



ASX Release / Media Release

16 June 2010

MIRVAC LODGES WESTPAC OFFICE TRUST EXPLANATORY MEMORANDUM WITH ASIC

Further to the announcement dated 28 April 2010 regarding the offer made by Mirvac Group ("**Mirvac**") to acquire all of the units in Westpac Office Trust ("**WOT**"), Mirvac wishes to advise that the attached copy of the Explanatory Memorandum was lodged by WOT and Mirvac with Australian Securities and Investments Commission ("**ASIC**") today.

Despatch of the Explanatory Memorandum to eligible WOT unitholders is expected to be on or about Tuesday, 22 June 2010.

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Westpac Office Trust Explanatory Memorandum and Notice of Meeting

In relation to an Offer by **Mirvac Group**
to acquire all of the units in the **Westpac Office Trust**

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding how to vote. If you are in any doubt about what to do, you should consult your professional adviser without delay.

.....
Your Independent Directors
unanimously recommend that
you **VOTE IN FAVOUR**
of the **Offer**, in the absence
of a Superior Proposal.
.....



Important Notices

Defined terms

Capitalised terms used in this Explanatory Memorandum, the Proxy Form and the Election Form are defined in Section 18 (*Definitions and interpretation*).

Currency

Unless stated otherwise, references to dollars, \$, cents or c are to Australian currency.

Time

Unless stated otherwise, references to time are to Australian Eastern Standard Time, being the time in Sydney, Australia.

Purpose of this Explanatory Memorandum

This Explanatory Memorandum is the explanatory memorandum issued by WFML in connection with the Scheme under which Mirvac proposes to acquire all WOT Units on issue. The Notice of Meeting is in Annexure 1 (*Notice of Meeting*). The Supplemental Deed which will effect the Scheme is in Annexure 4 (*Supplemental Deed*).

Mirvac is offering Mirvac Securities as consideration under the Scheme. A Mirvac Security consists of one Mirvac Share (issued by ML) and one Mirvac Unit (issued by Mirvac RE). This Explanatory Memorandum is accordingly also a prospectus issued by ML under Part 6D.2 of the Corporations Act in respect of the Mirvac Shares, and a product disclosure statement issued by Mirvac RE under Part 7.9 of the Corporations Act in respect of the Mirvac Units. Before making any decision about whether to acquire the Mirvac Securities under the Scheme, you should read this Explanatory Memorandum in full.

General

You should read the entire Explanatory Memorandum before deciding how to vote on the Resolutions to be considered at the Meeting and, if necessary, contact your financial, legal, tax or other professional adviser.

If you have any questions about the Offer please read Section 6 (*Frequently asked questions*) and, if your question is not answered there, contact the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) or visit WOT's website at www.westpacfunds.com.au/office/trust.asp.

ML and Mirvac RE may be contacted at Level 26, 60 Margaret Street, Sydney NSW 2000, telephone: +61 2 9080 8000, fax: +61 2 9080 8111, or email: enquiries@mirvac.com.

No investment advice

The information in this Explanatory Memorandum is not intended to constitute financial product advice and has been prepared without reference to your investment objectives, financial situation, tax position or particular needs, or those of any other person. Before acting on any of the matters described in this Explanatory Memorandum, you should have regard to your investment objectives, financial situation, tax position or particular needs by contacting your financial, legal, tax or other professional adviser. Your investment in WOT is subject to investment and other risks, including possible delays in repayment and loss of income and principal invested. None of WFML, the IR Lender, Westpac, the Security Trustee or any other member of the Westpac Group gives any guarantee or assurance as to the performance of WOT or the repayment of capital. Investments in WOT are not investments in, or deposits or other liabilities of, WFML, the IR Lender, Westpac, the Security Trustee or any other member of the Westpac Group. WFML is not an authorised deposit-taking institution.

Your investment in Mirvac is subject to investment and other risks, including loss of principal invested. None of ML, Mirvac RE, Mirvac Trust or any other member of the Mirvac Group gives any guarantee or assurance as to the performance of Mirvac.

Neither this Explanatory Memorandum nor the Taxation Report in Section 13 constitute tax advice. You will need to consult your own independent professional tax adviser regarding the consequences of the Scheme in light of your particular circumstances.

Responsibility statement

WFML has provided, and is responsible for, the WFML Information in this Explanatory Memorandum and Mirvac and Westpac Group (excluding WFML) and their respective directors, officers, employees and advisers do not assume any responsibility for and accepts no liability for the accuracy or completeness of the WFML Information.

Mirvac has provided, and is responsible for, the Mirvac Information which relates to Mirvac before implementation of the Scheme and WFML and Westpac Group and their respective directors, officers, employees and advisers do not assume any responsibility for and accepts no liability for the accuracy or completeness of the Mirvac Information.

The Mirvac Information which relates to Mirvac after implementation of the Scheme has been prepared by Mirvac based in part on information provided by WFML to Mirvac. Mirvac has compiled the Pro Forma Consolidated Statement of Financial Position and Pro Forma Forecast Income Statement of Mirvac, which is included in Section 9 (*Mirvac Financial Information*). Except to the extent that WFML is responsible for the information which it has provided to Mirvac for this purpose (and WFML assumes responsibility for that information), Mirvac takes responsibility for information concerning Mirvac after implementation of the Scheme and the pro forma consolidated statement of financial position and pro forma forecast income statement of Mirvac.

Westpac provided, and is responsible for, the Westpac Information, and WFML and Mirvac and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the Westpac Information. Other than the Westpac Information, Westpac Group and its respective directors and officers have no involvement in the preparation of any part of this Explanatory Memorandum, and Westpac Group has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for and accepts no liability for, any part of this Explanatory Memorandum.

PricewaterhouseCoopers Securities Ltd has prepared the Investigating Accountant's Report in relation to the Offer

contained in Section 11 (*Investigating Accountant's Report*) and takes responsibility for that report. Westpac Group, Mirvac and WFML and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the Investigating Accountant's Report.

KPMG has prepared the Independent Expert's Report in relation to the Offer contained in Section 12 (*Independent Expert's Report*) and takes responsibility for that report. Westpac Group, Mirvac and WFML and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

Allens Arthur Robinson has prepared the Taxation Report on certain taxation implications of the Offer in Section 13 (*Taxation Report*) and takes responsibility for that report. Westpac Group, Mirvac and WFML and their respective directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the Taxation Report.

Financial data

The pro forma historical financial information in this Explanatory Memorandum does not purport to comply with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission.

Regulatory information

A copy of this Explanatory Memorandum was lodged with ASIC on 16 June 2010. Neither ASIC nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum. A copy of this Explanatory Memorandum has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

Court involvement

The First Court Hearing in respect of the convening of the Meeting is not and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme. In particular, that hearing does not mean that the Court:

- has formed a view as to the merits of the proposed Scheme or as to how WOT Unitholders and IR Holders should vote (on this matter WOT Unitholders and IR Holders must reach their own decision); or
- has prepared, or is responsible for the content of, this Explanatory Memorandum.

Forward-looking statements

Certain statements in this Explanatory Memorandum relate to the future. The forward-looking statements in this Explanatory Memorandum are not based on historical facts, but reflect the current expectations of WFML or (in relation to the Mirvac Information) Mirvac or (in relation to the Westpac Information) Westpac. These statements generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", and other similar words and phrases. Statements that describe WOT's, Mirvac's or Westpac's objectives, plans, goals or expectations are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of WOT or Mirvac to be materially different from future results, performance or achievements expressed or implied by such statements. The forward-looking statements are based on numerous assumptions regarding present and future operating strategies and the environment in which WOT and Mirvac will operate in future. The risks described in Section 10 (*Risks*) could affect future results of WOT or Mirvac, causing these results to differ materially from those expressed, implied or projected in any forward-looking statements. These factors are not a complete list of all of the important factors that could cause actual results to differ materially from those expressed in any forward-looking statement. Other unknown factors could also have a material adverse effect on future results of WOT or Mirvac. Forward-looking statements should, therefore, be construed in light of these risks and undue reliance should not be placed on forward-looking statements.

The historical financial performance of WOT and Mirvac is no assurance or indicator of the future financial performance of WOT and/or Mirvac (whether or not the Offer proceeds). None of WFML, Mirvac or Westpac guarantee any particular rate of return or the performance of WOT or Mirvac, or the repayment of capital from WOT or Mirvac or any particular tax treatment. All subsequent written and oral forward-looking statements attributable to WOT or Mirvac or any person acting on their behalf are qualified by this cautionary statement.

Other than to the extent required by law, none of WFML, Mirvac or Westpac, and none of their directors or any other person gives any representation, assurance, warranty (whether express or implied) or guarantee that the accuracy, likelihood or occurrence of the events or results expressed or implied in any forward-looking statements in this Explanatory Memorandum will actually occur. The forward-looking statements in this Explanatory Memorandum reflect views held only at the date of this Explanatory Memorandum. Subject to any continuing obligations under ASX Listing Rules or the Corporations Act, and except as set out in Sections 8.8 and 16.26, WFML, Mirvac and their respective directors disclaim any obligation or undertaking to distribute after the date of this Explanatory Memorandum any updates or revisions to any forward-looking statements to reflect any change in expectations or any change in events, conditions or circumstances on which any such statement is based.

Notice to persons outside Australia (except New Zealand)

The Scheme relates to the securities of Australian entities. This Explanatory Memorandum complies with the disclosure requirements of Australia, which may be different from the requirements applicable in other jurisdictions. The financial information included in this document is either based on

financial statements that have been prepared in accordance with Australian Accounting Standards or in the case of proportionately consolidated financial information, policies adopted by Mirvac, both of which may differ from generally accepted accounting principles in other jurisdictions.

If you are a Foreign Investor you will not be able to receive Mirvac Securities under the Scheme. Foreign Investors should refer to Section 14 (*Sale Facility*).

This Explanatory Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (*Securities Act*) (*US Person*)).

Mirvac Securities 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 any US Person without being so registered or pursuant to an exemption from registration.

Notice to persons in New Zealand

The Offer to New Zealand Scheme Participants is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of this Explanatory Memorandum are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether accepting the Offer is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Mirvac Securities is not New Zealand dollars. The value of the Mirvac Securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the Mirvac Securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The Mirvac Securities are able to be traded on a securities market. If you wish to trade the Mirvac Securities through that market, you will have to make arrangements for a participant in that market to sell the Mirvac Securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Mirvac Securities and trading may differ from securities markets that operate in New Zealand.

Privacy and personal information

WFML and Mirvac and their respective registries will need to collect and share personal information to implement the Scheme. The personal information may include the names, dates of birth, addresses, other contact details, bank account details and details of the holdings of WOT Unitholders and IR Holders, and the names of individuals appointed by WOT Unitholders and IR Holders as proxies, corporate representatives or nominees at the Meeting.

The collection of some of this information is required or authorised by the Corporations Act. WOT Unitholders and IR Holders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access and correct the personal information collected in relation to them, and can contact the Registry on 1300 554 474 (within Australia) or +61 2 8280 7111 (outside Australia) if they wish to exercise those rights.

The personal information is collected and shared for the primary purpose of assisting WFML and Mirvac to implement the Scheme and conduct the Meeting. The personal information may be disclosed to the respective unit and security registries of WOT and Mirvac, related bodies corporate of WOT and Mirvac, third party service providers (including print and mail service providers), authorised securities brokers and professional advisers and to ASX and other Regulatory Authorities, and where disclosure is required or allowed by law or where the individual has consented. Personal information may also be used to call WOT Unitholders and IR Holders in relation to the Offer.

WOT Unitholders and IR Holders who appoint an individual as their proxy, corporate representative or nominee to vote at the Meeting should ensure that they inform such an individual of the matters outlined above.

Date

This Explanatory Memorandum is dated 16 June 2010.

Expiry date

No Mirvac Securities will be issued under this Explanatory Memorandum later than 13 months after the date of this Explanatory Memorandum.

Westpac Office Trust Explanatory Memorandum and Notice of Meeting

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What you should have received

You should have received the following documents:

WOT Unitholders and IR Holders should all have received:

- this Explanatory Memorandum which includes the Notice of Meeting and the Independent Expert's Report;
- an Election Form, which you should return by 5.00pm, Wednesday, 21 July 2010 (even if you are not attending the Meeting) if you wish to receive the Cash Option or participate in the Sale Facility. If you fail to return the Election Form you will receive the Scrip Option;
- a reply-paid envelope to return your completed forms; and
- a Proxy Form which you should return if you wish someone other than you to vote at the Meeting or bring with you if you are attending the Meeting in person as it contains a barcode that will enable your voter registration to be completed in a timely and efficient manner.

If you are missing any of these documents, please call the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) or visit WOT's website at www.westpacfunds.com.au/officetrust.asp.

What you should do next

Step 1: Carefully read this Explanatory Memorandum

You should read this Explanatory Memorandum in full before deciding how to vote.

The frequently asked questions in Section 6 (*Frequently asked questions*) may help answer some of your questions. If you have any doubts about what action to take, you should seek your own independent financial, legal, tax or other professional advice before deciding how to vote at the Meeting.

Step 2: Vote on the Scheme

If you are a WOT Unitholder or IR Holder on the Register at 7.00pm on Monday, 19 July 2010 you are entitled to vote on whether you want the Offer to proceed or not (unless you are subject to the voting exclusions listed in Section 16 (*Additional information*)).

You can vote:

- by proxy, by completing and returning a Proxy Form;
- in person, by attending the Meeting to be held in the Brisbane Room, Level 3, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney on Wednesday, 21 July 2010 commencing at 9.30am; or
- online in accordance with the instructions set out in Section 5 (*Meeting details and how to vote*).

To ensure your Proxy Form is valid, you should return it so that it is received by 9.30am, Monday, 19 July 2010. Instructions for completing and returning your Proxy Form are in Section 5 (*Meeting details and how to vote*).

Step 3: Return your Election Form

You can elect how you would like to receive the Scheme Consideration by completing and returning the Election Form by 5.00pm on Wednesday, 21 July 2010. **Scheme Participants (other than Foreign Investors) who do not return their Election Form will be deemed to have elected the Scrip Option.**

Foreign Investors should refer to Section 14 (*Sale Facility*).

Details of where to send the Election Form are set out on the form.

Key Dates for the Offer

Event	Date
Last date and time for receipt of Proxy Forms for the Meeting	Monday, 19 July 2010, 9.30am
Date for determining eligibility of WOT Unitholders and IR Holders to vote at the Meeting	Monday, 19 July 2010, 7.00pm
Meeting of WOT Unitholders	Wednesday, 21 July 2010, 9.30am
Latest date to receive Election Forms	Wednesday, 21 July 2010, 5.00pm
Second Court Hearing	Friday, 23 July 2010

If the Resolutions are properly passed at the Meeting and WFML receives the advice it seeks at the Second Court Hearing, the following timetable is proposed to be implemented.

Event	Date ¹
Effective Date	Friday, 23 July 2010 (after the Second Court Hearing)
Last day of trading of WOT Units on ASX and suspension of WOT Units at close of trading	Friday, 23 July 2010
Mirvac Securities commence trading on a deferred settlement basis	Monday, 26 July 2010
Record Date and time for determining entitlement to participate in Scheme	Friday, 30 July 2010, 7.00pm
Implementation Date	Wednesday, 4 August 2010
Latest date for despatch of holding statements for Mirvac Securities to Scheme Unitholders	Monday, 9 August 2010
Latest date for payment under Cash Option	Monday, 9 August 2010
Deferred settlement trading in Mirvac Securities ends	Monday, 9 August 2010
Trading of Mirvac Securities on a normal settlement basis commences on ASX	Tuesday, 10 August 2010
Latest date for payment under the Sale Facility	Wednesday 18 August 2010

¹ All dates following the date of the Meeting are indicative only and are subject to WFML receiving the advice it seeks at the Second Court Hearing and satisfaction of the conditions precedent to the implementation of the Offer (see Section 6.27 (*Frequently asked questions*)). WFML reserves the right to vary these dates without prior notice. Any changes to the above timetable will be announced through ASX.

Chairman's Letter

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16 June 2010

Dear Investors,

WFML announced on 28 April 2010 that it had entered into a Scheme Implementation Agreement with Mirvac in relation to an offer by Mirvac to acquire all WOT Units.

This Explanatory Memorandum describes the terms of the Offer in detail. I will explain the background to the Offer below.

The Independent Directors believe that the Offer is fair and reasonable. The Independent Directors also believe that the Offer is in the best interests of Scheme Participants. The Independent Directors unanimously recommend that investors vote in favour of the Offer, in the absence of a Superior Proposal.

The Offer

The Offer will, if approved, be implemented by way of a trust scheme under which Mirvac Trust will acquire all WOT Units and WOT will become a wholly owned sub-trust of Mirvac Trust.

The Scheme offers Scheme Participants the opportunity to receive Mirvac Securities or to participate in a Cash Option.

Scrip Option. Under the Scrip Option, Scheme Participants have the opportunity to receive 0.597 Mirvac Securities for every WOT Unit held on the Record Date.

Cash Option. Scheme Participants who do not wish to receive Mirvac Securities may choose the Cash Option, under which Mirvac will pay \$0.86 per WOT Unit held on the Record Date, up to an aggregate limit of \$200 million. If WFML receives elections for cash that in total exceed \$200 million, then all applications for cash will be scaled back pro rata and Scheme Participants will receive the balance of their Scheme Consideration in either Mirvac Securities or in cash under the Sale Facility, depending on the elections made.

Scheme Participants who do not wish to retain the Mirvac Securities issued to them or to receive cash under the Cash Option may choose to participate in the Sale Facility.

Investors who are the registered holders of WOT Units or IRs on the distribution record date (30 June 2010) are also entitled to receive a WOT distribution for the three months ending 30 June 2010.

Instalment receipt holders

The Scheme offers IR Holders the opportunity to receive Mirvac Securities for WOT Units in which they hold a beneficial interest or to participate in the Cash Option or Sale Facility. IR Holders who receive the Scrip Option will continue to hold IRs but their beneficial interest in WOT Units will be replaced by a beneficial interest in Mirvac Securities. Except that they will now relate to Mirvac Securities, IRs will continue on substantially the same terms. IR Holders who participate in the Cash Option or the Sale Facility will have their cash proceeds applied to repay the Instalment Debt, the corresponding IRs will be cancelled and the balance of the proceeds (if any) in cash will be remitted to the IR Holder.

Foreign Investors will not receive Mirvac Securities but will participate in the Sale Facility.

Rationale for Investors

While the Trust has always operated well within the covenants of its debt facilities, the capital market's support for higher geared A-REITs such as WOT has diminished from the beginning of the Global Financial Crisis through to today. In response, WOT moved to reduce gearing in 2009 by commencing the sale of non core properties and began actively considering the options available well in advance of the 2011 expiry of its debt facilities.

On 4 February 2010, WFML announced that Westpac was undertaking a strategic review of WFML and WFML's property funds management business. This presented WFML with a wider range of options for the Trust, including considering proposals submitted from a range of parties interested in acquiring WOT. In response to the proposals, the WFML Directors formed an independent board committee comprising the Independent Directors of WFML and appointed an independent financial adviser to investigate opportunities to secure the best outcome for investors.

Following further discussions with a number of credible parties, having considered a range of alternative strategies, and with the benefit of the advice of the Board's financial advisers, the Independent Directors concluded that the Offer was the best outcome for investors, and unanimously recommend that investors vote in favour of the Offer, in the absence of a Superior Proposal.

The implied value of the Scrip Option as at 27 April 2010¹ (being the last trading day before announcement of the Offer) and the Cash Option were both \$0.86 per WOT Unit on the Record Date, representing a premium:

- of 2.4 per cent to WOT's stated NTA of \$0.84 as at 31 December 2009;
- of 4.5 per cent to the adjusted NTA of \$0.82 following payment to WFML of an accrued performance fee of about \$7.8 million²; and
- to the recent trading prices of WOT Units, including:

	Before announcement of exclusive due diligence between Mirvac and WFML ³	Before execution of the Scheme Implementation Agreement ⁴
Premium to last closing price	12.4%	5.5%
Premium to 1 month VWAP	14.2%	7.2%
Premium to 3 month VWAP	15.9%	12.5%

As at the close of trading on 15 June 2010, the day before the First Court Hearing, the closing price of Mirvac Securities was \$1.39, implying a value for the Scrip Option of \$0.83 per WOT Unit and representing a premium of 1.8 per cent to the closing price of WOT Units on 27 April 2010. The implied value of the Scrip Option will continue to vary with changes in the trading price of Mirvac Securities prior to implementation of the Scheme.

The Independent Directors believe that the Offer is in the best interests of Scheme Participants after careful consideration of:

- the value of the Scheme Consideration;
- the availability of the fixed price Cash Option (subject to an aggregate limit of \$200 million);
- the prospects for WOT as a standalone entity, including the risk of expected material negative impact to earnings and distributions upon the refinancing of WOT's debt that is due in July, November and December 2011;
- the broader benefits to Scheme Participants as investors in Mirvac, including: lower gearing and greater covenant headroom; improved cost of capital and financial flexibility; enhanced liquidity; broader geographic, asset and business diversification; increased market capitalisation and the benefit of inclusion in key property indices;
- the opportunity to continue to hold IRs;
- the alternative strategies available to WOT summarised below and set out in detail in Section 4 (*Other considerations*); and
- the Independent Expert's opinion that the Offer is fair and reasonable, and in the best interests of Scheme Participants.

Alternative strategies for WOT

WOT's gearing was 62 per cent as at 31 December 2009 with all of its debt due to expire in calendar year 2011. Since WOT's current facilities were established, lender and investor attitudes toward appropriate gearing levels have changed, and the cost of finance has increased substantially.

¹ Based on the 5 day VWAP for Mirvac Securities on 27 April 2010 of \$1.44.

² This performance fee of about \$7.8 million was accrued in the financial year ending 30 June 2009, and will become payable upon the change of control of WOT if the Scheme is implemented.

³ Period to 6 April 2010.

⁴ Period to 27 April 2010.

Assuming that WOT is able to refinance its debt to maintain the current level of gearing, such refinancing is likely to result in significantly higher interest costs, which would materially reduce earnings and distributions to WOT Unitholders (see Section 4 (*Other considerations*)). IR Holders are particularly impacted as they would continue to have fixed Instalment Debt interest payments deducted from distributions that will be reduced as a consequence of the refinancing.

The Independent Directors have considered a range of strategies to address upcoming debt maturities, including:

- an equity recapitalisation of WOT;
- selected asset sales;
- a combination of an equity recapitalisation and selected asset sales;
- a managed wind-up process with the net proceeds, after repayment of debt (including Instalment Debt in the case of IR Holders) and other costs, returned to WOT Unitholders and IR Holders;
- a refinancing of existing debt facilities and maintenance of the status quo; and
- detailed discussions with interested parties in relation to change of control proposals for WOT.

In the opinion of the Independent Directors, the Offer provides a superior outcome for Scheme Participants relative to these alternatives.

Independent Expert's opinion

The Independent Directors appointed KPMG to prepare an Independent Expert's Report. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Scheme Participants. A copy of the Independent Expert's Report is in Section 12 and I encourage you to read it.

Role of Westpac

Westpac has given several undertakings to WFML and Mirvac to assist in relation to the Scheme, including to accept the Scrip Option in respect of its holding of WOT Units and IRs. Certain arrangements between WOT and Westpac Group companies will be wound up if the Scheme is implemented, and Westpac will become entitled to certain payments. More information on Westpac's role is in Section 1.10 (*Role of Westpac*).

The Independent Directors believe that the assistance that Westpac will provide is important to the implementation of the Scheme.

Vote on the Offer

The Offer is subject to a number of conditions, including the approval of WOT Unitholders.

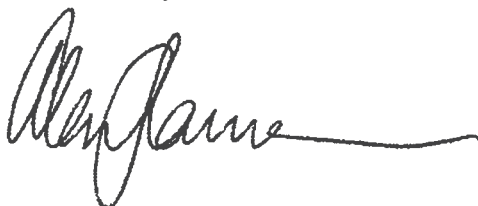
The Meeting to consider and, if appropriate, approve the Offer will be held in the Brisbane Room, Level 3, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney at 9.30am on Wednesday, 21 July 2010.

The Independent Directors encourage WOT Unitholders and IR Holders to attend the Meeting, in person or by proxy or attorney, and vote in favour of the Resolutions.

Further information

This Explanatory Memorandum contains important information about the Offer and I encourage you to read it carefully, and to obtain appropriate independent advice, before making your decision and voting either in person or by proxy.

Yours faithfully



Alan Cameron

Chairman and Independent Director
Westpac Funds Management Limited

1.

Summary of the Offer



Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

1.1 Why you have received the Explanatory Memorandum

You have received this Explanatory Memorandum because you are either:

- a **WOT Unitholder**, which means that you hold WOT Units; or
- an **IR Holder**, which means that you hold IRs in WOT, with each IR representing beneficial ownership of one WOT Unit. As an IR Holder, you have a right to attend and vote at the Meeting¹. The Proxy Form allows you to nominate someone else to be the Security Trustee's attorney if you would like someone other than you to attend and vote at the Meeting.

Investors who hold WOT Units or IRs on the Record Date (expected to be 7.00pm on Friday, 30 July 2010) will participate in the Scheme and are referred to in this Explanatory Memorandum as **Scheme Participants**.

1.2 Background to the Offer

Mirvac has offered to acquire all WOT Units for a consideration comprising either Mirvac Securities or cash.

The Independent Directors have concluded that, in the absence of a Superior Proposal, the Offer is the option most likely to deliver the greatest value for Scheme Participants.

1.3 Scheme Consideration

Overview of alternatives

The Scheme offers Scheme Participants the following opportunities:

- to receive 0.597 Mirvac Securities for each WOT Unit or IR they hold on the Record Date; or
- to receive \$0.86 cash² for each WOT Unit or IR they hold on the Record Date (subject to an aggregate limit of \$200 million).

Scheme Participants who do not wish to retain the Mirvac Securities issued to them or to receive cash under the Cash Option may choose to participate in the Sale Facility.

Investors who hold WOT Units or IRs on the distribution record date (30 June 2010) are also entitled to receive a WOT distribution in relation to their investment for the three months ending 30 June 2010, payable on 16 August 2010. See Section 6.17 (*Frequently asked questions*) for more information on distributions.

¹ The Security Trustee, as the legal holder of your WOT Units, has appointed or will appoint you as its attorney to vote those WOT Units.

² Subject to any deduction for Instalment Debt in the case of IR Holders.

A summary of the Scheme Consideration options available to Scheme Participants is set out in the table below.

Scheme Consideration payments will be made by direct transfer to the bank account which each Scheme Participant has nominated as the account to which WOT must pay distributions or, if a WOT Unitholder or IR Holder does not have such a nominated account, by cheque.

	Scheme Participants who hold WOT Units	Scheme Participants who hold IRs
Scrip Option (the default option for Scheme Participants, except Foreign Investors)	<ul style="list-style-type: none"> You will receive 0.597 Mirvac Securities for every WOT Unit on the Record Date. 	<ul style="list-style-type: none"> You will be beneficially entitled to 0.597 Mirvac Securities for every IR on the Record Date. You will continue to hold IRs with each IR (after the Implementation Date) being referable to 1 Mirvac Security. Your total Instalment Debt is unchanged although the amount owed per Mirvac Security is adjusted in line with the scrip ratio applied under the Scrip Option¹.
If you select the Cash Option and the aggregate demand for the Cash Option is less than \$200 million	<ul style="list-style-type: none"> You will receive cash of \$0.86 for every WOT Unit you hold on the Record Date. 	<ul style="list-style-type: none"> Mirvac will pay \$0.86 to the Security Trustee in respect of every IR on the Record Date. \$0.50 of the proceeds in respect of every IR you hold will be applied to repay your Instalment Debt with the balance being paid to you. There are no transaction costs that you need to pay. The WOT Units held by the Security Trustee on your behalf will be transferred to Mirvac RE.
If you select the Cash Option and the aggregate demand for the Cash Option exceeds \$200 million ²	<ul style="list-style-type: none"> You will receive cash of \$0.86 per WOT Unit for some but not all of your WOT Units on the Record Date. In respect of the balance of your WOT Units, you will either receive: <ul style="list-style-type: none"> 0.597 Mirvac Securities for every WOT Unit on the Record Date; or if you have elected to participate in the Sale Facility you will receive the proceeds from the on-market sale of the Mirvac Securities exchanged for those WOT Units – see Section 14 (<i>Sale Facility</i>). 	<ul style="list-style-type: none"> Mirvac will pay \$0.86 to the Security Trustee in respect of some but not all of the IRs on the Record Date. \$0.50 of the proceeds in respect of every IR will be applied to repay your Instalment Debt. In respect of the balance of your IRs: <ul style="list-style-type: none"> each WOT Unit held by the Security Trustee on your behalf on the Record Date will be exchanged for 0.597 Mirvac Securities; or if you have elected to participate in the Sale Facility, you will receive the proceeds from the on-market sale of the Mirvac Securities exchanged for those WOT Units (after deducting the amount necessary to repay your Instalment Debt).
If you select the Sale Facility or if you are a Foreign Investor	<ul style="list-style-type: none"> You will receive the proceeds from the on-market sale of the Mirvac Securities exchanged (or, if you are a Foreign Investor, which you would have been entitled to receive) for your WOT Units – see Section 14 (<i>Sale Facility</i>). 	<ul style="list-style-type: none"> You will receive the proceeds from the on-market sale of the Mirvac Securities exchanged (or, if you are a Foreign Investor, which you would have been entitled to receive) for WOT Units held by the Security Trustee on your behalf (after deducting the amount necessary to repay your Instalment Debt) – see Section 14 (<i>Sale Facility</i>).

¹ Refer to the worked example in Section 1.4 (Summary of Offer).

² If the total number of WOT Units as at the Record Date in respect of which a valid election has been made to receive the Cash Option exceeds 232,558,139 WOT Units, the entitlement of each Scheme Participant who applied under the Cash Option will be scaled back on a pro rata basis.

Consolidation

Immediately before the Scheme is implemented, each Scheme Participant's WOT Units and IRs will be consolidated on a one for 0.597 basis so that, on the Implementation Date, each Scheme Participant who elects the Scrip Option will be entitled to receive one Mirvac Security in respect of each WOT Unit and an IR will represent the beneficial interest in one Mirvac Security. This is a practical step required to ensure that Scheme Participants will not hold interests in part of a Mirvac Security.

The Cash Option will be calculated on a pre-consolidation basis, such that each Scheme Participant who elects the Cash Option will (subject to the aggregate limit of \$200 million) be entitled to receive \$0.86 for each WOT Unit which that Scheme Participant holds (directly or, in the case of an IR Holder, indirectly through the Security Trustee) as at the Record Date (ie, before the consolidation).

See Section 6.8 (*Frequently asked questions*), Section 16.11 (*Additional information*) and the Notice of Meeting in Annexure 1 for more detail. Unless indicated otherwise, all figures and ratios in this Explanatory Memorandum that relate to WOT Units and IRs are provided on a pre-consolidation basis.

How to make an election

Scheme Participants may choose to receive the Cash Option and/or to participate in the Sale Facility by making an election on their Election Form. Elections must be in respect of a Scheme Participant's entire holding. Details on how to complete your Election Form are set out on the Election Form. Election Forms must be completed and returned so that they are received by Link Market Services Limited at:

- (if delivered by post) Link Market Services Limited, WOT Scheme of Arrangement, Locked Bag A14, Sydney South, NSW 1235; or
- (if delivered by hand) Link Market Services Limited, WOT Scheme of Arrangement, Level 12, 680 George Street, Sydney, NSW,

by no later than 5.00pm on Wednesday, 21 July 2010.

Custodians who wish to make different elections for each of their Beneficial Holders should refer to Section 16 (*Additional information*).

Scheme Participants (other than Foreign Investors) who do not make a valid election will be deemed to have elected the Scrip Option.

Foreign Investors – Sale Facility Only

Foreign Investors are not being offered Mirvac Securities and will automatically participate in the Sale Facility. The Mirvac Securities to which Foreign Investors would otherwise be entitled will be issued to Sale Nominee to be disposed of on behalf of the Foreign Investors, and the proceeds of the sale will be paid to the Foreign Investors. Please refer to Section 14 (*Sale Facility*).

Timing of Scheme Consideration

If the Offer is implemented and the Scheme becomes effective:

- each WOT Unit will be transferred to Mirvac RE on the Implementation Date;
- Mirvac Securities will be issued under the Scrip Option on the Implementation Date, currently expected to be Wednesday, 4 August 2010, with holding statements to be despatched by Monday, 9 August 2010;
- payments under the Cash Option will be despatched no later than Monday, 9 August 2010; and
- payments under the Sale Facility will be despatched within 10 Business Days of the Implementation Date.

1.4 Implications of Offer for IRs and Instalment Debt

Accepting the Scrip Option

If the Scheme is implemented and a Scheme Participant receives the Scrip Option, the Scheme Participant's IRs will remain substantially unchanged, except in the ways set out below:

- The IRs will confer a beneficial interest in Mirvac Securities (as opposed to WOT Units) held by the Security Trustee. Upon payment of the Final Instalment, the IR Holder will receive legal title (in addition to the beneficial interest already held) to the underlying Mirvac Securities.
- Before the implementation of the Scheme, the IRs will be consolidated on a one for 0.597 basis so that, on the Implementation Date, each Scheme Participant who holds IRs and elects the Scrip Option will be entitled to receive the beneficial interest in one Mirvac Security in respect of each consolidated IR they hold. This is a practical step which will avoid IR Holders holding an interest in respect of a fraction of a Mirvac Security. The consolidation of IRs will take place in accordance with the Security Trust Deed. Any fraction of a WOT Unit or IR will be rounded up to the nearest whole number of IRs.

- A Scheme Participant's total Instalment Debt will remain unchanged, but will, like the IRs, also be consolidated so that, on the Implementation Date, the Instalment Debt will be \$0.83752 for each consolidated IR in respect of each Mirvac Security.

The worked example below illustrates the effect of the Scheme on an IR Holder who accepts the Scrip Option. In particular, it illustrates the fact that the *total* Instalment Debt of the IR Holder remains unchanged.

	Before the Scheme (pre-consolidation)	After the Scheme (post-consolidation)
Price per Mirvac Security ¹	\$1.44	\$1.44
Number of IRs held	1,000	597
Implied value per WOT Unit	\$0.86	\$1.44
Instalment Debt per IR ²	\$0.50	\$0.84
Implied value per IR	\$0.36	\$0.60
Total value of WOT holdings	1,000 x \$0.86 = \$860	597 x \$1.44 = \$860
Total value of Instalment Debt	1,000 x \$0.50 = \$500	597 x \$0.84 = \$500
Total value of IR	1,000 x \$0.36 = \$360	597 x \$0.60 = \$360

- The IRs will cease to be quoted on the ASX. Nevertheless, IR Holders will continue to be able to realise their IRs by selling the underlying Mirvac Security or by way of off-market transfer.

Except as otherwise described above, the IRs remain materially unchanged. In particular:

- The total amount of an IR Holder's Instalment Debt remains the same (although the Instalment Debt per IR will change to reflect the consolidation described above).
- The dates on which the remaining two instalments of Instalment Debt are to be paid – 1 November 2011 and 1 November 2013 – remain the same, as does the aggregate amount repayable on those dates (although the actual instalments per IR to be paid on each date are increased from \$0.25 to \$0.42 per IR (rounded to the nearest whole cent) to reflect the consolidation described above).
- The aggregate quarterly interest payments in respect of an IR Holder's Instalment Debt remains the same (although the interest payment per IR will change to reflect the consolidation described above).
- The interest rate on the Instalment Debt will remain fixed at 6.50 per cent per annum until 1 November 2011, at which point it will convert to a floating rate for the remaining term. The floating rate will comprise a variable interest rate (bank bill swap rate) plus a fixed two year margin. The margin will be determined by Westpac having regard to then prevailing commercial rates for a facility of this type and will include:
 - An assessment of prevailing debt capital market conditions; and
 - The specific credit risk attaching to the underlying Mirvac Securities related to the IRs and other factors reasonably expected to affect the risk assessment of the Instalment Debt for the remaining term.

IR Holders will be notified of the interest rate and margin prior to 1 November 2011.

- Voluntary early repayment of the Instalment Debt will continue to be processed quarterly. An IR Holder will be able to choose to repay the Instalment Debt and receive Mirvac Securities (instead of WOT Units) by completing an early repayment form and mailing it with a cheque for the outstanding Instalment Debt to the Mirvac Registry.
- IR Holders will continue to be able to sell their investment by selling the underlying Mirvac Securities (which are traded on the ASX), and paying the outstanding Instalment Debt from the sale proceeds.
- IR Holders will also still be able to transfer their IRs off market.

¹ Based on the 5 day VWAP for Mirvac Securities on 27 April 2010.

² Fractions have been rounded for illustrative purposes.

Accepting the Cash Option or participating in the Sale Facility

If the Scheme proceeds and a Scheme Participant who holds IRs elects to participate in the Cash Option or the Sale Facility, the cash proceeds will be applied to repay the Instalment Debt, the corresponding IRs will be cancelled, and the Scheme Participant will receive the balance (if any) in cash (subject to, in the case of the Cash Option an aggregate limit of \$200 million).

Distributions

Scheme Participants who are registered holders of IRs on the distribution record date will be entitled to receive the WOT distribution for the three months ending 30 June 2010. This distribution will be paid on 16 August 2010 and is expected to be 1.6625 cents per unit, subject to the following paragraph.

The interest on Instalment Debt payable for the period from 17 August 2010 to 16 November 2010 will be deducted from the distribution, except that there will be no deduction for interest if the Scheme Participant elects the Cash Option or elects to participate in the Sale Facility, and the cash or the proceeds of the sale are received by the IR Lender on or before Wednesday, 18 August 2010.

IR Holders will no longer be entitled to receive distributions from WOT after the quarter ending 30 June 2010.

1.5 Overview of the Scheme

Resolutions

The Scheme is a trust scheme which is an arrangement pursuant to which all of the WOT Units are transferred to Mirvac RE and Mirvac pays to Scheme Participants the Scheme Consideration. WOT Unitholders are being asked to consider and, if considered appropriate, to approve the following Resolutions:

a. Amendment Resolution

WOT Unitholders must approve an amendment to the WOT Constitution to authorise all actions necessary or desirable for the transfer of the WOT Units to Mirvac. The amendments are set out in the Supplemental Deed in Annexure 4 (*Supplemental Deed*). The constitutional amendments must be approved by a special resolution, which requires approval by at least 75 per cent of the votes cast at the Meeting by WOT Unitholders entitled to vote on the resolution.

b. Acquisition Resolution

WOT Unitholders must also approve the acquisition by Mirvac of all the WOT Units by an ordinary resolution of WOT Unitholders for the purposes of Item 7 of

section 611 of the Corporations Act. To be passed, an ordinary resolution requires approval by more than 50 per cent of the votes cast on the acquisition resolution at the Meeting by WOT Unitholders entitled to vote on the resolution.

c. Consolidation Resolution

WOT Unitholders must also approve a consolidation of WOT Units on a one for 0.597 basis, to occur on the Implementation Date immediately before the Scheme is implemented so that, when the Scheme is implemented, each WOT Unitholder receives one Mirvac Security for each consolidated WOT Unit they hold. WOT Unitholders must approve the consolidation by an ordinary resolution.

Resolutions Interconditional

Each of the Resolutions is interconditional and the Scheme will only proceed if all the Resolutions are passed at the Meeting by the requisite majorities. Please refer to Section 1.11 for the consequences if the Scheme does not proceed.

Court Hearings

On 16 June 2010, WFML applied for judicial advice from the Court in relation to whether it may take the steps required to dispatch the Explanatory Memorandum and, if approved, implement the Scheme. On that date the Court indicated that WFML is justified in:

- proceeding on the basis that amendments to the WOT Constitution as set out in the Supplemental Deed, would be within the powers of alteration contained in the WOT Constitution and consistent with section 601GC of the Corporations Act; and
- convening a meeting of WOT Unitholders to consider and, if thought fit, approve the Resolutions.

If the Resolutions are properly passed, WFML will apply for further judicial advice at the Second Court Hearing to the effect that it is justified in acting upon the Resolutions and in doing all things and taking all necessary steps, to implement the Scheme. If the Court does not advise that WFML is so justified, the Scheme will not become Effective.

If you wish to oppose the judicial advice to be sought at the Second Court Hearing, you may do so by filing with the Court and serving on WFML an interlocutory process in the prescribed form, together with any affidavit on which you wish to rely at the hearing. You may also oppose the judicial advice by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. WFML should be notified in advance of an intention to object. The date for the

Second Court Hearing is currently scheduled to be Friday, 23 July 2010, although this date is subject to change.

1.6 Meeting

The Meeting is a general meeting of WOT Unitholders and will be held in the Brisbane Room, Level 3, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney on Wednesday, 21 July 2010 commencing at 9.30am. The Notice of Meeting is set out in Annexure 1 (*Notice of Meeting*).

Each WOT Unitholder whose name appears in the Register on Monday, 19 July 2010 at 7.00pm is entitled to attend and vote (unless that WOT Unitholder is subject to the voting exclusions listed in Section 16 (*Additional information*)). Votes may be cast in person, by proxy, online, by an attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 253B of the Corporations Act.

IR Holders whose name appears in the Register on Monday, 19 July 2010 at 7.00pm have a right to attend and vote at the Meeting (unless that IR Holder is subject to the voting exclusions listed in Section 16 (*Additional information*)) because the Security Trustee, as the legal holder of the underlying WOT Units, has appointed, or will appoint, each IR Holder as its attorney to vote their relevant WOT Units. The Proxy Form allows IR Holders to nominate someone else to be the Security Trustee's attorney if the IR Holder would like someone other than them to attend and vote at the Meeting.

Further instructions on how to attend and vote at the Meetings in person, or to appoint a proxy, attorney, nominee or corporate representative to attend and vote on your behalf, are set out in Section 5 (*Meeting details and how to vote*).

1.7 Implementation of the Scheme

If the Resolutions are properly passed and the judicial advice at the Second Court Hearing obtained, WFML, Mirvac and Westpac will take, or procure the taking of, the steps necessary to implement the Scheme (including lodging with ASIC an office copy of the amended WOT Constitution). On lodgement of the amended WOT Constitution with ASIC – expected to occur on or about 23 July 2010 – the Scheme will become effective.

Upon implementation of the Scheme, all WOT Units will be transferred to Mirvac RE. If all of the conditions precedent to the Scheme (contained in the Scheme Implementation Agreement) are satisfied or (where applicable) waived, the Scheme is expected to be

implemented on or around Wednesday, 4 August 2010. Further information about the steps to implement the Scheme is contained in Section 15 (*Steps to implement the Scheme*).

1.8 Warranty by Scheme Participants about WOT Units

The effect of clause 26.14(b) of the WOT Constitution, as amended by the Supplemental Deed, is that all Scheme Participants, including those who vote against the Scheme and those who do not vote, will be deemed to have warranted to WFML on behalf of Mirvac that their WOT Units, or in the case of IR Holders, the WOT Units the Security Trustee holds on their behalf, are fully paid and are not subject to any encumbrances or interests of third parties or restrictions on transfer of any kind other than, in the case of IR Holders, an encumbrance in favour of the IR Lender in respect of their Instalment Debt, which encumbrance the IR Lender has agreed to release for the purposes of implementing the Scheme. Each WOT Unitholder is deemed to warrant that it has full power and capacity to sell and transfer the WOT Units registered in its name. If the warranty is breached, Scheme Participants may be liable to pay to Mirvac any amounts Mirvac pays to acquire clear title to their WOT Units.

1.9 Scheme Implementation Agreement and Mirvac Deeds Poll

The Scheme Implementation Agreement was entered into by WFML and Mirvac on 28 April 2010, and amended by a Deed of Amendment to the Scheme Implementation Agreement dated 25 May 2010.

A number of conditions precedent contained in the Scheme Implementation Agreement need to be satisfied or waived before the Scheme can be implemented.

The Scheme Implementation Agreement contains exclusivity provisions that prohibit WFML and its representatives from doing certain things, including initiating or encouraging, and participating in discussions with a view to obtaining an offer, proposal or expression of interest from any person, in respect of Competing Proposals or allowing any person other than Mirvac to undertake due diligence investigations on WOT. However, the Independent Directors can take or refuse to take action in respect of a Superior Proposal which was not solicited, initiated, facilitated or encouraged contrary to the exclusivity provisions.

WFML has agreed to pay a break fee of \$4,146,527 (plus any applicable GST) to ML as consideration for the costs incurred by Mirvac if:

- the Scheme Implementation Agreement is terminated because WFML's independent board committee changes, withdraws or modifies its recommendation in relation to the Scheme, or because the independent board committee or any member of that committee makes a public statement that the independent board committee or any member of that committee no longer recommends that WOT Unitholders approve the Resolutions or that it, he or she supports a Superior Proposal; or
- a Competing Proposal is announced, completed within six months after the date of the Scheme Implementation Agreement and is a Superior Proposal.

A copy of the Scheme Implementation Agreement was lodged with ASX on 28 April 2010, and a copy of the Deed of Amendment to the Scheme Implementation Agreement was lodged with the ASX on 25 May 2010, and may be obtained by contacting the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia), from WOT's website: www.westpacfunds.com.au/officetrust.asp or from ASX's website: www.asx.com.au. The key terms of the Scheme Implementation Agreement are summarised in Section 16 (*Additional information*).

On 11 June 2010, ML and Mirvac RE each executed a Deed Poll pursuant to which each agreed to do certain things to give effect to the Scheme including to provide the Scheme Consideration. Copies of the ML and Mirvac RE Deeds Poll are included in Annexure 2 to this Explanatory Memorandum.

1.10 Role of Westpac

WFML is a wholly owned subsidiary of Westpac. In addition, Westpac holds a total of 1,043,167 WOT Units and 36,224,695 IRs.

On 11 June 2010, Westpac executed a Deed Poll in favour of Scheme Participants pursuant to which it agreed to do all things necessary to perform its obligations in relation to the Scheme and procure that the Security Trustee and IR Lender discharge their respective obligations under the Scheme. A copy of the Westpac Deed Poll is included in Annexure 3 of this Explanatory Memorandum.

Westpac has provided several undertakings in favour of WFML and Mirvac to assist in relation to the Scheme, including undertakings to:

- vote in favour of the Resolutions to the extent possible. Westpac is an associate of WFML and, as such, is restricted under section 253E of the Corporations Act from voting on the Resolutions to the extent that it has an interest in the Resolution other than as a member;
- accept the Scrip Option in respect of its holding of WOT Units and IRs and, subject to customary exceptions, not to dispose of any interest in the Mirvac Securities (held through the IRs or held directly) for a minimum period of 12 months;
- continue the existing Instalment Debt facility on similar terms and conditions; and
- waive certain early termination fees in relation to the WOT debt facilities which would otherwise have been payable due to the implementation of the Scheme.

Also as part of the proposed Scheme:

- Mirvac will pay \$15 million (plus any applicable GST) to Westpac in consideration for, among other things, Westpac giving up its opportunity to receive revenue in respect of WOT arising out of WFML's ongoing management of WOT and performing its obligations in respect of the Scheme.
- Westpac has also agreed to enter into a number of agreements, including a deed of termination of the business development agreement, whereby it will forego the opportunity to receive transaction and advisory fees from WOT, and a deed of termination of the RVA.
- at Mirvac's request Mirvac will cause WOT to extinguish and terminate WOT's liabilities under certain agreements, including a Westpac term debt facility and working capital facility, the RVA, and WOT's interest rate hedge contracts, and will capitalise WOT with the amount necessary to enable WOT to do this.

Descriptions of these payments are set out in Section 9.2(b) (*Mirvac financial information*).

1.11 Consequences if the Scheme is not implemented

If the Scheme does not proceed, WOT Unitholders and IR Holders will continue to hold their current WOT Units or IRs. Mirvac will not acquire any WOT Units under the Scheme and Scheme Participants will not receive the Scheme Consideration. WOT will continue to be quoted on the ASX.

It is difficult to predict the WOT Unit price in the absence of the Offer. However, given the need for WFML to refinance WOT's debt in the short term, there is a risk that WOT Units could trade at a lower price than the price at which they have traded since the Offer

was announced. In addition, a refinancing will probably result in significantly higher interest costs and materially dilute earnings and distributions to WOT Unitholders and IR Holders. The risk of this dilution is magnified for IR Holders who continue to have fixed Instalment Debt interest payments deducted from distributions.

Depending on the reasons for the Scheme not proceeding, WFML may be liable to pay \$4,146,527 (plus any applicable GST) to Mirvac as a break fee. This break fee will not be payable merely because WOT Unitholders do not approve the Scheme. The break fee is described in more detail in Section 16 (*Additional information*).

Transaction fees of approximately \$3.5 million will be payable by WFML if the Scheme does not proceed.

If the Scheme does not proceed, and no Superior Proposal is received, the Independent Directors intend to consider the strategic alternatives described in Section 4.2 (*Other Considerations*).

1.12 Taxation

The tax consequences of the Offer for Scheme Participants will depend on their personal tax and financial circumstances. General Australian tax implications of the Scheme are discussed in Section 13 (*Taxation Report*). Scheme Participants should consult their own independent professional tax adviser about the tax consequences for them if the Scheme is implemented.

1.13 Benefits to Mirvac

The rationale for the Offer is to create a combined entity positioned for future growth. The combined entity will have improved portfolio metrics with the flexibility to leverage from the integration of the different business groups, underpinned by an attractive passive earnings stream.

If approved, the Offer is expected to deliver both qualitative and quantitative benefits to Mirvac. These include:

- Increases to the contribution of recurring investment income with the addition of \$1.1 billion of Australian investment grade assets;
- Significant improvements to the quality of Mirvac's investment property portfolio, with 84 per cent of WOT's portfolio classified as A-grade office:
 - Increases to the weighted average lease expiry of Mirvac's investment property portfolio from 5.8 years to 6.2 years¹;

- Increases to the occupancy level of Mirvac's investment property portfolio from 96.8 per cent to 97.2 per cent¹;
- Increases to the proportion of Mirvac's investment portfolio subject to secure fixed rental increases; and
- Decreases in the weighted average capitalisation rate of Mirvac's investment property portfolio from 7.89 per cent to 7.78 per cent¹;
- Lower transaction costs for the acquisition of WOT portfolio via an efficient scheme process than acquiring the portfolio in the direct property market;
- An acquisition which may be at or near the low point in the economic and valuation cycle which therefore offers Mirvac the potential to benefit from future revaluation increases;
- Improvements to the security and quality of earnings which may facilitate better access to capital to fund future acquisitions and opportunistic projects;
- Operational synergies via the Mirvac asset management platform; and
- Increases to the S&P/ASX 200 A-REIT Index weighting of Mirvac (expected to increase investor demand for Mirvac Securities).

See Section 8 for more information on Mirvac.

Further information

For further information, Scheme Participants can call the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) or visit WOT's website at www.westpacfunds.com.au/officetrust.asp.

¹ Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

2.

Why you might vote FOR the Offer

.....

Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

2.1 The Independent Directors recommend that you vote in favour of the Offer, in the absence of a Superior Proposal

The Independent Directors have considered a range of strategies to address upcoming debt maturities, including:

- an equity recapitalisation of WOT;
- selected asset sales;
- a combination of an equity recapitalisation and selected asset sales;
- a managed wind-up process with the net proceeds, after repayment of debt (including Instalment Debt in the case of IR Holders) and other costs, returned to investors;
- a refinancing of existing debt facilities and maintenance of the status quo; and
- detailed discussions with interested parties in relation to change of control proposals for WOT.

In the opinion of the Independent Directors, in the absence of a Superior Proposal, the Offer provides a superior outcome to WOT Unitholders and IR Holders relative to the alternatives.

2.2 The Independent Expert's Opinion

The Independent Expert has considered the Offer and has concluded that the Offer is fair and reasonable and in the best interests of Scheme Participants.

The Independent Expert commented that:

- 'The market value of a unit in WOT (on a control basis) is within the range of the value of consideration offered by Mirvac. As such, KPMG considers the Proposed Scheme to be fair to Scheme Participants;
- In accordance with RG 111, an offer is reasonable if it is fair. This would imply the Proposed Scheme is reasonable. However, irrespective of the statutory obligation to conclude the Proposed Scheme is reasonable simply because it is fair, we have also considered a range of factors which in our opinion support a reasonableness conclusion in isolation of our fairness opinion; and
- Having considered the factors above, including the strategic options available to the Trust on a standalone basis, we consider the Proposed Scheme to be in the best interests of Scheme Participants'.

The Independent Expert's Report is set out in full in Section 12 (*Independent Expert's Report*).

2.3 Premium to net tangible assets

Based on the 5 day VWAP of Mirvac Securities of \$1.44 on 27 April 2010, the last trading day before announcement of the Offer, the Scrip Option represents an implied value of \$0.86 per WOT Unit. Mirvac has also offered the Cash Option of \$0.86 per WOT Unit, up to an aggregate limit of \$200 million.

The Offer represents a premium of 2.4 per cent to WOT's stated NTA of \$0.84 per unit as at 31 December 2009 and a premium of 4.5 per cent to the adjusted NTA of \$0.82 per unit following payment of the accrued performance fee of about \$7.8 million.

Details of the 31 December 2009 property valuations of WOT's assets are in Section 7 (*Information about WOT*).

2.4 Net Tangible Asset backing will increase

WOT's NTA backing at 31 December 2009 was \$0.84 per unit or \$0.82 per unit pro forma for payment of the accrued performance fee. For investors that receive Mirvac Securities under the Scheme, the equivalent pro-forma NTA backing per Mirvac Security will be approximately \$0.95 per unit. This represents a 13.5 per cent increase relative to WOT's NTA at 31 December 2009 and a 15.7 per cent increase relative to the adjusted NTA.

2.5 Premium to pre-announcement trading prices

The Scheme Consideration represents a premium to the trading prices of WOT Units, including:

	Before announcement of exclusive due diligence between Mirvac and WFML¹	Before execution of the Scheme Implementation Agreement²
Premium to last closing price	12.4%	5.5%
Premium to 1 month VWAP	14.2%	7.2%
Premium to 3 month VWAP	15.9%	12.5%

¹ Period to 6 April 2010.

² Period to 27 April 2010.

The premiums set out above are based on the value of the Scrip Option based on the 5 day VWAP for Mirvac Securities as at 27 April 2010 which is equivalent to the Cash Option of \$0.86.

The value of the Scrip Option will vary with changes to the price of Mirvac Securities.

As at close of trading on 15 June 2010, the day before the First Court Hearing, the closing price of Mirvac Securities was \$1.39 (implying a value for the Scrip Option of \$0.83 per WOT Unit and representing a premium of 1.8 per cent to the closing price of WOT Units on 27 April 2010, 3.5 per cent to the 1 month VWAP to 27 April 2010 and 8.6 per cent to the 3 month VWAP to 27 April 2010).

Section 8 (*Information about Mirvac*) details the recent price history of Mirvac Securities. Scheme Participants should note that past performance is not an indicator of future performance and the future market price of Mirvac Securities may fall or rise.

2.6 Price certainty afforded by the Cash Option

Scheme Participants (other than Foreign Investors) can elect to participate in the Cash Option by making an election on the Election Form. The Cash Option is valued at a fixed price of \$0.86 per WOT Unit on the Record Date, up to an aggregate limit of \$200 million.

The Cash Option provides a choice to Scheme Participants who would prefer cash and offers protection against adverse movement in the trading price of Mirvac Securities before implementation (subject to the aggregate limit of \$200 million).

2.7 IR Holders can continue to hold IRs

The Offer provides IR Holders the opportunity to retain IRs on substantially the same terms. Immediately before the Scheme is implemented the IRs and Instalment Debt will be consolidated in accordance with the Security Trust Deed on a one for 0.597 basis so that after the Scheme is implemented each consolidated IR will relate to a single Mirvac Security.

2.8 Earnings, distribution and debt issues on a standalone basis

WOT, on a standalone basis, faces a number of challenges over the next 18 months. WOT has relatively high gearing with a loan to value ratio of 62 per cent (as at 31 December 2009) and a short weighted

average debt maturity profile of 1.8 years compared to Mirvac's weighted hedged average debt maturity of 5.9 years.

All of WOT's debt expires in 2011. This represents \$216 million of term debt (drawn to \$196 million as at 31 December 2009) due in July 2011; \$505 million of CMBS debt due in November 2011; and a \$15 million working capital facility (drawn to \$11 million as at 31 December 2009) due in December 2011.

Assuming that WOT is able to refinance its debt facilities at the current level of gearing, a refinancing will probably result in significantly higher interest costs and materially dilute earnings and distributions to WOT Unitholders and IR Holders for the financial year ending 30 June 2012 and beyond for at least the duration of the new facilities. The risk of this dilution is magnified for IR Holders who continue to have fixed Instalment Debt interest payments deducted from their distributions. Refer to Section 4 (*Other considerations*) which provides an indicative example of the impact of a refinancing on WOT's distributions.

Upon implementation of the Scheme, Mirvac intends to repay all of WOT's outstanding debt and Mirvac's leverage ratio will be approximately 32.3 per cent¹, with significant headroom to its leverage ratio covenant of less than 55 per cent.

2.9 The trading price of WOT Units may fall if the Scheme is not implemented

If the Scheme is not implemented, it is possible that WOT Units could trade:

- below the implied value of the Scheme Consideration (\$0.86)² in the absence of a Superior Proposal; and
- below the price range at which WOT Units have traded since 6 April 2010 (the day before the announcement that WFML had entered into exclusive due diligence with Mirvac in relation to WOT) noting that WOT Units traded at a volume weighted average price of \$0.747 for the 90 trading days before and including 6 April 2010.

2.10 Improved financial flexibility

If the Scheme is implemented, WOT will become part of a well capitalised property group that has financial capacity and flexibility.

Scheme Participants who receive Mirvac Securities under the Scheme will become investors in one of the top five A-REITs by market capitalisation listed on the ASX.

1 Assuming all Scheme Participants elect to receive the Scrip Option.

2 Based on the 5 day VWAP for Mirvac Securities of \$1.44 as at 27 April 2010, being the last day before announcement of the Offer.

Mirvac Securities are expected to be more deeply traded and provide the potential for reduced buy/sell spreads compared to WOT Units. As at 27 April 2010, Mirvac had a market capitalisation of about \$4.7 billion, compared to WOT's implied market capitalisation of about \$415 million (based on the implied Offer value of \$0.86 per WOT Unit), and no single investor holds more than 6.40 per cent of Mirvac (based on current substantial holder notices lodged with ASX up to the close of trading on 15 June 2010).

The liquidity of Mirvac Securities is increased by Mirvac's inclusion in key property indices, including the S&P/ASX 200 A-REIT Index and S&P/ASX 100 Index.

2.11 Broader geographic, asset and business diversification within Australia

If the Offer is implemented Scheme Participants who accept the Scrip Option will have exposure to:

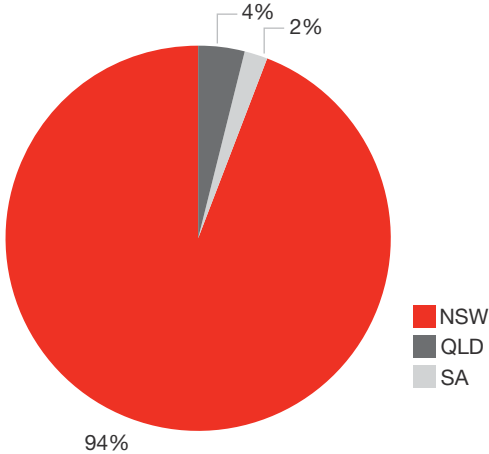
- the more diverse corporate and real estate business activities of Mirvac. Mirvac's activities include ownership of a broader range of assets (eg office, retail, industrial, car parks and hotel assets), property

management, investment management, hotel management and property development, including residential development (refer to Section 8 (*Information about Mirvac*)). Mirvac's operations are primarily focused in Australia (representing 99.1 per cent by value);

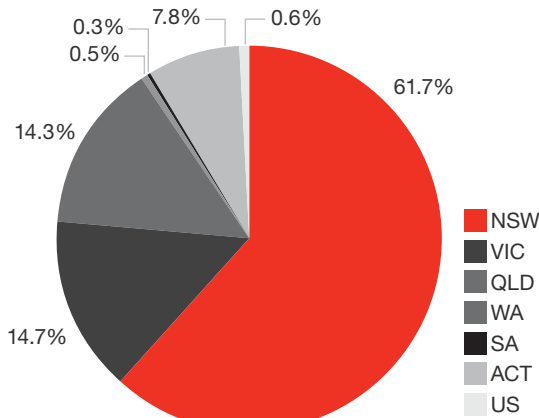
- real estate investment assets with a book value of approximately \$5.7 billion, compared to about \$1.1 billion for WOT on a standalone basis as at 31 December 2009; and
- a combined portfolio of 82 assets and developments across the commercial, retail, industrial, car parks and hotel sectors (compared to seven assets on a standalone basis), providing greater diversification both geographically and across property sectors.

Mirvac's earnings are primarily driven by its investment portfolio, with a normalised target of 80 per cent of earnings derived from Mirvac Trust's property investments and 20 per cent from ML through development, management and other corporate activities. Currently more than 80 per cent of Mirvac's earnings are derived from its property investment portfolio.

Geographic diversification before implementation of the Scheme¹



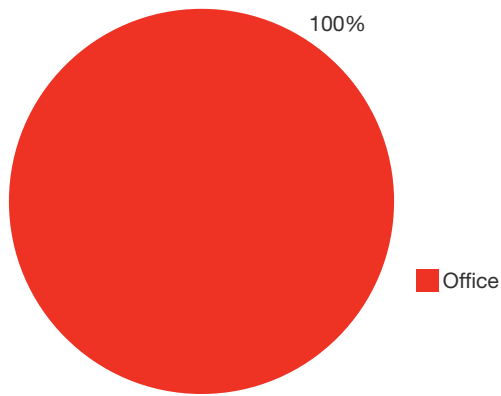
Geographic diversification of Mirvac Trust post the acquisition of WOT (by book value as at 31 December 2009)²



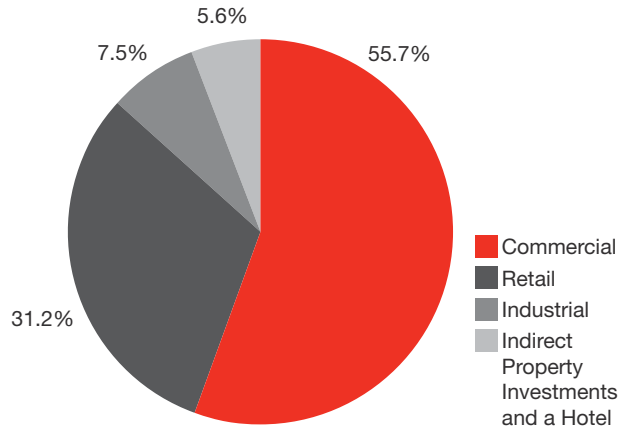
¹ Fractions have been rounded for illustrative purposes.

² Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

Sector diversification before implementation of the Scheme



Sector diversification of Mirvac Trust post the acquisition of WOT (by book value as at 31 December 2009)¹



See Section 3.1 (*Why you might Vote AGAINST the Offer*) for a description of certain risks that may accompany the diversification offered by an investment in Mirvac.

¹ Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

3. Why you might vote AGAINST the Offer

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3.1 Change in the nature of your investment

If the Offer is implemented, Scheme Participants who accept the Scrip Option will have exposure to the more diverse corporate business activities of Mirvac. Mirvac's activities include a broader range of asset ownership, property management, investment management, hotel management, and property development, including residential development (refer to Section 8 (*Information about Mirvac*)). Whilst these activities may provide the prospect to generate higher earnings growth, they typically represent higher risk than the pure property investment activities of WOT. Mirvac has a targeted net profit after tax earnings ratio of 80 per cent from its investment business and 20 per cent from its corporate activities. Scheme Participants who do not want to be exposed to this increased risk profile can elect to participate in the Cash Option or the Sale Facility.

See Section 2 (*Why you might vote FOR the Offer*) for a description of certain benefits that may accompany the diversification offered by an investment in Mirvac.

3.2 Reduction in earnings and distributions for the year ending 30 June 2011

On a standalone basis, WFML is forecasting earnings of 6.8 cents per WOT Unit and distributions of 6.5 cents per WOT Unit for the financial year ending 30 June 2011. If the Scheme is implemented, Scheme Participants who receive Mirvac Securities will obtain exposure to the earnings of Mirvac Trust and ML. Under the Offer, the forecast earnings and distributions of Mirvac Trust for the financial year ending 30 June 2011 will equate to 6.6 cents and 4.8 to 5.4 cents respectively per equivalent WOT Unit. Scheme Participants should note that Mirvac distributions are currently fully derived from Mirvac Trust. Mirvac has not provided forecast earnings from ML, which undertakes the corporate activities of Mirvac, for the financial year ended 30 June 2011 (refer to Section 8 (*Information about Mirvac*)).

Scheme Participants who become holders of Mirvac Securities should expect to receive lower distributions for the financial year ending 30 June 2011 than they would have received had they remained invested in WOT on a standalone basis, assuming WOT distributions are maintained at current levels and not reduced to meet future refinance obligations.

Scheme Participants should be aware that it is likely that WOT's earnings and distributions on a standalone basis for the year ending 30 June 2012 will be significantly lower than those forecast by WOT for the year ending

30 June 2011 as a result of higher financing costs likely to be incurred upon the refinancing of WOT's maturing debt facilities.

Section 9 (*Mirvac financial information*) has more information on Mirvac's financial forecasts. Also see Section 12 (*Independent Expert's Report*).

3.3 Potential variability in the implied value of the Scrip Option

Scheme Participants who receive Mirvac Securities as part or all of their Scheme Consideration should note that the value of the Scrip Option is subject to movement in the trading price of Mirvac Securities. The future market price of Mirvac Securities may fall as well as rise and the value of the Scrip Option will fall or rise proportionally with the fall or rise in the market price of Mirvac Securities.

It is possible that the price of Mirvac Securities will fall so that the implied value of the Scrip Option is less than the price at which WOT Units are trading.

3.4 Tax implications

The Offer has potential Australian tax implications for Scheme Participants, including:

- potential capital gains for WOT Unitholders who receive Mirvac Securities. For Australian resident Scheme Participants who hold their interest in WOT on capital account and who accept the Scrip Option, partial scrip for scrip CGT rollover relief may be available to the extent that the consideration (ie, the Mirvac Securities) received constitutes units in Mirvac Trust (as opposed to the Mirvac Shares)¹. However, there is a risk for IR Holders that the Australian Taxation Office may not accept that rollover relief is available. For further details, Scheme Participants should refer to Section 2(b) of the Taxation Report;
- potential CGT for WOT Unitholders who elect to participate in the Cash Option;
- potential CGT for WOT Unitholders who participate in the Sale Facility; and
- the reduction of the tax deferred treatment of WOT distributions as the distributions from Mirvac after the acquisition of WOT will include amounts derived from other entities within Mirvac, which will be affected by losses and outgoings other than those incurred

¹ The percentage that the price of a Mirvac Unit bears to the price of a Mirvac Security is equal to the percentage that the NTA of the Mirvac Trust bears to the NTA of Mirvac by reference to the last annual accounts of the Mirvac Trust and Mirvac respectively. Based on Mirvac's NTA as at 30 June 2009, a unit in Mirvac Trust is worth approximately 90 per cent of the value of a Mirvac Security. The appropriate allocation between a Mirvac Unit and a Mirvac Share at the Implementation Date will be confirmed by Mirvac (on their website post the Implementation Date) and will be dependent on Mirvac's NTA as at 30 June 2010.

by WOT. Whilst WOT distributions to date have been 100 per cent tax deferred, Mirvac Group distributions will have a lower tax deferred component. Please refer to Section 6.39 (*Frequently asked questions*).

Allens Arthur Robinson has provided a taxation report on the general Australian taxation impacts of the Offer on WOT Unitholders and IR Holders. Scheme Participants should read this report which is set out in Section 13 (*Taxation Report*).

Scheme Participants should be aware that the actual tax consequences of the Scheme may differ depending upon their individual circumstances. Scheme Participants should obtain advice from their own independent professional tax adviser on the tax implications of the Offer.

3.5 Price obtained through the Sale Facility

Scheme Participants who participate in the Sale Facility should note that the price for the Sale Facility is not fixed and is dependent on fluctuations in the market. The cash amount Scheme Participants ultimately receive under the Sale Facility (in the case of IR Holders, after the amount of their Instalment Debt) may be lower than the value of the Mirvac Securities under the Scrip Option or cash under Cash Option. For more information on the Sale Facility see Section 14 (*Sale Facility*).

4.

Other considerations

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4.1 Prospects if the Scheme is not implemented

WOT, on a standalone basis, faces a number of challenges over the next 18 months.

Earnings, distribution and debt issues

WOT's gearing was 62 per cent as at 31 December 2009 with all of its debt due to expire in 2011.

While WOT complies with its LVR covenant (62.6 per cent gearing at 31 December 2009 versus 70 per cent LVR covenant), lender and investor attitudes to gearing have changed.

Assuming that WOT is able to refinance its debt to maintain the current level of gearing, such refinancing may result in significantly higher interest costs, which would materially reduce earnings and distributions to WOT Unitholders for the year ending 30 June 2012.

Assuming that WOT does not refinance during the financial year ending 30 June 2011, its forecast distribution for that financial year is 6.50 cents per Unit. The actual impact of increased interest costs would commence upon refinancing of existing debt facilities in about one year (ie, the beginning of the financial year ending 30 June 2012 or earlier if, consistent with past practice, WOT seeks to refinance a reasonable period before the relevant facilities mature). This impact would be expected to reduce any earnings and distributions to WOT Unitholders for the financial year ending 30 June 2012 and beyond at least for the duration of the new facilities.

The table below summarises the potential effect of a refinancing on WOT's distributions as if the new debt was in place for the financial year ending 30 June 2011¹.

Refinanced Weighted Average Cost of Debt ²	Increase in Interest Rate from Current Cost	Pro forma Reduction in DPU ³	Pro forma Reduction relative to Forecast 2011 DPU	
			WOT Unitholders	IR Holders ^{4,5}
7.50%	1.00%	1.48 cents	23%	45%
7.75%	1.25%	1.85 cents	28%	57%
8.00%	1.50%	2.21 cents	34%	68%
8.25%	1.75%	2.58 cents	40%	79%
8.50%	2.00%	2.95 cents	45%	91%

On 1 November 2011, IR Holders are required to repay the second instalment on their Instalment Debt of \$0.25 per IR (assuming no consolidation of IRs). At that point, the interest rate charged on the remaining Instalment Debt (\$0.25 per IR) will revert to a market rate which, based on current market rates would be expected to be materially higher than the current rate of 6.5 per cent.

Lack of Liquidity and Scale

WOT's trading liquidity is low compared to other A-REITs and currently does not qualify WOT for inclusion in any A-REIT indices.

¹ Based on debt balances as at 31 December 2009 and on WOT's current average cost of debt of 6.5 per cent. The full impact of the refinance (illustrated in the table) will commence from November 2011.

² The Refinanced Weighted Average Cost of Debt comprises an assumed base rate of 5.5 per cent based on the 3 year swap rate, plus a facility margin that ranges from 2 per cent to 3 per cent.

³ For illustrative purposes, DPU reduction assessed against the forecast DPU for the financial year ending 30 June 2011 of 6.50 cents per unit.

⁴ IR Holders continue to have the obligation to pay 3.25 cents per IR per annum in Instalment Debt interest until 1 November 2011.

⁵ After payment of interest on Instalment Debt.

