

ASX Announcement

Westpac Office Trust (WOT)

Total pages: 18

30 April 2010

Westpac Office Trust announces Recommended Offer from Mirvac Group

Westpac Office Trust announced on 29 April 2010 a recommended Offer from Mirvac Group.

A copy of the presentation relating to this Offer is attached.

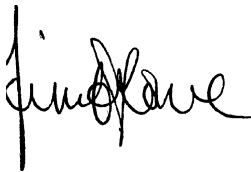
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Westpac Office Trust

Proposed acquisition by Mirvac Group



30 April 2010

Westpac Funds
Management Limited

Important Information

This Presentation has been prepared by **Westpac Funds Management Limited** (ABN 28 085 352 405, AFSL 233 718) (**WFML**), the Responsible Entity of the **Westpac Office Trust** (the **Trust** or **WOT**).

An investment in the Trust is not an investment in, deposit with or other liability of Westpac Banking Corporation (ABN 33 007 457 141) (**Westpac**) and is subject to investment and other risks. None of Westpac, WFML, nor any other entity in the Westpac Group gives any assurance as to the performance of the Trust or the repayment of capital.

The financial information in this Presentation is current as at 31 December 2009, except as otherwise noted. All information is of a general nature only, is not financial product or tax advice, and does not take into account your investment objectives, financial situation or particular needs. In particular, this Presentation is not a recommendation to acquire stapled securities in the Mirvac Group (Mircac), to sell WOT units or WOT instalment receipts (IRs) or participate in the offer announced 29 April 2010 by Mirvac to acquire all of the WOT Units and WOT IRs (Offer). An explanatory memorandum is expected to be issued by WFML in connection with the Offer (Explanatory Memorandum) by mid June 2010.

You should, before acting on this information and the information in the Explanatory Memorandum, consider its appropriateness having regard to your objectives, financial situation and needs and seek such legal, financial and/or taxation advice as you deem necessary or appropriate.

Past performance is not a reliable indicator of future performance. All forecasts are predictive in character, and as the results may be affected by incorrect assumptions or unknown risks, the results ultimately achieved may vary.

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This Presentation is not an offer or an invitation to acquire Mirvac stapled securities or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only. The offer to acquire Mirvac stapled securities will be contained in an Explanatory Memorandum. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction.

Agenda

- Key points
- Terms of the Offer
- Offer metrics
- WOT performance
- Key issues for future WOT performance
- Strategic options
- Mirvac summary
- Characteristics of the merged entity
- Benefits of the Offer to WOT Investors
- Westpac Banking Corporation
- Independent Directors recommendation
- Indicative timetable

Key points

- Westpac Office Trust (WOT) has entered into a Scheme Implementation Agreement with Mirvac Group (Mircvac) for the acquisition of all units and instalment receipts (IRs) in WOT (the Offer)
- The Offer is subject to WOT Investor⁽¹⁾ approval and will result in WOT becoming a wholly owned sub-trust of Mirvac Property Trust
- The Offer provides WOT Investors with the choice of either Mirvac scrip or cash⁽²⁾
- WOT Investors holding WOT IRs may choose to receive instalment receipts in Mirvac (Mircvac IRs) in exchange for their WOT IRs
- The implied Offer price⁽³⁾ represents a premium to both Net Tangible Assets (NTA) and recent WOT trading prices
- WFML's Independent Directors unanimously recommend the Offer in the absence of a superior proposal and subject to the opinion of the Independent Expert that the Offer is fair and reasonable and in the best interests of WOT Investors

(1) WOT Investors includes both WOT Unitholders and WOT Instalment Receipt Holders (WOT IR Holders).

(2) If applications for the Cash Option exceed \$200 million, all applications will be scaled back pro rata and the balance of the Scheme consideration will be Mirvac stapled securities for WOT Unitholders and Mirvac IR's for WOT IR Holders.

(3) \$0.86 per WOT unit, based on the 5 day Volume Weighted Average Price (VWAP) of Mirvac stapled securities of \$1.44 to the 27 April 2010.

