

**Macquarie Office Management Limited**

ABN 75 006 765 206

A Member of the Macquarie Group

**Manager of Macquarie Office Trust**

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**ASX/Media release**

**MACQUARIE OFFICE TRUST ANNOUNCES \$800 MILLION OF CAPITAL MANAGEMENT INITIATIVES**

**12 December 2008**

Macquarie Office Trust (ASX:MOF) today announced a series of initiatives to strengthen its balance sheet and improve liquidity. The initiatives are aimed at positioning the Trust to enhance returns for investors over the long term. These initiatives (the "Capital Management Initiatives") comprise:

- Sale of the Trust's interest in Wachovia Financial Center for US\$182.5 million (\$279 million);
- Entitlement Offer and Placement raising up to \$508 million at \$0.20 per unit, underwritten to \$450 million;
- Cash flow retention of \$82 million including no distribution being declared for the December 2008 quarter (\$44 million) and a revised payout ratio in 2009 of approximately 70% of core earnings (\$38 million). The Macquarie Office Management Limited ("MOML") Board believes that this is a prudent and appropriate policy to conserve capital in the current environment.

The Capital Management Initiatives will be used to refinance and/or repay \$1.4 billion of debt expiring in 2009. The Trust has also agreed the extension of the syndicate debt facility to September 2011 (from the current maturity date of September 2009). Post the successful completion of the Capital Management Initiatives:

Macquarie Office Management Limited (MOML) is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and MOML's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL provides a limited \$17.5 million guarantee to the Australian Securities and Investments Commission in respect of MOML's Corporations Act obligations as a responsible entity of managed investment schemes. Neither MBL nor any other Macquarie Group entity otherwise provides assurances in respect of the obligations of MOML.

Macquarie Office Trust (MOF)

- All calendar year 2009 debt maturities either extended or to be repaid with available liquidity (next debt expiry in June 2010);
- Macquarie Office Trust will have no head trust gearing covenant in the syndicate debt facility.

Macquarie Office Trust Chief Executive Officer, Mr Adrian Taylor said: "These initiatives will provide the Trust with a solid platform to move forward. They will reshape the balance sheet, strengthening it by reducing gearing and significantly reducing refinancing risk.

"We have been pleased with the support shown by investors for the capital raising which highlights, in particular, confidence in the strength of the Trust's underlying portfolio."

#### Entitlement Offer and Placement

On 12 December 2008, MOF successfully raised a total of approximately \$343 million from institutional investors at an issue price of \$0.20 per unit comprising \$100 million via an institutional placement ("Placement") and \$243 million via an institutional entitlement offer (the "Institutional Entitlement Offer"). Units are to be issued to institutional investors on 29 December 2008. The Retail Entitlement Offer is expected to raise up to approximately \$165 million with the total offer underwritten to \$450 million.

#### Sale of Wachovia Financial Center

The Trust has sold its interest in the Wachovia Financial Center for US\$182.5 million (\$279 million). Proceeds of US\$100 million have been received with the balance to be received on 31 August 2009. The sale was made at a 6.9% capitalisation rate and resulted in a 14.6% profit on cost plus capital expenditure since acquisition. The transaction represents a 15.1% geared IRR and a 10.9% ungeared IRR to the Trust.

#### Cashflow retention

The Trust will retain \$82 million of cash with no distribution being declared for the December 2008 quarter and a revised payout ratio of approximately 70% of core earnings in calendar year 2009.

#### **Refinancing and/or repaying of \$1.4 billion of debt expiring in calendar year 2009**

- Proceeds from the Capital Management Initiatives will be used to fully repay the \$513 million CMBS Series 1 maturing in September 2009.
- The Trust has agreed an extension of its syndicate debt facility to September 2011 from the current maturity of September 2009. The first instalment of the proceeds from the Wachovia sale has been used to reduce the limit of this facility from \$900 million to

approximately \$750 million. The proceeds from the second instalment will be applied to further reduce the limit of this facility as it received.