From a total assets and market capitalisation perspective, WOT remains sub-scale relative to other A-REITs with similar quality portfolios and faces challenges raising both debt and equity capital, in terms of size and cost. This, coupled with a need to reduce gearing, limits the capacity to grow on a standalone basis to achieve necessary scale.

4.2 Strategic Alternatives

The Independent Directors have given detailed consideration to a range of strategic alternatives to address the challenges facing WOT and provide the most favourable outcome for WOT Unitholders and IR Holders. Each of these alternatives is discussed below.

Recapitalisation

To reduce WOT's gearing to a more sustainable target of about 40 per cent, an equity capital raising of about \$270 million would be required. This represents about 73 per cent of WOT's market capitalisation as at 6 April 2010, the day before the announcement that WFML had entered into exclusive due diligence with Mirvac.

The Independent Directors investigated the ability for WOT to execute such a capital raising. A key consideration was the profile of the Register, which is widely held. In addition, a significant majority of WOT investors continue to hold IRs. A large entitlement offer of new fully paid units would require a large investment for IR Holders. These and other factors make execution of a recapitalisation of WOT challenging.

The Independent Directors believe that the significant size of the capital raising and the widely-held nature of the Register would require the offer price to be at a discount at least in line with other similar equity capital raisings that were executed over the past six to 12 months (on average at least 15 per cent). Raising equity in this price range would materially dilute the earnings, distributions and NTA of WOT Unitholders and IR Holders, especially those who do not participate in such an offering.

While an equity recapitalisation remains an alternative, the Offer provides WOT Unitholders and IR Holders with higher price and execution certainty and the ability to realise value shortly after implementation.

Selected Asset Sales

To reduce gearing to a more sustainable target of about 40 per cent, asset sales of about 40 per cent to 45 per cent¹ of the current portfolio would be required.

¹ Taking account of factors such as the sale price achieved, the break cost on the RVA (if part or all of Westpac Place is sold), swap break costs on debt repaid and potential capital gains.

This is likely to require the sale of every asset except for Westpac Place or, alternatively, part (or all) of Westpac Place.

A key factor in considering this strategy would be the likelihood of significant capital gains for Australian tax purposes for WOT Unitholders and IR Holders on the sale of certain assets, the potential effect on the tax deferred nature of future WOT distributions and the need to repay the relatively low cost CMBS debt if Westpac Place or Woolworths National Support Office (Woolworths NSO) are sold. Incremental considerations include potential EPU and DPU dilution from any asset sales and the impact on WOT's interest cover covenants.

The Independent Directors believe that the extent of the required disposals would materially change WOT's business proposition and such an option does not provide a sustainable solution to WOT's issues. Assuming this strategy was successfully executed, it would materially reduce the overall size of WOT's portfolio and its relevance in the A-REIT market, which is likely to result in diminished investor appetite and negatively impact the depth of trading in, and the trading price of, WOT Units.

Combination of Recapitalisation and Selected Asset Sales

A capital raising, in conjunction with selected asset sales, is another option available to WOT to reduce gearing. Whilst this option reduces the magnitude of a required recapitalisation or the level of asset sales, the uncertainties and challenges in respect of pricing, timing and execution risk remain the same. The Independent Directors believe that this alternative is inferior to the Offer.

Managed Wind-Up

The Independent Directors have considered returning capital to investors through an orderly wind-up of WOT over a pre-determined period of time. This process would involve the sale of each of WOT's assets with proceeds used to repay WOT's outstanding debt and related wind-up costs (including brokerage fees, early debt and swap termination fees and taxes). The remaining net proceeds would be distributed to WOT Unitholders and IR Holders. IR Holders would need to repay their Instalment Debt from these proceeds. If the proceeds were insufficient for this purpose, IR Holders would remain responsible for repaying their Instalment Debt.

The timing for completion of a managed wind-up is uncertain. WOT Unitholders and IR Holders may need to wait for up to 18 months before receiving the net proceeds of a wind-up. During this time IR Holders would

remain responsible for paying interest accruing on their Instalment Debt, and the distributions (if any) during a wind-up process may be insufficient to meet this cost.

A key factor in considering a managed wind-up would be the likelihood of significant capital gains for Australian tax purposes for WOT Unitholders and IR Holders on the sale of certain assets.

Given the significant execution risks for WOT Unitholders and IR Holders, the Independent Directors determined that this is an inferior option to the Offer for WOT Unitholders and IR Holders.

Refinancing

As noted in Section 4.1, if WOT is able to refinance its debt to maintain the current level of gearing, this may result in significantly higher interest costs, which would materially reduce earnings and distributions to WOT Unitholders for the financial year ending 30 June 2012 and beyond at least for the duration of the relevant facilities. The Independent Directors have determined that this is an inferior option to the Offer for WOT Unitholders and IR Holders.

Change of Control Proposals

In assessing WOT's strategic alternatives, WFML held discussions with a number of parties who expressed interest in change of control and recapitalisation proposals for WOT.

Key considerations in selecting parties and finalising the Offer included the capability and track record of the potential acquirer, the nature of the acquirer's business and assets (including geographic focus), the value offered to WOT Unitholders and IR Holders, offer price certainty, the structure of the offer (including providing cash and scrip choices, and the opportunity to retain IRs), the capacity to finance the transaction, the capacity of the acquirer to successfully execute its proposal and the after implementation earnings and distribution impacts on WOT Unitholders and IR Holders.

The Independent Directors determined that the Offer was the most attractive offer for WOT Unitholders and IR Holders.

5.

Meeting details and how to vote

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5.1 Date and time of the Meeting

The Meeting will be held on Wednesday, 21 July 2010 at 9.30am in the Brisbane Room, Level 3, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000.

The business of the Meeting is to consider and, if thought fit, to approve the Scheme.

There will be three Resolutions on which WOT Unitholders will be asked to vote at the Meeting. The Resolutions are described in Section 1.5 (*Summary of the Offer*) and set out in the Notice of Meeting in Annexure 1 (*Notice of Meeting*).

5.2 Quorum

The quorum for the Meeting is two or more WOT Unitholders present in person or by proxy. WFML may adjourn the Meeting if a quorum is not present within thirty minutes of the scheduled time for the Meeting.

5.3 Entitlement to vote

WOT Unitholders

All WOT Unitholders appearing on the Register at 7.00pm on Monday, 19 July, 2010 are entitled to attend and vote at the Meeting (subject to the voting exclusions set out in Section 16.6 (*Additional Information*)). Transfers of WOT Units registered after this time will be disregarded in determining entitlements to vote at the Meeting.

IR Holders

In accordance with the Security Trust Deed, the Security Trustee has appointed, or will appoint, each IR Holder who appears on the Register at 7.00pm, Monday, 19 July 2010 (or such other person as they may nominate on a Proxy Form received by the Security Trustee no later than 9.30am, on Monday, 19 July 2010) as its attorney to exercise the votes that attach to the WOT Units the Security Trustee holds on trust for that IR Holder. Transfers of IRs registered after 7.00pm, Monday, 19 July 2010 will be disregarded in determining entitlements to vote at the Meeting on behalf of the Security Trustee.

5.4 Voting by poll

The vote on each Resolution will be conducted by way of a poll. Each WOT Unitholder present in person, by attorney or by proxy has, on a poll, one vote for each dollar of the value of the total interest they have in WOT.

5.5 Jointly held WOT Units and IRs

If WOT Units or IRs are jointly held, only one of the joint holders is entitled to vote. If more than one holder votes in respect of jointly held WOT Units or IRs, only the votes of the WOT Unitholder or IR Holder (as the case may be) whose name appears first in the Register in respect of the relevant WOT Units or IRs will be counted.

5.6 Voting majorities required

For the Offer to proceed, the Resolutions must be approved as follows:

- Resolution 1 (amendment of the WOT Constitution): at least 75 per cent of the total number of votes cast by (or on behalf of) WOT Unitholders who are entitled to vote must be voted in favour of the constitutional amendments set out in the Supplemental Deed (see Annexure 4);
- Resolution 2 (to approve the Scheme): more than 50 per cent of the total number of votes cast by (or on behalf of) WOT Unitholders at the Meeting who are entitled to vote must be voted in favour of the acquisition of WOT Units by Mirvac as part of the Scheme; and
- Resolution 3 (to consolidate the WOT Units): more than 50 per cent of the total number of votes cast by (or on behalf of) WOT Unitholders at the Meeting who are entitled to vote must be voted in favour of the consolidation of WOT Units on a one for 0.597 basis to permit the exchange of WOT Units for Mirvac Securities on a one-for-one basis.

The Resolutions are interconditional and the Scheme will only be implemented if all three Resolutions are passed by the requisite majorities.

5.7 Voting exclusions

The voting exclusions are set out in Section 16.6 (*Additional information*).

5.8 Voting intentions of the Chairman

WFML will appoint a person to chair the Meeting. The Chairman intends to vote any undirected proxies in favour of the Resolutions.

If an IR Holder directs that the Chairman be appointed as the Security Trustee's attorney in respect of the WOT Units the Security Trustee holds on behalf of that IR Holder but does not specify the way in which the Chairman must vote, the Chairman intends to vote those WOT Units in favour of the Resolutions.

5.9 Voting

a. Voting in person

To vote in person at the Meeting, you must attend the meeting to be held on Wednesday, 21 July 2010 in the Brisbane Room, Level 3, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000 commencing at 9.30am.

If you plan to attend the Meeting please arrive at least 30 minutes before the Meeting to allow time to note your attendance. Please bring the Proxy Form with you as it contains a barcode that will enable registration to be completed in a timely and efficient manner.

b. Voting by corporate representative

A body corporate may appoint an authorised corporate representative to represent them at the Meeting and exercise any of the powers the body corporate may exercise at the Meeting. The authorised corporate representative will be admitted to the Meeting and given a voting card upon providing, at the point of entry to the Meeting, written evidence of their appointment, of their name and address and the identity of their appointer.

c. WOT Unitholders – Voting by proxy

If you are a WOT Unitholder, you have the right to appoint a proxy in respect of the Meeting. Your proxy does not need to be a WOT Unitholder or IR Holder. You should complete and sign the Proxy Form personalised to you and sent to you with this Explanatory Memorandum.

If you are entitled to cast two or more votes you may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. However, if you do not specify the proportion or number of votes for each proxy, then each proxy may exercise half of the votes.

If you do not name a proxy, or your named proxy does not attend the Meeting, the Chair of the Meeting will be your proxy and vote on your behalf. Your proxy has the same rights as you to speak at the Meeting and to vote. The appointment of a proxy will not preclude you from attending in person and voting at the Meeting. If you are present at the Meeting your proxy's authority to speak and vote for you at the Meeting is suspended.

d. IR Holders – Nominating an attorney

As an IR Holder, you have a right to attend and vote at the Meeting because the Security Trustee, as the legal holder of your WOT Units, has appointed, or will appoint, you as its attorney to vote those WOT Units.

The Proxy Form allows you to nominate someone else to be the Security Trustee's attorney to attend and vote at the Meeting.

The person you nominate does not need to be a WOT Unitholder or IR Holder. You should complete and sign the Proxy Form personalised to you and sent to you with this Explanatory Memorandum.

If you are entitled to cast two or more votes you may nominate more than one person to be the Security Trustee's attorney. The nomination will only be valid if it specifies the proportion or number of votes each attorney is entitled to exercise (and such proportions do not in aggregate exceed 100 per cent).

If you do not name a nominee, or your named nominee does not attend the Meeting, the Chair of the Meeting will be the Security Trustee's attorney and vote the WOT Units the Security Trustee holds on your behalf. Your nominee has the same rights as the Security Trustee to speak at the Meeting and to vote. The appointment of a nominee will not preclude you from attending in person and voting at the Meeting.

e. Voting online

WOT Unitholders and IR Holders may lodge their proxies directly online by visiting WOT's website www.westpacfunds.com.au/officetrust.asp and selecting the icon 'Mirvac Group Offer' and following the instructions provided.

Any votes submitted directly online must be submitted by following the links from the Trust's website by no later than 9.30am on Monday, 19 July 2010 (or, if the Meeting is adjourned, at least 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting).

If a WOT Unitholder or an IR Holder submits a vote directly online prior to the Meeting by following the links from the Trust's website, they will be taken to have revoked the authority of a previously authorised proxy. Any votes submitted directly online by following the links from the Trust's website will be cancelled if the WOT Unitholder or IR Holder attends the Meeting. The WOT Unitholder or IR Holder will then be entitled to vote in person at the Meeting.

5.10 Lodgement of Proxy Forms

Original Proxy Forms and the original or a certified copy of the power of attorney (if the form is signed by an attorney) must be received in one of the following ways:

- **Online**

WOT Unitholders and IR Holders may lodge their Proxy Form online at www.westpacfunds.com.au/officetrust.asp.

They must then select the icon 'Mirvac Group Offer' and follow the instructions provided. They must then enter their holding details as shown on their Proxy Form and follow the prompts to lodge their vote online. To use the online lodgement facility, Investors will need their 'Holder Identifier' (Securityholder Reference Number (SRN) or Holder identification Number (HIN) as shown on the front of the Proxy Form).

- **By post**

Please use the reply paid envelope enclosed or address your letter to:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

or by hand

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

- **Facsimile**

Proxy Forms and a certified copy of the power of attorney (if the form is signed by an attorney) may also be delivered by facsimile to:

Link Market Services Limited
Facsimile: (02) 9287 0309

A Proxy Form delivered by fax or online is invalid unless the original Proxy Form and the original or certified copy of the power of attorney (if the form is signed by an attorney) are received by WFML before the start of the Meeting. WFML is not obligated to enquire whether a proxy has been validly given.

5.11 Timing of lodgement of Proxy Forms

Proxy Forms and the original or a certified copy of the power of attorney (if the Proxy Form is signed by an attorney) must be received by the Registry by post, fax or online, or at the registered office of WFML, Level 16, 90 Collins Street, Melbourne, VIC 3000, by no later than 9.30am on Monday, 19 July 2010 (or if the Meeting is adjourned, at least 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting).

More information

If you have any questions please read Section 6 (*Frequently asked questions*) and, if your question is not answered there, contact the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (if calling from outside Australia), Monday to Friday between 8.30am and 7.30pm or visit the WOT website at www.westpacfunds.com.au/officetrust.asp.

6.

Frequently asked questions

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Westpac Office Trust
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6.1 Why have I received this Explanatory Memorandum?

This Explanatory Memorandum has been sent to you because you are a WOT Unitholder or an IR Holder.

This Explanatory Memorandum is intended to help you to decide how to vote on the Resolutions which will need to be passed at the Meeting on Wednesday, 21 July 2010 at 9.30am to approve the Scheme. You should carefully read this Explanatory Memorandum and, if necessary, consult your legal, tax, financial or other independent professional adviser before voting on the Resolutions.

6.2 What is the Offer?

The Offer involves the acquisition of all WOT Units on issue by Mirvac RE, by way of the Scheme.

6.3 Do the Independent Directors recommend the Offer?

The Independent Directors unanimously recommend that you vote in favour of the Offer, in the absence of a Superior Proposal.

The reasons for the Independent Director's unanimous recommendation are set out in detail in Sections 2 (*Why you might vote FOR the Offer*) and 4 (*Other considerations*).

6.4 Why is there a Meeting?

The Scheme is subject to a number of conditions, including WOT Unitholder approval by the requisite majorities. WFML has convened the Meeting to allow WOT Unitholders (and IR Holders as attorneys for the Security Trustee) to consider three Resolutions. The Resolutions are:

- to amend the WOT Constitution to facilitate the implementation of the Scheme;
- to approve the Scheme and the acquisition of WOT Units by Mirvac RE; and
- to approve the consolidation of WOT Units on a one for 0.597 basis to permit the exchange of WOT Units for Mirvac Securities on a one-for-one basis.

The Resolutions are interconditional and the Scheme will proceed only if all three are passed by the requisite majority.

The Resolutions and the requisite majorities are set out in the Notice of Meeting in Annexure 1 and Section 5.6 (*Meeting details and how to vote*).

6.5 Why is the Second Court Hearing needed?

WFML will apply at the Second Court Hearing for advice from the Court that, WOT Unitholders having approved the Resolutions by the requisite majorities at the Meeting, WFML would be justified in implementing the Resolutions, giving effect to the provisions of the WOT Constitution and implementing the Scheme.

6.6 What will I receive under the Offer?

The Scheme offers you the opportunity to receive Mirvac Securities or to participate in a Cash Option (except if you are a Foreign Investor). Scheme Participants (except for Foreign Investors, who are obliged to participate in the Sale Facility) may elect to participate in the Sale Facility.

Under the Scrip Option, you have the opportunity to receive 0.597 Mirvac Securities for every WOT Unit held on the Record Date. If you make no election you will be deemed to have elected the Scrip Option.

If you do not wish to receive Mirvac Securities you may choose to participate in either:

- the Cash Option, under which Mirvac will pay \$0.86 per WOT Unit held on the Record Date. If WFML receives elections for cash that in total exceed \$200 million, then all applications for cash will be scaled back pro rata and you will receive the balance of your Scheme Consideration in either Mirvac Securities or in cash under the Sale Facility, depending on your election; or
- the Sale Facility, under which the Mirvac Securities issued to you are sold on market with the cash proceeds (in the case of IR Holders, after repayment of the Instalment Debt) being paid to you. Foreign Investors must participate in the Sale Facility. The Mirvac Securities to which they would otherwise have become entitled will be sold on market.

Details of the Scheme Consideration and how to make an election are set out in Section 1 (*Summary of the Offer*).

6.7 When will I receive my Scheme Consideration?

If the Offer is implemented and the Scheme becomes effective:

- Mirvac Securities will be issued on the Implementation Date, currently expected to be Wednesday, 4 August 2010, with holding statements to be despatched by Monday, 9 August 2010; and
- payments under the Cash Option will be despatched no later than Monday, 9 August 2010; and

- payments to Sale Facility Participants will be despatched within 10 Business Days of the Implementation Date.

6.8 Why are WOT Units and IRs being consolidated?

Before the implementation of the Scheme, each Scheme Participant's WOT Units or IRs will be consolidated on a one for 0.597 basis so that, on the Implementation Date, each Scheme Participant who elects the Scrip Option will be entitled to receive one Mirvac Security or the beneficial interest in one Mirvac Security in respect of each consolidated WOT Unit or IR they hold. This is a practical step which will avoid IR Holders holding an interest in respect of a fraction of a Mirvac Security.

The Cash Option will be calculated on a pre-consolidation basis, such that each Scheme Participant who elects the Cash Option will (subject to the aggregate limit of \$200 million) be entitled to receive \$0.86 for each WOT Unit which that Scheme Participant holds (directly or, in the case of an IR Holder, indirectly through the Security Trustee) as at the Record Date (ie, before the consolidation).

The consolidation of WOT Units requires the approval of WOT Unitholders by ordinary resolution. The consolidation of IRs will take place in accordance with the Security Trust Deed. In either case, any fraction of a consolidated WOT Unit or IR will be rounded up to the nearest whole number of consolidated WOT Units or IRs (as the case may be).

To calculate the number of WOT Units or IRs you will hold after consolidation, multiply the number of WOT Units or IRs you hold immediately before the Implementation Date by 0.597 and round up any fraction to the nearest whole number.

The relevant Resolution is set out in the Notice of Meeting in Annexure 1.

6.9 What is a Mirvac Security?

Each Mirvac Security is comprised of one share in Mirvac Limited, which is stapled to one unit in Mirvac Property Trust. Mirvac Securities are quoted on the ASX under the code 'MGR'.

6.10 What will happen to my IRs?

If the Scheme proceeds and you receive the Scrip Option, the material terms of your IRs will remain substantially unchanged, except as set out in Section 1.4 (*Summary of the Offer*) and except that:

- you will have a beneficial interest in Mirvac Securities (as opposed to WOT Units) held by the Security Trustee, which means after payment of the Instalment Debt, you will receive fully paid Mirvac Securities; and
- your IRs will be consolidated on a one for 0.597 basis so that, on the Implementation Date, you will hold one consolidated IR in respect of each Mirvac Security the Security Trustee holds on your behalf (see Section 6.8 (*Frequently asked questions*)).

Following consolidation of your IRs, your Instalment Debt payments will be \$0.42 on 1 November 2011 and \$0.42 on 1 November 2013 (rounded to the nearest whole cent).

In particular:

- your total Instalment Debt in respect of all of your IRs will remain unchanged (although your Instalment Debt will be consolidated on a one for 0.597 basis so that on the Implementation Date, the Instalment Debt will be \$0.83752 for each consolidated IR in respect of each Mirvac Security); and
- you can continue to sell your investment by selling the underlying Mirvac Securities which are traded on the ASX and paying the outstanding Instalment Debt from the proceeds, or by transferring your IRs off market.

If you elect to participate in the Cash Option or the Sale Facility your cash proceeds will be applied to repay the Instalment Debt, your corresponding IRs will be cancelled, and you will receive the balance (if any) in cash (subject, in the case of the Cash Option, to the \$200 million limit).

6.11 Can a regulated self-managed superannuation fund hold IRs?

As reported in an announcement WOT released to the ASX on 5 August 2008, the Australian Taxation Office has, in its capacity as the regulator of regulated self-managed superannuation funds, previously advised that in its view, a regulated self-managed superannuation fund which invests in IRs does not 'borrow money' or 'maintain an existing borrowing of money'. On that view, the holding of IRs would not cause such a fund to contravene the borrowing restrictions for regulated self-managed superannuation funds. You should note that the advice provided by the Australian Taxation Office in 2008 is not legally binding on the Australian Taxation Office, and it may adopt a practice which conflicts with that advice.

6.12 What is the Cash Option?

The Cash Option provides Scheme Participants with the option to receive cash consideration instead of receiving Mirvac Securities.

Scheme Participants who choose to participate in the Cash Option will receive \$0.86 per WOT Unit held on the Record Date, subject to an aggregate limit of \$200 million. If WFML receives elections for cash that in total exceed \$200 million, then all applications for cash will be scaled back on a pro rata basis and Scheme Participants whose applications have been scaled back will receive the balance of their Scheme Consideration in either Mirvac Securities or in cash under the Sale Facility, depending on the elections made. If you are an IR Holder, the cash proceeds will be applied to repay your Instalment Debt, and the balance (if any) being paid to you in cash.

6.13 How do I participate in the Cash Option?

To participate in the Cash Option you need to make an election on the Election Form and return the Election Form so that it is received by WFML no later than 5.00pm on Wednesday, 21 July, 2010. Scheme Participants who do not make an election will be deemed to have elected the Scrip Option.

6.14 What happens if the Cash Option is over-subscribed?

If total demand for the Cash Option exceeds \$200 million, all Scheme Participants electing to participate in the Cash Option will be scaled back pro rata. This may mean you receive less cash than you have applied for.

If your application for cash is scaled back, depending on the election you have made on your Election Form, the balance of the Scheme Consideration will either be satisfied through the issue of 0.597 Mirvac Securities for every WOT Unit you hold (or have a beneficial interest in) on the Record Date or through the Sale Facility of the Mirvac Securities issued to you.

6.15 What is the Sale Facility and what is the difference between the Cash Option and the Sale Facility?

A Sale Facility has been established for Scheme Participants who do not wish to retain Mirvac Securities issued to them under the Scheme and for Foreign Investors.

Under the Sale Facility, the Mirvac Securities issued to Sale Facility Participants (or in the case of Foreign Investors, to which they would otherwise be entitled) are sold on market, with Sale Facility Participants receiving the cash proceeds (and, if the Sale Facility Participant is an IR Holder, less the amount necessary to repay the relevant Instalment Debt). As such, the sale proceeds depend upon the market price of the Mirvac Securities.

This differs from the Cash Option which provides a fixed consideration of \$0.86 per WOT Unit on the Record Date, subject to an aggregate limit of \$200 million. See Section 14 (*Sale Facility*) for more information on the Sale Facility.

6.16 How do I participate in the Sale Facility?

To participate in the Sale Facility you need to make an election on the Election Form. Scheme Participants who do not make an election will be deemed to have elected the Scrip Option.

Foreign Investors will automatically participate in the Sale Facility.

6.17 What will happen to my distributions?

WOT Distributions

Scheme Participants who are registered holders of WOT Units or IRs on the distribution record date will be entitled to receive the WOT distribution for the three months ending 30 June 2010. This distribution will be paid on 16 August 2010 and is expected to be 1.6625 cents per unit, subject to the following paragraph.

If you are an IR Holder entitled to a distribution, the interest on Instalment Debt payable for the period from 17 August 2010 to 16 November 2010 will be deducted from the distribution, except if you elect the Cash Option or elect to participate in the Sale Facility, and the cash or the proceeds of the sale (as the case may be) are received by the IR Lender on or before Wednesday, 18 August 2010.

You will no longer be entitled to receive distributions from WOT after the quarter ending 30 June 2010.

Mirvac Distributions

Scheme Participants who receive Mirvac Securities will be entitled to distributions from Mirvac for the quarter ending 30 September 2010, provided they are the registered holder of a beneficial interest in Mirvac Securities on the relevant distribution record date.

Mirvac Trust has provided a distribution forecast range of 8.0 to 9.0 cents per Mirvac Security for 30 June 2011.

This equates to a distribution of 4.8 to 5.4 cents per equivalent WOT Unit. After deducting Instalment Debt interest of 3.25 cents per IR, IR Holders are expected to receive 1.5 to 2.1 cents per IR.

6.18 Why can't WOT continue to operate in its current form?

If WOT continued to operate in its current form it would be required to refinance its outstanding debt, all of which is due to expire in 2011. The refinancing is likely to result in higher interest costs that could materially reduce future earnings and distributions to WOT Unitholders. Alternative options of reducing the impact of a refinancing, for example by undertaking an equity capital raising or selling selected assets, are likely to result in dilution of future earnings, distributions and/or NTA, have potential adverse tax consequences, and/or materially change WOT's business proposition. If any of these alternative options were to be pursued, WOT would likely remain challenged by a lack of trading liquidity, growth capacity and scale. While it may be possible to continue to operate WOT in its current form, it is the opinion of the Independent Directors that the Offer provides a superior outcome for WOT Unitholders compared to any of these alternatives. See Section 4 (*Other considerations*) for more detail on these points.

6.19 What happens if the Scheme is implemented?

If the Scheme is implemented, then:

- on the Implementation Date all of the WOT Units will be transferred to Mirvac RE, without the need for any further act by Scheme Participants;
- depending on their election in the Election Form, Scheme Participants will receive the Scheme Consideration;
- WFML will apply for termination of the official quotation of WOT Units on ASX, and to have WOT removed from the official list of ASX; and
- subject to WOT satisfying all of its payment obligations to WOT CMBS Pty Limited under the CMBS documents (in exchange for all existing security provided by WOT (and certain of its related entities) for the benefit of WOT CMBS Pty Limited being released), WFML will retire as responsible entity of WOT, and MRML will be appointed as the responsible entity of WOT.

6.20 Why will WFML retire as RE of WOT?

If the Scheme is implemented, and subject to WOT satisfying all of its payment obligations to WOT CMBS Pty Limited under the CMBS documents (in exchange for all existing security provided by WOT (and certain of its related entities) for the benefit of WOT CMBS Pty Limited being released), WOT will become a wholly-owned

sub-trust of Mirvac RE. In those circumstances it would be inappropriate and unnecessary for WFML to remain as responsible entity of WOT, and it will be replaced by MRML, a wholly-owned subsidiary of ML.

6.21 What alternatives to the Offer have the Independent Directors considered?

As part of a strategic review, the Independent Directors analysed a number of alternatives for the future of WOT, with a focus on maximising investor value.

The alternatives considered by the Independent Directors included:

- an equity recapitalisation of WOT;
- selected asset sales;
- a combination of selected asset sales and an equity recapitalisation;
- a managed wind-up process;
- a refinancing of existing debt facilities and maintenance of the status quo; and
- change of control proposals for WOT.

Section 4 (*Other considerations*) contains a discussion of the alternatives and the key considerations in relation to them.

6.22 Why might I vote for the Offer?

- In the opinion of the Independent Directors the Offer is superior to alternative options currently available to WOT Unitholders and IR Holders.
- The Independent Expert has considered the Offer and has concluded that the Offer is fair and reasonable and is in the best interests of Scheme Participants. See Section 12 (*Independent Expert's Report*).
- The Offer represents a premium to both the WOT NTA and the recent trading prices of WOT Units.
- The Scrip Option provides a 15.7 per cent premium to WOT's NTA¹, based on the pro forma NTA of Mirvac after the implementation of the Scheme.
- The Cash Option provides price certainty to Scheme Participants (subject to an aggregate limit of \$200 million). It also offers downside protection against adverse movements in the trading price of Mirvac Securities before implementation of the Scheme.
- The Offer provides IR Holders the opportunity to retain IRs.
- On a standalone basis WOT's earnings and distributions are expected to be materially diluted for the financial year ending 30 June 2012. See Section 2.8 (*Why you might vote FOR the Offer*).

¹ Adjusted for the proposed payment of about \$7.8 million (plus any applicable GST) to WFML for accrued performance fees. See Section 2.3.

- It is possible the trading price of WOT Units may fall below the implied value of the Scheme Consideration in the absence of a Superior Proposal.
- WOT will become part of a well capitalised property group, with the financial capacity and flexibility to support and grow WOT's operations and with broader geographic, asset and business diversification.
- The Scrip Option offers Scheme Participants access to securities that are more liquid than WOT Units.

Refer to Section 2 (*Why you might vote FOR the Offer*) for further details on the reasons to vote in favour of the Offer.

6.23 Why might I vote against the Offer?

- If the Scheme is implemented, Scheme Participants who accept the Scrip Option will have exposure to the more diverse corporate business activities of Mirvac (relative to WOT). Hence, the transaction would result in a change in the nature and risk profile of your investments.
- On a standalone basis, WFML is forecasting earnings of 6.8 cents per WOT Unit and distributions of 6.5 cents per WOT Unit for the financial year ending 30 June 2011. If the Scheme is implemented, Scheme Participants who receive Mirvac Securities will obtain exposure to the earnings of Mirvac Trust and ML. Under the Offer, the forecast earnings and distributions of Mirvac Trust for the financial year ending 30 June 2011 will equate to 6.6 cents and 4.8 to 5.4 cents respectively per equivalent WOT Unit. By the year ending 30 June 2012 WOT's earnings and distributions on a standalone basis may be expected to be significantly lower than those forecast for the year ending 30 June 2011.
- If the Scheme is implemented there may be adverse tax implications for Scheme Participants who elect the Scrip Option. See Section 13 (*Taxation Report*).
- The implied value of the Mirvac Securities being offered under the Scrip Option may fall before implementation of the Offer.
- Fluctuations in the price of Mirvac Securities mean that Scheme Participants who participate in the Sale Facility may receive sale proceeds which are lower than the value of Mirvac Securities under the Scrip Option or cash under the Cash Option.

Refer to Section 3 (*Why you might vote AGAINST the Offer*) for further details on the reasons why you may consider voting against the Offer.

6.24 What happens if the Offer is not approved or the conditions are not satisfied?

If the Offer is not approved or the conditions to the Offer are not satisfied (or, where appropriate, waived) then the Scheme will not be implemented, Scheme Participants will not receive the Scheme Consideration and WOT will remain listed on the ASX and continue to operate as a standalone entity. The rights of WOT Unitholders and IR Holders will remain unchanged. The WFML Directors may be expected to reconsider the strategic alternatives described in Section 4 (*Other considerations*) to address the challenges facing WOT and provide the most favourable outcome for WOT Unitholders and IR Holders.

If the Scheme does not proceed WOT's estimated costs will be approximately \$3.5 million (plus, in certain circumstances, the break costs described in Section 1 (*Summary of the Offer*)).

6.25 What are the conclusions of the Independent Expert?

The Independent Expert has considered the Offer and has concluded that the Offer is fair and reasonable and in the best interests of Scheme Participants.

The Independent Expert commented that:

- 'The market value of a unit in WOT (on a control basis) is within the range of the value of consideration offered by Mirvac. As such, KPMG considers the Proposed Scheme to be fair to Scheme Participants;
- In accordance with RG 111, an offer is reasonable if it is fair. This would imply the Proposed Scheme is reasonable. However, irrespective of the statutory obligation to conclude the Proposed Scheme is reasonable simply because it is fair, we have also considered a range of factors which in our opinion support a reasonableness conclusion in isolation of our fairness opinion; and
- Having considered the factors above, including the strategic options available to the Trust on a stand-alone basis, we consider the Proposed Scheme to be in the best interests of Scheme Participants'.

6.26 What is Mirvac's rationale for the proposed acquisition of WOT?

Mirvac has indicated that its rationale for the Offer is to create a combined entity positioned for future growth with a stronger balance sheet and improved flexibility, underpinned by high quality assets and an attractive passive earnings stream.

If approved, the Offer is expected to deliver a number of both qualitative and quantitative benefits to Mirvac. These are described in Section 8 (*Information about Mirvac*).

6.27 Are there any conditions to the Offer?

The obligations of WFML and Mirvac to implement the Scheme are conditional on the satisfaction or waiver of certain conditions. The conditions are included in the Scheme Implementation Agreement and summarised in Section 16.27 (*Additional information*) with key conditions including:

- receipt of all relevant regulatory approvals;
- the requisite WOT Unitholder approvals;
- the judicial advice sought at the First Court Hearing being obtained;
- the Independent Expert not changing its conclusion that the Scheme is fair and reasonable and in the best interests of Scheme Participants; and
- the Independent Directors continuing to recommend unanimously that Scheme Participants vote in favour of the Resolutions.

6.28 Where and when will the Meeting be held?

The Meeting will be held on Wednesday, 21 July 2010 in the Brisbane Room, Level 3, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney commencing at 9.30am.

6.29 Who is entitled to attend and vote at the Meeting?

Details on who may vote at the Meeting are set out in Section 5 (*Meeting details and how to vote*) and Section 16 (*Additional information*).

6.30 Who is excluded from voting?

The WOT Unitholders described in Section 16.6 (*Additional information*) are restricted from voting on the Resolutions as described in that Section.

6.31 How is Westpac voting its stake?

Westpac supports the Offer. However, as an associate of WFML, Westpac is restricted under section 253E of the Corporations Act from voting on the Resolutions to the extent that it has an interest in the Resolutions other than as a member.

For more information, see Section 16.6 (*Additional information*). Westpac has agreed it will accept the Scrip Option.

6.32 What are the voting majorities required at the Meeting?

The following voting majorities are required to approve the Resolutions:

- Resolution 1 (the constitutional amendment): at least 75 per cent of the total number of votes cast by WOT Unitholders who are entitled to vote;
- Resolution 2 (approving the Scheme): more than 50 per cent of the total number of votes cast by WOT Unitholders who are entitled to vote; and
- Resolution 3 (consolidation of WOT Units): more than 50 per cent of the total number of votes cast by WOT Unitholders who are entitled to vote.

6.33 How do I vote?

Details on how to vote for both WOT Unitholders and IR Holders are set out in Section 5 (*Meeting details and how to vote*).

6.34 Is voting compulsory, and what happens if I do not vote?

Voting is not compulsory, but if the Offer is approved by the requisite majorities the Scheme will be binding upon you even if you did not vote or voted against the Offer.

6.35 What happens if an alternative proposal emerges?

If an alternative proposal emerges the Independent Directors will review the proposal to determine if it represents a Superior Proposal and advise WOT Unitholders and IR Holders of their recommendation.

6.36 What are the tax implications of the Offer?

Allens Arthur Robinson has provided a taxation report on the general Australian taxation impacts of the Offer on Scheme Participants. This report is set out in Section 13 (*Taxation Report*). You should obtain advice from your own independent professional tax adviser on the tax implications for you of the Offer.

6.37 Will I be eligible for CGT roll-over relief?

Australian resident Scheme Participants who choose the Scrip Option and who hold their WOT Units or IRs on capital account are expected to be eligible to choose partial CGT roll-over relief on the disposal of their WOT Units or IRs under the Scheme. However, there is a risk for IR Holders that the Australian Taxation Office may not

accept that rollover relief is available. We recommend that you closely consider the tax implications outlined in the Taxation Report (Section 13) and obtain tax advice from your own independent professional tax adviser before deciding how to vote on the Scheme.

6.38 Is my interest still tax deductible?

The tax deductibility of interest on the Instalment Debt should not be adversely affected by the Scheme. A Scheme Participant who currently holds IRs and is currently entitled to a tax deduction for interest on the Instalment Debt should continue to be able to claim a tax deduction for interest incurred in respect of the Instalment Debt, provided that they originally entered into the investment in their IRs, and are acquiring the Mirvac Securities, as a long term investment for the purpose of deriving assessable income (other than solely capital gains). See Section 6(a) of the Taxation Report (Section 13) for more information.

6.39 Will the distributions I receive on Mirvac Securities be tax deferred?

Distributions from Mirvac will not consist solely of amounts distributed by WOT but will also include amounts derived from other entities within Mirvac Group and will be affected by losses and outgoings other than those incurred by WOT. Therefore, the tax treatment in a Scheme Participant's hands of distributions from Mirvac will depend on the nature of the taxable income derived by Mirvac and Mirvac's decision with respect of the amount of distributions and dividends it declares. It is anticipated that, if the Scheme is implemented, and assuming a forecast distribution of 8.0 cents per Mirvac Security, approximately 23 per cent of Mirvac Trust distributions for the financial year ending 30 June 2011 could either be tax deferred or treated as a CGT Concessional Amount¹. This is predicated on the existing WOT tax losses being available in the future. Although the expectation is that such losses should be available, insufficient information is available at the current point in time to definitively conclude that this is the case.

6.40 Who can I contact if I have any other questions?

You can contact the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) or visit WOT's website at www.westpacfunds.com.au/officetrust.asp.

¹ The projection reflects the current expectations and views held by Mirvac only as at the date of this Explanatory Memorandum and is qualified by the cautionary statement under the heading 'Forward-looking statements' as set out in the Important Notices Section on the inside cover.

7.

Information about WOT

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Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

In accordance with the responsibility statement included in the Important Notices Section on page 2, WFML has sole responsibility for preparing information contained in this Section 7.

It is important that you consider the risks that could affect WOT as detailed in Section 10 (*Risks*), as well as the potential benefits of the Offer.

In this Section 7, all references to a state of affairs are to be interpreted as existing at 31 December 2009, unless otherwise stated.

7.1 Business Overview

WOT is a real estate investment trust listed on the ASX. WOT was established in 2003 and invests in securely leased Australian commercial properties. WOT's portfolio comprises properties which are predominantly leased to high quality tenants on long-term leases with structured rental increases.

The key investment criteria of WOT are summarised in the table below.

Asset	New or contemporary commercial properties of high quality
Location	In major metropolitan locations in Australia or New Zealand
Occupancy	Wholly or substantially leased to one tenant
Tenant	Tenanted by significant corporations of investment grade credit rating or tenants of equivalent quality
Lease	Completed and tenanted properties or pre-committed development projects that satisfy these criteria on completion
Development	Where the acquisition is a development project, on terms that ensure WOT will not be exposed to material project delivery risk
Returns	Properties that increase the opportunity to improve returns to investors

The responsible entity of WOT is WFML, a wholly-owned entity of Westpac. Westpac is Australia's third largest company by market capitalisation and is separately listed on the ASX. Westpac provides various support services to WFML and another wholly owned subsidiary of Westpac acts as the Security Trustee in relation to the IRs.

WFML has grown WOT from a single asset trust at inception to its current portfolio of seven properties.

7.2 Background

WOT was established in 2003 as a single asset trust which owned 275 Kent Street in Sydney, known as 'Westpac Place', the corporate headquarters for Westpac. Construction of Westpac Place was completed in July 2006.

In July 2005, IR Holders approved a change in WOT's investment policy to become a multi-asset property trust. In September 2005, WOT acquired the Woolworths National Support Office in the Norwest Business Park in Sydney.

WOT acquired a further six properties between December 2006 and December 2007, adding greater scale and diversity to the trust. WOT has since sold one of these properties. The portfolio is listed in Section 7.4.

In September 2009, IR Holders approved a restructure of WOT to cease trading the IRs and commence trading the underlying WOT Units.

By 31 December 2009, WOT had total assets of \$1,147 million. As at 27 April 2010, WOT had a market capitalisation of \$393 million.

WOT Trading April 2007 to April 2010

(Prices before the IR restructure on 11 September 2009 have been adjusted to add back the \$0.50 instalment debt per IR for comparability purposes)



7.3 IR structure

Initial investment in WOT was executed through an IR structure. This comprised listed instalment receipts, with \$0.50 paid on each instalment receipt and an obligation to pay a further \$0.50 on 1 November 2011. On inception, interest was payable on the instalment debt at the rate of 6.50 per cent per annum, payable quarterly in advance.

At a meeting held on 10 September 2009, IR Holders voted in favour of changes to the IR structure. Trading of the IRs ceased on 11 September 2009 and trading in WOT Units commenced on 14 September 2009.

As part of the restructure, the term of the IRs was extended from 1 November 2011 to 1 November 2013 with the amount of the instalment debt payable on 1 November 2011 reduced to \$0.25 per IR with the remaining \$0.25 payable on 1 November 2013. The interest rate on the instalment debt remains fixed at 6.50 per cent per annum until 1 November 2011. The interest rate will then convert to a floating rate for the remaining term of the loan with the floating rate comprising a variable interest rate plus a fixed margin reflecting commercial terms for a facility of this type at that time. IR Holders will be notified of the interest rate and margin before 1 November 2011.

IR Holders have the following options available to them.

- Continue to hold their IRs.
- Sell all or some of their IRs through brokers who will sell the underlying WOT Units. Settlement proceeds will be used to repay the relevant Instalment Debt and IR Holders will receive the balance (if any).
- Convert some or all of their IRs to WOT Units, through early repayment of the Instalment Debt payable on those IRs.

As at 14 May 2010, 86 per cent of WOT Units are held by the Security Trustee on behalf of IR Holders.

7.4 WOT's portfolio

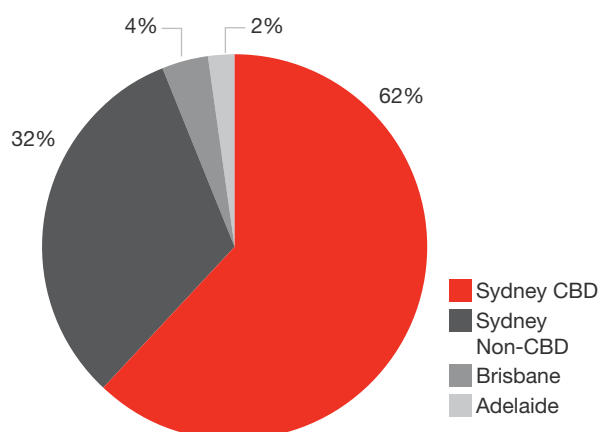
WOT's property portfolio comprises seven commercial properties with a total net lettable area of 184,077 square metres and a total book value at 31 December 2009 of \$1.14 billion.

The properties are of high quality and contemporary design with the weighted average age of the portfolio equal to 5.7 years. The average occupancy rate of the properties as at 31 December 2009 was 98.6 per cent.

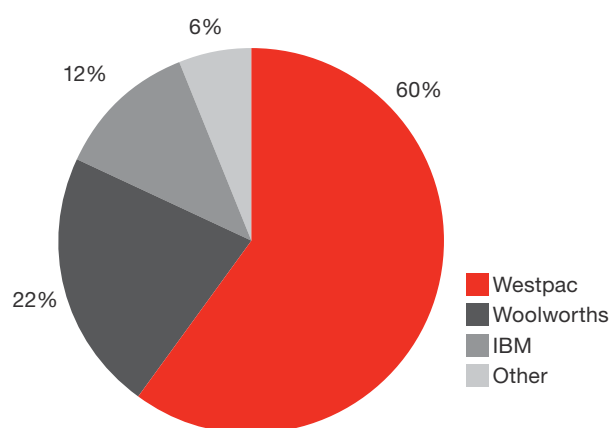
WOT Property Portfolio Summary as at 31 December 2009

Building	Portfolio Weighting by Value	Book Value (\$million)	Capitalisation Rate	Weighted Average Lease Expiry ¹	Fund Lease Increases
Westpac Place, Sydney NSW	63.3%	\$720.0	7.00%	8.5 yrs	4% pa
Woolworths NSO, NSW	21.1%	\$240.0	7.75%	10.8 yrs	2.75% pa
55 Coonara Avenue, Pennant Hills, NSW	8.5%	\$96.3	8.50%	5.7 yrs	6% biennially
19 Corporate Drive, Cannon Hill, QLD	1.6%	\$23.0	9.00%	5.0 yrs	2.1% pa
33 Corporate Drive, Cannon Hill, QLD	2.0%	\$17.8	8.75%	4.9 yrs	3.5% pa
50-60 Talavera Road, Macquarie Park, NSW (50%) (owned by North Ryde Office Trust)	2.0%	\$22.3	7.50%	15.0 yrs	2.5% pa
1 Hugh Cairns Avenue, Bedford Park, SA	1.6%	\$17.8	9.00%	9.8 yrs	3.5% pa
Total / Weighted Average	100%	\$1,137.1	7.39%	8.7 yrs	3.5% pa

Portfolio by location and value²



Tenants by income²



95 per cent of WOT's portfolio by value is currently located in Sydney, the largest commercial real estate market in Australia.

7.5 Financial Performance

This Section sets out the summary historical income statement for the six months to 31 December 2009 and the 12 months to 30 June 2009 and the summary consolidated balance sheet as at 31 December 2009. These have been prepared based on the reviewed consolidated statement of financial position of WOT as at 31 December 2009 and audited income statement of WOT for the year ended 30 June 2009 and reviewed income statement of WOT for the six months ended 31 December 2009, extracted from WOT's audited and reviewed financial statements for the respective periods. A full copy of WOT's financial statements can be accessed at the Trust's Investor Centre at www.westpacfunds.com.au/officetrustinvestorcentre.asp. Past performance is not an indicator of future performance.

¹ Weighted Average Lease Expiry calculated on a passing rental income basis.

² Fractions have been rounded for illustrative purposes.

Summary Historical Income Statement

(\$'000)	6 months to Dec 2009	12 months to Jun 2009
Income		
Rental and other property income	54,581	107,630
Interest income	404	5,968
Net gain/ (loss) – interest rate swaps	13,262	(70,523)
Net gain/ (loss) – North Ryde Office Trust	5,263	(3,000)
Net gain/ (loss) – investment properties	(21,129)	(119,623)
Total Income	52,381	(79,548)
Operating Expenses		
Responsible entity fees	(2,066)	(12,274)
Audit fees	(37)	(135)
Property expenses and outgoings	(7,253)	(11,758)
Finance costs	(25,083)	(54,975)
Other expenses	(778)	(802)
Total Operating Expenses	(35,217)	(79,944)
Net Operating Profit/(Loss)	17,164	(159,492)

Summary of Consolidated Balance Sheet

(\$'000)	Dec-2009
Assets	
Cash and cash equivalents	16,429
Receivables and other assets	2,307
Securities (assets)	22,698
Investment properties	1,105,922
Total Assets	1,147,356
Liabilities	
Payables and other liabilities	12,366
Securities (liabilities)	15,601
Borrowings	714,723
Total Liabilities	742,690
Total Equity	404,666
NTA Per Unit	0.84
Adjusted NTA Per Unit¹	0.82

¹ Following payment of the accrued performance fee of \$7.8 million that becomes payable upon a change of control if the Proposal is accepted and implemented.

7.6 Board and Management

On 4 February 2010, WFML announced that Westpac was undertaking a strategic review of WFML and WFML's property funds management business. As part of this review WFML held discussions with a range of parties who expressed interest in acquiring control of WOT. In response to these proposals, the Board of WFML formed an independent Board committee comprising the Independent Directors of WFML and appointed an independent financial adviser to investigate opportunities and assist in the identification of the most favourable outcome for WOT Unitholders and IR Holders.

A profile of each WFML Director – including each Independent Director – is set out below.

Alan Cameron AM

BA, LL.M (Syd), FAICD, SF Fin

Term of office: Chairman and Director since May 2006

Non-executive and Independent: Yes

External Directorships

Current: ASX Markets Supervision Pty Limited, BT Life Limited, Cameron Ralph Pty Ltd, Reliance Rail Finance Pty Limited, Reliance Rail Holdings Pty Limited, Reliance Rail Pty Limited, St George Life Limited, St George Insurance Australia Pty Limited, WBC Life Insurance Services Limited, Hastings Funds Management Limited, Westpac Funds Management Administration Pty Limited, Westpac General Insurance Limited, WOT CMBS Pty Limited and WOT Loan Note Pty Limited.

Skills, experience and expertise

Alan is a lawyer, and was a partner of the firm now known as Blake Dawson from 1979 to 1991, and managing partner from 1982 to 1985 and 1989 to 1991. He was Commonwealth Ombudsman from April 1991 until the end of 1992, and Chairman of the ASC and its successor, ASIC, from January 1993 to November 2000. Since 2000 Alan has been involved in regulatory projects and governance reviews of various kinds, a consultant and a company director. He is currently Deputy Chancellor of the University of Sydney, and a consultant to Blake Dawson.

WFML Board committee membership

Alan was a member of the Audit and Compliance Committee from June 2006 to June 2009.

William Forde

BSc (Econ), MAICD, CFTP

Term of office: Director since May 2006

Non-executive and Independent: Yes

External directorships

Current: Director of Hastings Management Pty Ltd, Hastings Private Equity Fund IIA Pty Ltd, Lynas Corporation Limited, Hastings Funds Management Limited, Westpac Funds Management Administration Pty Ltd, WOT CMBS Pty Ltd, WOT Loan Note Pty Ltd and St Vincents & Mater Health Sydney Limited, and Director and Secretary of Colostar Pty Ltd.

Previous: Director of Baulderstone Hornibrook Pty Ltd.

Skills, experience and expertise

William brings to WFML a wealth of experience and knowledge developed over a career spanning more than 30 years. He has held senior executive positions in a variety of industries, including Ford Motor Company in the UK, Simpson Holdings Limited, and Baulderstone Hornibrook in Australia. His industry experience covers retailing, domestic appliance manufacture and distribution, electronics, automotive, and the development, financing and construction of major infrastructure. He is an experienced executive who has operated as Chief Executive Officer (CEO) and in cross-functional roles across a diverse range of industries operating in both domestic and international markets, including Europe, Indonesia, China, India, Vietnam, Panama and Thailand. He was formerly Chief Executive of Baulderstone Hornibrook, one of Australia's leading construction and engineering companies.

WFML Board committee membership

William was a member of the Audit and Compliance Committee from June 2006 to June 2009. He was also Chairman of the Audit and Compliance Committee during this time.

Steve Boulton

BBus, MTM, GAICD, FAIM, CMAHRI
Term of office: Director since January 2009

Non-executive and Independent: No

External directorships

Current: Director of Australian Infrastructure Fund Limited, Australia Pacific Airports Corporation Limited, Hastings Funds Management Limited, Westpac Funds Management Administration Limited, WOT CMBS Pty Ltd, WOT Loan Note Pty Ltd and a number of Epic Energy related entities.

Previous: Director of a number of Babcock & Brown related entities and industry sector Boards in Australia and New Zealand.

Skills, experience and expertise

Steve Boulton was appointed to the role of Chief Executive of Hastings in September 2007. Before this role, Steve held the position of Chief Executive of Babcock & Brown Infrastructure and its Fund Manager, with assets spread globally across three continents. Steve was Chairman/Director of each of the major fund investments in the broad portfolio which included electricity and gas transmission and distribution, seaports, power generation and rail networks. Steve has also held Chief Executive roles with Powerco Limited, an electricity and gas distribution utility which he led through an IPO onto the NZX and with Allgas, a natural gas and LPG distribution and retailing entity listed on the ASX. In these CEO roles Steve grew the funds/assets under management, business ownership and operations by leading a range of mergers and acquisition transactions in the infrastructure and utility sectors with exposure to both equity and debt capital markets.

Steve has held a range of executive and management positions including roles in ENERGEX and Shell Coal. He has management experience in listed, unlisted and public utilities through his 30 year career. Steve holds a Bachelor of Business and a Masters of Technology Management and is a Fellow of the Australian Institute of Management.

WFML Board committee membership

None.

Stephen Gibbs

BEcon, MBA
Term of office: Director since February 2009

Non-executive and Independent: Yes

External directorships

Current: Director of the Centre for Australian Ethical Research, Australian Income Protection Pty Limited, Hastings Management Pty Ltd, Director and Secretary of Steve Gibbs Kate Wood & Associates Pty Ltd, Hastings Funds Management Limited, Westpac Funds Management Administration Pty Ltd, WOT CMBS Pty Ltd and WOT Loan Note Pty Ltd.

Previous: Director of Boeing Australia Limited and Aerospace Technologies of Australia.

Skills, experience and expertise

Stephen joined the WFML Board following an extensive and successful career which included senior roles in industry, superannuation and investment management. Stephen was Chief Executive Officer of Australian Reward Investment Alliance (ARIA), a position he held from January 2000 until January 2008. During his eight year tenure, Stephen managed ARIA's significant growth from approximately \$10 billion in funds under management to nearly \$20 billion. Before his role at ARIA, Stephen was the Executive Officer of the Australian Institute of Superannuation Trustees. Stephen brings a deep knowledge of the issues facing investors, the management of asset portfolios and a range of other skills to the WFML Board.

WFML Board committee membership

Stephen was appointed a member of the Audit and Compliance Committee in June 2009.

James Evans

BEC CPA F FIN MAICD

Term of office: Director since October 2009

Non-executive and Independent: Yes

External directorships

Current: Director of Equigroup Holdings Pty Limited, Computer Fleet Management Holdings Pty Limited, Leasing Services International Pty Limited, Equigroup Limited (registered in NZ), Australian Infrastructure Fund Limited, Suncorp Portfolio Services Limited, Hastings Funds Management Limited, Westpac Funds Management Administration Pty Ltd, WOT CMBS Pty Ltd and WOT Loan Note Pty Ltd, BT Investment Management Limited.

Skills, experience and expertise

James is a highly credentialed executive with nearly 40 years of corporate experience. James was previously the Chief Risk Officer, Risk Management Wealth Management at the Commonwealth Bank of Australia (CBA), a position he held from 2003 to 2008. His work included directorships in the CBA group's Fund Management and Insurance businesses. Previously, James held a number of senior roles at CBA in the areas of Finance and Accounting, as well as at Lend Lease, which included directorships in Fund Management and senior positions in Finance. He also had senior roles at GEC Australia and Grace Bros.

WFML Board committee membership

James was appointed as chairman of the Audit and Compliance Committee in January 2010, having been a member since 29 October 2009.

Jim McDonald

FAICD

Term of office: Director since February 2009

Non-executive and Independent: Yes

External directorships

Current: Director of Jimdi Pty Ltd, Dijim Investment Pty Ltd, Innovative Gas Solutions Limited, Hastings Funds Management Limited, Westpac Funds Management Administration Pty Ltd, WOT CMBS Pty Ltd and WOT Loan Note Pty Ltd; and Chairman of WDS Limited and Energy Pipelines CRC Ltd.

Previous: Chairman of Vortex Pipes Limited, Director of Pearlstreet Limited, Australian Pipeline Limited, East Australian Pipeline Limited and Director and Secretary of Vana Nominees Pty Ltd.

Skills, experience and expertise

Jim brings to WFML significant expertise and knowledge, with over 30 years' experience in industry. Jim was Managing Director and CEO of Australian Pipeline Trust from 2000 to 2005. Before that, he was General Manager Pipeline Division of Australian Gas Light Company from 1996 to 2000. Jim's previous experience also includes 15 years with ESSO Australia Ltd in oil and gas production in Bass Strait.

WFML Board committee membership

Jim was appointed a member of the Audit and Compliance Committee in July 2009.

Les Vance

LL.B (Hons), Bcom

Term of office: Director since October 2009

Non-executive: Yes

Independent: No

External directorships

Current: Hastings Funds Management Limited, Westpac Funds Management Administration Pty Ltd, WOT CMBS Pty Ltd, WOT Loan Note Pty Ltd.

Previous: Investa Funds Management Limited, Investa Commercial Developments Pty Limited and Clarendon Residential Pty Limited.

Skills, experience and expertise

Les brings to WFML significant expertise and knowledge in both governance and funds management. He is currently Corporate Counsel – Secretariat and Corporate at Westpac Banking Corporation, a position he commenced in December 2008. Before joining Westpac, Les was Group Executive, External Funds at Investa Property Group where he was responsible for Investa's External Funds Management business and the unlisted property funds management by that business. Investa's External Funds business provided real estate investment funds for wholesale and retail investors through open-ended and close ended fund structures across a range of risk profiles from 'core funds' to 'value-add'/development funds. Before that Les held other senior executive positions in both line management and corporate/governance roles at Top 100 companies and was previously a partner at Freehills with a broad corporate and commercial practice.

WFML Board committee membership

None

8.

Information about Mirvac

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Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

In accordance with the responsibility statement included in the Important Notices Section on the inside cover of this Explanatory Memorandum, Mirvac has sole responsibility for preparing information contained in this Section 8, subject to WOT taking sole responsibility for the information that it has provided to Mirvac for the purposes of preparing information on Mirvac post the acquisition of WOT.

It is important that you consider the Risk Factors that could affect Mirvac as detailed in Section 10, as well as the potential benefits of the Offer.

In this Section 8, all references to a state of affairs are to be interpreted as existing at 31 December 2009, unless otherwise stated.

8.1 Introduction

Mirvac is a leading integrated real estate group, listed on the ASX with \$7.5 billion of total assets across its core divisions of Investment and Development. Established in 1972, Mirvac has 38 years of experience in the property industry and has a reputation for delivering quality products across its businesses.

Mirvac's operations are primarily focused in Australia (representing 99.1 per cent by asset value). Mirvac also has small operations in New Zealand and the United States, and a small investment in the United Kingdom.

In the remainder of this Section 8, references to Mirvac are references to the economic entity resulting from the acquisition of WOT by Mirvac in accordance with the Offer, unless otherwise specified or made clear by the context.

Mirvac strategy

Mirvac has two core divisions:

- Investment: comprising Mirvac Trust and Mirvac Asset Management; and
- Development: comprising predominantly residential development with other strategic non-residential development.

The capital interaction between these two core divisions and external investors is facilitated by Mirvac's internal investment management function.

The strategy for Mirvac is outlined below.

Group

- Up to 80 per cent of corporate operating profit will be distributed in a normalised market with the balance retained to fund activities driving future earnings growth;

- Mirvac has a targeted net profit after tax earnings ratio of 80 per cent from its investment business and 20 per cent from its corporate activities;
- Diversify and extend debt expiry profile; and
- Maintain a conservative gearing position.

Investment

- Secure recurring income through ownership of Australian investment grade assets;
- Maximise returns through active asset management; and
- Recycle assets that face income, obsolescence or asset class risk.

Development

- Maintain pre-eminent residential brand status and integrated development model;
- Focus on large scale generational projects that present high barriers to entry for competitors;
- Secure next cycle residential product via capital efficient means; and
- Undertake strategic retail and commercial developments/redevelopments.

Investment management

- Finalise exit of non-aligned and unscaleable businesses;
- Grow wholesale partnership platform; and
- Expand hotel management in existing markets.

Benefits to Mirvac

The rationale for the Offer is to create a combined entity positioned for future growth. The combined entity will have improved portfolio metrics with the flexibility to leverage from the integration of the different business groups, underpinned by an attractive passive earnings stream.

If approved, the Offer is expected to deliver both qualitative and quantitative benefits to Mirvac. These include:

- Increases to the contribution of recurring investment income with the addition of \$1.1 billion of Australian investment grade assets;
- Significant improvements to the quality of Mirvac's investment property portfolio, with 84 per cent of WOT's portfolio classified as A-grade office:
 - Increases to the weighted average lease expiry of Mirvac's investment property portfolio from 5.8 years to 6.2 years¹;

¹ Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

- Increases to the occupancy level of Mirvac’s investment property portfolio from 96.8 per cent to 97.2 per cent¹;
- Increases to the proportion of Mirvac’s investment portfolio subject to secure fixed rental increases; and
- Decreases in the weighted average capitalisation rate of Mirvac’s investment property portfolio from 7.89 per cent to 7.78 per cent¹;
- Lower transaction costs for the acquisition of WOT portfolio via an efficient scheme process than acquiring the portfolio in the direct property market;
- An acquisition which may be at or near the low point in the economic and valuation cycle which therefore offers Mirvac the potential to benefit from future revaluation increases;
- Improvements to the security and quality of earnings which may facilitate better access to capital to fund future acquisitions and opportunistic projects;
- Operational synergies via the Mirvac asset management platform; and
- Increases to the S&P/ASX 200 A-REIT Index weighting of Mirvac (expected to increase investor demand for Mirvac Securities).

8.2 Mirvac post implementation of the Scheme

a. Mirvac intentions post the acquisition of WOT

Mirvac intends to continue the operations of WOT should WOT Unitholders approve the Offer. WOT will become a wholly-owned sub-trust of Mirvac Trust. In particular, it intends to:

- Actively manage the WOT assets, maximising returns to Mirvac; and
- Selectively divest smaller non-core assets within the WOT portfolio.

If the Offer is approved, Mirvac will cause WOT to apply for termination of official quotation of WOT Units on the ASX and removal of WOT from the official list of the ASX.

As all of the WOT units will be held by Mirvac Trust, Mirvac will consider whether WOT will remain as a registered scheme. In any event, subject to WOT satisfying all of its payment obligations to WOT CMBS Pty Limited under the CMBS documents (in exchange for all existing security provided by WOT (and certain of its related entities) for the benefit of WOT CMBS Pty Limited being released), it is proposed that WFML will

¹ Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

retire as responsible entity of WOT and will be replaced as responsible entity of WOT by MRML, a wholly-owned subsidiary of ML.

b. Overview of investment division

Mirvac’s investment division will own and manage a combined portfolio of 82¹ direct property assets valued at \$5.7 billion² at 31 December 2009 including investments in the commercial, retail and industrial sectors¹. In addition, Mirvac will own indirect holdings in five property investments.

² The variance between the Mirvac portfolio details post implementation of the Scheme; includes \$232.3 million of Mirvac owner occupied property, \$41.5 million of Mirvac investment property classified as held for sale, and \$22.3 million of WOT’s 50 per cent interest in the Macquarie Park investment property (held through North Ryde Office Trust) classified as an equity accounted investment, all located within ‘Other Assets’ on the Pro Forma Consolidated Statement of Financial Position. In addition to this, investment property under construction and other assets of \$177.6 million have been excluded from the Mirvac portfolio summary.

A summary of Mirvac's portfolio is set out in the table below and further information on each of the assets in the portfolio post the acquisition of WOT has been provided in this Section 8.2.

Mirvac portfolio summary¹

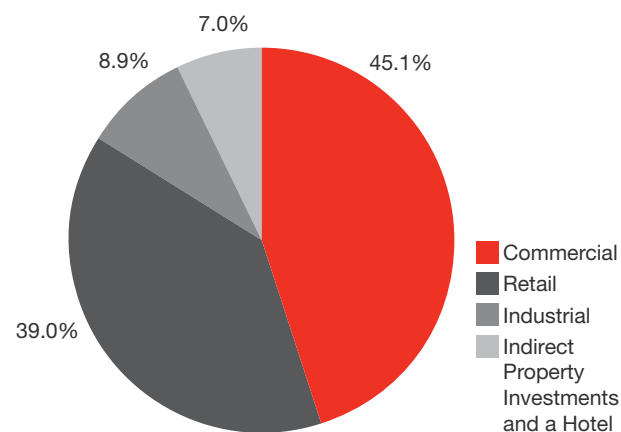
Sector	Number of properties	Valuation \$m	WACR %	NLA Sqm	WALE by area years	Occupancy %
Commercial	31	3,158.1	7.74	655,516	7.3	98.0
Retail	28	1,767.7	7.64	558,799	5.7	97.5
Industrial	19	423.1	8.67	342,729	5.0	96.1
Other	4	88.0				
Total direct holdings	82	5,436.8²	7.78	1,557,044	6.2	97.2
Developments		51.8				
Indirect property investments		229.1				
Total		5,717.7				

Based on the portfolio summary presented in the table above, Mirvac's portfolio has high occupancy of 97.2 per cent and minimal lease expiries with a weighted average lease expiry of approximately 6.2 years.³

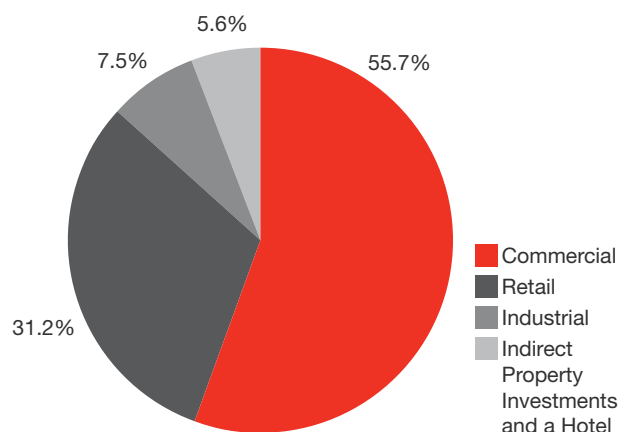
Sector diversification

Mirvac's portfolio will comprise primarily retail and commercial investment grade assets.

Mirvac Trust pre the acquisition of WOT³
(by book value as at 31 December 2009)



Mirvac Trust post the acquisition of WOT³
(by book value as at 31 December 2009)



¹ As at 31 December 2009, post the acquisition of WOT. Includes car parks, one hotel and indirect holdings in five property investments. Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust. Retail occupancy excludes bulky goods centres.

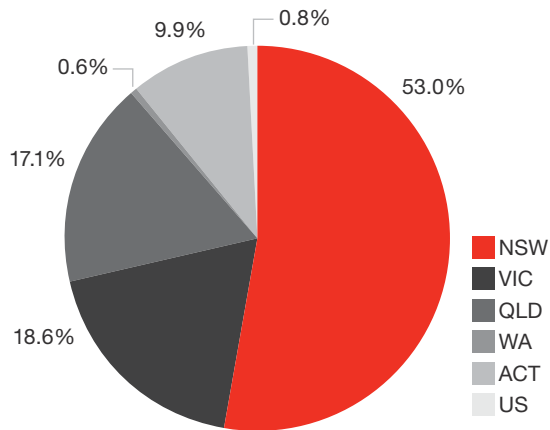
² The variance between the Mirvac portfolio details post implementation of the Scheme; includes \$232.3 million of Mirvac owner occupied property, \$41.5 million of Mirvac investment property classified as held for sale, all located within 'Other Assets' on the Pro Forma Consolidated Statement of Financial Position. In addition to this, investment property under construction and other assets of \$177.6 million have been excluded from the Mirvac portfolio summary.

³ Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

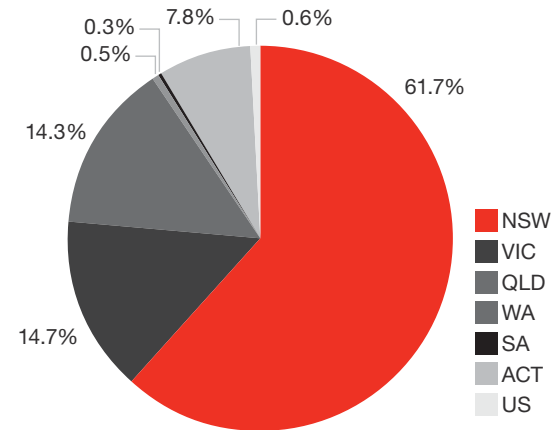
Geographic diversification

Mirvac's portfolio will be well positioned, with approximately 99 per cent weighted to the Australian eastern seaboard.

Mirvac Trust pre the acquisition of WOT¹
(by book value as at 31 December 2009)



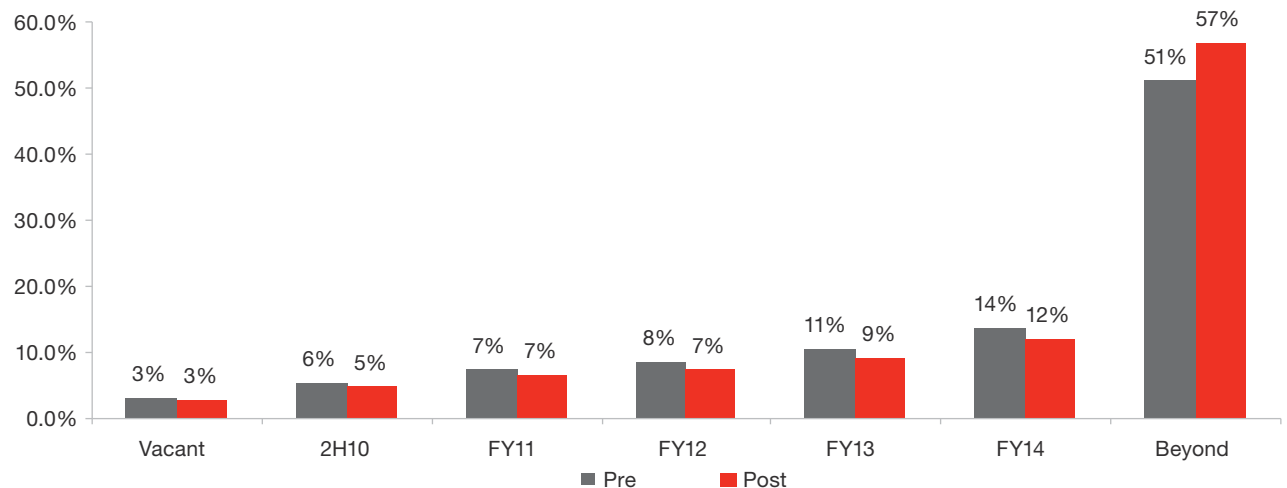
Mirvac Trust post the acquisition of WOT¹
(by book value as at 31 December 2009)



Tenant profile

The estimated weighted average lease expiry, by area, for Mirvac's portfolio post the acquisition of WOT is 6.2 years¹, with 64.1 per cent of revenue derived from Australian Government, ASX listed and multinational tenants².

Weighted average lease expiry profile
Mirvac Trust pre and post the acquisition of WOT¹ (by area as at 31 December 2009)



¹ Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

² Excludes carparking and signage income from WOT properties.

The top 10 tenants of Mirvac's portfolio post the acquisition of WOT are listed below.

Mirvac portfolio (post the acquisition of WOT)¹

Rank	Tenant	% of gross income
1	Westpac Banking Corporation (including St George Bank)	12.0
2	Federal and State Government	9.2
3	Woolworths Limited	6.3
4	Wesfarmers Limited (including Coles Group Ltd)	5.0
5	John Fairfax Holdings Limited	2.1
6	IBM Australia Limited	1.8
7	Insurance Australia Limited	1.5
8	GM Holden Limited	1.4
9	United Group Limited	1.2
10	Alcatel – Lucent Australia Limited	1.1
Total		41.6

c. Overview of development division

Mirvac has over 38 years of development experience and is one of the leading brands in the Australian development and construction industry, with a track record of delivering innovative and quality products for its customers.

Activity (as at 31 December 2009)	Pipeline \$bn ²
Residential development	7.2
Non-residential development	1.9
Total	9.1

Residential development

Mirvac has residential projects in New South Wales, Victoria, Queensland and Western Australia. Mirvac's product offering includes master planned communities such as house and land packages, small lot integrated homes and mid range to luxury apartments. Mirvac undertakes residential development via an in-house, integrated value chain as outlined below.

Residential development value chain



Mirvac, through its superior product quality, has created a premium brand which drives both new and repeat customers. This reputation has allowed Mirvac to undergo significant de-risking via its ability to pre-sell development projects. In addition, its integrated delivery model allows speed to market to satisfy fluctuations in demand.