Terms of the Offer

- Mirvac has offered to acquire all WOT units and IRs
- The Offer will be implemented by a Trust Scheme (Scheme) which will require the approval of WOT Investors
- Mirvac is offering WOT Investors at the record date, Scheme consideration of either:
 - 0.597 Mirvac stapled securities for every one WOT unit held or 0.597 Mirvac IRs for every one WOT IR held, equating to an implied value of \$0.86 per WOT unit (Scrip Option)⁽¹⁾; or
 - Cash of \$0.86 per WOT unit up to an aggregate cash component of \$200 million (Cash Option)⁽²⁾.
- WOT Investors holding WOT IRs may choose to receive Mirvac IRs in exchange for their WOT IRs
- WOT IR Holders who elect the Cash Option will receive \$0.36 per WOT IR following repayment of \$0.50 Instalment Debt per WOT IR
- Mirvac will arrange a sale facility (Sale Facility) for WOT Investors⁽³⁾ who do not wish to retain Mirvac stapled securities or Mirvac IRs issued to them under the Scheme
- WOT Investors who make no election will be deemed to have elected the Scrip Option
- WOT Investors will remain entitled to the distribution for the 3 months to 30 June 2010

(1) Based on the 5 day Volume Weighted Average Price (VWAP) of Mirvac stapled securities of \$1.44 to the 27 April 2010.

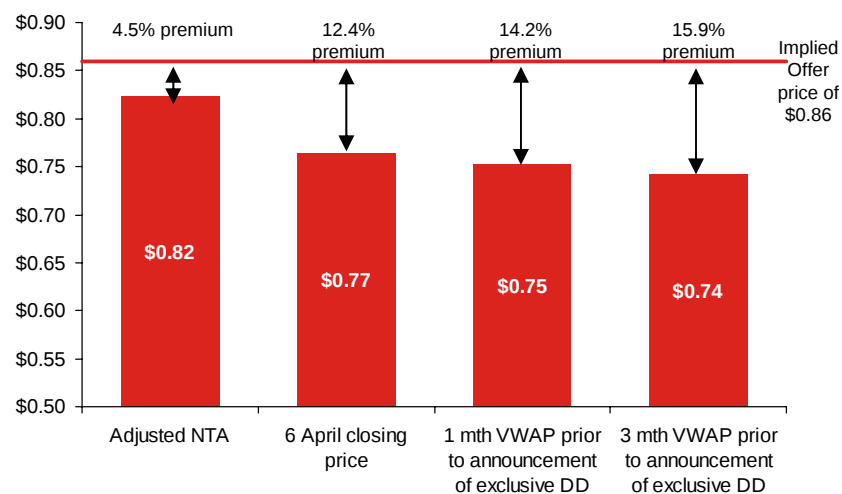
(2) If applications for the Cash Option exceed \$200 million, all applications will be scaled back pro rata and the balance of the Scheme Consideration will be Mirvac stapled securities for WOT Unitholders and Mirvac IRs for WOT IR Holders.

(3) WOT Investors with registered addresses outside Australia and New Zealand will, to the extent they would otherwise become entitled to Mirvac stapled securities or Mirvac IRs, also have those Mirvac stapled securities sold through the Sale Facility with cash proceeds, less the Instalment Debt repayment in the case of WOT IR Holders, paid to the WOT Investor.

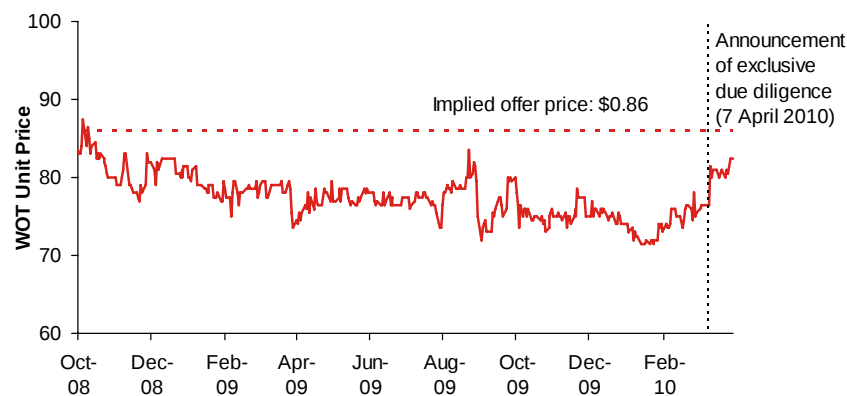
Offer metrics

- The Offer represents a premium of 2.4% to WOT's stated NTA of \$0.84 as at 31 December 2009 and a premium of 4.5% to the adjusted NTA of \$0.82 following payment of the accrued performance fee of about \$7.8m⁽¹⁾
- The Offer consideration represents a premium to WOT's closing price and recent VWAPs as at 6 April 2010⁽²⁾