### Significant strengthening of balance sheet

- The Capital Management Initiatives facilitate a reduction in pro-forma look-through gearing from 45.8% to 37.5%<sup>1</sup>.
- All calendar year 2009 debt maturities will be either extended or repaid with the next debt expiry in June 2010.
- The Trust will have no head trust gearing covenant in the syndicate debt facility and there remains no market capitalisation covenants and no facility cross defaults.

### Accelerated non-renounceable Entitlement Offer

Under the Entitlement Offer, eligible Unitholders are entitled to subscribe for one (1) new unit for every one (1) MOF unit owned at a fixed offer price of \$0.20 per unit. The record date for the Entitlement Offer will be 7.00pm on 15 December 2008 (Sydney time). Retail unitholders will have the opportunity to apply for units in excess of their entitlement. The entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Unitholders who do not take up their full entitlement will not receive any value in respect of entitlements they do not take up.

New units will rank equally with existing units.

#### Key metrics

An equity raising of \$450 million at the offer price of \$0.20 per new unit offers:

- 76% discount to pro forma NTA<sup>1</sup>
- Second half financial year 2009 annualised core EPU yield of 21.7% (based on [4.3] cpu on an annualised basis)
- Second half financial year 2009 annualised DPU yield of 15.0% (based on [3.0] cpu on an annualised basis)
- Implied asset capitalisation rate of 11.5% (510 bps above 30 June 2008 valuations)

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<sup>1</sup> Based on 30 June 2008 property values adjusted for foreign exchange rates at 30 November 2008 (A\$/US\$ of 0.655; A\$/€ of 0.516; A\$/¥ of 62.663) – as seen in the Investor Presentation

## Macquarie's participation

Macquarie Real Estate Group subsidiaries have taken up their pro-rata entitlements under the Institutional Entitlement Offer of \$28 million and Macquarie Group has committed to sub-underwrite \$122 million of the Offer<sup>1</sup>, showing a total commitment up to \$150 million.

## Board changes

The Trust also announced that Mr Simon Jones will retire as Chairman and director of MOML.

Mr Stephen Girdis assumes the role of Chairman at the close of the AGM today. Mr Girdis is an Executive Director of Macquarie Bank Limited and in his capacity as Global Head of Macquarie Real Estate has been familiar with the operations of the Trust, and was previously a director of the Manager.

Mr Jones, an Executive Director of Macquarie Bank Limited, continues his involvement with the Trust via his role as Co-Head of Real Estate Funds, responsible for the teams managing Macquarie Group's \$17 billion in real estate platforms including the listed property trust and direct property businesses.

The Board would like to thank Mr Jones for his significant contribution to the Trust over 14 years, which has included roles as Chairman (since March 2007), as a director (since 2006) and Chief Executive Officer (from 1994 to 2006). The Board looks forward to his continued involvement with the Trust.

Ms Kylie Rampa, Executive Director of Macquarie Group, also retires today as Alternate Director to Mark Baillie to allow her to focus on her other responsibilities in the United States. The Board also wishes to thank Kylie for her valuable contribution.

The Trust's Chief Executive Officer, Mr Adrian Taylor has been appointed as Alternate Director to Mr Girdis.

## Unitholder enquiries

A presentation, Chairman's Letter, How to Apply Letter and Application Form regarding this Entitlement Offer will be mailed to eligible retail unitholders on or around 18 December 2008.

Alternatively, eligible retail unitholders can access the details of the Retail Entitlement Offer from 16 December 2008 by visiting [www.macquarie.com/mof](http://www.macquarie.com/mof). Retail unitholders who have any questions regarding the Entitlement Offer should contact the Macquarie Office Trust Unitholder Information Line on 1800 421 712 (toll free within Australia) or on +61 2 8280 7486 (from outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday.

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<sup>1</sup> Subject to not being required to make a takeover offer, and such that the total Offer is underwritten to \$450 million.

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*Macquarie Office Trust is a listed property trust with assets under management of approximately A\$6.4 billion (including associates) located within Australia, the United States, Western Europe and Japan. As at 30 September 2008, more than A\$36 billion of real estate assets are managed globally by Macquarie Real Estate and its associates, across a portfolio of listed and unlisted real estate trusts, unlisted development funds and real estate investment syndicates.*

For more information on recent announcements of Macquarie Office Trust go to [www.macquarie.com.au/mof](http://www.macquarie.com.au/mof)

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This information has been prepared by Macquarie Office Management Limited ABN 75 006 765 206 (MOML) for general information purposes only, without taking into account any potential unit holders' personal objectives, financial situation or needs. Before investing, you should consider your own objectives, financial situation and needs or you should obtain financial, legal and/or taxation advice.

