

2010 Half year results – 18 February 2010

# Macquarie Office Trust



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All information contained herein is current as at 31 December 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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Exchange rates in this presentation are: A\$1.00 : US\$0.8992 / €0.6275 / ¥83.7182 at 31 December 2009 and average for the 6 months at A\$1.00 : US\$0.8796 / €0.6047 / ¥80.1039. Portfolio statistics used in this presentation exclude Quintana Campus, Irvine.

# Agenda



1. **Performance and strategy**

**Adrian Taylor**



**Adrian Taylor**  
Chief Executive Officer

2. **Financial and capital management**

**Alex Pritchard**



**Alex Pritchard**  
Chief Financial Officer

3. **Portfolio summary**

**Jill Rikard-Bell**



**Jill Rikard-Bell**  
Chief Operating Officer

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

**Jill Rikard-Bell**

5. **US portfolio update**

**Paul Sorensen**



**Paul Sorensen**  
Managing Director,  
Portfolio Management

6. **Forward**

**Adrian Taylor**

7. **Annexures**



**Craig Newman**  
Head of Portfolio  
Management





# 01

Performance  
and strategy

# Results summary

## 6 months to 31 December 2009



### Financial

- Net property income of \$158.4m
- Core earnings of \$77.5m or 1.63 cpu
- Distribution of 1.0 cpu
- NTA \$0.44 per unit

### Operational

- Occupancy<sup>1</sup> of 92% on a WALE<sup>1</sup> of 4.7 years
- Leased<sup>1</sup> 72,578 sqm (6% of the portfolio)
- Like for like net property income growth of 1%<sup>2</sup>
- Portfolio value of \$4.2 billion with average cap rate of 7.76%

<sup>1</sup> includes LOI

<sup>2</sup> adjusted for one-off items

# Sale of the Manager of MOF to Charter Hall

## What it means for MOF...



Team	<p>Senior management team have entered into employment contracts with Charter Hall (CHC)</p> <p>Vast majority of team have been offered roles by CHC</p>
Investment Strategy	<p>No current intention to change</p> <p>To be reviewed in normal course of business</p>
Board	<p>Macquarie Directors on MOML board will be replaced by CHC Joint Managing Directors David Southon and David Harrison</p> <p>Existing independent directors invited to remain on the Board</p>
Alignment	<p>Charter Hall have acquired 7.5% of MOF from Macquarie Group consistent with their co-investment strategy</p> <p>First right of refusal to acquire balance of Macquarie Group holding (~6%)</p>
Branding	<p>Trust to be renamed at settlement in March</p>
Operations	<p>Platform integration underway to ensure seamless transition to specialised real estate fund manager</p>

# MOF snapshot



- Balance sheet strengthened
  - Proceeds from asset sales and DRP
  - Simplified derivative position (now \$8m liability)
- High quality, well located portfolio with strong tenant profile
  - Well positioned to attract and retain tenants
  - Positioned to capture improvements in economy
- Long term goal to re-weight to majority Australian assets
  - Successful sale of Frankfurt
  - Continue orderly European and Japanese divestment program
  - Focus on US leasing to capture significant value







# 02

Financial Performance

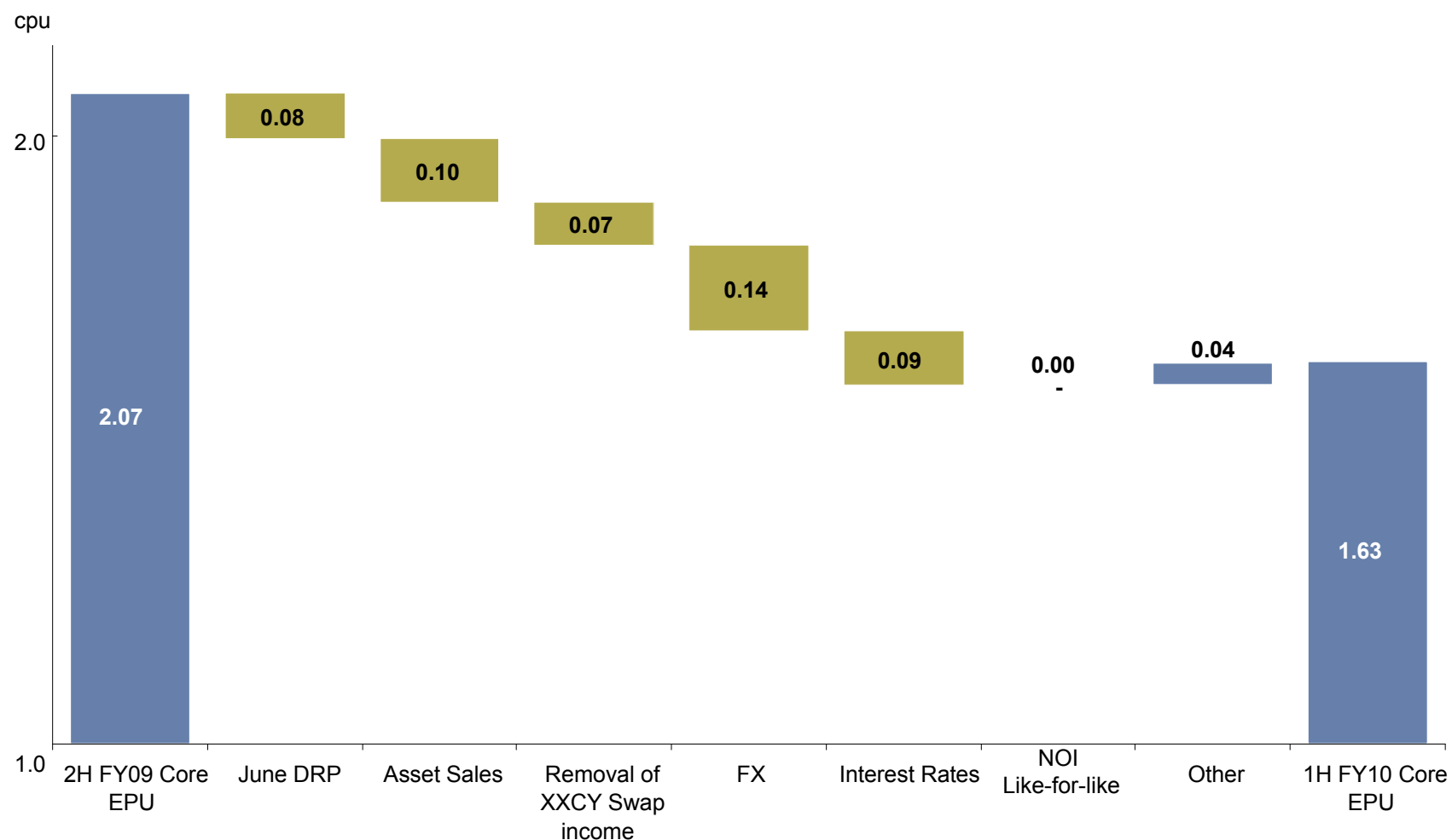


# Core earnings



	Income Statement Group \$m	Income Statement Joint Venture \$m	Other Adjustments \$m	1H2010 Core Earnings \$m	2H2009 Core Earnings \$m
<b>Net Property Income</b>	86.5	64.6	7.3	158.4	185.6
Other Income incl. derivatives	10.0		(9.9)	0.1	2.5
Management base fee	(8.3)	(1.2)		(9.5)	(11.8)
Finance Costs	(47.5)	(21.9)	1.5	(67.9)	(75.0)
Other Expenses	(3.4)	(0.7)		(4.1)	(4.0)
Taxation / Other	0.5			0.5	(2.4)
<b>Core Earnings</b>				77.5	94.9
Derivative movements	21.3				
(Loss) / Gain on Sale	1.0				
Property Valuation (Losses) / Gains	(115.6)	(52.3)			
Deferred Taxation Benefit	36.1				
<b>Statutory Result</b>	(19.4)	(11.5)			
	(30.9)				

# Core earning bridge



<sup>1</sup> "Other" includes earnings impact of US withholding tax refund, management fee reduction, interest rate swap maturities, and Wachovia promissory note redemption.

# Balance sheet



	Dec 2009 \$m	Jun 2009 \$m
Cash and Deposits (look through)	215	324
Total assets (look through)	4,673	5,403
Total debt (look through) <sup>1</sup>	(2,373)	(2,788)
Total liabilities (look through)	(2,590)	(3,137)
Total assets (balance sheet)	3,807	4,434
Total liabilities (balance sheet)	(1,724)	(2,168)
<b>Net assets</b>	<b>2,083</b>	<b>2,266</b>
NTA (excl DTL)	2,100	2,319
Units on issue (millions)	4,753	4,584
<b>NTA per unit (\$)</b>	<b>0.44</b>	<b>0.49</b>
<b>Balance Sheet Gearing (net of cash)</b>	<b>37.9%</b>	<b>37.4%</b>

<sup>1</sup>Net of borrowing costs



# Capital management initiatives – actions

- Managing liquidity
  - Adjusted distribution payout ratio to preserve capital
  - Reduced total AUD debt by \$187m through Wachovia and Northbridge proceeds<sup>1</sup>
  - Partly underwrote Dec 09 distribution
  - Change to 6 monthly distribution payment cycle
  
- Derivative simplification
  - Closed out all equity cross currency swaps
  - Closed out Sep 2009 debt cross currency swaps
  - Locked in ~\$16m gain on existing Sept 2011 debt cross currency swaps
  - FX income hedging policy cash based

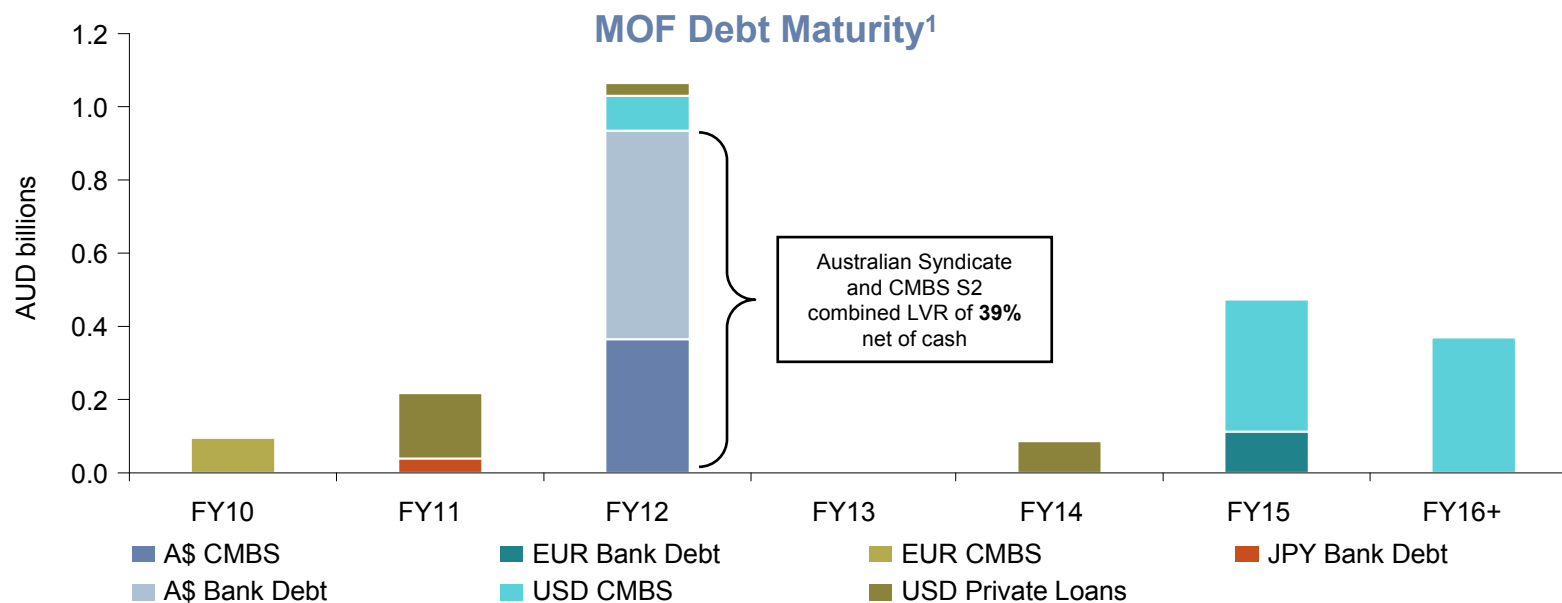
<sup>1</sup>An additional \$57m of CMBS Series 1 notes that were owned by MOF used to offset debt at the CMBS Series 1 refinancing



# Debt



- Refinanced \$570m CMBS facility in September 2009
- Only property level debt expiring before FY12, comprising:
  - Berlin: EUR 59m maturing in Jun 10<sup>1</sup>
  - Tokyo: JPY 3,457m maturing in Dec 10<sup>1</sup>
  - One California Plaza: USD 112m maturing in Dec 10<sup>1</sup>