Offer Premiums



WOT Trading Performance⁽³⁾

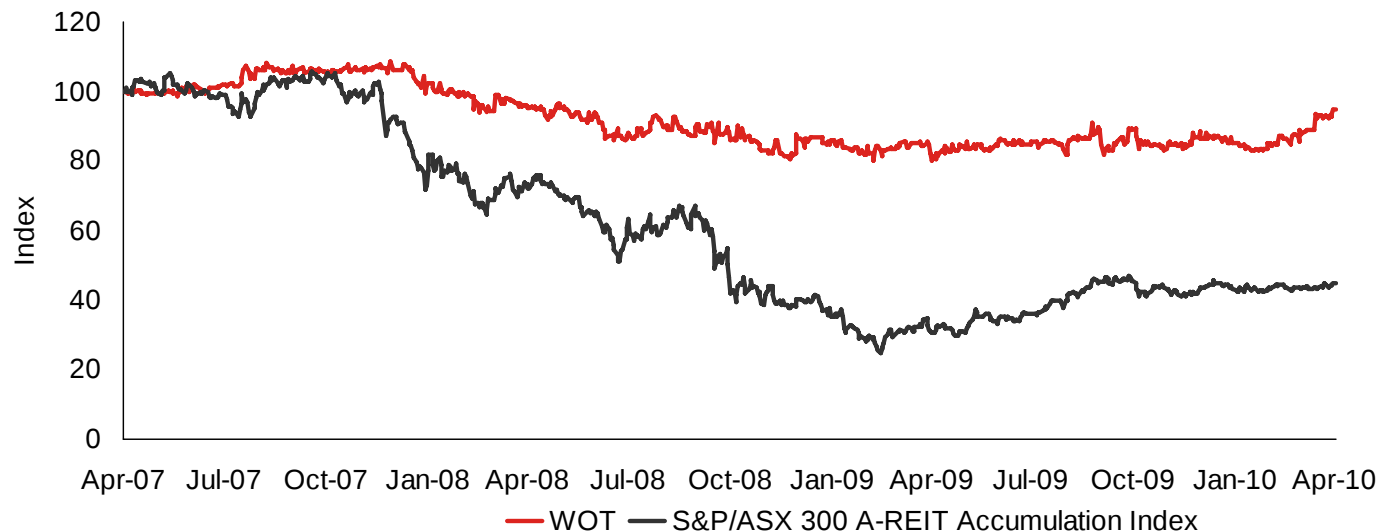


- (1) The accrued performance fee becomes payable upon a change of control if the Offer is accepted and implemented.
- (2) The last trading day before the announcement of an exclusive due diligence period between Mirvac and WFML.
- (3) WOT unit price before 11 September 2009, as adjusted for 50 cents instalment debt per unit for comparability.

WOT performance

- Continued sound underlying portfolio performance
 - Strong cash flows underpinned by investment grade tenants, high occupancy, and long lease expiries (8.7 year WALE⁽¹⁾)
 - Fixed rental growth of 2.6% per annum at the Trust level
 - High quality portfolio has delivered resilient performance through the GFC correction
 - Strong operating results have not translated into increased liquidity and institutional support

WOT Total Unitholder Return versus S&P/ASX 300 A-REIT Accumulation Index^(2,3)



(1) As at 31 December 2009, calculated by income.

(2) Source: IRESS.

(3) WOT price before 11 September 2009, as adjusted for 50 cents instalment debt per unit for comparability.