Mirvac has developed some of Australia's most renowned residential projects including Latitude at Lavender Bay and Walsh Bay in Sydney, New South Wales; Ephraim Island on the Gold Coast, Queensland; Yarra's Edge in Melbourne, Victoria and The Peninsula at Burswood in Perth, Western Australia.

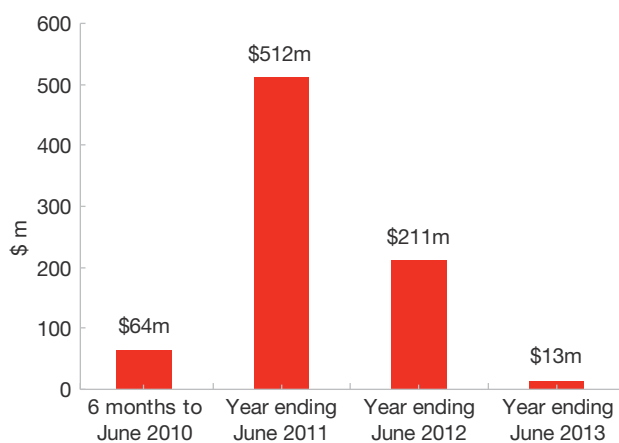
¹ Period for the 12 months ended 31 December 2009. Excluding Mirvac occupied space. Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

² Represents Mirvac's share of forecast revenue including joint venture interests.

As at 31 December 2009, Mirvac's total residential pipeline consisted of 23,662 lots, 19,978 house/land and 3,684 apartments.

Mirvac has undertaken substantial de-risking of its residential development portfolio through \$800 million¹ pre-sale contracts exchanged as at 27 May 2010. The following table details the forecast settlement dates for these contracts.

Forecast settlement of exchanged contracts



Residential market outlook

Despite the scale back of first home buyer incentives and interest rates increasing towards more normal settings, conditions in the Australian residential market have remained buoyant. Capital city home values increased 12.7 per cent in the 12 months to February 2010². Australian housing finance has moderated since the September 2009 peak, however the majority of this decline has been in the first home buyer segment³. National auction clearance rates remain above 70 per cent⁴ and investor finance figures are approximately 27 per cent higher compared with a year earlier⁵. Australia's residential market is expected to continue to post positive price gains based on some key supporting factors:

- 'Undersupply' of housing: High development costs, low land availability and below trend building completions have led to a housing shortage. Since 2003, annual dwelling approvals have gradually declined from 180,000 dwellings per annum to current

levels of approximately 140,000 dwellings⁶. ANZ estimates the national housing shortage to be approaching 200,000 dwellings, with the greatest undersupply in NSW⁷;

- Strong population growth: Australia's population growth rate has increased steadily from 1.2 per cent in 2003 to 2.1 per cent in the 12 months to 30 September 2009, which is close to 40 year highs⁸.
- Strong economic growth in Asia should result in increasing demand for Australian commodities, raising Australian incomes which are expected to provide support for house price growth⁹.

Looking forward, increases in disposable income are expected to be a primary driver of house price growth limited by affordability that is dependent upon future interest rate rises. While there has been an upturn in building approvals since the beginning of 2009, it is unlikely to be sufficient enough to address the current housing imbalance. Further interest rate rises will limit the extent of the increase in construction, however continued strong population growth led by net overseas migration is expected to drive underlying demand.

Relevance for Mirvac's residential development business

The financial year ending 30 June 2010 is expected to be the trough of the development earnings cycle with six major projects and approximately 1,851 lots forecast to settle during the financial year ending 30 June 2011.

Mirvac is well placed, with its extensive in-house capabilities, to take advantage of any increase in demand for residential and non-residential development opportunities:

- Concentrated approach on large-scale, master planned, integrated, generational projects;
- Ability to grow existing market share, as competitors continue to find finance difficult to obtain; and
- Mirvac has identified seven key apartment projects available to be fast tracked, which, if they proceed, are forecast to generate significant revenues emerging from the year ending 30 June 2012. The integrated development platform can deliver stock to market to meet above forecast demand — Mirvac's in-house development capability will be utilised to expedite the design and planning process.

¹ Total exchanged value adjusted for Mirvac share in joint venture interests, Mirvac managed funds and excludes project development agreements.

² RP Data, February National Home value results.

³ ABS Catalogue 5609.

⁴ Australian Property Monitors Market Snapshot.

⁵ ABS Catalogue 5609.

⁶ ABS Catalogue 8731.

⁷ ANZ Housing snapshot, March 2010.

⁸ ABS Catalogue 3101.

⁹ ANZ Housing snapshot, March 2010.

In the general course of business, Mirvac regularly assesses corporate and direct residential development opportunities as they arise which suit its residential development capabilities. Mirvac expects that it will participate in a number of new residential development opportunities in the next 12 months as it looks to take advantage of the recovering market.

Non-residential development

Mirvac's non-residential development pipeline covers the commercial, retail, industrial and hotel sectors. Completed projects may be incorporated into Mirvac Trust's investment property portfolio or sold to third parties.

Consistent with the improvement in commercial markets during 2010, Mirvac is now looking to recommence a number of strategic development projects.

In addition, Mirvac recently announced its intention to develop a \$200 million industrial distribution centre at Hoxton Park in New South Wales, with agreement to lease to Woolworths for terms of 20 and 25 years, at a forecast yield on cost of 8 per cent.

d. Overview of investment management

i. Investment management

The investment management platform is aligned to Mirvac's core competencies and leverages Mirvac's ability to partner with third party investors. The investment management platform seeks to provide superior returns to its investment partners within acceptable risk limits. As at 31 December 2009, Mirvac's investment management division had \$5.6 billion in funds under management.

Mirvac is currently rationalising its non aligned and unscaleable funds which is expected to be largely complete by 30 June 2010. Mirvac is seeking to continue to grow its wholesale partnership platform with third party partners investing alongside Mirvac in residential development and non-residential investment.

ii. Hotel management

Mirvac's hotel management platform is one of the pre-eminent managers of hotels and resorts in Australia and New Zealand overseeing approximately 5,741 rooms across 45 hotels as at 31 December 2009 and is the fifth largest operator in Australia, based on the number of rooms under management. It operates hotels on behalf of Mirvac (including its managed wholesale partnerships) and third parties under a variety of brands, including The Sebel, Citigate, Marriott, Quay West and Sea Temple. The platform has access to Mirvac's in-house capability in architecture, interior

design and project/construction management which ensures cost effective and quality hotel maintenance and refurbishment.

An exclusive benefits card, which provides exclusive rates and discounts at any of Mirvac's hotels and resorts, is an established program which is offered to Mirvac Securityholders who hold 500 or more Mirvac Securities.

Mirvac obtained an additional two new management contracts during the six month period to 31 December 2009 and remains focused on Australian expansion of management contracts, in regions which are under-represented by its existing brands.

Mirvac Hotels & Resorts brand¹	Hotels	Rooms
The Sebel	24	3,088
Citigate	6	1,183
Quay West Suites	7	608
Sydney Marriott	1	241
Sea Temple Resorts	2	236
The Como	1	107
Cairns Harbour Lights	1	99
Quay Grand Suites	1	65
The Lindrum	1	59
Harbour Rocks	1	55
Total	45	5,741

8.3 Capital management

a. Funding of Offer

The proposed transaction (including transaction costs and the repayment and restructure of all existing WOT debt) will be funded by way of existing Mirvac cash reserves, existing debt facilities and the issue of Mirvac Securities. Refer to Section 9.2b for further detail.

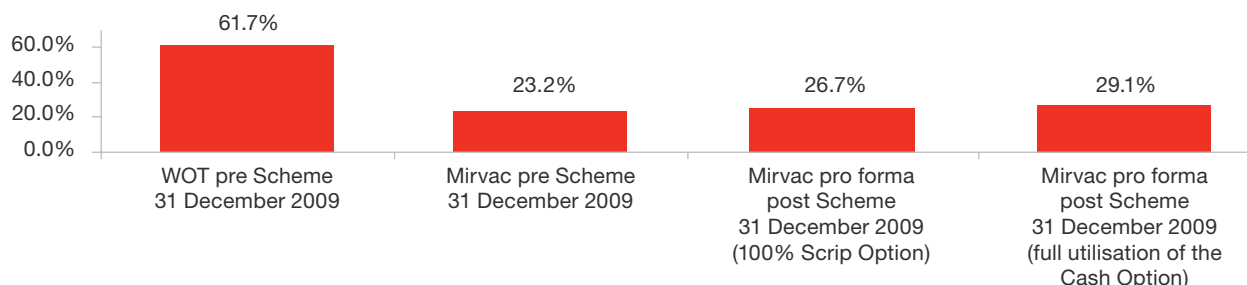
¹ As at 31 December 2009.

The expected cash outflows associated with the Offer are set out below.

Cash outflows	\$m
Repayment and restructure of WOT's borrowings	716.4
Termination of WOT's interest rate hedge contracts	15.6
Payment of accrued performance fees to WFML	7.8
Payment in consideration for Westpac giving up its opportunity to receive revenue in respect of WOT arising out of WFML's ongoing management of WOT, the performance of its obligations in respect of the Scheme, and its agreement to enter into a number of agreements whereby it will forego the opportunity to receive transaction and advisory fees from WOT	15.0
Payment in relation to termination of RVA	9.8
Payment of transaction costs as part of the Offer	25.1
Total expected cash outflows	789.7
Maximum total cash outflows¹	989.7

b. Gearing and key covenants

Mirvac's balance sheet gearing ratio target is 20 per cent to 25 per cent (see Section 8.6n). At 31 December 2009 Mirvac's gearing ratio (net debt including cross currency swaps to total tangible assets less cash) was 23.2 per cent. If the Scheme is implemented, Mirvac's balance sheet gearing² will exceed its target, but will remain significantly lower than WOT's current gearing ratio; and WOT's gearing ratio will be reduced from 61.7 per cent to 26.7 per cent assuming all Scheme Participants elect the Scrip Option and 29.1 per cent assuming full utilisation of the Cash Option for the consolidated group (see table below). The figures below are based on the pro forma adjustments set out in Section 9.2.



Key covenants

Mirvac's two key covenants are total leverage ratio and interest cover ratio. The positions relative to those covenants pre and post implementation of the Scheme are set out below and are based on the pro forma adjustments set out in Section 9.2.

	Mirvac 31 December 2009	Mirvac pro forma post Scheme (100% Scrip Option)	Mirvac pro forma post Scheme (full utilisation of the Cash Option)	Covenant
Total leverage ratio ³	33.4%	32.3%	34.7%	<55%
Interest cover ratio ⁴	> 3.0 times	> 3.0 times	> 3.0 times	> 2.25 times

1 As part of the Offer, Scheme Participants may elect to receive cash under the Cash Option for their WOT Units rather than receiving Mirvac Securities. The Cash Option is subject to an aggregate limit of \$200 million. If Scheme Participants election of the Cash Option results in cash payable to Scheme Participants of the entire \$200 million, the total cash outflows would increase by \$200 million to \$989.7 million.

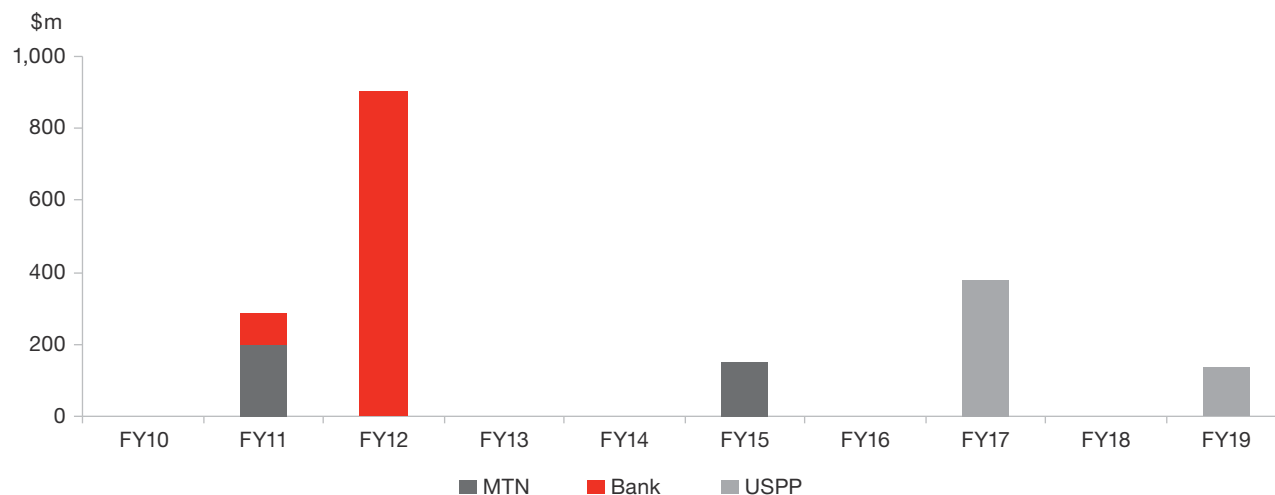
2 Calculated by reference to total interest bearing debt less cash after CCIR swaps/total tangible assets less cash.

3 Calculated by reference to total liabilities/total tangible assets.

4 Interest coverage ratio covenant is calculated as adjusted EBITDA/(interest expense plus lease expense).

c. Debt maturity profile

An estimate of Mirvac's debt maturity profile is shown below, as at 31 December 2009, adjusted for Mirvac's repayment of \$300 million of MTNs and issuance of \$150 million of new five-year MTNs announced on 19 March 2010.



As at 31 December 2009, Mirvac hedged 63.4 per cent of its gross debt with a weighted average maturity of 5.9 years.

d. Liquidity profile

On 7 April 2010, Mirvac announced a \$350 million institutional placement and a security purchase plan, together raising \$375.9 million of new equity (before equity raising costs). Following this, and assuming all Scheme Participants elect the Scrip Option, Mirvac is forecast to be well capitalised with in excess of \$684.4 million of cash or undrawn committed bank facilities after the implementation of the Scheme, including repayment of WOT's debt facilities.

As part of the Offer, Scheme Participants may elect to receive cash under the Cash Option for their WOT Units or IRs rather than receiving Mirvac Securities. The Cash Option is subject to an aggregate limit of \$200 million. If Scheme Participants electing the Cash Option exhaust the \$200 million available under the Cash Option, Mirvac's liquidity, as described in the previous paragraph, would decrease by \$200 million to \$484.4 million.

In either case the capital provides sufficient liquidity to fund the group and its commitments.

8.4 Historical financial information

Set out below is a summary historical statement of financial position as at 31 December 2009 and historical income statement for the year ended 30 June 2009, and six months ended 31 December 2009. These have been prepared based on the reviewed consolidated statement of financial position of Mirvac as at 31 December 2009 and audited income statement of Mirvac for the year ended 30 June 2009 and reviewed income statement of Mirvac for the six months ended 31 December 2009, extracted from Mirvac's audited and reviewed financial statements for the respective periods. PricewaterhouseCoopers has not qualified these financial statements. A full copy of Mirvac's financial statements can be accessed from Mirvac's website at www.mirvac.com.

Past performance is not an indicator of future performance.

Summary historical statement of financial position

As at 31 December 2009
\$m

Assets	
Cash and cash equivalents	411.9
Receivables	388.7
Investment properties	3,993.9
Inventories	1,664.1
Investments accounted for using the equity method	412.6
Derivative financial instruments	6.7
Intangibles	56.4
Other assets	549.3
Total assets	7,483.6
Liabilities	
Payables	267.6
Borrowings	1,968.4
Provisions	82.6
Derivative financial instruments	62.4
Other liabilities	100.5
Total liabilities	2,481.5
Net assets	5,002.1
Equity	
Contributed equity	5,710.7
Reserves	112.3
Retained profits	(831.3)
Total parent entity equity	4,991.7
Minority interest	10.4
Total equity	5,002.1
Mirvac Securities on issue ('000)	2,997.9
NTA per Mirvac Security (\$)	1.65
Balance sheet gearing (Total interest bearing debt less cash after CCIR swaps/total tangible assets less cash) (%)	23.2
Total leverage ratio (total liabilities/total tangible assets) (%)	33.4

Summary historical income statement by division

	12 months ended 30 June 2009 \$m	6 months ended 31 December 2009 \$m
Investment division (Mirvac Trust) ^{1,2}	237.9	150.0
Development division	29.1	5.3
Investment management (hotels, funds, Mirvac Assets Management) ^{1,2}	(23.8)	4.9
Corporate overheads, tax and eliminations	(42.4)	(30.8)
Total operating profit after tax	200.8	129.4
Specific non-cash items and tax effect of AIFRS items	(702.3)	(207.2)
Other significant items	(576.6)	125.0
Net profit/(loss) attributable to Mirvac Securityholders	(1,078.1)	47.2

8.5 Information on Mirvac Securities

a. Mirvac market price information

Both Mirvac Securities and WOT Units are officially quoted on the ASX. Information in relation to the market price of Mirvac Securities and WOT Units is set out below:

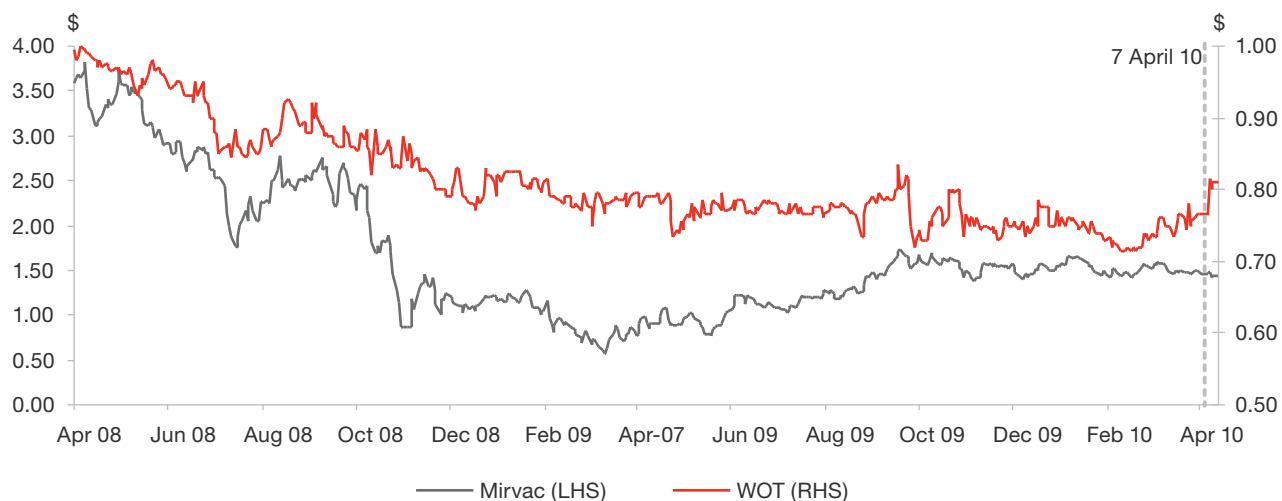
Mirvac Security information	Price (at close of trade)
Latest recorded pre-announcement sale price (as at 27 April 2010)	\$1.450
Previous three months:	
High	\$1.595
Low	\$1.405
Closing price before announcement of exclusive due diligence between Mirvac and WFML (6 April 2010)	\$1.480
WOT Unit information	Price (at close of trade)
Latest recorded pre-announcement sale price (as at 27 April 2010)	\$0.815
Previous three months:	
High	\$0.825
Low	\$0.715
Closing price before announcement of exclusive due diligence between Mirvac and WFML (6 April 2010)	\$0.765

The chart below provides the trading history of Mirvac Securities (LHS) and WOT Units (RHS) from 28 April 2008. The announcement with respect to Mirvac being granted exclusivity to undertake due diligence on WOT was made on 7 April 2010 (highlighted opposite).

1 June 2009 numbers have been restated to reflect the introduction of AASB 8, and therefore are not consistent with 2009 financial statements.

2 The investment division's operating profit after tax for the six months ended 31 December 2009 includes profit contributions from Mirvac Real Estate Investment Trust which was acquired by Mirvac Trust effective 7 December 2009 and therefore does not reflect a full financial period of profit contributions by Mirvac Real Estate Investment Trust for the six months ended 31 December 2009.

Price performance¹



The table below provides summary statistics as to Mirvac's and WOT's VWAPs over the past 24 months.

Time period ¹	Mirvac	WOT ²
27 April 2010	\$1.46	\$0.82
5 day	\$1.44	\$0.81
10 day	\$1.43	\$0.81
30 day	\$1.45	\$0.78
60 day	\$1.47	\$0.76
90 day	\$1.49	\$0.76
6 month	\$1.49	\$0.76
12 month	\$1.39	\$0.77
18 month	\$1.31	\$0.77
24 month	\$1.48	\$0.80

b. As at the close of trading on 15 June 2010, the day before the First Court Hearing, the closing price of Mirvac Securities was \$1.39 (implying a value for the Scrip Option of \$0.83 per WOT Unit and representing a premium of 1.8 per cent to the closing price of WOT Units on 27 April 2010, 3.5 per cent to the 1 month VWAP to 27 April 2010 and 8.6 per cent to the 3 month VWAP to 27 April 2010).

8.6 Corporate governance

Mirvac has implemented various systems and processes to ensure that the interests of Mirvac Securityholders and other stakeholders in Mirvac are protected at all times.

The Mirvac Board is responsible for ensuring that Mirvac is properly managed and is committed to maintaining the high standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect to protect those stakeholders' interests.

Copies of Mirvac's corporate governance policies and practices are posted to its website (www.mirvac.com), and may be found under the Corporate Governance subheading within the 'About Mirvac' section on the homepage.

¹ Source: IRESS.

² Prices before the IR restructure on 11 September 2009 have been adjusted to add back the \$0.50 Instalment Debt per IR for comparability purposes.

a. The Mirvac Board

The Mirvac Board has formalised its roles and responsibilities into a Mirvac Board Charter which also clarifies the roles and responsibilities that are delegated to management.

Responsibility for the day to day management and administration of Mirvac is delegated by the Mirvac Board to Mirvac's Managing Director, assisted by an Executive Leadership Team.

The Mirvac Managing Director manages Mirvac in accordance with the strategy, plans and delegations approved by the Mirvac Board.

The Mirvac Board monitors the decisions and actions of Mirvac's Managing Director and the performance of Mirvac to gain assurance that progress is being made towards attainment of the approved strategies and plans. The Mirvac Board also monitors the performance of Mirvac through its committees established by the Mirvac Board.

b. Mirvac Board size and composition

The Mirvac Board determines its size and composition subject to the limits imposed by Mirvac's constitutions, which provide that there be a minimum of three and a maximum of 10 Mirvac Directors.

Mirvac's Board currently comprises six independent Non-Executive Directors and one Executive Director, being the Managing Director.

c. Independence of Mirvac Directors

The independence of Mirvac Directors is reviewed at least annually as disclosed in the Mirvac Board Charter.

The performance of the Mirvac Board is reviewed annually by the Chairman supported by the Group's General Counsel/Company Secretary.

d. Retirement and re-election of Directors

Mirvac's constitutions provide that one-third of directors must retire each year and seek re-election by Mirvac Securityholders at the Annual General/General Meetings. The Managing Director is not included in the number of Directors that must retire each year. This ensures that the maximum time that each Director can serve in any single appointment is three years (other than the Managing Director).

The Chairman will evaluate the contribution of retiring Directors before the Mirvac Board endorsing their standing for re-election. At this time, Mirvac has not imposed any maximum on the number of terms that a Non-Executive Director may serve.

e. Mirvac Board committees

The Mirvac Board committees are the:

- Audit, Risk and Compliance Committee — assists the Mirvac Board to fulfil its corporate governance and overseeing responsibilities relating to Mirvac's financial reporting, systems of internal control and management of risk, internal and external audit functions and processes for monitoring compliance with laws and regulations and Mirvac's own Code of Conduct/Ethical Business Behaviour.
- Human Resources Committee — assists the Mirvac Board in ensuring Mirvac has remuneration policies and practices which are consistent with Mirvac's strategic goals and human resource objectives.
- Nomination Committee — assists the Mirvac Board to ensure the Mirvac Board is of effective composition, size and commitment to adequately discharge its responsibilities and duties having regard to the law and the highest standards of corporate governance.
- Health, Safety, Environment and Sustainability (HSE) Committee — assists the Mirvac Board in fulfilling Mirvac's commitment to HSE matters by reporting on compliance with applicable statutory requirements, codes, standards and guidelines, as well as measurable objectives and targets aimed at the elimination of work related incidents or impacts from Mirvac's activities, products and services.

Each committee has adopted its own terms of reference or charter, approved by the Mirvac Board, setting out matters relevant to its composition and responsibilities.

Copies of Mirvac's corporate governance policies and practices are posted to its website (www.mirvac.com), and may be found under the Corporate Governance subheading within the 'About Mirvac' section on the homepage.

f. Ethical and responsible conduct

Mirvac aims to maintain a high standard of ethical business behaviour at all times and expects the Mirvac Directors, senior executives and other employees to treat others with fairness, honesty and respect.

Mirvac has adopted a Code of Conduct/Ethical Business Behaviour which has been made available to all employees and is available on its intranet and website.

This is supported by Mirvac's policies on Continuous Disclosure, Communications and Securities Trading. Copies of Mirvac's corporate governance policies and practices are posted to its website (www.mirvac.com) and may be found under the Corporate Governance subheading within the 'About Mirvac' section on the homepage.

g. Risk management

Mirvac recognises its obligation and desire to create wealth for Mirvac Securityholders with the risks involved in the business development and investment opportunities that it pursues. Mirvac's goal is to reduce risk to an acceptable level, taking into account both the organisation's objectives and its appetite for risk by ensuring that all significant risks are identified and managed appropriately at the correct level within the organisation.

To maintain the alignment of risk management activities with corporate objectives, Mirvac employs a risk management system based on Australian Standard 4360.

h. Remuneration policies and practices

Mirvac has established processes and policies to ensure that the level and composition of remuneration is sufficient and reasonable and explicitly linked to an individual's performance, as well as to the performance of Mirvac, including returns to Mirvac Securityholders.

The Remuneration Report, which forms part of the Directors' Report within the Mirvac Annual Financial Report, details Mirvac's remuneration policies and practices and their relationship to overall performance of Mirvac.

The Remuneration Report may be reviewed at Mirvac's website, within Mirvac's Annual Report.

The Remuneration Report is also considered and voted on (non-binding) each year by Mirvac Securityholders at Mirvac's Annual General Meeting.

Mirvac's remuneration policy seeks to ensure competitive performance based remuneration is set in order to attract, retain and motivate the best talent in the industries in which Mirvac operates to pursue its long term growth and success.

i. Structure of remuneration

Remuneration is structured in the components of:

- Fixed remuneration;
- Short term variable remuneration (cash bonuses); and
- Long term variable remuneration.

j. Review of remuneration

Each component of remuneration is reviewed annually throughout Mirvac after considering collected market data, individual performance and business performance. The implementation of Mirvac's remuneration policy involves the provision of market competitive remuneration packages; targeted use of short term incentives in the form of cash bonuses; and awarding of long term incentives in the form of performance rights over Mirvac Securities which can only be exercised if certain performance hurdles are achieved over a three year period.

No individual is directly involved in deciding his or her own remuneration.

Non-Executive Directors' remuneration

Mirvac's Non-Executive Directors currently receive a base fee, plus additional fees for serving on the Audit, Risk and Compliance Committee. The Chairs of the Human Resources and Health, Safety, Environment and Sustainability Committees and the Chairman of the Hotels Board receive an additional amount in recognition of the greater responsibility these positions demand. The fees paid to the Non-Executive Directors did not exceed \$1,450,000 in aggregate for the year ended 30 June 2009.

With effect from 1 July 2008 Non-Executive Directors were permitted to sacrifice some or all of their fees, on a monthly basis, to acquire Mirvac Securities on market on a set trading day each month.

k. Board of Directors

The Board of Directors of Mirvac is as follows:



James A C MacKenzie

B.Bus, FCA, FAICD —
Chairman — Independent
Non-Executive Director

Chairman of the Nomination
Committee

Member of the Audit, Risk
and Compliance Committee

Member of the Human
Resources Committee

James MacKenzie was appointed to the Mirvac Board in January 2005 and assumed the role of Chairman in November 2005.

He is also Chairman of Pacific Brands Limited and Gloucester Coal Limited and a Director of Melco Crown Entertainment Limited.

Mr MacKenzie led the transformation of the Victorian Government's Personal Injury Schemes as Chairman of the TAC and Victorian WorkCover Authority from 2000-2007. He has previously held senior executive positions with ANZ Banking Group, Norwich Union and Standard Chartered Bank, and was Chief Executive Officer of the TAC. A Chartered Accountant by profession, Mr MacKenzie was a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte.



Paul J Biancardi

B.Ec, FCA — Deputy
Chairman — Independent
Non-Executive Director

Chairman of the Audit, Risk
and Compliance Committee

Member of the Human
Resources Committee

Member of the Nomination
Committee

Paul Biancardi was appointed a Non-Executive Director of Mirvac on 1 July 2001 and was appointed Deputy Chairman in August 2007. He is a former taxation partner of PricewaterhouseCoopers (the current auditors of Mirvac) and was Chairman of Coopers and Lybrand Chartered Accountants from 1994 to 1997. He retired from PricewaterhouseCoopers in 1999.

An experienced accountant, Mr Biancardi brings extensive knowledge to the Mirvac Board in the areas of finance, taxation and human resources. Mr Biancardi is also a former Director of Crescent Capital Partners Limited and is a former Chairman of Hamilton James & Bruce Group Limited.



Nicholas R Collishaw

SA (Fin), AAPI —
Managing Director

Member of the Audit, Risk
and Compliance Committee

Nicholas Collishaw was appointed Managing Director on 26 August 2008. Before this appointment he was the Executive Director — Investment Management responsible for Mirvac's Investment operations including Mirvac Property Trust, external funds management and Hotels & Resorts, having been appointed to the Mirvac Board on 19 January 2006.

Mr Collishaw has been involved in property and property funds management for over 20 years and has extensive experience in commercial, retail and industrial property throughout Australia. In various roles he has coordinated business acquisitions and investment fund creation, as well as implemented portfolio sales programs and managed large investment acquisitions.

Before joining Mirvac in 2005 following its merger with the James Fielding Group, Mr Collishaw was an Executive Director and Head of Property at James Fielding Group. He has also held senior positions with Deutsche Asset Management, Paladin Australia Limited and Schroders Australia. Mr Collishaw is a Director of the Property Industry Foundation.



Peter J O Hawkins

B.CA (Hons), FAICD, SF
(Fin), FAIM, ACA (NZ) —
Independent Non-Executive
Director

Chairman of the Human
Resources Committee

Member of the Audit, Risk
and Compliance Committee

Member of the Nomination
Committee

Peter Hawkins was appointed a Non-Executive Director of Mirvac on 19 January 2006, following his retirement from the Australia and New Zealand Banking Group Limited (**ANZ**) after a career of 34 years. Before his retirement, Mr Hawkins was Group Managing Director, Group Strategic Development, responsible for the expansion and shaping of ANZ's businesses, mergers, acquisitions and divestments and for overseeing its strategic cost agenda.

Mr Hawkins was a member of ANZ's Group Leadership Team and sat on the Boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group. He was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with ANZ.

Mr Hawkins is currently a Director of Visa Inc, Westpac Banking Corporation, Liberty Financial Services Pty Limited, Treasury Corporation of Victoria, Clayton Utz, Murray Goulburn Co-operative Co. Limited and Camberwell Grammar School.



Penny Morris AM

B.Arch (Hons), M.EnvSci,
DipCD, FRAIA, FAICD –
Independent Non-Executive
Director

Chairman of the Board Health
Safety Environment and
Sustainability Committee

Member of the Human
Resources Committee

Penny Morris was appointed a Non-Executive Director of Mirvac on 19 January 2006, and has extensive experience in property development and management, having formerly been Group Executive Lend Lease Property Services, General Manager and Director, Lend Lease Commercial and Director of Commonwealth Property within the Federal Department of Administrative Services.

An experienced Director for more than 18 years, Ms Morris has also been a Director of the Colonial State Bank, Aristocrat Leisure Limited, Australia Post Corporation, Howard Smith Limited, Energy Australia, Indigenous Land Corporation, Country Road Limited, Jupiters Limited, Principal Real Estate Investors (Australia) Limited, Strathfield Group Limited, Landcom, and the Sydney Harbour Foreshore Authority.

Ms Morris is currently a Director of Clarius Group Limited, NSW Institute of Teachers and Bowel Cancer, and Digestive Research Institute Australia.



John Mulcahy

PhD (Civil Engineering),
FIEAust – Independent
Non-Executive Director

Member of the Audit, Risk
and Compliance Committee

Member of the Board Health
Safety Environment and
Sustainability Committee

John Mulcahy was appointed a Non-Executive Director of Mirvac on 19 November 2009 and is the former Managing Director and Chief Executive Officer of Suncorp. Before Suncorp, Mr Mulcahy held a number of senior executive roles at the Commonwealth Bank, including Group Executive, Investment and Insurance Services. He also held a number of senior roles during his 14 years at Lend Lease Corporation, including Chief Executive Officer, Lend Lease Property Investment, and Chief Executive Officer, Civil and Civic.

Mr Mulcahy has more than 27 years of management experience in financial services and property investment.

Mr Mulcahy was appointed to the Future Fund Board of Guardians by the Federal Government in March 2006 and appointed a Director of Coffey International Limited in September 2009.



James M Millar

B.Com, FCA – Independent
Non-Executive Director

Member of the Audit, Risk
and Compliance Committee

Member of the Human
Resources Committee

James Millar was appointed a Non-Executive Director of Mirvac on 19 November 2009 and is the former Area Managing Partner and Australian Chief Executive Officer of Ernst & Young, one of the world's leading professional services firms. He was a member of the global Board of Ernst & Young and is currently a Consultant to the firm.

Mr Millar commenced his career in the reconstruction practice, conducting some of the largest corporate workouts of the early 1990s.

Mr Millar has qualifications in business and accounting, and is a Fellow of the Institute of Chartered Accountants of Australia.



Sonya Harris

B.Econ, LLB (First Class Hons), MLM
– General Counsel and Company Secretary

Sonya Harris was appointed General Counsel and Company Secretary in August 2009.

Ms Harris has had over 18 years experience in the legal industry and was previously a partner at Minter Ellison in Sydney. Ms Harris brings her breadth of knowledge in the property industry, and her broad property and commercial legal experience to her role at Mirvac. Immediately before joining Mirvac, Ms Harris was Deputy General Counsel at Brookfield Multiplex from 2005.

I. Distribution Policy

Recognising the cyclical nature of Mirvac’s development activities, Mirvac’s distribution policy is to distribute, as a minimum, Mirvac Trust’s taxable earnings plus up to 80 per cent of operating profit derived by ML.

m. Real Property Valuation Policy

Mirvac has a real property valuation policy in which each property owned by Mirvac must be valued by an independent valuer at least once in every 24 month period. To manage the process in an orderly manner, portfolio valuations will be staggered over a 24 month period with an aim of valuing a quarter of the portfolio each six months.

Where a valuation is dated greater than three months from financial year close, an internal valuation conducted by Mirvac is undertaken to provide continuing support for the previous independent valuation undertaken. Should the internal valuation indicate a material change in value or deliver a result that has a material impact on Mirvac’s accounts, verification of value will be sought by instructing an external valuation at Mirvac’s discretion.

n. Capital risk management

Mirvac’s objectives when managing capital are to safeguard Mirvac’s ability to continue as a going concern, so that it can continue to provide returns for Mirvac Securityholders and benefits for other stakeholders, and to maintain an optimal capital structure including maintaining an investment grade credit rating of BBB to reduce the cost of capital having regard to the real estate activities Mirvac invests in.

The capital structure of Mirvac Group consists of debt and equity. The mix of debt and equity is measured by reference to Mirvac’s balance sheet gearing ratio target of 20 per cent to 25 per cent. At 31 December 2009 the gearing ratio (net debt including cross currency swaps to total assets less cash) was 23.2 per cent. (The effect of the Scheme on this ratio is set out in Section 8.3b.) To maintain or adjust the capital structure, Mirvac

may adjust the amount of dividends paid to Mirvac Securityholders, return capital to Mirvac Securityholders or issue new Mirvac Securities.

Mirvac prepares quarterly statements of financial position, income statement and cash flow updates for the current financial year and five year forecasts. These forecasts are used to monitor Mirvac’s capital structure and future capital requirements, taking into account future market conditions.

o. Financial risk management

Mirvac’s activities expose it to a variety of financial risk, market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. Mirvac’s overall risk management program seeks to minimise potential adverse effects on the financial performance of Mirvac. Mirvac uses various derivative financial instruments to manage certain risk exposures, specifically in relation to interest rate and foreign exchange risks on borrowings.

8.7 Additional information

Continuous disclosure

Mirvac is a ‘Disclosing Entity’ under the Corporations Act and therefore subject to regular reporting and disclosure obligations under the Corporations Act, including the preparation and lodgement of annual reports and half yearly reports.

Mirvac is also obliged to comply with the ASX Listing Rules including all applicable continuous disclosure and reporting requirements. In particular, Mirvac has an obligation under the ASX Listing Rules (subject to certain exceptions) to immediately tell the ASX about any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Mirvac Securities. Copies of the documents lodged by Mirvac can be obtained from an office of ASIC or the ASX website (www.asx.com.au).

The following documents are available from Mirvac's website at www.mirvac.com:

- The annual financial report of Mirvac for the financial year ended 30 June 2009;
- The interim financial report for the half year ended 31 December 2009; and
- Any continuous disclosure notices lodged by Mirvac since lodgement of the annual financial report and before lodgement of this Explanatory Memorandum.

Upon request Mirvac will provide, free of charge to any WOT Unitholder or IR Holder who requests a copy, any of the documents listed above before the Implementation Date. Requests can be made to enquiries@mirvac.com.

Rights and liabilities attaching to Mirvac Securities

Each share in ML is stapled to one unit in the Mirvac Trust to form a Mirvac Security. While stapling applies, the number of issued Mirvac Shares must equal the number of issued Mirvac Units. The Directors may not allot or issue a Mirvac Share or an option to acquire a Mirvac Share unless there is an issue at the same time of a Mirvac Unit or an option to acquire a Mirvac Unit on the same terms to the same person to form a Mirvac Security.

The Mirvac Directors must not do any act, matter or thing that would result directly or indirectly in any Mirvac Share no longer being stapled to a Mirvac Unit including the reorganisation of any Mirvac Shares, unless at the same time there is a corresponding reorganisation of Mirvac Units so the person holding Mirvac Shares holds an equal number of Mirvac Units.

a. Mirvac Shares

A summary of the material provisions of the constitution of ML is set out below. A copy of the constitution will be provided, free of charge, to any WOT Unitholder or IR Holder who requests a copy before the Implementation Date. Requests can be made to enquiries@mirvac.com.

i. Share capital and variation of rights

The Mirvac Directors may issue or cancel Mirvac Shares, grant options over unissued Mirvac Shares, settle the manner in which fractional Mirvac Shares are to be dealt with, issue preference shares, issue redeemable preference shares or convert issued Mirvac Shares into preference shares in accordance with the Corporations Act, the listing rules and the ML constitution.

ii. Transfer of shares

Mirvac Shares are transferable in accordance with the operating rules of any applicable CS Facility or by any other method of transfer required or permitted by the Corporations Act and ASX.

The Mirvac Directors may, or in specified circumstances must, request any applicable CS Facility operator to apply a holding lock to prevent a transfer of Mirvac Shares from being registered on the CS Facility operator's sub-register or refuse to register a transfer of Mirvac Shares. If the Mirvac Directors request a holding lock to prevent a transfer of Mirvac Shares or refuse to register the transfer of Mirvac Shares, the Mirvac Directors must give written notice to the holder of the Mirvac Shares, the transferee and any broker lodging the transfer. A transfer of a Mirvac Share will only be accepted if the transfer relates to or is accompanied by a transfer or copy of a transfer of the Mirvac Unit to which the Mirvac Share is stapled in favour of the same transferee.

iii. General meetings

Each Mirvac Shareholder is entitled to receive notice of and to attend and vote at general meetings of Mirvac. While stapling applies, the Mirvac Directors may convene a meeting of Mirvac Shareholders in conjunction with a meeting of Mirvac Unitholders.

iv. Voting

Resolutions are decided by a show of hands unless a poll is demanded. At a general meeting, each Mirvac Shareholder has one vote. On a poll, each Mirvac Shareholder has one vote for each fully paid share held by the shareholder. A Mirvac Shareholder may vote in person, by proxy, attorney or representative.

v. Directors

The number of Mirvac Directors must not be less than three nor more than 10 (or any lesser number determined by the Mirvac Directors). In a general meeting, Mirvac may increase or reduce the number of Mirvac Directors by resolution.

The constitution provides for the compulsory retirement of Mirvac Directors (other than the Managing Director). Retiring Mirvac Directors are eligible for re-election. The remuneration of Mirvac Directors is a yearly sum not exceeding the sum determined, from time to time, in a general meeting. Subject to compliance with the Corporations Act regarding disclosure of and voting on matters involving material personal interests, Mirvac Directors

may hold any office or place of profit in Mirvac (except that of the auditor) or enter into any contract or arrangement with Mirvac despite the fiduciary relationship of the Mirvac Director's office without any liability to account to Mirvac for any direct or indirect benefit accruing to the Mirvac Director and without affecting the validity of any contract or arrangement.

vi. Indemnity

To the extent permitted by law, Mirvac may indemnify any current or former Mirvac Director, secretary or executive officer of Mirvac, or a related body corporate of Mirvac, against every liability incurred by that person in that capacity (except liability for legal costs) and legal costs incurred in defending or resisting proceedings in which the person becomes involved because of that capacity.

Mirvac may purchase insurance, to the extent permitted by law, insuring a person who is or has been a Mirvac Director, secretary or executive officer of Mirvac, or of a related body corporate of Mirvac, against any liability incurred by the person in that capacity. Mirvac may also enter into an agreement with any such person in respect of indemnity and insurance rights referred to above.

vii. Dividends

Subject to the Corporations Act and the ML constitution, the Mirvac Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment of such dividend. Dividends will be paid in proportion to the amounts paid on the Mirvac Shares, subject to any rights or restrictions attached to any Mirvac Shares.

The Mirvac Directors may declare or pay a dividend or distribution or delay the making of any such declaration or payment in order to ensure that the declaration of payment of any distribution to Mirvac Unitholders is made at the same time as a declaration or payment of a dividend or distribution by Mirvac.

viii. Restricted Securities

Restricted Securities (as defined in the ASX Listing Rules) may not be disposed of during the escrow period except as permitted by the ASX or ASX Listing Rules. If a Mirvac Shareholder breaches the ASX Listing Rules in this respect of any restriction agreement, that Shareholder is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.

ix. Winding up

If ML is wound up, the liquidator may, with the sanction of a special resolution of ML, divide among the members in kind the whole or any part of the property of ML and set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

x. Non-marketable parcels

If the Mirvac Directors determine that a Mirvac Shareholder holds less than a marketable parcel of Mirvac Shares (as defined in the ASX Listing Rules), ML may give that member a divestment notice and invoke the procedure for the sale of those Mirvac Shares. If the Mirvac Shareholder advises ML that it wishes to retain Mirvac Shares, ML is not permitted to sell those Mirvac Shares. ML may only invoke the power once in any 12 month period by giving the Mirvac Shareholder a divestment notice, unless the power is exercised after the close of offers under a takeover bid.

b. Mirvac Units

Set out below is a summary of the material provisions of the constitution of Mirvac Trust. A copy of the constitution will be provided, free of charge, to any WOT Unitholder or IR Holder who requests a copy before the Implementation Date. Requests can be made to enquiries@mirvac.com.

i. Responsible entity

Mirvac RE is the responsible entity of Mirvac Trust.

ii. Units

The beneficial interest in Mirvac Trust is divided into units. While stapling applies, Mirvac Units may only be consolidated or divided at the same time and to the same extent as Mirvac Shares. While stapling applies, the number of issued Mirvac Units at any time must equal the number of issued Mirvac Shares.

iii. Transfer of units

Members may transfer Mirvac Units in the approved form. Subject to the ASX Listing Rules, Mirvac RE may refuse to record any transfer in the register without giving reason for the refusal. While stapling applies and subject to the ASX Listing Rules and the Corporations Act, Mirvac RE must not register any transfer of Mirvac Units unless it is a single instrument of transfer of Mirvac Securities. Restricted Securities (as defined in the ASX Listing Rules) may not be transferred during the applicable escrow period.

iv. Application price

While stapling applies and Mirvac Securities are quoted on the official list of the ASX, a Mirvac Security must normally only be issued at an application price equal to the weighted average market price of Mirvac Securities during the five business days immediately before the date on which or as at which the application price for the Mirvac Security is to be calculated, however, the formula for the application price at which Mirvac Units must be issued will vary depending on the circumstances in which the units are issued, such as in the case of a rights issue, in the case of a placement of units, in the case of reinvestment of income or the issue of units as bid consideration. In this case, Mirvac RE must determine what part of the application price of a Mirvac Security is to represent the application price of the Mirvac Unit. This will be determined by the percentage that the NTA of Mirvac Trust bears to the NTA of Mirvac by reference to the last annual accounts of Mirvac Trust and Mirvac respectively.

v. Application for units

While stapling applies, an applicant for Mirvac Units must at the same time make an application for an identical number of Mirvac Shares. Mirvac RE may reject an application in whole or in part without giving reasons for the rejection. Mirvac RE may set a minimum application amount and a minimum holding for Mirvac Trust and alter or waive those amounts at any time.

vi. Income and distributions to members

Mirvac RE may issue Mirvac Units on terms that such Mirvac Units participate fully, partly or not at all in the allocation of distributions. The amount of the distribution for a distribution period will be, unless Mirvac RE determines otherwise, based on the Distributable Income of Mirvac Trust.

At the end of each distribution period, a member is entitled to receive a distribution based on the amount standing to credit in the distribution account multiplied by the proportion of total Mirvac Units held by a member at the end of the distribution period.

Any net realised capital gains of Mirvac Trust may be distributed to members by way of cash or other assets. For these purposes, additional Mirvac Units may be issued to members provided that while stapling applies, Mirvac RE may not make a distribution by way of bonus units unless at the same time the members are also issued with an identical number of Mirvac Shares.

vii. Redemption

Mirvac RE is not obliged to redeem Mirvac Units.

viii. Meetings of members

While stapling applies, meetings of members may be held in conjunction with meetings of holders of Mirvac Units. The provisions of the Corporations Act governing proxies and voting for meetings of members of registered managed investment schemes apply to Mirvac Trust.

ix. Rights and liabilities of Mirvac RE

Mirvac RE and its associates may hold units in Mirvac Trust and Mirvac Shares in any capacity. Subject to the Corporations Act, Mirvac RE is not restricted from dealing or being interested in any contract or transaction with itself, Mirvac or its Directors or members or with any member of Mirvac Trust, acting in the same or similar capacity in relation to any other managed investment scheme or lending money to or borrowing money from or providing or receiving guarantees or security from Mirvac or any of their associates. If Mirvac RE acts in good faith and without gross negligence it is not liable to members for any loss suffered in any way relating to Mirvac Trust. The liability of Mirvac RE to any person other than a member in respect of Mirvac Trust including contracts entered into as trustee of Mirvac Trust or Mirvac Trust's assets is limited to Mirvac RE's ability to be indemnified from the assets of Mirvac Trust. Mirvac RE is entitled to be indemnified out of the assets of Mirvac Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to Mirvac Trust.

x. Termination

Mirvac Trust terminates on the earlier of:

- A date which the members determine by special resolution;
- The date of delisting (unless Mirvac RE convenes a meeting of members to consider relevant matters); or
- Any other date in accordance with any applicable provision of the Constitution or on which Mirvac Trust terminates by law.

xi. Winding up

Following termination the net proceeds of realisation, after making allowance for all liabilities of Mirvac Trust, meeting the expenses of the termination and satisfying distributions of income, must be distributed pro rata to members according to the number of units they hold.

xii. Complaints

If a member submits to Mirvac RE a complaint alleging that the member has been adversely affected by Mirvac RE's conduct in its management or administration of Mirvac Trust, Mirvac RE must ensure the complaint receives proper consideration resulting in a determination by a person or body designated by Mirvac RE as appropriate to handle complaints.

xiii. Restricted Securities

If a member breaches the ASX Listing Rules or any restriction agreement relating to Restricted Securities, that member is not entitled to any distribution, nor any voting rights, in respect of the Restricted Securities.

xiv. Non-marketable parcels

Mirvac RE may sell or redeem any Mirvac Units held by a member (or while stapling applies, any units forming part of a stapled security holding of a member) which comprise less than a marketable parcel as provided in the ASX Listing Rules without request by the member. Mirvac RE must notify the member in writing of its intention to sell or redeem units. Mirvac RE must not sell or redeem the relevant units if the member advises Mirvac RE that it wishes to retain the units within six weeks of notice from Mirvac RE. Mirvac RE may only sell or redeem units on one occasion in any 12 month period.

xv. Amendment

The Constitution may only be modified by Mirvac RE if it reasonably considers that the change will not adversely affect members' rights. The Constitution may also be modified by special resolution of the members of Mirvac Trust.

c. Deed of cooperation

ML and Mirvac RE are party to a deed of cooperation (as amended) which establishes a regime of cooperation between the parties in the context of the Mirvac Securities which are stapled to each other. Subject to the terms and conditions of the deed of cooperation, each party agrees that it must enter into any agreement, arrangement or understanding, or do any act matter or thing, with or at the request or direction of the other party. This includes, without limitation, lending money or providing financial accommodation; entering into any covenant – undertaking or restraint; buying or leasing or otherwise acquiring an asset; acquiring or supplying services; issuing securities or granting options or rights over those securities; transferring money or real or other property; entering into joint venture or other agreements. These obligations are subject to the opinion of the

relevant Mirvac Board being that the relevant act is in the best interests of Mirvac as a whole, is permitted by law and does not give rise to a breach or default under any agreement with a third party. The deed of cooperation also provides that neither party will attempt to offer, issue, sell, cancel, buy back, redeem or register a security unless and until the other agrees that security will remain stapled to the security from the issued capital of the other. The deed of cooperation also provides for the parties to cooperate on various other matters, such as the provision of joint financial statements and annual reports, general meetings, distributions and related regulatory matters. The deed of cooperation remains in force as long as the securities of ML and Mirvac Trust remain stapled.

8.8 Up-to-date information

Information contained in the Mirvac Information (and any supplementary prospectus and product disclosure statement) may change from time-to-time. If the change will be materially adverse, then in accordance with the Corporations Act, a supplementary prospectus and product disclosure statement will be issued. However, if the change will not be materially adverse, a supplementary prospectus and product disclosure statement may not be issued. Updated information that is not materially adverse will be continually available from Mirvac's website at www.mirvac.com and upon request a paper copy of any updated information will be provided free of charge.

8.9 Labour, social, ethical and environmental disclosure

For the purposes of selecting, retaining or realising investments:

- Ethical and social considerations are taken into account where it is determined that they may materially impact on the financial performance of Mirvac. Mirvac has no predetermined view as to what constitutes an ethical or social consideration or to what extent ethical or social considerations are taken into account. Each assessment is made on a case by case basis.
- Environmental considerations are taken into account where it is determined that they may materially impact on the financial performance of Mirvac. The assessment of the impact on financial performance is made with reference to the following environmental considerations:
 - the obligations of Mirvac under the *Energy Efficiency Opportunities Act 2006* (Cth) and the *National Greenhouse and Energy Reporting Act 2007* (Cth); and

- Mirvac’s publicly stated environmental commitments which include achieving 5 star Green Star and 4.5 star NABERS Energy ratings on newly constructed office buildings, and pursuing an average 3 star NABERS Energy rating across selected office assets within the portfolio.

Mirvac has no predetermined view in relation to any other environmental considerations besides those mentioned and may take into account other environmental considerations on a case by case basis.

Mirvac uses the Mirvac Investment Management Property Acquisition Due Diligence Checklist to facilitate the formal identification of environmental considerations in the context of an asset acquisition. Decisions relating to retaining or realising investments also take into account these considerations on an informal basis. Each investment is monitored and reviewed on a case by case basis.

- Labour standards are not taken into account.

With reference to the above, Mirvac regularly reviews what it regards to be a labour standard, or an environmental, social or ethical consideration.

8.10 Complaints handling

If Mirvac Securityholders wish to make a complaint, they should write to:

The Company Secretary
Mirvac
Level 26
60 Margaret Street
Sydney NSW 2000

Mirvac RE must acknowledge any complaint in writing within 10 days of receipt. Mirvac RE, where possible, should resolve complaints within 30 business days of being received and communicate its decision to the Mirvac Securityholder.

If the Mirvac Securityholder is dissatisfied with the decision made by Mirvac RE, the Mirvac Securityholder may refer the complaint to the independent dispute resolution scheme of which Mirvac RE is a member at the address set out below:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

8.11 No cooling-off rights

Cooling-off rights do not apply to the issue of the Mirvac Securities described in this Explanatory Memorandum.

This means that, in most circumstances, there is no right to return Mirvac Securities once they have been issued as part of the Scheme.

8.12 Pricing discretion

Documents required to be prepared under sections 601GAB(6) or (7) of the Corporations Act in relation to the exercise of discretions regarding the issue price for Mirvac Trust Units are available from Mirvac RE at no charge.



Mirvac financial information



Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

In accordance with the responsibility statement included in the Important Notices Section on the inside front cover of this Explanatory Memorandum, Mirvac has sole responsibility for preparing information contained in this Section 9, subject to WFML taking sole responsibility for the information that it has provided to Mirvac for the purposes of preparing information on Mirvac post the acquisition of WOT, as specified in the definition of WFML Information.

It is important that you consider the Risk Factors that could affect Mirvac as detailed in Section 10 (**Risks**), as well as the potential benefits of the Offer.

In this Section 9, all references to a state of affairs are to be interpreted as existing at 31 December 2009, unless otherwise stated.

9.1 Overview

Unaudited financial information is set out in Sections 9.2 and 9.4 and includes the following:

- Summary consolidated statements of financial position for each of Mirvac and WOT as at 31 December 2009; pro forma summary consolidated statement of financial position for Mirvac (post the acquisition of WOT) as at 31 December 2009 (together the **Pro Forma Consolidated Statement of Financial Position** — refer to Section 9.2b);
- Consolidated summary forecast income statements for each of WOT and Mirvac Trust for the 12 months ending 30 June 2010 and 30 June 2011 (the **Standalone Forecast Income Statements**) — refer to Section 9.4; and
- Consolidated summary pro forma income statement for Mirvac Trust (post the acquisition of WOT) for the 12 months ending 30 June 2011 which includes the impact of the pro forma adjustments (the **Pro Forma Forecast Income Statement**) — refer to Section 9.4c,

collectively, the **Financial Information**.

The Pro Forma Consolidated Statement of Financial Position is based on Mirvac's and WOT's respective financial statements as at 31 December 2009 each of which have been reviewed by PricewaterhouseCoopers.

In relation to the Standalone Forecast Income Statements for 12 months ending 30 June 2010 and 30 June 2011 the Mirvac Directors are of the opinion that there is no reasonable basis to provide a forecast for ML in the light of continued uncertain economic and financial conditions in the markets in which ML operates. Notwithstanding this limitation the Mirvac Directors

believe there are reasonable grounds and it is meaningful to provide investors with forecast financial information in respect of Mirvac Trust for the 12 months ending 30 June 2010 and 30 June 2011. The Standalone Forecast Income Statements in this Section 9 are therefore based on the individual forecast operating and statutory income statements of each of Mirvac Trust and WOT only. Mirvac's distribution for the 12 months to 30 June 2011 is forecast to be solely sourced from Mirvac Trust, taking into account the acquisition of WOT and certain pro forma adjustments detailed in Section 9.4b.

The Financial Information contained in this Section 9 has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, although it is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

PricewaterhouseCoopers Securities Ltd, the Investigating Accountant, has prepared a report in relation to the Financial Information in this Section 9. A copy of the Investigating Accountant's Report is contained in Section 11.

The accounting policies used to prepare the Financial Information are based on the accounting policies of Mirvac, as applicable, contained in the financial statements for the financial period ended 31 December 2009 unless otherwise noted. Mirvac's financial statements can be accessed on its website at www.mirvac.com.

Following a review of the accounting policies as disclosed in WOT's financial statements for the financial period ended 31 December 2009 accessible via WOT's website at www.westpacfunds.com.au/officetrust.asp, the accounting policies of Mirvac and WOT are not considered to be materially different. Therefore, at this time, no adjustments have been made to the unaudited consolidated pro forma financial information to align accounting policies.

The Financial Information of Mirvac (post the acquisition of WOT) has been compiled based on the following transaction assumptions:

- The Offer is effected by the Scheme with Scheme Participants receiving 0.597 Mirvac Securities for every one WOT Unit they hold on the Record Date at a price of \$1.44 per Mirvac Security (being the 5 day VWAP of Mirvac Securities on 27 April 2010, the last trading day before announcement of the Offer); and
- All Scheme Participants electing to receive the Scrip Option.

The Financial Information of Mirvac (post the acquisition of WOT) does not include the impact of Mirvac's proposed acquisition of the remaining 50 per cent interest in the North Ryde Office Trust which is conditional upon implementation of the Scheme.

Other pro forma adjustments have been made to compile the Pro Forma Consolidated Statement of Financial Position and the Pro Forma Forecast Income Statement of Mirvac Trust (post the acquisition of WOT) as set out in Sections 9.2b and 9.4c.

9.2 Pro Forma Consolidated Statement of Financial Position

a. Basis of preparation

This Section outlines the Pro Forma Consolidated Statement of Financial Position as though the Scheme was implemented as at the close of business on 31 December 2009. The Pro Forma Consolidated Statement of Financial Position as at 31 December 2009 has been based on:

- The reviewed consolidated statement of financial position of Mirvac as at 31 December 2009 extracted from Mirvac's interim financial report for the financial period ended 31 December 2009;
- The reviewed consolidated statement of financial position of WOT as at 31 December 2009 extracted from WOT's interim financial report for the financial period ended 31 December 2009; and
- Certain pro forma adjustments outlined in Section 9.2b.

Pro Forma Consolidated Statement of Financial Position

	Mirvac reviewed as at 31 December 2009 \$m	WOT reviewed as at 31 December 2009 \$m	Pro forma adjustments \$m		Pro forma Mirvac (post the acquisition of WOT) as at 31 December 2009 \$m
Assets					
Cash and cash equivalents	411.9	16.4	(416.6)	i	11.7
Receivables	388.7	2.1	–		390.8
Investment properties	3,993.9	1,105.9	218.5	ii	5,318.3 ¹
Inventories	1,664.1	–	–		1,664.1
Investments accounted for using the equity method	412.6	–	–		412.6
Derivative financial instruments	6.7	–	–		6.7
Intangibles	56.4	–	17.8	iii	74.2
Other assets	549.3	23.0	–		572.3
Total assets	7,483.6	1,147.4	(180.3)		8,450.7
Payables	267.6	12.2	3.5	iv	283.3
Borrowings	1,968.4	714.7	(506.0)	v	2,177.1
Provisions	82.6	–	–		82.6
Derivative financial instruments	62.4	15.6	(15.6)	vi	62.4
Other liabilities	100.5	0.2	–		100.7
Total liabilities	2,481.5	742.7	(518.1)		2,706.1
Net assets	5,002.1	404.7	337.8		5,744.6
Equity					
Contributed equity	5,710.7	461.1	323.1	vii	6,494.9
Reserves	112.3	7.8	(7.8)	viii	112.3
Retained earnings	(831.3)	(64.2)	22.5	ix	(873.0)
Total parent entity equity	4,991.7	404.7	337.8		5,734.2
Minority interest	10.4	–	–		10.4
Total Equity	5,002.1	404.7	337.8		5,744.6

¹ The variance between investment properties and the Mirvac portfolio details after implementation of the Scheme; includes \$232.3 million of Mirvac owner-occupied property, \$41.5 million of Mirvac investment property classified as held for sale, and \$22.3 million of WOT's 50 per cent interest in the Macquarie Park (held through North Ryde Office Trust) investment property classified as an equity accounted investment, all located within 'Other assets' on the Pro Forma Consolidated Statement of Financial Position. In addition to this, investment property under construction and other assets of \$177.6 million has been excluded from the Mirvac portfolio summary.

	Mirvac reviewed as at 31 December 2009 \$m	WOT reviewed as at 31 December 2009 \$m	Pro forma adjustments \$m	Pro forma Mirvac (post the acquisition of WOT) as at 31 December 2009 \$m
Mirvac Securities issued ('000)	2,997.9		556.4	3,554.3
Net Tangible Assets per Mirvac Security (\$)	1.65			1.60
Balance sheet gearing (total interest bearing debt less cash after CCIR swaps/total tangible assets less cash) (%)	23.2			26.7
Total leverage ratio (total liabilities/total tangible assets) (%)	33.4			32.3

b. Pro forma adjustments

The following pro forma adjustments have been made in producing the Pro Forma Consolidated Statement of Financial Position as at 31 December 2009:

- i. Cash is reduced by \$416.6 million relating to:
 - A. payment of \$205.2 million to complete the acquisition of 23 Furzer Street, Canberra, Australian Capital Territory post 31 December 2009;
 - B. payment of \$300 million to repay MTNs in March 2010;
 - C. receipt of \$150 million relating to issuance of new five year MTNs in March 2010;
 - D. receipt of \$369.5 million relating to the \$350 million institutional placement announced on 7 April 2010 and the \$25.9 million of new Mirvac Securities issued under the security purchase plan also announced on 7 April 2010, net of capital raising costs of \$6.4 million;
 - E. payment of \$716.4 million to retire WOT's borrowings with Westpac and restructure WOT's CMBS facility. The restructure of WOT's CMBS facility will be undertaken by Mirvac capitalising WOT and WOT repaying WOT CMBS Pty Limited an amount of \$505 million, being the amount outstanding under the CMBS facility, in exchange for all existing security provided under the CMBS facility being released. After this restructure, it is expected that WOT CMBS Pty Limited will be sold to a third party and deconsolidated from the Mirvac balance sheet;

- F. payment of \$15.6 million to terminate WOT's interest rate hedge contracts with the settlement amount assumed to be the mark to market position as at 31 December 2009. The actual settlement amount payable to terminate the interest rate hedge contracts will only be known on the termination date;
- G. payment of about \$7.8 million (plus any applicable GST) to WFML for accrued performance fees;
- H. payment of \$15 million (plus any applicable GST) to Westpac in consideration for Westpac giving up its opportunity to receive revenue in respect of WOT arising out of WFML's ongoing management of WOT, performing of its obligations in respect of the Scheme, and agreeing to enter into a number of agreements whereby it will forego the opportunity to receive transaction and advisory fees from WOT;
- I. payment of \$9.8 million (plus any applicable GST) to Westpac as consideration for the termination of the RVA;
- J. payment of \$25.1 million relating to transaction costs associated with the Offer; and
- K. draw down of \$358.8 million from existing Mirvac debt facilities.

Of the \$16.4 million in cash and cash balances held by WOT as at 31 December 2009, \$11.7 million is held in restricted bank accounts relating to capital commitments associated with the IBM lease of the Pennant Hills property.

- ii. Investment properties are increased by \$208.7 million due to completion of the acquisition of 23 Furzer Street, Canberra, Australian Capital Territory post 31 December 2009 and the termination of the RVA resulting in a payment to Westpac of \$9.8 million. The fair value of the RVA is included as a liability within investment properties in WOT's accounts and the settlement of this agreement extinguishes the liability resulting in an increase in the value of investment properties.
- iii. Intangibles are increased by goodwill of \$10 million being the difference between WOT's net assets as at 31 December 2009 and the consideration paid by Mirvac. In addition, about \$7.8 million accrued performance fees held in reserves is reclassified as a liability on acquisition and settled in cash, resulting in an additional \$7.8 million difference in the net assets acquired and the consideration paid by Mirvac. This \$7.8 million difference is reflected in goodwill.
- iv. Payables are increased by \$3.5 million relating to deferred consideration payable to the vendor of 23 Furzer Street, Canberra, Australian Capital Territory.
- v. Borrowings are reduced by \$506 million relating to:
 - A. repayment of \$300 million MTNs expiring in March 2010;
 - B. issuance of new \$150 million five year MTNs in March 2010;
 - C. \$211.4 million repayment of WOT debt facilities with Westpac and \$505 million restructure of WOT's CMBS facility as described above at paragraph (i)(E);
 - D. \$1.6 million write down of debt establishment costs capitalised by WOT which is expensed; and
 - E. draw down of \$358.8 million from existing Mirvac debt facilities.
- vi. Derivative financial instruments are reduced by \$15.6 million as a consequence of the termination of WOT's interest rate hedge contracts upon implementation of the Offer. This settlement amount is assumed to be the mark to market position of WOT's interest rate hedge contracts as at 31 December 2009. The actual settlement amount payable to terminate the interest rate hedge contracts will be known on the termination date.
- vii. Contributed equity is increased by \$323.1 million relating to:
 - A. elimination of WOT's contributed equity balances (\$461.1 million) on consolidation of WOT;
 - B. issuance of new Mirvac Securities associated with Mirvac's institutional placement and security purchase plan announced on 7 April 2010, together raising \$369.5 million, net of costs of raising the capital of \$6.4 million;
 - C. issue of new Mirvac Securities (\$414.7 million) under the Offer.
- viii. Reserves are decreased by about \$7.8 million relating to the reclassification of WOT's accrued performance fees to a liability on acquisition and settled in cash as described in paragraph (i)(G) and paragraph (iii); and
- ix. Retained losses are decreased by \$22.5 million relating to:
 - A. elimination of WOT's pre-acquisition retained earnings balances \$64.2 million on consolidation of WOT;
 - B. \$15 million payment by Mirvac to Westpac as described in paragraph (i)(H) which has been included in the consideration paid for acquiring WOT, resulting in goodwill. For the purpose of acquisition accounting this payment has been written off as it is not considered to be recoverable;
 - C. payment of \$25.1 million relating to transaction costs associated with the Offer; and
 - D. \$1.6 million of debt establishment costs carried by WOT, written off by Mirvac.

Acquisition accounting

Other than the payment of about \$7.8 million relating to accrued performance fees payable to WFML upon implementation of the Offer, no adjustments have been made to the reported value of WOT's assets and liabilities to reflect the impact of acquisition accounting, as for the purposes of the unaudited pro forma summary financial information the book value as reported in WOT's reviewed financial statements as at 31 December 2009 is assumed to approximate their fair value as at the date of acquisition. The difference between (a) the fair value of the consideration transferred by Mirvac for control of WOT and (b) the fair value of WOT's identifiable assets acquired and the liabilities assumed has been treated as goodwill by Mirvac Trust.

An exercise to ascertain the fair value of WOT's assets, liabilities and contingent liabilities and the consideration offered will be undertaken after the acquisition and this may result in the goodwill on acquisition being materially different to what is assumed.

9.3 Pro Forma Historic Income Statements

The Mirvac Board has carefully considered whether it has a reasonable basis to produce reliable and meaningful pro forma income statements for Mirvac Trust (post the acquisition of WOT) for the 12 months ended 30 June 2009 and the six months ended 31 December 2009. Due to a number of significant events which occurred during this period, the capital structure of Mirvac Trust has changed considerably. On this basis, the Mirvac Directors have concluded that they do not have a reasonable basis to provide pro forma historical financial information that is sufficiently meaningful and reliable for Scheme Participants.

The standalone historical financial information of both WOT and Mirvac Trust is provided in Sections 7 and 8 respectively.

9.4 The Standalone and Pro Forma Forecast Income Statements

a. Basis of preparation

Mirvac has not provided forecast earnings from ML, which undertakes the corporate activities of Mirvac, including Mirvac's development activities, for the year ended 30 June 2010 (refer to Section 8 (**Information about Mirvac**)). Earnings from Mirvac's development activities are inherently difficult to forecast. The Mirvac Directors do not believe that there is a reasonable basis for the inclusion of forecast earnings from ML in the income statements below. As illustrated by the historical financial information of Mirvac included in Section 8.4, the earnings from Mirvac's development activities and Mirvac's corporate overheads are significant and the actual results of Mirvac for the year ended 30 June 2010 could be materially different from those of Mirvac Trust prepared on a standalone basis.

The Standalone and Pro Forma Forecast Income Statements are derived from:

- i. The WOT consolidated forecast income statements for the 12 months to 30 June 2010 and 30 June 2011 prepared on a business-as-usual basis, assuming the Offer does not proceed;

- ii. The Mirvac Trust consolidated forecast income statements for the 12 months to 30 June 2010 and 30 June 2011 prepared on a business-as-usual basis, assuming the Scheme is not implemented; and
- iii. Additional pro forma adjustments which are forecast to be effective following implementation of the Offer.

The forecast financial information has been presented in this Explanatory Memorandum to provide Scheme Participants with a guide to the potential future performance of each of Mirvac Trust and WOT on a standalone basis and Mirvac Trust (post the acquisition of WOT). The Pro Forma Forecast Income Statement is prepared on the assumption that the Scheme will be implemented on 1 July 2010.

Best-estimate assumptions reflect the assessment of the Mirvac Directors (based on present circumstances) of anticipated economic and market conditions and the implementation of the respective managements' business strategies. While these best-estimate assumptions are considered to be appropriate and reasonable at the time of preparing the forecast financial information, Investors should appreciate that many factors which may affect the results are outside the control of the Mirvac Directors or may not be capable of being foreseen or accurately predicted.

Accordingly, actual results may vary materially from the forecast financial information. Scheme Participants are advised to review the best-estimate assumptions and risk factors described later in this Section 9.4 and make their own assessment of the future performance and prospects of Mirvac Trust (post the acquisition of WOT). Scheme Participants should note past performance is not an indicator of future performance.

WOT and Mirvac Trust are not likely to pay Australian income tax, including CGT, provided WOT and Mirvac Unitholders are presently entitled to all of the Distributable Income of WOT and Mirvac Trust respectively and Mirvac Trust and WOT are not classed as either a public trading trust or a corporate unit trust for Australian tax purposes.

PricewaterhouseCoopers Securities Ltd has reviewed the Forecast Income Statements. Scheme Participants should read the following financial information in conjunction with the Investigating Accountant's Report set out in Section 11.

Consolidated Standalone Forecast Income Statements¹

Mirvac has not provided forecast earnings from ML, which undertakes the corporate activities of Mirvac, including Mirvac's development activities, for the year ending 30 June 2011 (refer to Section 8 (**Information about Mirvac**)). Earnings from Mirvac's development activities are inherently difficult to forecast. The Mirvac Directors do not believe that there is a reasonable basis for the inclusion of forecast earnings from ML in the income statements below. As illustrated by the historical financial information of Mirvac included in Section 8.4, the earnings from Mirvac's development activities and Mirvac's corporate overheads are significant and the actual results of Mirvac for the year ending 30 June 2011 could be materially different from those of Mirvac Trust prepared on a standalone basis.

Income statements for the financial year ending 30 June 2010 on a standalone basis have been compiled using actual results where available:

- Mirvac Trust Forecast Income Statements are based on nine months of actual results and three months of forecast results; and
- WOT Forecast Income Statements are based on six months of actual results and six months of forecast results.