<sup>1</sup>Maturities at MOF share



# 03

Portfolio summary

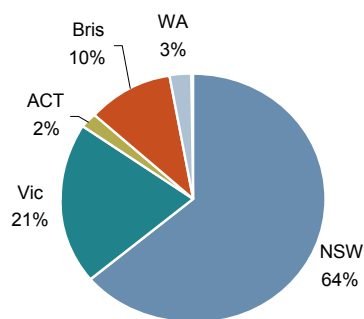
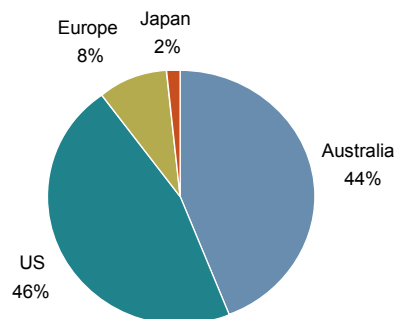
# High quality office portfolio

— 29 markets

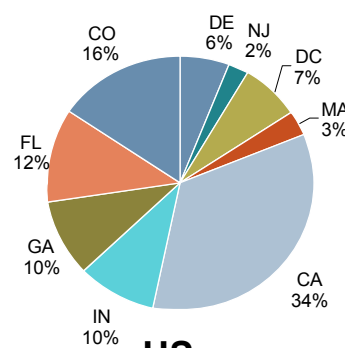
— 39 office properties

— 85%+ Prime/A grade<sup>2</sup>

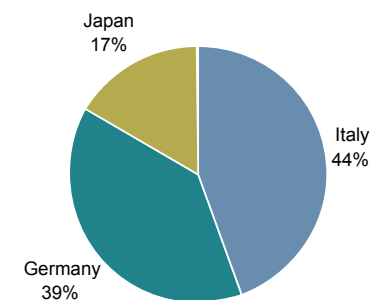
## Geographic diversification by value



### Australia



### US



### Europe & Japan

Region	Area		Avg. capital value <sup>1</sup>	
	Sqm	Local Measure	A\$/sqm	Local Measure
<b>Aust</b>	333,273	333,273 sqm	\$5,530	\$5,530/sqm
<b>US</b>	678,730	7,306,028 sqf	\$2,831	US\$237/sqf
<b>EUR</b>	77,478	77,478 sqm	\$4,552	€2,856/sqm
<b>Japan</b>	6,614	2,001 tsu	\$10,573	¥2,926,270/tsu
<b>Total</b>	<b>1,096,095</b>		<b>\$3,820</b>	

<sup>1</sup> Based on book value as at 31 December 2009

<sup>2</sup> Management assessment

# Portfolio achievements



Portfolio activity	Australia	US	Europe	Japan	Total
Occupancy <sup>1</sup>	97%	89%	97%	93%	<b>92%</b>
Unexpired average lease term <sup>1, 2</sup> (years)	3.9	5.2	4.3	0.9	<b>4.7</b>
Like for like property income growth <sup>3</sup>	1%	0%	8%	26%	<b>1%</b>
% of portfolio reviewed	46%	24%	10%	N/A	<b>29%</b>
Average increase from rent reviews	4.2%	4.1%	0.3%	N/A	<b>3.9%</b>
Tenant incentives (\$m)	\$1.6	\$2.7	-	-	<b>\$4.3</b>
Other capital expenditure (\$m)	\$4.0	\$0.1	-	-	<b>\$4.1</b>
Tenant retention	81%	72%	N/A	85%	<b>75%</b>
Number of leases executed	26	20	1	7	<b>54</b>
Leasing (sqm) <sup>1</sup>	24,371	46,672	718	817	<b>72,578</b>
<i>% of portfolio leased</i>	<b>6%</b>	<b>6%</b>	<b>1%</b>	<b>12%</b>	<b>6%</b>

<sup>1</sup> Includes LOI

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

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





# Portfolio revaluation summary

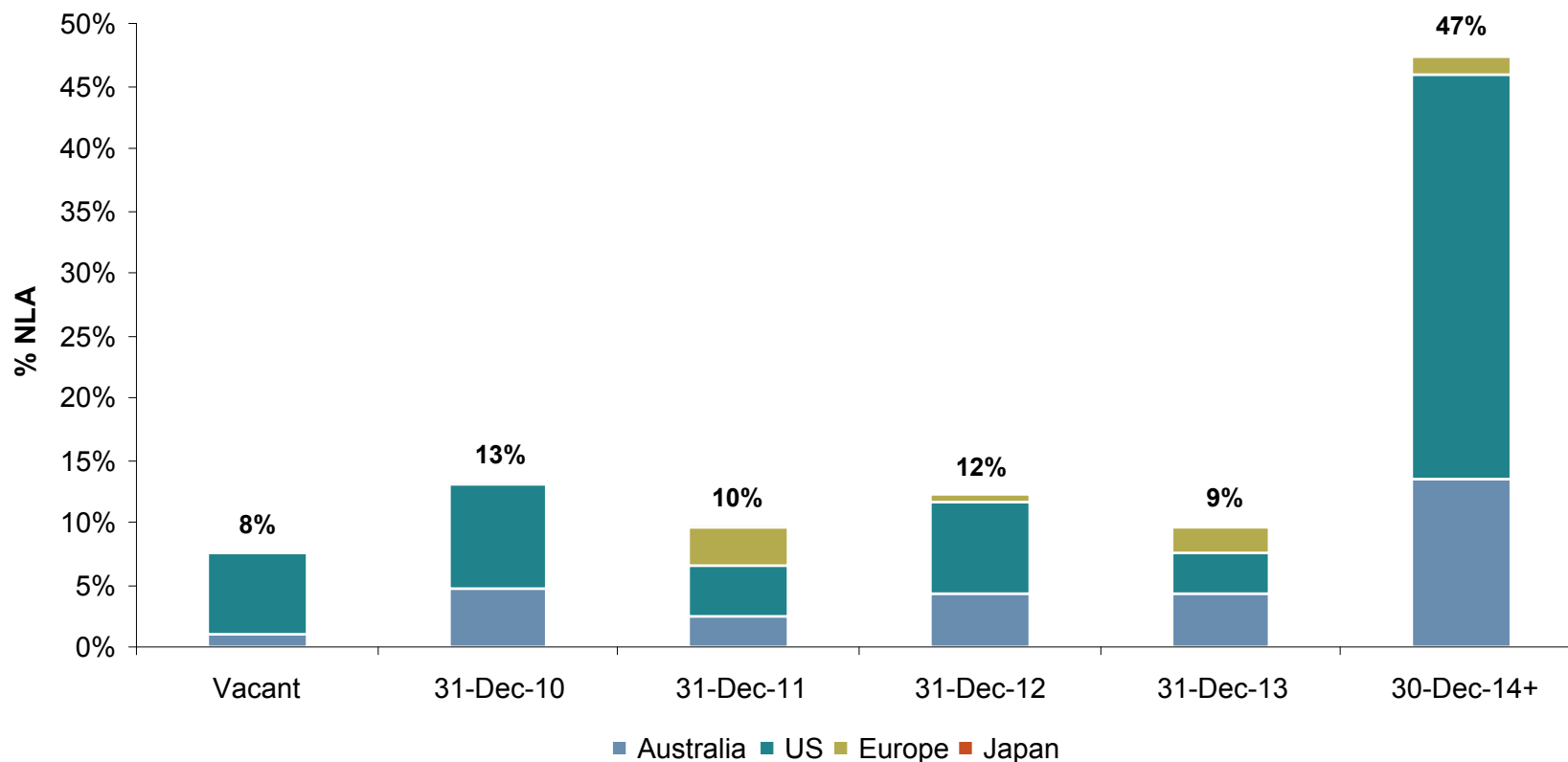
- 21% of the portfolio externally valued
- Property values stabilising with the rate of decline slowing
- Portfolio cap rates softened by 185 bps (31%) since their peak values

December 2009 Revaluation Summary	Australia	United States	Europe	Japan	Total
Dec 09 book value (A\$m)	\$1,842.9	\$1,921.8	\$352.6	\$69.9	\$4,187.2
Jun 09 book value (A\$m)	\$1,870.4	\$2,035.4	\$370.8	\$73.8	\$4,350.4
Aggregate movement in value (\$m)	(\$27.6)	(\$113.6)	(\$18.2)	(\$3.9)	(\$163.2)
Variance from Jun 09 value %	(1.5%)	(5.6%)	(4.9%)	(5.3%)	(3.8%)
Portfolio capitalisation rate	7.97%	7.77%	7.13%	5.46%	7.76%
10 year bond rate	5.72%	3.83%	3.40%	1.30%	
Capitalisation rate / bond rate spread	225 bps	394 bps	373 bps	416 bps	
Cap rate movement from June 2009 book val	11 bps	34 bps	29 bps	15 bps	24 bps

# Diverse portfolio lease expiry profile

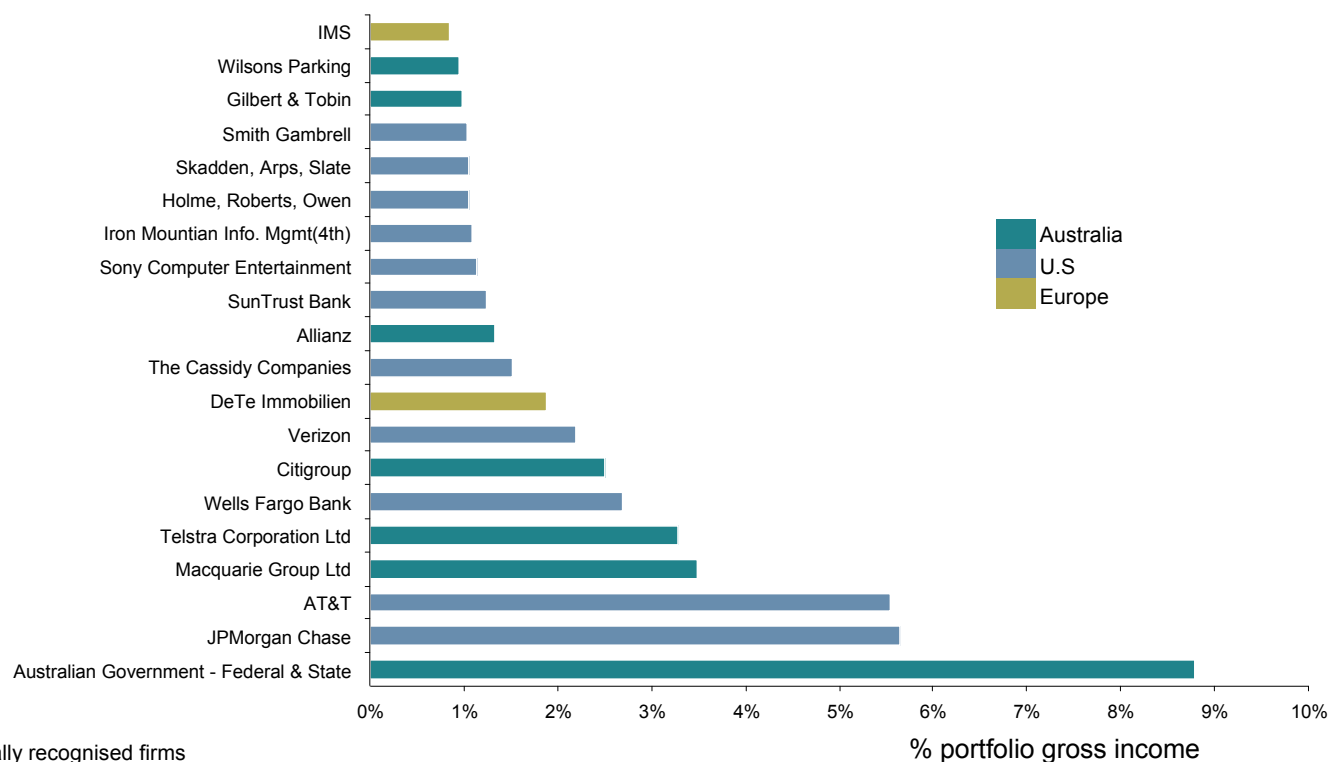
— Average 11% pa expiries

— Anchor tenant WALE of 4.8 years



# Secure and diverse revenue base

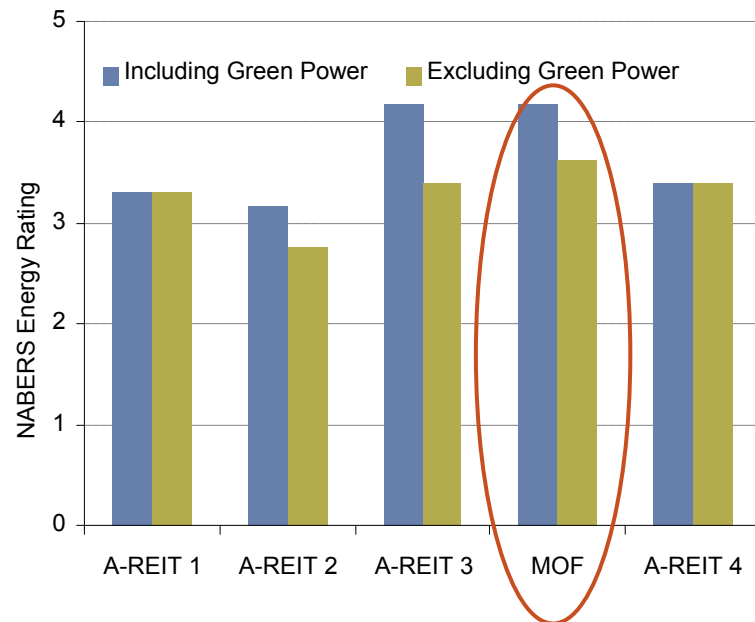
- Largest customer - 9% of gross income
- Largest lease - 3% of gross income
- Top 20 customers represent 48% of gross income
- 80% Government & investment grade or equivalent<sup>1</sup> customers



