.8	Fixed	Mar-16	63%	None
30 Independence	US\$	100%	22.7	28.1	Fixed	Dec-17	44%	LVR 125%, DSCR 1.4x
Average:								<b>5.60%</b>
<b>United States - Private Loans</b>								
One California Plaza	US\$	80%	113.9	141.2	Fixed	Dec-10	57%	None
700 Thirteenth	US\$	100%	80.0	99.2	Fixed	Aug-13	59%	None
Average:								<b>5.53%</b>
<b>Other</b>								
Milan <sup>5</sup>	EUR	100%	69.7	121.2	Floating	Oct-14	57%	LVR 65%, ICR >1.2x, DSCR>1.3x
Berlin	EUR	100%	59.3	103.1	5.27%	Jun-10	92%	LVR 75%
Frankfurt	EUR	100%	29.5	51.3	4.57%	Dec-10	65%	LVR 65%, ICR >1.2x (cash trap)
Tokyo properties	JPY	98.50%	3510.0	45.2	1.65%	Dec-10	57%	LVR 60%, DSCR >1.2x (based on 5% debt service)
				<b>2,713.1</b>				

1. Based on latest June valuation 2. \$125m is fixed at 6.4850% 3. Quintana debt balance written down at 30 June 2009 4. Guarantor (MOUS No. 2) must maintain US\$20 million in liquid assets or annual cash flow 5. Post 30 June position assuming VAT refund receipt applied to debt (30 June balance €76.6m)

# Annexure 3b

## Gearing and ICR



	Covenant	Jun 2009	<sup>1</sup> Adjusted Dec 2008	30 Jun 2008
Trust gearing (look through) <sup>2</sup>	None	46.9%	43.5%	42.6%
Balance Sheet Gearing (net of cash)	None	36.9%	33.4%	36.1%
Trust ICR (12 months preceding)	1.75x	2.15x	2.18x	2.39x
Syndicate LVR <sup>3</sup>	50%	40.1%	30.0%	47.9%
Syndicate ICR <sup>4</sup> (12 months preceding)	1.75x	2.8x	3.3x	2.4x
Syndicate LVR (post Sep 09 CMBS refinance) <sup>3</sup>	50%	38.3%	-	-
Syndicate ICR (post Sep 09 CMBS refinance)	2.0x	3.7x <sup>4</sup>	-	-
ISDA gearing - Balance sheet	50%	42.3%	36.9%	38.0%
- Debt: total assets	60%	48.8%	45.4%	44.6%
ISDA - net assets	>\$1.5b	\$2.3b	\$2.9b	\$3.1b
ISDA - ICR (12 months preceding)	1.75x	2.15x	2.18x	2.39x

<sup>1</sup> Adjusted to reflect impact of equity raised in January 2009 (net of accrued costs) and syndicate debt facility repayment.

<sup>2</sup> Net debt (debt less cash): total assets less cash

<sup>3</sup> Includes MtM position of participant derivative position which has been estimated for September 2009

<sup>4</sup> Forecast based on passing basis using 30 June 09 spot interest rates and passing property NOI assumptions based on expanded collateral pool. Covenant increases up from 1.75x to 2.0x in September 09.

Note: 'Post Sep 09' measures assume all CMBS Series 1 properties are adopted within the syndicate pool.

# Annexure 3c

## Capital management – debt (interest rate exposure)



The following debt balances are based on interest rate exposure (ie. pre-offsetting FX hedges).