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 the MOF Constitution, are calculated by reference to the value of the assets and the performance of MOF. Entities within the Macquarie Bank Group may also receive fees for managing the assets of, and providing resources to MOF. For more detail on fees, see our latest annual report. To contact us, call 1300 365 585 (local call cost). Past performance is not a reliable indicator of future performance.

Due care and attention has been exercised in the preparation of forecast information, however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of MOML. Actual results may vary from any forecasts and any variation may be materially positive or negative.

This press release includes "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of MOF, and its officers, employees, agents or associates, including risks associated with changes in values of its assets, movements in foreign exchanges, tenant defaults and the ability of MOF to achieve targeted asset sales. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements, and should refer to the management presentation for further information on the proposed offering of securities, including those risk factors. MOF assumes no obligation to update such information.

This release does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) (the "Securities Act" ("U.S. Person")). The securities offered in the Entitlement Offer and the Placement have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from the registration requirements of the Securities Act.

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**NOTICE IN ACCORDANCE WITH SECTION 1012DAA(2)(F) OF THE CORPORATIONS ACT, 2001 AS NOTIONALLY MODIFIED BY ASIC CLASS ORDER 08/35**



**12 December 2008**

This notice is given by Macquarie Office Management Limited (ACN 006 765 206) as the responsible entity of Macquarie Office Trust (ASX: "MOF") under section 1012DAA(2)(f) of the Corporations Act 2001 (Cth) (the "Act") as notionally modified by the Australian Securities and Investments Commission Class Order 08/35 ("CO 08/35").

MOF has announced a pro rata non-renounceable entitlement offer ("Rights Offer") of 1 new unit in MOF ("New Units") for every unit in MOF held as at 7.00 pm on Monday 15 December 2008 by unitholders with a registered address in Australia, New Zealand and institutional investors with an address in certain other countries.


As at the date of this notice, MOF confirms that:

- (a) the New Units will be offered for issue without a Product Disclosure Statement for the New Units being prepared;
- (b) this notice is being given under section 1012DAA(2)(f) of the Act as modified by CO 08/35;
- (c) as a disclosing entity, MOF is subject to regular reporting and disclosure obligations;
- (d) as at the date of this notice, MOF has complied with:
  - (i) the provisions of Chapter 2M of the Act as they apply to MOF; and
  - (ii) section 674 of the Act as it applies to MOF.
- (e) as at the date of this notice, there is no excluded information of the type referred to in sections 1012DAA(8) and 1012DAA(9) of the Act as notionally modified by CO 08/35 except for the announcement of the capital management initiatives which accompanies this notice; and

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Macquarie Office Trust (MOF)

- (f) the potential effect that the issue of the New Units will have on the control of MOF, and the consequences of that effect, will depend on a number of factors, including investor demand and the size of the placement currently being conducted. However, given the structure of the Rights Offer as a pro-rata issue and the fact (based on substantial holder notices that have been lodged on or prior to the date of this notice) that no unitholder of the Trust has voting power exceeding 10% of MOF's issued units, the issue is not expected to have any material effect or consequence on the control of MOF. Macquarie Group Limited ("MGL") lodged a substantial holder notice on 5 December 2008 showing a voting power of 9.13% held in subsidiaries. These entities will take up their entitlements under the Rights Offer and a subsidiary of MGL has agreed to sub-underwrite up to \$122 million of the Rights Offer. If this full sub-underwriting commitment is taken up the voting power of MGL would be increased to a maximum of 30% based upon commitments to the Placement and Institutional Entitlement Offer even if no other New Units were subscribed for under the Retail Entitlement Offer. If all retail investors accept their entitlements under the Retail Entitlement Offer the voting power of MGL will be 8.4%.

  
Kara Nicholls

Company Secretary

Macquarie Office Management Limited

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