12 months ending 30 June 2010	Mirvac Trust consolidated standalone forecast	WOT consolidated standalone forecast
Net rental income from investment properties	282.5	85.2
Interest revenue	73.4	0.6
Dividend and distribution income	1.8	1.7
Share of net profit of associates and joint ventures accounted for using the equity method	19.8	–
Other revenue	2.0	–
Total income	379.5	87.5
Finance cost expense	(47.7)	(48.6)
Other expenses	(9.2)	(7.6)
Operating profit	322.6	31.3
Operating profit attributable to non-controlling interest	(1.4)	–
Operating profit attributable to unitholders	321.2	31.3
AIFRS adjustments	(10.7)	7.2
Statutory profit attributable to unitholders	310.5	38.5

¹ Income Statements are based on the best estimate assumptions detailed in Section 9.4b.

Standalone and Pro Forma Forecast Income Statements¹

Mirvac has not provided forecast earnings from ML, which undertakes the corporate activities of Mirvac, for the financial year ending 30 June 2011 (refer to Section 8 (**Information about Mirvac**)). If the forecast earnings from ML were included the income statements below in respect of Mirvac would be different.

12 months ending 30 June 2011	Mirvac Trust consolidated standalone forecast	WOT consolidated standalone forecast	Pro Forma adjustments		Mirvac Trust (Post the acquisition of WOT)
Net rental income from investment properties	298.7	85.9	(0.3)	i	384.2
Interest revenue	80.0	0.1	(14.9)	ii	65.2
Dividend and distribution income	0.8	1.9	–		2.7
Share of net profit of associates and joint ventures accounted for using the equity method	23.7	–	–		23.7
Total income	403.2	87.9	(15.2)		475.8
Finance cost expense	(39.7)	(47.8)	12.6	ii	(74.9)
Other expenses	(7.6)	(7.2)	7.0	iii	(7.8)
Operating profit	355.9	32.9	4.4		393.2
AIFRS adjustments	(8.7)	4.6	6.7	i	2.6
Write off of WOT debt establishment costs	–	–	(1.1)	iv	(1.1)
Transaction costs associated with the Offer	–	–	(25.1)	v	(25.1)
Statutory profit attributable to unitholders	347.2	37.5	(15.1)		369.5
Operating profit per Security (cents)	10.8	6.8			11.0
Distribution per Security (cents)	8.0 – 9.0	6.5			8.0 – 9.0

¹ These Standalone and Pro Forma Forecast Income Statements are based on the best estimate assumptions and Pro Forma adjustments detailed in Sections 9.4b and 9.4c.

b. Best estimate assumptions

WOT standalone – FY10 and FY11

Net rental income

Forecast net rental income is gross rent from property which comprises rent and recoverable outgoings charged to tenants after deducting property expenses. Forecast net rental income is based on current leases and management forecasts and a small number of assumptions for future occupancy rates, tenant turnover and market rentals, none of which are considered to be material to performance in the financial years ending 30 June 2010 and 30 June 2011.

Interest expense

The forecast interest expense is based on existing borrowing facilities. The effective cost of debt during the forecast period is 6.5 per cent.

The underlying floating rate is assumed to be 6.0 per cent over the forecast period.

Other expenses

Management fee of 0.35 per cent of total gross assets and asset management fees of 0.1 per cent of the fair value of the property portfolio.

AIFRS adjustments

Includes adjustments in relation to straight-lining of fixed rental increased leases and amortisation of lease incentives as required by Australian Accounting Standards.

Mirvac Trust standalone – FY10 and FY11

Net rental income

Forecast net rental income is gross rent from property which comprises rent and recoverable outgoings charged to tenants after deducting property expenses. Forecast net rental income is based on current leases and management forecasts and assumptions for future occupancy rates, tenant turnover and market rentals. Other than as noted below, none of these assumptions is considered to be material to performance in the financial years ending 30 June 2010 and 30 June 2011.

Portfolio occupancy assumption

Mirvac Trust has current portfolio occupancy of 96.8 per cent as at 31 December 2009¹. Leases relating to approximately 5.5 per cent of Mirvac Trust's investment property portfolio (calculated on a square metre basis) expire during the year ending 30 June

2010 and 7.4 per cent for the year ending 30 June 2011. Where appropriate, re-letting assumptions are made based on discussions with tenants as to current intentions. New tenant assumptions include vacancy assumptions ranging from three to 12 months. A number of the properties vacated during the year ending 30 June 2011 are assumed to remain vacant for the remainder of the year.

Interest revenue and interest expense

Mirvac Trust derives interest income from cash deposits and loans to ML. Interest income earned from cash deposits during the forecast periods is based on an average interest rate of 4.4 per cent per annum. Interest income earned from loans to ML during the forecast periods is based on an average interest rate of 9.3 per cent per annum.

Mirvac Trust incurs interest expense on borrowings from third parties. The average forecast interest rate on third party borrowings during the forecast periods is 8.1 per cent per annum.

Interest revenue of Mirvac Trust on a standalone basis for the year ending 30 June 2011 is forecast to be \$6.6 million higher than interest revenue of Mirvac Trust for the year ending 30 June 2010. Finance cost expense of Mirvac Trust on a standalone basis for the year ending 30 June 2011 is forecast to be \$8.0 million lower than finance cost expense of Mirvac Trust for the year ending 30 June 2010. The increase in interest revenue is primarily as a result of an increase in interest rates from the years ending 30 June 2010 to 30 June 2011 offset by a reduction in cash held on term deposit throughout the relevant periods. Cash held on deposit has been utilised to repay debt resulting in the reduction in the forecast finance cost expense for the year ending 30 June 2011. Of the \$73.4 million and \$80 million of interest revenue forecast to be earned by Mirvac Trust on a standalone basis for the years ending 30 June 2010 and 30 June 2011, \$53.8 million and \$65.1 million relate to loans to ML from Mirvac Trust respectively.

Joint ventures and associates

The forecast share of net profit of associated and joint ventures is based on information available from associates and joint ventures.

AIFRS adjustments

Includes adjustments in relation to straight-lining of fixed rental increased leases and amortisation of lease incentives as required by Australian Accounting Standards.

1 Adjusted for the acquisition of 23 Furzer Street, Canberra, ACT excluding the impact of asset sales after 31 December 2009 and the proposed acquisition of a 50 per cent interest in the North Ryde Office Trust.

General

The general assumptions adopted in preparing the Standalone and Pro Forma Forecast Income Statements include the following:

- **Operating profit**

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for specific non-cash items and other significant items which management consider to reflect the core earnings.

- **No material change**

No material change in external operating conditions, including the competitive environment.

- **No revaluations**

No future revaluations of properties or movements in the market value of derivatives as required by Australian Accounting Standards as the WFML Directors and the Mirvac Directors do not believe there is a reasonable basis to make forecasts in relation to future capitalisation rates, property yields or general market conditions which are outside their control.

- **Legislation and taxation**

It is assumed that there are no changes in federal, state or local government laws, regulations or policies that will have a material impact on the performance or position of Mirvac Trust and funds in which it holds an interest. Forecast income tax expense is based on the prevailing tax rates in the jurisdictions where Mirvac Trust is subject to tax and assumes no significant change to those rates or existing laws or interpretation of existing laws.

It is assumed that Mirvac Trust (and its controlled sub-trusts and other trusts in which it holds an interest) will not be classed as either a public trading trust or a corporate unit trust for Australian tax purposes and therefore be taxed on a 'flow-through' basis (see also Section 10.1n).

- **Litigation**

Mirvac Trust currently has no material litigation or legal settlements. It has been assumed there will be no material litigation or legal settlements.

- **Economic and political environment**

It has been assumed that there will be no adverse changes in the prevailing political conditions in regions in which Mirvac Trust operates.

- **Continuity of operations**

It has been assumed there will be no significant disruption to the operations of Mirvac Trust during the financial years ending 30 June 2010 and 30 June 2011.

Specific to Mirvac Trust (post the acquisition of WOT)

In addition to the assumptions underlying the WOT and Mirvac Trust Standalone Forecast Income Statements as set out in this Section 9, the following best estimate assumptions have been made for Mirvac Trust (post the acquisition of WOT):

- **Effective date**

The Pro Forma Forecast Income Statements have been prepared on the assumption that the Scheme will be implemented on 1 July 2010.

- **Cost savings, merger benefits and merger implementation costs**

Mirvac Trust considers that the Offer will result in material cost savings of \$7 million to Mirvac Trust (post the acquisition of WOT). Mirvac Trust has assumed that certain management fees paid by WOT to WFML will not be paid by WOT after implementation of the Offer and that the majority of WOT's administration and day to day running costs will be absorbed by Mirvac Trust.

c. Pro forma adjustments

The following pro forma adjustments have been made in producing the Pro Forma Forecast Income Statement for the 12 months ending 30 June 2011 (assuming the Scheme is implemented on 1 July 2010):

- i. The net rental income from investment properties decreases by \$0.3 million due to the termination of the RVA. Other adjustments of \$6.7 million include straight-lining of fixed rental increased leases, and amortisation of lease incentives as required by Australian Accounting Standards;
- ii. Interest revenue is reduced by \$14.9 million and finance cost expense is reduced by \$12.6 million as a consequence of Mirvac Trust using its available cash resources and available debt facilities to retire and restructure WOT borrowings and to fund associated transaction costs;

- iii. Mirvac Trust has assumed that certain management fees paid by WOT to WFML will not be paid by WOT after implementation of the Offer and that the majority of WOT's administration and day to day running costs will be absorbed by Mirvac Trust, realising savings to Mirvac Trust of \$7 million (post the acquisition of WOT);
- iv. Expense of \$1.1 million relating to WOT's capitalised borrowing costs written off on implementation of the Scheme on 1 July 2010; and
- v. Costs associated with the implementation of the Offer are estimated to be \$25.1 million and will be written off as incurred.

9.5 Future prospects of WOT and Mirvac Trust

The Standalone and Pro Forma Forecast Income Statements for the 12 months ended 30 June 2011 does not necessarily represent the likely future financial performance of WOT or Mirvac Trust (both on a standalone basis) or Mirvac Trust (post the acquisition of WOT) beyond the financial year ending 30 June 2011.

The Mirvac Directors have determined that there is not a reasonable basis to produce reliable and meaningful forecast financial information beyond 30 June 2011.

The future prospects of WOT on a standalone basis have been set out in Section 4 (**Other considerations**) and the future prospects of Mirvac Trust have been set out in Section 8 (**Information about Mirvac**).

9.6 Impact of Scheme on Scheme Participants

The following sets out the impact on Scheme Participants of the Scheme, assuming the Scheme is implemented on 1 July 2010.

In interpreting the following, Scheme Participants should consider the following important information:

- Current WOT earnings forecasts and capacity to pay future distributions are based on a number of key assumptions regarding repayment or refinancing of existing debt facilities during the year ending 30 June 2012;
- WOT's earnings and distributions on a standalone basis for the year ending 30 June 2012 may be significantly lower than those forecast by WOT for the year ending 30 June 2011 as a result of higher financing costs likely to be incurred upon the refinancing of WOT's maturing debt facilities;
- If WOT is not able to achieve a refinancing of its maturing debt facilities with gearing covenants substantially the same as those within WOT's existing debt facilities, WOT may be required to undertake an equity capital raising which would likely be significantly dilutive to earnings and distributions for the year ending 30 June 2012; and
- Mirvac is significantly larger, more deeply traded and better capitalised than WOT and as a result, there is greater certainty regarding Mirvac's capacity to pay future distributions than WOT.

Assuming the Scheme is implemented on 1 July 2010	WOT standalone 12 months ending 30 June 2011	WOT (following completion of Scheme) 12 months ending 30 June 2011	Impact of Scheme on WOT Unitholders/IR Holders	Impact of Scheme on WOT Unitholders/IR Holders %
Operating profit (cents per WOT Unit)	6.8	6.6	(0.2)	(3.4)
Distributions to WOT Unitholders (cents per WOT Unit)^{1,2}:				
– based on Mirvac Trust low end of range	6.5	4.8	(1.7)	(26.5)
– based on Mirvac Trust mid point of range	6.5	5.1	(1.4)	(21.9)
– based on Mirvac Trust high end of range	6.5	5.4	(1.1)	(17.3)
Distributions to IR Holders (cents per IR)^{1,2}:				
– based on Mirvac Trust low end of range	3.3	1.5	(1.7)	(53.0)
– based on Mirvac Trust mid point of range	3.3	1.8	(1.4)	(43.9)
– based on Mirvac Trust high end of range	3.3	2.1	(1.1)	(34.7)
Total leverage ratio as at 31 December 2009 (total liabilities/total tangible assets) (%)	64.7	32.3	(32.4)	(50.1)
Pro forma net tangible assets per WOT Unit as at 31 December 2009 (\$)	0.84	0.95	0.11	13.5

1 Mirvac Trust has provided a distribution forecast range of 8.0 to 9.0 cents per Mirvac Security for 30 June 2011. The impact of the Offer on distributions to WOT Unitholders is illustrated assuming a distribution of 8.0 cents per Mirvac Security (low end of range), 8.5 cents per Mirvac Security (mid point of range) and 9.0 cents per Mirvac Security (high end of range).

2 WOT standalone distribution forecast per WOT Unit and IR is for the 12 months ending 30 June 2011 and is calculated post the provision for capital expenditure and re-leasing costs and assumes that the refinancing of the term debt and CMBS facilities occurs post 30 June 2011.

The historical financial information contained in Section 8 illustrates the significance of the component parts of Mirvac, namely the Mirvac Trust and ML.

Section 9 provides details of the forecast income statement of Mirvac Trust, WOT and Mirvac Trust (post the acquisition of WOT). As noted above, the Mirvac Directors do not believe there is a reasonable basis for forecasting income for ML, therefore and necessarily, the forecast is restricted to the activities of Mirvac Trust. Scheme Participants should note the distribution and dividend policy of the Mirvac Group. It is currently anticipated that Mirvac is to only make distributions from Mirvac Trust.

9.7 Sensitivities

a. Cash Option

As part of the Offer, Scheme Participants may elect to receive cash under the Cash Option for their WOT units rather than Mirvac Securities. The amount of cash under the Cash Option is subject to an aggregate limit of \$200 million.

If this \$200 million limit is utilised in full the Pro Forma Consolidated Statement of Financial Position for Mirvac (post the acquisition of WOT) and Pro Forma Income Statement for Mirvac Trust (post the acquisition of WOT) will change as follows:

- The Pro Forma Consolidated Statement of Financial Position for Mirvac (post the acquisition of WOT):
 - borrowings and total liabilities would increase by \$200 million;
 - net assets, contributed equity, total parent entity equity and total equity would decrease by \$200 million;
 - the number of Mirvac Securities issued would decrease by 138.9 million;
 - NTA remains unchanged;
 - balance sheet gearing would increase from 26.7 per cent to 29.1 per cent. This would exceed Mirvac's balance sheet gearing ratio target of 20 per cent to 25 per cent, but would be significantly lower than WOT's current gearing ratio of 61.7 per cent (see Sections 8.3b and 8.6n); and
 - the total leverage ratio would increase from 32.3 per cent to 34.7 per cent.

- The Pro Forma Income Statement for Mirvac Trust (post the acquisition of WOT):
 - finance cost expense would increase by \$16.7 million to \$91.6 million resulting in a corresponding decrease in operating profit; and
 - as a result of the number of Mirvac Securities issued decreasing by 138.9 million, the movement in operating earnings per security would be insignificant and remain at 11 cents per unit.

b. Timing of the acquisition

The forecast financial information in Section 9 has been compiled assuming implementation of the Scheme occurs on 1 July 2010. The Implementation Date is currently estimated to be Wednesday, 4 August 2010. The impact on Mirvac's operating profit (post the acquisition of WOT) assuming the Scheme is implemented on Wednesday, 4 August 2010 is a reduction of approximately \$3 million.

c. Movement in Mirvac Security price

The forecast financial information in Section 9 has been compiled assuming the Offer is effected by the Scheme with Scheme Participants receiving 0.597 Mirvac Securities for every one WOT Unit they hold on the Record Date at a price of \$1.44 per Mirvac Security (being the 5 day VWAP of Mirvac Securities on 27 April 2010).

The table below illustrates the impact of a 1 cent increase or decrease in the Mirvac Security price above or below \$1.44.

Impact of a 1 cent increase or decrease in the Mirvac Security price:	100 per cent Scrip Option \$m	Cash Option \$m
Intangible assets ^(a)	+/- 2.9	+/- 1.6
Contributed equity	+/- 2.9	+/- 1.6
Net assets	+/- 2.9	+/- 1.6
Total equity	+/- 2.9	+/- 1.6

Note (a): Under the 100 per cent Scrip Option, intangible assets are reduced by \$2.9 million for each 1 cent decrease in the Mirvac Security price until the Mirvac Security price is \$1.406. If the Mirvac Security price falls below \$1.406, the intangible asset associated with the consideration being paid by Mirvac for the WOT Units acquired is eliminated in full and a discount on business combination is created which would be included in Mirvac's statutory profit and retained earnings. Under the Cash Option, the Mirvac Security price would need to fall below \$1.374 for a similar impact.

10.

Risks

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If the Offer is implemented, Scheme Participants (other than Foreign Investors) may elect to receive Mirvac Securities.

Scheme Participants should be aware that there are a number of risks associated with investing in Mirvac Securities which could impact on the price and distributions of Mirvac Securities going forward. There are many risk factors that could adversely affect Mirvac's business, financial performance, results of operations, cash flows and prospects including:

- Risks that are specific to Mirvac's existing business and which will therefore be risks to which WOT Unitholders electing the Scrip Option, will be exposed;
- General business risks common to A-REITs; and
- Other general risks.

There are risks associated with holding IRs that are existing risks faced by IR Holders and not risks associated with the Scheme. The general risk of investing in the A-REIT Sector also largely stays the same for Scheme Participants as both WOT and Mirvac are in this sector.

It is important for Scheme Participants to understand the risk profile of an investment in Mirvac is different to an investment in WOT. As a passive investment trust, WOT Unitholders and IR Holders do not currently have exposure to the risks associated with residential development, construction, hotel management or investment management activities. If Scheme Participants elect to receive Mirvac Securities under the Scheme, they will be exposed to risks associated with these activities, which in turn may result in greater volatility in earnings, distributions, net assets and gearing (as to gearing, see Section 8.3b and the refinancing requirements risk below).

Mirvac Trust has provided a distribution forecast range of 8.0 to 9.0 cents per Mirvac Security for 30 June 2011. It is currently anticipated that Mirvac is only to make distributions from Mirvac Trust, with no dividends from ML. The risk to Scheme Participants receiving Mirvac Securities relates to further unforeseen losses in the future which may occur due to the risks associated with these activities.

The risks identified in this Section 10 are not exhaustive and do not take into account Scheme Participants' investment objectives, financial situation, tax position or particular needs. They are key risks which are known to WOT and Mirvac as at the date of this Explanatory Memorandum. No assurances or guarantees of the future performance of, profitability of, or payment of distributions by Mirvac are given.

10.1 Risks specific to Mirvac

a. Risks associated with development and planning activities

Mirvac will be subject to the risks associated with its development and re-development activities, including but not limited to:

- General increases in supply or decline in demand for property or Mirvac development or redevelopment product;
- Settlement/credit risks on pre-sold land lots/units;
- Income derived from re-developed properties being lower than expected;
- Escalation of development or re-development costs beyond those originally expected by Mirvac;
- Factors impacting Mirvac's ability to complete existing and future projects, including industrial disputes, inclement weather and cost overruns;
- Non-performance or breach of contract by a contractor or sub-contractor;
- Construction projects not being completed on budget or on schedule;
- Competing development projects adversely affecting the overall return achieved by any development or redevelopment projects undertaken by Mirvac because they provide competitive alternatives for potential purchasers and lessees;
- Failures to obtain, or delays in obtaining, required plan registrations, approvals, permits or licences (eg, due to community objections or delays by local and state authorities);
- Trade practices law risk, including misleading and/or deceptive conduct with the general public;
- Temporary disruption of income from a property due to a delay in completion;
- Securing of land supply for future projects; and
- Additional environment remediation issues not previously identified or allowed for.

A sustained downturn in property markets caused by any deterioration in the economic climate could result in reduced development profits through reduced selling prices or delays in achieving sales.

Increases in supply or falls in demand in any of the sectors of the property market in which Mirvac operates or invests could influence the acquisition of sites, the timing and value of sales and carrying value of projects. The residential property market in particular may be adversely affected by declining consumer sentiment and increasing interest rates. In the short term this may affect, for example, project enquiry levels or rates of sale.

In the medium term, factors such as the oversupply of various markets may materially impact Mirvac's development operations.

A number of factors will affect the earnings, cashflows and valuations of Mirvac's commercial property development, including construction costs, scheduled completion dates, estimated rental income and occupancy levels and the ability of tenants to meet rental and other contractual obligations.

b. Risks associated with construction activities

Mirvac will be subject to the general risks associated with construction activities, including but not limited to:

- **Reliance on key contractors**

Mirvac will be subject to the general risks associated with reliance on key contractors and the ability to replace key contractors if a contract is not completed or workmanship is of inferior quality or delayed in delivery. Failure to do so may have an impact on the financial performance of Mirvac.

- **Time delay risks**

Time delay risks may arise from a number of issues, including delays in development approvals, complex construction specifications, changes to design briefs, legal issues, supply of labour, supply of materials, inclement weather, land contamination, difficult site access, industrial relations issues and interest group objections. Time delays may result in termination of lease and/or pre sale agreements or other financial impacts which may affect the financial performance of Mirvac.

- **Consequential loss risk**

In some instances construction contracts have consequential loss clauses where Mirvac may be liable for any financial loss incurred by the principal as a result of delays in the delivery of the project.

- **Design risk**

Design risk may arise where Mirvac assumes design responsibility, causing the risk that design problems or defects may result in rectification or other costs or liabilities that cannot be recovered.

- **Quality and workmanship risk**

Quality and workmanship risk may arise if Mirvac fails to fulfil its statutory and contractual obligations in relation to the quality of materials and workmanship, including warranties and defect liability obligations. This may impact on Mirvac's financial performance.

- **Risk of counterparties**

Counterparty risks may arise in circumstances where parties with which Mirvac has dealings experience financial difficulties with consequential adverse effects for the relevant projects or assets, which may impact on Mirvac's financial performance.

- **Pricing risk**

Pricing risk may arise on projects in which Mirvac enters into construction contracts on the basis of cost estimates, which ultimately prove to be insufficient and are unable to be increased to recover Mirvac's actual costs of construction.

- **Bid costs**

Risks associated with bid costs will arise as Mirvac submits proposals for assignments often in response to a tender process. The costs can be significant and if Mirvac does not gain preferred bidder status, will be written off in the period of the loss. Additionally, there is a risk that even if a preferred bidder status is achieved but financial close is not reached, bid costs will also be written off.

- **Occupational health and safety issues**

There are a number of occupational health and safety issues which are inherent in the construction industry and which could lead to injuries occurring to those in and around construction sites. In circumstances where Mirvac is responsible for such incidents, financial sanctions may be imposed on Mirvac which could have an adverse impact on Mirvac's earnings or financial performance.

- **Inflation and construction costs**

Higher than expected inflation rates generally, or specific to the residential development industry, could be expected to increase operating costs and development costs and potentially reduce the value of development land. These cost increases may or may not be offset by increased selling prices.

c. Risks associated with property investment activities

Mirvac has a number of property investments. Generally property investment activities have a number of risks including:

- **Returns from investment**

Returns from property investment assets largely depend on the rental income generated from the property and the expense incurred in the operation, including the management and maintenance of the

property as well as changes in the market value of the property. Factors which may adversely impact these returns include:

- The overall conditions in the national and local economy, such as changes to growth in gross domestic product, employment, inflation and interest rates;
- Local real estate conditions, such as changes in the demand and supply for retail, office, industrial or hotel/ tourism assets or rental space;
- Changes in demand resulting in a downturn in the tourism industry, which may affect revenue and/or occupancy levels in the hotel and resort portfolio;
- The perception of prospective tenants regarding attractiveness and convenience of assets;
- The convenience and quality of properties;
- Changes in tenancy laws;
- External factors including war, terrorist or force majeure events;
- Unforeseen capital expenditure;
- Supply of new properties and other investment assets; and
- Investor demand/liquidity in investments.

- **Leasing terms and tenant defaults**

The future financial performance of Mirvac will depend on its ability to continue to lease existing retail, office, industrial and hotel space that is currently vacant, or that becomes vacant on expiry of leases, on economically favourable terms. In addition, the ability to lease new asset space in line with expected terms will impact on the financial performance of Mirvac.

- **Liquidity of property investments**

The nature of investments in property assets may make it difficult to generate liquidity in the short term if there is a need to respond to changes in economic or other conditions.

- **Acquisition of properties**

A key element of Mirvac's future strategy will involve the acquisition of assets to add to the property investment portfolio. There are inherent risks in such acquisitions. These risks could include unexpected problems or other latent liabilities such as the existence of asbestos or other hazardous materials or environmental liabilities. There are also risks associated with integration of businesses, including financial and operational issues as well as employee related issues.

d. Property market

Mirvac's earnings will be subject to the prevailing property market conditions. Adverse changes in prevailing market sentiment in any of the sectors of the property market in which Mirvac operates or invests may adversely affect earnings. These factors may adversely affect the value of, and returns generated from, property investments, management and development and construction projects undertaken by Mirvac from time to time, and may influence the acquisition of sites, the timing and value of sales, and the carrying value of projects and income producing assets.

e. Availability of capital

Real estate investment and development is highly capital intensive. Mirvac's ability to raise funds in the future on favourable terms depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of Mirvac's business. Many of these factors are outside Mirvac's control and may increase the cost and reduce the availability of capital.

Any downgrade to Mirvac's credit rating may impact Mirvac's access to capital.

f. Impact of financing covenants

Mirvac has various covenants in relation to its banking facilities, including:

- A statement of financial position gearing covenant of 55 per cent; and
- A minimum interest cover ratio of 2.25 times.

Mirvac's financiers require it to maintain certain gearing and other ratios under various debt covenants.

If covenants are breached and consequently the debt facilities are required to be renegotiated, future distributions paid by Mirvac may be impacted.

Factors such as falls in asset values, depreciation of the Australian dollar and the inability to achieve timely asset sales at prices acceptable to Mirvac could lead to a breach in debt covenants. Any breaches of Mirvac's debt covenants will require a renegotiation of its debt facilities and is expected to result in increased interest costs and/or fees assuming Mirvac's lenders are amenable to waiving the covenant breach.

No financiers' rights under Mirvac's current debt facilities are triggered as a result of adverse market capitalisation movements.

g. Employees

Mirvac will be reliant on retaining and attracting quality senior executives and other employees. The loss of the services of any of Mirvac's senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect Mirvac's operations.

h. Customers

Insolvency or financial distress of Mirvac's tenants may reduce the income received from its assets.

i. Refinancing requirements

Mirvac is exposed to risks relating to the refinancing of existing debt instruments and facilities.

The dollar value of Mirvac's refinancing obligations are greater than that of WOT. It is important, however, to consider the refinancing commitment in the context of the relative size of Mirvac's asset base, headroom to covenants and ability to access debt and equity capital markets.

As at 31 December 2009, Mirvac has \$288 million of drawn debt maturing during the year ending 30 June 2011, \$905 million of drawn debt maturing during the year ending 30 June 2012 and \$428 million¹ of drawn debt maturing beyond 30 June 2012.

It may be difficult for Mirvac to refinance all or some of these and other debt maturities if required. Further, if some or all of these debt maturities can be refinanced, they may be on less favourable terms than is currently the case.

(j) Risks with joint ventures

Mirvac holds interests in a range of funds and joint ventures. Mirvac also derives income from providing property and funds management services to these entities. A number of the fund and joint venture bank loans have gearing and other financial covenants. The borrowings of these entities are non-recourse to Mirvac. Further deterioration in economic conditions and property markets could give rise to breach of these financial covenants and have an adverse impact on the income received from and value of Mirvac's investment in these funds and joint ventures.

(k) Financial forecasts

There is a risk that the assumptions in the financial information in this Explanatory Memorandum may not hold, such that the forecast earnings and distributions may differ from those set out in the Explanatory Memorandum. The variations may be material.

(l) Impact of foreign exchange movements on assets, liabilities and gearing

Through its exposure to foreign assets or liabilities, Mirvac will be exposed to movements in the value of foreign currencies. Adverse movements in the value of the A\$ relative to the foreign currencies may impact the Australian dollar value of Mirvac's earnings. Adverse movements in the Australian dollar value of Mirvac's foreign currency denominated assets and liabilities may also impact net tangible assets and gearing levels.

Mirvac will also enter into foreign currency hedging arrangements. The impact of exchange rate movements will vary from time to time, and is dependent on any hedging entered into, the levels at which hedging contracts are arranged and the duration of hedging contracts. However, there can be no assurance that Mirvac will not be adversely impacted by future movements in foreign exchange rates or that its hedges will be effective.

(m) Interest rate risk

Mirvac's interest cost on floating rate debt will increase if benchmark interest rates increase. This would reduce earnings and cashflow available for distribution to Securityholders.

Mirvac will manage its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging instruments for between 50 per cent and 90 per cent of floating rate exposures.

(n) Taxation

Changes in taxation law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which Mirvac operates, may impact the tax liabilities of Mirvac and the trusts and joint ventures in which it holds an interest. Under current income tax legislation, 'flow-through' trusts are generally not liable for Australian income tax, including CGT, provided securityholders are presently entitled to all of the income of those trusts each year. Should the actions or activities of a 'flow-through' trust (their controlled entities or other trusts in which they hold an interest) result in the relevant trust being treated as a corporate unit trust or public trading trust for the purposes of Division 6B or 6C of the Tax Act respectively,

¹ The amount shown above reflects Mirvac's 31 December 2009 financial statements at the period end spot rate. The actual amount repayable is A\$513 million as the US dollar amount has been hedged with cross currency swaps.

the relevant trust would be taxed on its taxable income at a rate which is currently equivalent to the corporate income tax rate of 30 per cent.

Scheme Participants should note that on 7 May 2010, the Assistant Treasurer announced that a new tax system would be introduced for managed investment trusts. No draft legislation has, at this stage, been released.

The Australian Taxation Office is currently reviewing the treatment of instalment warrants. Furthermore, the Assistant Treasurer announced on 10 March 2010 that amendments will be made to the tax legislation in relation to the treatment of instalment warrants. It is not known at this stage to what extent (if any) that review, or those amendments, could affect the IRs.

10.2 Risks associated with continuing to hold IRs

a. Acceleration of repayment of Instalment Debt

The existing early payment conditions of the Instalment Debt will continue until 1 November 2013. Under the terms of the Security Trust Deed, there are a number of events that may lead to the early repayment of the Instalment Debt. After implementation of the Scheme, the IR Lender may require repayment of the Instalment Debt because of the occurrence of any of the following events:

- there is a change in control of Mirvac such that any person, together with that person's associates, becomes entitled to 30 per cent or more of Mirvac Securities and/or the IRs;
- there is a breach or failure to perform any material obligations by the Security Trustee of the terms of the Security Trust Deed;
- insolvency of the Mirvac Group;
- any financial indebtedness in excess of \$50 million of any member of the Mirvac Group being declared to be or otherwise becoming due and payable prior to its specified maturity as a result of an event of default or review event or similar event however described;
- ASX delists the Mirvac Group from the official list of the ASX;
- there is a sale of a sub-trust, subsidiary trust or other subsidiary entity of any type of the Mirvac Group which has a value that exceeds 10 per cent of the gross assets of the Mirvac Group (on a consolidated look-through basis) immediately following the acquisition of WOT; or

- Mirvac RE ceases to be the responsible entity of Mirvac Trust or any step is taken to appoint another responsible entity of Mirvac Trust other than where the replacement entity is a subsidiary of the Mirvac Group.

Should any of these events occur, the Instalment Debt may be accelerated and Investors may be required to repay the remaining Instalment Debt before 1 November 2013.

b. Instalment Debt interest rate risk

Currently, the interest rate on the Instalment Debt due on 1 November 2011 is fixed at 6.5 per cent per annum. Investors who choose to hold Instalment Receipts after 1 November 2011 will be exposed to the movement in market interest rates and margins and Westpac's assessment of the risks associated with the Instalment Debt. If the current interest rate and debt capital market conditions continue or worsen, investors should expect the interest rate from 1 November 2011 on their Instalment Debt to be higher than 6.5 per cent per annum. The movement in the interest rate may adversely affect the quarterly distribution received by an Investor. No assurance can be given about the amount of the interest rate.

The IR Lender may capitalise, upon a monthly or such other periodical basis as the IR Lender may determine, any part of the instalment interest forming part of the Instalment Debt that becomes due and owing and is not paid on its due date and instalment interest and default interest, if applicable, are payable in accordance with the Security Trust Deed upon capitalised interest.

There is no guarantee that distributions paid in respect of a Mirvac Security will be enough to cover the instalment interest that is paid in advance.

On 1 November 2013 Investors holding IRs will be required to pay the full outstanding balance of the Instalment Debt.

c. Liability of IR Holders on default

If an IR Holder does not pay the Instalment Debt when due, the relevant IRs may be cancelled.

Despite the cancellation of an IR Holder's IRs and the sale or attempted sale of the Mirvac Securities to which that IR Holder's IRs relate, the IR Holder is nevertheless liable to pay to the IR Lender the Second Instalment and the Final Instalment forming part of the Instalment Debt (less, if a sale has occurred, so much of the proceeds as are available to be applied in reduction of the Second Instalment and the Final Instalment forming part of the Instalment Debt).

The liability described in the paragraph above is in addition to any liability the defaulting IR Holder may have in relation to any other unpaid amounts or in relation to default interest which may be payable. If there is a transfer of an IR, the transferee becomes subject to all of the obligations relating to such IR, and the Mirvac Securities to which the IRs relate, including with respect to all unpaid amounts and any default interest payable.

10.3 A-REIT Sector Risks

a. Asset values

Asset values are affected by many factors including prevailing market conditions, risk appetite, volume of sales, the ability to procure tenants, contracted rental returns, operating, maintenance and refurbishment expenses and the funding environment. Asset value declines may have an impact on gearing levels and their proximity to covenant limits.

b. Illiquid assets

Property assets are by their nature illiquid investments. If property assets are required to be disposed of in order to raise liquidity, it may not be possible to dispose of assets in a timely manner or at an appropriate price.

c. Property leasing

There is a risk that tenants default on their rent or other obligations under leases, leading to capital losses or a reduction in income from those assets. There is also a risk that it may not be possible to negotiate lease renewals or maintain existing lease terms. If this occurs, income and book values may be adversely impacted.

d. Counterparty/credit risk

A-REITs are exposed to the risk that third parties, such as tenants, developers, service providers and financial counterparties to derivatives (including foreign exchange and interest rate hedging instruments) and other contracts may not be willing or able to perform their obligations.

e. Fixed nature of costs

Many costs associated with the ownership and management of property assets are fixed in nature. The value of assets may be adversely affected if the income from the asset declines and these fixed costs remain unchanged.

f. Capital expenditure

A-REITs are exposed to the risk of unforeseen capital expenditure requirements in order to maintain the quality of the buildings and tenants.

g. Insurance

A-REITs purchase insurance, customarily carried by property owners, managers, developers and construction entities that provide a degree of protection for its assets, liabilities and people. Such policies include material damage of assets, contract works, business interruption, general and professional liability and workers compensation. There are however certain risks that are uninsurable (eg, nuclear, chemical or biological incidents) or risks where the insurance coverage is reduced (eg, cyclone, earthquake).

A-REITs also face risk associated with the financial strength of their insurers to meet indemnity obligations when called upon which could have an adverse effect on earnings.

h. Land values

Events may occur from time to time that affect the value of land or development costs which may then impact the financial returns generated from particular property related investment businesses or projects. For example, unanticipated environmental issues, land resumptions and major infrastructure requirements may impact on future earnings of Mirvac.

i. Regulatory issues and changes in law

A-REITs are exposed to the risk that there may be changes in laws that have a materially adverse impact on financial performance (such as by directly or indirectly reducing income or increasing costs).

j. Competition

Mirvac will face competition from within the A-REIT sector, and also operates with the threat of new competition entering the market. Competition may lead to an oversupply through overdevelopment, or to prices for existing properties or services being impacted by competing bids. The existence of such competition may have an adverse impact on Mirvac's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis, or the pricing of construction projects or development opportunities which in turn may impact Mirvac's financial performance and returns to Investors.

k. Conflicts of interest with joint venture partners

Mirvac currently undertakes joint ventures with co-owners on asset ownership and with business partners on development projects. At times, major decisions are required to be made in respect of these joint venture arrangements (eg, redevelopment and refurbishment, refinancing, the sale of assets or surplus land, the purchase of additional land and bid pricing). The interests of Mirvac may not always be the same

as those joint venture partners in relation to these matters. These matters will be subject to the relevant agreements (which may include pre-emptive rights or first rights of refusal in relation to co-owned assets or other buy-sell provisions which may be disadvantageous to the parties, including Mirvac) and the parties' performance under these agreements.

I. Environmental

A-REITs are exposed to a range of environmental risks which may result in project delays or additional expenditure. In such situations, they may be required to undertake remedial works and potentially be exposed to third party liability claims and/or environmental liabilities such as penalties or fines.

m. Acquisition of properties

Mirvac may acquire assets to add to its property investment portfolio. There are inherent risks in such acquisitions. These risks could include unexpected problems or other latent liabilities such as the existence of asbestos or other hazardous materials or environmental liabilities. There are also risks associated with integration of businesses, including financial and operational issues as well as employee related issues.

n. Interest rate risk

Increases in long-term interest rates may have adverse implications for the property sector and the equity interest that Investors have, from time to time, in making investments in the property sector. Increases in interest rates impact Mirvac on two levels. First, it may increase Mirvac's cost of funding thereby reducing the returns from Mirvac's investment property portfolio. Secondly, it may adversely affect Mirvac's future earnings because an increase in interest rates may negatively impact the demand for residential property developed by Mirvac.

10.4 Other General Risks

a. General economic conditions

Mirvac's operating and financial performance, and the market price of Mirvac Securities, is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, exchange rates, commodity prices, ability to access funding, oversupply and demand conditions, government fiscal, monetary and regulatory policies, changes in gross domestic product and economic growth, employment levels and consumer spending, consumer and investment sentiment and property market volatility. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost

of capital or a decrease in consumer demand, could have a materially adverse impact on Mirvac's operating and financial performance.

b. Inflation

Higher than expected inflation rates generally or specific to the property sector could be expected to increase operating costs and development costs.

c. Litigation and disputes

Disputes or litigation may arise from time to time in the course of business activities. There is a risk that material or costly disputes or litigation could adversely affect financial performance and security value.

d. Occupational health and safety

Failure to comply with the necessary occupational health and safety legislative requirements across the jurisdictions in which Mirvac will operate could result in fines, penalties and compensation for damages as well as reputational damage.

e. Changes in accounting policy

Mirvac will be subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on Mirvac.

f. Market Risks

The price that Mirvac Securities trade on ASX may be determined by a range of factors, including:

- Changes to local and international stock markets;
- Inflation;
- Changes in interest rates;
- General economic conditions;
- Changes to the relevant indices in which Mirvac may participate, the weighting that Mirvac has in the indices and the implication of those matters for institutional Investors that impact their investment holdings in Mirvac Securities;
- Global geo-political events and hostilities;
- Investor perceptions;
- Changes in government, fiscal, monetary and regulatory policies; and
- Demand and supply of listed property trust securities.

In the future, one or more of these factors may cause Mirvac Securities to trade below current prices and may affect the revenue and expenses of Mirvac. In addition, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Mirvac.

g. Pricing risk

There is a risk that the amount a Scheme Participant receives for their WOT Units under the Cash Option may be more or less than the amount they receive if they select the Scrip Option for those WOT Units and/or participate in the Sale Facility.

h. Other factors

Other factors that may impact on an entity's performance including changes or disruptions to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war.

i. Forecast risks

Investors should note that the historical financial performance of WOT and Mirvac is no assurance or indicator of future financial performance of WOT or Mirvac (whether or not the Offer proceeds). Neither WFML nor Mirvac guarantee any particular rate of return or the performance of WOT or Mirvac nor do they guarantee the repayment of capital from WOT or Mirvac or any particular tax treatment.

11.

Investigating Accountant's Report



Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

The Directors
Mirvac Limited
Level 26, 60 Margaret Street
SYDNEY NSW 2000

The Directors
Mirvac Funds Limited as responsible entity of
the Mirvac Property Trust
Level 26, 60 Margaret Street
SYDNEY NSW 2000

The Directors
Westpac Funds Management Limited as responsible entity of
the Westpac Office Trust
Level 16, 90 Collins Street
MELBOURNE VIC 3000

11 June 2010

Dear Directors

Investigating Accountant's Report and Financial Services Guide

We have prepared this report on certain financial information of Westpac Office Trust (**WOT**), Mirvac Limited (**ML**) and the Mirvac Property Trust (**Mirvac Trust**) (together **Mirvac**), and of Mirvac Trust (following the acquisition of WOT), for inclusion in a combined Scheme Explanatory Memorandum, Product Disclosure Statement and Prospectus (the **EM**) related to the proposed acquisition of WOT by Mirvac (the **Proposal**).

Expressions defined in the EM have the same meaning in this report.

The nature of this report is such that it should be given by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to prepare this Investigating Accountant's Report (the **Report**) covering the following information:

- (i) Summary consolidated statements of financial position for each of Mirvac and WOT as at 31 December 2009; pro forma summary consolidated statement of financial position for Mirvac (post the acquisition of WOT) as at 31 December 2009 (together the "Pro Forma Consolidated Statement of Financial Position" — refer to Section 9.2 (b));

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ABN 54 003 311 617
Holder of Australian Financial
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SYDNEY NSW 1171
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- (ii) Consolidated summary forecast income statements for each of WOT and Mirvac Trust for the 12 months ending 30 June 2010 and 30 June 2011 (the "Standalone Forecast Income Statements") – refer to Section 9.4; and
 - (iii) Consolidated summary pro forma income statement for Mirvac Trust (post the acquisition of WOT) for the 12 months ending 30 June 2011 which includes the impact of the Pro Forma Adjustments (the "Pro Forma Forecast Income Statement") – refer to Section 9.4 (c)
- (collectively the "Financial Information").

This Report has been prepared for inclusion in the EM. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared.

Limitation of scope of review of the Mirvac and Mirvac Trust (post WOT acquisition) Financial Information

As detailed in Section 9 of the EM, the directors of Mirvac are responsible for the preparation of the Mirvac and Mirvac Trust (post WOT acquisition) Financial Information, except that the Directors of Westpac Funds Management Limited (WFML) as responsible entity of WOT are responsible for the information regarding WOT provided to Mirvac to prepare that Financial Information. In preparing the Mirvac and Mirvac Trust (post WOT acquisition) Financial Information no adjustments have been made to reflect the fair value of acquired assets and liabilities in accordance with AASB 3 Business Combinations as described in Section 9.4 of the EM.

Scope of review of the Pro Forma Balance Sheet

The Pro Forma Balance Sheet has been extracted from the reviewed financial statements of Mirvac and WOT for the year ended 31 December 2009. These financial statements were audited by PricewaterhouseCoopers, who issued an unqualified review opinion on them in each case. The Pro Forma Balance Sheet incorporates such adjustments as the Directors of ML and MFL (as the responsible entity of Mirvac Trust) considered necessary to present the Pro Forma Balance Sheet on a basis consistent with the Pro Forma Forecast Income Statement.

The Directors of ML and MFL (as the responsible entity of Mirvac Trust) are responsible for the preparation and presentation of the Pro Forma Balance Sheet including the adjustments to the historical Balance Sheet and pro forma transactions on which the Pro Forma Balance Sheet is based, except that the Directors of WFML as responsible entity of WOT are responsible for the information regarding WOT provided to Mirvac to prepare the Pro Forma Balance Sheet.



We have conducted our review of the Pro Forma Balance Sheet in accordance with Australian Auditing Standards applicable to review engagements. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents
- a review of the adjustments included in the Pro Forma Balance Sheet
- a review of the Pro Forma Transactions used to compile the Pro Forma Balance Sheet
- a comparison of consistency in application of the recognition and measurement principles under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Mirvac as referred to in Section 9.1 of the EM, and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Balance Sheet.

Review statement on the Pro Forma Balance Sheet

Based on our review of the Pro Forma Balance Sheet, which is not an audit, except for the limitation of scope described above, nothing has come to our attention which causes us to believe that:

- the Pro Forma Balance Sheet has not been properly prepared on the basis of the Pro Forma Transactions
- the Pro Forma Transactions do not form a reasonable basis for the Pro Forma Balance Sheet
- the Pro Forma Balance Sheet, assuming completion of the Pro Forma Transactions, as set out in Section 9.2 (b) of the EM, does not present fairly the Pro Forma Balance Sheet of Mirvac (post WOT acquisition) as at 31 December 2009 in accordance with the recognition and measurement principles prescribed under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Mirvac as referred to in Section 9.1 of the EM.

Scope of review of the Standalone and Pro Forma Forecast Income Statements (together the Forecast Income Statements)

As detailed in section 9.4 of the EM, the Directors of WFML (as responsible entity of WOT) are responsible for the preparation and presentation of the WOT Standalone Forecast Income Statement including the best estimate assumptions on which it is based.

As detailed in section 9.4 of the EM, the Directors of MFL (as responsible entity of Mirvac Trust) are responsible for the preparation and presentation of the Mirvac Trust Standalone Forecast Income Statement and the Pro Forma Forecast Income Statement including the best estimate assumptions on which they are based, except that the Directors of WFML as responsible entity of

(3)



WOT are responsible for the information regarding WOT provided to MFL to prepare the Pro Forma Forecast Income Statement.

Our reviews of the best estimate assumptions underlying the Forecast Income Statements were conducted in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures as we considered necessary to form an opinion as to whether anything has come to our attention which causes us to believe that:

- (a) the best estimate assumptions do not provide a reasonable basis for the Forecast Income Statements
- (b) in all material respects, the Forecast Income Statements are not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of WOT and Mirvac Trust referred to in Section 9.1 of the EM, or
- (c) the Forecast Income Statements are unreasonable.

The Standalone Forecast Income Statement for WOT has been prepared by the Directors of WFML (as Responsible Entity of WOT) and the Standalone Forecast Income Statement for Mirvac Trust and the Pro Forma Forecast Income Statement have been prepared by the Directors of MFL (as Responsible Entity of Mirvac Trust) to provide investors with a guide to the potential future financial performance of WOT, Mirvac Trust and Mirvac Trust (post WOT acquisition) based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecast Income Statements. Actual results may vary materially from the Forecast Income Statements and the variation may be materially positive or negative. Accordingly, investors should have regard to the description of investment risks set out in Section 9 of the EM.

Our review of the Forecast Income Statements that are based on best estimate assumptions is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecast Income Statements included in the EM.

Review statement on the WOT Standalone Forecast Income Statement

Based on our review of the WOT Standalone Forecast Income Statement, which is not an audit, nothing has come to our attention which causes us to believe that:

- (a) the best estimate assumptions set out in Section 9.4 (b) of the EM do not provide a reasonable basis for the WOT Standalone Forecast Income Statements
- (b) in all material respects, the WOT Standalone Forecast Income Statements are not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting

(4)



Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of WOT referred to in Section 9.1 of the EM, or

- (c) the WOT Standalone Forecast Income Statements are unreasonable.

Review statement on the Mirvac Trust Standalone Forecast Income Statements

Based on our review of the Mirvac Trust Standalone Forecast Income Statements, which is not an audit, nothing has come to our attention which causes us to believe that:

- (a) the best estimate assumptions set out in Section 9.4 (b) of the EM do not provide a reasonable basis for the Mirvac Trust Standalone Forecast Income Statements
- (b) in all material respects, the Mirvac Trust Standalone Forecast Income Statements are is not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of Mirvac Trust referred to in Section 9.1 of the EM, or
- (c) the Mirvac Trust Standalone Forecast Income Statements are unreasonable.

Review statement on the Pro Forma Forecast Income Statement

Based on our review of the Pro Forma Forecast Income Statement, which is not an audit, except for the limitation of scope described above, nothing has come to our attention which causes us to believe that:

- (a) the best estimate assumptions set out in Sections 9.4 (b) of the EM do not provide a reasonable basis for the Pro Forma Forecast Income Statement
- (b) in all material respects, the Pro Forma Forecast Income Statement is not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of Mirvac Trust referred to in Section 9.1 of the EM, or
- (c) the Pro Forma Forecast Income Statement is unreasonable.

The assumptions set out in Section 9.4 (b) of the EM which form the basis of the above Forecast Income Statements are subject to significant uncertainties and contingencies often outside the control of the directors of MFL and WFML. If events do not occur as assumed, actual results achieved by Mirvac Trust and WOT may vary significantly from the above Forecast Income Statements. Accordingly, we do not confirm or guarantee the achievement of the forecast income statements, as future events, by their very nature, are not capable of independent substantiation.

Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary

(5)



course of business of Mirvac, Mirvac Trust or WOT have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence or disclosure of interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Proposal other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Liability

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this Report in the EM in the form and context in which it is included. The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this Report in the EM. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the EM.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M. Haberlin', with a horizontal line extending to the right.

Mark Haberlin
Authorised Representative of
PricewaterhouseCoopers Securities Ltd



PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 11 June 2010

1 About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwC Securities") has been engaged by Mirvac Limited, Mirvac Funds Limited as responsible entity of Mirvac Property Trust and Westpac Funds Management Limited as responsible entity of the Westpac Office Trust to provide a report in the form of an Investigating Accountant's Report in relation to the Financial Information (the "Report") for inclusion in the EM dated on or about 11 June 2010.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4 General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5 Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. Fees for this report have been disclosed in Section 16.17 of the EM.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6 Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

PricewaterhouseCoopers is the auditor of Mirvac Group and Westpac Office Trust, and tax adviser to the Mirvac Group.

7 Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("FOS"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8 Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Mr Mark Haberlin, Tower 2, Darling Park
201 Sussex Street, Sydney NSW 2000

12.

Independent Expert's Report

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Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting



KPMG Corporate Finance (Aust) Pty Ltd
Australian Financial Services Licence No. 246901
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Sydney NSW 2000

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The Directors
Westpac Funds Management Limited as responsible
entity for Westpac Office Trust
Level 16
90 Collins Street
Melbourne VIC 3000

11 June 2010

Dear Sirs

Independent expert report & Financial services guide

1 Introduction

On 28 April 2010, the board of directors (the Board) of Westpac Funds Management Limited (WFML or Responsible Entity) in its capacity as responsible entity of Westpac Office Trust (WOT or the Trust), announced that it had entered into a Scheme Implementation Agreement (SIA) with Mirvac Group (Mircac) in relation to an offer by Mirvac to acquire all of the units in WOT (Proposed Scheme). The offer will, if approved, be implemented by way of a trust scheme under which Mirvac Trust will acquire all units in WOT and WOT will become a wholly owned sub-trust of Mirvac Trust. The Proposed Scheme offers unitholders in WOT (WOT Unitholders) and/or IR holders in WOT (IR Holders) (together Scheme Participants) the opportunity to receive stapled securities in Mirvac (Mirvac Securities) (in the case of WOT Unitholders) or a beneficial interest in Mirvac Securities (in the case of IR Holders), or to participate in a cash option or sale facility.

The Proposed Scheme is subject to a number of conditions, including the approval of WOT Unitholders. The general meeting to consider and, if appropriate, approve the Proposed Scheme will be held on 21 July 2010. Each WOT Unitholder on the voting record date will be entitled to attend and vote. IR Holders on the IR record date will also have the right to attend and vote because the security trustee, as the legal holder of the underlying WOT units, has appointed, or will appoint, each IR Holder as its attorney to vote their respective WOT units. Those investors entitled to vote will be invited to vote on three resolutions which are interconditional and the Proposed Scheme will only proceed if all three resolutions are passed at the general meeting by the requisite majorities.

The directors of WFML as responsible entity of WOT, have requested KPMG Corporate Finance (Aust) Pty Ltd (KPMG) to provide an Independent Expert Report (IER) in relation to the Proposed Scheme opining on whether the Proposed Scheme:

- is fair and reasonable to the Scheme Participants



- is in the best interests of the Scheme Participants.

1.1 Parties to the Proposed Scheme

WOT is a property trust listed on the Australian Securities Exchange (ASX) with a portfolio of commercial properties in Australia that are leased primarily to investment grade tenants. The Trust had total assets of \$1.1 billion at 31 December 2009 and had a market capitalisation of \$0.4 billion at 4 June 2010.

Mirvac is a diversified property group listed on the ASX. Mirvac Securities consist of a stapled structure comprising a share in Mirvac Limited and a unit in Mirvac Trust. Mirvac had total assets of \$7.5 billion at 31 December 2009 and had a market capitalisation of \$4.3 billion at 4 June 2010.

2 Requirement for our report

There is no statutory requirement for the preparation of this report. However the Takeovers Panel has issued guidance note 15 (GN15) outlining recommended procedures for a Trust Scheme. This guidance note suggests that the Scheme notice should contain a report by an independent expert that states whether, in the expert's opinion, the terms of the Trust Scheme are fair and reasonable.

In addition, WFML in its capacity as responsible entity for WOT has a fiduciary obligation to act in the best interests of Scheme Participants. As such, the Directors of WFML have also requested that KPMG provide an opinion on whether the Proposed Scheme is in the best interests of Scheme Participants.

Regulatory Guide (RG) 111 "Content of expert reports", as issued by the Australian Securities and Investment Commission (ASIC), provides guidance in relation to the content of independent expert's reports prepared for transactions under Chapter 5, 6 and 6A of the Corporations Act (the Act). In preparing this report KPMG has referred to the guidance provided in RG 111 for control transactions as KPMG considers the Proposed Scheme to be the equivalent of a control transaction described in RG 111. In respect of control transactions, under RG 111, fair and reasonable are separate tests.

According to RG 111 (in respect of control transactions), an offer is fair when the value of the consideration is equal to or greater than the value of the securities subject to the offer. The comparison should be made assuming 100 percent ownership of the 'target' and irrespective of whether the consideration is scrip or cash. In addition the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison.

According to RG 111 (in respect of control transactions), an offer is reasonable if it is fair. However an offer can also be reasonable even if it is not fair if the expert believes that there are sufficient reasons for securityholders to accept the offer in the absence of any higher bid before the close of the offer.

We have not considered whether the Proposed Offer is in the best interests of Scheme Participants on the basis of RG111 (which does not apply), but have done so at the request of the Directors of WFML. Given that KPMG considers the Proposed Scheme to be the equivalent of a control transaction as described in



RG111, in analysing if the Proposed Scheme is in the best interests of Scheme Participants, KPMG has referred to the test in RG111.

RG 111 states that the analysis required as to whether the Proposed Scheme is in the best interests of the Scheme Participants is the same as that required to determine if the Proposed Scheme is fair and reasonable. As such, we have relied upon the analysis described above to form an opinion as to whether the Proposed Scheme is in the best interests of Scheme Participants.

3 Summary of the Proposed Scheme

The Proposed Scheme offers Scheme Participants the opportunity to receive a legal or beneficial interest in Mirvac Securities or to participate in a cash option or sale facility.

- *Scrip Option:* Under the scrip option, Scheme Participants have the opportunity to receive a legal or beneficial interest in 0.597 Mirvac Securities (Exchange Ratio) for every WOT unit held directly or (in the case of IR Holders) indirectly on the record date (Scrip Option)
- *Cash Option:* Scheme Participants who do not wish to receive Mirvac Securities may choose the cash option, under which Mirvac will pay \$0.86 per WOT unit held on the record date, up to an aggregate amount of \$200 million. This aggregate amount represents 52.4 percent of WOT units eligible to participate in the Cash Option as Westpac has agreed not to participate in the Cash Option. If elections for the Cash Option exceed \$200 million, applications for cash will be scaled back pro-rata and Scheme Participants will receive the balance of their consideration in either Mirvac Securities or in cash under the sale facility, depending on the election made (Cash Option).

Scheme Participants who do not wish to receive Mirvac Securities or cash under the Cash Option may choose to participate in the sale facility. Under the sale facility Scheme Participants (other than foreign investors) may elect to sell all or some of the Mirvac Securities issued to them under the Proposed Scheme (Sale Facility).

Investors who are the registered holders of WOT units or IRs on the distribution record date (30 June 2010) are also entitled to receive a WOT distribution for the three months ending 30 June 2010.

Foreign investors will not receive Mirvac Securities but will participate in the Sale Facility.

Instalment receipt holders

The Proposed Scheme offers IR Holders the opportunity to receive a beneficial interest in Mirvac Securities for WOT units in which they hold a beneficial interest or to participate in the Cash Option or Sale Facility. IR Holders who receive the Scrip Option will continue to hold IRs but their beneficial interest in WOT units will be replaced by a beneficial interest in Mirvac Securities. IRs will continue on substantially the same terms, except that they will now relate to Mirvac Securities. There will be no change to the current interest rate on the instalment debt nor the date on which the instalments are due to be repaid. The total value of instalment debt outstanding will not change per IR Holder in aggregate of their holding. However, as a result of the Exchange Ratio, the amount of instalment debt outstanding on



each Mirvac Security will however be 83.75 cents rather than 50 cents on each WOT unit. Under the Cash Option or Sale Facility, the cash proceeds will first be applied to repay the instalment debt and the balance of the proceeds will be remitted to the IR Holder.

Consolidation

Immediately before the Proposed Scheme is implemented, each Scheme Participant's WOT units and IRs will be consolidated on a one for 0.597 basis so that, on the implementation date, each Scheme Participant who elects the Scrip Option will be entitled to receive a legal or beneficial interest in one Mirvac Security in respect of each WOT unit held directly or (in the case of IR Holders) indirectly on the record date. An IR will represent the beneficial interest in one Mirvac Security. Unless indicated otherwise, all figures and ratios in this report that relate to WOT units and IRs are provided on a pre-consolidation basis.

Also as part of the Proposed Scheme:

- Mirvac will pay Westpac \$15 million as consideration for Westpac giving up the opportunity to receive revenues in respect of WOT arising out of the Responsible Entity's management of WOT (Management Rights). KPMG has reviewed the reasonableness of this consideration in Section 6 and does not consider the consideration to be unreasonable
- WOT will pay WFML \$7.8 million in satisfaction of accrued performance fees¹
- WOT will pay Westpac approximately \$9.8² million in order to terminate the rent variation agreement (RVA) within two days after the date of the scheme implementation. This amount has been determined in accordance with the RVA
- Mirvac will fully extinguish and terminate the Westpac term debt and working capital facility in relation to WOT (drawn to \$213 million at 31 March 2010) as well as restructure WOT's Commercial Mortgage Backed Securities (CMBS) facility
- Westpac has provided several undertakings in favour of WFML and Mirvac to assist in relation to the Proposed Scheme, including:
 - agreeing to the existing IR debt facility continuing on substantially the same terms³
 - agreeing to allow for the early termination of the RVA relating to Westpac Place
 - agreeing to waive any early termination fees in relation to WOT debt facilities
 - agreeing to leave in place the CMBS Series 1 liquidity facility provided to WOT on current terms
 - agreeing to not participate in the Cash Option and to retain any Mirvac Securities received as part of the Scrip Option for a minimum period of 12 months

¹ This performance fee was accrued in the financial year ended 30 June 2008 and will become payable upon the change of control of WOT if the Proposed Scheme is implemented

² Based on proforma consolidated financial statements of the combined group as at 31 December 2009

³ There will be no change to the current interest rate on instalment debt. An instalment of 41.88 cents per Mirvac Security (equivalent of 25 cents per WOT Unit) will still be payable on 1 November 2011 and from this date the interest rate on instalment debt will revert to a market rate



- WFML will pay Mirvac a break fee of approximately \$4.1⁴ million (excluding GST) in the event that:
 - the Board changes, withdraws or modifies its recommendation in relation to the Proposed Scheme, or
 - any member of the Independent Board Committee makes a public statement to the effect that the Board no longer recommends that WOT Unitholders approve the Proposed Scheme or that the Board supports a superior proposal as defined in the SIA or
 - a competing proposal is announced, completed within six months after the date of the SIA and is a superior proposal as defined in the SIA.

4 Summary of opinions

In our opinion, the Proposed Scheme:

- **is fair and reasonable to the Scheme Participants**
- **is in the best interests of the Scheme Participants in the absence of a superior offer.**

The principal matters that we have taken into consideration in forming the above opinions are summarised below.

4.1 Background and rationale for the Proposed Scheme

In 2003 WOT was formed as a single property trust to purchase and develop an office tower in the Sydney central business district for Westpac. The units in WOT were issued at \$1.00 per unit which was payable by way of a deferred payment arrangement. Under the deferred payment arrangement the total of the first instalment payment (\$0.50 per unit) and the instalment debt (\$0.50 per unit) were used to subscribe for units in the Trust. Units in WOT were initially allotted to the security trustee which in turn issued IRs that were quoted on the ASX.

In July 2005 the Trust became a multi-property trust and thereafter acquired the Woolworths National Support Office at the Norwest Business Park in Sydney. During 2007 WOT acquired five properties and a 50 percent interest in a sixth property. In September 2009 the Trust completed a restructure to attract a broader range of unitholders by ceasing to trade IRs on the ASX and commencing to trade ordinary units. In addition the maturity date of half the instalment debt outstanding was extended from 1 November 2011 to 1 November 2013.

Investors in WOT have generally been attracted to the high quality assets in WOT's property portfolio as well as attractive post-tax returns. The properties in the Trust mainly have investment grade tenants and minimal short term lease expiry risk and this has underpinned a resilient performance by the Trust during some challenging times in the Australian Real Estate Investment Trust (A-REIT) sector. In addition the Trust has delivered distributions in line with forecasts and continues to trade within its debt covenants.

⁴ This amount equates to 1 percent of the Proposed Scheme value based on the scrip consideration at the date of signing the SIA, plus applicable GST



At 31 March 2010 the Trust had \$718 million of debt (facility limit of \$736 million), gearing of approximately 62 percent and a weighted average cost of the debt of 6.5 percent per annum. All the debt matures between July and December 2011. The majority of the debt facilities were arranged in 2006 prior to the global financial crisis (GFC), as evidenced by the high gearing ratio (listed A-REITs currently have average gearing of 32 percent) and low average cost of debt (Mirvac issued a 5 year \$150 million Medium Term Notes (MTN) in March 2010 at a fixed coupon of 8.25 percent). In addition to the debt in the Trust, 89.1 percent of WOT units still have instalment debt of \$0.50 per unit outstanding.

Post the GFC, lenders are not providing either funding to the same level or at the same margin as was provided prior to the GFC. Given the high level of gearing in WOT, the Trust would most likely need to reduce its gearing by either raising capital or disposing of select assets or a combination of both. Based on an analysis of recent debt transactions in the property sector (refer Appendix 5) we estimate that the weighted average cost of debt of the Trust (assuming the Trust maintains its current gearing level) will increase from the current rate of 6.5 percent per annum to between 8.0 percent and 9.0 percent per annum, an increase of 1.50 percent to 2.5 percent per annum. Based on the forecast distribution for the year ending 30 June 2011 (6.50 cents per unit) the higher interest costs will reduce distributions by between 2.23 cents and 3.72 cents per unit (reduction of between 34 percent and 57 percent). The higher interest costs will have a magnified impact on future IR distributions (after the payment of instalment debt interest) with distributions likely to reduce by 68 percent or more with some scenarios requiring IR Holders to make additional payments to cover the shortfall of interest on instalment debt. With higher gearing and interest costs, the Trust will continue to find it difficult to attract institutional support and communicate an attractive investment proposition and growth story to the market.

The Trust has other stand-alone alternatives available such as a capital raising, selected asset sale, combination of both or a managed wind up. In summary each alternative strategy:

- is subject to a number of risks and uncertainties concerning the outcome for WOT Unitholders
- does not resolve the issue of WOT being sub-scale with limited growth opportunities
- is likely to result in a reduction to the current net tangible asset (NTA) per unit, future earnings per unit (EPU) and/or dividends per unit (DPU).

After completing a review of the strategic options available to the Trust, the Responsible Entity conducted a process in which it explored the interest of a number of credible parties in acquiring WOT. After considering the strategic options and the acquisition offers, the Responsible Entity decided to present the Proposed Scheme to Scheme Participants for consideration. Set out in the remainder of this section is our assessment of the fairness and reasonableness of the Proposed Scheme and the implications for Scheme Participants if the Proposed Scheme does not proceed.

4.2 Assessment of the fairness of the Proposed Scheme

In order to assess the fairness of the Proposed Scheme we have compared the market value of a unit in WOT (on a control basis) to the market value of the consideration offered as part of the Proposed Scheme, as set out in the table below.



Table 1: Assessment of fairness

	Low	High
	\$	\$
Estimated market value of a unit in WOT (control basis)	0.82	0.82
Estimated market value of the consideration		
Scrip Offer ⁽¹⁾	0.75	0.84
Cash and Scrip Offer ⁽²⁾	0.81	0.85

Source: KPMG analysis

Note 1: The Scrip Offer is based on the Exchange Ratio of 0.597 Mirvac Securities for each WOT unit and our estimate of the market value of a Mirvac Security on a minority basis of \$1.25 to \$1.40

Note 2: The Cash Offer of \$0.86 per WOT unit is limited to an aggregate amount of \$200 million or 52.4 percent of units eligible to participate in the Cash Option. As such in estimating the consideration under the Cash and Scrip Offer, we have assumed that all WOT Unitholders eligible to participate in the Cash Option elect to participate and will receive the balance of their consideration in Mirvac Securities (47.6 percent)

The market value of a unit in WOT (on a control basis) is within the range of the value of consideration offered by Mirvac (\$0.75 to \$0.85 per unit). As such, KPMG considers the Proposed Scheme to be **fair** to Scheme Participants.

Our assessment of the Cash and Scrip Offer was based on all Scheme Participants electing the Cash Option under which their entitlements would be scaled back on a prorata basis given the \$200 million limit on cash available, with the balance of their consideration in Mirvac Securities. In this respect, it is likely that some Scheme Participants will not elect to participate in the Cash Option which would result in a greater level of cash being available to those Scheme Participants whom elect the Cash Option. To this extent, the Scheme Participants whom elect the Cash Option would receive a price for their WOT units closer to the Cash Offer of \$0.86 per unit. For example, if only 60 percent of unitholders accept the Cash Offer, then the implied consideration under the Cash and Scrip Offer would increase to between \$0.85 to \$0.86.

Estimated market value of a unit in WOT

We have estimated the value of a unit in WOT using a net assets methodology which requires a valuer to determine the market value of the assets and liabilities, excluding any realisation costs, at the valuation date.

KPMG has estimated the market value of a unit in WOT to be \$0.82 per unit, being the reported NTA at 31 December 2009 of \$0.84 per unit adjusted for the responsible entity performance fee of \$7.8 million. This performance fee was not included in the NTA at 31 December 2009 as it was appropriately accounted for as an equity reserve as opposed to a liability. However, in a change of control transaction, such as the Proposed Scheme, the performance fee becomes a liability of the Trust.

At 31 December 2009 all properties owned by WOT were valued by independent third party valuers. The valuers for Westpac Place and Norwest Business Park (representing approximately 84 percent of the portfolio by value) have confirmed that no material changes would be required to the valuations if they were updated at the time of preparing this report.

WOT has provided KPMG with an updated net asset value (NAV) at 31 March 2010, assuming no change in the value of properties. KPMG has reviewed the calculation and can confirm that there is no material change from the NAV reported at 31 December 2009.



Estimated market value of consideration

In order to estimate the market value of a Mirvac Security, we have completed an analysis of the trading history of the Mirvac Security, being one of the valuation methodologies outlined in RG 111. In the absence of unusual circumstances and other factors, a security price provides an objective measure of the value of a minority interest in a company where the securities are highly liquid. KPMG considers recent trades in Mirvac Securities as a reasonable proxy for the market value of a Mirvac Security for the following reasons:

- by approving the Proposed Scheme, Scheme Participants will own a minority interest in Mirvac and the trading price represents a minority interest
- Mirvac securities are liquid when considering the turnover of securities. Approximately 181 percent of Mirvac's total current securities on issue have traded in the past 12 months which compares to 229 percent for GPT, 150 percent for Stockland and 170 percent for Dexus (which represent the three largest diversified A-REITs by market capitalisation)
- Mirvac is covered by numerous brokers providing the market with ongoing information on the entity
- if the Proposed Scheme is approved, it is unlikely that it will result in any material shift in the trading price of Mirvac Securities. The announcement of the WOT offer as well as the announcement of the acquisition of the remaining units in MREIT (which is a similar sized trust to WOT) had minimal impact on the trading price of Mirvac Securities.

Our analysis of the trading history of a Mirvac Security included an analysis of the current trading price of a Mirvac Security (\$1.31⁵), recent trading ranges (\$1.19 to \$1.60⁶), an analysis of various VWAPs (\$1.25 to \$1.40⁷) as well as the price received on a recent institutional placement for \$350 million (\$1.40⁸). In addition we considered various current broker forecasts which estimate a 12 month price target of between \$1.38 and \$1.85. Based on the analysis, we have estimated the current market value of a Mirvac Security on a minority interest basis to be in the range of \$1.25 to \$1.40.

In addition to our primary valuation methodology, KPMG has also completed a cross-check by comparing the forecast earnings before interest and tax (EBIT) multiples and discount to net tangible asset (NTA) backing implied by KPMG's valuation of a Mirvac Security with those of comparable listed A-REIT's and both cross-checks support the valuation range determined using our primary valuation methodology.

Implied value under the Exchange Ratio

As part of our assessment, we also determined the implied trading price of a Mirvac Security under both offers based on the Exchange Ratio and a WOT unit price of \$0.82, as outlined in the table below.

⁵ Closing price on 4 June 2010

⁶ Over the 3 month period ended 4 June 2010

⁷ Range provided is for 1 week, 2 week, 1 month and 3 month VWAP to 4 June 2010

⁸ Announced on 7 April 2010



Table 2: Implied Value under the Exchange Ratio

	Units		\$
Value of unit in WOT	1,000 units	\$0.82	<u>\$820</u>
Scrip Offer			
Exchange Ratio		0.597	
Implied Mirvac Security trading price under Scrip Offer	597 units	\$1.37⁽¹⁾	<u>\$820</u>
Unitholder Value			<u>\$820</u>
Cash and Scrip Offer			
Minimum cash available per WOT unit (based on cash offer of \$0.86)	524 units	52.4% ⁽²⁾	\$451
Implied maximum scrip consideration per WOT unit	476 units	47.6%	<u>\$369</u>
	1,000 units	100%	<u>\$820</u>
Minimum cash available per Mirvac Security			<u>\$451</u>
Implied Mirvac Security trading price under Cash and Scrip offer ⁽³⁾	<u>284 units</u>	<u>1.30⁽¹⁾</u>	<u>\$369</u>
Unitholder Value			<u>\$820</u>

Source: KPMG analysis

Note 1: Implied Mirvac scrip value to achieve fair value.

Note 2: Represents the minimum percentage of WOT units eligible to participate in the aggregate \$200 million Cash Option, as Westpac has agreed not to participate in the Cash Option.

Note 3: 476 units at exchange ratio of 0.597

In relation to the table above, we note that on the Implementation Date:

- Under the Scrip Offer, if the trading price of a Mirvac Security was less than the implied value of \$1.37, a Scheme Participant would receive Mirvac Securities which had a trading price less than the value of their WOT units
- Under the Cash and Scrip Offer, if the trading price of a Mirvac Security was less than the implied value of \$1.30, a Scheme Participant would receive Mirvac Securities which had a trading price less than the value of their WOT units.

On the basis of the above, if the trading price is less than \$1.37 for the Scrip Offer and \$1.30 for the Cash and Scrip Offer, for those Scheme Participants receiving their offers, the consideration offered to them would not be fair. However, this analysis is illustrative only and does not reflect our view as to the value of a Mirvac Security at the Implementation Date.