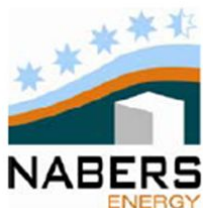
# Commitment to sustainability



“Intensive building management, rather than substantial capital can yield big gains – MOF may be a leader here.”<sup>1</sup>



- MOF’s weighted average NABERS Energy rating of 4.2 stars recognised as an industry leader
- MOF’s Sydney properties included in Sydney Water’s 2009 Water Efficiency Award recognising MOF’s Sustainable Business Processes



<sup>1</sup> Citi Investment Research, Jan 2010





# Green Building Fund grants in action



**59 Goulburn Street, Sydney**  
**\$235,816**

Utilised for:

- Lighting upgrades
- Building management system upgrades
- Variable speed drive system installation



**2 Park Street, Sydney**  
**\$89,796\***

Utilised for:

- Lighting control upgrades
- Variable speed drive system installation

\* 100% grant to joint owners



**ATO Moonee Ponds**  
**\$500,000**

Utilised for:

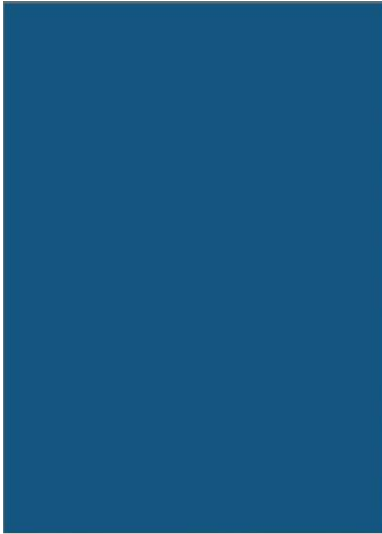
- Smart metering installation
- Chiller replacement
- New building management system



**175 Eagle Street, Brisbane**  
**\$180,100**

Utilised for:

- Building management system upgrades
- Variable speed drive system installation



# 04

Portfolio update  
Australia  
Europe  
Japan

# Portfolio performance

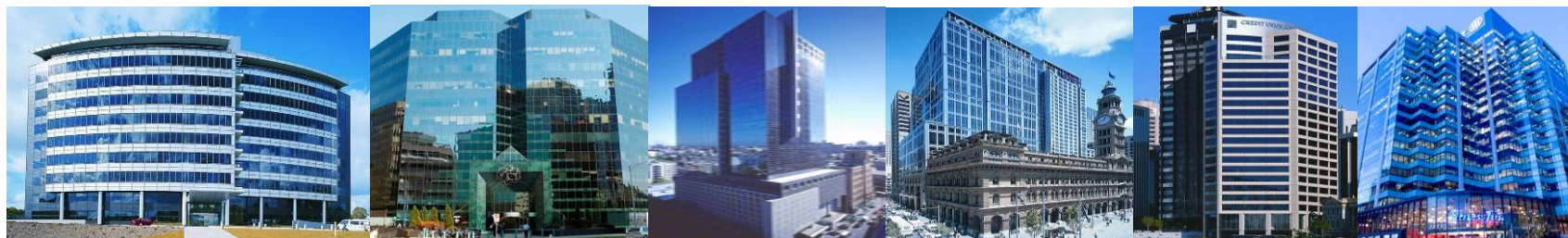


Australian portfolio	Dec 2009
Occupancy <sup>1</sup>	97%
Unexpired average lease term <sup>2</sup> (years)	3.9
Anchor customer unexpired average lease term <sup>2,3</sup> (years)	4.6
Leasing activity <sup>1</sup> (sqm)	24,371
Leasing – increase over prior rent <sup>2</sup>	16%
Leasing – average gross incentive <sup>2</sup>	7%
Tenant retention last 6 months	81%
Rent reviews – average increase	4.2%
Area subjected to rental review (sqm)	154,902

<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%
- 6% of portfolio was leased<sup>1</sup> during period
- 81% tenant retention

Market	Jun 09 Available sqm	Expiries sqm	6 Months Leasing <sup>1</sup> sqm	Dec 09 Available sqm	Dec 09 Occupancy <sup>1</sup>	WALE <sup>2</sup> Years	Dec 09 Over/(under) Renting
Sydney	5,731	12,564	17,648	3,350	98%	4.6	3.3%
Perth	1,727	-	2,399	1,552	87%	3.1	(5.4%)
North Sydney	1,278	667	1,674	1,434	94%	4.7	7.4%
Brisbane	267	1,346	1,524	1,307	96%	3.6	(5.7%)
Melbourne	705	308	1,126	1,013	99%	2.9	7.5%
Other Markets	-	-	-	-	100%	7.3	12.3%
Sydney Non-CBD	2,101	636	-	2,737	93%	4.8	10.1%
<b>Total</b>	<b>11,809</b>	<b>15,521</b>	<b>24,371</b>	<b>11,392</b>	<b>97%</b>	<b>3.9</b>	<b>5.1%</b>

<sup>1</sup> Includes LOI

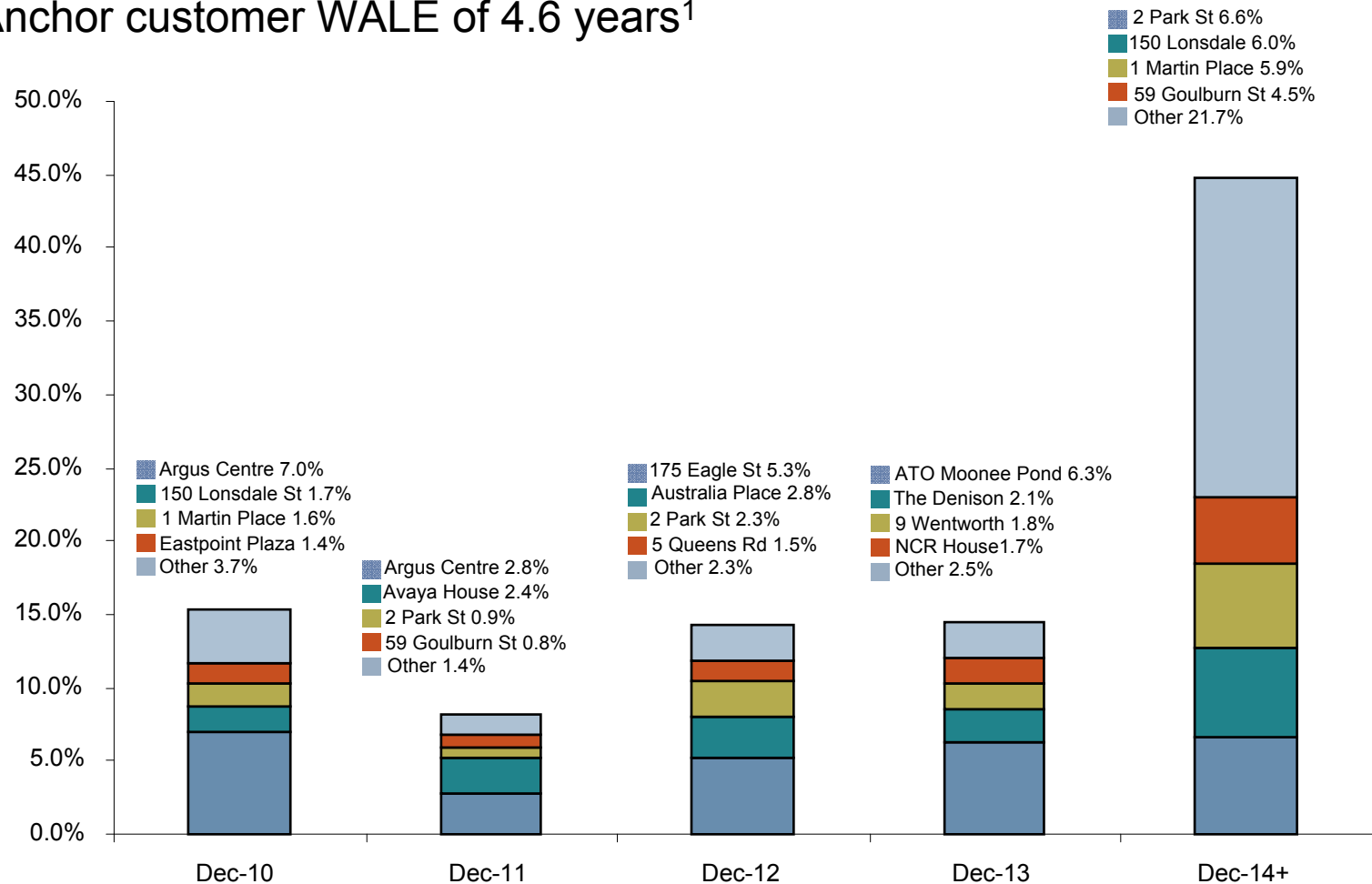
<sup>2</sup> Weighted by gross income



# Diverse Australian lease profile



— Anchor customer WALE of 4.6 years<sup>1</sup>



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

# Office market fundamentals

- Limited supply in majority of markets
- Withdrawal of sublease space
- Lower than expected peak unemployment

Market (CBD)	Premium & A-Grade Stock Dec 2009 sqm	Premium & A-Grade Vacancy Dec 09 <sup>1</sup>	Premium & A-Grade Vacancy Dec 08 <sup>2</sup>	All grades Net Absorption (12 months) sqm	Under Construction at Q4/09 sqm	% Total stock Dec 2009
Sydney CBD	2,487,453	7.6%	6.3%	(80,622)	225,766	5%
Melbourne CBD	2,345,840	5.4%	5.1%	63,974	118,217	3%
Canberra	1,069,786	9.0%	8.4%	23,309	206,827	11%
Brisbane CBD	945,942	8.9%	2.1%	63,602	163,741	8%
Perth CBD	737,474	7.1%	0.9%	(7,051)	217,364	15%
Adelaide	473,787	9.6%	2.8%	(14,754)	23,420	2%
North Sydney	331,069	12.5%	13.4%	(18,538)	28,500	3%
<b>Total/Weighted Avg</b>	<b>8,391,351</b>	<b>7.6%</b>	<b>5.5%</b>	<b>29,920</b>	<b>983,835</b>	<b>6%</b>

Source: JLL

<sup>1</sup>Weighted by total Premium A grade stock as at Q4/2009

<sup>2</sup>Dec 2008 vacancy based on Q4/2008 stock

# Europe & Japan portfolio snapshot

Dec 2009	Europe <sup>1</sup>	Japan
Portfolio value	€221.3 million	¥5,855 million
Occupancy	97%	93%
Unexpired average lease term <sup>2</sup>	4.3	0.9
Leasing activity	718 sqm	247 tsubo
Like for like income growth	8%	26%
Over/(Under) rented	2.5%	2.0%



<sup>1</sup> All figures for Europe include Frankfurt

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



# 05

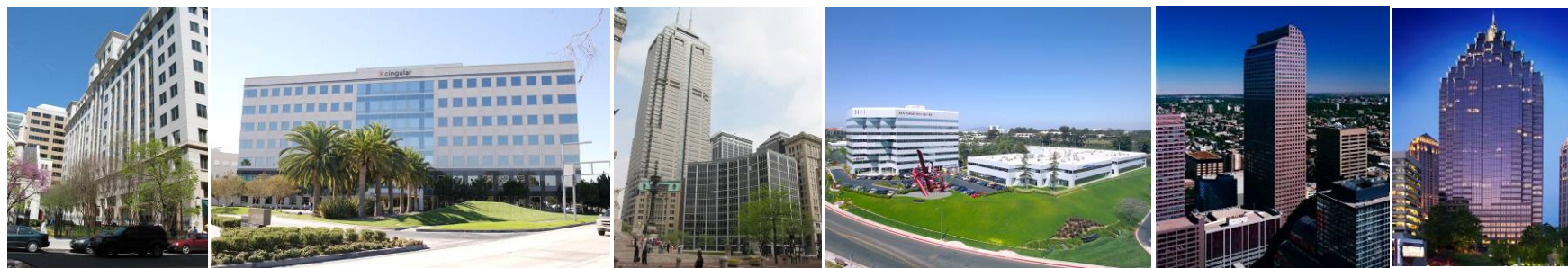
US Portfolio  
Update



# Portfolio performance



US Portfolio	Dec 2009
Occupancy <sup>1</sup>	89.2%
Unexpired average lease term <sup>2</sup> (years)	5.2 years
Anchor customer average unexpired lease term <sup>2,3</sup> (years)	5.2 years
Leasing activity last 6 months <sup>1</sup> (sqf)	502,390
Tenant retention last 6 months	72%
Leasing – increase over prior rents <sup>1</sup>	0.5%
Leasing – average gross incentive <sup>2</sup>	12.3%
Rent reviews – average increase	4.1%
Area subjected to rental review (sqf)	1,729,015



