APPENDIX 4D

Half Year Report
for the period ended 31 December 2009

Name of Entity: Macquarie Office Trust

Results for announcement to the market

	6 months to 31 December 2009 A$m	6 months to 31 December 2008 A$m	Variance (%)
Core earnings*	77.5	90.9	(14.7%)
Revenue/(Loss) from ordinary activities**	107.3	(98.0)	209.5%
Loss from ordinary activities after tax attributable to members	(30.9)	(1,085.8)	97.2%
Loss for the year attributable to members	(30.9)	(1,085.8)	97.2%

* Core earnings represents the net profit/(loss) of the Trust adjusted for certain unrealised, non-cash, non-recurring capital transactions and other non-core items. A reconciliation of the Trust's profit/(loss) to core earnings is provided in Note 19 of the financial statements.

** Revenue/(Loss) from ordinary activities includes ($52.3) million fair value adjustments of investment properties held in joint venture entities (Dec 08: net loss $269.2) and a net gain from derivative financial instruments of $21.3 million (Dec 08: net loss $405.0 million).

Distributions	**Amount per unit**
Current Period:	
Interim distribution – Dec 09 half-year	1.00¢
Total	1.00¢
Previous Corresponding Period:	
Interim distribution – Sept 08 qtr	2.25¢
Interim distribution – Dec 08 qtr	-
Total	2.25¢

Record date for determining entitlements to the distribution	31 December 2009

Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Core earnings of the Trust were $77.5 million representing a 14.7% decrease compared to the prior period.

The Trust's statutory accounting result is a loss of $30.9 million compared to a loss of $1,085.8 million in the prior period. This includes the following items:

- ($115.6) million (Dec 08: net loss of $447.7 million) – Fair value adjustments of investment properties in Australia, the US, Europe and Asia, comprising the revaluation loss on Australian controlled properties of ($25.8) million (Dec 08: loss of $156.8 million), revaluation loss on US controlled properties of ($67.7) million (Dec 08: loss of $210.8 million), revaluation loss on European controlled properties of ($18.2) million (Dec 08: loss of $70.3 million) and revaluation loss on Asian controlled properties of ($3.9) million (Dec 08: loss of $9.8 million).

- ($52.3) million (Dec 08: net loss of $269.2 million) – Fair value adjustments of investment properties held through Australian and US joint venture entities, comprising the revaluation gain on Australian joint venture properties of $0.8 million (Dec 08: loss of $60.5 million) and revaluation loss on US joint venture properties of ($53.1) million (Dec 08: net loss of $208.7 million).

- $21.3 million (Dec 08: net loss of $405.0 million) – Net realised loss on derivative financial instruments of $74.5 million (Dec 08: gain of $44.2 million) offset by fair value adjustments of derivative financial instruments of $95.8 million (Dec 08: loss of $449.2 million) due to the strengthening of the Australian dollar and the reduced level of derivatives.

- $36.1 million (Dec 08: benefit of $79.4 million) – US deferred tax benefit resulting from the fair value adjustments of US investment properties and investment properties held through joint venture entities.

Refer to the attached Income Statement, Balance Sheet and Cash Flow Statement for further detail.

Details of Distributions

Refer attached financial statements Directors Report and Note 4: Distributions Paid and Payable).

Details of Distribution Reinvestment Plan

The Trust has established a distribution reinvestment plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. Currently, units issued under the DRP are at a 2.5% discount to the simple average of the daily volume weighted average prices traded on the Australian Stock Exchange (ASX) over a 15 day period, commencing on the second business day following the record date.

Net Tangible Assets

	Current period **31 Dec 2009**	**Previous corresponding Period** **31 Dec 2008**
Net tangible asset backing per unit*	$0.44	$0.72
Net tangible asset backing per unit (excluding US deferred tax liability)	$0.44	$0.78

* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie, all liabilities, preference shares, outside equity interests etc).

Control Gained or Lost over Entities during the Period

Name of entity (or group of entities) over which control was gained	Nil
Date control was gained	N/A
Consolidated profit/loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
Profit/(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Details of Associates and Joint Venture entities

Refer attached financial statements (Note 10: Investment in Joint Venture Entities).

Accounting standards used by foreign entities

N/A

Qualification of audit/review

Not applicable. Refer attached half year financial report for review report.

MACQUARIE OFFICE TRUST

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2009

MACQUARIE

This report comprises
Macquarie Office Trust ARSN 093 016 838 and its controlled entities

Financial Report
for the half year ended 31 December 2009

Important Notice

Macquarie Office Management Limited ABN 75 006 765 206; AFSL 247075 (“MOML”) is the responsible entity of Macquarie Office Trust ARSN 093 016 838 (“MOF”). MOML is a wholly owned subsidiary of Macquarie Group Limited ABN 94 122 169 279 (“Macquarie Group”).

None of the entities referred to in this document is an authorised deposit-taking institution for the purposes of the Banking Act (Commonwealth of Australia) 1959, and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("MBL"). MBL provides a limited AUD17.5 million guarantee to the Australian Securities and Investments Commission in respect of Corporations Act obligations of MOML as a responsible entity of managed investment schemes. MBL does not otherwise guarantee or provide assurance in respect of these entities, the performance of funds managed by MOML or the repayment of capital.

This report has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account the investment objectives, financial situation or needs of any investor. Before investing, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

MOML does not receive fees in respect of the general financial product advice it may provide, however it will receive fees for operating MOF which, in accordance with MOF’s constitution, are calculated by reference to the value of the assets and the performance of MOF. Entities within the Macquarie Group may also receive fees for managing the assets of, and providing resources to MOF. Macquarie Group and its related corporations, together with their officers and directors, may hold securities in MOF from time to time.

Financial Report
for the half year ended 31 December 2009

Contents

Directors' Report
for the half year ended 31 December 2009

The directors of Macquarie Office Management Limited (Responsible Entity), the responsible entity of Macquarie Office Trust, present their report together with the consolidated financial report of the Trust and its controlled entities (Trust) for the half year ended 31 December 2009 (period).

Directors

The following persons have held office as directors of the Responsible Entity during the period and up to the date of this report:
— Stephen Girdis (Chairman)
— George Bennett
— James Broadbent
— Roger Davis
— Richard Sheppard
— Adrian Taylor (alternate for Stephen Girdis)

Principal Activities

The principal activity of the Trust during the period was property investment. The Trust's activities include property investment in prime Australian, United States, European and Asian office buildings. There were no significant changes in the nature of the Trust's activities during the period.

Distributions

The interim distribution of income for the period is 1.00 cent per unit. This distribution will be paid on 18 February 2009.

Review and Results of Operations

The performance of the Trust and its controlled entities, as represented by the results of their operations for the period, was as follows:

	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
Property rental income	**135.9**	165.2
Share of profit from investment in joint venture entities before property valuation losses	**40.8**	57.8
Net gain on sale of investment properties	**1.0**	-
Net losses on sale of investment in joint venture entities	**-**	(117.4)
Property valuation losses	**(167.9)**	(716.9)
Net gains/(losses) from derivative financial instruments	**21.3**	(405.0)
Loss	**(30.9)**	(1,085.8)
Basic earnings per unit (cents)	**(0.66)**	(52.69)
Diluted earnings per unit (cents)	**(0.66)**	(52.69)
Distribution per unit in respect of the half year ended 31 December (cents)	**1.00**	2.25

On 20 August 2009, the Trust issued 50.2 million units ($10.2 million) through the distribution reinvestment plan (DRP). Additionally, under the terms of the DRP underwrite agreement with Macquarie Capital Advisors Limited they were allocated 118.1 million units ($24.2 million). All of these units were issued with an income entitlement date of 1 July 2009.

On 15 September 2009, the Trust refinanced the CMBS - Series 1 ($570.0 million) by a combination of cash on hand and a draw down under the syndicated bank facility, with the 7 Australian properties of the consolidated entity held as security being added to the syndicated bank debt facility security pool.