Key issues for future WOT performance

- Post GFC, the market has taken a more conservative approach to acceptable gearing levels
- WOT's debt refinancing requirement of c.\$712 million⁽¹⁾ in 2011 is unlikely to be secured on similarly attractive terms and conditions as current facilities
- Higher expected cost of debt will result in:
 - Material dilution to future earnings and distributions; and
 - Magnified impact for instalment receipt holders after deduction of fixed instalment debt interest.
- Current gearing of 62% must be reduced to the 40-50% range to provide improved debt refinancing capacity
- An illustration of the proforma impact of the refinance on WOT Investors is provided below^(1,2,5)

Refinanced Weighted Cost of Debt ⁽³⁾	Implied New Facility Margin	Proforma Reduction in DPU ⁽³⁾	Proforma DPU Reduction for Unitholders ⁽⁴⁾	Proforma DPU Reduction for IR Holders ^(3,5,6)
7.50%	2.00%	1.48 cents	22%	43%
7.75%	2.25%	1.85 cents	28%	54%
8.00%	2.50%	2.21 cents	33%	65%
8.25%	2.75%	2.58 cents	39%	76%
8.50%	3.00%	2.95 cents	44%	87%

(1) Based on debt balances as at 31 December 2009.

(2) The full impact of the refinance (illustrated in the table) will commence from November 2011.

(3) The assumed 3-year base rate is 5.5%.

(4) For illustrative purposes, DPU reduction assessed against assumed FY10 DPU of 6.65 cents per unit.

(5) WOT average cost of debt was 6.5% as at 31 December 2009.

(6) WOT IR holders continue to have the obligation to pay 3.25 cents per IR per annum in instalment debt interest until 1 November 2011.

Strategic options

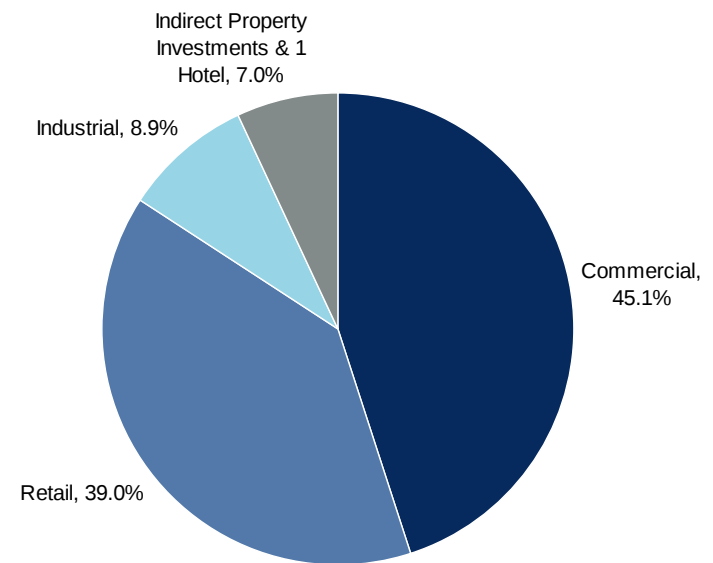
- The WFML Board has considered a range of options to improve value for WOT Investors:
 - Refinance the existing debt and maintain status quo;
 - Equity recapitalisation;
 - Sale of selected assets to reduce gearing;
 - Combination of selected asset sales and equity recapitalisation;
 - Managed wind up; and
 - Acquisition offers.
- Interest in acquiring WOT was explored with a number of credible parties
- After considering alternatives, the WFML Independent Directors concluded that the Mirvac Offer provides the best option for WOT Investors

Mirvac Summary

Mirvac has provided the following information:

- Established in 1972, Mirvac has 38 years of experience in the real estate industry and a proven track record
- Mirvac is Australia's 5th largest REIT with a market capitalisation of \$4.7 billion
- Mirvac is a fully integrated real estate company with operations in two core divisions:
 - Mirvac owns and operates a \$4.6 billion⁽¹⁾ core investment portfolio through Mirvac Property Trust (MPT) that delivers a stable income stream; and
 - Mirvac's development division operates one of Australia's leading residential development brands.
- Looking forward Mirvac is well positioned:
 - One of the lowest geared balance sheets in the A-REIT sector;
 - Strong credit profile with BBB credit rating (positive outlook);
 - Secure income earnings that targets 80% from MPT and 20% from corporate activities; and
 - Attractive growth with potential upside from development earnings.