4.3 Assessment of the reasonableness of the Proposed Scheme

In accordance with RG 111, an offer is reasonable if it is fair. This would imply that the Proposed Scheme is reasonable. However, irrespective of the statutory obligation to conclude the Proposed Scheme is reasonable simply because it is fair, we have also considered a range of factors which in our opinion, support a reasonableness conclusion in isolation of our fairness opinion.



4.3.1 Alternatives available to the Trust

The current level of debt in WOT may be unsustainable as post the GFC, lenders are not providing funding to either the same level or at the same margins as was provided prior to the GFC. The stand-alone alternatives for the Trust are:

- a debt refinancing and extension scenario which assumes WOT refinances all current debt
- a recapitalisation scenario under which WOT raises equity to reduce debt
- a selected asset sale scenario whereby WOT sells sufficient assets to delever to a sustainable level
- a combination scenario comprising of both a recapitalisation and selected asset sale
- a managed wind up scenario under which all assets are sold over a defined period of time.

We also considered the possibility of a superior proposal emerging after the announcement of the Proposed Scheme. We considered this unlikely as WOT had already conducted a process in which it assessed the level of interest from credible parties and concluded that the Proposed Scheme was the superior outcome. Further, no alternative proposal has emerged since the announcement of the Proposed Scheme on 28 April 2010.

Set out below is a summary of each of these alternatives.

A debt refinancing and extension scenario

A debt refinancing and extension scenario assumes that WOT is able to refinance its existing debt facilities at or prior to the maturity date. Given the high level of gearing in WOT, the Trust would most likely need to reduce its gearing by either raising capital or disposing of select assets or a combination of both. However to illustrate the outcome for Scheme Participants post a refinance, we have considered current market interest rates assuming that the Trust will be able to maintain its current level of gearing.

Based on an analysis of recent debt transactions in the property sector (refer Appendix 5) we estimate that the weighted average cost of debt of the Trust will increase from the current rate of 6.5 percent per annum to between 8.0 percent and 9.0 percent per annum, an increase of 1.50 percent to 2.5 percent per annum. Set out in the table below is the pro-forma impact of a refinance on the forecast distribution per WOT unit assuming the Trust is able to maintain its current level of gearing.



Table 3: Impact of higher interest costs on WOT Unitholder distributions

Increase in weighted average cost of debt (percent)	Additional interest costs for the Trust per annum ⁽¹⁾ (\$m)	Reduction in future distributions ⁽²⁾ (cents per unit)	Forecast distribution before a refinance ⁽³⁾ (cents per unit)	Forecast distributions post a refinance ⁽⁴⁾ (cents per unit)	Forecast % reduction in future distributions per unit
1.50%	10.77	2.23	6.50	4.27	34%
1.75%	12.57	2.61	6.50	3.89	40%
2.00%	14.36	2.98	6.50	3.52	46%
2.25%	16.16	3.35	6.50	3.15	52%
2.50%	17.95	3.72	6.50	2.78	57%

Source: KPMG Analysis

Note 1: Assuming a refinance of the debt balance of \$718 million at 31 March 2010

Note 2: The reduction in future distributions assumes that the increased borrowing costs apply for a full financial year

Note 3: Forecast distribution for WOT for the year ending 30 June 2011

Note 4: Calculation assumes that the refinance occurs on 1 July 2010 to illustrate the impact of higher interest costs for a full financial year

As illustrated in the table above, post a refinance WOT distributions are likely to reduce by between 2.23 cents and 3.72 cents per unit (a decrease of between 34 percent and 57 percent).

Set out in the table below is the pro-forma impact of a refinance on the forecast distributions per IR assuming the Trust is able to maintain its current level of gearing.

Table 4: Impact of higher interest costs on WOT IR Holder distributions

Forecast distribution per unit post a refinance ⁽¹⁾ (cents per unit)	Interest on instalment debt ⁽²⁾ (cents per unit)	Forecast distributions post a refinance and post interest on instalment debt (cents per unit)	Forecast distributions per IR before a refinance ⁽³⁾ (cents per unit)	Forecast % reduction in future distributions per IR
4.27	(3.25)	1.02	3.25	69%
3.89	(3.25)	0.64	3.25	80%
3.52	(3.25)	0.27	3.25	92%
3.15	(3.25)	(0.10)	3.25	> 100% ⁽⁴⁾
2.78	(3.25)	(0.47)	3.25	> 100% ⁽⁴⁾

Source: KPMG Analysis

Note 1: Refer table above for calculation

Note 2: Outstanding instalment debt of \$0.50 per unit multiplied by the current fixed interest rate of 6.5 percent per annum

Note 3: Forecast distribution of 6.50 cents per unit for the year ending 30 June 2011 less interest on instalment debt of 3.25 cents per unit

Note 4: Whilst it appears unusual that future distributions per IR can decrease more than 100 percent, it implies that future distributions may not be sufficient to cover the interest payments on instalment debt. This would require the IR Holder to contribute additional funds to cover the shortfall

As illustrated in the table above, the impact of higher interest costs in the Trust will have a magnified impact on future IR distributions (post the payment of interest on instalment debt). Post a refinance, IR distributions (after the payment of interest on instalment debt) are likely to reduce by a significant amount with some scenario's requiring IR Holders to make additional payments to cover the shortfall of interest on instalment debt.

The analysis above illustrates the potential impact of higher interest costs in the Trust on future distributions. The analysis is impacted by assumptions relating to the timing of a refinance, the level of



distributions post a refinance as well as the interest rate on instalment debt post 1 November 2011⁹. Whilst the interest rate on instalment debt will revert to a market rate on 1 November 2011, which is expected to be materially higher than the current fixed rate, IR Holders will have repaid \$0.25 (on the basis of no consolidation) of instalment debt which will result in the net interest cost on instalment debt reducing from the figure included in the table above. However the example above clearly illustrates the potential negative impact to IR Holders of higher interest costs in the Trust.

A recapitalisation scenario

Assuming an appropriate gearing range for WOT is between 35 percent and 40 percent¹⁰, the Trust would need to raise approximately \$270 million of equity or 75 percent of its current market capitalisation¹¹. It is uncertain whether the Trust could achieve such a sizeable raising as its register is almost solely retail based and the Trust has struggled historically to attract institutional interest. If the Trust is able to complete such a raising we would expect the issue to be priced at a significant discount to the current trading price. Since January 2009 there have been approximately 25 equity raisings in the A-REIT sector and these were issued at an average discount of 15 percent to their trading price and 40 percent to their NTA. As such, an equity raising of this size is likely to be materially dilutive to existing WOT Unitholders from an NTA, EPU and DPU perspective.

A selected asset sale scenario

Another alternative for the Trust is to sell some of its assets. Assuming the same gearing ratio of 40 percent is appropriate for WOT, the Trust would need to sell between 40 to 50 percent of the current portfolio. This is likely to require the sale of every asset except Westpac Place or alternatively, part or all of Westpac Place. The timing and proceeds from this strategy are uncertain given the quantum of the asset sales required. In addition the Trust would need to navigate the various terms of the CMBS debt facility if it decided to sell either Westpac Place or Norwest Business Park (which together represent 84 percent of the portfolio by value). By selling such a material amount of property the size of the Trust would reduce to a level where it would have limited growth and this is likely to diminish investor appetite. Even if this strategy is successful, it would be EPU, DPU and NTA dilutive and the resultant capital distribution to investors may result in a capital gains tax (CGT) liability for WOT Unitholders.

A combination of asset sales and recapitalisation scenario

A combination of asset sales and equity issuance can achieve WOT's desired deleveraging, whilst managing the ownership dilution by reducing the size of the equity issue. However the Trust faces the same uncertainties as noted for each of the asset sale and recapitalisation scenarios. Also concurrently raising equity while selling assets creates challenges in presenting an attractive, long-term investment opportunity with growth upside.

⁹ An instalment of \$0.25 per WOT unit (41.88 cents per Mirvac Security) is repayable on 1 November 2011 and the interest rate on the outstanding instalment will revert from a current fixed rate to a market rate

¹⁰ Other listed office A-REITs had gearing ratios of between 15 percent to 47 percent at 15 April 2010. KPMG would expect WOT to be able to service a level of debt towards the upper end of the gearing range as the Trust has no development business and has office properties of which the majority have long lease expiries and investment grade tenants

¹¹ Assuming a market capitalisation of \$360 million and a gearing ratio of 40 percent



A managed wind up scenario

Under a managed wind up scenario, all of WOT’s assets would be sold and the net proceeds (post debt repayment, closing out of hedges and derivative contracts and wind up costs) returned to WOT Unitholders. The key determinants of value in a wind up are the sale price of properties and the time it takes to sell the properties. Summarised below are the key considerations for a wind up scenario:

- real estate transactions are subject to pricing and execution risk due to the potential funding constraints of potential buyers and other competing properties that are on the market for sale
- transaction costs will be incurred which will reduce the sale proceeds from the properties
- capital distribution to WOT Unitholders are likely to be delayed as the proceeds from the initial sales will first need to be used to repay outstanding debt.

Considering the various factors above, WOT Unitholders are likely to receive less than the last reported NTA, may have a capital gain and there is uncertainty as to when the distribution would be received. Furthermore, IR Holders will remain liable to meet interest costs which may exceed any distributions payable during the wind up period.

Conclusion

In summary, there are a number of alternative strategies available to WOT on a stand-alone basis but each strategy is subject to a number of risks and uncertainties resulting in the outcome for WOT Unitholders being uncertain. In addition many of the alternatives described above are likely to result in a reduction to the current NTA and/or a reduction in future EPU and DPU.

4.3.2 Financial and tax implications

Net tangible asset backing per unit will increase

The NTA backing per WOT unit at 31 December 2009 was 84.0 cents per unit. The equivalent pro-forma NTA backing per Mirvac security is expected to be 95.5 cents per unit, which represents a 13.7 percent increase relative to WOT on a stand-alone basis.

Table 5: NTA backing

Cents per unit	WOT	Mirvac
	Stand-alone	Pro-forma
NTA per security at 31 December 2009 ⁽¹⁾	84.0	160.0 ⁽²⁾
Exchange ratio	1.0	0.597
WOT Unitholders proportion of NTA	84.0	95.5

Source: KPMG Analysis

Note 1: The pro-forma NTA per security for Mirvac has been sourced from the Scheme Booklet

Note 2: The pro-forma Mirvac NTA is 5.0 cents lower than the NTA at 31 December 2009, however the institutional placement for \$350 million in April 2010 resulted in a 2.0 cent reduction in the NTA

Pre-tax distributions per unit will increase but post-tax distributions per unit may decrease

A disadvantage of the Proposed Scheme is that future Mirvac distributions are likely to have a lower tax deferred component than WOT distributions and this will impact the post-tax returns of Scheme



Participants. Mirvac has provided guidance¹² that distributions for the year ending 30 June 2011 could contain a tax deferred component of 23 percent. This compares with historical WOT distributions which have all been 100 percent tax deferred. Set out in the table below is a summary of the estimated distributions (pre and post tax) that are likely to be received by WOT Unitholders and IR Holders from WOT on a stand alone basis and from Mirvac if the Proposed Scheme is approved.

Table 6: Summary of distributions and post-tax returns

Cents per unit	WOT		Mirvac
	Stand-alone Pre-refinance	Stand-alone Post-refinance	Pro-forma
WOT Unitholders share of distributions pre-tax	6.50 ⁽¹⁾	2.80 – 4.29 ⁽²⁾	4.78 – 5.37 ⁽³⁾
WOT IR Holders share of distributions pre-tax ⁽⁴⁾	3.25	(0.45) – 1.04	1.53 – 2.12
WOT Unitholders share of distributions post-tax ⁽⁵⁾⁽⁷⁾	6.50	2.80 – 4.29	3.07 – 3.45
WOT IR Holders share of distributions post-tax ⁽⁶⁾⁽⁷⁾	4.76	1.06 – 2.55	1.33 – 1.71

Source: KPMG analysis

Note 1: Forecast distribution per WOT unit for the year ending 30 June 2011

Note 2: The forecast distribution range for WOT post a refinance assumes that a refinance is completed on 1 July 2010 and higher interest costs apply for the full financial year ending 30 June 2011

Note 3: Forecast distribution for the consolidated standalone Mirvac Trust of 8.0 to 9.0 cents in the year ending 30 June 2011 adjusted for the exchange ratio of 0.597

Note 4: WOT Unitholders share of distributions pre-tax less interest on instalment debt of 3.25 cents per unit

Note 5: In relation to WOT distributions it has been assumed that WOT Unitholders will pay no tax on the distribution received as the distribution is expected to be 100 percent tax deferred. However the investors' tax cost base is reduced by the amount of the tax deferred distribution which may increase the amount of a future capital gain on disposal. In relation to Mirvac distributions a tax deferred percentage of 23 percent has been used, in accordance with the guidance provided in Section 6.39 of the Explanatory Memorandum

Note 6: In relation to WOT distributions it has been assumed that the interest payable on the instalment debt is deductible from an income tax perspective, with distributions being 100 percent tax deferred. In relation to Mirvac distributions it has been assumed that the interest payable on the instalment debt is deductible from an income tax perspective, with distributions being 23 percent tax deferred (in line with guidance provided in Section 6.39 of the Explanatory Memorandum). Please refer to the Tax opinion in Section 13 of the Explanatory Memorandum for further information

Note 7: All tax calculations have assumed the highest marginal personal tax rate of 46.5 percent (including the Medicare levy)

As illustrated in the table above WOT Unitholders share of the pro-forma Mirvac distribution is expected to be higher than the WOT stand-alone distribution post a refinance. Whilst the WOT distribution pre-refinance is higher than the WOT Unitholders share of the Mirvac Trust distributions, it is unlikely to be the case for more than one financial year as the Trust will prudently need to refinance its debt facilities many months before they mature. If the Proposed Scheme is approved the post-tax returns for WOT Unitholders and WOT IR Holders are expected to be lower (as a result of Mirvac distributions having a lower tax deferred component). However in considering this potential outcome WOT Unitholders should consider the following:

- distributions from WOT have historically been 100% tax deferred, utilising the depreciation and capital allowances relating to the underlying properties, in particular the development of Westpac Place. The proportion of future distributions which are tax deferred are likely to reduce over time as the tax shelter associated with the depreciation and capital allowances relating to the underlying properties are reduced and the carried forward tax losses are utilised
- whilst a WOT Unitholder pays no tax on distributions that are tax deferred, the distribution reduces the cost base of a WOT unit and tax will ultimately need to be paid if the proceeds received on sale are greater than the reduced cost base of the unit

¹² Section 6.39 of the explanatory Memorandum



- the calculations in the tables above have used the forecast distributions for WOT and the Mirvac Trust for the year ending 30 June 2011. As such the growth profile of future distributions for both WOT and Mirvac (including a potential contribution from Mirvac Limited) will impact the analysis above and should be considered before reaching any conclusion based on the above analysis.
- if the Proposed Scheme is approved, WOT may continue to be eligible to utilise tax losses it derived before the Proposed Scheme provided WOT continues to satisfy the requirements of the same business test.

The majority of any capital gains tax liability can be deferred

To the extent that Scheme Participants are Australian residents, hold their units on capital account, receive Mirvac Securities as consideration and make a capital gain, partial CGT rollover relief is expected to be available but the Australian Tax Office may take a different view (refer Tax opinion at Section 13 of the Explanatory Memorandum). If rollover relief is partially available it will allow Scheme Participants to defer the majority of the capital gain arising from the deemed disposal of WOT units. It is estimated that CGT will be payable on approximately 10 percent of any capital gain¹³ as the portion of the consideration that relates to Mirvac Limited (as opposed to Mirvac Trust) cannot be deferred.

4.3.3 Advantages of the Proposed Scheme

The principal advantages of the Proposed Scheme include:

The assessed value of the consideration represents a premium to the recent trading price of WOT

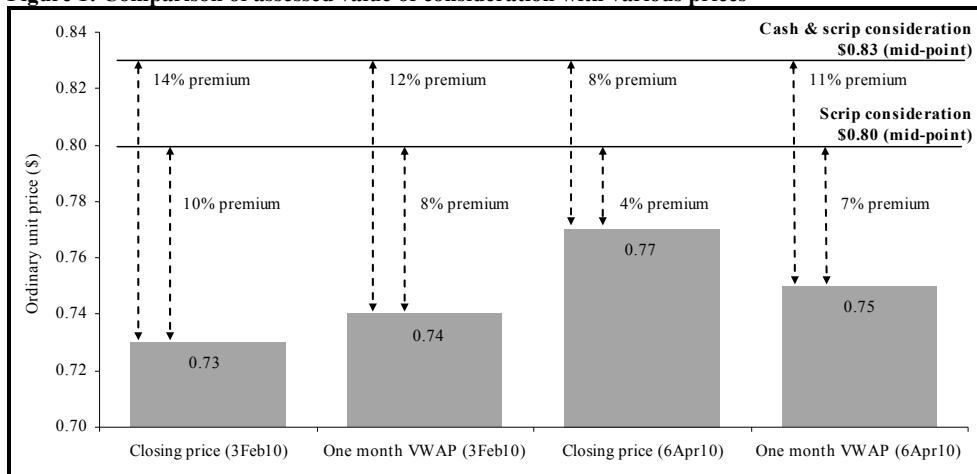
The mid-point of our assessed value of the consideration on either a scrip only or cash and scrip basis represents a premium to the WOT trading price and one month volume weighted average price (VWAP) on 3 February 2010 and 6 April 2010, being the last trading days prior to announcements by WFML regarding potential transactions¹⁴. Our assessed midpoint value of the scrip option represents a premium of between 4 percent and 10 percent, whilst the cash and scrip option represents a premium of between 8 percent and 14 percent, as illustrated in the following graph.

¹³ Based on the NTA of Mirvac Trust relative to Mirvac Limited at 30 June 2009. The percentage that will be applied will depend on the NTA position of the Mirvac Group at 30 June 2010

¹⁴ On 4 February 2010 WFML announced that it was undertaking a strategic review of WFML and was aware of market speculation concerning a potential transaction involving WFML and WOT. On 7 April 2010 WFML announced that Mirvac had been granted exclusivity to conduct due diligence in relation to WOT



Figure 1: Comparison of assessed value of consideration with various prices



Source: KPMG Analysis

The Proposed Scheme resolves the uncertainty associated with the debt maturity in 2011

At 31 March 2010 WOT had \$718 million of outstanding debt. In July 2011 a Westpac term facility with a limit of \$216 million (drawn to \$198 million at 31 March 2010) matures, in November 2011 the \$505 million of CMBS on issue will mature and in December 2011 a Westpac working capital facility for \$15 million (drawn to \$15 million at 31 March 2010) will mature. As previously discussed in this report there is uncertainty as to whether the Trust can refinance all this debt, and even if it can, it is likely that the current average cost of debt of 6.5 percent will increase by approximately 1.5 to 2.5 percent per annum which will reduce future distributions materially. If the Proposed Scheme is approved Mirvac will immediately repay the Westpac term debt facility and working capital facility and restructure the CMBS facility at the earliest possible time.

Scheme Participants will hold an interest in Mirvac which has higher liquidity than WOT

In the six months ended 6 April 2010, 6.8 percent of WOT units on issue traded on the ASX compared with 74.6 percent for Mirvac. Those Scheme Participants who receive securities in Mirvac will own a security in an entity whose securities are more liquid, provide the potential for smaller buy/sell spreads and have greater trading depth compared to WOT on a stand-alone basis. In addition Mirvac has a broader shareholder base, has increased broker coverage and is included in key property indices.

By accepting the Proposed Scheme and accepting Mirvac scrip, Scheme Participants will be owners in a larger, more diversified and well capitalised business with enhanced growth prospects and a different risk profile relative to WOT

Mirvac is a larger and more diversified property group than WOT. Its property investment business has approximately 10 times more properties than WOT in various locations and sectors which offer both geographic and property sector diversification. It has a large property development business, which whilst having a different risk profile, offers the business enhanced growth prospects once the residential development market recovers and margins return to historical long-term averages. Mirvac is well capitalised with relatively low gearing and no current liquidity issues. Scheme Participants who receive



Mirvac Securities should be aware that an investment in Mirvac has a different risk profile to an investment in WOT. Mirvac, whilst potentially offering enhanced growth prospects, also increases the riskiness of the investment as it provides exposure to the property development sector.

The Proposed Scheme maintains the existing instalment receipt structure

Under the Proposed Scheme, the IRs will continue on substantially the same terms with no change to the current interest rate on the instalment debt nor the date on which the instalments are due to be repaid. The total value of instalment debt outstanding will not change but as a result of the Exchange Ratio, the amount of instalment debt outstanding on each Mirvac Security will be 83.75 cents rather than the 50 cents outstanding on each WOT unit. By maintaining the existing IR structure, IR Holders can continue to receive the benefits of gearing associated with holding an IR. In addition, by maintaining the IR structure, the 89.1 percent of WOT Unitholders that hold their investment through the IR structure may be eligible for partial roll-over relief on the majority of any capital gain arising from the disposal of their IRs for Mirvac Scrip, subject to the Australian Tax Office view.

The Proposed Scheme will remove conflicts commonly associated with external management arrangements and management/performance fees will no longer be payable

If the Proposed Scheme is approved, WOT will become a sub-trust of Mirvac Trust and will be internally managed by Mirvac's in-house manager, Mirvac Asset Management (MAM). As such the Trust will no longer pay management and performance fees to an external manager as it will be managed internally by MAM. As part of the Proposed Scheme Mirvac will pay Westpac \$15.0 million for Westpac forgoing Management Rights in relation to WOT.

4.3.4 Disadvantages of the Proposed Scheme

The principal disadvantages of the Proposed Scheme include:

Scheme Participants may miss the opportunity to directly benefit in any increase in the value of WOT properties

The weighted average capitalisation rate (WACR) for the WOT properties has increased from 6.00 percent at 31 December 2007 to 7.39 percent at 31 December 2009, resulting in a decrease in the value of properties of \$181.6 million or 13.8 percent. Whilst there is no certainty that the value of the properties in the Trust will increase in the future, the current time may not be the most optimum time in the property cycle to realise full value for the properties. However if Scheme Participants accept the Scrip Option they will benefit from any future price increases in proportion to their security holding.

If the Proposed Scheme is approved and Scheme Participants elect to receive the Cash Option, they will lose out on any future appreciation in the value of the properties.

The risk profile of the investment will change

If Scheme Participants receive Mirvac Securities (either in the Scrip Option or if the demand for the Cash Option exceeds \$200 million), the risk profile of their investment will change. Whilst the majority of Mirvac's current earnings are generated from its property investments, it also owns a large property development business, a small hotel management business and has a funds management business which focuses on sourcing funding for the property and development businesses. The expected returns from



these various businesses are likely to be more volatile than the expected property investment returns from WOT on a stand-alone basis. As such, Scheme Participants should consider whether this change is appropriate for their risk profile.

The enlarged Mirvac business will hold a property portfolio with less favourable metrics

By approving the Proposed Scheme, Scheme Participants may hold an interest in an enlarged Mirvac business with a property portfolio that has less favourable metrics given the lower quality portfolio currently held by Mirvac relative to the WOT portfolio. In particular, we note:

- weighted average lease expiry (WALE) by area of the combined portfolio will fall from 8.9 years to 6.2 years
- the proportion of government, listed and multinational tenants will fall from 94.3 percent to 64.1 percent
- occupancy levels (including rental guarantee) will fall marginally from 99.9 percent to 97.2 percent
- the proportion of rental income being fixed or inflation linked will fall from 100 percent to 95 percent.

4.3.5 Other considerations

The principal other considerations of the Proposed Scheme include:

The implied value of the scrip consideration can change

Scheme Participants that receive Mirvac scrip should be aware that the value of the scrip consideration is subject to movements in the trading price of Mirvac Securities. There is a risk that the trading price of a Mirvac Security is lower than the assessed market value determined by KPMG but alternatively the price could also be higher. We note that the Cash Option partially mitigates¹⁵ this risk as Scheme Participants will be able to select the Cash Option in the case where the Mirvac Security is trading below \$1.44¹⁶ at the time that an election is required to be made.

Westpac will not participate in the cash-out facility

The Proposed Scheme includes a Cash Option which is limited to \$200 million or 48.2 percent¹⁷ of the value of the total offer. However Westpac has agreed to not participate in the Cash Option and units held by foreign Unitholders will automatically default to being sold using the Share Sale facility. As such, after adjusting for these units the limit under the Cash Option would be sufficient to cover 52.4 percent of units available to participate (assuming all Scheme Participants elect the Cash Option). If the demand for

¹⁵ The risk may only be partially mitigated as the cash-out facility is limited to \$200 million which could result in a WOT Investor having their cash-out election pro-rated

¹⁶ When the Mirvac Security price is \$1.44 the scrip consideration of 0.597 Mirvac Securities have an implied value of \$0.86 per unit which is equal to the cash consideration under the Cash Option

¹⁷ \$200 million divided by \$415 million (482.2 million units multiplied by the cash offer of \$0.86 per unit)



the Cash Option exceeds \$200 million, the excess demand will be satisfied through the issue of Mirvac Securities or in cash under the Sale Facility, depending on the election made by the WOT Unitholder.

Existing losses in the Trust are expected to be preserved

At 31 December 2009, the Trust had accumulated tax losses of \$74.2 million which may be used to offset future taxable income generated by the Trust. If the Proposed Scheme is approved these accumulated losses are expected to remain available, provided WOT continues to satisfy the same business test. To the extent these losses are available, Scheme Participants who receive Mirvac Securities as consideration may still benefit from these accumulated losses in the future in proportion to their security holding.

Westpac will receive various payments as part of the Proposed Scheme

As part of the Proposed Scheme, Westpac will receive the following payments:

- \$9.8¹⁸ million from WOT for terminating the RVA within two days after the date of the scheme implementation. This amount was recorded as a liability in the WOT accounts at 31 December 2009 and has been updated to reflect the expected amount owing at the termination date in accordance with the RVA
- \$15.0 million from Mirvac for forgoing Management Rights in relation to WOT and entering into various transaction documents. KPMG has reviewed the reasonableness of this consideration in Section 6 and has concluded that the consideration is not unreasonable.

In addition WFML, a wholly owned subsidiary of Westpac, will be paid \$7.8 million from WOT in satisfaction of accrued performance fees earned by WFML up to 31 December 2009.

Transaction costs

The costs of the Proposed Scheme include stamp duty, advisory costs, legal fees, independent expert fees and other costs. If the Proposed Scheme is approved, the costs for both Mirvac and WOT will total approximately \$25.1 million.

4.3.6 Implications if the Proposed Scheme is not approved

In the event the Proposed Scheme is not approved, the following circumstances are likely to occur:

- WOT will most likely need to reduce its level of gearing by either completing a large capital raising or an asset sale. Thereafter the remaining debt will need to be refinanced prior to the maturity dates between July and December 2011
- assuming that the Trust is able to refinance its existing debt we estimate that distributions post the refinance will reduce by between 2.23 cents per unit and 3.72 cents per unit. Based on the forecast distribution of 6.50 cents per unit in the year ending 30 June 2011, this represents a decrease of between 34 to 57 percent for WOT Unitholders and a higher decrease for IR Holders, with some

¹⁸ Based on proforma consolidated financial statements of the combined group as at 31 December 2009



scenarios requiring IR Holders to make additional payments to cover the shortfall of interest on instalment debt

- the WOT unit price would most likely retreat to the value at which it was trading (approximately \$0.76 per unit) prior to the Mirvac announcement that it was completing an exclusive due diligence on WOT. Since that announcement the WOT unit price has traded above \$0.80
- WOT will incur total costs of approximately \$3.0 million (excluding GST). However, additional advisory fees are likely to be incurred as the Trust will need to determine an appropriate action plan to address the current challenges facing the trust
- WFML will pay Mirvac a break fee of approximately \$4.1¹⁹ million (excluding GST) in the event that:
 - the Board changes, withdraws or modifies its recommendation in relation to the Proposed Scheme, or
 - any member of the Independent Board Committee makes a public statement to the effect that the Board no longer recommends that WOT Unitholders approve the Proposed Scheme or that the Board supports a superior proposal as defined in the SIA or
 - a competing proposal is announced, completed within six months after the date of the SIA and is a superior proposal as defined in the SIA.

5 Best interests

Having considered the factors above, including the strategic options available to the Trust on a stand-alone basis and the likelihood of a superior proposal emerging, we consider the Proposed Scheme to be in the best interests of Scheme Participants.

6 Reasonableness of consideration for Westpac forgoing Management Rights

As part of the Proposed Scheme Mirvac will pay Westpac \$15 million as consideration for Westpac forgoing the Management Rights. According to the Trust constitution the Responsible Entity is entitled to a fee for the proper performance of its duties of a maximum of 0.75 percent per annum of the gross asset value (GAV) of the Trust. The Responsible Entity is currently charging the Trust 0.35 percent per annum. The Responsible Entity received a base management fee of \$4.7 million for the year ended 30 June 2009 and is expected to receive a base management fee of approximately \$4.1 million for the year ending 30 June 2010.

Assessing the reasonableness of the consideration for acquiring the Management rights is not simple as any such assessment involves estimates as to the likely term of the arrangements (which have no finite term) as well as the expected base management fees to be received by the Responsible Entity over the estimated term of the arrangement. In assessing the likely term of the arrangements, we have considered that:

¹⁹ This amount equates to 1 percent of the Proposed Scheme value based on the scrip consideration at the date of signing the SIA, plus applicable GST



- the Responsible Entity of WOT may be removed if an ordinary resolution is passed to terminate the current management arrangement. The resolution will be passed if at least 50 percent of the total votes cast by Scheme Participants vote in favour of the resolution. Westpac, which has a 7.73 percent interest in the Trust, is entitled to vote on such a resolution.
- there are various change of control triggers in WOT's debt facilities, business development agreement and rental variation agreement. In addition there is a change of control trigger in the instalment debt agreement. All of these triggers may be activated by a change in the Responsible Entity and would have adverse implications on the operations of the Trust as well as the outstanding instalment debt.

In forming our opinion on the likelihood of a future termination of the current management arrangements we have taken into consideration the factors set out above. In summary, we are of the view that it is likely to be extremely difficult for the current arrangements to be easily terminated without significant pre-planning to address the issues raised above and that, in all reasonableness, termination without compensation would most likely only proceed in circumstances where Westpac had underperformed for a prolonged period of time and with the co-operation of Westpac. As such, whilst the current management arrangements are not a perpetual right, it is a matter of judgement as to the likely future term under the current arrangements. For the purposes of this analysis, we are of the opinion that a reasonable estimate on which to base our assessment is a period of not less than 5 to 10 years.

Having regard to the above factors, we have assessed the reasonableness of the consideration for acquiring the Management Rights by comparing revenue multiples and percentage of funds under management ratios with those of other management agreement transactions in the property sector. The consideration of \$15.0 million implies a historical base management fee multiple of 3.4 times, a forecast management fee multiple of 3.6 times and represents a percentage of 1.3 percent of total assets. These implied multiples and percentage of funds ratio's are all within the range of multiples (2.4 times to 6.0 times) and percentage of funds ratio's (0.8 percent to 2.0 percent) for other management agreement transactions in the property sector, as set out in Section 16.4.

Having considered:

- the terms of the current management arrangements
- the unit holding of Westpac
- the potential implications of removing the Responsible Entity
- the multiples and ratio's implied by the consideration of \$15.0 million relative to the equivalent multiples and ratio's for other management agreement transactions in the property sector,

we consider the consideration of \$15.0 million for Westpac forgoing the Management Rights to not be unreasonable. In addition Westpac is also providing several undertakings as part of the Proposed Scheme for which it is receiving no consideration.



7 Other matters

In forming our opinion, we have considered the interests of Scheme Participants as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual Scheme Participants. It is not practical or possible to assess the implications of the Proposed Scheme on individual Scheme Participants as their financial circumstances are not known. The decision of Scheme Participants whether to approve the Proposed Scheme or not is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual Scheme Participants should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual Scheme Participants including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting Scheme Participants in considering the Proposed Scheme. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated and may be subject to rounding.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Explanatory Memorandum to be sent to Scheme Participants in relation to the Proposed Scheme, without the prior written consent of KPMG as to the form and context in which it appears. KPMG consents to the inclusion of this report in the form and context in which it appears in the Explanatory Memorandum.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin
Executive Director

Shaun Bettman
Associate Director



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Financial services guide

Dated 11 June 2010

KPMG Corporate Finance (Aust) Pty Ltd ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (**KPMG** or **we** or **us** or **our** as appropriate) has been engaged to provide an Independent Expert Report (**Report**) in relation to a proposal from Mirvac Group to acquire all the units and instalment receipts in Westpac Office Trust (**Transaction**) for inclusion in the Explanatory Memorandum (**Document**) prepared by Westpac Office Trust (WOT) (**Company**).

Purpose of this Guide

This Guide is designed to help retail clients to decide how to use our Report. It includes information about:

- who we are and how we can be contacted
- the services we are authorised to provide under our licence
- how we and our staff are paid
- any relevant associations or relationships we have
- how complaints are dealt with; and
- the compensation arrangements we have in place.

The Document contains information about significant benefits, risks, fees and other charges and other information about the Transaction.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- Interests in managed investments schemes (excluding investor directed portfolio services)
- Securities (such as shares and debentures).

Our responsibility to you

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. You have not engaged us directly but have received a copy of the Report because of your connection to the Transaction.

We are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in our Report.

7.1.1 General Advice

Our report only contains general advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in our Report having regard to your circumstances before you act on our Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

7.1.2 Fees we may receive

We charge fees for preparing reports. These fees will usually be agreed with, and paid by, the financial product issuer. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Westpac Funds Management Limited in its capacity as responsible entity for WOT has agreed to pay us \$300,000 (excluding out-of-pocket expenses and GST) for preparing the Report.

KPMG and its officers, employees, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

7.1.3 Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

7.1.4 Associations and relationships

Through a variety of corporate and trust structures KPMG is controlled by and operates as part of KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). Our directors may be partners in the KPMG Partnership.

From time to time KPMG, the KPMG Partnership and related entities (**KPMG entities**) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.



KPMG entities have provided, and continue to provide, a range of services to Westpac Banking Corporation and its associated entities (Westpac) for which professional fees are received. Over the past 24 months, KPMG has received \$29.6 million in professional fees from Westpac. None of those services have related to the Transaction or alternatives to the Transaction.

No KPMG entity, and no individual involved in the preparation of the Report, has any interest in the Company or Mirvac Group.

Remuneration or other benefits received by our representatives

KPMG officers, employees and representatives receive a salary or a partnership distribution from the KPMG Partnership. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let us know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 5 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise you in writing of our response to your complaint.

External complaints resolution process

If we cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (**FOS**) of which we are a member. FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited,
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au.

The Australian Securities and Investment Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG has professional indemnity insurance cover as required by the Corporations Act.

7.1.5 Contact Details

You may contact us using the contact details set out at the top of the letterhead on page 1.



8 The Proposed Transaction

The Proposed Scheme offers Scheme Participants the opportunity to receive a legal or beneficial interest in Mirvac Securities or to participate in a cash option or sale facility.

- *Scrip Option:* Under the scrip option, Scheme Participants have the opportunity to receive a legal or beneficial interest in 0.597 Mirvac Securities (Exchange Ratio) for every WOT unit held directly or (in the case of IR Holders) indirectly on the record date (Scrip Option)
- *Cash Option:* Scheme Participants who do not wish to receive Mirvac Securities may choose the cash option, under which Mirvac will pay \$0.86 per WOT unit held on the record date, up to an aggregate amount of \$200 million. This aggregate amount represents 52.4 percent of WOT units eligible to participate in the Cash Option as Westpac has agreed not to participate in the Cash Option. If elections for the Cash Option exceed \$200 million, applications for cash will be scaled back pro-rata and Scheme Participants will receive the balance of their consideration in either Mirvac Securities or in cash under the sale facility, depending on the election made (Cash Option).

Scheme Participants who do not wish to receive Mirvac Securities or cash under the Cash Option may choose to participate in the sale facility. Under the sale facility Scheme Participants (other than foreign investors) may elect to sell all or some of the Mirvac Securities issued to them under the Proposed Scheme (Sale Facility).

Investors who are the registered holders of WOT units or IRs on the distribution record date (30 June 2010) are also entitled to receive a WOT distribution for the three months ending 30 June 2010.

Foreign investors will not receive Mirvac Securities but will participate in the Sale Facility.

Instalment receipt holders

The Proposed Scheme offers IR Holders the opportunity to receive a beneficial interest in Mirvac Securities for WOT units in which they hold a beneficial interest or to participate in the Cash Option or Sale Facility. IR Holders who receive the Scrip Option will continue to hold IRs but their beneficial interest in WOT units will be replaced by a beneficial interest in Mirvac Securities. IRs will continue on substantially the same terms, except that they will now relate to Mirvac Securities. There will be no change to the current interest rate on the instalment debt nor the date on which the instalments are due to be repaid. The total value of instalment debt outstanding will not change per IR Holder in aggregate of their holding. However, as a result of the Exchange Ratio, the amount of instalment debt outstanding on each Mirvac Security will however be 83.75 cents rather than 50 cents on each WOT unit. Under the Cash Option or Sale Facility, the cash proceeds will first be applied to repay the instalment debt and the balance of the proceeds will be remitted to the IR Holder.

Consolidation

Immediately before the Proposed Scheme is implemented, each Scheme Participant's WOT units and IRs will be consolidated on a one for 0.597 basis so that, on the implementation date, each Scheme Participant who elects the Scrip Option will be entitled to receive a legal or beneficial interest in one Mirvac Security in respect of each WOT unit held directly or (in the case of IR Holders) indirectly on the record date. An IR will represent the beneficial interest in one Mirvac Security. Unless indicated otherwise, all figures and ratios in this report that relate to WOT units and IRs are provided on a pre-consolidation basis.



Also as part of the Proposed Scheme:

- Mirvac will pay Westpac \$15 million as consideration for Westpac giving up the opportunity to receive revenues in respect of WOT arising out of the Responsible Entity's management of WOT (Management Rights). KPMG has reviewed the reasonableness of this consideration in Section 6 and does not consider the consideration to be unreasonable
- WOT will pay WFML \$7.8 million in satisfaction of accrued performance fees²⁰
- WOT will pay Westpac approximately \$9.8²¹ million in order to terminate the rent variation agreement (RVA) within two days after the date of the scheme implementation. This amount has been determined in accordance with the RVA
- Mirvac will fully extinguish and terminate the Westpac term debt and working capital facility in relation to WOT (drawn to \$213 million at 31 March 2010) as well as restructure WOT's Commercial Mortgage Backed Securities (CMBS) facility
- Westpac has provided several undertakings in favour of WFML and Mirvac to assist in relation to the Proposed Scheme, including:
 - agreeing to the existing IR debt facility continuing on substantially the same terms²²
 - agreeing to allow for the early termination of the RVA relating to Westpac Place
 - agreeing to waive any early termination fees in relation to WOT debt facilities
 - agreeing to leave in place the CMBS Series 1 liquidity facility provided to WOT on current terms
 - agreeing to not participate in the Cash Option and to retain any Mirvac Securities received as part of the Scrip Option for a minimum period of 12 months
- WFML will pay Mirvac a break fee of approximately \$4.1²³ million (excluding GST) in the event that
 - the Board changes, withdraws or modifies its recommendation in relation to the Proposed Scheme, or
 - any member of the Independent Board Committee makes a public statement to the effect that the Board no longer recommends that WOT Unitholders approve the Proposed Scheme or that the Board supports a superior proposal as defined in the SIA or
 - a competing proposal is announced, completed within six months after the date of the SIA and is a superior proposal as defined in the SIA.

²⁰ This performance fee was accrued in the financial year ended 30 June 2008 and will become payable upon the change of control of WOT if the Proposed Scheme is implemented

²¹ Based on proforma consolidated financial statements of the combined group as at 31 December 2009

²² There will be no change to the current interest rate on instalment debt. An instalment of 41.88 cents per Mirvac Security (equivalent of 25 cents per WOT Unit) will still be payable on 1 November 2011 and from this date the interest rate on instalment debt will revert to a market rate

²³ This amount equates to 1 percent of the Proposed Scheme value based on the scrip consideration at the date of signing the SIA, plus applicable GST



9 Scope of the report

9.1 Purpose

The Proposed Scheme will be implemented through a Trust Scheme. There is no specific statutory framework for a Trust Scheme, as there is for schemes of arrangement between companies and their members. As such the Takeovers Panel has issued GN15 outlining recommended procedures for a Trust Scheme. This guidance note suggests that the Scheme notice should contain a report by an independent expert that states whether, in the expert's opinion, the terms of the Trust Scheme are fair and reasonable.

In addition, WFML in its capacity as responsible entity for WOT has a fiduciary obligation to act in the best interests of Scheme Participants. As such, the Directors of WFML have also requested that KPMG provide an opinion on whether the Proposed Scheme is in the best interests of Scheme Participants.

9.2 Basis of assessment

9.2.1 Guidance

Fair and reasonable

GN15 requires an independent expert to state whether the terms of the Proposed Scheme are fair and reasonable but the guidance note does not contain a definition of fair and reasonable. RG 111 "Content of expert reports", as issued by the ASIC, provides guidance in relation to the content of independent expert's reports prepared for transactions under Chapter 5, 6 and 6A of the Corporations Act. RG 111 refers to a 'control transaction' as being the acquisition of a controlling stake in a company that could be achieved by way of a takeover offer, compulsory acquisition, buy-outs, schemes of arrangement and capital reorganisations. The Proposed Scheme is in substance a takeover offer by Mirvac of the securities in WOT and as such we have considered the analysis that should be undertaken by an expert for a takeover bid. In respect of control transactions, under RG 111, fair and reasonable are separate tests.

In the best interests

The Trust Scheme is also similar to that of a scheme of arrangement as described in RG 111 under 'control transactions'. According to RG 111.15, schemes of arrangement can be used as an alternative to a Ch 6 takeover bid to achieve substantially the same outcome. In these circumstances, the form of analysis should be substantially the same as for a takeover bid, even though the wording of the opinion will also be whether the Proposed Scheme is 'in the best interests of the members of the company'. As such the analysis undertaken by KPMG to determine whether the Proposed Scheme is fair and reasonable will be relied upon to determine if the Proposed Scheme is in the best interests of Scheme Participants.

9.2.2 Fairness

RG 111 defines an offer as fair when the value of the consideration is equal to or greater than the value of the securities subject to the offer. The comparison should be made assuming 100 percent ownership of the 'target' and irrespective of whether the consideration is scrip or cash. In addition the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison.

Accordingly, KPMG has assessed whether the Proposed Scheme is fair by estimating the market value of a WOT unit (assuming 100 percent control) and comparing this value with the estimated market value of the consideration offered.



Market value is commonly defined as the value that a hypothetical prudent purchaser, who is willing but not anxious buyer, would be prepared to pay a seller, who is willing but not anxious to sell a given asset, in circumstances where both the buyer and seller have full access to all relevant operational and financial information. Market value typically excludes 'special value' which is the additional value (over and above market value) that particular acquirers may be prepared to pay for a business who can achieve unique synergies or other benefits not generally available to other market participants. Our valuation of WOT and Mirvac has excluded 'special value'.

In assessing fairness, KPMG has assumed an orderly market for the underlying assets of the Trust and has not considered any entity specific factors (such as a high level of gearing) in determining the market value of WOT. However these factors have been considered in assessing the reasonableness of the Proposed Scheme.

9.2.3 Reasonableness

According to RG 111 (in respect of control transactions), an offer is reasonable if it is fair. However an offer can also be reasonable even if it is not fair if the expert believes that there are sufficient reasons for unitholders to accept offer in the absence of any higher bid before the close of the offer. To assess the reasonableness of the Proposed Scheme KPMG has considered the following factors:

- the current issues facing the Trust
- alternative options available
- advantages and disadvantages and other considerations of the Proposed Scheme
- implications if the Proposed Scheme is not approved.

9.3 Best interests

According to RG 111.17 to 111.19:

- if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme 'is in the best interests of the members of the company'
- if an expert would conclude that the proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests of the members of the company'
- if an expert concludes that a scheme proposal is 'not fair and not reasonable', then the expert would conclude that the scheme is not in the best interests of the members of the company.

As outlined above, KPMG's opinion as to whether the Proposed Scheme is in the best interests of Scheme Participants will depend on the opinion as to whether the Proposed Scheme is fair and reasonable, not fair but reasonable or not fair nor reasonable.



9.4 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 10 of this report. Nothing in this report should be taken to imply that KPMG has in any way carried out an audit of the books of account or other records of the Trust for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with the Trust's management and Directors in relation to the nature of the Trust's business operations, its specific risks and opportunities, its historical results and its prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation. It is our view that all material information that we have relied on in forming our opinion is reasonable.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG included the forecast distributions of the Trust on a stand-alone basis as prepared by the Responsible Entity. Whilst KPMG has relied upon this prospective information in preparing this report, the Responsible Entity remains responsible for all aspects of this prospective information. Achievement of prospective results is not warranted or guaranteed by KPMG. Prospective results are by their nature uncertain and are dependent on a number of future events that cannot be guaranteed. Actual results may vary significantly from the prospective results relied on by KPMG. Any variations from prospective results may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company may undertake. The Directors of WFML, together with its legal and financial advisers, are responsible for conducting due diligence in relation to Mirvac and the Proposed Scheme. KPMG provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.



10 Overview of the Australian Property Industry

10.1 Introduction

WOT invests in a portfolio of commercial properties whilst Mirvac Trust invests in properties in the commercial, retail and industrial sectors. Both WOT and Mirvac Trust are considered A-REITs. In addition, Mirvac Limited also has a property development business, a hotel management business and an investment management business.

10.2 Overview of the A-REIT sector

A-REITs are trust structures that provide Unitholders the opportunity to invest in a vehicle that has investments in direct and/or indirect property assets, both domestically and internationally. A-REITs generally adopt one of two structures:

- *stand-alone trusts*: these provide Unitholders exposure to an underlying real estate portfolio only. These usually have an external manager managing the trust
- *stapled securities*: combines a stand-alone trust security with a second security, usually a property funds management and/or a property development company. This structure provides Unitholders exposure to additional businesses within the property sector, in addition to a property portfolio. Additionally, the stapled structure can encourage a greater alignment of interests between managers and Unitholders through the internalisation of the management function.

The market capitalisation of listed A-REITs at 4 June 2010 was \$73.1 billion of which the largest 20 listed A-REITs represent 95.7 percent. There are 10 listed A-REITs with a market capitalisation in excess of \$1.0 billion and these represent 87.3 percent of the total market capitalisation. Westfield Group (Westfield) is the largest listed A-REIT, representing 39 percent of the total market capitalisation of listed A-REITs.

A-REITs invest in a range of properties in various geographical locations, with varying lease lengths and terms. Unitholders generally evaluate A-REITs by assessing the security of the income stream (which is typically derived through rental income on the underlying assets), the quality of the individual properties and tenants, the length of tenant leases, the level of gearing and the quality of management. The relative risk of these elements will generally be reflected in the yield (return on investment) of individual A-REITs.

A-REITs are often sector-specific, concentrating on a particular sub-sector of the property market. However there are some that invest in several sub-sectors, known as diversified A-REITs. Set out below is a summary of the type of properties in each property sub-sector:

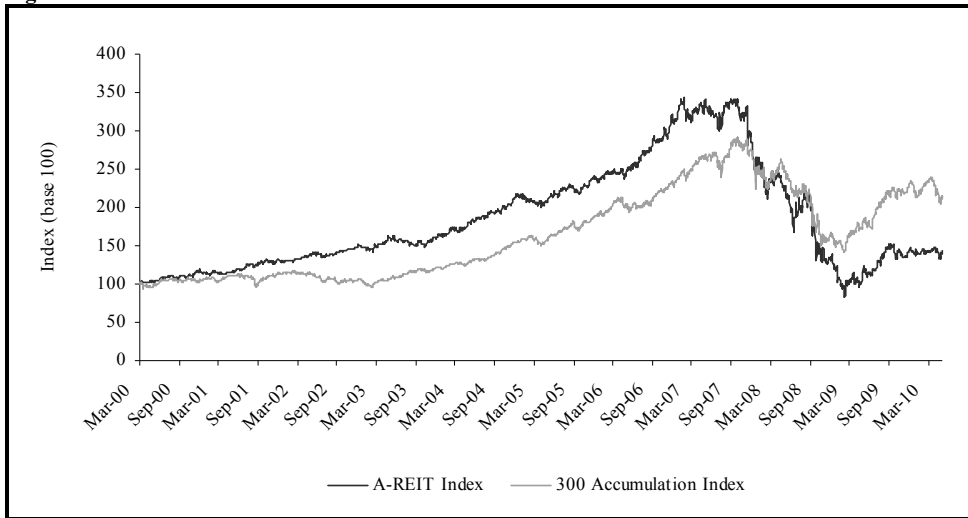
- *Industrial*: investment in industrial warehouses and distribution properties
- *Office*: investment in office buildings and office parks
- *Residential*: investment in residential properties including multifamily homes, apartments, manufactured homes and student housing properties
- *Retail*: investment in shopping malls, outlet malls, neighbourhood and community shopping centres.

A-REITs may be able to access tax concessions (such as capital allowances and tax deferral on rental income) which are generally passed onto securityholders through tax deferred distributions.

10.2.1 Historical performance

The figure below outlines the relative performance of the S&P/ASX 300 A-REIT Accumulation Index (A-REIT Index) and the S&P/ASX 300 Accumulation Index (300 Accumulation Index) from 1 April 2000 to 4 June 2010.

Figure 2: A-REIT Index and 300 Accumulation Index



Source IRESS and KPMG Analysis

In relation to the figure above, we note the A-REIT Index outperformed the 300 Accumulation Index between March 2000 and September 2007, after which the A-REIT index underperformed as a result of the GFC. Since March 2009 the equity markets have generally been recovering but as seen in the figure, the A-REIT index recovery is slower due to the uncertainty of the timing of a recovery in the property sector.

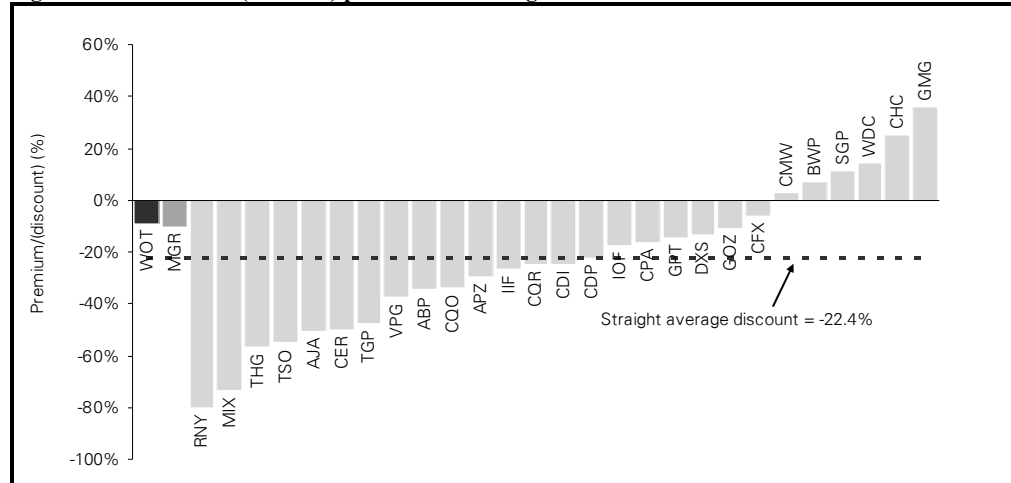
The GFC in late 2007 had a major impact on the A-REIT sector, as illustrated in the figure above. From its high in February 2007 the A-REIT index declined 76 percent to its low on 9 March 2009, compared with a high to low decline of 43 percent for the 300 Accumulation index. As a result of the GFC debt markets changed considerably with lower levels of gearing being required, the cost of debt increasing substantially, debt covenants becoming more stringent and a severe reduction in liquidity. As a result of the crisis, capitalisation rates increased, resulting in large property devaluations. This together with higher debt costs significantly impacted the A-REIT sector, particularly those entities with high gearing levels. As a result many property trusts have had to recapitalise by raising large amount of equity at significant discounts to their listed price in order to reduce gearing to more sustainable levels.

10.2.2 Price versus net tangible asset backing

A-REITs generally release their NTA per unit on a quarterly or semi-annual basis, depending on the size of the A-REIT. When analysing listed A-REITs, one consideration for brokers and analysts is the difference between the trading price and the last reported NTA.

Illustrated in the figure below is a comparison of the trading price of a selection of listed A-REITs on 6 April 2010 (the last trading day before Mirvac announced that it was completing an exclusive due diligence on WOT) with their last reported NTA at 31 December 2009.

Figure 3: Price to NTA (discount)/premium for a range of A-REITs



Source: IRESS

Note 1: WOT – Westpac Office Trust, MGR – Mirvac Group, RNY – RNY Property Group, MIX – Mirvac Industrial Trust, THG – Thakral Holdings Group, TSO – Tishman Speyer Office Fund, AJA – Astro Japan Property Group, TGP – Trafalgar Corporate Group, CER – Centro Retail Group, CQO – Charter Hall Office, ABP – Abacus Property Group, VPG – Valad Property Group, CQR – Charter Hall Retail REIT, APZ – Aspen Group, IIF – ING Industrial Fund, CDI – Challenger Diversified Property, CDP – Carindale Property Trust, IOF – INF Office Fund, CPA – Commonwealth Property Office Fund, GPT – GPT Group, DXS – Dexus Property Group, GOZ – Growthpoint Properties Australia, CFX – CFS Retail Property Trust, CMW – Cromwell Group, BWP – Bunning’s Warehouse Property, SGP – Stockland, WDC – Westfield Group, CHC – Charter Hall Group, GMG – Goodman Group

Note 2: CHC NTA represents a pro-forma NTA post the Macquarie Group’s core real estate management platform acquisition and the 12 Feb 2010 entitlement offer

Note 3: CDI NTA represents pro-forma NTA post the 6 Aug 2009 entitlement offer

Note 4: The majority of the FY09 earnings of RNY, MIX, TSO, CQR, AJA, CQO, CER and WDC were generated outside of Australia, which may adversely impact the unit prices of these securities upon which the premium/discount has been determined

Of the 29 listed A-REITs analysed, six are trading at a premium to NTA and 23 are trading below their NTA, with the straight average discount of the sample being 22.4 percent. Of the six A-REITs trading at a premium to NTA, five either have a funds management business or a property development business. As such valuing these active businesses using a net assets approach does not necessarily reflect the true value of the businesses. As illustrated in the graph above, WOT is trading at a discount of 9.0 percent to its NTA while Mirvac is trading at a discount of 10.0 percent.

10.2.3 Capital raisings

A-REIT financial reporting in the year ended 30 June 2009 was characterised by property devaluations and intangible asset impairments, resulting in many listed A-REITs either breaching or being close to breaching debt covenants. As a result many listed A-REITs raised equity during the 2009 calendar year in order to reduce gearing to a more sustainable level.

During the 2009 calendar year, 23 A-REITs raised \$13.1 billion of equity. This was over twice the \$5.9 billion raised in 2008. In recent months, five A-REITs completed capital raisings worth \$1.3 billion, as set out in the table below.



Table 7: Recent capital raisings

A-REIT	Date	Type	Amount (\$m)
ING Industrial Fund	28 Oct 2009	Entitlement offer	700.0
Commonwealth Property Office Fund	24 Nov 2009	Placement	100.0
Abacus Property Group	11 Dec 2009	Placement	91.4
Cromwell Corporation Limited	24 Dec 2009	Placement	73.3
Mirvac Group	7 Apr 2010	Placement	350.0
Total			1,314.7

Source: KPMG Analysis

The majority of the capital raisings completed in the last 12 months were executed at a significant discount to the last trading price, one month VWAP and last reported NTA. These discounts varied between 3.5 percent and 55.5 percent as summarised in the table in Appendix 6.

10.2.4 Outlook for sector

The unprecedented monetary and fiscal policy response to the GFC, appears to have successfully buffered the decline in global economic activity with a better outlook for 2010. Credit spreads have narrowed from the highs seen during the GFC and equity markets have rallied strongly indicating a potential recovery in the market. However, it is noted that the recent growth in the global economy was largely stimulus driven and may not as yet be self-sustaining. Thus there is an expectation that the cyclical upturn towards recovery for developed countries will be restrained.

Overall the long-term outlook for the A-REIT sector is largely positive as the economic outlook for Australia improves. However the short-term outlook remains uncertain. The first three months of 2010 has seen the A-REIT sector underperform the broader equity market. This underperformance was mainly due to the poor performance of the A-REITs that reported in the recent reporting season as well as continued uncertainty as to property values and the expected timing of a recovery in the sector.

Set out below is a summary of the recent events and outlook for each property sub-sector:

- *Residential*: the residential sub-sector held up well during 2009. However, with the reduction of the first home owners grant in January 2010, and increasing interest rates, it is expected that the residential sector will face a deceleration in price growth. However the current shortage of housing and improving investor sentiment may partially offset this effect
- *Office*: it is expected that the fundamental factors influencing the office sub-sector will remain weak during 2010, with office vacancy currently near its peak in most capital cities. However there is an expectation that future demand for office space is expected to improve as Australian employment levels have been more resilient than expected. In addition, the supply levels of office space are expected to remain relatively low
- *Retail*: the federal government stimulus in 2009 assisted in keeping retail spending higher than expected for the year. With the lack of a government stimulus and the potential for increasing interest rates over 2010, the level of spending could potentially be lower. However, rental rates that fell during 2009 are expected to stabilise over the coming year. With these two offsetting factors, the short-term outlook for the retail sector remains uncertain
- *Industrial*: the industrial sector was hardest hit during the market downturn. Demand for industrial and warehousing space slumped as import volumes fell. However, in late 2009, the industrial sector



started to show signs of stabilising. The strengthening Australian dollar and a solid domestic economy is expected to drive a sustained recovery in imports, increasing the demand for manufacturing and warehousing space in line with the recovery of the economy. Additionally, the supply of industrial space remains subdued with little new construction replacing completed projects. As such, it is anticipated that any future falls in rental rates will be minimal. Thus with both rents and capital value stabilising, it is likely that the yield decompression seen in recent times will abate.

The A-REIT sector is expected to recover over the long-term. However, in the short-term, whilst many A-REITs have largely been recapitalised, the A-REIT sector continues to face challenges as:

- economic fundamentals may potentially deteriorate
- many trusts are likely to incur higher borrowing costs as debt facilities are refinanced
- a number of A-REITs still remain undercapitalised.

As such, in the short-term, additional recapitalisations and takeovers are expected to occur.

10.3 Property development

Property development is the process by which a developer acquires land for the purposes of construction and intends to sell the developed land for a price higher than the total development costs. Developments can vary in both the style, either residential or non residential, the size and the nature of development activity.

The property development process is complex and involves multiple stages before developed land can be brought to the market. Property development has many risks associated with the process such as securing appropriate land, obtaining development approvals and obtaining appropriate funding. In addition many factors can impact consumer demand such as levels of employment and interest rates. As a result of this higher risk, property developers generally require a premium return to compensate them for being exposed to such risks.

Set out below is an overview of both the residential and commercial property development sub-sectors.

10.3.1 Residential property development

Residential property development is primarily involved with the construction of free standing and duplex homes and townhouses, multi-story apartments and large master planned communities. Due to the extensive resources involved in the construction of large inner city multi-story apartments and master planned communities, only large operators such as Mirvac and Stockland are principally involved in such developments.

Demand for residential housing construction is principally affected by population growth and home ownership affordability, which is in turn affected by factors including economic conditions, interest rates, consumer sentiment and the availability of funding. We have outlined the key drivers of residential housing construction below.

- *Population growth:* the expansion of the Australian population as a result of natural growth and overseas migration has been a key driver in demand for residential housing. The annual growth in the Australian population of 2.1 percent in the year to September 2009 is higher than the annual population growth recorded in the last decade of approximately 1.4 percent. As a result of this



demand flowing from population growth, there has been strong fundamental support for increased construction activity in the residential development sector

- *Home ownership affordability*: recent declines in the official cash rate and government incentives including the first home buyers grant has allowed buyers an entrance into the residential property market. However, an increase in the unemployment rate has reduced the opportunity for many people to buy a new home and other costs including increasing infrastructure costs and holding costs incurred by developers have reduced the affordability of residential housing
- *Economic conditions*: a driver of residential development is economic growth. Economic growth is important for the residential property sector as growth drives demand for housing. The Reserve Bank of Australia (RBA) reported that conditions in the domestic economy were stronger than previously forecast in 2009 as a result of a rebound in growth in Asia and the loosening of both fiscal and monetary policy²⁴. The RBA also forecast that gross domestic product (GDP) would grow by 2 percent in the 2010 financial year and 3.5 percent in the 2011 and 2012 financial years. Results from the labour market were also stronger than expected with the unemployment rate expected to decline modestly over the period to 2012²⁵
- *Interest rates*: interest rate movements are a critical driver for residential housing demand. Since September 2008, the RBA's monetary policy was to increase money supply in the financial system to support growth within the Australian economy. This provided support for residential development with a recovery in both housing and apartment approvals. However, recently the RBA has begun tightening its monetary policy, most notably through recent increases in the cash rate including one on 6 April 2010 by 25 basis points, increasing the cash rate to 4.25 percent
- *Consumer sentiment*: consumer sentiment increased by 0.2 percent in March 2010²⁶ as a result of recent declines in unemployment levels however this was tempered by rises in interest rates. Consumer sentiment is a factor that impacts demand for new housing with the Australian Bureau of Statistics (ABS) showing a correlation between these factors. The consumer sentiment index from the Westpac-Melbourne Institute is currently at 117.3, close to the last recorded high of 123.9 in May 2007
- *Availability of funding*: the RBA has noted that housing finance has been readily available throughout the GFC, with housing credit growing at approximately 8 percent a year. However, there has been tightening in lending standards, with several banks reducing their maximum loan to value ratios (LVR) for new borrowers from 95 to 97 percent to about 90 percent during 2009. Banks also raised their interest rate buffers and increased the deposit requirements for new borrowers. Further, the banks increased their lending standards around low-doc and non-conforming loans, making them harder to obtain. As a result, this tightening in lending standards may reduce the availability of funds used for the purposes of acquiring residential housing.

10.3.2 Historical performance and industry outlook

The outlook for the residential property sector is showing signs of recovery as dwelling construction activity increases and house prices rise. This improving outlook for residential property development is

²⁴ RBA Statement of Monetary Policy - February 2010

²⁵ RBA Statement of Monetary Policy - February 2010

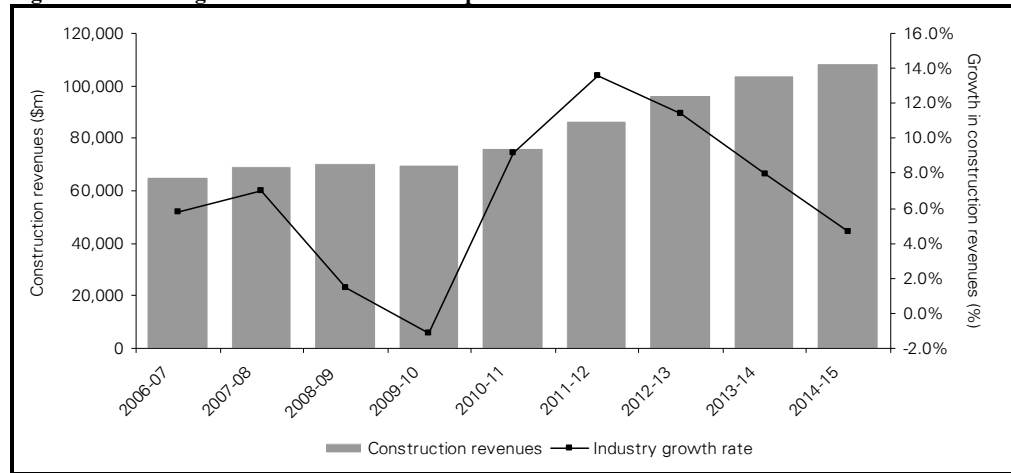
²⁶ Westpac – Melbourne Institute Consumer Sentiment Index March 2010

reflected in forecasts of strong annual growth for the industry of 6.3 percent to 2014²⁷. However, this forecast recovery follows on from the significant pressures faced by the industry in 2009 as a result of large write-downs in inventory due to lower than anticipated housing demand.

Future construction growth is generally linked to the demand and supply relationship for new residential housing. The Australia and New Zealand Bank (ANZ) estimated that housing demand in 2010 is running at an annual rate of 200,000 as opposed to completions which are expected to fall to 130,000. As a result of this potential imbalance between supply and demand, rents and property prices are expected to continue rising.

The figure below illustrates the historical and forecast growth in construction revenues within the residential sector.

Figure 4: Revenue growth in residential development



Source: Construction Forecasting Council

According to the Construction Forecasting Council, residential construction revenues are forecast to decline by 1.1 percent in the year ending 30 June 2010 and thereafter are expected to grow at a compound annual growth rate of 9.3 percent up to 30 June 2015.

10.3.3 Non-residential property development

The non-residential development sector comprises the development and construction of industrial, commercial and retail buildings. According to the Construction Forecasting Council of Australia, the value of non-residential construction increased 4.5 percent in the year ended 30 June 2009 and is forecast to decrease 15.9 percent in the year ending 30 June 2010. According to IBISWorld, the expected decline in construction activity in the non-residential sector is as a result of a significant reduction in both consumer and business spending. According to IBISWorld, this situation was exacerbated by an excess supply of industrial space built up from years of large scale construction projects.

According to the Construction Forecasting Council, the value of non-residential constructions is expected to decline by a further 5.2 percent in the year ending 30 June 2011, after which it is expected to rebound.

²⁷ Construction Forecasting Council forecasts



10.3.4 Hotel Management

The hotel sector is dependant upon the tourism market and business market to maintain occupancy and financial viability. In the year ended 30 June 2009, concern regarding consumer spending, businesses cutting costs on travel and conferences and swine flu all had a negative influence on demand.

The hotel sector is currently being affected by a decline in the number of international travellers visiting Australia, predominantly as a result of the global recession. The short-term outlook for international travellers returning to Australia is not favourable as a result of the strong Australian dollar. However, it is expected that a rebound in consumer sentiment will improve domestic leisure travel and renewed business confidence will increase corporate and conference bookings.

10.3.5 Investment Management

According to the ABS, the size of the Australian funds management industry was \$1.2 trillion at 31 March 2009 and 13 percent of the funds were invested in property.

The outlook for the property funds management industry is uncertain as many of the previous business models can no longer be applied due to constraints in the debt markets. As such, the industry is likely to return to a more sustainable model of providing distributions based on operating cashflows as opposed to distributions being funded through the use of debt.



11 Profile of Westpac Office Trust

11.1 Overview

WOT is a listed property trust with a portfolio of commercial properties in Australia that are leased primarily to investment grade tenants. The Responsible Entity of WOT is WFML, a wholly owned subsidiary of Westpac. At 31 December 2009, WOT had a property portfolio with a book value of \$1.1 billion and a market capitalisation at the close of trade on 4 June 2010 of \$0.4 billion.

11.2 Background

In 2003 WOT was formed as a single property trust to purchase and develop an office tower in the Sydney central business district for Westpac. The units in WOT were issued at \$1.00 per unit which was payable by way of a deferred payment arrangement. Under the deferred payment arrangement the total of the first instalment payment (\$0.50 per unit) and the instalment debt (\$0.50 per unit) were used to subscribe for units in the Trust. Units in WOT were initially allotted to the Security Trustee which in turn issued IRs. The IRs were quoted on the ASX.

In July 2005 the Trust became a multi-property trust and thereafter acquired the Woolworths National Support Office at the Norwest Business Park in Sydney. During 2007, WOT acquired five properties and a 50 percent interest in a sixth property.

In September 2009 the Trust underwent a restructure where the IRs ceased trading on the ASX and the ordinary units commenced trading. In addition the maturity date for half of the outstanding instalment was extended from 1 November 2011 to 1 November 2013.

At 31 March 2010 approximately 89.1 percent of units on issue still have instalment debt outstanding.

For a summary of the history of WOT, refer to Appendix 2.

11.3 Overview of property portfolio

At 31 December 2009, WOT's property portfolio comprised of six wholly owned properties and a 50 percent interest in a seventh property. Details of the properties, their tenants and key attributes are set out in the table below.



Table 8: WOT portfolio at 31 December 2009

Property	Tenant	Size (sqm)	Valuation (\$m)	% of Portfolio	WALE (yrs)	Cap. ⁽¹⁾ Rate (%)
Kent St, Sydney	Westpac	77,410	720.0	63.3%	8.5	7.00
Norwest Business Park, Sydney	Woolworths	44,828	240.0	21.1%	10.8	7.75
Pennant Hills, Sydney	IBM	34,080	96.3	8.5%	5.7	8.50
Cannon Hill 1, Brisbane	Westpac	4,218	17.8	1.6%	4.9	8.75
Cannon Hill 2, Brisbane	Honeywell	6,044	23.0	2.0%	5.0	9.00
Macquarie Park, Sydney (50%)	Westpac	11,323	22.3	2.0%	15.0	7.50
Bedford Park, Adelaide	Westpac	6,174	17.8	1.6%	9.8	9.00
Total		184,077	1,137.1	100%	8.7	7.39

Source: WOT Portfolio Summary at 31 December 2009

Note 1: Capitalisation rate

In relation to the table above, we note that:

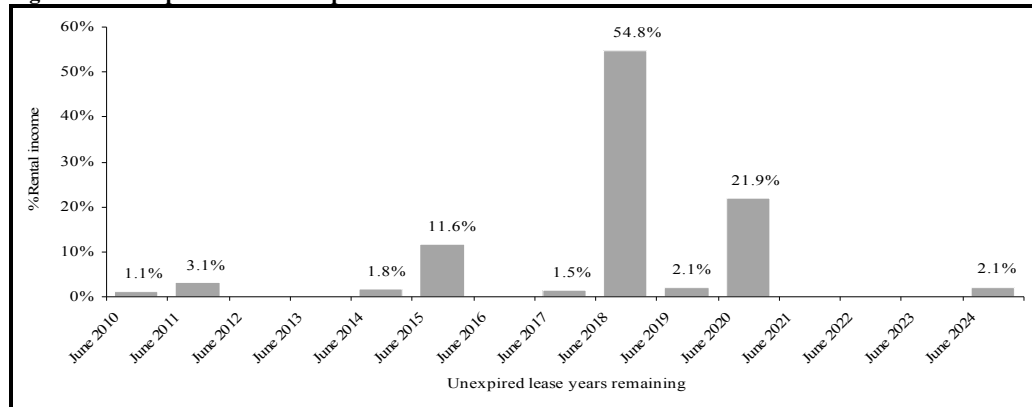
- Westpac Place in Kent Street Sydney and the Woolworths National Support Office at Norwest Business Park represent 84.4 percent of the property portfolio value at 31 December 2009
- all of WOT's properties were valued by external property valuers at 31 December 2009. The value of WOT's property portfolio decreased by 7.3 percent between 31 December 2008 and 31 December 2009 as a result of a general increase in capitalisation rates.

Set out below is a summary of the characteristics of WOT's portfolio. A detailed summary of the WOT property portfolio is provided in Appendix 3.

11.3.1 Lease expiry

The portfolio had a WALE of 8.7 years at 31 December 2009. Set out in the figure below is the lease expiry profile as at 31 December 2009.