Directors' Report
for the half year ended 31 December 2009

On 28 September 2009, the purchaser of Wachovia Financial Center, Miami settled the deferred consideration of US$82.5 million ($94.7 million).

On 23 December 2009, Macquarie Office Germany Atrium Sarl (MOGA), a wholly own subsidiary of the Trust, received a waiver until 31 March 2010, in relation to a breach of a financial covenant on its loan agreement for the Atrium Charlottenburg, Berlin property. It is expected that any surplus cash held by MOGA will be utilised to repay the MOGA debt. The facility matures in June 2010.

On 24 December 2009, the Trust entered into a Distribution Reinvestment Plan (DRP) underwriting agreement. Subject to the terms of this agreement, Merrill Lynch International (Australia) Limited will be issued 78.1 million units in February 2010.

During the period, the Trust closed out a number of derivative financial instruments as part of the capital management initiatives applied to its derivatives hedge book. This resulted in a net realised loss of $74.5 million.

Value of Assets

	31 Dec 2009 $'m	30 Jun 2009 $'m
Value of Trust assets	**3,806.9**	4,433.8

The value of the Trust's assets is derived using the basis set out in Note 1 to the financial statements.

The recent volatility in the global real estate markets and the associated reduction in the number of real estate transactions has meant there is less certainty with regards to investment property valuations and the assumptions applied to valuations inputs. Further details are provided in Note 1(d).

Interests in the Trust

The movement in units of the Trust during the period is set out below:

	31 Dec 2009 units	30 Jun 2009 units
Units on issue at the beginning of the period	**4,584,471,814**	2,042,235,907
Units issued during the period	**168,354,680**	2,542,235,907
Units on issue at the end of the period	**4,752,826,494**	4,584,471,814

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Directors' Report
for the half year ended 31 December 2009

Events occurring after reporting date

On 13 January 2010, the Trust entered into an agreement to sell its wholly owned subsidiary, Macquarie Office Germany Frankfurt Sarl, for EUR 39.5 million ($61.7 million). The investment property is a current asset of $62.9 million as at 31 December 2009. Settlement occurred on 11 February 2010.

On 12 February 2010, Macquarie Group Limited ("MGL") announced the divestment of part of its property management platform, which includes 100% of the shares it owns in Macquarie Office Management Limited (MOML), the Responsibility Entity for the Macquarie Office Trust and 7.5% of the units in the Macquarie Office Trust. When the MOML board were made aware of this transaction they established an independent board committee (IBC) comprised only of MOML independent directors. The IBC formed the view, following undertaking a process and subject to certain conditions being fulfilled, that overall, the transaction does not appear to be adverse to the interests of the unitholders of MOF. The sale of the shares in MOML is not anticipated to have an adverse effect on the financial position of Macquarie Office Trust. A potential source of an adverse impact would be, if consent is required to the change of control under a financing or joint venture arrangement and is not obtained. The majority of the consents to the change of control have been obtained. In addition, MGL has provided certain support arrangements to help facilitate the transaction including if consents to a change of control have not been obtained. The Directors note that this is a transformational transaction for Charter Hall and is not without some risk to unit holders including business integration and transition execution risk.

Since the end of the period, the directors of the Responsible Entity are not aware of any other matter or circumstance other than as disclosed in this report or the financial report that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the financial period subsequent to the half year ended 31 December 2009.

Rounding of Amounts in the Directors' Report and the Financial Report

The Groups are of a kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Reports. Amounts in the Directors' Report and Financial Reports have been rounded to the nearest hundred thousand dollars in accordance with that Class Order, unless otherwise indicated.

This report is made in accordance with a resolution of the directors of Macquarie Office Management Limited.

Stephen Girdis
Chairman

Sydney

17 February 2010

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Auditor's Independence Declaration

As lead auditor for the review of Macquarie Office Trust for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Macquarie Office Trust and the entities it controlled during the period.

J A Dunning
Partner
PricewaterhouseCoopers

Sydney
17 February 2010

Interim Report
for the half year ended 31 December 2009

Consolidated Income Statement

	Note	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
Income			
Property rental income		135.9	165.2
Property expenses		(49.4)	(59.8)
Net property income		86.5	105.4
Share of loss from investment in joint venture entities		(11.5)	(211.4)
Distribution income		0.5	0.3
Interest income		9.5	7.7
Net gain on sale of investment properties		1.0	-
Net gain from derivative financial instruments	2(ii)	21.3	-
Total income/(loss) net of property expenses		107.3	(98.0)
Expenses			
Management fees	2(v)	8.3	11.0
Finance costs	2(iii)	47.5	74.0
Net losses on sale of investment in joint venture entities		-	117.4
Property valuation losses - investment properties	2(i)	115.6	447.7
Net losses from derivative financial instruments	2(ii)	-	405.0
Joint venture outperformance distribution		-	(4.9)
Other expenses	2(iv)	3.4	4.0
Total expenses		174.8	1,054.2
Loss before tax attributable to unitholders		(67.5)	(1,152.2)
Total tax (benefit)	3	(36.6)	(66.4)
Loss		(30.9)	(1,085.8)
Attributable to:			
Unitholders of the Trust		(30.9)	(1,085.6)
Minority interest		-	(0.2)
Loss		(30.9)	(1,085.8)
Basic earnings per unit (cents)	5	(0.66)	(52.69)
Diluted earnings per unit (cents)	5	(0.66)	(52.69)

The above Income Statement should be read in conjunction with the accompanying notes

Interim Report
for the half year ended 31 December 2009

Consolidated Statement of Comprehensive Income

	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
Loss	**(30.9)**	(1,085.8)
Other comprehensive income		
Exchange differences on translation of foreign operations	**(139.3)**	491.2
Other comprehensive income for the half year, net of tax	**(139.3)**	491.2
Total comprehensive income for the period	**(170.2)**	(594.6)
Total comprehensive income is attributable to:		
Unitholders of the Trust	**(170.1)**	(594.8)
Minority interest	**(0.1)**	0.2
	(170.2)	(594.6)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Interim Report
As at 31 December 2009

Consolidated Balance Sheet

	Note	31 Dec 2009 $'m	30 Jun 2009 $'m
Current assets			
Cash and cash equivalents		**184.8**	291.8
Receivables	7	**29.1**	116.2
Investment properties	9	**62.9**	-
Derivative financial instruments	8	**1.5**	20.0
Other		**4.1**	2.0
Total current assets		**282.4**	430.0
Non-current assets			
Receivables	7	**91.0**	203.7
Investment properties	9	**2,375.0**	2,703.7
Investment in joint venture entities	10	**987.4**	1,064.4
Investment in unit trust - Macquarie Martin Place Trust		**20.3**	14.4
Derivative financial instruments	8	**46.1**	12.7
Other		**4.7**	4.9
Total non-current assets		**3,524.5**	4,003.8
Total assets		**3,806.9**	4,433.8
Current liabilities			
Payables	11	**32.4**	52.8
Interest bearing liabilities	12	**183.0**	672.7
Provisions	13	**47.5**	34.4
Derivative financial instruments	8	**5.5**	89.0
Other		**10.2**	9.3
Total current liabilities		**278.6**	858.2
Non-current liabilities			
Interest-bearing financial liabilities	12	**1,373.1**	1,203.0
Tax liabilities	14	**17.1**	53.2
Derivative financial instruments	8	**49.7**	47.1
Other		**5.5**	6.0
Total non-current liabilities		**1,445.4**	1,309.3
Total liabilities		**1,724.0**	2,167.5
Net assets		**2,082.9**	2,266.3
Equity			
Contributed equity	15	**2,626.4**	2,592.1
Reserves	16	**(209.1)**	(151.8)
Undistributed income	17	**(335.0)**	(174.7)
Total parent entity interest		**2,082.3**	2,265.6
Minority interest in controlled entities		**0.6**	0.7
Total equity		**2,082.9**	2,266.3

The above Balance Sheet should be read in conjunction with the accompanying notes