<sup>1</sup> Includes LOI

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

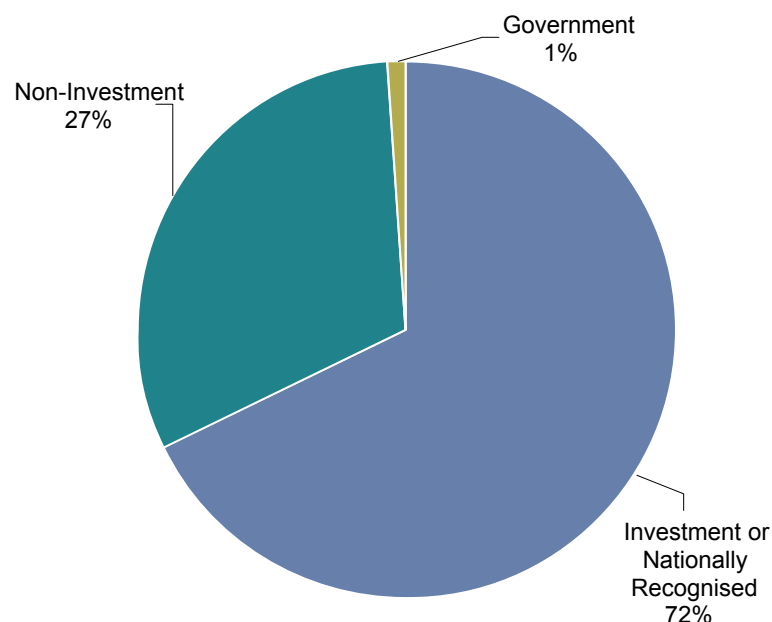
<sup>3</sup> Anchor customer defined as largest per property

# High quality, broad customer base

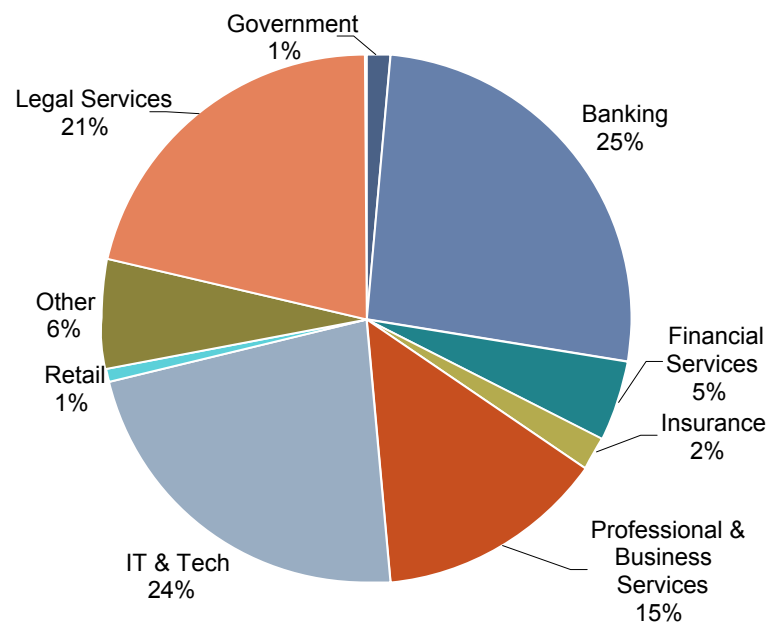
- 73% of customers are either government, investment grade or nationally recognised firms

- Banking and Financial Services sectors have a combined WALE of 7.0 years<sup>1</sup>

**United States Portfolio  
Customer Grade by Gross Rent**



**United States Portfolio  
Customer Classification by Gross Rent**



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



# US leasing and occupancy



Property	Jun 09 Available Sqf	Vacated Tenants Sqf	6 mths Leasing <sup>1</sup> Sqf	Dec 09 Available Sqf	Dec 09 Occupancy <sup>1</sup>	WALE Years <sup>2</sup>	Dec 09 Over/(Under) Rented
One California Plaza, Los Angeles	220,562	66,709	151,937	236,833	76.5%	5.4	(2.1)%
SunTrust Center, Orlando	198,786	593	84,670	179,284	72.3%	4.9	18.4%
700 Thirteenth Street, Washington DC	2,385	-	56,171	2,385	99.0%	5.1	(2.6)%
San Diego Tech Center, San Diego	33,176	12,850	49,691	35,928	94.4%	3.1	2.5%
1 & 3 Christina Center, Wilmington	-	-	48,555	-	100%	6.4	7.6%
Chase Tower, Indianapolis	16,305	9,327	34,839	14,443	98.6%	7.2	5.7%
Wells Fargo Center, Denver	72,497	22,584	24,125	95,075	92.2%	7.2	3.5%
Pasadena Towers, Pasadena	195,573	1,709	20,150	197,282	55.3%	5.8	7.6%
Stadium Gateway, Anaheim	23,663	9,156	18,724	32,819	88.0%	4.5	14.6%
745 Atlantic Avenue, Boston	-	-	7,780	-	100%	3.8	10.2%
Promenade II, Atlanta	13,866	14,251	4,580	23,637	96.9%	3.6	14.2%
SunTrust Financial Centre, Tampa	53,175	-	1,168	53,175	89.9%	4.1	5.9%
Cerritos Corporate Center, Cerritos	-	-	-	-	100%	3.8	8.3%
30 Independence Boulevard, Warren	-	-	-	-	100%	2.3	2.0%
<b>Total</b>	<b>829,988</b>	<b>137,179</b>	<b>502,390</b>	<b>870,861</b>	<b>89.2%</b>	<b>5.2</b>	<b>5.9%</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 Q4 2009</u>	
Market	Submarket	Vacancy	Dec 2009	Jun 2009	Sqf Under Construction	% of Total Sub-market
Atlanta	Midtown	3.1%	24.1%	24.3%	719,000	5.3%
Boston	South Station	0.0%	14.1%	14.2%	0	0%
Denver	Downtown	7.8%	15.1%	14.2%	496,000	2.0%
Indianapolis	Downtown	1.4%	16.6%	16.6%	0	0%
Los Angeles	Tri-Cities	44.7%	15.5%	14.4%	0	0%
Los Angeles	Downtown	23.5%	16.6%	14.9%	0	0%
Northern New Jersey	287 Interchange	0.0%	15.0%	15.0%	N/A	N/A
Orange County	Central OC	5.5%*	18.0%	17.4%	0	0%
Orlando	Downtown	27.7%	18.3%	17.1%	0	0%
Philadelphia	Wilmington CBD	0.0%	19.8%	19.8%	164,000	2.4%
San Diego	Sorrento Mesa	5.6%	14.1%	17.8%	0	0%
Tampa	CBD	10.1%	18.7%	17.5%	0	0%
Washington DC	East End	1.0%	9.6%	9.4%	557,000	1.3%
<b>Weighted Average / Total</b>		<b>11%</b>	<b>16.3%</b>	<b>15.5%</b>	<b>1,936,000</b>	<b>0.8%</b>

\* Combined vacancy rate for Stadium Gateway and Cerritos Corporate Center

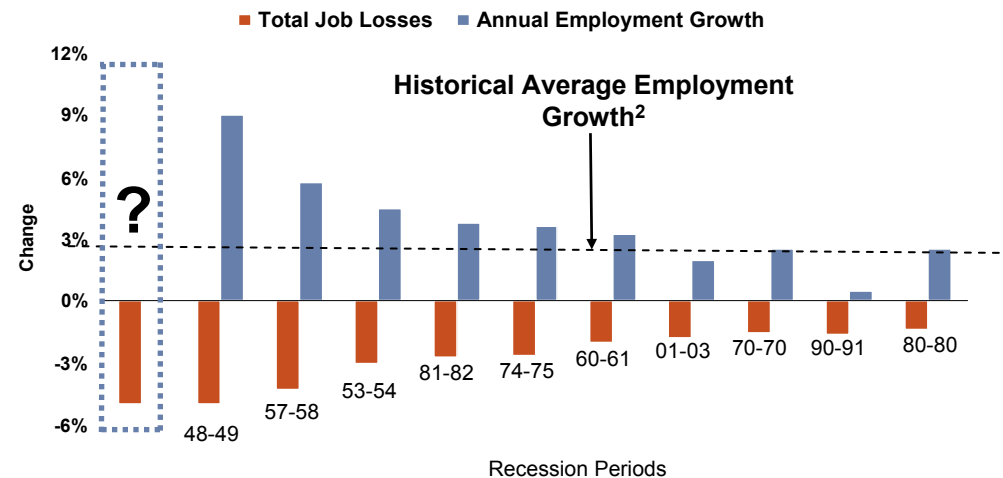
Source: CB Richard Ellis

# The Road to Recovery



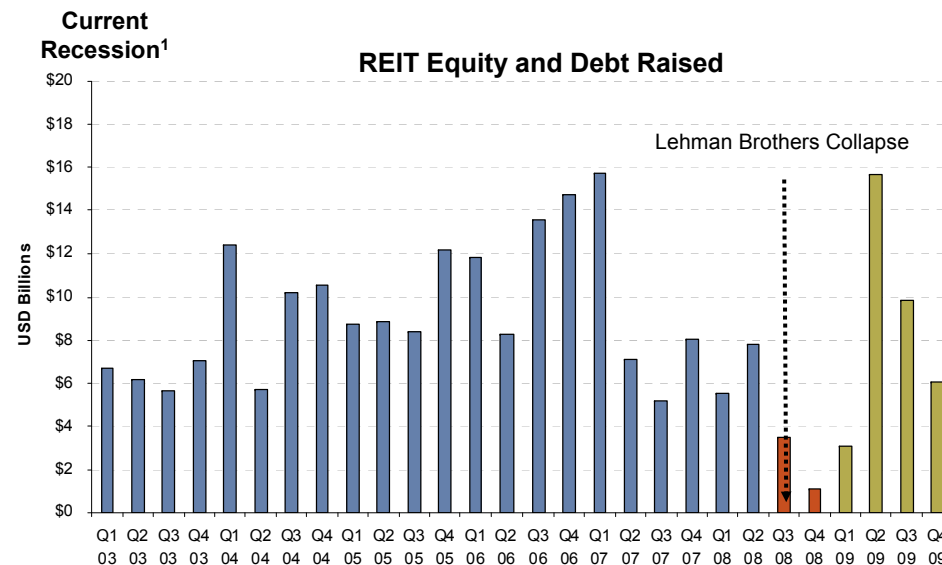
## Historical Post-Recession U.S. Employment Growth:

- U.S. GDP grew in the last two quarters
- Sharp employment gains have been the norm
- Longer recovery period expected this time



## Real Estate Capital Markets:

- Strong recovery in U.S. real estate equity markets
- Debt markets are beginning to thaw



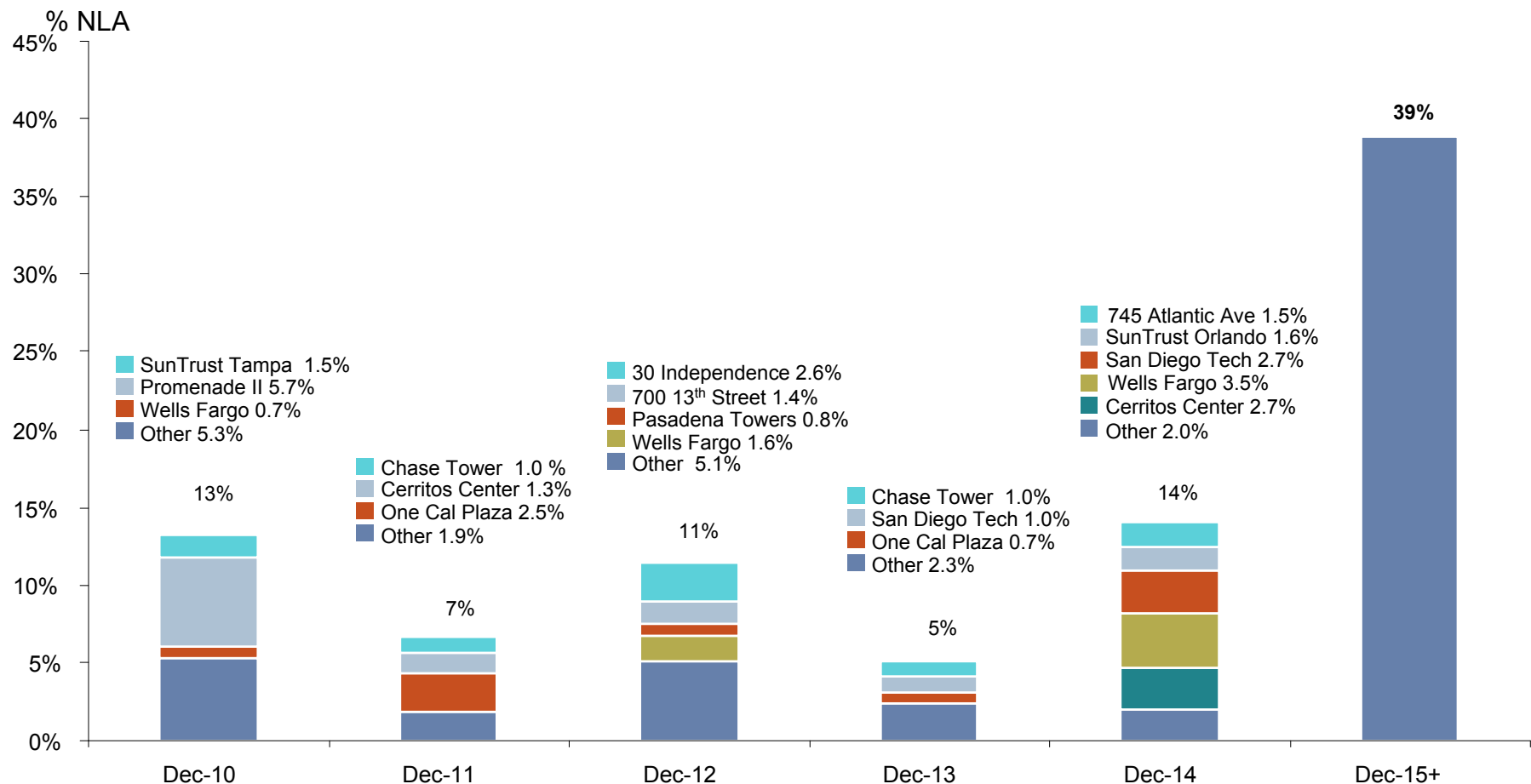
<sup>1</sup> Forecast

<sup>2</sup> Based on employment for the 12 months after the contraction period

# Diverse lease profile



— 13% of portfolio expires next calendar year — Anchor customer WALE<sup>1</sup> of 5.2 years