Figure 5: WOT portfolio WALE profile



Source: WOT results presentation for the half year ended 31 December 2009

The figure above illustrates the secure nature of the rental income of WOT as the majority of leases are long-term and the leases on the two largest properties have 8.5 years and 10.8 years until maturity.



11.3.2 Vacancy rates

At 31 December 2009 the property portfolio had a 98.6 percent occupancy. The majority of the vacancy is in the Cannon Hill 2 property in Brisbane where approximately 40 percent of the property is vacant. However, the Trust is still receiving rental for this vacant area as it has a rental guarantee with the developer which expires in August 2010.

11.3.3 Tenant profile

Approximately 94 percent of rental income is currently received from investment grade tenants such as Westpac (60 percent of rental income), Woolworths (22 percent of rental income) and IBM (12 percent of rental income).

11.3.4 Property valuation

Capitalisation rates represent the rate typically used by property valuers to estimate the value of a property based on the net income from the property. Set out in the two tables below is a summary of the capitalisation rate and property value for each property at various valuation dates.

Table 9: WOT's WACR

Property	% of portfolio ⁽²⁾	31-Dec 2007	30-Jun 2008	31-Dec 2008	30-Jun 2009	31-Dec 2009
Kent St, Sydney – Westpac	63.3%	5.70%	5.75%	6.35%	6.88%	7.00%
Norwest, Sydney – Woolworths	21.1%	6.15%	6.75%	7.50%	7.75%	7.75%
Pennant Hills, Sydney – IBM	8.5%	7.25%	7.25%	8.00%	8.50%	8.50%
Cannon Hill 1, Brisbane – Westpac	1.6%	6.75%	7.25%	7.75%	8.25%	8.75%
Cannon Hill 2, Brisbane – Honeywell	2.0%	6.75%	7.25%	7.75%	8.25%	9.00%
Macquarie Park, Sydney (50%) – Westpac	2.0%	7.00%	8.00%	8.50%	9.10%	7.50%
Bedford Park, Adelaide – Westpac	1.6%	7.50%	7.75%	8.25%	8.75%	9.00%
Kensington – UNSW ⁽¹⁾	-	6.10%	6.75%	7.25%	7.75%	-
WACR(%)	100%	6.00%	6.22%	6.85%	7.32%	7.39%
Portfolio value (\$) million	-	\$1,318.7	\$1,287.4	\$1,226.7	\$1,172.5	\$1,137.1

Source: WOT results presentations for the years ended 30 June 2008 and 2009 and half year ended 31 December 2009

Note 1: The Kensington property was sold in December 2009

Note 2: Based on valuations at 31 December 2009



Table 10: WOT's property valuations

Property	31-Dec	30-Jun	31-Dec	30-Jun	31-Dec
	2007	2008	2008	2009	2009
Kent St, Sydney – Westpac	820.0	805.0	765.0	730.0	720.0
Norwest, Sydney – Woolworths	270.0	250.0	240.0	234.0	240.0
Pennant Hills, Sydney – IBM	92.5	101.5	95.0	93.0	96.3
Cannon Hill 1, Brisbane – Westpac	22.5	21.9	21.3	18.3	17.8
Cannon Hill 2, Brisbane – Honeywell	31.2	29.7	29.0	25.8	23.0
Macquarie Park, Sydney (50%) – Westpac	21.3	20.5	19.2	17.5	22.3
Bedford Park, Adelaide – Westpac	20.3	19.7	19.2	18.0	17.8
Kensington – UNSW ⁽¹⁾	41.0	39.1	38.0	36.0	-
Total portfolio value	1,318.7	1,287.4	1,226.7	1,172.5	1,137.1

Source: WOT results presentations for the years ended 30 June 2008 and 2009 and half year ended 31 December 2009

Note 1: The Kensington property was sold in December 2009

The WACR has increased by 139 basis points over the two year period from 31 December 2007 to 31 December 2009. This increase has predominantly resulted from the GFC as Unitholders required returns increase substantially post the GFC.

11.4 Other matters

11.4.1 Rent Variation Agreement

In June 2003, Westpac and the Responsible Entity entered into a RVA, which was a separate agreement to the lease on Westpac Place (WPL). The RVA is effectively a "rental swap" facility under which the total rent received by the Trust was higher in the earlier years than under the WPL, then escalated at a lower rate compared to the escalation under the WPL. The lower escalation rate will result in the total rent received by the Trust being lower than under the WPL from 1 November 2011 until the RVA expiry on 1 October 2016.

Mirvac's intention to cancel the RVA at the time of implementation of the Proposed Scheme results in a requirement for the outstanding balance to be repaid. Under the RVA, the outstanding balance is determined on a net present value basis (NPV), which given the quantum and timing of the cash flows, results in an increase in the outstanding balance from \$8.8m at 31 December 2009 to approximately \$9.8²⁸ million upon implementation of the Proposed Scheme.

11.4.2 Responsible Entity performance fees

The Responsible Entity is entitled to charge an annual performance fee if the Trust's total return for a calendar year exceeds the benchmark return. The performance fee is to be settled in the form of fully paid ordinary units only if the Trust makes a positive return (based on both distributions and the movements in the unit price) in that year or any subsequent calendar year.

In the calendar year ended 31 December 2008 the Responsible Entity earned a performance fee of \$7.8 million but the Responsible Entity has not been issued with fully paid ordinary units because the Trust has not made the required positive return since earning the performance fee. However, in the case of a change of control transaction, the performance fee becomes payable.

²⁸ Based on proforma consolidated financial statements of the combined group as at 31 December 2009



11.5 Historical financial performance

Set out in the table below is the consolidated audited financial performance of WOT for the years ended 30 June 2008 and 30 June 2009 and the consolidated reviewed financial performance for the six months ended 31 December 2009.

Table 11 : WOT consolidated income statements

Period	12 months to	12 months to	6 months to
\$m	30 June	30 June	31 December
	2008	2009	2009
Rental income	76.5	84.0	42.6
Other income	1.1	2.0	1.4
Total operating income	77.6	86.0	44.0
Responsible Entity fees	6.1	12.3	2.1
Finance costs	40.1	49.0	24.7
Other expenses ⁽¹⁾	0.8	0.6	1.9
Total operating expenses	47.0	61.9	28.7
Operating profit	30.6	24.1	15.3
Change in fair value of derivative financial instruments	14.8	(70.5)	18.5
Change in fair value of investment properties ⁽²⁾	(47.6)	(110.1)	(16.6)
Change in fair value of financial assets	(2.3)	(3.0)	-
Net (loss)/profit before tax	(4.4)	(159.5)	17.2
Income tax expense	0.0	-	-
Net (loss)/profit after tax	(4.5)	(159.5)	17.2
EPU (cents)	6.90	6.98	3.38
DPU (cents) (100 percent tax deferred)	7.25	6.65	3.33

Source: WOT Annual Financial Report for the year ended 30 June 2009 and WOT Report for the half year ended 31 December 2009

Note 1: Net of outgoings recovery and expenses such as rates, taxes, outgoings and auditor remuneration

Note 2: The impact of straight-lining rental income was offset with the change in fair value of investment properties

In relation to the table above, we note:

- the rental income increased by 9.8 percent in the year ended 30 June 2009 due to the full year impact of the four property acquisitions in late 2007
- the large increase in Responsible Entity fees in the year ended 30 June 2009 was due to a performance fee of \$7.8 million. The fee is to be settled by issuing performance units in the Trust only if the Trust makes a positive return for the next or any subsequent calendar year. Since earning the performance fee in the calendar year 31 December 2008, the Trust has not achieved the required return, and thus the performance units have not been issued
- derivative financial instruments (interest rate swaps) declined in value in the year ended 30 June 2009 due to the falling interest rate environment after a period of increasing interest rates in the year ended 30 June 2008



- the decline in the fair value of investment properties in the year ended 30 June 2008 and 30 June 2009 and six months ended 31 December 2009 is due to the deteriorating economic conditions and subsequent increase in capitalisation rates.

11.6 Financial position

Set out in the table below is the consolidated audited financial position of WOT as at 30 June 2008 and 30 June 2009 and the consolidated reviewed financial position as at 31 December 2009.

Table 12: WOT consolidated balance sheets

As at	30 June	30 June	31 December
\$m	2008	2009	2009
Cash	45.8	27.8	16.4
Loans, receivables and other assets	4.4	1.6	2.3
Derivative financial instruments	43.5	-	-
Total current assets	93.7	29.4	18.7
Investment properties ⁽¹⁾	1,260.6	1,147.2	1,105.9
Financial asset designated at fair value through profit or loss	20.4	17.4	22.7
Total non-current assets	1,281.1	1,164.6	1,128.6
Total assets	1,374.8	1,194.0	1,147.4
Distribution payable	8.7	8.0	8.0
Derivative financial instruments	-	29.6	1.8
Interest bearing liabilities	243.8	3.9	4.5
Payables and other current liabilities ⁽²⁾	21.6	7.5	4.4
Total current liabilities	274.1	48.9	18.7
Securities ⁽³⁾	-	-	13.8
Interest bearing liabilities	503.3	739.2	710.2
Total non-current liabilities	503.3	739.2	724.0
Total liabilities	777.4	788.1	742.7
Net assets	597.4	405.9	404.7
Unitholders' equity	463.4	463.4	461.1
Reserves	-	7.8	7.8
Retained earnings/(accumulated losses)	134.0	(65.4)	(64.3)
Total equity	597.4	405.9	404.7
Total units on issue (million)	482.2	482.2	482.2
NTA per ordinary unit (\$) ^{(4) (5)}	\$1.24	\$0.84	\$0.84
NTA per IR (\$) ⁽⁵⁾	\$0.74	\$0.34	\$0.34
Gearing (debt / total assets)	53.8%	62.2%	62.3%

Source: WOT Annual Financial Report for the year ended 30 June 2009 and WOT Report for the half year ended 31 December 2009

Note 1: Investment properties in the 30 June 2009 Annual Financial Report had a valuation of \$1,155.0 million. This was subsequently restated at 31 December 2009 to \$1,147.2 million to include the change in accounting treatment of the RVA fair value liability (difference of \$7.8 million)

Note 2: Payables and other current liabilities include deferred income and interest rate swaps

Note 3: Securities comprise of interest rate swaps

Note 4: The NTA per unit is calculated as net assets divided by total units on issue

Note 5: The difference between the two NTA's is the outstanding instalment of \$0.50 per unit payable on the IRs



In relation to the table above, we note:

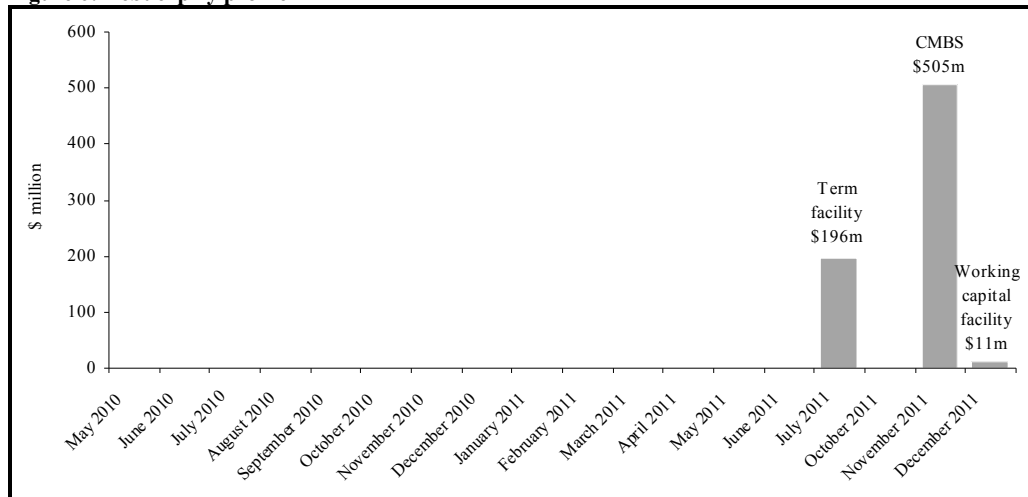
- investment properties were all valued by third party valuers at 31 December 2009
- the financial asset designated at fair value relates to the unlisted securities of the 50 percent interest in the North Ryde Office Trust (NROT) (Macquarie Park, Sydney) which owns the Westpac Data Centre
- the Responsible Entity performance fees of \$7.8 million has been accounted for as an equity reserve. In a change of control transaction the \$7.8 million performance fee will become payable and will result in a reduction in the NTA of \$0.02 per unit from \$0.84 to \$0.82 per unit.

11.6.1 Debt

At 31 December 2009 WOT had drawn \$711.8 million from its debt facilities, which have a limit of \$735.6 million. The debt facilities comprise of CMBS (\$505 million limit), and a term debt (\$216 million limit) and working capital facility (\$15 million limit) with Westpac.

All three facilities are due to expire in 2011 as illustrated in the figure below.

Figure 6: Debt expiry profile



Source: WOT results presentation for the half year ended 31 December 2009



Set out in the table below is a summary of each facility together with the expiry dates and current margins.

Table 13: Interest bearing liabilities

Debt facility	Facility Limit	Drawn	Undrawn	Expiry	Margin
	(\$m)	(\$m)	(\$m)		(%)
CMBS	505.0	505.0	0.0	16-Nov-11	BBSY+0.276%
<i>Bank Loans-Westpac</i>					
Term facility	215.6	195.8	19.8	1-Jul-11	BBSY+0.65%, + 0.45% line fee
Working capital facility	15.0	11.0	4.0	13-Dec-11	BBSY+0.35%, + 0.20% line fee
Total	735.6	711.8	23.8		

Source: WOT results presentation for the half year ended 31 December 2009

All the debt facilities above were arranged in 2006 prior to the GFC, as evidenced by the low margins being paid on the facilities. At 31 December 2009 the Trust reported that the average cost of debt for the facilities above is 6.52 percent per annum.

KPMG has completed an analysis of recent debt transactions in the property sector. The analysis indicated that credit margins have generally been in the order of 2.5 percent to 3 percent per annum for property entities with gearing levels of between 20 percent to 40 percent (refer to Appendix 5 for further detail). The size of the credit margins for each entity are impacted by factors such as credit ratings, asset quality, stability of income and gearing.

At 31 December 2009, WOT had a gearing (debt/total assets) of 62 percent, which was materially higher than other comparable listed property trusts (refer to Appendix 8 for more detail). In addition, WOT does not have a credit rating. As such, whilst there is uncertainty as to the movement in credit spreads between now and the date of refinancing, KPMG would expect WOT to pay credit margins towards the upper end of the range. This is likely to increase existing credit margins by between 1.5 percent to 2.8 percent per annum. The impact of these higher margins on the Trusts performance and distributions is likely to be significant and as such this is currently the most challenging matter facing the Trust.

Set out in the table below is a summary of the key debt covenants and gearing for the Trust at 30 June 2008, 30 June 2009 and 31 December 2009.

Table 14: Key covenants and gearing

Covenant	30 June 2008	30 June 2009	31 December 2009
<i>Key covenants</i>			
Interest Coverage Ratio (ICR) (times) ⁽¹⁾	1.50x	1.83x	1.72x
Loan to Value Ratio (LVR) (%)	70%	57.6%	62.6%
<i>Gearing</i>			
Gearing (debt / total assets)	n/a	53.8%	62.3%

Source: WOT results presentations for the years ended 30 June 2008 and 2009 and half year ended 31 December 2009

Note 1: ICR is calculated as EBITDA/interest expense

n/a: Not applicable

As highlighted in the table above, the Trust is well within its debt covenants, and is not expected to breach covenants up to the date of refinancing. However, the Trust is more highly geared relative to other listed



property trusts and aside from the likely increased credit margins there is a high risk that the Trust will not be able to refinance to current gearing levels at the date of refinance. Should this occur the Trust will either need to raise additional equity, dispose of properties to reduce debt or a combination thereof.

11.7 Statement of cash flows

Set out in the table below is the consolidated audited cash flow statement of WOT for the years ended 30 June 2008 and 30 June 2009 and the consolidated reviewed cash flow statement for the six months ended 31 December 2009.

Table 15: WOT consolidated cash flow statements

Period	12 months to	12 months to	6 months to
\$m	30 June	30 June	31 December
	2008	2009	2009
Cash flows from operating activities			
Rental and other income received	107.7	112.5	48.0
Finance costs paid	(54.6)	(47.4)	(24.5)
Responsible Entity's fees and operating expenses paid	(27.0)	(33.2)	(13.6)
Net cash inflow from operating activities	26.1	31.9	9.9
Cash flows from investing activities			
Capital expenditure	(168.5)	(16.6)	(10.1)
Proceeds from sale of investment property	-	-	36.6
Net cash (outflow)/inflow from investing activities	(168.5)	(16.6)	26.5
Cash flows from financing activities			
Net proceeds/(repayment) of borrowings	170.2	(0.5)	(29.5)
Proceeds from issue of units	1.4	-	-
Unit restructure costs paid	-	-	(2.3)
Distributions paid	(34.8)	(32.8)	(16.0)
Net cash inflow/(outflow) from financing activities	136.8	(33.3)	(47.8)
Net cash (decrease) in cash	(5.5)	(18.0)	(11.4)
Cash at the beginning of the period	51.4	45.8	27.8
Cash at the end of the period	45.8	27.8	16.4

Source: WOT Annual Financial Report for the year ended 30 June 2009 and WOT Report for the half year ended 31 December 2009

In relation to the table above, we note:

- the large capital expenditure paid in the year ended 30 June 2008 primarily relates to the purchase of:
 - a property in South Australia for \$20.3 million in August 2007
 - the IBM commercial property at Pennant Hills for \$92.5 million in November 2007
 - a second asset in the Southgate Corporate Park at Cannon Hill in Queensland for \$31.7 million in November 2007
 - a 50 percent interest in the Westpac Data Centre for \$21.5 million in December 2007.



- in the year ended 30 June 2008, WOT repaid a \$66.5 million cash advance facility, and entered into a loan with Westpac, drawing down \$236.7 million to fund the acquisitions during the year
- the proceeds from sale of investment property in the six months ended 31 December 2009 relates to the disposal of the Kensington property in December 2009 for \$35.5 million, a portion of which was used to repay debt.

11.8 Capital structure

At 31 March 2010, WOT had 482.2 million fully paid ordinary units on issue. Units in WOT were originally offered by way of a deferred payment arrangement, whereby half of the \$1.00 issue price (\$0.50 per unit) was payable on application by the investor and the balance (\$0.50 per unit) was paid by Westpac Securities Limited on behalf of Unitholders, as illustrated in Appendix 7.

The IRs were both quoted and traded on the ASX. A restructure of the IRs was implemented in September 2009, whereby the IRs ceased trading on the ASX on 11 September 2009, and the ordinary units commenced trading on 14 September 2009. The amount of instalment debt payable on 1 November 2011 was reduced from \$0.50 to \$0.25 per unit, with the remaining \$0.25 per unit payable on 1 November 2013. However, the current fixed interest rate on the IR debt (6.5 percent per annum) will revert to a market variable rate from 1 November 2011.

Of the 482.2 million fully paid ordinary units on issue, 429.5 or 89.1 percent of units on issue still have instalment debt outstanding. Set out in the table below is a summary of the substantial securityholders at 31 March 2010.

Table 16: Substantial securityholders at 14 May 2010

Investor	Number of securities held	Percentage of
	(000)	securities
Westpac (including BT Investment Management Limited (BT))	38,935	8.08%
Westpac Funds Management Administration Pty Limited (WFMA)	23,000	4.77%
Total substantial Unitholders	61,935	12.85%
Other Unitholders	420,219	87.15%
Total units on issue	482,154	100.00%

Source: Link Market Services

As summarised in the table above, Westpac (including BT) and WFMA own 8.08 percent and 4.77 percent of WOT securities on issue. Besides Westpac and WFMA, there are no other Unitholders that own more than 2 percent of units on issue as the majority of Unitholders are retail. In total, the Trust has approximately 4,072 Unitholders at 14 May 2010, as set out in the table below.

Table 17: Spread of Unitholders at 14 May 2010

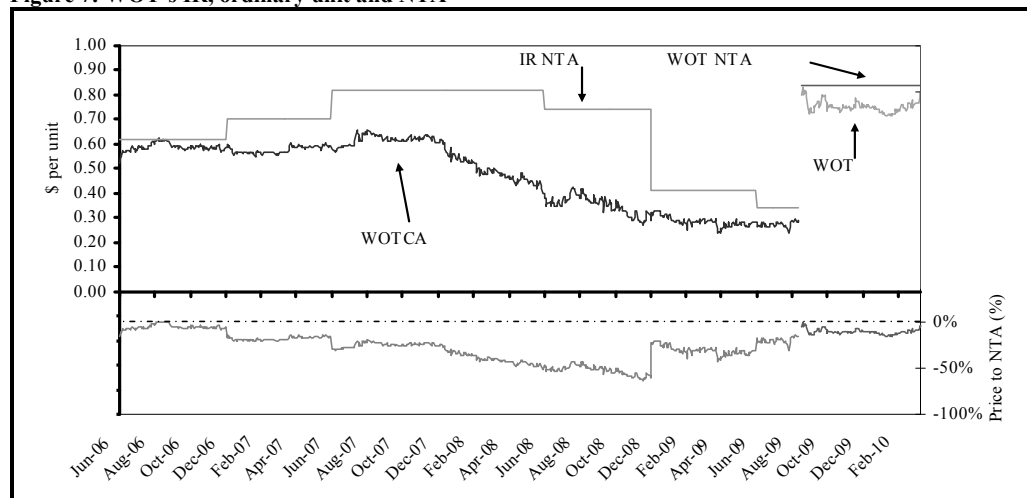
IRs held	Number of unit holders	Number of units held (000)	Percentage of units
1 to 1,000	42	30	<1%
1,001 to 5,000	218	736	<1%
5,001 to 10,000	389	3,461	<1%
10,001 to 100,000	2,647	103,954	21.6%
100,001 and over	776	373,974	77.6%
Total	4,072	482,154	100.0%

Source: Link Market Services

11.9 Unit price performance

The IRs of WOT listed on the ASX on 7 August 2003 and ceased trading on 11 September 2009. Since then the fully paid ordinary units have traded on the ASX. The figure below illustrates the historical trading price of the IRs and the fully paid units and also compares the reported NTA with the historical trading prices prior to 6 April 2010.

Figure 7: WOT's IR, ordinary unit and NTA



Source: IRESS, WOT results presentations for the years ended 30 June 2008 and 2009 and half years ended 31 December 2007, 2008 and 2009

Note: IR – Instalment Receipts, WOTCA – Instalment Receipt trading price, WOT – fully paid ordinary unit, NTA – net tangible asset per unit

Other than a few trading days in September 2006 where the IR traded at the NTA value, the IRs and fully paid units have consistently traded at a discount to NTA. The IRs declined from a high of \$0.66 in August 2007 to a low of \$0.24 in April 2009. The ordinary units have also traded at a discount to NTA, with a trading range of \$0.72 to \$0.84.



11.9.1 Volume weighted average price and liquidity analysis

Set out in the table below is an analysis of the VWAP and historical liquidity of the WOT ordinary units up to the close of trade on 6 April 2010, being the last trading day prior to Mirvac announcing its exclusive due diligence on WOT.

Table 18: WOT's VWAP and liquidity analysis

Period prior to close of trade on	Price High	Price Low	VWAP	Cumulative volume	As a % of Issued capital
6 April 2010	(\$)	(\$)	(\$)	(000)	(%)
1 week	0.77	0.76	0.76	685	0.1
1 month	0.78	0.73	0.75	10,450	2.2
3 months	0.78	0.71	0.74	21,596	4.5
6 months	0.81	0.71	0.75	32,866	6.8

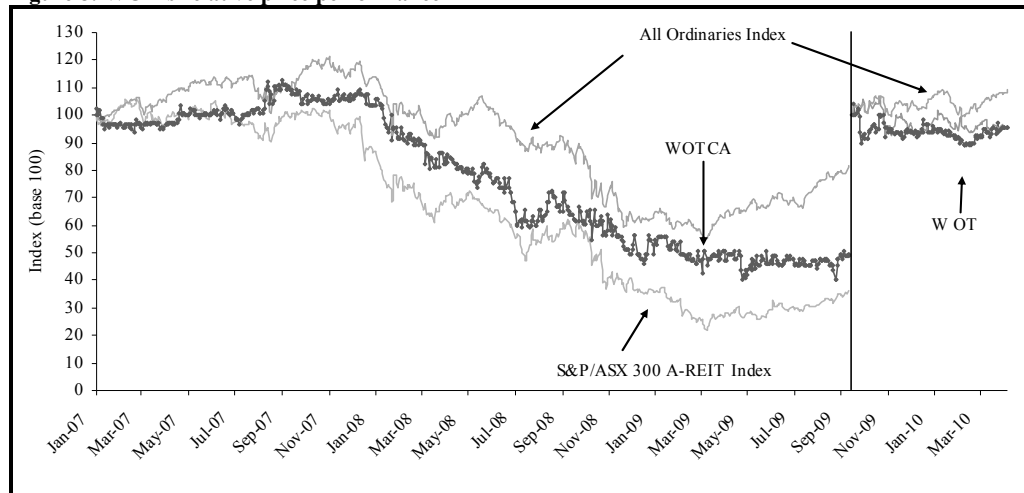
Source: IRESS and KPMG Analysis

In the six months ended 6 April 2010, 6.8 percent of units on issue have been traded compared with 74.6 percent for Mirvac. This relative low percentage highlights the illiquidity of the WOT ordinary units.

11.9.2 Relative price performance

In the figure below we have provided a comparison of the IRs and ordinary units with the All Ordinaries Accumulation Index A-REIT Index for the period from January 2007 to 6 April 2010.

Figure 8: WOT's relative price performance



Source: IRESS

Note: The WOT unit price was indexed to the WOTCA price

In relation to the figure above, we note that:

- since the onset of the GFC (late 2007), listed A-REITS including WOT, significantly underperformed the broader market given concerns around gearing levels, constraint of credit, valuations, and lack of market depth for property assets



- over the period 1 January 2007 to 11 September 2009, the All Ordinaries Index and A-REIT Index declined by 18.6 percent and 63.8 respectively, compared with a decline of 51.3 percent for the WOT IRs
- over the period 15 September 2009 to 6 April 2010, the All Ordinaries Index increased 9.4 percent, while the A-REIT Index declined by 3.9 percent, compared with a decline of 4.4 percent for the WOT ordinary units.

11.10 Distributions

Set out in the table below are the historical distributions paid by WOT to Unitholders for the financial year ended 30 June 2007, 30 June 2008, 30 June 2009 and the half year ended 31 December 2009.

Table 19: WOT Distributions

Period ended	30-Jun-07	30-Jun-08	30-Jun-09	31-Dec-09
Distributions per unit (100% tax deferred) (cents)	7.13	7.25	6.65	3.33
Less : Interest on IR debt (cents)	3.25	3.25	3.25	1.63
Net distribution per IR (cents)	3.88	4.00	3.40	1.70

Source: WOT results presentations for the years ended 30 June 2007, 2008 and 2009 and half year ended 31 December 2009, WOT ASX announcements

Net distribution per IR is post the payment of instalment debt. In July 2008, WOT changed its distribution policy so that future distributions are to be limited to adjusted funds from operations which represent cash earnings less a provision for operating capital expenditure and re-leasing costs. Historical distributions received by Unitholders have been 100 percent tax deferred resulting in a decrease in the cost base of investor units.



12 Profile of Mirvac

12.1 Introduction

Mirvac is a leading real estate group listed on the ASX and had a market capitalisation of \$4.3 billion at 4 June 2010. A Mirvac Security is a stapled security, comprising of a share in Mirvac Limited and a unit in Mirvac Property Trust. Mirvac has two core divisions, Investment and Development.

The Investment division has a diverse portfolio of 75 investment grade assets valued at \$4.6 billion at 31 December 2009. The portfolio includes a mix of commercial offices, retail centres, industrial properties and hotels, leased to quality tenants, including leading Australian and international companies.

The Development division develops both residential and non-residential properties. The division focuses on large scale projects that present high barriers to entry for competitors. Mirvac's integrated approach to delivering projects means the Group applies in-house expertise from planning to after sales service and this ensures absolute quality control over the entire development process through the implementation of a thorough planning, design, construction and marketing process, from concept to completion.

In addition Mirvac also has an investment management function and a hotel division. The Investment Management function sources capital from external Unitholders to support the Investment and Development divisions and the Hotel Management division manages hotels predominantly for third parties.

The following figures outline the revenue and profit contributions from each division for the year ended 30 June 2009.

Figure 9: Revenue split by division

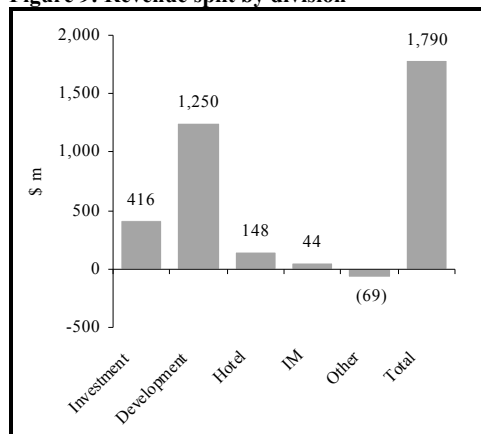
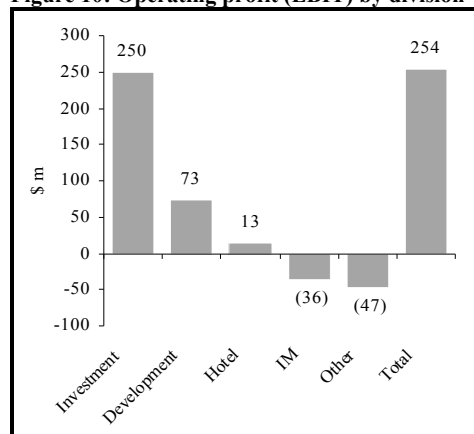


Figure 10: Operating profit (EBIT) by division¹



Source: Mirvac Financial Report for the year ended 30 June 2009 and Mirvac Media Release, 25 August 2009

Note 1: Operating profit (EBIT) has been calculated after excluding AIFRS adjustments (i.e. fair value adjustments and impairment write downs)

Note: 'IM' is Investment Management, 'Other' includes Corporate, tax and eliminations

As illustrated above the Investment and Development divisions generate the majority of revenue and operating earnings before interest and tax (EBIT) for Mirvac. Mirvac's future strategy is to generate 80 percent of its normalised earnings from the Investment division.



12.2 Investment division

Mirvac's Investment division consists of the direct and indirect investments in, and management of, a portfolio of property assets across commercial, retail, industrial, hotel and car parking sectors. These investments are held by Mirvac Trust, and are managed by MAM, Mirvac's in-house asset manager that is responsible for all leasing and property management across the entire portfolio.

Mirvac's strategy for its Investment division is to secure recurring income from Australian investment grade assets, active portfolio management and the recycling of assets with income, obsolescence or asset class risk.

At 31 December 2009, the Investment division had a portfolio value of \$4.6 billion across 75 investment grade properties. Set out in the table below is a summary of Mirvac Trust's portfolio by sector at 31 December 2009.

Table 20 : Mirvac portfolio summary^{1,2,3,4}

Sector	Number of properties	Valuation (\$)	WACR (%)	NLA (m ²)	WALE (years)	Occupancy (%)
Commercial	25	2,043.3	7.93%	482,762	6.8	97.2%
Retail	28	1,767.7	7.64%	558,799	5.7	97.5%
Industrial	18	400.8	8.74%	331,406	4.7	96.0%
Other	4	88.0	-	-	-	-
Total Direct	75	4,299.7	7.89%	1,372,967	5.8	96.8%
Developments		51.8				
Indirect property		229.1				
Total		4,580.6				

Source: Mirvac

Note 1: At 31 December 2009, excluding the acquisition of WOT

Note 2: Includes car parks, one hotel and indirect holdings in five property investments

Note 3: Adjusted for the acquisition of 23 Furzer Street, Canberra ACT excluding the impact of asset sales post 31 December 2009 and the proposed acquisition of a 50 percent interest in the North Ryde Office Trust

Note 4: Retail Occupancy excludes Bulky Goods Centres

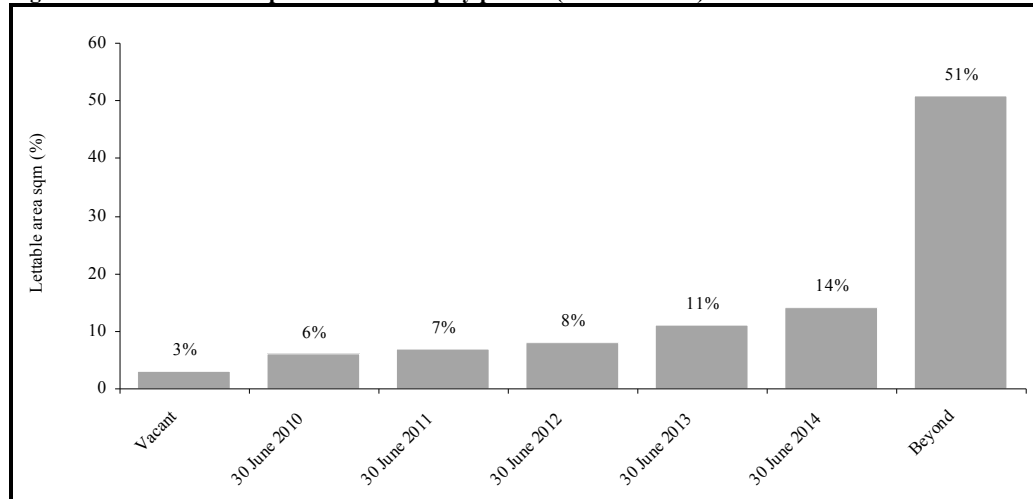
Mirvac Trust's investments are diversified both geographically and by sector with no single property exposure greater than 5 percent of the total portfolio. 53.0 percent of Mirvac Trust's assets²⁹ are located in New South Wales (NSW), with the remainder in Victoria (18.6 percent), Queensland (17.1 percent), Australian Capital Territory (ACT) (9.9 percent), Western Australia (0.6 percent) and the United States (0.8 percent).³⁰

The portfolio has secure tenants, high occupancy rates and minimal lease expiries with less than 15 percent of the portfolio expiring in any given year. Set out in the figure below is the lease expiry profile as at 31 December 2009 for the half year ending 30 June 2010 and future financial years.

²⁹ Book value at 31 December 2009 adjusted for the acquisition of 23 Furzer Street, Canberra ACT excluding the impact of asset sales post 31 December 2009 and the proposed acquisition of a 50 percent interest in the North Ryde Office Trust

³⁰ Excludes development assets and indirect investments

Figure 11: Mirvac Trust’s portfolio lease expiry profile¹ (based on area)



Source: Mirvac

Note 1: Adjusted for the acquisition of 23 Furzer Street, Canberra ACT excluding the impact of asset sales post 31 December 2009 and the proposed acquisition of a 50 percent interest in the North Ryde Office Trust

The earnings of Mirvac Trust are highly secure with 93.6 percent of rent reviews for the year ending 30 June 2011 being either fixed or Consumer Price Index (CPI)-linked, and 58.0 percent of gross income sourced from ASX listed, multinational and Government tenants. In addition, no single tenant contributes greater than 12 percent of total portfolio income.

As stated previously, asset valuations were adversely impacted by the deterioration in economic conditions and constraint of credit caused by the GFC. This resulted in an expansion in capitalisation rates since December 2007. Set out in the table below is a summary of the WACR for each sub-sector of Mirvac Trust’s property portfolio.

Table 21: Mirvac’s WACR

Sector	31-Dec-07	30-Jun-08	31-Dec-08	30-Jun-09	31-Dec-09
Commercial	6.37%	6.54%	6.99%	7.65%	7.93%
Retail	6.29%	6.42%	6.91%	7.28%	7.64%
Industrial	7.35%	7.38%	7.66%	8.50%	8.74%
Portfolio	6.40%	6.55%	7.01%	7.55%	7.89%

Source: Mirvac Results Presentations for the periods ended 30 June 2007, 30 June 2008, 30 June 2009 and 31 December 2009

In relation to the table above, the WACR for the portfolio has increased by 149 basis points in the two year period ended 31 December 2009. This has resulted in a 23.3 percent decline in property values over the same period.

12.3 Development division

Mirvac is one of the leading brands in the Australian development and construction industry, with projects in both residential and non-residential sectors. Mirvac’s strength revolves around its quality product offering and

ability to control the entire development process given its capabilities across the supply chain including design, project management and construction.

At 31 December 2009, Mirvac’s pipeline totalled \$9.1 billion of which \$7.2 billion related to residential development and \$1.9 billion related to non-residential development. Mirvac has focused on divesting non-core developments and low margin lots as a means to release capital from which it can redeploy towards developments which are more aligned with the current strategy and offer higher margins.

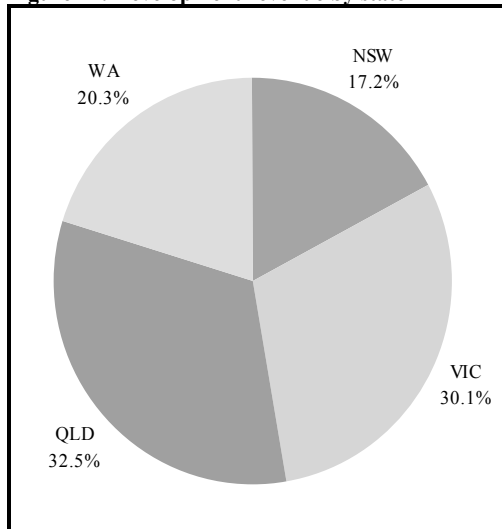
12.3.1 Residential development

Mirvac’s residential development projects include house and land packages, master planned communities and mid to top end apartments located across NSW, Queensland, Victoria and Western Australia.

At 31 December 2009 Mirvac’s residential pipeline included 23,662 lots, consisting of 19,978 house/land lots and 3,684 apartments across 80 projects. The forecast revenue from these lots is \$11.2 billion of which Mirvac’s share of forecast revenue is \$7.2 billion³¹. This forecast revenue is expected to be split evenly between house/land and apartments.

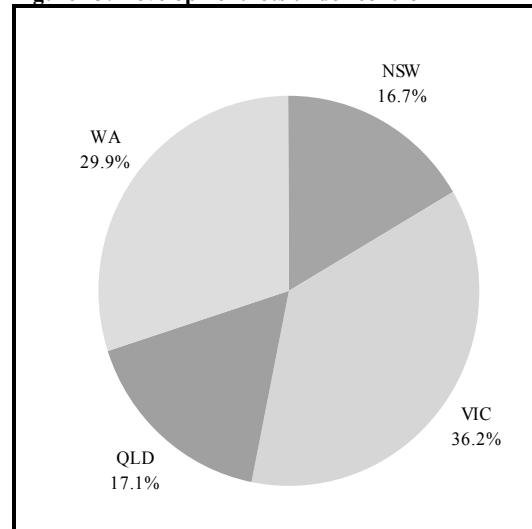
The residential developments are well balanced geographically as illustrated in the two figures below.

Figure 12: Development revenue by state



Source: Mirvac Results Presentation 31 December 2009

Figure 13: Development lots under control



Source: Mirvac Results Presentation 31 December 2009

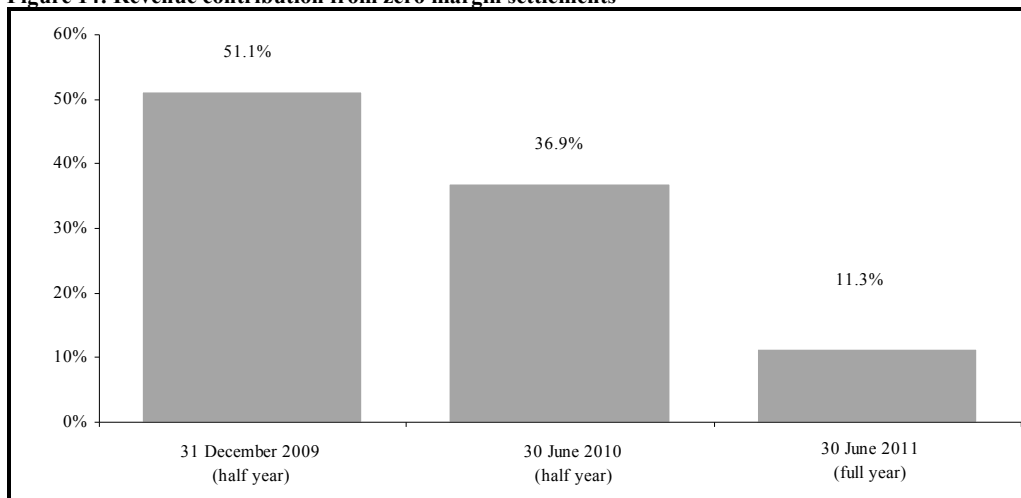
For the six months ended 31 December 2009 Mirvac settled 972 lots (73 percent increase over the six month period ended 30 June 2009) with total exchanged contracts of \$736 million. These contracts are legally binding, unconditional and usually require a 10 percent deposit. Historical default rates on Mirvac pre-sales are less than 1 percent despite currently being around 3 percent.

³¹ Mirvac total share of development revenue associated with lots not held on balance sheet



In the half year ended 31 December 2009, 51.1 percent of development revenue was contributed by developments with zero margins. These zero margin developments have resulted from impairments in 2008 and 2009 where the cost of many developments were written down to the value that was expected to be received from selling the developments. As such, once the developments were sold the revenue received was approximately the same as the book value of the development and no gross margin was earned. The percentage of revenue contributed from zero margin developments is expected to reduce in the near future, as illustrated in the diagram below.

Figure 14: Revenue contribution from zero margin settlements



Source: Mirvac Results Presentations for the six months ended 31 December 2009

12.3.2 Non-residential development

Mirvac's non-residential development activities span commercial, retail, industrial and hotel sectors. Completed projects are either transferred to Mirvac Trust or sold to third parties. At 31 December 2009 the non-residential development pipeline had a value of \$1.9 billion. As a result of the current economic climate, Mirvac delayed the commencement of many of the non-residential developments and exited several projects that were not considered core. As a result of the improving economic climate, Mirvac is starting to recommence a number of non-residential developments.

12.4 Investment Management

The focus for Mirvac's Investment Management division is to support the group's two core business divisions, Investment and Development, by sourcing capital through the establishment of investment partnerships with major financial institutions and institutional Unitholders.

Investment Management consists of Mirvac Investment Management (MIM) which manages approximately \$5.6 billion in property assets held in external listed and unlisted funds on behalf of wholesale and retail Unitholders. At 31 December 2009, MIM's platform consisted of three wholesale (\$1.2 billion), four retail (\$1.1 billion) and 3 joint ventures and mandates (\$3.3 billion)

Mirvac's current strategy involves divesting non-aligned, unscaleable funds with a focus towards the wholesale market and redirecting the focus of MIM towards supporting the Investment and Development divisions by



sourcing capital from wholesale markets rather than as a stand-alone profit centre. Subsequent to 31 December 2009, MIM has divested its interest in a responsible entity as well as a joint venture.

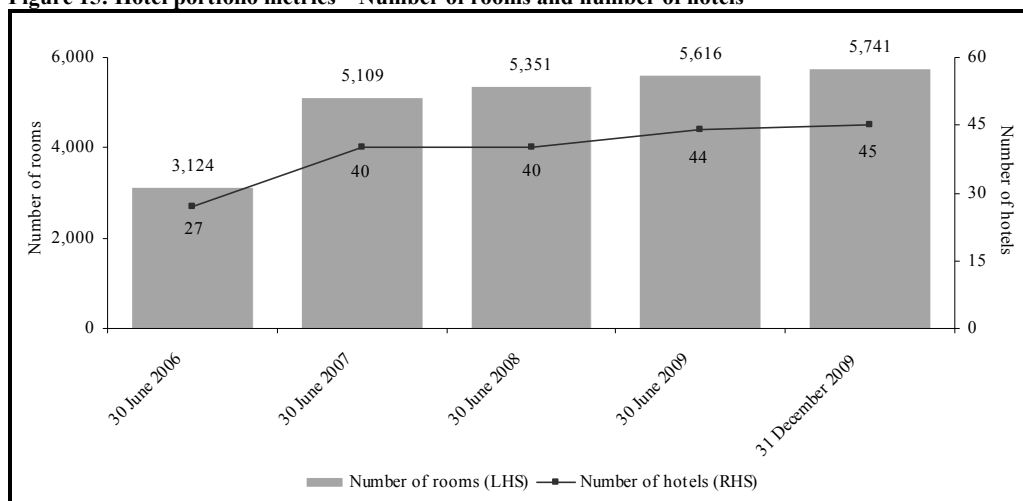
12.5 Hotel Management

Hotel Management is a fee-based business which operates under three separate types of management agreements: leasing, management lots and management agreements. Hotels under management agreements are typically 10 years with fees based on a percentage of revenue or operating profit.

At 31 December 2009 Mirvac managed 5,741 rooms across 45 properties in Australia and New Zealand, making it one of the largest Australian owned hotel groups. These four to five star hotels operate under a number of brands, including The Sebel, Citigate, Marriott, Quay West and Sea Temple, and are predominantly owned by third parties.

The figure below illustrates the growth in number of hotels and number of rooms under management since the financial year ended 30 June 2006.

Figure 15: Hotel portfolio metrics – Number of rooms and number of hotels



Source: Mirvac Results Presentations for the six months ended 31 December 2009

Given the success of the Hotel Management business, Mirvac's strategy is to grow the business by expanding in regions where existing brands do not have much representation.

12.6 Historical financial performance

Set out in the table below is the consolidated audited financial performance of Mirvac for the years ended 30 June 2008 and 30 June 2009 and the consolidated reviewed financial performance for the six months ended 31 December 2009.



Table 22: Mirvac consolidated income statements

Period	12 months to	12 months to	6 months to
\$m	30 June	30 June	31 December
	2008	2009	2009
Revenue			
Operating revenue	1,778.5	1,652.8	679.5
Net gain from fair value adjustments on investment	146.3	-	-
Gain on financial instruments	25.1	113.3	-
Discount on business combination	-	-	119.8
Other revenue	159.4	1.0	84.3
Total revenue	2,109.3	1,767.1	883.6
Expenses			
Foreign exchange loss	-	(72.5)	-
Cost of property development and construction	(959.7)	(971.2)	(357.7)
Investment property expenses	(78.2)	(81.4)	(45.9)
Hotel operating expenses	(53.7)	(45.3)	(24.5)
Employee benefits expense	(201.8)	(183.8)	(90.1)
Selling and marketing expense	(43.0)	(25.4)	(11.1)
Fair value charges	-	(487.2)	(202.3)
Impairment charges	(95.0)	(374.6)	(0.5)
Loss on financial instruments	(24.8)	(144.5)	(27.3)
Provision for loss of inventory	(219.9)	(186.5)	-
Share of net loss of associates and joint ventures	(50.2)	(158.0)	-
Depreciation and amortisation	(27.7)	(28.3)	(14.9)
Other expenses	(82.3)	(88.0)	(57.3)
Total expenses	(1,836.2)	(2,846.7)	(831.6)
Reported EBIT	273.1	(1,079.6)	52.0
Net finance costs	(120.6)	(65.0)	(2.3)
Reported profit before tax	152.5	(1,144.6)	49.7
Tax benefit/(expense)	22.9	65.3	(0.7)
Profit after tax	175.4	(1,079.3)	49.0
Profit attributable to minority interest	(3.6)	1.1	(1.8)
Profit attributable to securityholders of the Group	171.8	(1,078.1)	47.2
<i>Earnings per security (cents)</i>	<i>14.86</i>	<i>(65.21)</i>	<i>1.67</i>

Source: Mirvac Financial Report for the period ended 30 June 2009 and 31 December 2009

The statutory financial performance of Mirvac outlined above has been prepared in compliance with the International Financial Reporting Standards (IFRS) and assumes various non-cash and significant items in the calculation of profits. These items primarily relate to fair value adjustments and impairments, which given the deteriorating economic conditions in the years ended 30 June 2008 and 30 June 2009, have adversely impacted the performance of Mirvac. For the purposes of our analysis, we have removed the impact of specific non-cash and significant items to determine the underlying operating profit performance of each division in Mirvac, as outlined in the table below.



Table 23: Mirvac operating EBIT adjustment

Period	12 months to	12 months to	6 months to
\$m	30 June	30 June	31 December
	2008	2009	2009
Reported EBIT	273.1	(1,079.6)	52.0
Fair value and impairment adjustments	235.9	1,333.1	76.8
Operating EBIT	509.0	253.5	128.8
<i>Comprises:</i>			
- Investment	342.1	250.4	136.1
- Development	217.8	73.0	13.0
- Hotel management	15.9	13.3	6.5
- Investment management	14.4	(36.0)	3.9
- Unallocated	(81.2)	(47.2)	(30.7)

Source: Mirvac Financial Report for the period ended 30 June 2009 and 31 December 2009

In relation to the operating performance of Mirvac for the period 1 July 2007 to 31 December 2009, we note the following:

- the Investment division maintained stable portfolio metrics with secure tenant covenants, a high quality tenant profile and high portfolio occupancy rates across the period. After removing the impact of \$90 million in asset sales in the year ended 30 June 2008, the operating EBIT performance in the years ended 30 June 2008 and 30 June 2009 was stable around \$250 million per financial year. In the six months ended 31 December 2009, the operating EBIT was 10.3 percent higher than the prior corresponding period predominantly as a result of acquisitions in the prior corresponding period contributing earnings for the full half year
- the Development division has experienced a significant decline in its operating EBIT in the year ended 30 June 2009 and the six months ended 31 December 2009. In the year ended 30 June 2009 sales were 8 percent lower and operating EBIT was 67 percent lower, suggesting that the decline was predominantly as a result of lower margins. These lower margins resulted from the significant impairment charges in 2008 and 2009. In the six months ended 31 December 2009 sales were 26 percent lower than the prior corresponding period and the operating EBIT was 57 percent lower, suggesting that the decline resulted from both lower sales and lower margins. The operating EBIT of the Development division is highly dependant upon the number of projects being completed in a financial year and the expected margins from the project. Higher project completions and improving margins are expected to contribute to an improving performance in the division
- the Hotel Management division generated an operating EBIT of \$6.5 million for the half year ended 31 December 2009 compared with an operating EBIT of \$9.1 million for the prior corresponding period. The average room rate declined slightly during the period but this was partially offset by higher occupancy rates and the addition of a new management agreement during the period
- the Investment Management division was materially impacted by a combination of the downward pressure on asset valuations, constrained credit and reduced transactional activity which resulted in reduced fee income. Investment Management undertook a rationalisation of non-aligned and unscaleable funds throughout the period. The Investment Management division is instrumental in supporting the Investment and Development divisions by sourcing capital from wholesale markets.



12.7 Financial position

Set out in the table below is the consolidated audited financial position of Mirvac as at 30 June 2008 and 30 June 2009 and the consolidated reviewed financial position as at 31 December 2009.

Table 24: Mirvac consolidated balance sheets

As at	30 June 2008	30 June 2009	31 December 2009
\$m			
Cash	29.3	896.5	411.9
Receivables	310.5	248.4	173.2
Inventories	683.2	590.0	659.0
Other	138.2	71.5	99.5
Total current assets	1,161.2	1,806.5	1,343.6
Receivables	182.2	204.2	215.5
Inventories	1,000.8	1,080.3	1,005.1
Equity accounted investments	600.2	397.6	412.6
Investment properties	3,436.8	3,210.1	3,993.9
Plant, property and equipment	633.5	549.0	336.3
Intangible assets	320.8	58.6	56.4
Other non-current asset	159.2	67.5	120.1
Total non-current assets	6,333.6	5,567.3	6,140.0
Total assets	7,494.7	7,373.8	7,483.5
Payables	325.4	226.6	258.7
Borrowings	138.0	422.6	534.3
Other current liabilities	129.5	31.1	79.3
Total current liabilities	592.9	680.2	872.3
Borrowings	2,201.9	1,681.3	1,434.1
Other non-current liabilities	289.8	139.5	175.1
Total non-current liabilities	2,491.7	1,820.8	1,609.2
Total liabilities	3,084.6	2,501.0	2,481.5
Net assets	4,410.2	4,872.8	5,002.1
Contributed equity	3,771.5	5,447.4	5,710.7
Reserves	133.8	110.5	112.3
Retained earnings	435.3	(749.9)	(831.3)
Total parent interest	4,340.5	4,808.0	4,991.7
Total minority interest	69.6	64.8	10.4
Total equity	4,410.2	4,872.8	5,002.1
<i>NTA per security⁽¹⁾ (\$)</i>	<i>3.77⁽²⁾</i>	<i>1.72</i>	<i>1.65</i>

Source: Mirvac Financial Report for the period ended 30 June 2009 and 31 December 2009

Note 1: Including employee incentive scheme (EIS)

Note 2: Excluding EIS



In relation to the table above, we note:

- inventories represent development projects and construction work in progress, adjusted for provisions and progress billings. Inventory was impaired by \$220 million in the year ended 30 June 2008 and \$187 million in the year ended 30 June 2009
- investment properties primarily represent the properties held by Mirvac Trust. The value of the investment properties at 31 December 2009 includes the properties acquired as part of the MREIT acquisition in December 2009 (\$1.1 billion). Net losses from fair value adjustments to investment properties resulting from an expansion in capitalisation rates totalled \$487 million in the year ended 30 June 2009 and \$202 million in the half year ended 31 December 2009
- intangible assets at 30 June 2009 declined significantly as goodwill was impaired by \$224 million during the year. The Investment Management business was impaired by \$101 million as a result of lower transaction fees, funds under management and winding up of non-core funds. The Development division was impaired by \$123 million as a consequence of the deferral of various development projects and lower growth forecasts
- at 30 June 2009, the NTA was \$1.72 per unit, a 54 percent decline from the NTA at 30 June 2008. Despite contributed equity increasing by \$1.7 billion at 30 June 2009, net assets only increased by \$0.5 billion as a result of material asset impairment charges and fair value adjustments. The shortfall of \$1.2 billion resulted in a significant decline in the reported NTA. At 31 December 2009, the NTA was \$1.65 per unit, a slight decline from the NTA of \$1.72 per unit at 30 June 2009.

12.7.1 Debt

Set out in the table below are the debt facilities of Mirvac at 31 December 2009.

Table 25: Mirvac debt facilities

Funding source	Maturity date	Limit (\$m)	Drawn amount (\$m)
Non recourse fund debt	Feb-10	32.5	32.5
MTN ⁽¹⁾	Mar-10	300.0	300.0
MTN	Sep-10	200.0	200.0
Unsecured bank loans	Jun-11	1,162.5	87.7
Unsecured bank loans	Jan-12	905.0	905.0
US private placement ⁽²⁾	Nov-16 & Nov-18	428.1	428.1
Total debt (excluding leases)		3,028.1	1,953.3
Lease liability		15.1	15.1
Total borrowings		3,043.2	1,968.4

Source: Mirvac Financial Report for the period ended 31 December 2009

Note 1: The MTN facility was partially refinanced (\$150 million) in March 2010

Note 2: Actual amount drawn at 31 December 2009 was \$512.9 million. Balance in the table reflects the liability recorded in the half year accounts which has been determined using spot rates

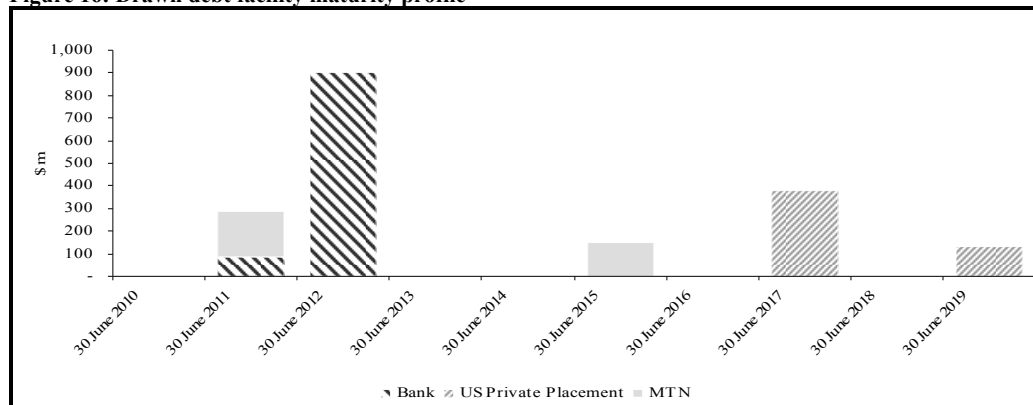


In relation to the table above, we note:

- in March 2010 Mirvac successfully issued a new \$150 million 5 year fixed Australian dollar MTN into the domestic bond market at a margin of 265 basis points. As a result of Mirvac's strong liquidity position it did not require a total replacement of the \$300 million MTN that matured in March 2010
- Mirvac has a Standard & Poor's (S&P) rating of BBB (positive outlook), which was upgraded from BBB in July 2009 given the improvement in Mirvac's capital position
- the average borrowing rate (inclusive of margins and fees) announced at 31 December 2009 was 7.03 percent per annum, compared with a rate of 6.72 percent announced at 30 June 2009. It is expected that margins will increase further as facilities are refinanced
- over 63 percent of Mirvac's debt was hedged as at 31 December 2010
- Mirvac is one of the lowest geared entities in the A-REIT sector with balance sheet gearing of 23.2 percent³² and look through gearing of 26.6 percent. Its gearing for covenant comparative purposes is 33.4 percent³³ which is materially lower than its 55 percent covenant level. Mirvac expects to maintain a target gearing of 20 to 25 percent in the medium term (net debt/ total assets less cash)
- Mirvac's interest coverage ratio (ICR) for the year ended 30 June 2009 was 3.4 times and the ICR for the year ending 30 June 2010 is expected to be 4.0 times. The covenant requirement is an ICR at 2.25 times
- debt is not secured to underlying property developments.

A substantial portion of Mirvac's current drawn debt will mature in the 2012 financial year. The figure below illustrates the maturity profile of Mirvac's drawn debt at 31 December 2009, adjusted for debt maturities and new debt raisings between 1 January 2010 and the date of this report.

Figure 16: Drawn debt facility maturity profile



Source: Mirvac

³² Net debt after CCIR swaps excluding leases/(total tangible assets – cash)

³³ Total liabilities / total tangible assets (per statutory accounts)



Mirvac have indicated that it is well placed to meet all forecast debt maturities and capital commitments for the year ending 30 June 2011. As a result of Mirvac's strong liquidity position it plans on reducing the limit of the bank facility for \$1.2 billion which matures in June 2011. Currently less than \$100 million has been drawn on this facility. However, in relation to Mirvac's unsecured debt, we note that in the current environment it is generally more difficult to obtain unsecured debt than it has been previously, which may impact on Mirvac's ability to refinance the current unsecured facilities in the future.

12.8 Cash flows

Set out in the table below is the consolidated audited cash flow statement of Mirvac for the years ended 30 June 2008 and 30 June 2009 and the consolidated reviewed cash flow statement for the six months ended 31 December 2009.

Table 26: Mirvac consolidated cash flow statements

Period	12 months to	12 months to	6 months to
\$m	30 June	30 June	31 December
	2008	2009	2009
Cash flows from operating activities			
Receipts from customers	1,954.9	1,859.4	760.3
Payments to suppliers	(1,747.5)	(1,734.7)	(603.4)
Borrowing costs paid	(173.4)	(174.4)	(80.3)
Other	86.9	97.8	22.0
Net cash inflow from operating activities	120.9	48.0	98.7
Cash flows from investing activities			
Net payment for property, plant and equipment	(89.7)	(74.5)	(4.6)
Proceeds from sale of assets	60.9	0.5	-
Net payments for investment properties and assets held for sale	249.2	(20.6)	0.1
Net contributions to joint venture operations and associates	(203.6)	(73.9)	(18.1)
Other	(26.3)	(19.0)	(19.9)
Net cash (outflow) from investing activities	(9.5)	(187.5)	(42.5)
Cash flows from financing activities			
Net repayment of borrowings	(216.5)	(411.7)	(593.0)
Payment for non-controlling interest	-	-	(13.7)
Net cash flow from capital raising	298.3	1,559.7	131.6
Dividends and distributions paid	(201.1)	(141.2)	(65.7)
Net cash (outflow)/inflow from financing activities	(119.3)	1,006.8	(540.8)
Net cash (decrease)/increase in cash	(7.8)	867.4	(484.6)
Cash at the beginning of the period	25.3	29.3	896.5
Cash effect of business combinations/ foreign exchange rates	11.8	(0.1)	(0.0)
Cash at the end of the period	29.3	896.5	411.9

Source: Mirvac Financial Report for the period ended 30 June 2009 and 31 December 2009

In relation to the table above, we note:

- operating cash flows in the six months ended 31 December 2009 continue to be positive despite difficult trading conditions



- Mirvac reduced gearing in the six months ended 31 December 2009 by repaying \$0.6 billion of debt during the period
- Mirvac has provided a liquidity profile at 31 December 2009 which forecasts available liquidity over the period ended 30 June 2011 of approximately \$1.0 billion, as set out in the table below.

Table 27: Liquidity profile

\$m	Facility Limit	Drawn amount	Available liquidity	Forecast Assumed reduction	Forecast Available liquidity
Total debt facilities	3,112.9	2,038.1	1,074.8	(521.3)	553.5
Cash on hand					411.9
Forecast net cash flow ⁽¹⁾					122.9
Forecast available liquidity					1,088.3

Source: Mirvac Group results presentation for the half year ended 31 December 2009

Note 1: Between 1 January 2010 and 30 June 2011 including distributions

12.9 Capital structure

12.9.1 Share capital

At 31 March 2010, Mirvac had 2,997.9 million stapled securities of which 13.7 million securities have been issued under employee incentive plans. Substantial securityholders at 15 March 2010 are set out in the table below.

Table 28: Mirvac substantial securityholders at 15 March 2010

Securityholders	Securities held (000)	% of securities
ING Group	237,594	7.9%
Vanguard Group	180,926	6.0%
Ausbil Dexia	172,644	5.8%
BlackRock Inc	166,803	5.6%
Total substantial securityholders	757,967	25.3%
Other Unitholders	2,239,908	74.7%
Total securities on issue	2,997,875	100.0%

Source: Mirvac

We note that during April 2010 Mirvac issued 250 million securities under an institutional placement at \$1.40 per security which is not reflected in the table above.



The spread of Unitholders as at 10 September 2009 is set out in the table below.

Table 29: Spread of securityholders as at 10 September 2009

Range	Number of holders	Number of securities (000)	Percentage of securities
100,001 and over	311	2,577,624	92%
10,001 to 100,000	6,199	144,686	5%
5,001 to 10,000	6,411	47,097	2%
1,001 to 5,000	11,695	33,070	1%
1 to 1,000	5,977	2,984	0%
Total	30,593	2,805,461	100%

Source: Mirvac Financial Report for the period ended 30 June 2009

Based on the table above, approximately 1 percent of securityholders own 92 percent of securities on issue.

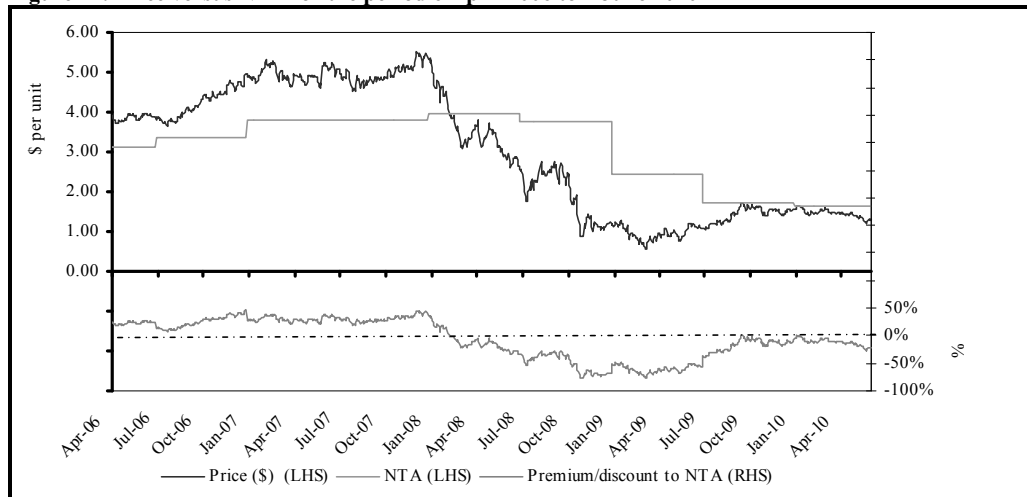
12.9.2 Options

As at 30 June 2009, Mirvac had granted over 9.9 million performance rights and 10.5 million options under its current employee incentive plans. Performance rights expire in September 2018 whilst options are exercisable at \$2.77 prior to 26 September 2013.

12.10 Security price performance

The figure below illustrates the historical trading price of Mirvac Securities and also compares the reported NTA with the historical trading prices.

Figure 17: Price versus NTA for the period 6 April 2006 to 4 June 2010



Source: IRESS, Mirvac announcements, KPMG Analysis

In relation to the figure above, we note:

- NTA values are updated on a six monthly basis



- over the four year period, Mirvac Securities have traded in the range of \$0.57 (10 March 2009) to \$5.51 (7 December 2007)
- from February 2006 to April 2008, Mirvac Securities traded at a premium to NTA in line with its peers in the A-REIT sector. However, the onset of the GFC resulted in Mirvac Securities (including its peers) trading below NTA. As markets recovered from March 2009, this discount narrowed whereby on 4 June 2010, Mirvac Securities were trading at a discount of 21 percent relative to the last reported NTA at 31 December 2009.

12.10.1 Volume weighted average price and liquidity analysis

Set out in the table below is an analysis of the VWAP and historical liquidity of the Mirvac Securities.

Table 30: Mirvac's VWAP and liquidity analysis

Period prior to close of trade on 4 June 2010	Price High (\$)	Price Low (\$)	VWAP (\$)	Cumulative volume (000)	As a % of Issued capital (%)
1 week	1.32	1.24	1.29	106,808	3.3
1 month	1.42	1.19	1.31	550,246	16.8
3 months	1.60	1.19	1.40	1,483,265	45.4
6 months	1.69	1.19	1.45	2,491,950	76.3

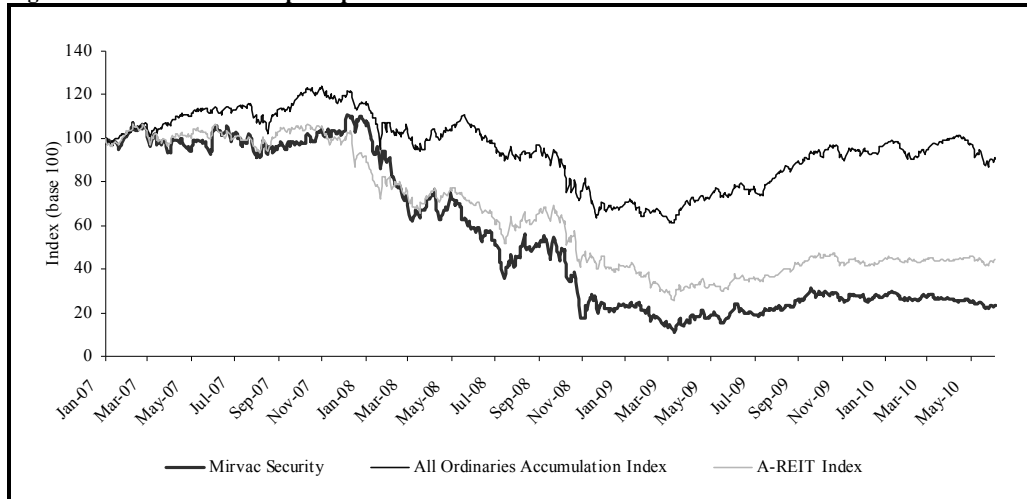
Source: IRESS and KPMG Analysis

In the last six months 76.3 percent of units on issue have been traded compared with 16.8 percent for WOT and 37.1 percent for the Commonwealth Bank of Australia, a share which is commonly regarded as liquid. This relative high percentage highlights the liquidity of the Mirvac Securities.

12.10.2 Relative price performance

In the figure below we have provided a comparison of Mirvac's security performance with the All Ordinaries Accumulation Index and A-REIT Index for the period from 1 January 2007 to 4 June 2010.

Figure 18: Mirvac's relative price performance



Source: IRESS

In relation to the figure above, we note:

- since the GFC, A-REITs (including Mirvac) have underperformed the market given concerns regarding gearing levels, valuations and constraint of credit. Over the period 1 January 2007 to prior to the market rebound during March 2009, the All Ordinaries Accumulation Index had decreased by 39.2 percent compared to the A-REIT Index decline of 68.3 percent and Mirvac's decline of 86.8 percent
- since the market rebound in March 2009, Mirvac has increased by 76 percent compared with 52 percent for the A-REIT Index and 47 percent for All Ordinaries Accumulation Index.

12.11 Distributions

Set out in the table below are the historical distributions paid by Mirvac.

Table 31: Mirvac distributions

Period ended	30-Jun-07	30-Jun-08	30-Jun-09	31-Dec-09
Distribution per security (cents)	31.9	32.9	8.00	4.00
% Mirvac Trust	80%	100%	100%	100%
% Mirvac Limited	20%	-	-	-
Tax deferred % for Mirvac Trust component ⁽²⁾	14.53%	25.75%	0.56%	9.4% ⁽¹⁾

Source: Mirvac 30 June 2007, 2008 and 2009 Full Year Results presentation, 31 December 2009 Half Year Results presentation

Note 1: Each quarter Mirvac releases a statement advising of the estimated percentage of Mirvac Trust distributions that are taxed on a concessional basis. The percentage of 9.4 percent represents the estimated tax deferred/CGT concessional components for the first two quarters of the 2010 financial year

Note 2: The table above does not include the distribution of CGT concessional amounts. For the year ended 30 June 2009 12.87 percent was distributed by Mirvac Trust as a CGT concessional amount



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In relation to the figure above, we note:

- in light of market perceptions that listed investment trusts were undertaking unsustainable distribution policies, Mirvac amended its policy in the year ended 30 June 2009 to limit distributions to the taxable earnings of Mirvac Trust and up to 80 percent of corporation earnings
- in the years ended 30 June 2008 and 30 June 2009 and the half year ended 31 December 2009 all distributions have been sourced from Mirvac Trust
- the tax deferred component of the Mirvac Trust distributions was 0.56 percent in the year ended 30 June 2009 and was estimated at 9.4 percent for the half year ended 31 December 2009. Final tax deferred/CGT concessional percentages in respect of the year ending 30 June 2010 will not be released until August 2010. After adjusting for the distribution in the quarter ended 31 March 2010 the tax deferred component of Mirvac Trust distributions for the first three quarters was estimated at 8.3 percent.



13 Profile of Mirvac post implementation of the Proposed Scheme

13.1 Combined property portfolio

Set out in the table below is a summary of the key attributes of the combined property portfolio of Mirvac and WOT.

Table 32: Combined portfolio of WOT and Mirvac post transaction

	Mirvac	WOT	Combined
WALE (by area)	5.8 years	8.9 years	6.2 years
Tenants (government, listed and multinational)	58.0%	94.3% ⁽²⁾	64.1% ⁽²⁾
Occupancy (includes rental guarantee)	96.8%	99.9%	97.2%
Weighted average	7.89%	7.39%	7.78%
FY11 fixed/CPI	93.6%	100.0%	95.0%

Source: Mirvac presentation on proposed acquisition of WOT, 28 April 2010

Note 1: As at 31 December 2009 pro forma adjusted for acquisition of 23 Furzer Street, Canberra ACT excluding the impact of asset sales post 31 December 2009

Note 2: Excludes car parking and signage income from WOT properties

The inclusion of WOT in Mirvac will reduce the capitalisation rate from 7.89 percent (at 31 December 2009) to 7.78 percent and increase the WALE of the portfolio from 5.8 years (at 31 December 2009) to 6.2 years.