Interim Report
for the half year ended 31 December 2009

Consolidated Statement of Changes in Equity

	Note	Attributable to unitholders of the Trust					
		Contributed equity $'m	Reserves $'m	Undistributed income $'m	Total $'m	Minority interest $'m	Total equity $'m
Total equity at 1 July 2009		**2,592.1**	**(151.8)**	**(174.7)**	**2,265.6**	**0.7**	**2,266.3**
Total comprehensive income		**-**	**(139.2)**	**(30.9)**	**(170.1)**	**(0.1)**	**(170.2)**
Transactions with unitholders in their capacity as unitholders:							
Contributions of equity, net of issue costs	15	**34.3**	**-**	**-**	**34.3**	**-**	**34.3**
Distributions provided for or paid	4	**-**	**-**	**(47.5)**	**(47.5)**	**-**	**(47.5)**
Transfer from undistributed income	16	**-**	**81.9**	**(81.9)**	**-**	**-**	**-**
		34.3	**81.9**	**(129.4)**	**(13.2)**	**-**	**(13.2)**
Total equity at 31 December 2009		**2,626.4**	**(209.1)**	**(335.0)**	**2,082.3**	**0.6**	**2,082.9**
Total equity at 1 July 2008		2,116.5	(66.0)	1,051.2	3,101.7	0.9	3,102.6
Total comprehensive income		-	490.8	(1,085.6)	(594.8)	0.2	(594.6)
Transactions with unitholders in their capacity as unitholders:							
Contributions of equity, net of issue costs		330.8	-	-	330.8	-	330.8
Distributions provided for or paid		-	-	(103.2)	(103.2)	-	(103.2)
Transfer from undistributed income		(9.0)	(509.2)	518.2	-	-	-
		321.5	(509.2)	415.0	227.3	-	227.3
Total equity at 31 December 2008		2,438.0	(84.4)	380.6	2734.2	1.1	2,735.3

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Interim Report
As at 31 December 2009

Consolidated Cash Flow Statement

	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
Cash flows from operating activities		
Property rental income received	**142.7**	163.8
Property expenses paid	**(49.9)**	(59.0)
Distributions received from investment in joint venture entities[1]	**35.0**	48.7
Distributions received from unit trust	**0.8**	0.3
Interest received	**9.5**	6.4
Net realised (losses)/gains on derivative financial instruments	**(74.5)**	61.9
Other operating expenses paid	**(15.1)**	(12.4)
Finance costs paid	**(43.6)**	(96.6)
Net tax refund from/(payment to) taxation authorities	**13.7**	(5.8)
Net cash flows from operating activities	**18.6**	107.3
Cash flows from investing activities		
Payments for investment in unit trust - Macquarie Martin Place Trust	**(5.9)**	(3.9)
Payments for investment properties and capital expenditure	**(10.5)**	(26.8)
Payments for property under construction	**-**	(2.8)
Proceeds from sale of investment in joint venture entities	**94.2**	147.5
Net cash flows from investing activities	**77.8**	114.0
Cash flows from financing activities		
Proceeds from borrowings	**419.6**	895.5
Repayments of borrowings	**(676.9)**	(1,270.7)
Receipt from/(payment for) CMBS asset	**56.6**	(56.7)
Proceeds from issue of ordinary units	**24.2**	346.4
Equity issue costs paid	**(0.1)**	(0.2)
Distributions paid to ordinary unitholders	**(24.2)**	(103.2)
Net cash flows from financing activities	**(200.8)**	(188.9)
Net (decrease)/increase in cash and cash equivalents	**(104.4)**	32.4
Cash and cash equivalents at the beginning of the half year	**291.8**	116.7
Effects of exchange rate movements on cash and cash equivalents	**(2.6)**	18.1
Cash and cash equivalents at the end of the half year	**184.8**	167.2

1 This is the cash received from joint venture entities, net of capital expenditure.

The above Cash Flow Statements should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

1 Summary of Significant Accounting Policies

The general purpose financial report for the interim half year reporting period ended 31 December 2009 has been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Basis of preparation

The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial year and corresponding interim period unless otherwise stated. The principal accounting policies adopted in the preparation of the interim financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Compliance with International Accounting Standards (IAS)

Compliance with Australian Accounting Standard AASB 134: Interim Financial Reporting ensures that the interim financial report complies with IAS 34: Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB). Consequently, this interim financial report has also been prepared in accordance with and complies with IAS 34.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. Other than the estimation of fair values described in Note 1(d) and (j), assumptions relating to deferred tax liabilities, the joint venture outperformance distribution provision and aspects of the joint venture debt amortisation cost adjustment, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next annual reporting period.

(b) Principles of consolidation

The consolidated financial statements of the Trust incorporate the assets and liabilities of the Trust's controlled entities as at 31 December 2009 and their results for the financial period then ended. The effects of all transactions between entities in the consolidated entity have been eliminated in full.

Controlled entities are those entities over which the Trust has the power to govern the financial and operating policies.

Minority interests are those interests in partly owned subsidiaries which are not held directly or indirectly by the Trust.

Where control of an entity is obtained during a financial period, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

The purchase method of accounting is used to account for the acquisition of controlled entities by the Trust.

1. Summary of Significant Accounting Policies (continued)

(c) Trust formation

The Trust was established on 8 October 1993. The operations of the Trust commenced with the purchase of the Northbridge and Moonee Ponds properties on 6 December 1993.

(d) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Income Statement in the period in which they arise.

At each reporting date, the fair values of the investment properties are assessed by the Responsible Entity by reference to independent valuation reports or through appropriate valuation techniques adopted by the Responsible Entity. Fair value is determined assuming a long term investment period. Specific circumstances of the owner are not taken into account.

The use of independent valuers is on a progressive basis over a three year period, or earlier, where the Responsible Entity believes there may be a material change in the carrying value of the property.

Where an independent valuation is not obtained factors taken into account where appropriate, by the directors in determining fair value may include:

— assuming a willing buyer and a willing seller, without duress and an appropriate time to market the property to maximise price;
— information obtained from valuers, sales and leasing agents, market research reports, vendors and potential purchasers;
— capitalisation rates used to value the asset, market rental levels and lease expiries;
— changes in interest rates;
— asset replacement values;
— discounted cash flow models;
— available sales evidence; and
— comparisons to valuation professionals performing valuation assignments across the market.

The global market for many types of real estate was severely affected by the volatility in global financial markets over the last 2 years. The lower levels of liquidity and volatility in the banking sector translated into a general weakening of market sentiment towards real estate and the number of real estate transactions reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller'" is neither a forced seller nor one prepared to sell at a price not considered reasonable in the current market. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The availability of global liquidity has started to gradually increase leading to more real estate transactions taking place recently. However, the volume of property sales, particularly in premium and larger assets, is still lower by historical standards. Accordingly, there is still a shortage of comparable market evidence relating to pricing assumptions and market drivers compared to ‘normal’ levels in some markets. This means that some uncertainty remains in regards to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be prolonged.

1. Summary of Significant Accounting Policies (continued)

(d) Investment properties (continued)

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

The carrying amount of investment properties recorded in the Balance Sheet includes components relating to lease incentives, leasing costs and assets relating to fixed increases in operating lease rentals in future periods.

As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated. Taxation allowances for the depreciation of buildings and plant and equipment are claimed by the Trust and contribute to the tax deferred component of distributions.

(e) Investment in joint venture entities

The Trust exercises joint control over its joint venture entities, but neither the Trust nor its joint venture partner has control in its own right, irrespective of their ownership interest. Investments in joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Under this method, the consolidated entity's share of the profits or losses of each joint venture entity is recognised as income in the Income Statement, and its share of movements in reserves is recognised in the Balance Sheet. Distributions receivable from associates reduce the carrying value of the investments.

(f) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Trust may designate certain derivatives as either hedges of net investments in foreign operations (net investment hedges) or hedges of exposures to variability in cash flows associated with future interest payments on variable rate debt (cash flow hedges).

The Trust documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Trust also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair value or cash flows of hedged items.