- AUS – Total debt exposure of A\$371 million<sup>1</sup> (Note: Aus debt 100% floating at BBSW +115bps)
- US – Total debt of US\$1,593 million<sup>1</sup> (A\$1,974 million)
- EUR – Total debt of €165 million<sup>2</sup> (A\$288 million)
- JPY – Total debt of ¥3,510 billion (A\$45 million)
- Average floating debt margins over LIBOR, US 81bps, EUR 175bps, JPY 50bps and AUD 115bps

US	FY09	FY10	FY11	FY12	FY13
Fixed Proportion <sup>2</sup>	90.3%	80.2%	62.3%	48.8%	43.6%
Floating Proportion	9.7%	19.8%	37.7%	51.2%	56.4%
Weighted Average Fixed Rate <sup>3</sup>	5.0%	5.1%	5.2%	5.3%	5.4%
EUR	FY09	FY10	FY11	FY12	FY13
Fixed Proportion	96.0%	88.7%	79.6%	43.8%	27.7%
Floating Proportion	4.0%	11.3%	20.4%	56.2%	72.3%
Weighted Average Fixed Rate <sup>3</sup>	4.7%	4.5%	4.5%	4.3%	4.2%
JPY	FY09	FY10	FY11	FY12	FY13
Fixed Proportion	100%	100%	100%	100%	100%
Floating Proportion	0%	0%	0%	0%	0%
Weighted Average Fixed Rate <sup>3</sup>	1.6%	1.8%	1.9%	1.9%	1.9%

1. After debt cross currency swaps at contracted AUD/USD FX, pre FX offsets

2. Reduced to €157.8 post Milan VAT refund

3. After cross currency, interest rate, & callable swaps, including margin.



# Annexure 3d

## Capital management – income hedging



		FY10	FY11	FY12	FY13	FY14
Avg. Proportion Income Hedged	USD	29%	15%	0%	2%	8%
Avg. FX Forward Rate	USD	0.82	0.81	-	0.77	0.76
Avg. Proportion Income Hedged	EUR	12%	16%	96%	0%	0%
Avg. FX Forward Rate	EUR	0.58	0.57	0.56	-	-
Avg. Proportion Income Hedged	JPY	58%	100%	92%	100%	69%
Avg. FX Forward Rate	JPY	93.7	88.8	84.4	80.2	76.9

- The level of hedging has declined against historic levels of ~100% due to:
  - Translation of the multi-currency facility to Australian dollars in November 2008,
  - The progressive close-out of equity cross currency swaps, &
  - The maturity of US\$384.6m of debt cross currency swaps in Sep '09.
  
- To date rehedging has not occurred due to:
  - Execution of capital management initiatives still in progress which may further impact income profiles.
  - Potential asset sales impacting the income profile.

# Annexure 3e

## Capital management – capital hedging



### Capital Hedge

- At balance date:
  - US assets are 64% capital hedged.
  - All remaining equity swaps and corresponding FX offsets were closed-out post 30 June '09.
  - European assets are 66% capital hedged, through property debt of €165m.
  - Japanese assets are 58% capital hedged, through property debt of ¥3,510m.

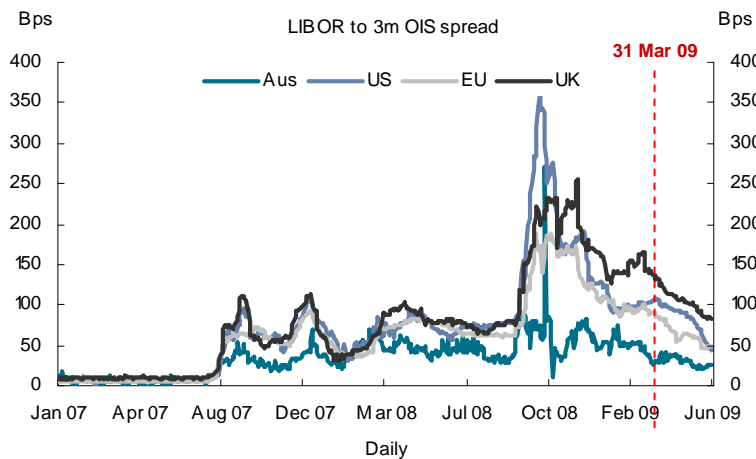
US Capital Hedge	
	30 Jun 09
	US\$m
<b>Equity Swaps</b>	
Cross Currency Swaps (Equity)	512.0
FX Forwards (Offset equity hedges)	(512.0)
<b>Debt Swaps</b>	
Cross Currency Swaps (Debt)	601.9
FX Forwards (Offset debt hedges)	(384.6)
Property Borrowings, Income hedges, & DTL	1,136.9
<b>Total Effective Borrowings</b>	<b>1,354.2</b>
<b>US Assets</b>	<b>2,107.8</b>
Hedged %	64%