Mirvac Property Trust Sector Diversification⁽¹⁾

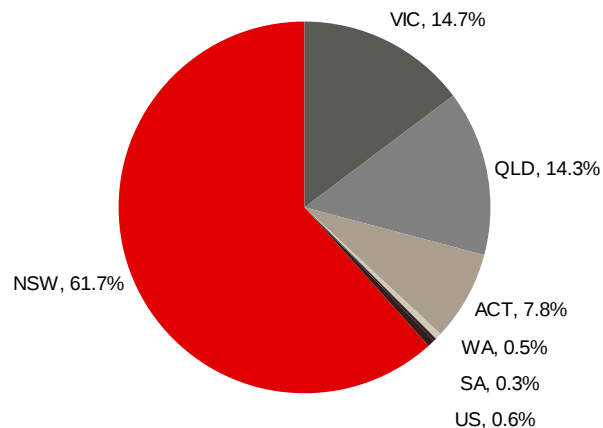


⁽¹⁾ Source: Mirvac data at 31 December 2009 pro forma adjusted for acquisition of 23 Furzer St, Canberra ACT excluding the impact of the sale of Kwinana Hub Shopping Centre, Kwinana WA and 44 Biloela St, Villawood NSW.

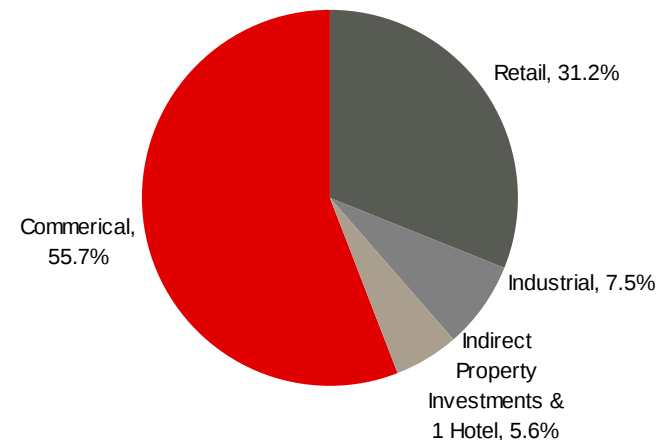
Characteristics of the merged entity

- Broader geographic diversification
 - Strong position in NSW
 - Exposure to VIC, QLD and ACT
- Broader portfolio diversification
 - Exposure to larger investment portfolio
 - Focus on A-Grade office and sub regional retail centres

- Merged Entity Geographic Diversification⁽¹⁾



- Merged Entity Sector Diversification⁽¹⁾



⁽¹⁾ Source: Mirvac data as at 31 December 2009 pro forma adjusted for WOT and acquisition of 23 Furzer St, Canberra ACT excluding the impact of the sale of Kwinana Hub Shopping Centre, Kwinana WA and 44 Biloela St, Villawood NSW.

Characteristics of the merged entity (continued)

- Top 10 tenants of merged entity^(1,2)
 - Westpac Banking Corporation⁽⁴⁾
 - Federal and State Government
 - Woolworths Limited
 - Wesfarmers Limited⁽⁵⁾
 - John Fairfax Holding Limited
 - IBM Australia Limited
 - Insurance Australia Limited
 - GM Holden Limited
 - United Group Limited
 - Alcatel-Lucent Limited

- Top 10 properties of merged entity⁽³⁾

Property	Category	Grade	Book Value (m)
275 Kent Street, Sydney, NSW⁽⁶⁾	Commercial	A Grade	\$720.0
1 Woolworths Way, Norwest, NSW⁽⁶⁾	Commercial	A Grade	\$240.0
23 Furzer Street, ACT	Commercial	A Grade	\$208.8
Broadway Shopping Centre, NSW ⁽⁷⁾	Retail	Sub Regional	\$197.5
Kawana Shopping World, QLD	Retail	Sub Regional	\$186.0
101 Miller Street, NSW ⁽⁷⁾	Commercial	Premium	\$170.0
60 Margaret Street, NSW ⁽⁷⁾	Commercial	A Grade	\$157.5
1 Darling Island, NSW	Commercial	A Grade	\$155.0
Orion Town Centre, QLD	Retail	Sub Regional	\$135.0
Waverley Gardens, VIC	Retail	Sub Regional	\$128.5

(1) Tenants listed in descending order by passing rental income.