(i) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

(ii) Net investment hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as net investment hedges is recognised in the foreign currency translation reserve. This amount will be reclassified into the Income Statement on disposal of the foreign operations. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

(iii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

1. Summary of Significant Accounting Policies (continued)

(f) Derivatives (continued)

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

Notwithstanding the accounting outcome, the Responsible Entity considers that these derivative contracts are appropriate and effective in offsetting the economic, foreign exchange and interest rate exposures of the Trust.

(g) Tax

Under current Australian income tax legislation, the Trust is not liable to pay income tax provided its taxable income (including assessable realised capital gains) is fully distributed to unitholders, by way of cash or reinvestment. The liability for capital gains tax that may arise if the Australian properties were sold is not accounted for in this financial report.

Macquarie Office (US) Corporation and Macquarie Office (US) No 2 Corporation (US REITs), controlled entities of the Trust, have both elected to be taxed as Real Estate Investment Trusts (REITs) under US federal taxation law, and on this basis, will generally not be subject to US income taxes on that portion of the US REITs' taxable income or capital gains which are distributable to the US REITs' shareholders, provided that the US REITs comply with the requirements of the US Internal Revenue Code of 1986 and maintain their REIT status.

In respect of its US investments, the consolidated entity may ultimately realise a capital gain or loss on disposal which if not distributed, may attract a US income tax liability. If the gain is distributed, a US withholding tax liability may arise and may give rise to a foreign tax credit which would be available to unitholders. A current tax liability is recognised in the financial statements for any realised gains on US investments. A deferred tax asset or liability is recognised based on the temporary difference between the carrying amount of the US investment property assets in the Balance Sheet and their associated tax cost bases.

Where relevant, deferred income tax is determined using the Balance Sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

1 Summary of Significant Accounting Policies (continued)

(h) Revenue recognition

Property rental income represents income earned from the rental of Trust properties (inclusive of outgoings recovered from tenants) and is recognised on a straight line basis over the lease term. The portion of rental income relating to fixed increases in operating lease rentals in future periods is recognised as a separate component of investment properties.

Interest income is recognised on a time proportion basis using the effective interest method.

Distributions received are recognised as revenue when the right to receive payment is established.

Gains or losses on the sale of investment properties and investments in joint venture entities are calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and are included in the Income Statement in the year of disposal. Where revenue is obtained from the sale of properties or assets, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on exchange of unconditional contracts

(i) Foreign currency translation

(i) Functional and presentation currencies

Items included in the financial statements of the Trust are measured using the currency of the primary economic environment in which the Trust operates (functional currency). The consolidated financial statements are presented in Australian dollars, which is the Trust's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying net investment hedges and qualifying cash flow hedges.

(iii) Foreign operations

Transactions of foreign controlled entities and equity accounted joint venture entities are measured using the currency of the primary economic environment in which those entities operate. Assets and liabilities of foreign controlled entities and equity accounted joint venture entities are translated at exchange rates ruling at balance date while income and expenses are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign controlled entities and equity accounted joint venture entities are taken directly to the foreign currency translation reserve. On consolidation, or by way of reserve transfer, exchange differences on loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations, are reflected in the foreign currency translation reserve. At 31 December 2009, the spot rate used was A$1.00 = US$0.8992 (June 2009: A$1.00 = US$0.8068), A$1.00 = €0.6275 (June 2009: A$1.00 = €0.5749) and A$1.00 = ¥83.7182 (June 2009: ¥77.6892). The average spot rate during the half year ended 31 December 2009 was A$1.00 = US$0.8796 (December 2008: A$1.00 = US$0.7704), A$1.00 = €0.6047 (December 2008: €0.5496) and A$1.00 = ¥80.1039 (December 2008: ¥78.6799).

1 Summary of Significant Accounting Policies (continued)

(j) Fair value estimation

The fair value of financial assets and financial liabilities must be determined for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is determined using quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair values of interest rate swaps and cross currency swaps are calculated as the present value of the future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is determined by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

(k) Segment information

During the period the Trust adopted AASB 8 Operating Segments which replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a review of the reportable segments presented. In addition, the segments are reported in a manner that is more consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors as they are responsible for the strategic decision making within the Trust. Apart from the additional disclosures and measures reflected in the operating information note (Note 19), the adoption of AASB 8 has not had an impact on the measurements reflected in the Trust's financial statements. Comparative information has also been adjusted.

(l) Rounding of amounts

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the ‘rounding off’ of amounts in the financial report. Amounts in the financial report have been rounded to the nearest hundred thousand dollars in accordance with that Class Order, unless otherwise indicated.

(m) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

(n) Impact of standards issued but not yet applied by the Trust

In December 2009, the AASB issued AASB 9 Financial Instruments which addresses the classification and measurement of financial assets and is likely to affect the SCMG, SCMGL and SCMIL accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is assessing the impact of this new accounting standard.

2 Loss for the Half Year

The loss from continuing activities before income tax includes the following items of revenue, other income and expense:

(i) Property valuation losses

	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
Property valuations on investment properties		
– Losses	**(115.6)**	(447.7)
	(115.6)	(447.7)
Property valuations on investments in joint venture entities		
– Losses	**(52.3)**	(269.2)
Net property valuations losses	**(52.3)**	(269.2)
	(167.9)	(716.9)
Net property valuation losses by geographic location		
– Australia	**(25.0)**	(217.3)
– United States	**(120.8)**	(419.5)
– Europe	**(18.2)**	(70.3)
– Asia	**(3.9)**	(9.8)
	(167.9)	(716.9)

Revaluations are net of adjustments including straight-lining of rental income and amortisation of lease incentives.

(ii) Net (losses)/gains from derivative financial instruments

Gains on derivative financial instruments		
– Realised	**33.6**	89.0
– Unrealised	**95.8**	65.9
Losses on derivative financial instruments		
– Realised	**(108.1)**	(44.8)
– Unrealised	**-**	(515.1)
	21.3	(405.0)

(iii) Finance costs

Interest expense – External banks	**38.2**	69.7
Amortisation of borrowing costs – External banks	**5.7**	2.3
Other borrowing costs – External banks	**3.1**	1.9
Other borrowing costs – Related parties	**0.5**	0.1
Total finance costs	**47.5**	74.0

2 Loss for the Half Year (continued)

(iv) Other expenses

	6 months to 31 Dec 2009 $'000	6 months to 31 Dec 2008 $'000
Accounting fees	**698**	350
Audit committee fees – Independent directors	**29**	18
Audit fees	**370**	408
Bank fees	**64**	66
Compliance fees – Independent directors	**96**	53
Consulting fees	**31**	373
Custodian fees	**174**	130
Director's and officers insurance	**25**	56
Facility management fees	**42**	28
Legal fees	**323**	518
Postage fees	**87**	101
Printing fees	**104**	110
Professional fees	**33**	5
Registry fees	**500**	243
Stock exchange costs	**72**	42
Taxation fees	**254**	273
Transaction costs	**144**	129
Travel costs	**182**	689
Unitholder communication costs	**53**	48
Other	**126**	400
	3,407	4,040

Other expenses have been paid in accordance with the Trust Constitution.

(v) Management fees

The management fee for the financial period is detailed as follows:

	6 months to 31 Dec 2009 $'000	6 months to 31 Dec 2008 $'000
Base management fee	**8,317**	11,000
Performance fee	**-**	-
	8,317	11,000

Of the total base management fee, the Responsible Entity received remuneration of $5,754,967 (December 2008: $5,777,232) from the consolidated entity.

No performance fee was earned by the Responsible Entity during the period. In the calculation of the performance fee, outperformance will be assessed on a cumulative basis and accordingly, underperformance for the period from 1 July 2002 to 31 December 2009 will need to be recovered before the Responsible Entity is entitled to any future performance fees.