Characteristics of the combined property portfolio

Set out in the table below is a summary of the top 10 properties of the merged entity.

Table 33: Top 10 tenants and properties of the merged entity

Top 10 properties	Category	Grade	Book Value (m)
275 Kent Street, Sydney, NSW	Commercial	A Grade	\$720.0
1 Woolworths Way, Norwest, NSW	Commercial	A Grade	\$240.0
23 Furzer Street, ACT	Commercial	A Grade	\$208.8
Broadway Shopping Centre, NSW ⁽²⁾	Retail	Sub Regional	\$197.5
Kawana Shopping World, QLD	Retail	Sub Regional	\$186.0
101 Miller Street, NSW ⁽²⁾	Commercial	Premium	\$170.0
60 Margaret Street, NSW ⁽²⁾	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

Source: Westpac Office Trust Proposed acquisition by Mirvac Group presentation

Note 1: Properties listed in descending order by book value as at 31 December 2009

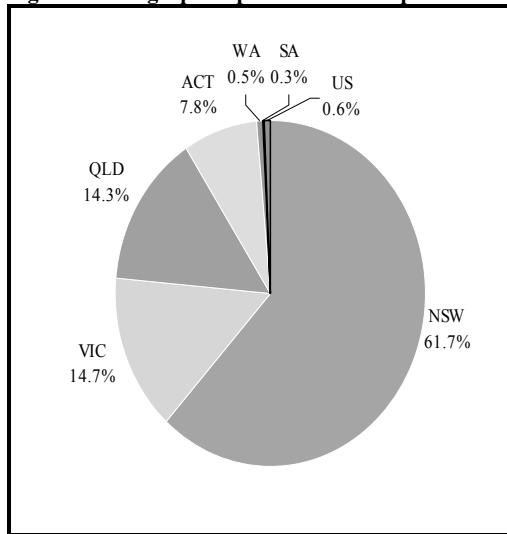
Note 2: Represents Mirvac's 50 percent share

The top 10 properties of the combined entity will represent 42 percent of the value of the total direct holdings with WOT's two largest properties representing 18 percent of the value of the combined entity's properties.

Geographic and sector split

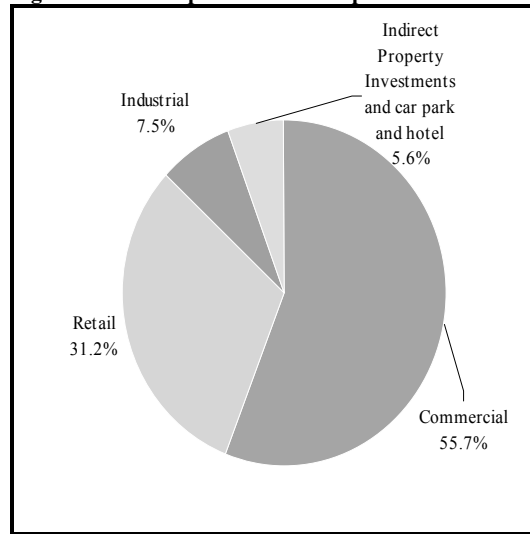
The following figures illustrate the geographical and sector split of the portfolio with the inclusion of WOT.

Figure 19: Geographic split of combined portfolio



Source: Westpac Office Trust Proposed acquisition by Mirvac Group presentation

Figure 20: Sector split of combined portfolio



Source: Westpac Office Trust Proposed acquisition by Mirvac Group presentation

The inclusion of WOT increases Mirvac's exposure to NSW given approximately 95 percent of the portfolio value of WOT is located in NSW. Also, Mirvac's commercial exposure increases from 45.1 percent to 55.7 percent with the inclusion of WOT's office property portfolio.

13.2 Financials

The explanatory memorandum contains pro-forma financials for Mirvac, assuming the Proposed Scheme proceeds. We refer Scheme Participants to Section 11.2 in the Explanatory Memorandum. Set out below is a summary of the combined NTA, forecast earnings and distributions should the Proposed Scheme proceed.



Pro-forma net tangible asset per security

Set out in the table below is the pro-forma NTA per security of the combined entity.

Table 34: Combined pro-forma NTA per security

	Mirvac	WOT	Combined
	31-Dec-09	31-Dec-09	31-Dec-09
NTA per ordinary security (cents)	165.00	84.00	160.00 ⁽¹⁾
Exchange ratio		1.0	0.597
WOT Unitholders share of merged groups NTA		84.00	95.5

Source: Westpac Office Trust Explanatory Memorandum and Notice of Meeting

Note 1: The pro-forma Mirvac NTA is 5.0 cents lower than the NTA at 31 December 2009, however the institutional placement for \$350 million in April 2010 resulted in a 2.0 cent reduction in the NTA

Based on the exchange ratio of 0.597, WOT Unitholders share of the merged groups NTA will be 95.5 cents per unit compared with the last reported NTA for WOT of 84.0 cents per unit, an increase of 13.7 percent.

Pro-forma earnings

Set out in the table below is the pro-forma earnings per security of the combined entity.

Table 35: Combined pro-forma earnings per security

	Mirvac ⁽¹⁾	WOT	Combined
Year ending	30 June 2011	30 June 2011	30 June 2011
Earnings per ordinary security (cents)	10.8	6.8	11.0
Exchange ratio		1.0	0.597
WOT Unitholders share of merged groups earnings per unit		6.8	6.6

Source: Westpac Office Trust Explanatory Memorandum and Notice of Meeting

Note 1: Forecast earnings for the consolidated stand alone Mirvac Trust. Forecast does not include any amount for Mirvac Limited

Pro-forma distributions

Set out in the table below is the pro-forma distribution per security of the combined entity.

Table 36: Combined pro-forma distributions per security

	Mirvac ⁽¹⁾	WOT	Combined
Year ending	30 June 2011	30 June 2011	30 June 2011
Distributions per ordinary security (cents)	8.0 – 9.0	6.5	8.0 – 9.0
Exchange ratio		1.0	0.597
WOT Unitholders share of merged groups distributions per		6.5	4.8 – 5.4

Source: Westpac Office Trust Explanatory Memorandum and Notice of Meeting

Note 1: Forecast distribution for the consolidated stand alone Mirvac Trust.. Forecast does not include any amount for Mirvac Limited



14 Valuation of WOT

14.1 Valuation methodology

In selecting an appropriate valuation methodology KPMG has considered the methodologies outlined in RG 111 as well as generally accepted valuation methodologies, comprising:

- capitalisation of earnings
- discounted cash flow
- net assets or cost based
- analysis of company's security trading history.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the business being valued and the availability of appropriate information. Each methodology is discussed further in Appendix 9.

Having reviewed the methodologies set out above, we consider the most appropriate methodology to be adopted in assessing the value of a unit in WOT is the net assets methodology. This methodology is preferred as the value of WOT lies in the underlying assets and not the ongoing operations of the Trust.

Under a net assets methodology a premium can be added to reflect the value of intangible assets not recorded on the balance sheet. In this respect, we do not consider there to be any intangible assets not recorded on the WOT balance sheet.

In addition to using the net assets methodology, KPMG has also completed a cross-check by:

- analysing the recent trading history of ordinary units in WOT
- comparing the earnings multiples implied by KPMG's valuation of a unit in WOT with those of comparable listed A-REITs.

14.2 Net assets methodology

A net assets methodology requires a valuer to determine the market value of the assets and liabilities, excluding any realisation costs, at the valuation date.

14.2.1 Market value of assets and liabilities

To estimate the value of assets and liabilities at the date of preparing this report, KPMG has relied upon the WOT balance sheet at 31 December 2009, as reviewed by PricewaterhouseCoopers (PwC), and has made appropriate enquiries to confirm that the NAV has not changed materially between 31 December 2009 and the date of this report. Set out in the table below is a summary of the WOT balance sheet at 31 December 2009.



Table 37: Summary of WOT consolidated balance sheet at 31 December 2009

As at	31 December
\$m	2009
Investment properties (wholly owned)	1,105.9
Investment properties (50 percent interest)	22.7
Total property value	1,128.6
Other assets	18.8
Total assets	1,147.4
Interest bearing liabilities	714.7
Other liabilities	28.0
Total liabilities	742.7
Net assets	404.7

Source: Westpac Office Trust 31 December 2009 Half Yearly Report

Investment properties

At 31 December 2009, WOT's property portfolio was valued at \$1.1 billion, representing 96.4 percent of total assets. Set out in the table below is a summary of the WACR for the portfolio and portfolio value at 31 December 2009 as well as prior periods (refer to Section 10.3.4 for further detail).

Table 38: WOT's property valuations and WACR

Property	31-Dec	30-Jun	31-Dec	30-Jun	31-Dec
	2007	2008	2008	2009	2009
WACR (%)	6.00%	6.22%	6.85%	7.32%	7.39%
Portfolio value (\$) million	\$1,318.7	\$1,287.4	\$1,226.7	\$1,172.5	\$1,137.1 ⁽¹⁾

Source: Westpac Office Trust 30 June 2009 Full Year Results presentation, 31 December 2009 Half Year Results presentation

Note 1: The difference between the property valuations at 31 December 2009 and property values in the balance sheet relates to the RVA (\$8.9 million)

At 31 December 2009 all properties owned by WOT were valued by independent third party valuers. KPMG has reviewed the valuation reports for Westpac Place and Norwest Business Park (representing approximately 84 percent of the portfolio by value) and based on our review we conclude that:

- the property valuers were independent of WFML and WOT
- the engagement instructions did not limit the scope of the valuations
- the property valuations were completed by reputable valuation companies and by valuers who have the appropriate qualifications
- the valuation methods used appear to be consistent with those generally applied in the industry
- the assumptions used in the valuation do not appear unreasonable.

In determining whether an adjustment was required to the property valuations to account for a value shift from 31 December 2009 to the date of this report, we considered the following:



- No material change in occupancy levels or rents has occurred since 31 December 2009. In particular, Westpac Place has long term leases in place which means there is less likelihood of movement in overall value
- Whilst there is some evidence of capitalisation rates declining slightly since 31 December 2009, there is no conclusive evidence that this is the case across the whole office trust sector, or specifically with respect to WOT's properties. Increases that we have seen have also been due in part to re-leasings
- Capitalisation rates for commercial properties are subjective estimates, which are likely to be in a range, which is generally regarded as within 5 percent of the mid-point
- On 20 April 2010 KPMG held a conference call with the valuer of Westpac Place and the valuer of Norwest Business Park, and obtained confirmation that no material changes would be required to the valuations if they were updated at the time of preparing this report.

Based on the above factors, we consider the property valuations at 31 December 2009 were appropriate for the purposes of our analysis and did not require any adjustment.

Weighted average capitalisation rate

In addition to reviewing the two valuation reports and contacting the respective valuers, KPMG has also compared the WACR of the WOT portfolio with the WACR of the Australian office property portfolios of other listed A-REITs at 31 December 2009, as set out in the table below.

Table 39: Key metrics of comparable office property portfolios of other A-REITs

Company	WACR ⁽¹⁾	WALE ⁽²⁾	Valuation	No. of	% of	Type of	
	(%)	(years)	31-Dec-09 (\$m)	Properties (office) ⁽³⁾	Occupancy (%)	Prop. in Aust.	Tenant ⁽⁴⁾
Westpac Office Trust	7.39%	8.7	1,137.1	7	98.6%	100%	IG
Commonwealth Prop.	7.80%	4.6	2,504.3	26	93.7%	100%	IG
Charter Hall Office	7.97%	4.6	1,842.9	np	97.0%	100%	IG
ING Office Fund	8.04%	5.0	1,556.5	17	96.0%	100%	IG
Stockland	8.00%	4.6	2,525.3	31	95.3%	100%	IG
GPT Group	7.27%	5.2	2,584.2	np	95.9%	100%	IG
Dexus Property Group ⁽⁵⁾	7.60%	5.4	3,968.0	np	95.8%	97%	np
Abacus Property	8.50%	np	327.0	6	90.0%	100%	IG
Valad Property Group	8.30%	3.1	144.1	np	91.6%	100%	np
Challenger Diversified	8.29%	np	416.9	np	99.9%	100%	np
Office A-REITs-Mean	7.92%	5.2			95.4%		

Source: Company announcements at 31 December 2009

Note 1: WACR at 31 December 2009 sourced from company presentations for Australian portfolios

Note 2: Weighted average lease expiry for the office portfolio

Note 3: Number of properties includes properties that aren't 100 percent owned

Note 4: Type of tenant refers to investment grade (IG) / non-investment grade quality (NIG)

Note 5: 97 percent of book value of assets in Australia, 3 percent in New Zealand

In relation to the table above, we note:



- the WACR of a portfolio is impacted by the characteristics of the properties forming the portfolio, such as WALE, tenant quality, occupancy rates and capital expenditure required on properties
- we consider the Commonwealth Property Office Fund (CPA) the most comparable given it invests solely in office properties across Australia, with 65 percent of the portfolio by value held within Sydney, and the majority of assets are occupied by blue chip tenants with low risk profiles
- the WACR of the WOT portfolio is lower than that of other listed office A-REITs (a lower WACR implies a higher property value). KPMG does not consider this unreasonable considering that the WOT portfolio has the highest WALE, second highest occupancy, minimal capital expenditure requirements and investment grade tenants.

Intangible assets

KPMG do not consider there to be any intangible assets that have not been included in the WOT balance sheet at 31 December 2009.

Interest bearing liabilities

Interest bearing liabilities comprise of CMBS and term loans from Westpac. At 31 December 2009 these have been recorded at face value and KPMG considers the market value of these liabilities to equate to their book value.

Auditors report

As auditors of WOT, PwC reviewed the half year financial statements of WOT for the period ended 31 December 2009. The half year financial statements included an independent auditor's report to the Unitholders of WOT which indicated that PwC completed a review of the half year financial statements of WOT. According to the independent auditors report, a review consists of "making enquires, 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 the Australian Accounting 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."

Update of net asset value of WOT

We considered an adjustment to the NAV reported at 31 December 2009 was not required at the date of this report on the basis of the following:

- WOT provided KPMG with an updated NAV at 31 March 2010, assuming no change in the value of properties. This was to determine whether there was any material change in any mark-to-market or other fair value adjustments in relation to hedging instruments, etc. KPMG has reviewed the calculation and can confirm that there is no material change from the NAV reported at 31 December 2009
- The underlying properties in the Trust represent approximately 96 percent of total assets of WOT, and we concluded above that there has been no material change in the value of these properties since 31 December 2009.



Conclusion

Based on the analysis above, we consider it appropriate to use the NAV at 31 December 2009 to determine the NTA per unit at the time of preparing this report.

14.2.2 Valuation of a unit in WOT

We have estimated the market value of a unit in WOT (on a control basis) under the net assets methodology to be \$0.82 per unit as set out in the table below.

Table 40: Valuation of a unit in WOT

	Unit	
Net assets at 31 December 2009	\$ million	404.7
Adjustment: Responsible Entity performance fee	\$ million	(7.8)
Adjusted net assets	\$ million	396.8
Number of units on issue	million	482.2
Value per unit	\$	0.82

Source: Westpac Office Trust 31 December 2009 Half Year Report, WFML, Independent valuers

The Responsible Entity performance fee adjustment relates to the performance fee of \$7.8 million earned by the Responsible Entity in the calendar year ended 31 December 2008. The management agreement requires the performance fee to be settled in the form of fully paid ordinary units only if the Trust outperforms a specific benchmark. This outperformance is yet to occur so the Responsible Entity has not been issued fully paid ordinary units in WOT. However the management agreement requires the performance fee to be paid in the case of a transaction involving a change in control. The NTA at 31 December 2009 did not include a liability for the performance fee as it had been accounted for as an equity reserve, in accordance with the Accounting Standards. As such, in our opinion, an adjustment is required to reduce the net assets of the Trust for the performance fee liability which amounts to approximately \$0.02 per unit.

When valuing a minority interest in a property trust, one would normally make an adjustment to the NTA for operating costs which are not accounted for in the valuation of the properties in the trust. In relation to WOT, these operating costs generally comprise of Responsible Entity fees and other ancillary costs. If an adjustment were to be made, it would represent the capitalised value of these expected future costs. In our valuation above, we have not made any adjustment for operating costs on the basis that we are calculating the value of a unit in WOT on a control basis. In our opinion, investment management is a scalable business and we consider there to be many potential buyers who could acquire WOT, internalise management and incur only marginal additional costs. As such, when valuing a controlling interest in WOT, these buyers are likely to only include a small amount for incremental operating costs which we consider to be immaterial to our valuation.

14.3 Cross-check of primary valuation methodology

In order to assess the reasonableness of the market value of a WOT unit derived from our analysis, we have completed a cross-check by:

- analysing the recent trading history of ordinary units in WOT
- comparing the earnings multiples implied by the value of a unit in WOT with those of comparable listed A-REITs.



14.3.1 Analysis of WOT's trading price on the ASX

On 7 April 2010 Mirvac announced that it had been granted exclusivity to conduct due diligence on WOT. Thus, in analysing the recent trading price of WOT units, KPMG has considered trading prior to the announcement date and post the announcement date, as set out in the table below.

Table 41: WOT's VWAP and liquidity analysis

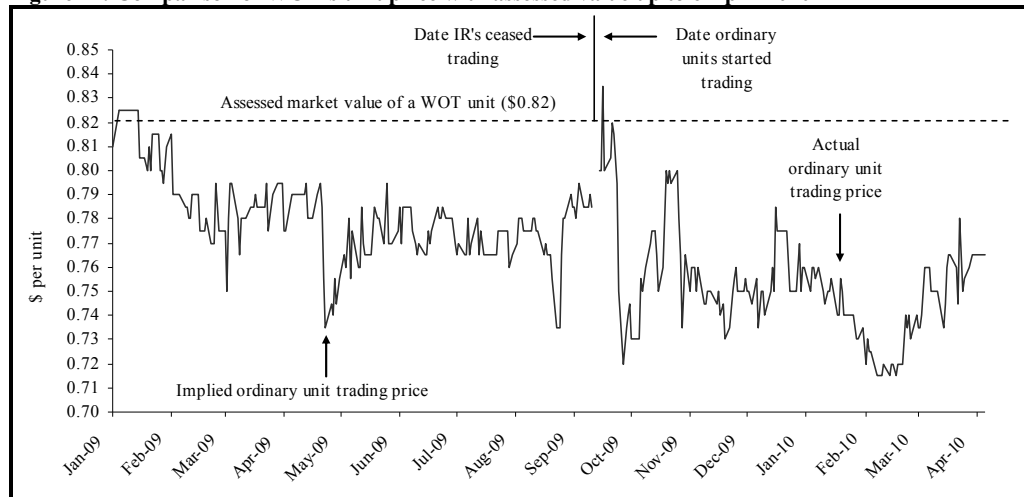
Period	Price	Price	VWAP	Cumulative Volume	As a % of Issued capital
	High	Low			
	\$	\$	\$	(000)	(%)
Period post 6 Apr 10 – Exclusivity announcement					
1 week	0.82	0.79	0.81	5,971	1.2
2 weeks	0.82	0.79	0.81	7,929	1.6
Period ended 6 Apr 10 – Exclusivity					
1 week	0.77	0.76	0.76	685	0.1
1 month	0.78	0.73	0.75	10,450	2.2
3 months	0.78	0.71	0.74	21,596	4.5
6 months	0.81	0.71	0.75	32,866	6.8

Source: IRESS

As highlighted in the table above, the trading price of a WOT unit has ranged from \$0.71 to \$0.81 in the six months prior to the announcement and has ranged from \$0.79 to \$0.82 post the announcement.

The IRs of WOT listed on the ASX on 7 August 2003 and ceased trading on 11 September 2009, after which the fully paid ordinary units have traded on the ASX. In order to allow easier comparison between our assessed value of a unit in WOT (\$0.82) and the historical trading price, we have adjusted the historical IR trading price for the outstanding instalment debt of \$0.50 per unit (i.e. we have added \$0.50 to the daily IR trading price) in order to make the comparison easier. The figure below illustrates the historical adjusted IR price and the fully paid ordinary unit price and KPMG's assessed market value of a unit.

Figure 21: Comparison of WOT's unit price with assessed value up to 6 April 2010^{(1) (2)}



Source: IRESS, KPMG Analysis

Note 1: For the period 7 August 2003 to 11 September 2009, WOT IRs were trading on the ASX. In order to imply a value for a fully paid ordinary unit, KPMG has added \$0.50 per unit to the daily IR trading price to enable an easier comparison with the assessed value of a unit in WOT

Note 2: 6 April 2010 represents the final day before the announcement of exclusive due diligence on WOT by Mirvac

The implied ordinary unit price and ordinary unit price of WOT have predominantly traded below our assessed value of a unit in WOT of \$0.82 since the beginning of 2009. Possible reasons for this discount include:

- the trading prices reflect a minority interest and therefore exclude a premium for control, while a valuation based on net assets represents the value of a controlling interest
- the trading price incorporates an adjustment for management fees whereas our assessed market value of a unit in WOT makes no adjustment for management fees
- the trading price of the ordinary units potentially incorporates concerns about WOT's debt refinancing in 2011 as well as concerns about the repayment of half the outstanding instalment debt on 1 November 2011
- illiquidity of WOT's ordinary units, with only 6.8 percentage of WOT units on issue traded in the six months prior to the announcement (7 April 2010) compared with 74.6 percent for Mirvac over the same period
- an ordinary unit of WOT was initially priced with reference to the price of an IR (i.e. the price of the IR when it ceased trading on 11 September 2009 was \$0.29, while the ordinary unit of WOT started trading at \$0.80 on 15 September 2009, the difference approximating the instalment debt outstanding per unit). As such the factors that impacted the price of the IR, initially impacted the price of the ordinary units. These include:
 - negative sentiment towards the partly paid share structure as evidenced in BrisConnections with the failure of a large number of securityholders not paying the second instalment in April 2009



- the ASX introducing new market rules in April 2009 that required brokers to obtain a signed agreement from new retail clients prior to the purchase of a partly paid security
- we also note that the implied ordinary unit price and ordinary unit price of WOT have traded below the NTA for this period. In this regard we note the NTA has declined from \$0.91 per unit at 1 January 2009 to \$0.84 per unit as at 30 June 2009.

Conclusion

Based on the factors above, we believe that the price at which WOT units have recently been trading is not an appropriate measure of the underlying market value of a unit in WOT (on a control basis).

14.3.2 Earnings and asset based multiples

As a secondary cross-check to our net asset methodology, we have compared the EBIT multiple implied by KPMG’s valuation of a unit in WOT with those of potentially comparable listed office A-REITs, as set out in the table below.

Table 42: Potentially comparable Office A-REIT trading multiples

Company	Market Cap. (\$m)	Gearing ⁽¹⁾ (%)	Price/ NTA ⁽²⁾	FY10 EBIT ⁽³⁾	FY11 EBIT ⁽³⁾
				Multiple (x)	Multiple (x)
				(based on NTA ⁽⁴⁾)	
Westpac Office Trust	395	62%	0.98	13.7 ⁽⁵⁾	13.4 ⁽⁵⁾
Commonwealth Property Office Fund	1,912	20%	0.86	14.2	13.9
Charter Hall Office	1,316	38%	0.61	13.4	13.3
ING Office Fund	1,583	15%	0.78	14.1	14.2
Office A-REITs – Mean		34%	0.81	13.9	13.7
Office A-REITs – Median		29%	0.82	13.9	13.6

Source: Bloomberg downloaded on 4 June 2010, company announcements

Note 1: Gearing is calculated as (net debt/total assets less cash) as reported at 31 December 2009

Note 2: Price at 15 April 2010, NTA at 31 December 2009

Note 3: Current (FY10) and forecast (FY11) EBIT have been sourced from broker consensus earnings at 15 April 2010

Note 4: Enterprise value calculated as (net tangible assets plus net debt) at 31 December 2009

Note 5: All WOT multiples have been calculated using the market value of \$0.82 per unit as calculated by KPMG

In relation to the table above, we note:

- the valuation of a unit in WOT (on a control basis) implies a historical EBIT multiple of 13.7 times and a forecast EBIT multiple of 13.4 times
- all the EBIT multiples in the table above have been calculated using the NAV of each of the A-REITs. This has been done in order to compare implied multiples on a control basis for all the office A-REITs in the table. As highlighted above the WOT forecast EBIT multiple of 13.4 times is within the range of the other office A-REITs of 13.3 times to 14.2 times
- KPMG’s valuation of a unit in WOT implies a Price/NTA multiple of 0.98 compared with an average for the other office A-REITs of 0.81 and a range of 0.61 to 0.86. However the multiples of potentially



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comparable A-REITs have been determined using their trading prices which reflect a minority interest as opposed to the WOT multiple which reflects a controlling interest.

In conclusion, we consider the above analysis to support our valuation of a unit in WOT as the EBIT multiples implied by KPMG's valuation of a unit in WOT (on a controlling basis) fall within the trading range of potentially comparable Office A-REIT multiples (on a controlling basis as they are based on NTA).



15 Valuation of Mirvac

15.1 Valuation methodology

The Proposed Scheme offers Scheme Participants a Scrip Option (0.597 Mirvac Securities for each WOT unit) or Cash Option (\$0.86 per WOT unit with a limit of \$200 million) as well as a Sale Facility. If the elections under the Cash Option exceed the \$200 million aggregate limit, Scheme Participants will receive the balance of their consideration in Mirvac Securities. As such in order to determine the value of the consideration in the Proposed Scheme, we need to determine the market value of a Mirvac Security.

In order to estimate the market value of a Mirvac Security, we have completed an analysis of the trading history of the Mirvac Security, being one of the valuation methodologies outlined in RG 111. In the absence of unusual circumstances and other factors, a security price provides an objective measure of the value of a minority interest in a company where the securities are highly liquid. KPMG considers recent trades in Mirvac securities as a reasonable proxy for the market value of a Mirvac security for the following reasons:

- by approving the Proposed Scheme, Scheme Participants will own a minority interest in Mirvac and the trading price represents a minority interest
- Mirvac securities are liquid when considering the turnover of securities. Approximately 181 percent of Mirvac's total current securities on issue have traded in the 12 months ended 4 June 2010 which compares to 229 percent for GPT, 150 percent for Stockland and 170 percent for Dexus (which represent the three largest diversified A-REITs by market capitalisation)
- Mirvac is covered by numerous brokers providing the market with ongoing information on the entity
- if the Proposed Scheme is approved, it is unlikely that it will result in any material shift in the trading of Mirvac securities. The announcement of the WOT offer had minimal impact on the trading price of Mirvac Securities as well as the announcement of the acquisition of the remaining units in MREIT, which is a similar sized trust to WOT

In addition to our primary valuation methodology, KPMG has also completed a cross-check by comparing the earnings multiples implied by KPMG's valuation of a Mirvac Security with those of comparable listed A-REIT's.

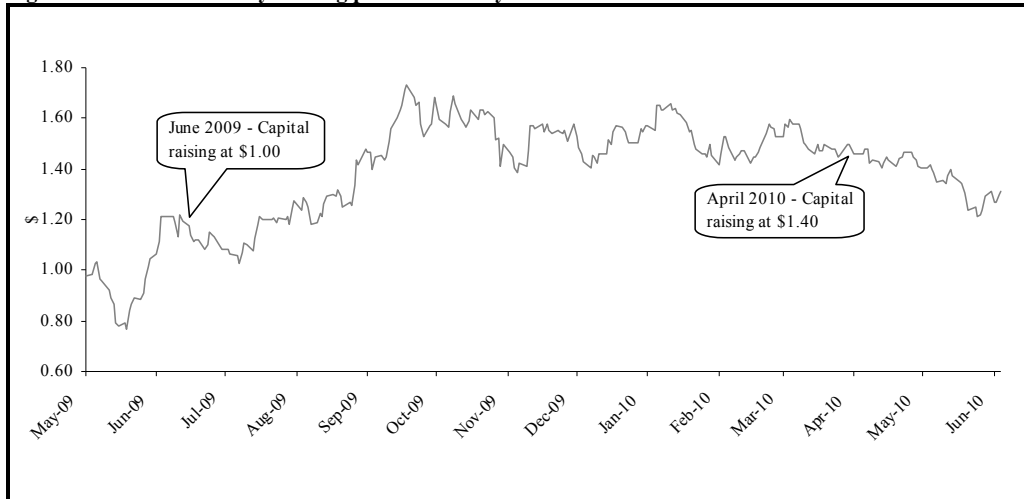
15.2 Analysis of recent security trading

An analysis of an entity's security trading history requires a valuer to consider the recent trading prices at which a security has traded as well as consider the level of volume traded at each of these prices.

15.2.1 Recent security trading

The diagram below illustrates the trading price history of a Mirvac security from May 2009 to 4 June 2010.

Figure 22: Mirvac Security trading price from May 2009 to 4 June 2010



Source: IRESS

In relation to the diagram above, we note:

- since 1 May 2010, the Mirvac security has traded between \$1.19 and \$1.42
- since 1 January 2010 the Mirvac security has traded between \$1.19 and \$1.69
- since September 2009 the Mirvac security has traded between \$1.19 and \$1.75.

Whilst the trading price of a Mirvac Security was as low as \$0.77 on 19 May 2009, KPMG considers the trading prices in the last three to six months to be the most relevant for our analysis as the prices prior to that were heavily impacted by the GFC. In addition post reaching the low price of \$0.77 on 19 May 2009 the price has steadily increased to a more sustainable level where it has subsequently traded.

We have also considered the VWAP performance of Mirvac Securities over various timeframes to remove short-term price volatility. In particular, we have considered the VWAP performance prior to and post the various announcements made by Mirvac, as set out in the table below.



Table 43: Mirvac VWAP analysis

Period ended	Price (high) (\$)	Price (low) (\$)	Price VWAP (\$)	Cumulative volume ('000)	% of issued capital (%)
6 April 10 – Exclusivity announcement					
1 week	1.50	1.44	1.48	37,646	1.2
1 month	1.60	1.43	1.49	450,927	14.8
3 months	1.69	1.40	1.51	1,152,718	37.8
28 April 10 – Offer announcement					
1 week	1.49	1.42	1.45	72,480	2.2
1 month	1.51	1.41	1.44	481,721	14.6
3 months	1.60	1.40	1.47	1,342,478	40.7
4 June 10 – Current date					
1 week	1.32	1.24	1.29	106,808	3.3
2 week	1.32	1.19	1.25	255,289	7.8
1 month	1.42	1.19	1.31	550,246	16.8
3 month	1.60	1.19	1.40	1,483,265	45.4

Source: IRESS and KPMG Analysis

Note: Percentage of issued capital calculated based off the number of shares on issue on the last trading day of the VWAP period

The VWAP analysis above indicates that Mirvac Securities have traded in a range between \$1.25 and \$1.51 with the percentage of issued capital traded being relatively consistent between the three dates considered.

15.2.2 Recent capital raising

We have also considered the pricing of capital raising completed by Mirvac in 2010. The key metrics of the capital raising is outlined in the table below.

Table 44: Mirvac capital raising in 2010

Date	Issue Price	Amount (\$m)	Discount to closing Price ⁽¹⁾	Discount to 5 day VWAP ⁽¹⁾	Discount to NTA ⁽²⁾	% of equity capital
7 April 2010	1.40	350	(5.4%)	(6.0%)	(15.2%)	8.3%

Source: Mirvac announcements, KPMG Analysis, Bloomberg

Note 1: Closing price on trading day prior to announcement of capital raising - \$1.48 on 6 April 2010

Note 2: Based on last reported NTA per security of \$1.65 at 31 December 2009

On 8 April 2010, Mirvac announced that it had successfully completed a \$350 million institutional placement at \$1.40 per security. The institutional placement was significantly oversubscribed and as a result, a scale back of bids was required. Mirvac also offered securityholders the opportunity to purchase securities through a share purchase plan (SPP) to raise up to \$150 million at a price of \$1.40 per security. The SPP offer closed on 6 May 2010 and raised \$25.8 million.

15.2.3 Broker forecasts

Mirvac has a strong following in the Australian broking community, with a number of broking firms providing research and recommendations. Set out in the table below is a summary of the current price targets and recommendations from various brokers.



Table 45: Broker forecasts

Date	Broker	12 month price target (\$)	Recommendation
6-Apr-10	Broker 1	1.51	Underperform
7-Apr-10	Broker 2	1.60	Buy
7-Apr-10	Broker 3	1.76	Buy
7-Apr-10	Broker 4	1.39	Underweight
7-Apr-10	Broker 5	1.55	Underweight
8-Apr-10	Broker 6	1.67	Neutral
8-Apr-10	Broker 7	1.50	Neutral
9-Apr-10	Broker 4	1.38	Underweight
12-Apr-10	Broker 8	1.55	Neutral
29-Apr-10	Broker 6	1.58	Neutral
29-Apr-10	Broker 2	1.60	Buy
29-Apr-10	Broker 3	1.76	Buy
29-Apr-10	Broker 4	1.38	Underweight
29-Apr-10	Broker 1	1.49	Underperform
29-Apr-10	Broker 7	1.50	Neutral
29-Apr-10	Broker 9	1.85	Buy
30-Apr-10	Broker 8	1.55	Neutral
13-May-10	Broker 6	1.58	Neutral
1-Jun-10	Broker 3 ⁽¹⁾	1.60	Buy
2-Jun-10	Broker 2	1.60	Buy
Minimum		1.38	
Maximum		1.85	

Source: Various broker Reports

Note 1: Broker 3 revised its valuation based on its updated FY11 corporate EBIT estimate which incorporates higher corporate overheads and a lower residential EBIT due to timing differences in settlements

In relation to the table above, we note:

- all the broker reports analysed are estimating a 12 month price target for Mirvac of between \$1.38 and \$1.85
- brokers have a mixed view in relation to Mirvac, with a relatively even spread across underweight, neutral and buy recommendations.

15.2.4 Assessed value

Based on the analysis above, we have estimated the current market value of a Mirvac Security on a minority interest basis to be in the range of \$1.25 to \$1.40 per stapled security.

15.3 Cross-check of primary valuation methodology

In order to assess the reasonableness of the market value of a Mirvac Security derived from our analysis, we have completed a cross-check by comparing the earnings multiples and NTA discount implied by KPMG's valuation of a Mirvac Security with those of comparable listed A-REIT's.



15.3.1 Earnings multiples

Set out in the table below is the implied EBIT multiple for the current financial year and next financial year using the KPMG assessed market value range of \$1.25 to \$1.40 per Mirvac Security.

Table 46: EBIT multiples implied by KPMG assessed market value of a Mirvac Security

		Low	High
Assessed market value of a Mirvac Security	\$	1.25	1.40
Number of shares on issue ⁽¹⁾	million	3,248	3,248
Implied equity value of Mirvac	million	4,060.0	4,547.2
Net Debt ⁽²⁾	million	1,268.1	1,268.1
Minority interest	million	10.4	10.4
Implied enterprise value of Mirvac	million	5,338.5	5,825.7
Implied FY10 EBIT multiple⁽³⁾	million	16.7x	18.2x
Implied FY11 EBIT multiple⁽³⁾	million	13.1x	14.2x

Source: IRESS and KPMG Analysis

Note 1: Number of shares on issue includes the 250 million shares issued as part of the institutional placement on 14 April 2010

Note 2: Net debt has been sourced from the Equity Raising presentation on 7 April 2010, assuming a successful institutional placement

Note 3: Earnings estimates have been based on broker consensus estimates as at 4 June 2010 which were sourced from Bloomberg

As summarised above the market value range of \$1.25 to \$1.40 per Mirvac Security implies a current EBIT multiple of between 16.7 times and 18.2 times and a forecast EBIT multiple range of between 13.1 times and 14.2 times. As evidenced by the forecast decrease in the EBIT multiple, the consensus estimates of brokers imply an EBIT growth of approximately 28 percent in the year ending 30 June 2011. Set out in the table below is the current and forecast EBIT multiples for other diversified listed A-REITs.



Table 47: Comparable diversified A-REIT trading multiples

Company	Market		Prem/(Disc)	FY10 EBIT	FY11 EBIT
	capitalisation	Gearing ⁽¹⁾	to NTA ⁽²⁾	multiple ⁽³⁾	multiple ⁽³⁾
	(\$m)	(%)	(%)	(x)	(x)
Stockland	9,437	14%	10%	15.5	14.4
GPT Group	4,991	23%	(22%)	12.9	12.3
Dexus Property Group	3,929	30%	(14%)	13.4	12.8
Astro Japan Property Group	185	62%	(52%)	13.3	13.6
Abacus Property Group	690	23%	(37%)	10.9	10.3
Charter Hall Group ⁽⁴⁾	776	8%	14%	24.9	13.1
Cromwell Group	557	47%	(5%)	10.9	10.2
Thakral Holdings Group	213	54%	(57%)	15.2	14.2
Valad Property Group	223	43%	(38%)	7.4	7.1
Challenger Diversified Property	459	23%	(25%)	10.5	10.7
Aspen Group	273	33%	(34%)	10.1	9.5
Mean (excl outliers)		33%	(23%)	12.0	11.6
Median (excl outliers)		30%	(24%)	11.9	12.3

Source: Bloomberg 4 June 2010, company announcements. Shaded values represent outliers and excluded from the analysis

Note 1: Gearing is calculated as (net debt/total assets less cash) as reported at 31 December 2009

Note 2: NTA at 31 December 2009 except for Mirvac where NTA is post capital raising completed in April 2010

Note 3: Earnings estimates represent consensus estimates from Bloomberg, net debt at 31 December 2009

Note 4: NTA and net debt represent pro-forma figures post the acquisition of Macquarie's Real Estate Management platform

In comparing the earnings multiples implied by KPMG's valuation of a Mirvac Security with the earnings multiples of other diversified listed A-REITs in the table above, we note:

- Mirvac's forecast EBIT for the year ending 30 June 2010 includes a small contribution from the Development division which has recently experienced difficult trading conditions. The forecast EBIT for the year ending 30 June 2011 incorporates a more normalised contribution from the Development division and on this basis, we have focused our analysis on multiples for the year ending 30 June 2011
- whilst Mirvac's EBIT multiple for the year ending 30 June 2011 of 13.6 times (mid-point) is higher than the mid-point mean and median multiples of diversified A-REITs of 11.8 times and 12.1 times respectively, this premium is not unreasonable considering that Mirvac has greater exposure to property development than its peers, which given the cyclical recovery expected from this sector, would support a higher multiple
- Mirvac's multiple for the year ending 30 June 2011 is marginally lower than that of Stockland. Stockland is similar to Mirvac from the perspective of exposure to mid-to-high quality residential development, low gearing levels, no liquidity issues and a strong brand name in the A-REIT sector.

15.3.2 Premium/discount to net tangible asset value

As part of our assessment, we also compared the discount/premium to NTA implied by the market value of a Mirvac Security as determined by KPMG to the implied discount/premium to NTA of diversified A-REITs. Set out in the table below is the discount to NTA implied by the market value range of a Mirvac Security as determined by KPMG.



Table 48: Implied discount to NTA backing

	Low	High
Assessed market value of a Mirvac Security (\$)	1.25	1.40
NTA per security ⁽¹⁾ (\$)	1.63	1.63
Implied discount to NTA (%)	(23.3%)	(14.1%)

Source: Mirvac April 2010 capital raising presentation, KPMG analysis

Note 1: Post April 2010 capital raising and settlement of Furzer Street

The market value of a Mirvac Security as determined by KPMG implies a discount to NTA of between 14.1 percent and 23.3 percent. This compares with the average discount of approximately 22 percent for A-REITs (refer Figure 3 in section 10.2.2) and 23 percent for diversified A-REITs (refer table 47 above). However we would expect the discount to NTA for Mirvac to be lower than the majority of other A-REITs as it has a development business which provides returns that are unrelated to the underlying NAV of the property trust business.

15.3.3 Conclusion

Having regard to the above, the cross-checks above support the valuation range determined using our primary valuation methodology.



16 Assessment of the Proposed Scheme

In assessing whether the Proposed Scheme is fair and reasonable and in the best interests of Scheme Participants, KPMG has considered various factors, as discussed below.

16.1 Assessment of the fairness of the Proposed Scheme

In order to assess the fairness of the Proposed Scheme we have compared the market value of a unit in WOT (on a control basis) to the market value of the consideration offered as part of the Proposed Scheme, as set out in the table below.

Table 49: Assessment of fairness

	Low	High
	\$	\$
Estimated market value of a unit in WOT (control basis)	0.82	0.82
Estimated market value of the consideration		
Scrip Offer ⁽¹⁾	0.75	0.84
Cash and Scrip Offer ⁽²⁾	0.81	0.85

Source: KPMG analysis

Note 1: The Scrip Offer is based on the Exchange Ratio of 0.597 Mirvac Securities for each WOT unit and our estimate of the market value of a Mirvac Security on a minority basis of \$1.25 to \$1.40

Note 2: The Cash Offer of \$0.86 per WOT unit is limited to an aggregate amount of \$200 million or 52.4 percent of units eligible to participate in the Cash Option. As such in estimating the consideration under the Cash and Scrip Offer, we have assumed that all WOT Unitholders eligible to participate in the Cash Option elect to participate and will receive the balance of their consideration in Mirvac Securities (47.6 percent)

The market value of a unit in WOT (on a control basis) is within the range of the value of consideration offered by Mirvac (\$0.75 to \$0.85 per unit). As such, KPMG considers the Proposed Scheme to be **fair** to Scheme Participants.

Our assessment of the Cash and Scrip Offer was based on all Scheme Participants electing the Cash Option under which their entitlements would be scaled back on a prorata basis given the \$200 million limit on cash available, with the balance of their consideration in Mirvac Securities. In this respect, it is likely that some Scheme Participants will not elect to participate in the Cash Option which would result in a greater level of cash being available to those Scheme Participants whom elect the Cash Option. To this extent, the Scheme Participants whom elect the Cash Option would receive a price for their WOT units closer to the Cash Offer of \$0.86 per unit. For example, if only 60 percent of unitholders accept the Cash Offer, then the implied consideration under the Cash and Scrip Offer would increase to between \$0.85 to \$0.86.

Implied value under the Exchange Ratio

As part of our assessment, we also determined the implied trading price of a Mirvac Security under both offers based on the Exchange Ratio and a WOT unit price of \$0.82, as outlined in the table below.



Table 50: Implied Value under the Exchange Ratio

	Units		\$
Value of unit in WOT	1,000 units	\$0.82	<u>\$820</u>
Scrip Offer			
Exchange Ratio		0.597	
Implied Mirvac Security trading price under Scrip Offer	597 units	\$1.37⁽¹⁾	<u>\$820</u>
Unitholder Value			<u>\$820</u>
Cash and Scrip Offer			
Minimum cash available per WOT unit (based on cash offer of \$0.86)	524 units	52.4% ⁽²⁾	\$451
Implied maximum scrip consideration per WOT unit	476 units	47.6%	<u>\$369</u>
	1,000 units	100%	<u>\$820</u>
Minimum cash available per Mirvac Security			<u>\$451</u>
Implied Mirvac Security trading price under Cash and Scrip offer ⁽³⁾	<u>284 units</u>	<u>1.30⁽¹⁾</u>	<u>\$369</u>
Unitholder Value			<u>\$820</u>

Source: KPMG analysis

Note 1: Implied Mirvac scrip value to achieve fair value.

Note 2: Represents the minimum percentage of WOT units eligible to participate in the aggregate \$200 million Cash Option, as Westpac has agreed not to participate in the Cash Option.

Note 3: 476 units at exchange ratio of 0.597

In relation to the table above, we note that on the Implementation Date:

- Under the Scrip Offer, if the trading price of a Mirvac Security was less than the implied value of \$1.37, a Scheme Participant would receive Mirvac Securities which had a trading price less than the value of their WOT units
- Under the Cash and Scrip Offer, if the trading price of a Mirvac Security was less than the implied value of \$1.30, a Scheme Participant would receive Mirvac Securities which had a trading price less than the value of their WOT units.

On the basis of the above, if the trading price is less than \$1.37 for the Scrip Offer and \$1.30 for the Cash and Scrip Offer, for those Scheme Participants receiving their offers, the consideration offered to them would not be fair. However, this analysis is illustrative only and does not reflect our view as to the value of a Mirvac Security at the Implementation Date.

16.2 Assessment of the reasonableness of the Proposed Scheme

In accordance with RG 111, an offer is reasonable if it is fair. This would imply that the Proposed Scheme reasonable. However, irrespective of the statutory obligation to conclude the Proposed Scheme is reasonable simply because it is fair, we have also considered a range of factors which in our opinion support a reasonableness conclusion in isolation of our fairness opinion.



16.2.1 Alternatives available to the Trust

The current level of debt in WOT may be unsustainable as post the GFC, lenders are not providing funding to either the same level or at the same margins as was provided prior to the GFC. The stand-alone alternatives for the Trust are:

- a debt refinancing and extension scenario which assumes WOT refinances all current debt
- a recapitalisation scenario under which WOT raises equity to reduce debt
- a selected asset sale scenario whereby WOT sells sufficient assets to delever to a sustainable level
- a combination scenario comprising of both a recapitalisation and selected asset sale
- a managed wind up scenario under which all assets are sold over a defined period of time.

We also considered the possibility of a superior proposal emerging after the announcement of the Proposed Scheme. We considered this unlikely as WOT had already conducted a process in which it assessed the level of interest from credible parties and concluded that the Proposed Scheme was the superior outcome. Further, no alternative proposal has emerged since the announcement of the Proposed Scheme on 28 April 2010.

Set out below is a summary of each of these alternatives.

A debt refinancing and extension scenario

A debt refinancing and extension scenario assumes that WOT is able to refinance its existing debt facilities at or prior to the maturity date. Given the high level of gearing in WOT, the Trust would most likely need to reduce its gearing by either raising capital or disposing of select assets or a combination of both. However to illustrate the outcome for Scheme Participants post a refinance, we have considered current market interest rates assuming that the Trust will be able to maintain its current level of gearing.

Based on an analysis of recent debt transactions in the property sector (refer Appendix 5) we estimate that the weighted average cost of debt of the Trust will increase from the current rate of 6.5 percent per annum to between 8.0 percent and 9.0 percent per annum, an increase of 1.50 percent to 2.5 percent per annum. Set out in the table below is the pro-forma impact of a refinance on the forecast distribution per WOT unit assuming the Trust is able to maintain its current level of gearing.



Table 51: Impact of higher interest costs on WOT Unitholder distributions

Increase in weighted average cost of debt (percent)	Additional interest costs for the Trust per annum ⁽¹⁾ (\$m)	Reduction in future distributions ⁽²⁾ (cents per unit)	Forecast distribution before a refinance ⁽³⁾ (cents per unit)	Forecast distributions post a refinance ⁽⁴⁾ (cents per unit)	Forecast % reduction in future distributions per unit
1.50%	10.77	2.23	6.50	4.27	34%
1.75%	12.57	2.61	6.50	3.89	40%
2.00%	14.36	2.98	6.50	3.52	46%
2.25%	16.16	3.35	6.50	3.15	52%
2.50%	17.95	3.72	6.50	2.78	57%

Source: KPMG Analysis

Note 1: Assuming a refinance of the debt balance of \$718 million at 31 March 2010

Note 2: The reduction in future distributions assumes that the increased borrowing costs apply for a full financial year

Note 3: Forecast distribution for WOT for the year ending 30 June 2011

Note 4: Calculation assumes that the refinance occurs on 1 July 2010 to illustrate the impact of higher interest costs for a full financial year

As illustrated in the table above, post a refinance WOT distributions are likely to reduce by between 2.23 cents and 3.72 cents per unit (a decrease of between 34 percent and 57 percent).

Set out in the table below is the pro-forma impact of a refinance on the forecast distributions per IR assuming the Trust is able to maintain its current level of gearing.

Table 52: Impact of higher interest costs on WOT IR Holder distributions

Forecast distribution per unit post a refinance ⁽¹⁾ (cents per unit)	Interest on instalment debt ⁽²⁾ (cents per unit)	Forecast distributions post a refinance and post interest on instalment debt (cents per unit)	Forecast distributions per IR before a refinance ⁽³⁾ (cents per unit)	Forecast % reduction in future distributions per IR
4.27	(3.25)	1.02	3.25	69%
3.89	(3.25)	0.64	3.25	80%
3.52	(3.25)	0.27	3.25	92%
3.15	(3.25)	(0.10)	3.25	> 100% ⁽⁴⁾
2.78	(3.25)	(0.47)	3.25	> 100% ⁽⁴⁾

Source: KPMG Analysis

Note 1: Refer table above for calculation

Note 2: Outstanding instalment debt of \$0.50 per unit multiplied by the current fixed interest rate of 6.5 percent per annum

Note 3: Forecast distribution of 6.50 cents per unit for the year ending 30 June 2011 less interest on instalment debt of 3.25 cents per unit

Note 4: Whilst it appears unusual that future distributions per IR can decrease more than 100 percent, it implies that future distributions may not be sufficient to cover the interest payments on instalment debt. This would require the IR Holder to contribute additional funds to cover the shortfall

As illustrated in the table above, the impact of higher interest costs in the Trust will have a magnified impact on future IR distributions (post the payment of interest on instalment debt). Post a refinance, IR distributions (after the payment of interest on instalment debt) are likely to reduce by a significant amount with some scenario's requiring IR Holders to make additional payments to cover the shortfall of interest on instalment debt.

We advise Scheme Participants that the scenario analysis above has been provided solely to illustrate the potential impact of higher interest costs in the Trust on future distributions. KPMG acknowledges that the outcome of the analysis will be impacted by assumptions relating to the timing of a refinance, the level of



distributions post a refinance as well as the instalment debt interest costs post 1 November 2011³⁴. To simplify the analysis KPMG has assumed that a refinance is completed on 1 July 2010 such that higher interest costs apply for the full financial year ending 30 June 2011.

A recapitalisation scenario

Assuming an appropriate gearing range for WOT is between 35 percent and 40 percent³⁵, the Trust would need to raise approximately \$270 million of equity or 75 percent of its current market capitalisation³⁶. It is uncertain whether the Trust could achieve such a sizeable raising as its register is almost solely retail based and the Trust has struggled historically to attract institutional interest. If the Trust is able to complete such a raising we would expect the issue to be priced at a significant discount to the current trading price. Since January 2009 there have been approximately 25 equity raisings in the A-REIT sector and these were issued at an average discount of 15 percent to their trading price and 40 percent to their NTA. As such, an equity raising of this size is likely to be materially dilutive to existing WOT Unitholders from an NTA, EPU and DPU perspective.

A selected asset sale scenario

Another alternative for the Trust is to sell some of its assets. Assuming the same gearing ratio of 40 percent is appropriate for WOT, the Trust would need to sell between 40 to 50 percent of the current portfolio. This is likely to require the sale of every asset except Westpac Place or alternatively, part or all of Westpac Place. The timing and proceeds from this strategy are uncertain given the quantum of the asset sales required. In addition the Trust would need to navigate the various terms of the CMBS debt facility if it decided to sell either Westpac Place or Norwest Business Park (which together represent 84 percent of the portfolio by value). By selling such a material amount of property the size of the Trust would reduce to a level where it would have limited growth and this is likely to diminish investor appetite. Even if this strategy is successful, it would be EPU, DPU and NTA dilutive and the resultant capital distribution to investors may result in a CGT liability for WOT Unitholders.

A combination of asset sales and recapitalisation scenario

A combination of asset sales and equity issuance can achieve WOT's desired deleveraging, whilst managing the ownership dilution by reducing the size of the equity issue. However the Trust faces the same uncertainties as noted for each of the asset sale and recapitalisation scenarios. Also concurrently raising equity while selling assets creates challenges in presenting an attractive, long-term investment opportunity with growth upside.

A managed wind up scenario

Under a managed wind up scenario, all of WOT's assets would be sold and the net proceeds (post debt repayment, closing out of hedges and derivative contracts and wind up costs) returned to WOT Unitholders. The key determinants of value in a wind up are the sale price of properties and the time it takes to sell the properties. Summarised below are the key considerations for a wind up scenario:

³⁴ An instalment of \$0.25 per WOT unit (41.88 cents per Mirvac Security) is repayable on 1 November 2011 and the interest rate on the outstanding instalment will revert from a current fixed rate to a market rate

³⁵ Other listed office A-REITs had gearing ratios of between 15 percent to 47 percent at 15 April 2010. KPMG would expect WOT to be able to service a level of debt towards the upper end of the gearing range as the Trust has no development business and has office properties of which the majority have long lease expiries and investment grade tenants

³⁶ Assuming a market capitalisation of \$360 million and a gearing ratio of 40 percent



- real estate transactions are subject to pricing and execution risk due to the potential funding constraints of potential buyers and other competing properties that are on the market for sale
- transaction costs will be incurred which will reduce the sale proceeds from the properties
- capital distribution to WOT Unitholders are likely to be delayed as the proceeds from the initial sales will first need to be used to repay outstanding debt.

Considering the various factors above, WOT Unitholders are likely to receive less than the last reported NTA, may have a capital gain and there is uncertainty as to when the distribution would be received. Furthermore, IR Holders will remain liable to meet interest costs which may exceed any distributions payable during the wind up period.

Conclusion

In summary, there are a number of alternative strategies available to WOT on a stand-alone basis but each strategy is subject to a number of risks and uncertainties resulting in the outcome for WOT Unitholders being uncertain. In addition many of the alternatives described above are likely to result in a reduction to the current NTA and/or a reduction in future EPU and DPU.

16.2.2 Financial and tax implications

Net tangible asset backing per unit will increase

The NTA backing per WOT unit at 31 December 2009 was 84.0 cents per unit. The equivalent pro-forma NTA backing per Mirvac security is expected to be 95.5 cents per unit, which represents a 13.7 percent increase relative to WOT on a stand-alone basis.

Table 53: NTA backing

Cents per unit	WOT Stand-alone	Mircac Pro-forma
NTA per security at 31 December 2009 ⁽¹⁾	84.0	160.0 ⁽²⁾
Exchange ratio	1.0	0.597
WOT Unitholders proportion of NTA	84.0	95.5

Source: KPMG Analysis

Note 1: The pro-forma NTA per security for Mirvac has been sourced from the Scheme Booklet

Note 2: The pro-forma Mirvac NTA is 5.0 cents lower than the NTA at 31 December 2009, however the institutional placement for \$350 million in April 2010 resulted in a 2.0 cent reduction in the NTA

Pre-tax distributions per unit will increase

Set out in the table below is a comparison of the expected WOT distributions on a stand-alone basis (pre and post a refinance) compared with WOT Unitholders' share of Mirvac distributions.



Table 54: Distribution comparison

Cents per unit	WOT	WOT	Mirvac
	Stand-alone Pre-refinance	Stand-alone Post-refinance	Pro-forma
Forecast distribution per unit	6.50 ⁽¹⁾	2.80 – 4.29 ⁽²⁾	8.0 – 9.0 ⁽³⁾
Exchange ratio	1.000	1.000	0.597
WOT Unitholders distributions	6.50	2.80 – 4.29	4.78 – 5.37

Source: KPMG analysis

Note 1: Forecast distribution per unit for the year ending 30 June 2011

Note 2: The forecast distribution range for WOT post a refinance assumes a full year impact of higher interest costs and has applied these higher interest costs to the forecast distribution of 6.50 cents per unit for the year ending 30 June 2011

Note 3: Forecast distribution per unit for the consolidated standalone Mirvac Trust for the year ending 30 June 2011

As illustrated in the table above WOT Unitholders share of the pro-forma Mirvac Trust distribution is expected to be higher than the WOT stand-alone distribution post a refinance. Whilst the WOT distribution pre-refinance is higher than the WOT Unitholders share of the Mirvac Trust distributions, it is unlikely to be the case for more than one financial year as the Trust will prudently need to refinance its debt facilities many months before their maturity dates.

Post-tax distributions per unit may decrease

A disadvantage of the Proposed Scheme is that future Mirvac trust distributions are likely to have a lower tax deferred component than WOT distributions and this will impact the post-tax returns of Scheme Participants. Mirvac has provided guidance³⁷ that distributions for Mirvac Trust for the year ending 30 June 2011 could contain a tax deferred component of 23 percent. This compares with historical WOT distributions which have all been 100 percent tax deferred. Set out in the table below is a summary of the estimated distributions (pre and post tax) that are likely to be received by WOT Unitholders and IR Holders from WOT on a stand alone basis and from Mirvac Trust if the Proposed Scheme is approved.

Table 55: Estimate of post-tax distributions for WOT Unitholders

Cents per unit	WOT	WOT	Mirvac
	Stand-alone Pre-refinance	Stand-alone Post-refinance	Pro-forma
WOT Unitholders share of distributions (refer Table 51)	6.50	2.80 – 4.29	4.78 – 5.37
Tax-deferred component	100%	100%	23% ⁽¹⁾
Estimated tax at 46.5 percent ⁽²⁾⁽³⁾	-	-	(1.71 – 1.92)
WOT Unitholders distributions post-tax	6.50	2.80 – 4.29	3.07 – 3.45

Source: KPMG analysis

Note 1: Refer Section 6.39 of Explanatory Memorandum

Note 2: In relation to WOT distributions it has been assumed that WOT Unitholders will pay no tax on the distribution received as the distribution is expected to be 100 percent tax deferred. However the investors' tax cost base is reduced by the amount of the tax deferred distribution which may increase the amount of a future capital gain on disposal. In relation to Mirvac distributions a tax deferred percentage of 23 percent has been used, in accordance with the guidance provided in Section 6.39 of the Explanatory Memorandum

Note 3: All tax calculations have assumed the highest marginal personal tax rate of 46.5 percent (including the Medicare levy)

³⁷ Section 6.39 of the explanatory Memorandum



Table 56: Estimate of post-tax distributions for WOT IR Holders

Cents per unit	WOT	WOT	Mirvac
	Stand-alone Pre-refinance	Stand-alone Post-refinance	Pro-forma
WOT Unitholders share of distributions	6.50	2.80 – 4.29	4.78 – 5.37
Interest on instalment debt ⁽¹⁾	(3.25)	(3.25)	(3.25)
Share of distributions less interest on instalment debt	3.25	(0.45) – 1.04	1.53 – 2.12
Tax-deferred component	100%	100%	23%
Estimated tax at 46.5 percent ⁽²⁾⁽³⁾	1.51	1.51	(0.20 – 0.41)
WOT IR Holders distributions post-tax	4.76	1.06 – 2.55	1.33 – 1.71

Source: KPMG analysis

Note 1: Instalment debt of \$0.50 multiplied by the current fixed interest rate of 6.5 percent per annum

Note 2: In relation to WOT distributions it has been assumed that the interest payable on the instalment debt is deductible from an income tax perspective, with distributions being 100 percent tax deferred. In relation to Mirvac distributions it has been assumed that the interest payable on the instalment debt is deductible from an income tax perspective, with distributions being 23 percent tax deferred (in line with guidance provided in Section 6.39 of the Explanatory Memorandum). Please refer to the Tax opinion in Section 13 of the Explanatory Memorandum for further information

Note 3: All tax calculations have assumed the highest marginal personal tax rate of 46.5 percent (including the Medicare levy)

As illustrated in both tables above, WOT Unitholders and IR Holders may receive distributions from Mirvac which post-tax may be lower than the post-tax distributions that they would receive from WOT post a refinance³⁸. However in considering this analysis one should consider the following:

- distributions from WOT have historically been 100% tax deferred, utilising the depreciation and capital allowances relating to the underlying properties, in particular the development of Westpac Place. The proportion of future distributions which are tax deferred are likely to reduce over time as the tax shelter associated with the depreciation and capital allowances relating to the underlying properties are reduced and the carried forward tax losses are utilised
- whilst a WOT Unitholder pays no tax on distributions that are tax deferred, the distribution reduces the cost base of a WOT unit and tax will ultimately need to be paid if the proceeds received on sale are greater than the reduced cost base of the unit
- the calculations in the tables above have used the forecast distributions for WOT and the Mirvac Trust for the year ending 30 June 2011. As such the growth profile of future distributions for both WOT and Mirvac (including a potential contribution from Mirvac Limited) will impact the analysis above and should be considered before reaching any conclusion based on the above analysis
- if the Proposed Scheme is approved, WOT may continue to be eligible to utilise tax losses it derived before the Proposed Scheme provided WOT continues to satisfy the requirements of the same business test.

The majority of any capital gains tax liability can be deferred

To the extent that Scheme Participants are Australian residents, hold their units on capital account, receive Mirvac Securities as consideration and make a capital gain, partial CGT rollover relief is expected to be available but the Australian Tax Office may take a different view (refer Tax opinion at Section 13 of the Explanatory Memorandum). If rollover relief is partially available it will allow Scheme Participants to defer the majority of

³⁸ The calculation excludes the potential impact of paying more capital gains tax once the units are disposed as a result of tax deferred distributions reducing the cost base per unit



the capital gain arising from the deemed disposal of WOT units. It is estimated that CGT will be payable on approximately 10 percent of any capital gain³⁹ as the portion of the consideration that relates to Mirvac Limited (as opposed to Mirvac Trust) cannot be deferred.

If the taxpayer is an Australian resident individual and has held their WOT units or IRs on capital account for more than 12 months, they may be entitled to the 50 percent CGT discount. Set out in the table below is a calculation estimating the CGT payable for an individual tax payer who acquired IRs as part of the initial capital raising in 2003.

Table 57: Potential tax implications on rolling over IRs

	IR Cents per unit
Consideration per WOT unit	86.0
Cost base at 31 December ⁽¹⁾	(53.0)
Capital gain	33.0
10% portion not able to be deferred	3.3
CGT discount (50% discount if held >12 months)	(1.65)
Taxable gain	1.65

Source: KPMG Analysis, WOT and WFML

Note 1: Cost base per unit is for investors that acquired units in August 2003 when WOT was initially listed on the ASX

Based on the analysis above, an individual taxpayer who acquired IRs as part of the initial capital raising in 2003 would need to include a capital gain of approximately \$1,650 in their tax return for every 100,000 IRs acquired.

Those Scheme Participants that elect to receive cash or sell their allocated Mirvac Securities or IRs using the security sale facility may be liable to pay CGT depending on the Scheme Participants cost base. As noted above, if the taxpayer is an Australian resident individual and has held their WOT units or IRs on capital account for longer than 12 months, they may be entitled to the 50 percent CGT discount.

16.2.3 Advantages of the Proposed Scheme

The principal advantages of the Proposed Scheme include:

The assessed value of the consideration represents a premium to the recent trading price of WOT

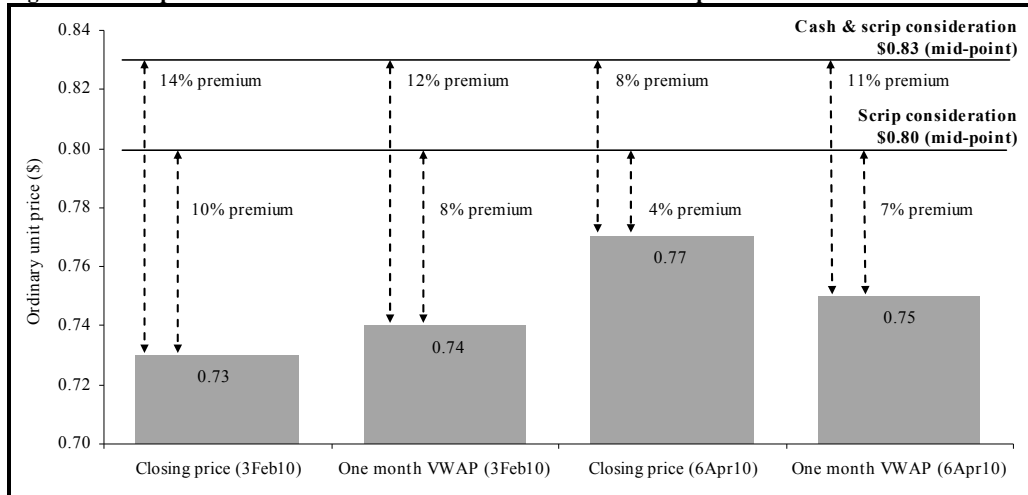
The mid-point of our assessed value of the consideration on either a scrip only or cash and scrip basis represents a premium to the WOT trading price and one month volume weighted average price (VWAP) on 3 February 2010 and 6 April 2010, being the last trading days prior to announcements by WFML regarding potential transactions⁴⁰. Our assessed midpoint value of the scrip option represents a premium of between 4 percent and 10 percent, whilst the cash and scrip option represents a premium of between 8 percent and 14 percent, as illustrated in the following graph.

³⁹ Based on the NTA of Mirvac Trust relative to Mirvac Limited at 30 June 2009. The percentage that will be applied will depend on the NTA position of the Mirvac Group at 30 June 2010

⁴⁰ On 4 February 2010 WFML announced that it was undertaking a strategic review of WFML and was aware of market speculation concerning a potential transaction involving WFML and WOT. On 7 April 2010 WFML announced that Mirvac had been granted exclusivity to conduct due diligence in relation to WOT



Figure 23: Comparison of assessed value of consideration with various prices



Source: KPMG Analysis

The Proposed Scheme resolves the uncertainty associated with the debt maturity in 2011

At 31 March 2010 WOT had \$718 million of outstanding debt. In July 2011 a Westpac term facility with a limit of \$216 million (drawn to \$198 million at 31 March 2010) matures, in November 2011 the \$505 million of CMBS on issue will mature and in December 2011 a Westpac working capital facility for \$15 million (drawn to \$15 million at 31 March 2010) will mature. As previously discussed in this report there is uncertainty as to whether the Trust can refinance all this debt, and even if it can, it is likely that the current average cost of debt of 6.5 percent will increase by approximately 1.5 to 2.5 percent per annum which will reduce future distributions materially. If the Proposed Scheme is approved Mirvac will immediately repay the Westpac term debt facility and working capital facility and intends to restructure the CMBS facility at the earliest possible time.

Scheme Participants will hold an interest in Mirvac which has higher liquidity than WOT

In the six months ended 6 April 2010, 6.8 percent of WOT units on issue traded on the ASX compared with 74.6 percent for Mirvac. Those Scheme Participants who receive securities in Mirvac will own a security in an entity whose securities are more liquid, provide the potential for smaller buy/sell spreads and have greater trading depth compared to WOT on a stand-alone basis. In addition Mirvac has a broader shareholder base, has increased broker coverage and is included in key property indices such as the S&P/ASX 200 (A-REIT sector) and S&P/ASX 100.

By accepting the Proposed Scheme and accepting Mirvac scrip, Scheme Participants will be owners in a larger, more diversified and well capitalised business with enhanced growth prospects and a different risk profile relative to WOT

Mirvac is a larger and more diversified property group than WOT. Mirvac Trust comprises of a number of high-grade commercial, retail, industrial, and hotel and car park properties (approximately 10 times more properties than WOT) across Australia all of which will enhance geographic and property sector diversification. In addition Mirvac Limited has a large-scale property development business, hotel business and funds management business.



Mirvac is well capitalised with relatively low gearing, no liquidity issues and has the ability to raise capital more efficiently than WOT. This provides Mirvac with the ability to capitalise on opportunities within the property sector as and when they arise. WOT is highly geared and is unlikely to be able to raise a sufficient amount of capital to reduce its gearing and provide a platform for growth.

Mirvac's strategy is to focus on its two core divisions, Investment and Development. The Investment Division (which contributed the majority of operating EBIT in the half year ended 31 December 2009) is expected to continue to provide secure, predictable cashflows with the upside potential of appreciation in the underlying properties. The Development Division (which contributed a marginal amount of EBIT in the half year ended 31 December 2009) is expected to increase its operating EBIT contribution materially as the residential development market improves such that the business returns to earn long-term margins. Whilst many brokers already factor in some of this upside opportunity in their forecasts, Scheme Participants may benefit from additional upside in NTA, distributions and the security price as:

- the commercial, retail and industrial property sectors recover once the economy gains momentum in its recovery and capitalisation rates begin to stabilise
- the Development Division returns to contributing a materially higher portion of operating EBIT given expectations of a cyclical recovery in the property development industry from cyclical lows in 2007 and 2008
- Mirvac makes additional strategic acquisitions that provide additional shareholder value.

Scheme Participants accepting Mirvac scrip should be aware that an investment in Mirvac has a different risk profile to an investment in WOT. Mirvac, whilst potentially offering enhanced growth prospects, also increases the riskiness of the investment as it provides exposure to the property development sector.

The Proposed Scheme maintains the existing instalment receipt structure

Under the Proposed Scheme, the IRs will continue on substantially the same terms with no change to the current interest rate on the instalment debt nor the date on which the instalments are due to be repaid. The total value of instalment debt outstanding will not change but as a result of the Exchange Ratio, the amount of instalment debt outstanding on each Mirvac Security will be 83.75 cents rather than the 50 cents outstanding on each WOT unit. By maintaining the existing IR structure, IR Holders can continue to receive the benefits of gearing associated with holding an IR. In addition, by maintaining the IR structure, the 89.1 percent of WOT Unitholders that hold their investment through the IR structure may be eligible for partial roll-over relief on the majority of any capital gain arising from the disposal of their IRs for Mirvac Scrip, subject to the Australian Tax Office view.

The Proposed Scheme will remove conflicts commonly associated with external management arrangements and management/performance fees will no longer be payable

If the Proposed Scheme is approved, WOT will become a sub-trust of Mirvac Trust and will be internally managed by Mirvac's in-house manager, Mirvac Asset Management (MAM). As such the Trust will no longer pay management and performance fees to an external manager as it will be managed internally by MAM. As part of the Proposed Scheme Mirvac will pay Westpac \$15.0 million for Westpac forgoing Management Rights in relation to WOT.



16.2.4 Disadvantages of the Proposed Scheme

The principal disadvantages of the Proposed Scheme include:

Scheme Participants may miss the opportunity to directly benefit in any increase in the value of WOT properties

The weighted average capitalisation rate (WACR) for the WOT properties has increased from 6.00 percent at 31 December 2007 to 7.39 percent at 31 December 2009, resulting in a decrease in the value of properties of \$181.6 million or 13.8 percent. Whilst there is no certainty that the value of the properties in the Trust will increase in the future, the current time may not be the most optimum time in the property cycle to realise full value for the properties. However if Scheme Participants accept the Scrip Option they will benefit from any future price increases in proportion to their security holding.

If the Proposed Scheme is approved and Scheme Participants elect to receive the Cash Option, they will lose out on any future appreciation in the value of the properties.

The risk profile of the investment will change

If Scheme Participants receive Mirvac Securities (either in the Scrip Option or if the demand for the Cash Option exceeds \$200 million), the risk profile of their investment will change. Whilst the majority of Mirvac's current earnings are generated from its property investments, it also owns a large property development business, a small hotel management business and has a funds management business which focuses on sourcing funding for the property and development businesses. The expected returns from these various businesses are likely to be more volatile than the expected property investment returns from WOT on a stand-alone basis. As such, Scheme Participants should consider whether this change in risk profile is appropriate for their risk profile.

The enlarged Mirvac business will hold a property portfolio with less favourable metrics

By approving the Proposed Scheme, Scheme Participants may hold an interest in an enlarged Mirvac business with a property portfolio that has less favourable metrics given the lower quality portfolio currently held by Mirvac relative to the WOT portfolio. In particular, we note:

- WALE (by area) of the combined portfolio will fall from 8.9 years to 6.2 years
- the proportion of government, listed and multinational tenants will fall from 94.3 percent to 64.1 percent
- occupancy levels (including rental guarantee) will fall marginally from 99.9 percent to 97.2 percent
- the proportion of rental income being fixed or inflation linked will fall from 100 percent to 95 percent.