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



06

Forward

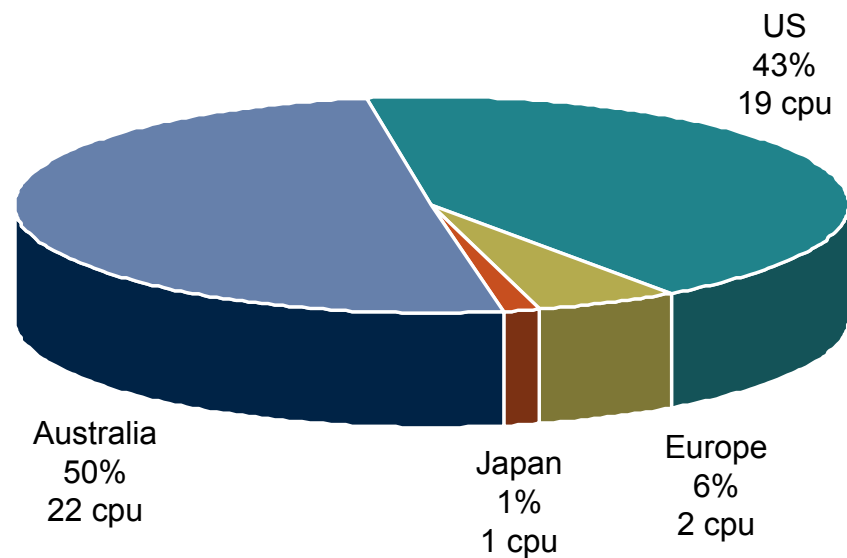
# Offshore investment strategy



## Medium term target

- Key markets - Australia & US
- Orderly exit - Europe & Japan
- Strategically manage US portfolio through the cycle

Equity value by region<sup>1</sup>



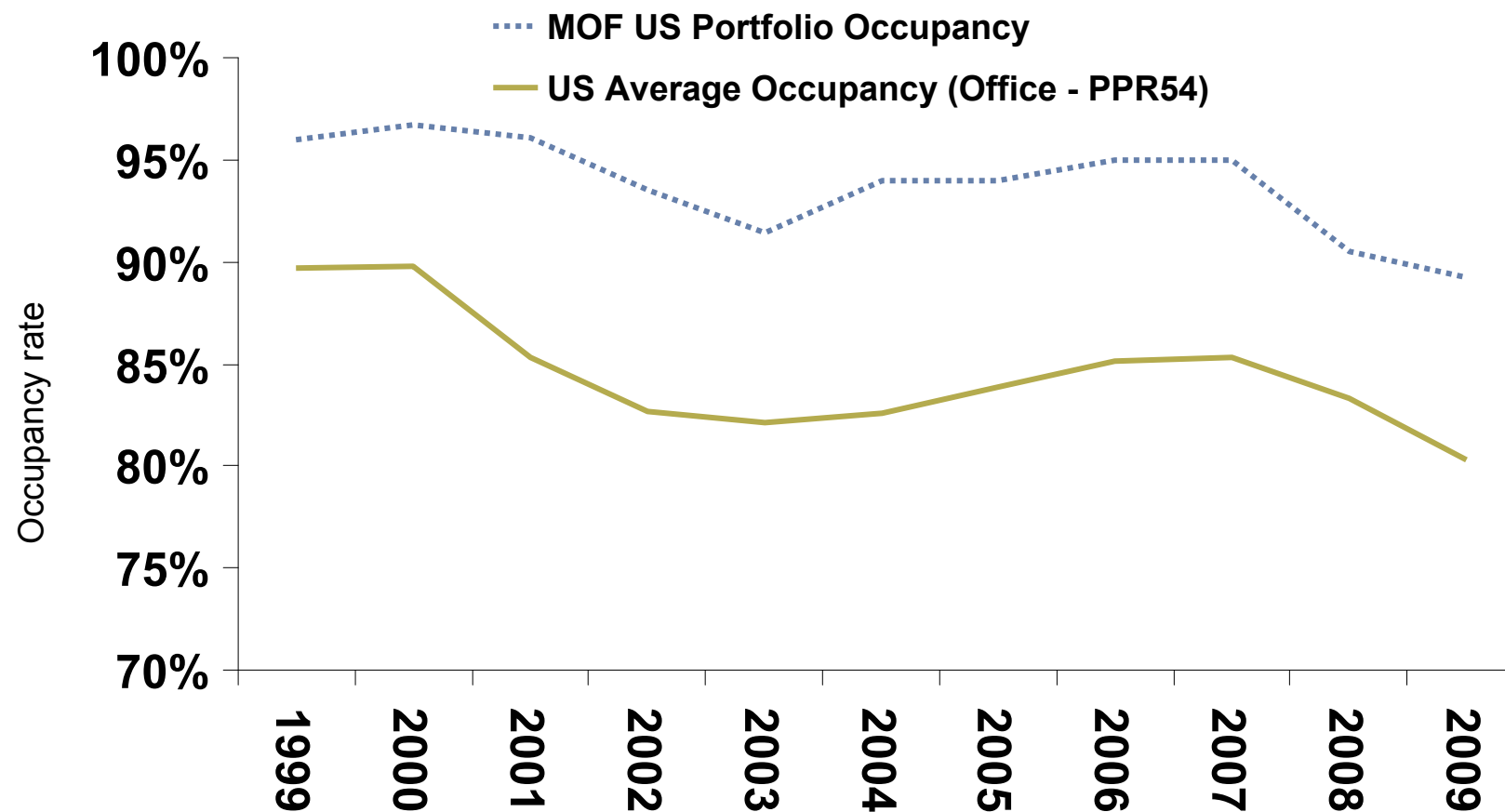
<sup>1</sup>Includes syndicate debt allocation