3 Tax (Benefit)/Expense

	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
(a) Reconciliation of tax benefit		
Loss before tax benefit	(67.5)	(1,152.2)
Prima facie tax on loss from continuing activities at the tax rate of 0% (2008: 0%)	-	-
Tax effect of Australian trust income (refer to Note 1(g))	-	-
Withholding tax	(0.5)	13.0
Unwind of deferred US Capital gains tax	(36.1)	(79.4)
Overseas entity tax	-	-
Tax benefit	(36.6)	(66.4)
(b) Tax benefit comprises:		
Current tax	-	-
Withholding tax (benefit)/expense	(0.5)	2.7
US current tax expense attributable to sale of investment in joint venture entities	-	10.3
Unwind of deferred US Capital gains tax	(36.1)	(79.4)
Tax benefit	(36.6)	(66.4)

4 Distributions Paid and Payable

	Distribution cents per unit	Total Amount $'m
Ordinary unitholders		
2009 distributions for the half year ended:		
31 December 2009	1.00	47.5
	1.00	47.5
Ordinary unitholders		
2008 distributions for the quarter ended:		
30 September 2008	2.25	46.0
31 December 2008	-	-
	2.25	46.0

The distributions paid and declared during the period were $81.9 million (refer Note 13) relating to the distributions for the June 2009 quarter and the December 2009 half year of $34.4 million and $47.5 million respectively. The December 2009 half year distribution will be paid on 18 February 2010. Of the June 2009 distribution, $24.2 million was paid and the balance was settled with scrip issued under the distribution reinvestment plan (DRP).

5 Earnings per Unit

	6 months to 31 Dec 2009	6 months to 31 Dec 2008
Basic earnings per unit (cents)	**(0.66)**	(52.69)
Diluted earnings per unit (cents)	**(0.66)**	(52.69)
Earnings used in the calculation of basic and diluted earnings per unit (millions)	**($30.9)**	($1,085.6)
Weighted average number of ordinary units used in the calculation of basic and diluted earnings per unit[1] (millions)	**4,706.2**	2,061.1

1 Weighed average number of ordinary units is calculated from the date of issue.

6 Core Earnings per Unit

Calculation of core earnings

The Responsible Entity considers core earnings appropriate to measure the operating performance of the Trust. The table below outlines the Responsible Entity's adjustments to profit under Australian Accounting Standards to determine core earnings for the current period.

Core earnings is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for certain unrealised, non-cash items and reserve transfers. As the Responsible Entity uses the core earnings measure as a key performance indicator of the Trust, it has been included for reference.

The adjustments made to profit under Australian Accounting Standards in order to solely determine core earnings may change from time to time depending on future changes to accounting standards and the Responsible Entity's assessment as to whether non-recurring or infrequent items (such as realised gains on the sale of properties) will be distributed to unitholders.

	6 months to 31 Dec 2009	6 months to 31 Dec 2008
Core earnings per unit (cents)	**1.63**	4.45
Earnings used in the calculation of core earnings per unit (millions)	**$77.5**	$90.9
Weighted average number of ordinary units used in the calculation of basic and diluted earnings per unit[1] (millions)	**4,752.8**	2,042.2

1 Weighed average number of ordinary units in the calculation of core earnings per unit is calculated from the date of income entitlement.

A reconciliation of Core earnings to loss attributable to unitholders of the Trust is provided in Note 19(ii).

7 Receivables

	31 Dec 2009 $'m	30 Jun 2009 $'m
Current		
Rent receivable	**6.3**	6.6
Distribution receivable	**17.1**	22.2
Withholding tax receivable	**3.0**	-
Indirect tax receivable[1]	**-**	22.9
Commercial mortgage backed securities (CMBS)[2]	**-**	56.6
Interest receivable	**-**	2.3
Sundry debtors	**2.7**	5.6
	29.1	116.2
Non-current		
Deferred consideration receivable[3]	**-**	102.3
Loan receivable from joint venture entity[4]	**91.0**	101.4
	91.0	203.7

1 This amount represents the indirect tax paid on the acquisition of City Central, Milan which is recoverable from the taxation authority during the period.

2 The CMBS receivable represents notes acquired in the Trust's CMBS Series 1 Notes Programme that matured in September 2009.

3 This amount represents consideration receivable on the sale of Wachovia Financial Center, Miami. Under the terms of the sale agreement, proceeds of US$82.5 million were received on 29 September 2009. The receivable was interest bearing.

4 The non-current amount of $91.0 million (June 2009: $101.4 million) is receivable from MOF 401 Jackson Tampa, LLC, the joint venture entity that owns the SunTrust Financial Centre, Tampa. This amount is partially (91% Trust ownership) offset by a payable of $82.8 million (June 2009: $92.3 million) from the joint venture entity as included in Note 10(iii).

The Trust's receivables are carried at amounts that approximate their fair values.

8 Derivative Financial Instruments

	31 Dec 2009 $'m	30 Jun 2009 $'m
Assets		
Current		
Interest rate swaps	**-**	0.5
Forward foreign exchange contracts	**1.5**	-
Cross currency swaps	**-**	19.5
	1.5	20.0
Non-current		
Interest rate swaps	**4.5**	7.1
Forward foreign exchange contracts	**-**	3.8
Cross currency swaps	**41.6**	1.8
	46.1	12.7
Liabilities		
Current		
Interest rate swaps	**5.4**	1.9
Forward foreign exchange contracts	**0.1**	95.7
Cross currency swaps	**-**	(8.6)
	5.5	89.0
Non-current		
Interest rate swaps	**47.8**	59.2
Forward foreign exchange contracts	**1.9**	(25.3)
Cross currency swaps	**-**	13.2
	49.7	47.1

8 Derivative Financial Instruments (continued)

Interest rate swaps

The Trust has entered into interest rate swap agreements totalling the Australian dollar equivalent of $1,150.3 million (June 2009: $1,858.4 million) that entitle it to receive interest, at quarterly intervals, at a floating rate on a notional principal amount and oblige it to pay interest at a fixed rate on the same amount. The interest rate swap agreements have the effect of swapping the Trust's interest rate on long term borrowings from a floating rate to a fixed rate.

The Trust has also entered into interest rate swap agreements totalling the Australian dollar equivalent of $363.0 million (June 2009: $894.4 million) that entitle it to receive interest at a fixed rate on a notional principal amount and oblige it to pay interest at a floating rate on the same amount.

At 31 December 2009, the interest rates on the interest rate swap agreements vary from 0.25% to 7.50% per annum (June 2009: 0.61% to 7.50% per annum).

The interest rate swap contracts do not qualify for hedge accounting and accordingly, the change in fair value of these swaps is recorded in the Income Statement.

Forward foreign exchange contracts

The Trust has entered into forward foreign exchange contracts to sell US dollars and receive Australian dollars at an average exchange rate of A$1.00 = US$0.7830 (June 2009: A$1.00 = US$0.7926). The last of these forward contracts matures in August 2014.

The Trust has entered into forward foreign exchange contracts to sell Australian dollars and receive US dollars at an average exchange rate of A$1.00 = US$0.8278 (June 2009: A$1.00 = US$0.7248). The last of these forward contracts matures in September 2011.

The Trust has entered into forward foreign exchange contracts to sell Euro and receive Australian dollars at an average exchange rate of A$1.00 = €0.5649 (June 2009: A$1.00 = €0.5678). The last of these forward contracts matures in January 2012.

The Trust has entered into forward foreign exchange contracts to sell Japanese yen and receive Australian dollars at an average exchange rate of A$1.00 = ¥82.1226 (June 2009: A$1.00= ¥83.0036). The last of these forward contracts matures in July 2015.

The forward contracts do not qualify for hedge accounting and accordingly, changes in the fair value of these contracts are recorded in the Income Statement.

Cross currency swaps

The Trust has entered into A$/US$ cross currency swap agreements totalling A$285.0 million/US$217.3 million (June 2009: A$1,499.5 million/US$1,163.9 million) that entitle it to receive Australian dollar interest, at quarterly intervals, at a rate on a notional Australian dollar principal amount and oblige it to pay US dollar interest at a rate on the corresponding notional US dollar amount as per the swap contract. The swap agreements have the effect of swapping the Trust's long term Australian dollar borrowings into a US dollar borrowings.