# Annexure 4

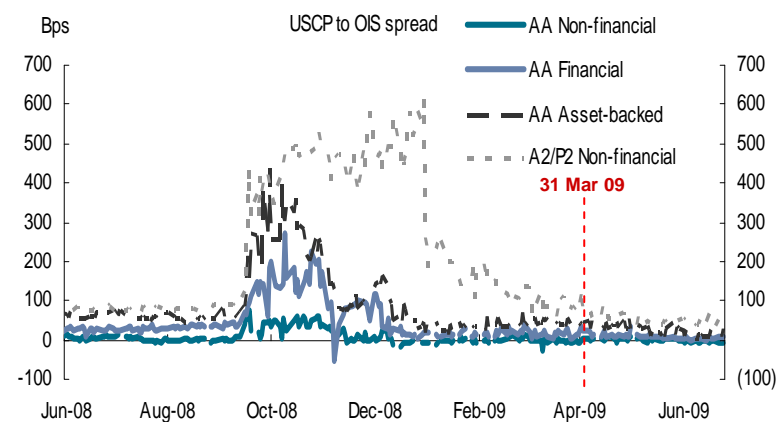
## Calm being restored to financial markets



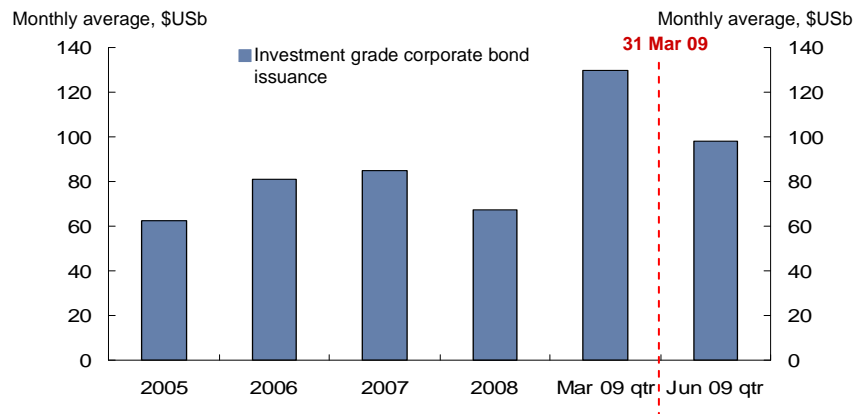
### Interbank spreads are falling



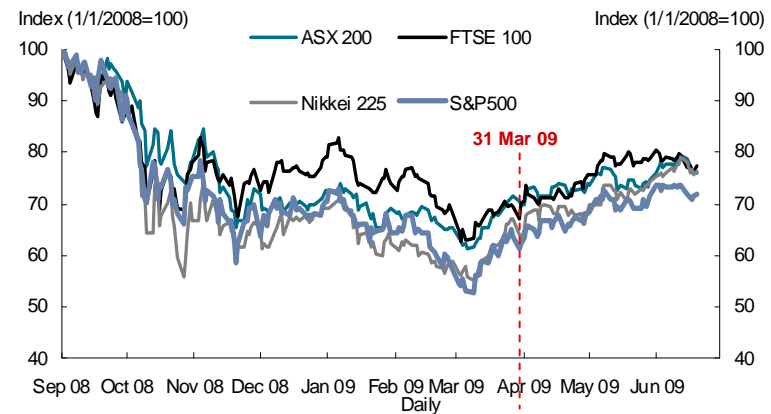
### Commercial paper spreads starting to tighten



### Credit markets have thawed



### Equity markets are rising



Source: Datastream, Federal Reserve, Macquarie Research