(2) Source: Mirvac Group 1H10 Results Presentation.

(3) Source: Mirvac Group Property Compendium 1H10.

(4) Including St. George Bank.

(5) Including Coles Group Ltd.

(6) Assets within the existing WOT portfolio.

(7) Represents Mirvac's 50% ownership.

Benefits of the Offer to WOT Investors

- Premium to NTA per unit and recent trading prices
- Provides WOT Investors with the choice of either Mirvac scrip or cash⁽¹⁾
- Price certainty afforded by the Cash Option⁽¹⁾
- WOT Investors holding WOT IRs may choose to receive Mirvac IRs in exchange for their WOT IRs
- Enhanced growth prospects for the merged entity:
 - Mirvac's financial strength
 - Diversification and scale of Mirvac's operations
 - Ability to seek future opportunities through lower cost of capital
 - Enhanced liquidity and increased market capitalisation
 - Inclusion within key property indices:
 - S&P/ASX 100
 - S&P/ASX 200
 - S&P/ASX 200 A-REIT

⁽¹⁾ If applications for the Cash Option exceed \$200 million, all applications will be scaled back pro rata and the balance of the Scheme Consideration will be Mirvac stapled securities for WOT Unitholders and Mirvac IR's for WOT IR Holders.

Westpac Banking Corporation

- Westpac Banking Corporation (Westpac) has provided several undertakings in favour of WFML and Mirvac to assist in relation to the proposal including undertaking to:
 - Rollover of the WOT IR debt facilities to Mirvac IRs on substantially the same terms;
 - Accept the Scrip Option for its interest in about 37.3 million WOT units and IRs and hold its interest in Mirvac stapled securities and Mirvac IRs in escrow for 12 months; and
 - Terminate the Business Development Agreement and other related party agreements between WOT and Westpac.
- If WOT Investors approve the Offer, Westpac will receive \$15 million consideration for agreeing to forgo future management fees, transaction and advisory fees and entering into various agreements in relation to the Offer including those agreements set out above

Independent Directors recommendation

- The WFML's Independent Directors believe that the Offer is in the best interests of WOT investors and unanimously recommend that the WOT Investors vote in favour of the resolutions, in the absence of a superior offer and subject to the opinion of an independent expert that concludes that the Offer is fair and reasonable and in the best interests of WOT Investors
- The WFML Independent Directors have had regard for the following considerations:
 - In the absence of the Mirvac Offer it is unlikely that WOT will trade at or above \$0.86 in the foreseeable future given WOT's:
 - Near term debt refinancing risks and increasing costs of debt;
 - Requirement for reduced gearing; and
 - Continued lack of scale, low trading liquidity and limited growth prospects.
- The Mirvac Offer is superior to the range of strategic options and other offers considered and provides WOT Investors with:
 - An implied Offer price⁽¹⁾ above both WOT's NTA and recent trading prices;
 - Choices of cash or scrip and maintaining instalment receipt arrangements;
 - Pricing certainty by choosing the Cash Option⁽²⁾; and
 - Enhanced growth prospects for the merged entity.

(1) \$0.86 per WOT unit, based on the 5 day Volume Weighted Average Price (VWAP) of Mirvac stapled securities of \$1.44 to the 27 April 2010.

(2) In the event that applications for the Cash Option exceed \$200 million, all applications will be scaled back pro rata and the balance of the Scheme Consideration will be Mirvac stapled securities for WOT Unitholders and Mirvac IR's for WOT IR Holders.

Indicative timetable

	Date
Transaction announcement	28 April 2010
Explanatory Memorandum despatched	11 June 2010
WOT Scheme Meeting	13 July 2010
Implementation Date	21 July 2010

All dates are indicative only and may be subject to change

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