At 31 December 2009, the Australian dollar interest rate prevailing on the US dollar cross currency swaps varies from 4.25% to 4.27% per annum (June 2009: 3.30% to 6.82% per annum) and the US dollar interest rate prevailing on the cross currency swaps is 0.25% per annum (June 2009: varied from 0.63% to 5.52% per annum).

The cross currency swap contracts do not qualify for hedge accounting and accordingly, changes in the fair value of these contracts are recorded in the Income Statement. A transfer is subsequently made from undistributed income to the foreign currency translation reserve for fair value movements in the swaps to offset movements in this reserve relating to the US investments of the Trust.

Notwithstanding the accounting outcome from using any of the above types of derivatives, the Responsible Entity considers that these derivative contracts are appropriate and effective in offsetting the economic foreign exchange and interest rate exposures of the Trust.

9 Investment Properties

	31 Dec 2009 $'m	30 June 2009 $'m
Current assets		
European properties	**62.9**	-
	62.9	-
Non-current assets		
Australian properties	**1,113.1**	1,140.7
US properties	**902.3**	1,078.7
European properties	**289.7**	404.8
Asian properties	**69.9**	79.5
	2,375.0	2,703.7
	2,437.9	2,703.7

Investment properties include unamortised lease incentives of $49.3 million (June 2009: $53.3 million) and a straightlining asset of $44.0 million (June 2009: $47.4 million).

A reconciliation of the carrying amount of investment properties at the beginning and end of the current period and previous period is set out below:

	31 Dec 2009 $'m	30 Jun 2009 $'m
Carrying amount at the beginning of the period	**2,703.7**	3,304.4
Additions (including capital expenditure)	**5.1**	19.0
Disposals[1]	**-**	(196.1)
Transfer from property under construction	**-**	42.2
Straightlining of fixed contracts	**(1.0)**	19.0
Amortisation of fitout lease incentives	**(5.3)**	(9.7)
Capitalised lease fees	**1.1**	(6.9)
Revaluation decrement	**(115.6)**	(784.3)
Exchange rate differences on translation[2]	**(150.1)**	316.1
Carrying amount at the end of the period	**2,437.9**	2,703.7

1 The prior period relates to the sale of Naylor House, Adelaide, 45 Francis Street, Northbridge and 1100 Hay Street, West Perth.

2 The exchange rate differences arising on the translation of the Trust's offshore investments are offset to the extent of the translation differences arising on the Trust's foreign currency denominated borrowings and cross currency swaps.

10 Investment in Joint Venture Entities

(i) Carrying amount of investment in joint venture entities

	Note	6 months to 31 Dec 2009 $'m	12 months to 30 Jun 2009 $'m
Carrying amount at the beginning of the period		**1,064.4**	1,668.4
Additions[1]		**-**	34.4
Disposals[2]		**-**	(383.2)
Share of profit before property valuation losses		**40.8**	134.7
Share of property valuation losses	10(ii)	**(52.3)**	(548.1)
Distributions paid and payable		**(29.6)**	(75.7)
Exchange rate differences on translation[3]		**(35.9)**	233.9
Carrying amount at the end of the period		**987.4**	1,064.4

1 For the prior period, additions include $34.1 million additional investment into Macquarie BDN, LLC as a result of the joint venture entity's debt refinancing.

2 The prior period disposals relate to the sale of the Trust's existing 50% interest in the Wachovia Financial Center, Miami.

3 The exchange rate differences arising on the translation of the Trust's offshore investments are offset to the extent of the translation differences arising on the Trust's foreign currency denominated borrowings and cross currency swaps.

(ii) Share of results attributable to joint venture entities

	Note	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
Income			
Property rental income		**101.8**	131.5
Property expenses		**(37.2)**	(44.4)
Net property income		**64.6**	87.1
Total income net of property expenses		**64.6**	87.1
Expenses			
Management base fee		**1.2**	1.6
Finance costs[1]		**21.9**	27.0
Property valuation losses - investment properties	2(i)	**52.3**	269.2
Other expenses		**0.7**	0.7
Total expenses		**76.1**	298.5
Share of loss from investment in joint venture entities		**(11.5)**	(211.4)

1 In June 2009, the entity owning the Quintana Campus, Irvine property, defaulted on the loan agreement and has not subsequently cured this default. A receiver was appointed to the property by the Superior Court of Los Angeles in November 2009. The Trust's share of the value of the Quintana Campus, Irvine property as at 31 December 2009 was US$60.0 million (A$66.7 million) (30 June 2009: US$60.0 million (A$74.4 million)). The face value of the debt owed is US$106.0 million (US$84.8 million at the Trust's 80% share) before capitalised interest. The debt has been written down to US$73.1 million (A$81.3 million ((30 June 2009: US$74.0 million (A$91.7 million)) following an assessment of the borrowers obligations. The Trust share of the debt is US$58.5 million (A$65.0 million) (30 June 2009: US$59.2 million (A$73.4 million)). The effect of the write down reduces the finance costs by $3.3 million for the 6 months to 31 December 2009 (30 June 2009: $32.5 million).

10 Investment in Joint Venture Entities (continued)

(iii) Share of joint venture entities' assets and liabilities

	31 Dec 2009 $'m	30 Jun 2009 $'m
Current assets		
Cash and cash equivalents	**29.7**	32.5
Receivables	**4.5**	6.1
Investment properties[1]	**66.7**	74.4
Other	**3.6**	1.4
	104.5	114.4
Non-current assets		
Investment properties	**1,749.3**	1,919.4
	1,749.3	1,919.4
Total assets	**1,853.8**	2,033.8
Current liabilities		
Payables	**34.7**	39.0
Interest bearing liabilities		
– external[2]	**189.6**	73.4
Other	**14.7**	18.3
	239.0	130.7
Non-current liabilities		
Interest bearing liabilities		
– external[2]	**544.6**	746.4
– related entity[2]	**82.8**	92.3
	627.4	838.7
Total liabilities	**866.4**	969.4
Net assets	**987.4**	1,064.4

1 Represents the fair value of the Quintana Campus, Irvine property.

2 Interest bearing liabilities includes US joint venture property borrowings denominated in US dollars and secured by a mortgage over the respective property. The current period non-current liability of $82.8 million (June 2009: $92.3 million) relates to the debt payable to the Trust by MOF 401 Jackson Tampa, LLC, a joint venture entity. The current liability of $189.6 million (June 2009: $73.4 million) relates to the debts payable in respect of the Quintana Campus, Irvine and One California Plaza, Los Angeles properties.

The Australian joint venture properties are financed by either the commercial mortgage backed securities (CMBS) of the consolidated entity or the syndicated bank debt and those liabilities are included in Note 12.

The joint venture entities have committed to make certain expenditure and fitout contributions. The Trust's share of the committed expenditure is $28.1 million (June 2009: $28.4 million) of which $17.5 million (June 2009: $11.4 million) is payable within one year and $10.6 million (June 2009: $17.0 million) is payable between one and five years. These commitments have not been reflected in the financial statements of the Trust.

11 Payables

	31 Dec 2009 $'m	30 Jun 2009 $'m
Current		
Outgoings payable	**10.8**	16.9
Interest payable	**4.5**	6.7
Deferred consideration payable[1]	**-**	6.1
Property sale costs payable	**-**	2.8
Sundry creditors and accruals	**17.1**	20.3
	32.4	52.8

1 The prior period deferred consideration payable relates to the purchase of City Central, Milan. Deferred amounts were payable quarterly over a period of two years from acquisition.