# High quality US assets



# US Portfolio— a strong history of out-performing the market

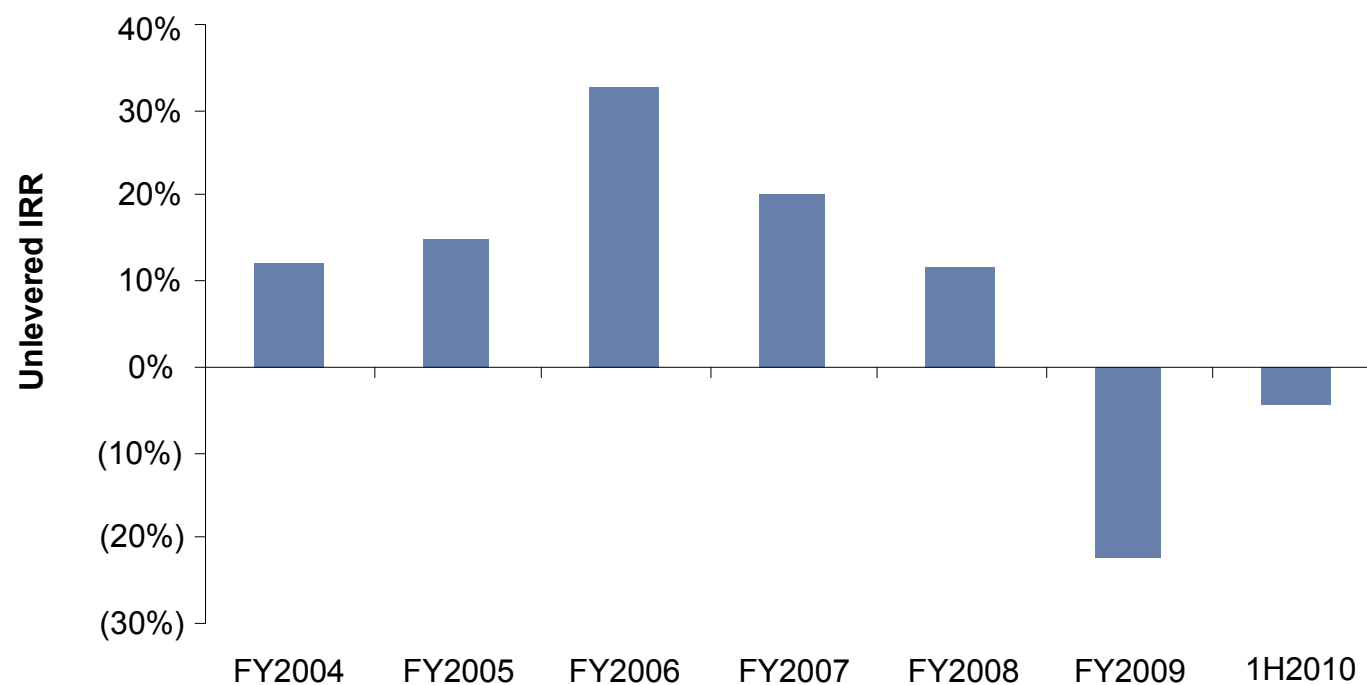


1 LUO/PAO portfolio from 1999 to 2004

2 Source: PPR – all markets

# History of annual US property returns

- 5 out of 6 past years delivered better than 11% annual unlevered IRRs

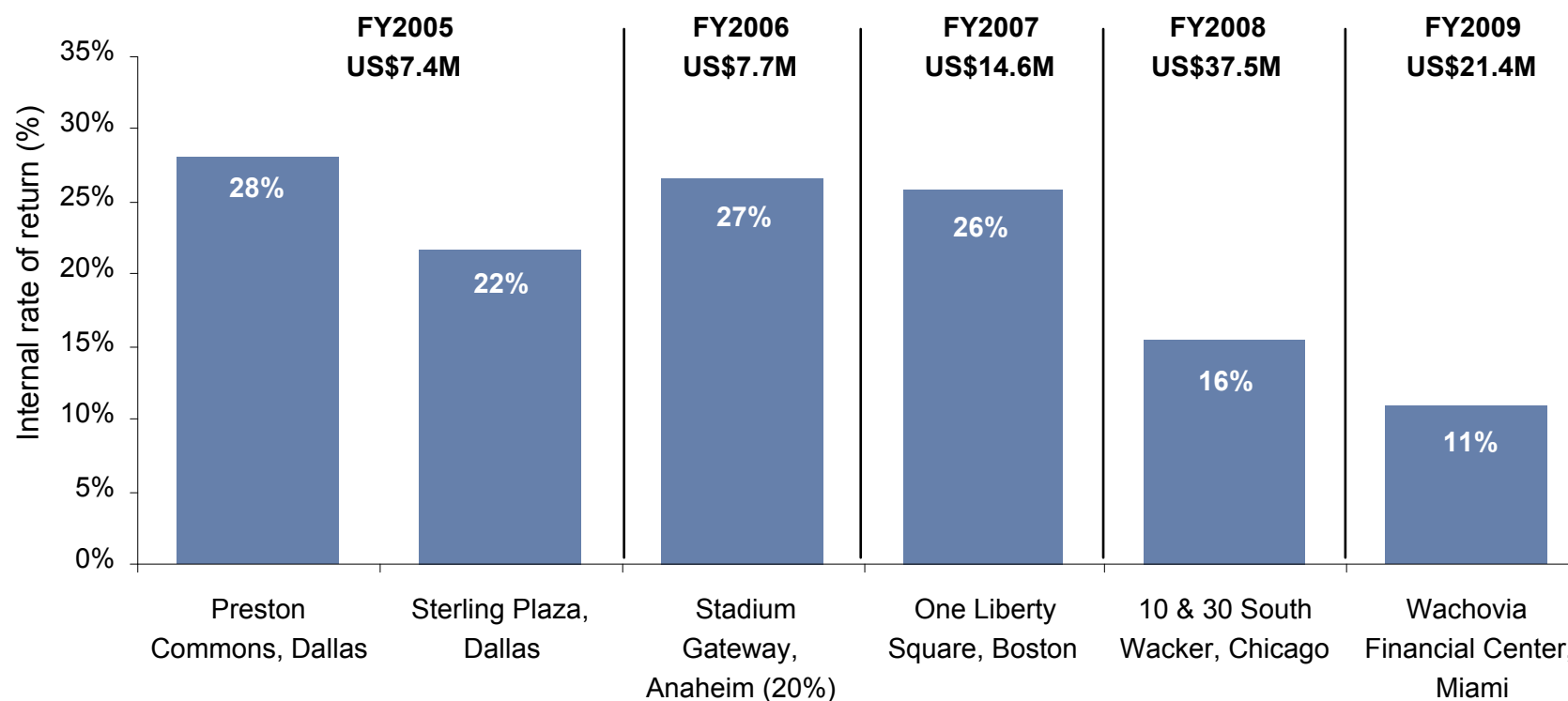


# US asset sales



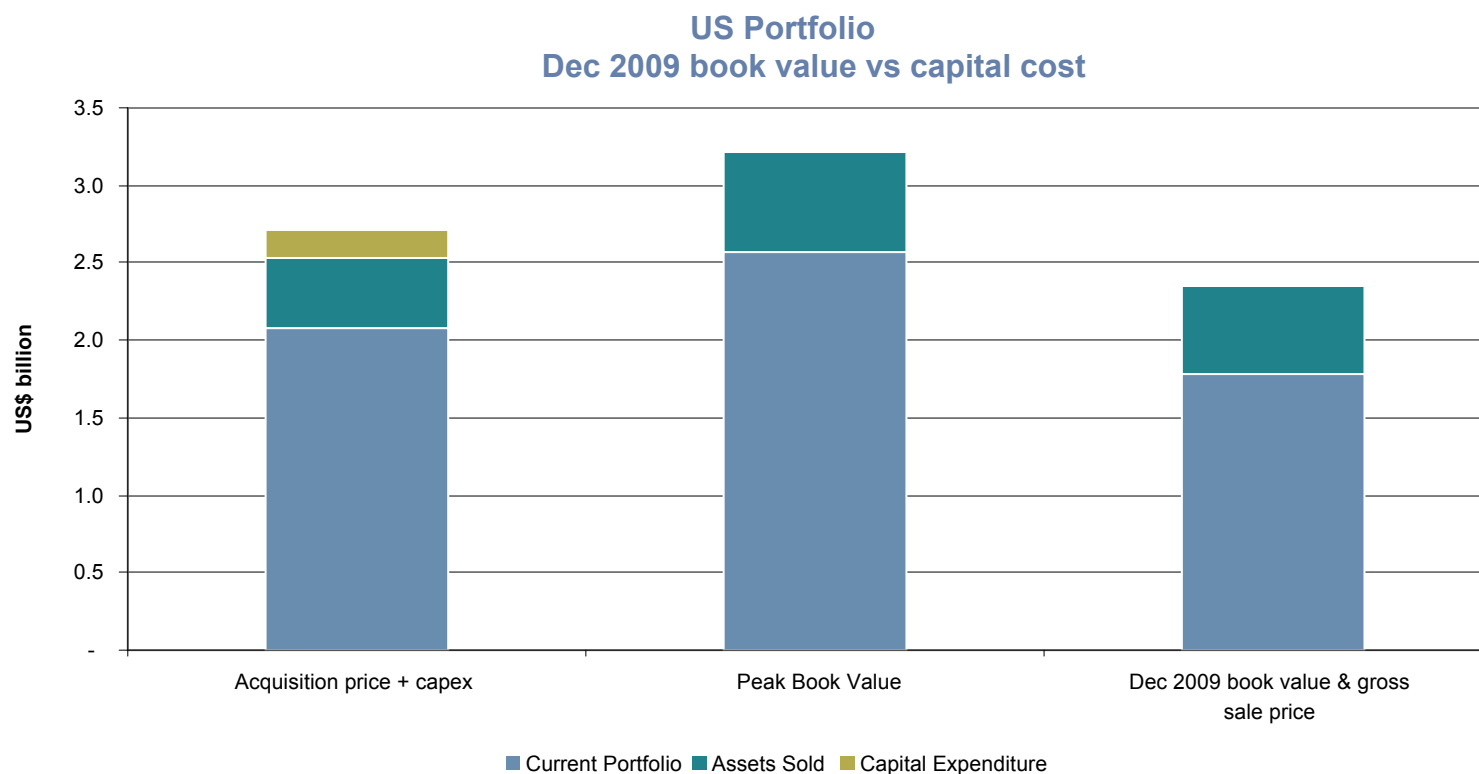
- US\$89m realised gain from US\$550m asset sales over the past 5 years
- 5 of 6 assets sold at peak value within the Trust

## US Asset sale returns



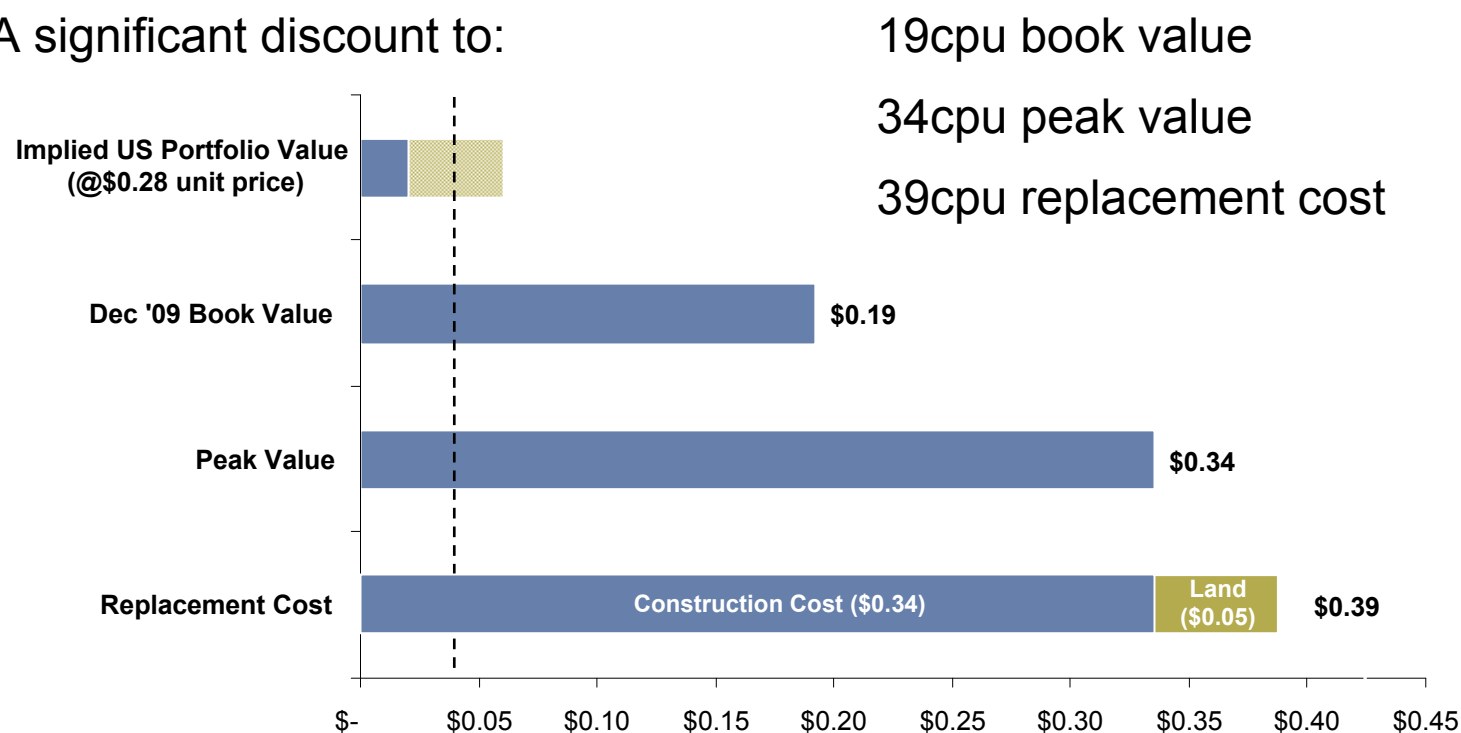
# Value remains in the US portfolio

- US values and gross sale proceeds 11% below cost – 27% below peak
- Assets sold realised an average 24% gain over cost



# US Portfolio – NTA Value Proposition

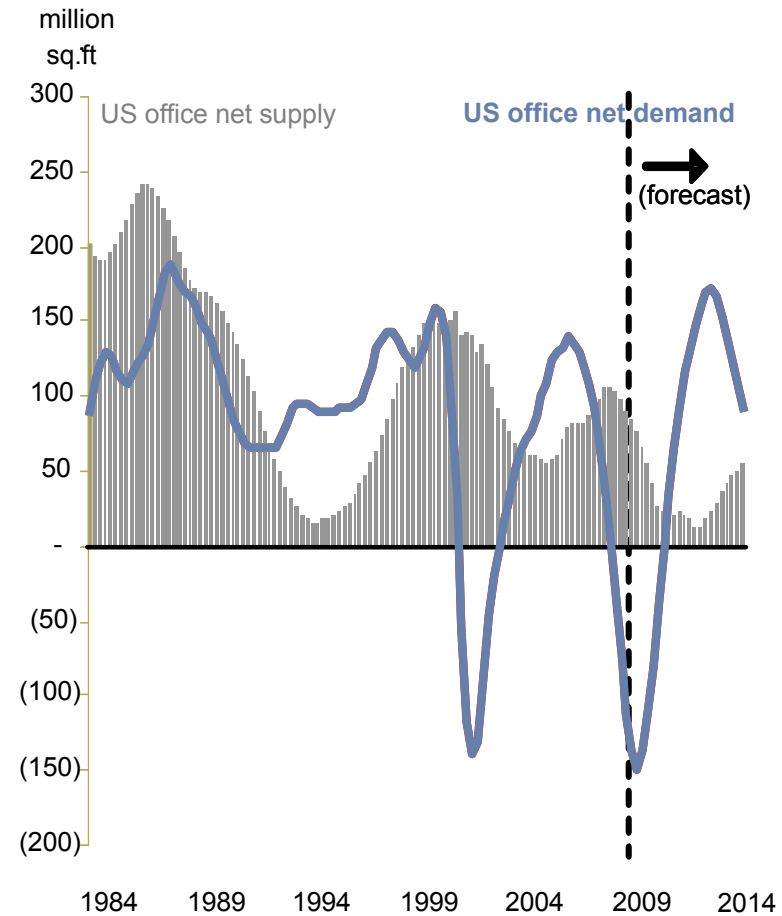
- Between 2c to 7c of value implied for the US portfolio in today's price
- Approaching low point in valuation cycle
- A significant discount to:



Source: Independent valuations, external research and market intelligence

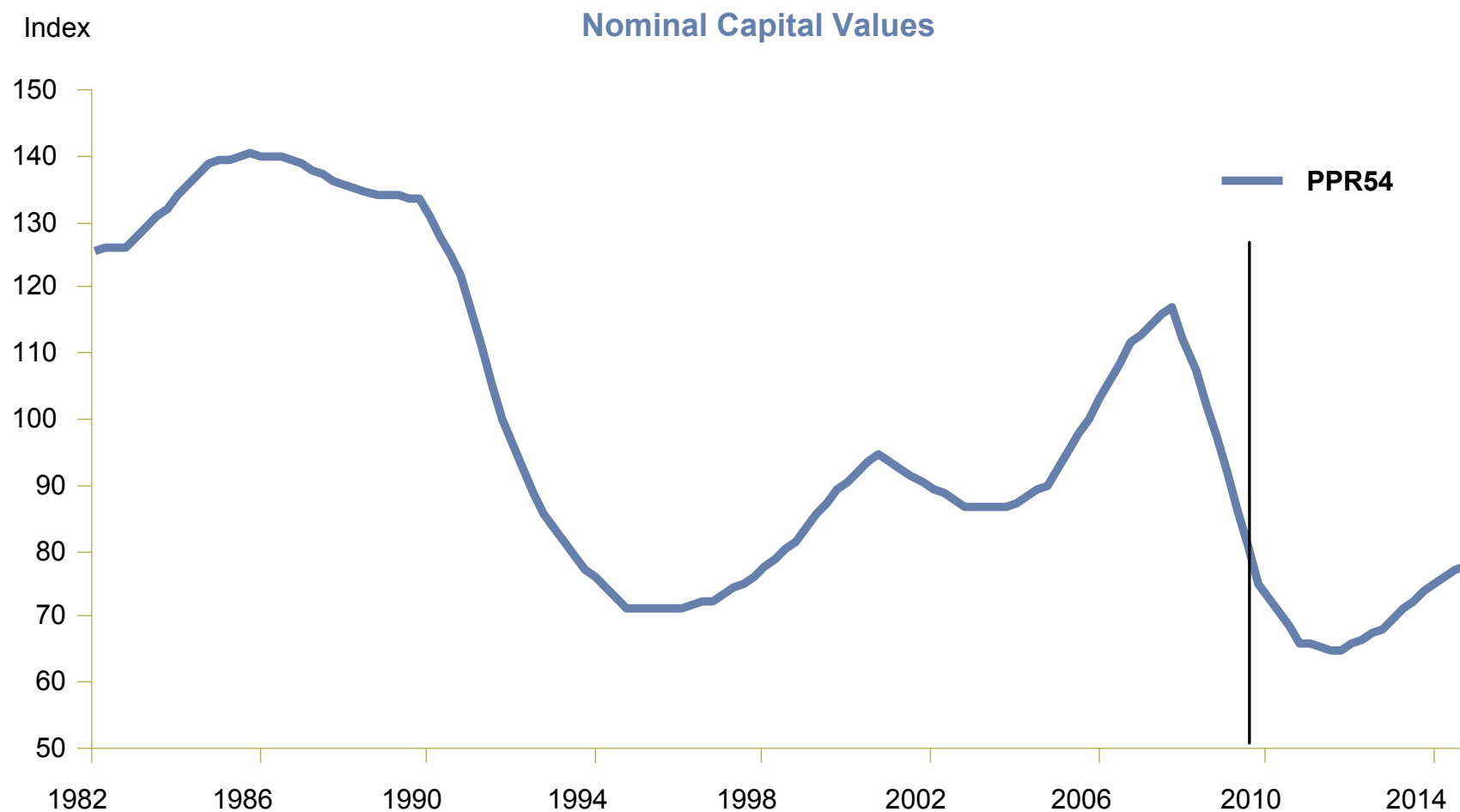


# US office fundamentals forecast to improve



Source: Macquarie Capital Advisers, PPR, Bloomberg

# US capital values below historic averages





# Recovering value from the US portfolio

Restoring portfolio value requires near term investment to maximise income and occupancy over the medium term

- High quality properties with experienced management platform
- Historical US portfolio returns have been positive (except last year) and we have a strong track record of profitable sales
- Current valuations (including realised sales) are 11% below historical cost, following significant declines
- Current unit price imputes significant discount to stated valuations
- Markets should correct over time
  - GDP and job growth improvements are expected to drive office demand
  - Constrained office supply is expected to aid recovery
  - Values towards low point in cycle by historical standards
  - Credit availability is improving and we have long dated debt on favourable terms

## Macro environment

- Near-term leasing weakness
- Capital markets still constrained but easing
- Lead indicators point to medium term recovery
- Prime asset valuations stabilising in Australia and US declines slowing

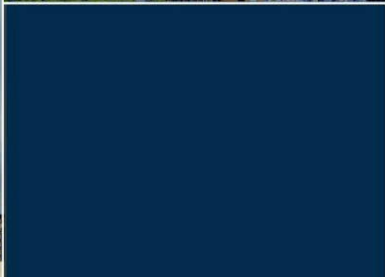
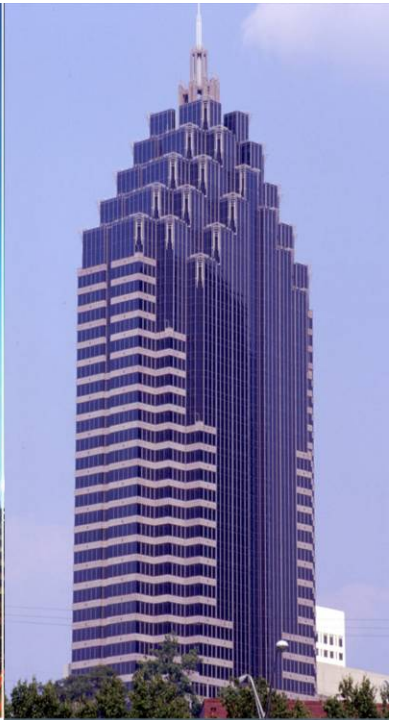
## MOF

- FY10 core earnings are expected to be lower than the annualised first half 2010 core earnings, reflecting full year effect of:
  - slower leasing conditions,
  - increasing Australian interest rates,
  - stronger AUD,
  - capital management initiatives including the Dec 09 half DRP
- Reinvest into existing high quality Australian and US portfolio to recover capital value



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 – Offshore
2.	Reconciliation of net property income
3	Geographical debt split
4	Capital management – debt
5a	Capital management – capital hedging
5b	Derivatives position reduced to (\$8m)
5c	Capital management – debt (interest rate exposure)
6	Performance over the 12 months to December 2009
7	AREITs lagging on strong fundamentals

**Exchange rates:**

Income from investments

A\$: US\$0.8796 / €0.6047 / ¥80.1039

Portfolio statistics and balance sheet items

A\$: US\$0.8992 / €0.6275 / ¥83.7182

# Annexure 1a

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



6 months (1HFY10 vs 1HFY09)	1H10 A\$m	1H09 A\$m	Difference
Australian Portfolio	71.4	70.2	1%
United States Portfolio	71.4	71.3	0%
European Portfolio	6.5	6.0	8%
Japanese Portfolio	2.0	1.5	26%
<b>Total Portfolio – Like for Like Net Property Income</b>	<b>151.3</b>	<b>149.0</b>	<b>1%</b>

# Annexure 1b

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



AUSTRALIAN PORTFOLIO	1H10 A\$m	1H09 A\$m	Difference
Citi Centre, 2 Park Street, Sydney	11.7	12.0	(3%)
No. 1 Martin Place, Sydney	10.1	9.8	3%
Allianz Centre, 2 Market Street, Sydney	5.4	5.3	0%
59 Goulburn Street, Sydney	4.0	3.0	33%
The Denison, North Sydney	2.4	3.1	(19%)
NCR House, North Sydney	2.2	1.7	29%
Charter Grove, St. Leonards	3.0	3.1	(3%)
Avaya House, North Ryde	2.9	2.7	7%
2 Wentworth Street, Parramatta	1.1	1.1	0%
ATO Newcastle	2.6	2.5	0%
Argus Centre, Melbourne	4.9	4.9	0%
150 Lonsdale Street, Melbourne	5.0	3.5	43%
5 Queens Road, Melbourne	1.2	2.7	(56%)
ATO Moonee Ponds	3.1	3.0	3%
175 Eagle Street, Brisbane	6.6	6.5	2%
Capital Hill, Brisbane	1.7	1.6	0%
Eastpoint Plaza, Perth	1.3	1.5	27%
Australia Place, Canberra	1.6	2.2	(27%)
<b>Australian Portfolio – Like for Like Net Property Income</b>	<b>71.4</b>	<b>70.2</b>	<b>1%</b>
ATO Northbridge, Perth (Sold 2H09)	-	4.7	
1100 Hay Street, West Perth (Sold 2H09)	-	1.2	
Naylor House, Adelaide (Sold 2H09)	0.1	2.0	
171 Collins Street site, Melbourne (Development site)	- 0.2	-	
One-off items	0.3	1.3	
<b>Australian Portfolio Total Property Income</b>	<b>71.6</b>	<b>79.4</b>	

# Annexure 1c

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



UNITED STATES PORTFOLIO	1H10 US\$m	1H09	US\$m	Difference
One California Plaza, Los Angeles	6.2	6.4	(2%)	
Pasadena Towers, Pasadena	1.4	1.7	(18%)	
Cerritos Corporate Center, Cerritos	3.5	3.4	3%	
Stadium Gateway, Anaheim	1.7	2.1	(19%)	
San Diego Tech Center, San Diego	4.8	5.3	(9%)	
Wells Fargo Center, Denver	9.8	10.2	(4%)	
SunTrust Center, Orlando	3.0	2.6	15%	
Promenade II, Atlanta	8.1	8.1	0%	
SunTrust Financial Centre, Tampa	2.9	2.4	21%	
700 Thirteenth Street, Washington DC	4.2	3.9	8%	
745 Atlantic Avenue, Boston	2.0	2.0	0%	
1 & 3 Christina Center, Wilmington	4.2	4.1	2%	
30 Independence Boulevard, New Jersey	2.9	2.9	0%	
Chase Tower, Indianapolis	7.8	7.4	5%	
United States Portfolio – Like for Like Net Property Income	62.5	62.5	0%	
Quintana Campus, Irvine (In loan default)	0.6	4.0		
One-off items	0.5	- 0.0		
United States Portfolio Total Net Property Income	63.6	66.5		
United States Portfolio Total Net Property Income (A\$m)	72.9	75.8		
EUROPEAN PORTFOLIO	1H10 €m	1H09	€m	Difference
Atrium Charlottenberg, Berlin	2.6	2.5	4%	
Sachsenhausen, Frankfurt	1.3	1.1	18%	
European Portfolio – Like for Like Net Property Income	3.9	3.6	8%	
City Central, Milan	3.4	1.6		
One-off items	0.4	2.5		
European Portfolio Total Net Property Income	7.7	7.7		
European Portfolio Total Net Property Income (A\$m)	12.7	12.8		
JAPANESE PORTFOLIO	1H10 ¥m	1H09	¥m	Difference%
Morita, Tokyo	53.3	47.1	13%	
Takara-cho, Tokyo	50.9	28.2	80%	
Tamachi, Tokyo	46.8	44.4	5%	
Japanese Portfolio – Like for Like Net Property Income	151.0	119.7	26%	
Japanese Portfolio – Like for Like Net Property Income (A\$m)	2.0	1.5		



# Annexure 2

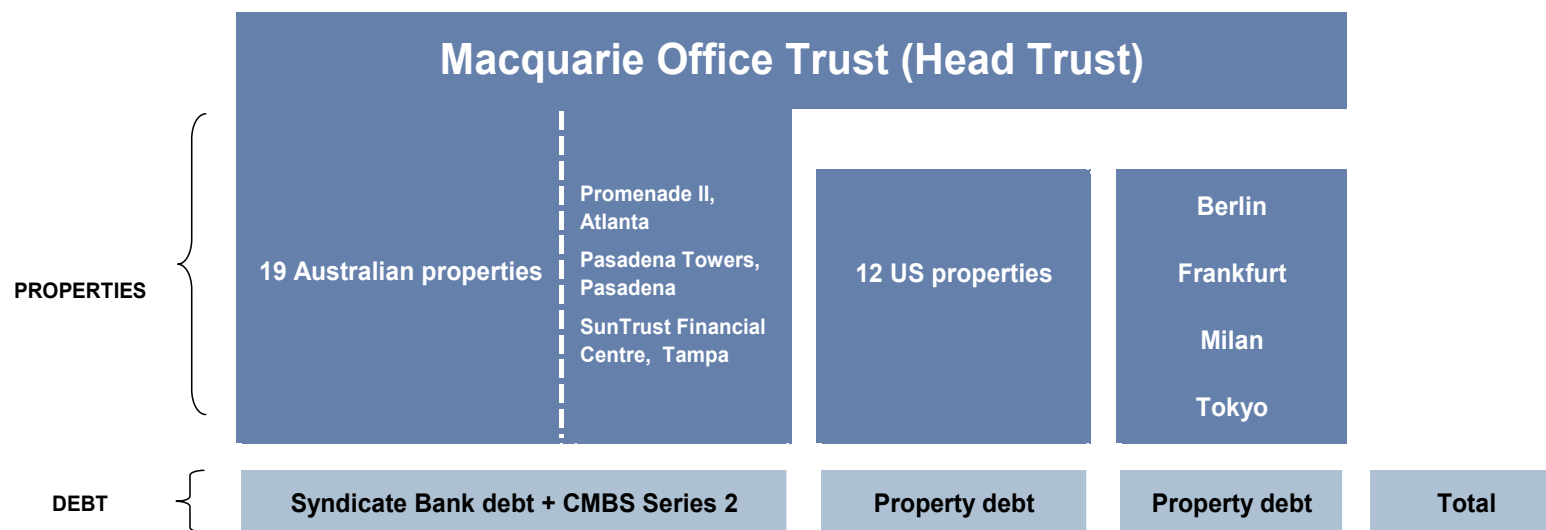
## Reconciliation of net property income



	Controlled Property A\$m	JV Property A\$m	Combined A\$m
Net Property Income			
- Australian	44.4	27.2	71.6
- US	33.7	39.2	72.9
- EU	12.7	-	12.7
- Japan	2.0	-	2.0
AIFRS Adjustments	(6.3)	(1.8)	(8.1)
<b>Net Property Income</b>	<b>86.5</b>	<b>64.6</b>	<b>151.1</b>
Gain / (Loss) on Sale of Property	1.0		1.0
Property Valuation Losses	(115.6)	(52.3)	(167.9)
Finance costs	(47.5)	(21.9)	(69.4)
Other Expenses	(11.7)	(1.9)	(13.6)
	<b>(87.3)</b>	<b>(11.5)</b>	<b>(98.8)</b>
Interest and Other Income	10.0		10.0
Financial Instruments – Realised	(74.5)		(74.5)
Financial Instruments – Unrealised	95.8		95.8
Taxation	36.6		36.6
<b>Loss attributable to unitholders</b>	<b>(19.4)</b>	<b>(11.5)</b>	<b>(30.9)</b>