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As at 31 December 2009

12 Interest Bearing Liabilities

	31 Dec 2009 $'m	30 Jun 2009 $'m
Current		
Commercial mortgage backed securities (CMBS) - Series 1	**-**	570.0
Euro bank debt	**141.5**	103.1
Japanese yen bank debt	**41.9**	-
Less: Unamortised transaction costs	**(0.4)**	(0.4)
	183.0	672.7
Non-current		
Commercial mortgage backed securities (CMBS) - Series 2	**365.0**	365.0
US dollar mortgages	**364.6**	407.6
Euro bank debt	**111.1**	184.4
Japanese yen bank debt	**-**	45.2
Syndicated bank debt	**550.7**	225.3
Preference shares	**0.1**	0.1
Less: Unamortised transaction costs	**(18.4)**	(24.6)
	1,373.1	1,203.0

The US dollar mortgages included in non-current liabilities relate to the following US properties: 700 Thirteenth Street, Washington DC, 745 Atlantic Avenue, Boston, 30 Independence Boulevard, New Jersey, Chase Tower, Indianapolis and SunTrust Center, Orlando. Each property is secured by a mortgage over the respective properties which are valued in total at $563.4 million.

The CMBS – Series 2 is secured by registered first mortgages over 6 of the 19 Australian properties of the consolidated entity (including its investments in the No. 1 Martin Place Office Tower Trust and the No. 1 Martin Place Car Park Trust, Australian joint venture entities) and the Australian deposit which are valued at $661.3 million. The CMBS - Series 1 was refinanced in September 2009 by a further drawdown under the syndicated bank debt facility and cash on hand, with the 7 Australian properties of the consolidated entity held as security, being added to the syndicated bank debt facility security pool.

The syndicated bank debt is secured by mortgages over 13 of the 19 Australian properties (including its investments in the Market Street Trust and 2 Park Street Trust, the remaining Australian joint venture entities), and has security over the following US properties: Promenade II, Atlanta, Pasadena Towers, Pasadena, and SunTrust Financial Centre, Tampa, together valued at $1,667.8 million.

The Euro bank debt is secured by (i) a first ranking land charges over the following European properties: the Atrium, Charlottenburg, Berlin and the Darmstadter Landstrasse, Frankfurt and (ii) a first ranking mortgage over the City Central, Milan property, together valued at $352.6 million. The Euro bank debt included in current liabilities relates to the properties, Atrium, Charlottenburg, Berlin and the Darmstadter Landstrasse, Frankfurt.

The Japanese yen bank debt is secured by a first-priority right of pledge over the beneficial rights of the Japanese investment valued at $69.9 million. The Japanese yen bank debt is a current liability.

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13 Provisions

	31 Dec 2009 $'m	30 Jun 2009 $'m
Current		
Distribution to ordinary unitholders		
Opening balance	**34.4**	-
Distribution declared	**47.5**	172.0
Paid during the period[1]	**(24.2)**	(137.6)
Distributions reinvested	**(10.2)**	-
Closing Balance	**47.5**	34.4
Non-current		
Joint venture outperformance distribution		
Opening balance	**-**	3.6
(Credited)/charged to the Income Statement		
– Movement in provision recognised	**-**	(4.9)
Exchange rate differences on translation	**-**	1.3
Closing balance	**-**	-

1 On 1 July 2009, the Trust entered into a DRP underwriting agreement. Under the terms of this agreement 118.1 million units ($24.2 million) were issued.

Joint venture outperformance distribution

The Trust is entitled to an 80% share of the profits and losses of Maguire Macquarie Office LLC. Profits are allocated in accordance with ownership percentages up to the amount which would provide both the Trust and Maguire Properties, LP (Maguire) an internal rate of return on their capital contributions of 12% over a five year period. Profits in excess of 12% are allocated 25% to Maguire and 75% to Maguire Macquarie Office LLC.

The calculation of this joint venture outperformance distribution will occur on 5 January 2011 and at the end of the subsequent five year period following that date.

At 31 December 2009, the joint venture outperformance distribution payable to Maguire is nil (June 2009: nil). The provision represents the current best estimated amount payable using current values based on discounted forecast net cash flows. Market factors which are outside of the control of the Trust, may impact future assessments of property values, rental income and capital expenditure, each of which is a key input into the calculation of the joint venture outperformance distribution provision. As a result of these uncertainties, the accrual for the joint venture outperformance distribution may require a material adjustment in a future period.

14 Tax Liabilities

	31 Dec 2009 $'m	30 Jun 2009 $'m
US capital gains deferred tax liability	**17.1**	53.2
	17.1	53.2

Capital gains on the sale of the Trust's US investments are subject to US withholding tax pursuant to the Foreign Investment in Real Property Tax Act, at a withholding tax rate of 35% if the capital gain is distributed. If the capital gain is not distributed, but the proceeds from the disposal are reinvested in a qualifying asset, the tax payable can be deferred and the tax cost base of the sold asset is rolled over into the tax cost base of the qualifying asset. Refer to Note 1(g). All deferred tax movements are recorded through the Income Statement (refer Note 3).

15 Contributed Equity

No. of units	Details	Date of income entitlement	31 Dec 2009 $'m	30 Jun 2009 $'m
2,042,235,907	Units on issue	30 Jun 08		2,116.5
1,731,838,510	Entitlement offer and placement on 29 December 2008	1 Jan 09		346.4
810,397,397	Entitlement offer and placement on 20 January 2009	1 Jan 09		162.1
	Equity issue costs			(23.9)
	Transfer to undistributed income			(9.0)
4,584,471,814	Units on issue	30 Jun 09	**2,592.1**	2,592.1
50,236,506	DRP issue	1 Jul 09	**10.2**	
118,118,174	DRP underwriting issue	1 Jul 09	**24.2**	
	Equity issue costs		**(0.1)**	
4,752,826,494	**Units on issue**	31 Dec 09	**2,626.4**	2,592.1

As stipulated in the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units in the Trust.

Transfer to undistributed income

The following amounts represent assets initially acquired through the issuance of equity and as such any change in value is reflected as a transfer against the equity issued.

	6 months to 31 Dec 2009 $'m	12 months to 30 Jun 2009 $'m
Items impacting distributable income		
– Cash benefit – PAO foreign exchange contracts acquired	**-**	9.0
Total	**-**	9.0

Distribution reinvestment plan

The Trust has established a distribution reinvestment plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than being paid in cash. Units issued under the DRP are at a 2.5% discount to the simple average of the daily volume weighted average prices traded on the Australian Stock Exchange (ASX) over a 15 day period commencing on the second business day following the record date.

16 Reserves

	6 months to 31 Dec 2009 $'m	12 months to 30 Jun 2009 $'m
Foreign currency translation reserve		
Opening balance	**(151.8)**	(66.0)
Translation of foreign operations and foreign denominated borrowings	**(139.2)**	223.7
Transfer (to)/from undistributed income[1]	**81.9**	(309.5)
Closing balance	**(209.1)**	(151.8)

1 This transfer represents the Australian dollar equivalent of the spot rate movement in the US dollar cross currency swaps held by the Trust. This foreign exchange movement in the cross currency swaps act as a hedge against the net exchange rate movements in the Trust's US dollar investments and US dollar borrowings.

17 Undistributed Income

	31 Dec 2009 $'m	30 Jun 2009 $'m
Realised earnings	**244.6**	282.2
Investment property revaluations	**(551.7)**	(383.8)
Unrealised derivative revaluations	**(108.7)**	(122.6)
Other unrealised items	**80.8**	49.5
Total undistributed income	**(335.0)**	(174.7)

18 Net Tangible Assets

	31 Dec 2009 $'m	30 Jun 2009 $'m
Total assets	**3,806.9**	4,433.8
Less: Total liabilities	**(1,724.0)**	(2,167.5)
Less: Net tangible assets attributable to minority interest	**(0.6)**	(0.7)
Net tangible assets attributable to the Trust	**2,082.3**	2,265.6

Total number of units on issue (millions)	**4,752.8**	4,584.5
Net tangible asset backing per unit	**$0.44**	$0.49
Net tangible asset backing per unit, excluding deferred tax liability	**$0.44**	$0.51

19 Segment Information

The directors of the Responsible Entity have determined the operating segments based on the reports reviewed by chief operating decision maker, being the Board of the Responsible Entity.

The Board considers the business from the aspect of each core portfolio and the Trust operations and has identified five operating segments. The segments are: the Australian investment properties, comprising controlled and joint venture investment properties; United States investment properties, comprising controlled and joint venture investment properties; European investment properties, Japanese investment properties, and the Trust operations. Trust operations include all non property related activities including derivative financial instruments, debt, expenses and minority interests.

(i) Operating Segments

The operating segments disclose each core portfolio in both their respective local currencies and in Australian dollars. The Trust operations are presented in Australian dollars only. This information is presented on a 'look though' basis. The term 'look though' refers to the assets, liabilities, revenue and expenses of the controlled entities and the assets, liabilities, revenue and expenses, held through joint venture entities. The value of assets, liabilities, revenue and expenses, held in joint venture entities are included based on the Trust's ownership percentage. Total assets and Total liabilities are presented in line with the consolidated statutory accounts. This is consistent with the manner in which the information is presented to the Board in its capacity as chief operating decision maker.

	Australian investment properties $'m	United States investment properties $'m	European investment properties $'m	Japanese investment properties $ 'm	Trust operations $ 'm	Total 6 months to 31 Dec 2009 $ 'm
6 months to 31 Dec 2009						
Net property income (local - millions)	A$71.6	US$63.0	€7.7	¥156.6	-	
Net property income (AUD)	71.6	72.1	12.7	2.0	-	158.4
Other income and net derivatives					0.1	0.1
Finance costs					(67.9)	(67.9)
Management fees					(9.5)	(9.5)
Trust expenses					(4.1)	(4.1)
Withholding tax benefit					0.5	0.5
Core Earnings	71.6	72.1	12.7	2.0	(80.9)	77.5

19 Segment Information (continued)

(i) Operating Segments (continued)

	Australian investment properties $'m	United States investment properties $'m	European investment properties $'m	Japanese investment properties $ 'm	Trust operations $ 'm	Total 6 months to 31 Dec 2008 $ 'm
6 months to 31 Dec 2008						
Net property income (local - millions)	A$79.1	US$73.7	€8.0	¥123.3	-	
Net property income (AUD)	79.1	97.5	14.8	1.6	-	193.0
Other income and net derivatives					16.6	16.6
Finance costs					(98.9)	(98.9)
Management fees					(12.6)	(12.6)
Trust expenses					(4.5)	(4.5)
Withholding tax expense					(2.7)	(2.7)
Core Earnings	79.1	97.5	14.8	1.6	(102.1)	90.9

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19 Segment Information (continued)

(i) Operating Segments (continued)

	Australian investment properties $'m	United States investment properties $'m	European investment properties $'m	Japanese investment properties $ 'm	Trust operations $ 'm	Total $ 'm
31 Dec 2009						
Investment properties (local – millions)	**A$1,842.9**	**US$1,788.0**	**€221.3**	**¥5,855.0**	**-**	
Investment properties (AUD)	**1,842.9**	**1,988.5**	**352.6**	**69.9**	**-**	**4,253.9**
Total assets						**3,806.9**
Total liabilities						**1,724.0**
Capital expenditure	**5.4**	**2.8**	**-**	**-**	**-**	**8.2**
30 Jun 2009						
Investment properties (local – millions)	A$1,870.4	US$1,890.1	€232.7	¥6,180.0	-	
Investment properties (AUD)	1,870.4	2,342.8	404.8	79.5	-	4,697.5
Total assets						4,433.8
Total liabilities						2,167.5
Capital expenditure	12.5	8.7	0.4	-	-	21.5

19 Operating segments (continued)

(ii) reconciliation of core earnings to loss before tax

A reconciliation of core earnings to the loss before tax is provided as follows:

	6 months to 31 Dec 2009 $'m	6 months to 31 Dec 2008 $'m
Core Earnings		
- Australian investment properties	**71.6**	79.1
- United States investment properties	**71.9**	98.9
- European investment properties	**12.7**	14.8
- Japanese investment properties	**2.0**	1.6
- Trust operations	**(80.9)**	(103.5)
Total core earnings	**77.5**	90.9
Amortisation of lease incentives	**(7.8)**	(7.2)
Straightlining of fixed contracts	**(0.3)**	6.7
Net gain on sale of investment properties	**1.0**	-
Net loss on sale of investment in joint venture entities		(117.4)
Property valuation losses	**(167.9)**	(716.9)
Unrealised gain/(loss) on derivative financial instruments	**95.8**	(449.2)
Net income on equity cross currency swaps	**0.8**	4.5
(Loss)/gain on early settlement of derivative financial instruments	**(68.3)**	36.8
Joint venture outperformance distribution	**-**	4.9
Joint venture non performing asset and debt amortisation cost adjustment	**1.7**	-
Reserves transfer – PAO foreign exchange contacts acquired	**-**	(9.0)
PAO interest rate swap and debt amortisation	**0.5**	1.2
Withholding tax (benefit)/expense	**(0.5)**	2.7
Minority interest	**-**	(0.2)
Loss before tax attributable to unitholders	**(67.5)**	(1,152.2)

20 Capital Commitments

The Trust is committed to make certain expenditure and fitout contributions. The maximum commitment of the consolidated entity is $8.7 million (June 2009: $11.4 million), of which $8.5 million (June 2009: $10.1 million) is payable within one year and $0.2 million (June 2009: $1.3 million) is payable between one and five years. In addition, the Trust's share of the committed expenditure through joint venture entities is $28.1 million (June 2009: $28.4 million), of which $17.5 million (June 2009: $11.4 million) is payable within one year and $10.6 million (June 2009: $17.0 million) is payable between one and five years. These commitments have not been reflected in the financial statements of the Trust.

21 Events Occurring after Reporting Date

On 13 January 2010, the Trust entered into an agreement to sell its wholly owned subsidiary, Macquarie Office Germany Frankfurt Sarl, for EUR 39.5 million ($61.7 million). The investment property is a current asset of $62.9 million as at 31 December 2009. Settlement occurred on 11 February 2010.

On 12 February 2010, Macquarie Group Limited ("MGL") announced the divestment of part of its property management platform, which includes 100% of the shares it owns in Macquarie Office Management Limited (MOML), the Responsibility Entity for the Macquarie Office Trust and 7.5% of the units in the Macquarie Office Trust. The sale of the shares in MOML is not anticipated to have an adverse effect on the financial position of Macquarie Office Trust. A potential source of an adverse impact would be, if consent is required to the change of control under a financing or joint venture arrangement and is not obtained. The majority of the consents to the change of control have been obtained. In addition, MGL has provided certain support arrangements to help facilitate the transaction including if consents to a change of control have not been obtained. The Directors note that this is a transformational transaction for Charter Hall and is not without some risk to unit holders including business integration and transition execution risk.

Since the end of the period, the directors of the Responsible Entity are not aware of any other matter or circumstance other than as disclosed in this report or the directors' report that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in the financial period subsequent to the half year ended 31 December 2009.

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Directors' Declaration to Unitholders

In the opinion of the Directors of Macquarie Office Management Limited:

The financial statements and notes set out on pages 8 to 36 are in accordance with the *Corporations Act 2001*, including:

a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, its changes in equity and its cashflows for the financial period ended on that date; and

c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Stephen Girdis
Chairman

Sydney
17 February 2010

PRICEWATERHOUSECOOPERS

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Independent auditor's review report to the unitholders of Macquarie Office Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Macquarie Office Trust (the Trust), which comprise the balance sheet as at 31 December 2009, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Macquarie Office Trust Group (the consolidated entity). The consolidated entity comprises both the Trust and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of Macquarie Office Management Limited (the responsible entity) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Macquarie Office Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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Independent auditor's review report to the unitholders of Macquarie Office Trust (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Macquarie Office Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Pricewaterhouse Coopers

PricewaterhouseCoopers

J A Dunning

J A Dunning
Partner

Sydney
17 February 2010