# Annexure 3

## Geographic debt split



Property (\$m)	2,279.8	1,551.6	422.5	4,253.9
Debt (\$m)	(983.4) <sup>3</sup>	(1,096.1)	(293.6)	(2,373.1)
Other assets (liabilities) (\$m)	179.1 <sup>3</sup>	7.3	15.7	202.1
Net assets (\$m)	1,475.5	462.8	144.6	2,082.9
NTA per unit (\$m)	0.31	0.10	0.03	0.44
Gearing (balance sheet) <sup>1</sup>				37.9%
Gearing (look through) <sup>1</sup>	32.2%	66.5%	62.9%	

- No Trust level gearing covenant for syndicate facility

- Asset level debt with average maturity of 4.4<sup>2</sup> yrs
- No LVR Covenants except 30 Independence at 125% vs. actual 54%

- Asset level debt

<sup>1</sup> Net debt / Total assets less cash

<sup>2</sup> Weighted by drawn debt

<sup>3</sup> Includes intercompany Tampa facility of \$82.8m MOF share

# Annexure 4

## 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%	550.7	550.7	Floating	Sep-11	34%	Trust ICR >1.75 times Syndicate LVR 50%, ICR >2.0x
CMBS Series 2	A\$	100%	365.0	365.0	Floating <sup>2</sup>	Sep-11	52%	None
<b>United States - CMBS</b>								
Quintana Campus <sup>5</sup>	US\$	80%	58.5	65.0	Fixed	Dec-11	98%	None
Wells Fargo Center	US\$	80%	220.8	245.6	Fixed	Apr-15	82%	DSCR >1.1x <sup>3</sup>
San Diego Tech Center	US\$	80%	106.4	118.3	Fixed	Apr-15	73%	None
Sun Trust Center (Orlando)	US\$	100%	77.0	85.6	Fixed	Jan-16	67%	DSCR >1.2x
Cerritos Corporate Center	US\$	80%	76.0	84.5	Fixed	Feb-16	98%	None
Stadium Gateway	US\$	80%	41.6	46.3	Fixed	Feb-16	85%	None
Chase Tower	US\$	100%	116.0	129.0	Fixed	Mar-16	68%	None
30 Independence	US\$	100%	21.7	24.4	Fixed	Dec-17	53%	LVR 125%
Average:				798.7	5.4%			
<b>United States - Private Loans</b>								
One California Plaza	US\$	80%	112.2	124.6	Fixed	Dec-10	62%	None
1 & 3 Christina Center	US\$	80%	47.2	52.5	Fixed	Jun-11	45%	Guarantor net worth > US\$150m, Liquidity > US\$15m
745 Atlantic Av.	US\$	100%	33.1	36.8	Fixed	Sep-11	62%	DSCR >1.2x <sup>4</sup> , Guarantor net worth > US\$300m, Liquidity > US\$20m
700 Thirteenth	US\$	100%	80.0	89.0	Fixed	Sep-13	63%	None
Average:				302.9	5.8%			
<b>Other</b>								
Berlin	EUR	100%	59.3	94.5	4.65%	Jun-10	93%	LVR 75%
Tokyo properties	JPY	98.5%	3457.4	41.3	1.65%	Dec-10	60%	LVR 60% <sup>3</sup> , DSCR >1.2x <sup>3</sup>
Milan	EUR	100%	69.7	111.1	Floating	Oct-14	59%	LVR 65%, ICR >1.2x, DSCR >1.3x
				2,264.2				

<sup>1</sup>Based on latest Dec 09 book valuation.

<sup>4</sup>Cash sweep if DSCR < 1.35

<sup>2</sup>\$125m is fixed at 6.485%

<sup>5</sup>Debt value has been based on the written down amount.

<sup>3</sup>Breach would result in cash sweep

# Annexure 5a

## Capital management – capital hedging



### Capital Hedge<sup>1</sup>

- US assets are 61% capital hedged.
- European assets are 67% capital hedged, through property debt of €129m
- Japanese assets are 66% capital hedged, through property debt of ¥3,457m

US Capital Hedge	
	31 Dec 09
	US\$m
<b>Debt Swaps</b>	
Cross Currency Swaps (Debt)	217.3
FX Forwards (Offset debt hedges)	(163.8)
Property Borrowings, Income hedges, & DTL	1,105.9
<b>Total Effective Borrowings</b>	<b>1,159.4</b>
<b>US Assets</b>	<b>1,896.9</b>
Hedged %	61%

<sup>1</sup>As at 31 December 2009, adjusted for sale of Frankfurt

# Annexure 5b

## Derivatives position reduced to (\$8m)



- MOF's derivative position has been significantly simplified in the 6 months to Dec 09 including the removal of all equity hedging

Mark – To – Market Derivatives Position		
	Dec 09 Position \$m	Jun 09 Position \$'m
<b>Interest Rate Hedges</b>	<b>(49)</b>	<b>(53)</b>
<b>Foreign Income Hedges</b>	<b>1</b>	<b>(3)</b>
<b>Debt Hedges</b>		
— Cross Currency Swaps	42	43
— FX Contracts (offsetting)	(2)	(95)
	<b>40</b>	<b>(52)</b>
<b>Equity Hedges</b>		
— Cross Currency Swaps	Nil	(26)
— FX Contracts (offsetting)	Nil	31
	-	<b>5</b>
	<b>(8)</b>	<b>(103)</b>

# Annexure 5c

## Capital management – debt (interest rate exposure)



### Debt balances and interest rate exposure as at 31 December 2009 (excluding Frankfurt)

- AUS – Total debt of A\$916 million and exposure of A\$631 million after cross currency swaps<sup>1</sup>
- US – Total debt of US\$1,017 million (at MOF share) and exposure of US\$1,234 million (A\$1,373 million) after cross currency swaps<sup>1</sup>
- EUR – Total debt of €129 million<sup>2</sup> (A\$206 million)
- JPY – Total debt of ¥3,457 million (A\$41 million)

AUS	Fixed Rate <sup>4</sup>	FY10	FY11	FY12	FY13
Unhedged Proportion <sup>3</sup> (as % of A\$631 million exposure)		100%	100%	100%	100%
US		FY10	FY11	FY12	FY13
Unhedged Proportion <sup>3</sup> (as % of US\$1,235 million exposure)	5.3%	0%	0%	11%	17%
EUR		FY10	FY11	FY12	FY13
Unhedged Proportion <sup>2,3</sup>	5.4%	0%	0%	0%	44%
JPY		FY10	FY11	FY12	FY13
Unhedged Proportion	1.6%	0%	0%	0%	0%

1. Debt cross currency swaps create additional US\$ interest rate exposure of US\$217 million and offset of A\$ interest rate exposure by A\$285 million

2. Calculations exclude Frankfurt debt (EUR 29.5 million and 100% fixed until December 2010)

3. Includes cross currency, interest rate, & callable swaps at Trust level

4. As at 31 December 2009

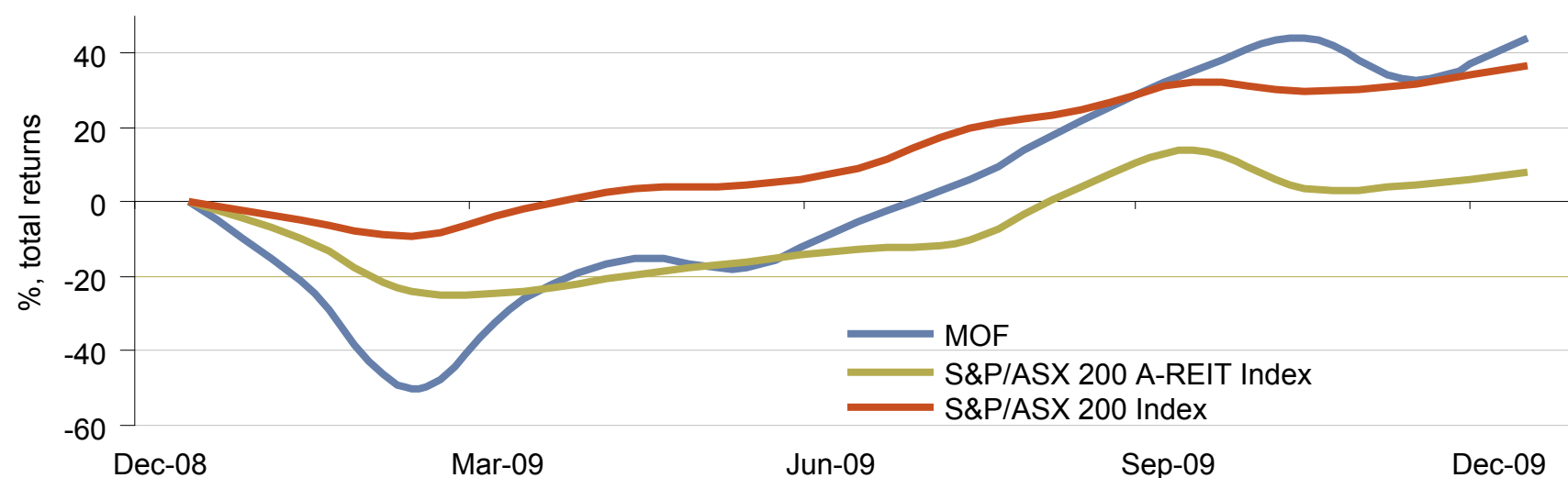


# Annexure 6

## Performance over the 12 months to December 2009



- Since raising capital in December 2008, the Trust has out-performed the sector over the year



	1 month	6 month	12 month
<b>Macquarie Office Trust</b>	<b>8.6%</b>	<b>52.5%</b>	<b>44.1%</b>
UBS Commercial 200	8.6%	36.2%	0.5%
S&P/ASX Accum Index	3.7%	25.6%	37.0%

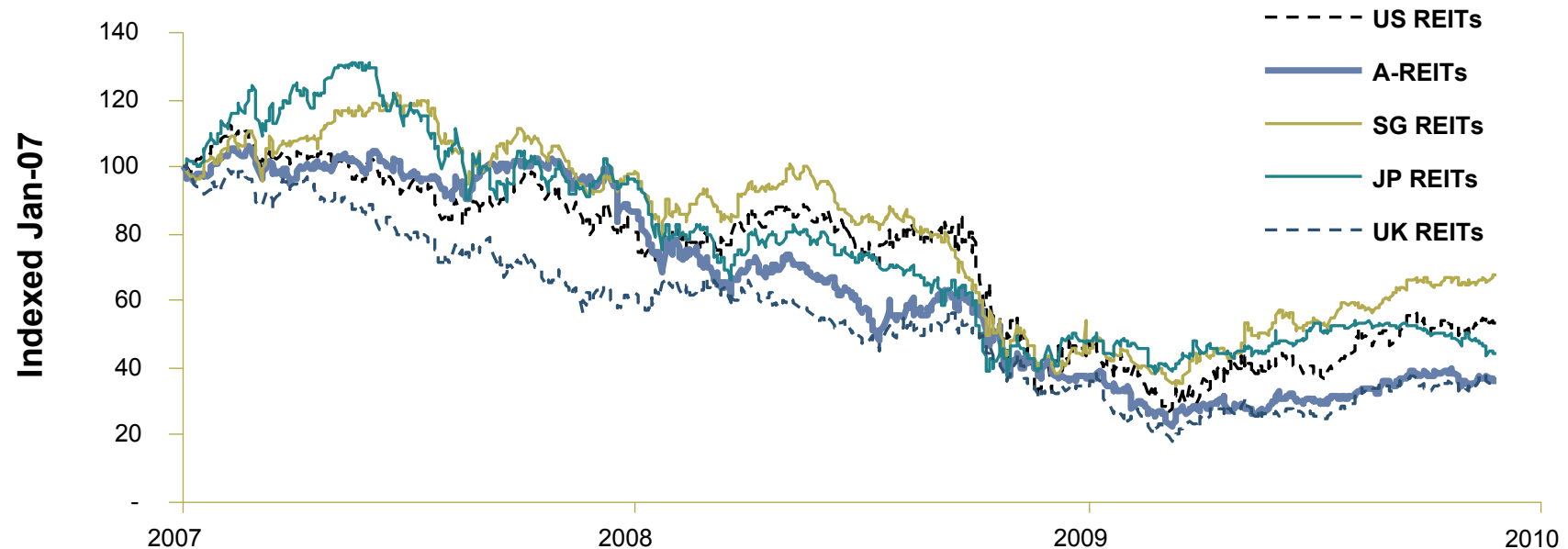
# Annexure 7

## AREITs lagging on strong fundamentals



- AREIT recovery lagging other countries despite strong macroeconomic conditions
  - Consensus Australian GDP forecasts of 3.0% in 2010 and 3.3% in 2011<sup>1</sup>
  - Consensus Australian unemployment forecasts of 5.6% in 2010 and 5.2% in 2011<sup>1</sup>

### Relative performance of global REITs<sup>2</sup>



1. Consensus economics

2. Bloomberg