16.2.5 Other considerations

The principal other considerations of the Proposed Scheme include:

The implied value of the scrip consideration can change

Scheme Participants that receive Mirvac scrip should be aware that the value of the scrip consideration is subject to movements in the trading price of Mirvac Securities. There is a risk that the trading price of a Mirvac



Security is lower than the assessed market value determined by KPMG but alternatively the price could also be higher. We note that the Cash Option partially mitigates⁴¹ this risk as Scheme Participants will be able to select the Cash Option in the case where the Mirvac Security is trading below \$1.44⁴² at the time that an election is required to be made.

Westpac will not participate in the cash-out facility

The Proposed Scheme includes a Cash Option which is limited to \$200 million or 48.2 percent⁴³ of the value of the total offer. However Westpac has agreed to not participate in the Cash Option and units held by foreign Unitholders will automatically default to being sold using the Share Sale facility. As such, after adjusting for these units the limit under the Cash Option would be sufficient to cover 52.4 percent of units available to participate (assuming all Scheme Participants elect the Cash Option). If the demand for the Cash Option exceeds \$200 million, the excess demand will be satisfied through the issue of Mirvac Securities or in cash under the Sale Facility, depending on the election made by the WOT Unitholder..

Existing losses in the Trust are expected to be preserved

At 31 December 2009, the Trust had accumulated tax losses of \$74.2 million which may be used to offset future taxable income generated by the Trust. If the Proposed Scheme is approved these accumulated losses are expected to remain available, provided WOT continues to satisfy the same business test. To the extent these losses are available, Scheme Participants who receive Mirvac Securities as consideration may still benefit from these accumulated losses in the future in proportion to their security holding.

Westpac will receive various payments as part of the Proposed Scheme

As part of the Proposed Scheme, Westpac will receive the following payments:

- \$9.8⁴⁴ million from WOT for terminating the RVA within two days after the date of the scheme implementation. This amount was recorded as a liability in the WOT accounts at 31 December 2009 and has been updated to reflect the expected amount owing at the termination date in accordance with the RVA
- \$15.0 million from Mirvac for forgoing Management Rights in relation to WOT and entering into various transaction documents. KPMG has reviewed the reasonableness of this consideration in Section 6 and has concluded that the consideration is not unreasonable.

In addition WFML, a wholly owned subsidiary of Westpac, will be paid \$7.8 million from WOT in satisfaction of accrued performance fees earned by WFML up to 31 December 2009.

Transaction costs

⁴¹ The risk may only be partially mitigated as the cash-out facility is limited to \$200 million which could result in a WOT Investor having their cash-out election pro-rated

⁴² When the Mirvac Security price is \$1.44 the scrip consideration of 0.597 Mirvac Securities have an implied value of \$0.86 per unit which is equal to the cash consideration under the Cash Option

⁴³ \$200 million divided by \$415 million (482.2 million units multiplied by the cash offer of \$0.86 per unit)

⁴⁴ Based on proforma consolidated financial statements of the combined group as at 31 December 2009



The costs of the Proposed Scheme include stamp duty, advisory costs, legal fees, independent expert fees and other costs. If the Proposed Scheme is approved, the costs for both Mirvac and WOT will total approximately \$25.1 million.

16.2.6 Implications if the Proposed Scheme is not approved

In the event the Proposed Scheme is not approved, the following circumstances are likely to occur:

- WOT will most likely need to reduce its level of gearing by either completing a large capital raising or an asset sale. Thereafter the remaining debt will need to be refinanced prior to the maturity dates between July and December 2011
- assuming that the Trust is able to refinance its existing debt we estimate that distributions post the refinance will reduce by between 2.23 cents per unit and 3.72 cents per unit. Based on the forecast distribution of 6.50 cents per unit in the year ending 30 June 2011, this represents a decrease of between 34 to 57 percent for WOT Unitholders and a higher decrease for IR Holders, with some scenarios requiring IR Holders to make additional payments to cover the shortfall of interest on instalment debt
- the WOT unit price would most likely retreat to the value at which it was trading (approximately \$0.76 per unit) prior to the Mirvac announcement that it was completing an exclusive due diligence on WOT. Since that announcement the WOT unit price has traded above \$0.80
- WOT will incur total costs of approximately \$3.0 million (excluding GST). However, additional advisory fees are likely to be incurred as the Trust will need to determine an appropriate action plan to address the current challenges facing the trust
- WFML will pay Mirvac a break fee of approximately \$4.1⁴⁵ million (excluding GST) in the event that:
 - the Board changes, withdraws or modifies its recommendation in relation to the Proposed Scheme, or
 - any member of the Independent Board Committee makes a public statement to the effect that the Board no longer recommends that WOT Unitholders approve the Proposed Scheme or that the Board supports a superior proposal as defined in the SIA or
- a competing proposal is announced, completed within six months after the date of the SIA and is a superior proposal as defined in the SIA.

16.2.7 Conclusion

In our opinion, having regard to the matters set out in this report, the Proposed Scheme:

- is fair and reasonable to the Scheme Participants
- is in the best interests of the Scheme Participants in the absence of a superior offer.

⁴⁵ This amount equates to 1 percent of the Proposed Scheme value based on the scrip consideration at the date of signing the SIA, plus applicable GST



16.3 Best interests

Having considered the factors above, including the strategic options available to the Trust on a stand-alone basis and the likelihood of a superior proposal emerging, we consider the Proposed Scheme to be in the best interests of Scheme Participants.

16.4 Reasonableness of consideration for Westpac forgoing Management Rights

As part of the Proposed Scheme Mirvac will pay Westpac \$15 million as consideration for Westpac forgoing the Management Rights. According to the Trust constitution the Responsible Entity is entitled to a fee for the proper performance of its duties of a maximum of 0.75 percent per annum of the GAV of the Trust. The Responsible Entity is currently charging the Trust 0.35 percent per annum. The Responsible Entity received a base management fee of \$4.7 million for the year ended 30 June 2009 and is expected to receive a base management fee of approximately \$4.1 million for the year ending 30 June 2010.

The consideration of \$15.0 million implies a multiple of 3.2 times the historical base management fee and 3.7 times the forecast base management fee. Prior to assessing the reasonableness of the consideration it is necessary to consider the likely term over which the current arrangements would remain in force and the potential consequences of terminating the current arrangements in a manner otherwise than as contemplated by this proposed transaction.

Likely term of management arrangements

The Responsible Entity of WOT may be removed if an ordinary resolution is passed to terminate the current management arrangement. The resolution will be passed if at least 50 percent of the total votes cast by Scheme Participants vote in favour of the resolution. Westpac, which has a 7.73 percent interest in the Trust, is entitled to vote on such a resolution.

The current management arrangements have no set term and so long as investment performance continues to be satisfactory it is less likely that Scheme Participants would seek to terminate the current arrangements. If the Responsible Entity's performance falls below the expectations of Scheme Participants at some time in the future, there is a range of possible scenarios including a renegotiation of fees or a termination of the Responsible Entity for a negotiated payment. In the extreme there could be a termination of the Responsible Entity for no consideration however this would require:

- a sufficient number of Scheme Participants voting in favour of such a resolution. If Westpac was to vote against such a resolution then, currently, approximately 54 percent of the remaining Scheme Participants would be required to vote in favour of the resolution for the 50 percent threshold to be met
- WOT being able to secure the services of a sufficiently skilled manager.

If the existing Responsible Entity was removed, there could potentially be adverse implications for the operations of the Trust as well as Scheme Participants as a change in the Responsible Entity is a trigger event in many of the existing agreements. A trigger event is likely to result in:

- changes to the instalment debt terms
- changes to the terms of the existing Westpac term debt and working capital facility



- an acceleration of amounts owing in connection with the CMBS
- a termination payment being payable to Westpac for the business development agreement
- the payout for the rent variation agreement being higher than the current outstanding amount.

In addition there are various other challenges associated with replacing the responsible entity such as ensuring a transfer of knowledge from the existing management team to the new management team.

In forming our opinion on the likelihood of a future termination of the current management arrangements we have taken into consideration the factors set out above. In summary, we are of the view that it is likely to be extremely difficult for the current arrangements to be easily terminated without significant pre-planning to address the issues raised above and that, in all reasonableness, termination without compensation would most likely only proceed in circumstances where Westpac had underperformed for a prolonged period of time and with the co-operation of Westpac. As such, whilst the current management arrangements are not a perpetual right, it is a matter of judgement as to the likely future term under the current arrangements. For the purposes of this analysis, we are of the opinion that a reasonable estimate on which to base our assessment is a period of not less than 5 to 10 years.

Assessment of consideration

We have compared the multiples and percentage of FUM ratio implied by the consideration for the acquisition of the Management Rights with the equivalent multiples and percentage of FUM ratio of other management agreement transactions in the property sector, as set out in the table below.

Table 58: Sale of management agreements or internalisations

Date	Management rights acquired	Amount paid	Multiple of historical base management fee	Multiple of forecast base management fee	% of FUM
		(\$m)	(times)	(times)	(%)
Jun-09	Macquarie Leisure Trust	17.0	5.5	n/a	2.0%
May-09	Orchard Industrial Property Fund	6.0	4.3	3.2	0.8%
Apr-09	B&B Japan Property trust	22.1	2.4	n/a	1.0%
Oct-08	B&B Communities	17.5	n/a	n/a	1.2%
Feb-08	DB RREEF Funds Management ⁽¹⁾	130.0	3.8	n/a	1.6%
Dec-07	Lachlan Property Group	42.4	5.4	n/a	9.4%
Apr-07	Macquarie Prologis (US\$) ⁽¹⁾	22.0	6.0	5.5	1.3%
Average			4.6	4.4	1.3%

Source: Company announcements, Independent Expert Reports, KPMG Analysis

Note Outlier has been shaded

Note 1: Acquisition of 50% of management rights

In relation to the table above we note:

- the above multiples should be viewed with caution when compared with those implied by the consideration for Westpac forgoing the Management Rights due to the differing nature of the management arrangements, the circumstances under which the transactions occurred and the nature of the consideration offered



- the consideration for Westpac forgoing the Management rights implies a historical base management fee multiple of 3.4 times, a forecast management fee multiple of 3.6 times and represents 1.3 percent of total assets. These implied multiples and ratio's are all within the range of the management agreement transactions analysed in the table above
- the majority of management agreement transactions include a performance fee component which is usually determined with reference to outperforming an agreed index. The majority of transactions in the table above included a performance fee component but in many cases the payment of a performance fee was unlikely in the near term as prior year underperformances needed to be recouped before a performance fee could be paid in the future. Therefore we have not included any performance fees in our analysis. In addition, as part of the Proposed Scheme, Westpac has also agreed to forgo future performance fees. If any value would be attributable to the future performance fees then the multiples implied by the consideration of \$15.0 million would be lower, thus being at the lower end of the range of comparable multiples.

We also considered the transfer of a 50 percent interest in the management company of Macquarie DDR Trust (MDT) to a cornerstone investor as part of the recapitalisation of MDT in May 2010. However, we did not rely on this transaction as a reference point given the severely stressed nature of MDT at the time combined with only a partial ownership transfer.

Conclusion

Having considered:

- the terms of the current management arrangements
- the unit holding of Westpac
- the potential implications of removing the Responsible Entity
- the multiples and ratio's implied by the consideration of \$15.0 million relative to the equivalent multiples and ratio's for other management agreement transactions in the property sector,

we consider the consideration of \$15.0 million for Westpac to forgo the Management Rights to not be unreasonable. In addition Westpac is also providing several undertakings as part of the Proposed Scheme for which it is receiving no consideration.



Appendix 1 – KPMG Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG are Ian Jedlin and Shaun Bettman.

Ian is a Partner of the KPMG Partnership and an Executive Director of KPMG. Ian is an Associate of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australasia and holds a Master of Commerce from the University of New South Wales. Ian has had in excess of 20 years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Shaun is an Associate Director of the KPMG Partnership. Shaun is an Associate of the Institute of Chartered Accountants in Australia, holds a Postgraduate Diploma of Applied Finance and Investment from the Financial Services Institute of Australasia and holds a Bachelor of Commerce Degree from the University of Sydney. Shaun has had in excess of seven years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Disclaimers

Other than this report, neither KPMG nor the KPMG Partnership has been involved in the preparation of the Explanatory Memorandum or any other document prepared in respect of the Proposal. Accordingly, we take no responsibility for the content of the Explanatory Memorandum as a whole or other documents prepared in respect of the Proposal.

Independence

During the course of this engagement, KPMG provided draft copies of this report to management of the Responsible Entity for comment as to factual accuracy, as opposed to opinions, which are the responsibility of KPMG alone. Changes made to this report as a result of these reviews have not changed the opinions reached by KPMG.

During the course of this engagement, the KPMG Partnership has provided a secondee to Westpac to assist in collating taxation related data for the data room in connection with the Proposed Scheme. The secondee was a junior staff member, had no dealings with any staff member in KPMG and did not make any decisions in relation to the Proposed Scheme.

Indemnity

WFML has agreed to indemnify and hold harmless KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership against any and all losses, claims, costs, expenses, actions, demands, damages, liabilities or any other proceedings, whatsoever incurred by KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership in respect of any claim by a third party arising from or connected to any breach by you of your obligations.

WFML has also agreed that KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership shall not be liable for any losses, claims, expenses, actions, demands, damages, liabilities or any other proceedings arising out of reliance on any information provided by you or any of your representatives, which is false, misleading or incomplete. WFML has agreed to indemnify and hold harmless KPMG, the



*Westpac Funds Management Limited as responsible entity for Westpac Office Trust
Independent expert report & Financial services guide
11 June 2010*

KPMG Partnership and/or KPMG entities related to the KPMG Partnership from any such liabilities we may have to you or any third party as a result of reliance by KPMG, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership on any information provided by you or any of your representatives, which is false, misleading or incomplete.

Professional standards

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional and Ethical Standards Board Limited.



Appendix 2 – History of WOT

Date	Announcement
Aug-03	Westpac Office Trust Instalment Receipts (WOTCA) list on the ASX
Sept-05	Acquired Woolworths National Support Office
Sept-05	Trust completed a placement for 81.1 million units at issue price \$1.00 per unit
July-06	Practical completion of Westpac headquarters in Kent Street, Sydney
July-06	Revaluation of 275 Kent Street to \$750 million, an increase of 11.9% over initial on-completion valuation
Dec-06	Trust refinanced the bridge facility through a \$505 million issue on CMBS, maturing of 16 November 2011
Jan-07	Acquired Kensington property from UNSW for \$41 million
Mar-07	Acquired a Queensland property for \$19.35 million
Apr-07	Trust completed a placement of 35 million units at an issue price \$1.055 per unit
Aug-07	Acquired a property in South Australia for \$20.26 million
Nov-07	Acquired the IBM commercial property at Pennant Hills for \$92.5 million
Nov-07	Acquired a second asset in Queensland for \$31.7 million
Dec-07	Acquisition of a 50 percent interest in the Westpac Data Centre for \$21.25 million
Feb-08	Property portfolio revalued to \$1.3 billion at December 2007 (13.1 percent decline from June 2007)
Mar-08	Issued 1.043 million units at \$1.32 to WFML as a performance fee
July-08	Trust entered into a new 3 year \$251 million debt facility commencing July 2008
July-08	Property portfolio revalued to \$1.3 billion at June 2008 (2.4 percent decline from December 2007) ⁽¹⁾
Feb-09	Property portfolio revalued to \$1.2 billion at December 2008 (4.7 percent decline from June 2008)
July-09	Property portfolio revalued to \$1.2 billion at June 2009 (4.4 percent decline from December 2008)
Aug-09	Instalment Receipt restructure announcement
Sept-09	Cease trading of Instalment Receipts (WOTCA)
Sept-09	Commence trading of ordinary units (WOT)
Dec-09	Disposal of the Kensington property for \$35.5 million
Feb-10	Westpac to undertake strategic review of WFML and WFML property funds management business
Feb-10	Property portfolio revalued to \$1.1 billion at December 2009
Apr-10	Mirvac announces that it had been granted exclusivity to conduct due diligence on WOT
Apr-10	Mirvac announces offer to acquire all units and instalment receipts in WOT

Source: ASX, WOT company announcements

Note 1: Portfolio value at December 2009 includes the Cannon Hill 1 property



Appendix 3 – Summary of WOT's property portfolio

Property	Ownership %	State	Valuation 31 Dec 09 \$m	% of portfolio by value	Lettable area sqm	WALE area (years)	Cap rate (%)	Passing yield (%)
Commercial portfolio								
Kent St, Sydney	100%	NSW	720.0	63.3%	77,410	8.5	7.00%	6.95%
Norwest Business Park, Sydney	100%	NSW	240.0	21.1%	44,828	10.8	7.75%	7.81%
Pennant Hills, Sydney	100%	NSW	96.3	8.5%	34,080	5.7	8.50%	10.40%
Cannon Hill 1, Brisbane	100%	QLD	17.8	1.6%	4,218	4.9	8.75%	7.83%
Cannon Hill 2, Brisbane ⁽¹⁾	100%	QLD	23.0	2.0%	6,044	5.0	9.00%	8.83%
Macquarie Park, Sydney	50%	NSW	22.3	2.0%	11,323	15.0	7.50%	8.23%
Bedford Park, Adelaide	100%	SA	17.8	1.6%	6,174	9.8	9.00%	9.14%
Total portfolio			1,137.1	100%	184,077	8.7	7.39%	7.53%

Source: WOT Portfolio Summary at 31 December 2009

Note 1: Includes income received from the developer for a 2yr rental guarantee that expires in Aug/10 on 2471sqm of vacant space



Appendix 4 – Summary of Mirvac’s property portfolio

Property	Ownership	State	Valuation 31 Dec 09	% of portfolio	Lettable area	WALE area	Cap rate	Disc rate
Commercial portfolio	%		\$m	by value	sqm	(years)	(%)	(%)
101-103 Miller Street, North Sydney	50%	NSW	170.0	8.3%	37,758	6.3	7.00%	9.00%
1 Darling Island, Pyrmont	100%	NSW	155.0	7.6%	22,197	17.5	7.25%	9.25%
60 Margaret Street, Sydney	50%	NSW	157.5	7.7%	40,567	4.2	7.00%	9.00%
40 Miller Street, North Sydney	100%	NSW	90.0	4.4%	12,664	5.4	7.75%	9.25%
Bay Centre, Pirrama Road, Pyrmont	100%	NSW	95.0	4.6%	15,972	3.7	8.00%	9.25%
1 Castlereagh Street, Sydney	100%	NSW	64.3	3.1%	11,637	5.3	8.00%	9.50%
190 George Street, Sydney	100%	NSW	36.8	1.8%	9,498	3.2	8.50%	9.50%
200 George Street, Sydney	100%	NSW	24.8	1.2%	5,579	3.4	8.25%	9.50%
5 Rider Boulevard, Rhodes	100%	NSW	102.5	5.0%	25,198	7.2	8.00%	9.75%
Goodsell Building, 8 Chifley Square Sydney	100%	NSW	30.0	1.5%	13,602	N/A	8.25%	10.00%
23 Furzer Street, Canberra	100%	ACT	208.8	10.2%	46,167	15.1	7.91% ¹	-
St George Centre, 60 Marcus Clarke Street, Canberra	100%	ACT	52.0	2.5%	12,165	2.3	8.50%	9.00%
38 Sydney Avenue, Forrest	100%	ACT	37.5	1.8%	9,099	2.9	8.75%	9.25%
Aviation House, 16 Furzer St, Canberra	100%	ACT	64.5	3.2%	14,828	11.1	8.00%	9.25%
54 Marcus Clarke Street, Canberra	100%	ACT	17.0	0.8%	5,276	1.3	9.50%	9.75%
189 Grey Street, Southbank	100%	QLD	62.3	3.0%	12,728	4.1	8.00%	9.25%
John Oxley Centre, 339 Coronation Drive, Milton	100%	QLD	53.5	2.6%	13,172	6.0	9.00%	9.25%
Riverside Quay, Southbank	100%	VIC	123.3	6.0%	31,555	3.1	8.25%	9.25%
Royal Domain Centre, 380 St Kilda Road, Melbourne	100%	VIC	101.5	5.0%	24,616	4.1	8.50%	9.50%
Como Centre Office, Cnr Toorak Road & Chapel Street, South Yarra	100%	VIC	76.8	3.8%	25,547	3.8	8.50%	9.25%
191-197 Salmon Street, Port Melbourne	100%	VIC	93.0	4.6%	21,762	10.3	8.25%	10.00%
10-20 Bond Street, Sydney	50%	NSW	85.0	4.2%	37,860	N/A	7.50%	9.25%
3 Rider Boulevard, Rhodes	100%	NSW	71.0	3.5%	16,714	5.2	8.00%	9.50%



Property	Ownership	State	Valuation	% of	Lettable	WALE	Cap	Disc
	%		31 Dec 09	portfolio	area	area	rate	rate
Commercial portfolio			\$m	by value	sqm	(years)	(%)	(%)
340 Adelaide Street, Brisbane	100%	QLD	58.0	2.8%	13,290	2.1	9.00%	9.50%
12 Cribb Street, Milton	100%	QLD	13.3	0.7%	3,310	4.1	9.00%	10.25%
Total Commercial			2,043.3	100.0%	482,762	6.8	7.93%	

Note 1: Represents passing yield on cost, property due to be valued at 30 June 2010

Property	Ownership	State	Valuation	% of	Lettable	WALE	Cap	Disc
	%		31 Dec 09	portfolio	area	area	rate	rate
Retail portfolio			\$m	by value	sqm	(years)	(%)	(%)
Greenwood Plaza, North Sydney	50%	NSW	71.5	4.0%	8,731	3.3	6.75%	9.50%
The Metcentre, 60 Margaret Street, Sydney	50%	NSW	50.8	2.9%	5,758	3.7	6.75%	9.50%
Stanhope Village, Sentry Drive, Stanhope Gardens	100%	NSW	53.1	3.0%	15,451	7.6	8.00%	9.75%
St Marys Village Centre, Charles Hackett Drive, St Marys	100%	NSW	40.3	2.3%	16,170	2.9	8.00%	9.50%
Orange City Centre, Summer Street, Orange	100%	NSW	49.0	2.8%	18,066	8.0	8.25%	9.75%
Blacktown MegaCentre, Blacktown Road, Blacktown	100%	NSW	34.8	2.0%	25,746	3.0	9.00%	10.00%
Ballina Central, Pacific Highway, Ballina	100%	NSW	33.0	1.9%	14,183	14.1	8.25%	9.75%
Manning Mall, Taree	100%	NSW	32.8	1.9%	10,704	9.1	9.00%	9.50%
Rhodes Shopping Centre, Rhodes	50%	NSW	86.5	4.9%	32,586	5.3	7.00%	9.25%
Broadway Shopping Centre, Broadway	50%	NSW	197.5	11.2%	50,498	5.8	6.50%	9.25%
Lake Haven MegaCentre, Lake Haven	100%	NSW	27.0	1.5%	21,602	4.0	9.50%	10.25%
Logan MegaCentre, Logan	100%	QLD	63.5	3.6%	27,102	5.9	9.00%	10.25%
Orion Springfield Town Centre, Springfield	100%	QLD	135.0	7.6%	33,366	9.5	6.75%	9.00%
Hinkler Central, Maryborough Street, Bundaberg	100%	QLD	83.0	4.7%	21,049	5.2	7.75%	9.50%
Kawana Shoppingworld, Nicklin Way, Buddina	100%	QLD	186.0	10.5%	29,787	5.9	6.75%	9.25%
Como Centre Retail, Cnr Toorak Road & Chapel Street, South Yarra	100%	VIC	17.5	1.0%	6,894	3.8	8.25%	9.50%
Gippsland Centre, Cunningham Street, Sale	100%	VIC	49.8	2.8%	23,345	4.3	8.25%	9.75%
Waverley Gardens Shopping Centre, Mulgrave	100%	VIC	128.5	7.3%	38,292	8.4	7.75%	9.50%



Property	Ownership	State	Valuation 31 Dec 09	% of portfolio by value	Lettable area sqm	WALE area (years)	Cap rate (%)	Disc rate (%)
Retail portfolio			\$m					
Moonee Ponds Central, Homer Street, Moonee Ponds	100%	VIC	22.8	1.3%	6,244	3.1	8.00%	9.50%
Moonee Ponds Central (Stage II), Homer Street, Moonee Ponds	100%	VIC	38.7	2.2%	12,366	8.2	8.50%	9.75%
Peninsula Lifestyle, Nepean Highway, Morningson	100%	VIC	48.3	2.7%	32,156	2.4	9.00%	10.00%
Kwinana Hub Shopping Centre, Gilmore Avenue, Kwinana	100%	WA	25.0	1.4%	17,336	0.9	8.25%	9.75%
Cherrybrook Village Shopping Centre, Cherrybrook	100%	NSW	72.5	4.1%	9,493	7.9	7.50%	9.50%
Taree City Centre, Taree	100%	NSW	54.0	3.1%	15,553	6.0	8.00%	9.50%
Moonee Beach Shopping Centre, Coffin Harbour	100%	NSW	12.0	0.7%	10,884	4.5	10.50%	11.50%
Chester Square Shopping Centre, Chester Hill	100%	NSW	27.3	1.5%	8,293	9.8	8.50%	10.00%
City Centre Plaza, Rockhampton	100%	QLD	43.0	2.4%	14,107	4.4	8.25%	9.75%
Morayfield SupaCentre, Morayfield	100%	QLD	38.5	2.2%	22,325	3.7	9.50%	10.50%
Coolman Court, Weston	100%	ACT	46.3	2.6%	10,714	4.5	8.00%	9.75%
Total Retail			1,767.7	100.0%	558,799	5.7	7.64%	

Property	Ownership	State	Valuation 31 Dec 09	% of portfolio by value	Lettable area sqm	WALE area (years)	Cap rate (%)	Disc rate (%)
Industrial portfolio			\$m					
271 Lane Cove Road, North Ryde	100%	NSW	30.0	7.5%	11,516	4.8	8.00%	9.75%
James Ruse Business Park, 6 Boundary Road, Northmead	100%	NSW	26.7	6.7%	26,492	2.3	9.00%	9.75%
64 Biloela Street, Villawood	100%	NSW	21.5	5.4%	22,937	6.7	9.50%	10.50%
44 Biloela Street, Villawood	100%	NSW	12.7	3.2%	15,845	4.9	9.50%	10.50%
1-47 Percival Road, Smithfield	100%	NSW	20.0	5.0%	17,256	9.2	8.50%	9.50%
Nexus Industry Park (Atlas), Lynn Parade, Prestons	100%	NSW	17.1	4.3%	13,120	11.3	8.25%	9.75%
Nexus Industry Park (Natsteel), Lynn Parade, Prestons	100%	NSW	12.0	3.0%	9,709	3.9	8.75%	9.50%
Nexus Industry Park (Building 5), Lynn Parade, Prestons	100%	NSW	21.5	5.4%	17,203	4.0	8.75%	9.50%
Nexus Industry Park (HPM), Lynn Parade, Prestons	100%	NSW	14.8	3.7%	12,339	3.8	8.75%	9.50%
253 Wellington Road & 18-20 Compark Circuit, Mulgrave	100%	VIC	8.7	2.2%	6,909	0.9	10.87%	11.12%



Property	Ownership	State	Valuation 31 Dec 09 \$m	% of portfolio by value	Lettable area sqm	WALE area (years)	Cap rate (%)	Disc rate (%)
Industrial portfolio								
Hawdon Industry Park & 4 Abbots Road, Dandenong South	100%	VIC	13.3	3.3%	20,812	3.1	9.75%	10.50%
1900-2060 Pratt Blvd, Chicago, Illinois	100%	US	33.6	8.4%	50,000	4.9	8.00%	10.50%
10 Julius Avenue, North Ryde	100%	NSW	55.0	13.7%	13,386	4.3	8.25%	9.75%
32 Sargents Road, Minchinbury	100%	NSW	23.9	6.0%	22,378	4.9	8.75%	9.25%
12 Julius Avenue, North Ryde	100%	NSW	24.5	6.1%	7,308	2.8	8.50%	9.75%
108-120 Silverwater Road, Silverwater	100%	NSW	23.8	5.9%	17,850	4.0	9.00%	9.75%
52 Huntingwood Drive, Huntingwood	100%	NSW	22.8	5.7%	19,286	2.8	9.00%	9.50%
47-67 Westgate Drive, Altona North	100%	VIC	19.0	4.7%	27,081	4.3	9.50%	10.00%
Total Industrial			400.8	100.0%	331,406	4.7	8.74%	

Property	Ownership	State	Valuation 31 Dec 09 \$m	% of portfolio by value	Lettable area sqm	WALE area (years)	Cap rate (%)	Disc rate (%)
Hotel portfolio								
The Como Melbourne, 630 Chapel Street	100%	VIC	24.0	100.0%			9.00%	11.25%
Total Hotels			24.0	100.0%				

Property	Ownership	State	Valuation 31 Dec 09 \$m	% of portfolio by value	Lettable area sqm	WALE area (years)	Cap rate (%)	Disc rate (%)
Car park portfolio								
Quay West, 109-111 Harrington Street, Sydney	100%	NSW	28.5	44.5%			9.25%	10.50%
Como Centre, 630 Chapel Street	100%	VIC	18.3	28.5%			9.50%	10.25%
Riverside Quay, Cnr Riverside Quay & Southbank Boulevard	100%	VIC	17.3	27.0%			9.50%	10.25%
Total Car Parking			64.0	100.0%				

Total Property			4,299.7		1,372,967	5.8	7.89%	
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Source: Mirvac



Appendix 5 – Recent debt transactions in the property sector

Issuer	Credit rating	Date	Amount	Tenor	Pricing
Bank debt					
Westfield	A / A2	Mar-10	USD 1,090m	3 yrs	LIBOR+2.25% (incl. 0.35% line fee) Yield of 8.09% based on US/AUD 3yr swap of 5.84% at issue date
AMP Wholesale Office Fund	A	Nov-09	AUD 600m	3 yrs	2.80% over BBSY Yield of 8.302% based on 3yr swap rate of 5.502% at issue date
ING Industrial Fund	N/ R	Sep-09	AUD 1,629m	2.3 yrs	3.00% over BBSY Yield of 8.133% based on 3yr swap rate of 5.133% at issue date
CMBS					
Colonial First State	AAA	Mar-10	AUD 683m	3 yrs	2.35% over BBSY Yield of 7.855% based on 3yr swap rate of 5.5045% at issue date
Domestic bonds					
Dexus	BBB+	Apr-10	AUD 180m	7 yrs	8.75% fixed coupon (2.70% over swap at issue date)
Mirvac	BBB	Mar-10	AUD 150m	5 yrs	8.25% fixed coupon (2.65% over mid-swap at issue date)
Stockland	A-	Dec-09	AUD 300m	5 yrs	8.5% fixed coupon (swap + 2.70% at issue date)
AMP Wholesale Office Fund	A	Nov-09	AUD 250m	5 yrs	8.00% fixed coupon (swap + 2.50% at issue date)

Source: ASX announcements, LoanConnector, S&P, Insto publication and website, KPMG Analysis



Appendix 6 – Recent capital raisings

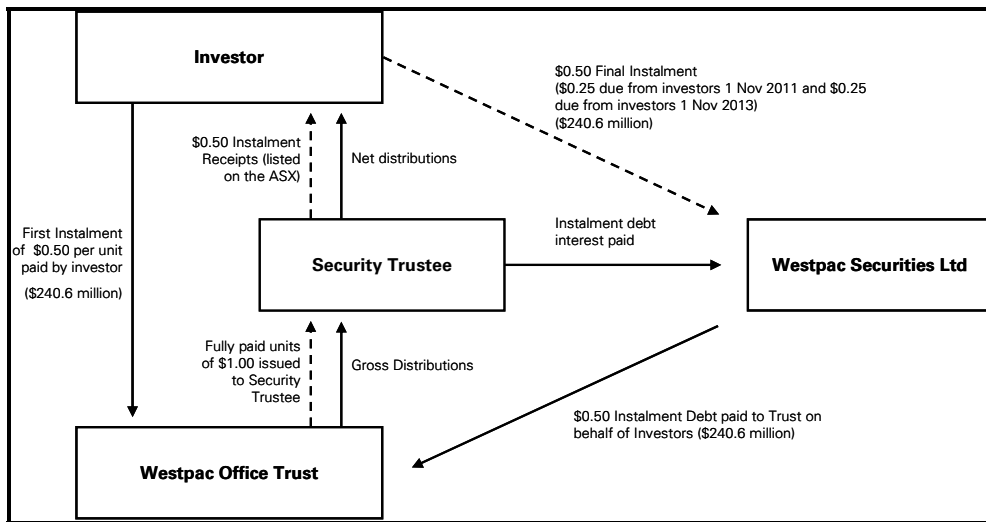
Company	Announcement date	Offer size (A\$m)	Premium/ (discount) to		
			prior day close ⁽¹⁾	30 day VWAP	NTA
Abacus Property Group	20 Jan 09	211	22.0%	7.2%	(79.8)%
Commonwealth Property Office Fund	22 Jan 09	192	(11.1)%	(27.9)%	(43.3)%
Westfield Group	03 Feb 09	2,900	(13.2)%	(16.8)%	(16.9)%
Peet Limited	27 Mar 09	82	(13.0)%	5.2%	(21.4)%
Dexus Property Group	21 Apr 09	749	(21.2)%	(13.5)%	(51.1)%
Bunnings Warehouse Trust	07 May 09	150	(14.0)%	(13.5)%	(20.2)%
GPT Group	07 May 09	1,700	(26.3)%	(25.7)%	(75.5)%
Stockland Group	13 May 09	1,980	(19.4)%	(44.4)%	(44.4)%
Aspen Group	19 May 09	82	(8.8)%	(17.6)%	(73.9)%
Growthpoint	18 May 09	200	6.7%	7.6%	(70.9)%
Charter Hall Group	27 May 09	73	(12.0)%	(13.6)%	(69.7)%
Mirvac Group	04 Jun 09	1,100	(24.8)%	4.8%	(59.0)%
ING Office Fund	17 Jun 09	415	(18.9)%	(14.5)%	(65.4)%
FKP Property Group	25 Jun 09	324	(47.4)%	(50.5)%	(87.3)%
Australand Property Group	27 Jul 09	475	(20.0)%	(14.6)%	(56.5)%
Challenger Diversified Property Group	06 Aug 09	130	(13.0)%	(10.5)%	(54.5)%
Goodman Group	06 Aug 09	1,279	(18.4)%	(11.9)%	(52.9)%
Valad Property Group	23 Sep 09	60	(32.4)%	(17.8)%	(58.3)%
ING Industrial Fund	28 Oct 09	700	(20.0)%	(22.9)%	(50.0)%
Commonwealth Property Office Fund	24 Nov 09	100	(7.6)%	(5.0)%	(20.9)%
Abacus Property Group	11 Dec 09	91	(3.6)%	(7.5)%	(35.5)%
Cromwell Group	23 Dec 09	73	(5.4)%	(7.3)%	(7.9)%
Charter Hall Group ⁽²⁾	12 Feb 10	305	(11.5)%	(3.5)%	11.3%
Mirvac Group	7 Apr 10	350	(5.4)%	(5.8)%	(15.2)%
Mean			(14.1)%	(13.3)%	(46.6)%
Median			(13.1)%	(13.5)%	(52.0)%

Source: KPMG analysis, IRESS, company announcements and Financial Reports

Note 1 Prior day close refers to the security's closing price the trading day prior to announcement date

Note 2 Charter Hall Group issue price is a weighted average of retail (\$0.65) and institutional (\$0.70) issue prices

Appendix 7 – Instalment receipt structure



Source: WOT



Appendix 8 – Office and Diversified A-REIT comparable companies

Comparable company	Market cap. (\$m)	Enterprise Value (\$m)	Gearing ⁽¹⁾ (%)	P/NTA ⁽²⁾ (%)	(Dis)/ Prem to NTA ⁽²⁾ (%)	FY10 EBIT ⁽³⁾ multiple (based on NTA ⁽⁴⁾)		FY10 EBIT ⁽³⁾ multiple (based on market cap)	
						(\$)	(x)	(\$)	(x)
Office A-REITs (with properties based in Australia)									
Westpac Office Trust ⁽⁵⁾	395	1,090	62%	0.98	(2%)	13.7	13.4	13.7	13.3
Commonwealth Property Office Fund	1,912	2,507	20%	0.86	(14%)	14.2	13.9	12.8	12.5
Mean			41%	0.92	(8%)	14.0	13.6	13.2	12.9
Median			41%	0.92	(8%)	14.0	13.6	13.2	12.9
Office A-REITs (with properties based in Australia and overseas)									
Charter Hall Office	1,316	2,687	38%	0.61	(39%)	13.4	13.3	10.4	10.3
ING Office Fund	1,583	1,947	15%	0.78	(22%)	14.1	14.2	11.4	11.5
Mean			26%	0.70	(30%)	13.8	13.7	10.9	10.9
Median			26%	0.70	(30%)	13.8	13.7	10.9	10.9
Mean – Office A-REITs			34%	0.81	(19%)	13.9	13.7	12.1	11.9
Median – Office A-REITs			29%	0.82	(18%)	13.9	13.6	12.1	12.0
Comparable company	Market cap. (\$m)	Enterprise Value (\$m)	Gearing ⁽¹⁾ (%)	P/NTA ⁽²⁾ (%)	(Dis)/ Prem to NTA ⁽²⁾ (%)	FY10 EBIT ⁽³⁾ multiple (based on NTA ⁽⁴⁾)		FY10 EBIT ⁽³⁾ multiple (based on market cap)	
						(\$)	(x)	(\$)	(x)
Diversified A-REITs (market capitalisation greater than \$1 billion)									
Mirvac Group ⁽⁶⁾	4,279	5,835	22%	0.79	(21%)	20.3	15.9	18.2	14.3
Stockland	9,437	11,236	14%	1.10	10%	14.2	13.2	15.5	14.4
GPT Group	4,991	7,135	23%	0.78	(22%)	15.9	15.2	12.9	12.3
Dexus Property Group	3,929	6,263	30%	0.86	(14%)	15.1	14.4	13.4	12.8
Mean			22%	0.88	(12%)	16.4	14.7	15.0	13.4
Median			23%	0.83	(17%)	15.5	14.8	14.4	13.5



Comparable company	Market cap. (\$m)	Enterprise Value (\$m)	Gearing ⁽¹⁾ (%)	P/NTA ⁽²⁾	(Disc)/ Prem to NTA ⁽²⁾ (%)	FY10	FY10	FY10	FY10
						EBIT ⁽³⁾ multiple (based on NTA ⁽⁴⁾) (x)	EBIT ⁽³⁾ multiple (based on NTA ⁽⁴⁾) (x)	EBIT ⁽³⁾ multiple (based on NTA ⁽⁴⁾) (x)	EBIT ⁽³⁾ multiple (based on market cap) (x)
Diversified A-REITs (market capitalisation less than \$1 billion)									
Astro Japan Property Group	185	1,152	62%	0.48	(52%)	15.7	16.1	13.3	13.6
Abacus Property Group	690	1,029	23%	0.63	(37%)	14.9	14.0	10.9	10.3
Charter Hall Group ⁽⁷⁾	776	848	8%	1.14	14%	18.6	9.8	24.9	13.1
Cromwell Group	557	1,125	47%	0.95	(5%)	11.2	10.5	10.9	10.2
Thakral Holdings Group	213	837	54%	0.43	(57%)	20.1	18.7	15.2	14.2
Valad Property Group	223	636	43%	0.62	(38%)	9.0	8.6	7.4	7.1
Challenger Diversified Property ⁽⁸⁾	459	640	23%	0.75	(25%)	12.5	12.7	10.5	10.7
Aspen Group	273	481	33%	0.66	(34%)	12.6	11.9	10.1	9.5
Mean (excluding outliers)			37%	0.71	(29%)	14.3	12.8	11.2	11.1
Median (excluding outliers)			38%	0.65	(35%)	13.8	12.3	10.9	10.5
Mean – Diversified A-REITs (excluding outliers)			32%	0.77	(23%)	15.0	13.4	12.6	11.9
Median – Diversified A-REITs (excluding outliers)			27%	0.76	(24%)	15.0	13.6	12.9	12.6
Total mean – Office and Diversified A-REITs (excluding outliers)			32%	0.78	(22%)	14.7	13.5	12.4	11.9
Total median – Office and Diversified A-REITs (excluding outliers)			27%	0.78	(22%)	14.2	13.6	12.8	12.4

Source: Bloomberg downloaded on 4 June 2010, company announcements
Shaded values represent outliers and excluded from the analysis

Note: nmf = not meaningful

Note 1: Gearing is calculated as (net debittotal assets less cash) as reported at 31 December 2009

Note 2: The NTA used was the reported NTA at 31 December 2009, and price dated close of business 15 April 2010

Note 3: Current (FY10) and forecast (FY11) EBIT have been sourced from broker consensus earnings at 15 April 2010

Note 4: Enterprise value calculated as (net tangible assets plus net debt) at 31 December 2009

Note 5: All Westpac Office Trust multiples have been calculated using the market value of \$0.82 per unit as calculated by KPMG

Note 6: Enterprise value for Mirvac is based on the trading price at the close of business on 15 April 2010

Note 7: The reported NTA at 31 December 2009 was \$0.60, however we used the proforma NTA post Macquarie Group's real estate acquisition and entitlement offer of \$0.56. Proforma financials have also been used for the net debt and NTA calculation

Note 8: The reported NTA at 31 December 2009 was \$0.65, however we used the proforma NTA post entitlement offer of \$0.69



Office REITs

Westpac Office Trust

Westpac Office Trust is involved in the investment and management of office properties.

Commonwealth Property Office Fund

Commonwealth Property Office Fund is a property trust that invests in, manages and develops a portfolio of office buildings and office parks located throughout in the Central Business District and suburban markets of Australia.

Charter Hall Office

Charter Hall Office REIT (formerly Macquarie Office Trust) is a property trust with a property portfolio consisting of office properties located predominantly throughout Australia and the United States.

ING Office Fund

ING Office Fund is involved in property investment, leasing, management and development in Australia. The Fund's portfolio includes commercial properties and office buildings throughout the capital cities of Australia and certain cities in the United States and Europe.

Diversified REITs

Mirvac Group

Mirvac Group is involved in property investment, management and development in Australia and New Zealand. The group is also involved in hotel ownership and management along with funds management. The group's portfolio includes office, commercial, retail, and industrial properties and car parks.

Stockland

Stockland is a property trust which invests and manages in retail, residential and commercial properties in Australia. The group also provides property development and management services, hotel management services and other related services including financing.

GPT Group

GPT Group is a property trust that manages and invests in retail, office, industrial and hotel/tourism properties throughout Australia. The commercial property portfolio includes the Riverside Centre and MLC Centre while the retail properties include the Charlestown Square and Penrith Plaza. The group's hotel/tourism property includes Ayers Rock Resort.

Dexus Property Group

Dexus Property Group is a property trust that manages and invests in a portfolio of diversified properties including office and industrial properties, retail shopping centres and car parks. The group's properties are located in Australia, New Zealand and the United States.



Astro Japan Property Group

Astro Japan Property Group (formerly Babcock & Brown Japan Property Trust) invests in, manages and develops a portfolio of office and retail properties located in the central and greater Tokyo area.

Abacus Property Group

Abacus Property Group is a diversified property investment group providing exposure to a portfolio of commercial, retail, and industrial properties. The group also offers mortgage investments, development syndicates and property funds management services.

Charter Hall Group

Charter Hall Group invests in and develops real estate. The company manages real estate investment funds and develops commercial, residential, and industrial properties.

Cromwell Group

Cromwell Group is a property development company with interests in commercial and office properties in far North Queensland and Adelaide. The company's other activities include project management, syndication and investment.

Thakral Holdings Group

Thakral Holdings Group invests in hotel, retail, residential and commercial properties throughout Australia. The group also provides management services of hotels, retail centres and commercial properties and is also involved in the development and sale of residential land and buildings.

Valad Property Group

Valad Property Group is a property investment and management group. The group's activities include passive property ownership and investment and management of unlisted property funds. The group has a portfolio of buildings in the CBD of Melbourne, Perth and Sydney.

Challenger Diversified Property Group

Challenger Diversified Property Group is a property trust established to invest in a diversified portfolio of office, retail and industrial properties in predominantly in Australia.

Aspen Group

Aspen Group is a property company specializing in the investment, ownership and management of high yielding commercial properties in various tourist parks, private hospitals, and retirement and accommodation villages. The group also provides fund management services.



Appendix 9 – Overview of valuation methodologies

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business ('maintainable earnings') and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and PAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on share prices reflective of the trades of small parcels of shares. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (100 percent) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Discounted cash flow

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted ('the Discount Rate') should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the WACC, reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.



In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values.

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.



Appendix 10 – Sources of information

In preparing this report we have examined the following principal sources of information:

- the Explanatory Memorandum
- the Scheme Implementation Agreement
- various annual and interim reports
- company presentations, property reports and ASX announcements of WOT and Mirvac
- WOT stand-alone financial model
- external property valuations for WOT properties
- annual reports, company presentations and news releases of comparable companies
- broker reports
- industry reports including:
 - IBISWorld industry reports
 - *Forecast: 2009 Issue 2*, Tourism Forecasting Committee
 - *INNvestment Australia*, Colliers International Hotels
 - *IPD Index Research and Development Review*
 - *Outlook for Australian property: Executive Summary 2010 -2012*, Westpac
 - *Australian Property Outlook*, ANZ
- data providers including Bloomberg and IRESS
- other publically sourced information made available by the ABS, the RBA and the Construction Forecasting Council.

In addition, we have had discussions with the management of the Trust and WFML.

13.

Taxation Report

Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

15 June 2010

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Dear Sirs

**Proposed Acquisition of the Westpac Office Trust by Mirvac
Tax Report**

We have been requested to provide a summary of the principal Australian tax implications of the proposed acquisition of the WOT Units by Mirvac Trust, for Scheme Participants who hold WOT Units and/or WOT IRs.

The summary below is a general outline of the likely tax consequences for Scheme Participants who are residents of Australia for Australian income tax purposes and who hold their WOT Units and/or WOT IRs on capital account and with the exception of section 10, does not deal with the position of non-resident Scheme Participants.

Certain tax issues of relevance to Scheme Participants who are non-residents for Australian tax purposes are addressed in section 10. This summary does not address any potential foreign tax consequences for Scheme Participants.

This summary does not address the taxation consequences of the acquisition for Scheme Participants who acquired their WOT Units and/or WOT IRs in the course of a business of trading or investing in securities, or who otherwise hold their WOT Units and/or WOT IRs on revenue account or as trading stock.

Scheme Participants should be aware that the actual tax consequences of the proposed Scheme may differ depending upon their individual circumstances. **Information contained in this summary is necessarily general in nature and Scheme Participants will need to consult their own independent professional tax advisers regarding the consequences of the Scheme in light of their own particular circumstances.**

This summary is provided solely for the benefit of Westpac Funds Management Limited in its capacity as responsible entity of WOT. It is not to be relied upon by any other person and should be used by Scheme Participants only as a guide for obtaining their own tax advice. Allens Arthur Robinson (**AAR**) has consented to the inclusion of this letter in the Explanatory Memorandum, but this letter should not be taken as a statement about any other matter in the Explanatory Memorandum, or the performance of either the WOT Units or the Mirvac Securities, and is subject to the terms of AAR's consent to be named as set out in Section 16.19 of the Explanatory Memorandum.

This summary reflects the current provisions of the *Income Tax Assessment Act 1936 (Cth)* (**1936 Act**) and the *Income Tax Assessment Act 1997 (Cth)* (**1997 Act**), the

Bangkok
Beijing
Beijing IP
Brisbane
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Melbourne
Perth
Phnom Penh
Port Moresby
Shanghai
Singapore
Sydney

regulations made under those Acts and the current administrative practice of the Australian Taxation Office (**ATO**). Except where expressly stated, it does not otherwise take into account or anticipate changes in taxation laws, whether by way of future judicial decision or legislative actions.

Capitalised terms used in this letter have the same meaning as in the Explanatory Memorandum, unless otherwise indicated.

1. Background

Under the terms of the Scheme, WOT Unitholders will be offered the Scrip Option and the Cash Option, as consideration for the disposal of their WOT Units to the Mirvac Trust. Scheme Participants may also (and Foreign Investors will) participate in a Sale Facility.

Details of the Scheme are set out in Section 1 of the Explanatory Memorandum.

2. Capital Gains Tax Consequences

(a) Capital gains and losses

If the Scheme is approved, the disposal of WOT Units held on capital account by an Australian resident Scheme Participant (either held directly or through the IR structure) will generally have capital gains tax (**CGT**) implications, because such a disposal will constitute a CGT event for CGT purposes.

Broadly, the capital gain or loss made by a Scheme Participant upon disposal of their WOT Units under the Scheme will be the difference between the value of the capital proceeds received for their WOT Units and the cost base (or reduced cost base) of their WOT Units. The meaning of each of the terms 'capital proceeds' and 'cost base' is discussed below.

(i) Capital Proceeds

The capital proceeds received by a Scheme Participant will equal the market value of the Mirvac Securities acquired on the Implementation Date (if electing the Scrip Option). If a Scheme Participant elects to receive the Cash Option, the capital proceeds will be \$0.86 for each WOT Unit disposed of.

A Scheme Participant should not include the distribution from WOT as part of their capital proceeds. The potential tax consequences of the WOT distribution are discussed in section 5 below.

Scheme Participants who elect to participate in the Sale Facility, should refer to section 3 below for further information.

(ii) Cost Base

The cost base (or reduced cost base) for a WOT Unitholder would include the cost of acquiring their WOT Units. Certain other incidental costs of acquisition and disposal, such as brokerage and stamp duty may also be added to a Scheme Participant's cost base. Scheme Participants who hold WOT IRs would have a cost base (or reduced cost base) in the WOT Units

comprising the amount paid to acquire the beneficial interest in the WOT Units and the amount of the Instalment Debt (excluding accrued interest) outstanding at the time of acquisition plus any other incidental costs of acquisition and disposal.

Scheme Participants should be aware that, to the extent that they have received tax deferred distributions with respect to their interest in WOT, the Scheme Participant's cost base is reduced by the amount of those tax deferred distributions or if the tax deferred distributions received by a Scheme Participant exceed the Scheme Participant's cost base of their interest in WOT, then the excess would be taxed as a gain to the Scheme Participant in the income year that the excess was distributed.

If a Scheme Participant makes a capital gain on the disposal of their WOT Units then that capital gain should be aggregated with any other capital gains and any capital losses (of the same year or brought forward from a prior year) to ascertain the net capital gain to be included in their assessable income. That net capital gain will be subject to income tax, subject to the availability of such concessions as scrip for scrip roll-over relief and the discount capital gains concession (discussed below).

If a Scheme Participant makes a capital loss on the disposal of their WOT Units, then that capital loss can be offset against capital gains in the same year (but not against other assessable income) and any remaining capital loss can generally be carried forward to offset against capital gains arising in subsequent years (subject to the Scheme Participant satisfying any relevant carry forward loss tests).

(b) Scrip for scrip CGT roll-over relief

Broadly, scrip for scrip CGT roll-over relief pursuant to Subdivision 124-M of the 1997 Act may be available to defer a capital gain made by an entity if under an arrangement an entity exchanges a unit or other interest in a trust for a unit or other interest in another trust.

Subject to our comments in section 2(b)(i) below regarding the risk that the ATO could take a different view for IR Holders, as Scheme Participants who elect the Scrip Option will be exchanging a unit in WOT for a Mirvac Security (comprising a Mirvac Unit stapled to a Mirvac Share), we consider that under the current law, all of the requirements for scrip for scrip CGT roll-over relief from CGT should be met in relation to both WOT Units and WOT IRs to the extent that they are exchanged for Mirvac Units as opposed to Mirvac Shares.

Therefore, those Scheme Participants who choose the Scrip Option and would make a capital gain from the disposal of their interest in WOT, should be able to elect to claim partial scrip for scrip roll-over relief: that is, roll-over should be available to the extent that the consideration received does not constitute 'ineligible' proceeds (ie, the Mirvac Share, which Mirvac has indicated would be worth approximately 10% of the value of the Mirvac Security, based on Mirvac's net tangible assets at 30 June 2009).

Scheme Participants should note that the following discussion uses this 90/10 split for illustration purposes only. We are instructed that the precise allocation (which will be dependent upon Mirvac's net tangible assets at 30 June 2010) between the Mirvac Unit and the Mirvac Share as at the Implementation Date will be advised by Mirvac on their website.

Broadly, the consequences of a Scheme Participant electing to claim scrip for scrip roll-over relief are that:

- the capital gain made on disposal of their interest in WOT would be deferred (until they dispose of their Mirvac Securities) to the extent that the gain is attributable to the value of the Mirvac Unit (as distinct from the Mirvac Share);
- the Scheme Participant will be deemed to have acquired the Mirvac Unit at the time that they originally acquired their interest in WOT. This may be relevant for discount capital gains purposes (refer below);
- a Scheme Participant would only be taxable on any capital gain made to the extent that it relates to the 'ineligible proceeds' received. Broadly, that gain should be the value of the Mirvac Share less 10% of the existing cost base in their WOT Unit); and
- The cost base of their Mirvac Security will comprise:
 - approximately 90% of their existing cost base in WOT, as the cost base of the Mirvac Unit; and
 - approximately 10% of the market value of the Mirvac Security as the cost base of the Mirvac Share.

(i) *Availability of scrip for scrip CGT roll-over relief – Some uncertainty*

As noted above, under current law, otherwise eligible WOT Unitholders and IR Holders should be able to choose to claim CGT roll-over relief in respect of any capital gains that would otherwise arise from the disposal of their WOT Units or WOT IRs to the extent that those gains are attributable to Mirvac Units as opposed to Mirvac Shares.

However, the Australian Taxation Office (**ATO**) may not agree with this view in relation to the position of the WOT IR Holders. In a media release on 10 March 2010 the Assistant Treasurer announced a proposed amendment to the tax legislation to clarify that a CGT event would not occur when the holder of an instalment warrant pays the final instalment and receives legal title to the underlying securities. The explanatory material attached to the media release indicated that the proposed amendment was necessary to overcome the ATO's view that, under current law, a transfer of the legal title by the security trustee to the holder of the instalment warrant would give rise to a CGT event upon payment of the final instalment.

The explanatory material is concerned with instalment warrants involving limited recourse borrowings. As the Instalment Debt on the WOT IRs is full recourse, the WOT IRs do not fall within the meaning of instalment warrants as outlined in the explanatory material. The explanatory material is concerned with the transfer of legal title of underlying securities to the holder of an instalment warrant whereas the Scheme raises only the question of the availability of scrip for scrip roll-over in respect of the WOT IRs. In our view, the transfer of the WOT Units to Mirvac by the Security Trustee should be treated, under the applicable CGT rules, as a disposal of the WOT Units by the holder of the WOT IRs in respect of which the WOT IR Holder should be entitled to claim scrip for scrip roll-over relief. If that conclusion is not correct because it is considered that the WOT IR Holders are not absolutely entitled to the WOT Units then scrip for scrip roll-over relief should be available to the Security Trustee and there would be no CGT event affecting the WOT IR Holders.

Nevertheless as the actual position of the ATO, the reasoning behind it and the types of arrangement to which it might be applied are, at this stage, unknown, there is a risk that the ATO may conclude that scrip for scrip roll-over relief is not available in respect of WOT IRs.

The Federal Government has indicated that it intends to enact legislation to provide 'look through' treatment for the holders of instalment warrants. The timing and scope of these amendments and their potential application to WOT IRs are unclear at this stage.

A class ruling by the ATO confirming the availability of scrip for scrip CGT roll-over relief is being applied for.

WOT IR Holders should seek their own independent professional taxation advice on whether or not to claim scrip for scrip CGT roll-over relief in their particular circumstances.

The availability of scrip for scrip CGT roll-over relief to WOT Unitholders should be unaffected by the ATO views on instalment warrants.

(ii) *Claiming CGT roll-over relief*

Scheme Participants who choose to claim roll-over relief should include as assessable income in their tax return for the year in which the Implementation Date occurs, only that portion of the capital gain which is attributable to the Mirvac Shares and not include that portion of the capital gain which is attributable to the Mirvac Units.

WOT IR Holders should note that if the ATO were to reach a conclusion that scrip for scrip CGT roll-over is not available to them, WOT IR Holders who have claimed CGT roll-over relief may be assessed by the ATO for interest and penalties in respect of any taxable income in relation to the Scheme which they have not

included in their tax return for the income year in which the Implementation Date occurs.

(iii) Scheme Participants not claiming CGT roll-over relief

Scheme Participants who do not claim CGT roll-over relief would include the net capital gain arising from the Scheme as assessable income in their tax return for the income year in which the Implementation Date occurs.

(c) Discount Capital Gains Concession

If a Scheme Participant, who is an individual, trustee of a trust or complying superannuation entity, makes a capital gain upon the disposal of their WOT Units (whether held directly or indirectly through the IR structure) they may be eligible to claim the discount capital gains concession if they acquired their interest in WOT at least 12 months before the Implementation Date (calculated by excluding the day of acquisition).

This means that:

- (i) in the case of an individual or a trustee of a trust, only 50% of the net capital gain (after deducting any available capital losses) made from the disposal of their interest in WOT will be taxable;

In the case of a Scheme Participant who holds their interest in WOT (directly or through the instalment receipt structure) through a trust, the general intention is that the benefit of the discount capital gains concession should flow through the trust to the beneficiary/beneficiaries who may be entitled to utilise the concession, as if they had held and disposed of the WOT Units directly; and
- (ii) in the case of complying superannuation entities, only $\frac{3}{4}$ of the net capital gain (after deducting any available capital losses) made from the disposal of their interest in WOT will be taxable.

The discount capital gains concession is not available for companies. It is also not available for Scheme Participants who have held their interest in WOT for less than 12 months prior to the Implementation Date.

3. Sale Facility

Section 14 of the Explanatory Memorandum details how a Scheme Participant (who is not a Foreign Investor) may participate in a Sale Facility under which the Mirvac Securities issued to them will be transferred to the Sale Nominee to be sold on market.

WOT Unitholders and WOT IR Holders who are Foreign Investors will automatically participate in the Sale Facility, as the Mirvac Securities to which they would otherwise be entitled will be issued directly to the Sale Nominee for sale. Foreign Investors should refer to section 10 of this letter for the Australian tax implications of disposing of their interest in WOT.

Under the Sale Facility, the Mirvac Securities issued to a Scheme Participant are transferred to the Sale Nominee on the Implementation Date to sell on market. The sale by the Sale Nominee is undertaken at the direction of the Sale Facility Participant.

Holders of WOT Units that elect to participate in the Sale Facility will receive the Sale Facility Proceeds. For WOT IR Holders who elect to participate in the Sale Facility, the Security Trustee, as the Sale Facility Participant, will be issued with Mirvac Securities, subject to the existing security interest. Upon transfer to the Sale Nominee (and subsequent disposal on market by the Sale Nominee) WOT IR Holders will receive the Sale Facility Proceeds from the sale of the Mirvac Securities less the amount applied on their behalf to repay their Instalment Debt for the relevant Mirvac Securities. If a WOT Unitholder or a WOT IR Holder elects to participate in the Sale Facility they may crystallise:

- a capital gain or loss upon the disposal of their interest in WOT at the Implementation Date (calculated as the market value of the Mirvac Securities received less the existing cost base of the Scheme Participant's WOT units); and
- a separate gain or loss at the time that the Mirvac Securities are transferred to the Sale Nominee under the Sale Facility (calculated as the Sale Facility Proceeds received from the sale of the Mirvac Securities less the Scheme Participant's cost base in the Mirvac Securities (being the market value of the WOT Units (on the Implementation Date) plus the costs of sale, unless roll-over relief was claimed on the disposal of the WOT Units, as to which, see further below).

For the purposes of calculating any capital gain or loss on disposal of the Mirvac Securities the capital proceeds will equal the total Sale Facility Proceeds notwithstanding that WOT IR Holders will only receive the Sale Facility Proceeds net of the amount of the Instalment Debt (which has been repaid). The Instalment Debt (less any accrued interest) will form part of the Scheme Participant's cost base of their WOT Units.

Scheme Participants who participate in the Sale Facility should be eligible to claim partial scrip for scrip roll-over relief on the disposal of their interest in WOT on the Implementation Date. If Scheme Participants are eligible to claim partial scrip for scrip roll-over relief, the only capital gain or loss that will be recognised at the time of disposing of the interest in WOT will be that referable to the 'ineligible proceeds' (ie, the value of the Mirvac Share received, being approximately 10% of the total consideration). When the Mirvac Securities that are issued under the Scheme are disposed of upon transfer to Sale Nominee, any capital gain or loss made will be calculated as the Sale Facility Proceeds less the cost base in the Mirvac Securities (as calculated under section 2(b) above).

Scheme Participants should seek their own independent professional tax advice on the availability, and application of the discount capital gains concession under the Sale Facility.

4. WOT Consolidation

Under the Scheme, WOT Units (and WOT IRs) will be consolidated or 'merged' to reduce the number of WOT Units (and IRs) so that, on the Implementation Date, each Scheme Participant who elects the Scrip Option can exchange their WOT Units (and IRs) for Mirvac Securities on a one for one basis.

This consolidation of the WOT Units (and IRs) should not have any tax consequences for Scheme Participants. The cost base of each WOT Unit and IR after the consolidation will be the aggregate of the cost bases of the WOT Units and IRs which have been consolidated to form each 'post consolidation' WOT Unit and IR.

5. WOT Distribution

If the Scheme is approved, Scheme Participants who are registered holders of WOT Units or IRs on the distribution record date (30 June 2010) will be entitled to receive a distribution from WOT for the three months ended 30 June 2010. This payment will be made to eligible Scheme Participants on 16 August 2010.

Scheme Participants will be required to include in their assessable income the WOT distribution received, to the extent that it does not consist of tax deferred amounts. Tax deferred distributions should generally not be included in a Scheme Participant's assessable income, but may reduce a Scheme Participant's cost base in their WOT Units. If the tax deferred distributions received by a Scheme Participant exceed the Scheme Participant's cost base of their interest in WOT, then the excess would be taxed as a capital gain to the Scheme Participant in the income year that the excess was distributed.

Scheme Participants should note that the ATO has indicated in a recent draft tax ruling (TR 2009/D5) that where a dividend is paid as a term of an arrangement to dispose of shares under a contract or a Scheme of Arrangement, that dividend should be included as part of the capital proceeds received. It is considered however, that the circumstances giving rise to this, as outlined in the draft ruling, can be distinguished from the WOT distribution.

The WOT distribution is not a term of the Scheme, it is a distribution of profits that WOT Unitholders and WOT IR Holders who are registered holders on the distribution record date would otherwise have expected to receive. Furthermore, while the payment of the distribution may be contingent upon the Scheme proceeding, the distribution will be declared and paid independently of the contract for the acquisition of the WOT Units.

As the tax ruling is only in draft form however, and may be subject to change, Scheme Participants should seek their own independent tax advice on how to account for the WOT distribution received.

6. Implications of holding Mirvac Securities or Mirvac IRs

(a) Tax Deductibility of interest payments on Instalment Debt

For existing WOT IR Holders, the tax deductibility of interest payments incurred by a Scheme Participant with respect to the outstanding Instalment Debt should not be adversely affected as a result of the implementation of the Scheme. Scheme Participants who currently hold WOT IRs and who are currently entitled to a tax deduction for interest on the Instalment Debt should continue to be able to claim a tax deduction for interest incurred in respect of the Instalment Debt, provided that they originally entered into the investment in their WOT IRs, and are acquiring the Mirvac Securities, as a long term investment for the purpose of deriving assessable income (other than solely capital gains).

For Scheme Participants who are not entitled to a tax deduction for interest incurred, the non-deductible interest should form part of the Scheme Participant's CGT cost base (but not reduced cost base).

(b) Distributions paid on Mirvac Securities

As the Mirvac Securities comprise both a Mirvac Unit and a Mirvac Share, Scheme Participants who elect to receive the Scrip Option may receive dividends as well as trust distributions on their Mirvac Securities.

(i) Trust Distributions

On the assumption that Mirvac Trust is not a 'public trading trust' under Division 6C of the 1936 Act, and to the extent that there is a 'Distribution Amount' (as defined in the Constitution) that a unitholder is 'presently entitled' to in an income year, the Responsible Entity of the Mirvac Trust should not be taxed on any of the taxable income of the trust. Instead, Scheme Participants should be subject to tax on the taxable income of the Mirvac Trust, as calculated under Division 6 of the 1936 Act.

Scheme Participants should be aware that on 7 May 2010, the Assistant Treasurer announced that a new tax system for managed investment trusts (such as the Mirvac Trust) will commence from 1 July 2011. While no draft legislation has been released as yet, the changes are intended to provide certainty for the tax treatment of distributions received by investors in managed investment trusts.

Scheme Participants may receive 'tax deferred' distributions from the Mirvac Trust. A Scheme Participant should not generally include 'tax deferred' distributions received in their assessable income. Instead, to the extent that a distribution includes a tax deferred amount, this would generally reduce the Scheme Participant's cost base in the Mirvac Unit held. Should the tax deferred distributions received by a Scheme Participant exceed the Scheme Participant's cost base of their units in the Mirvac Trust, then the excess would be taxed as a capital gain to the Scheme Participant in the income year in which the excess was distributed.

(ii) Dividends

Any dividends received by a Scheme Participant with respect to a Mirvac Share should be included in the Scheme Participant's assessable income in the income year in which the dividends are paid. To the extent that dividends are franked, Scheme Participants who are 'qualified persons' will be required to include in their assessable income an additional amount representing the franking credit attached to the dividends.

Scheme Participants who are 'qualified persons' should be able to claim an offset equal to the amount of the franking credits attached to dividends paid on shares. This tax offset will either reduce any tax payable by the Scheme Participant, or give rise to a tax refund (to the extent that it exceeds the tax that is otherwise payable by the Scheme Participant for

that income year). Broadly, to be a 'qualified person' in relation to a franked dividend, a Scheme Participant must satisfy:

- (A) the 'holding period rule' - which requires that the Mirvac Shares be held 'at risk' by a Scheme Participant for a continuous period of at least 45 days (not including the day of acquisition or the day of disposal) at some stage between the date of acquisition (ie, the Implementation Date) and 45 days after the Mirvac Shares become ex-dividend; and
- (B) the 'related payments rule' - which requires that where a Mirvac shareholder is obliged to pass the benefit of dividends on to others, they must hold the shares 'at risk' for a continuous period of at least 45 days, commencing 45 days before and ending 45 days after (not including the date of acquisition and disposal) the time at which the Mirvac Shares become ex-dividend.

The franking rules are complex, and the application of the rules to a Scheme Participant will be dependent upon the particular circumstances of that Scheme Participant. Accordingly, each Scheme Participant should seek their own independent advice on whether they would be treated as a 'qualified person' in relation to dividends received with respect to their Mirvac Shares.

(c) Payment by Scheme Participant of the Final Instalment

Scheme Participants who are IR Holders and who choose to receive Mirvac Securities as consideration under the Scheme will pay the Final Instalment on their IRs on the Final Instalment Payment Date (being 1 November 2013), unless they elect to repay their Instalment Debt early on a Repayment Date. The approach that has traditionally been accepted by the ATO for other instalment receipts (eg, for Telstra and Commonwealth Bank of Australia) is that the repayment of the Outstanding Debt would be regarded as the termination of a security trust and there would be no CGT implications from that for investors.

As noted in section 2(b)(i) above however, the Assistant Treasurer's media release of 10 March 2010 indicated that the ATO's view, in relation to instalment warrants was that, under current law, a CGT event would occur upon the transfer of legal title by the security trustee to the holder of the instalment warrant. While the IRs do not fall within the meaning of instalment warrants as outlined in the explanatory material to that media release, there is a risk that, subject to the introduction of legislation to expressly deal with this issue (which the Federal Government has indicated it intends to do), the ATO may take the view that a CGT event occurs upon the completion of an IR by a Scheme Participant.

Scheme Participants should seek their own independent professional tax advice on the current legislative position, and ATO approach, before payment of their Final Instalment.

7. Tax File Number

Scheme Participants are not required to provide their tax file number or (in certain circumstances) Australian Business Number to Mirvac Trust and ML.

However, if Scheme Participants do not provide their tax file number, Australian Business Number or claim a valid exemption, Mirvac Trust and ML will be required to deduct tax from distributions made to the Scheme Participant at the highest marginal tax rate, plus the Medicare levy (currently 46.5%).

8. Stamp Duty

No stamp duty will be payable in Australia by WOT Unitholders or WOT IR Holders on the disposal of their interest in WOT under the Scheme or on the acquisition of their interest in Mirvac Securities under the Scheme.

9. GST

No Australian GST is payable by WOT Unitholders or WOT IR Holders in respect of the disposal of their interests in WOT under the Scheme, their acquisition of their interest in the Mirvac Securities under the Scheme (if electing the Scrip Option) or upon the disposal of Mirvac Securities under the Sale Facility.

However, even if registered for GST, WOT Unitholders or WOT IR Holders may not be able to fully recover GST incurred on costs associated with the disposal and acquisition of their interests.

10. WOT Unitholders and WOT IR holders that are not residents of Australia

(a) Disposal of WOT Units and/or WOT IRs

Under the Scheme, Scheme Participants that are foreign residents for Australian tax purposes and who hold their WOT Units and/or WOT IRs on capital account will, generally, not be subject to Australian CGT upon disposal unless:

- the Scheme Participant (and its associates) hold 10% or more of the units in WOT either at the Implementation Date or throughout a 12 month period within the two years prior to the Implementation Date; and
- the WOT Units and/or the WOT IRs are taxable Australian property.

Interests in WOT would be taxable Australian property if more than half of the value of WOT is attributable to real property situated in Australia. We understand WFML expects this to be the case on the basis that WOT is a listed property trust with a portfolio of commercial properties in Australia.

Accordingly, the CGT exemption should be available to foreign residents of Australia who (together with their associates) do not hold and have not, for the relevant time, held a 10% or more interest in WOT. For those Scheme Participants

(and their associates) who hold, or have held, 10% or more of the units in WOT during the relevant period:

- who are residents of New Zealand for tax purposes: to the extent that the Scheme Participants elect to receive the Scrip Option under the Scheme, provided that the Mirvac Securities that are acquired are also taxable Australian property, scrip for scrip roll-over relief may be available to defer any capital gain made (refer to section 2 above); and
- who are Foreign Investors, should refer to section 10(b) below for the potential capital gains consequences of disposal.

It is recommended however, that such foreign residents obtain their own independent professional tax advice

(b) Disposal of Mirvac Securities by Foreign Investors through the Sale Facility

Section 15 of the Explanatory Memorandum states that Foreign Investors will automatically participate in the Sale Facility, and the Mirvac Securities to which they would otherwise be entitled will be issued to, and sold by, the Sale Nominee. The Sale Facility Proceeds (and in the case of Foreign Investors who hold WOT IRs less the amount applied to repay the Instalment Debt), will be paid to the Foreign Investor.

As Foreign Investors will dispose of their interest in WOT under the Scheme, if a Foreign Investor is, on the basis described in section 10(a) above, subject to Australian CGT upon disposal of their interest in WOT, the capital gain or loss that the Foreign Investor will make will be calculated on the basis of the proceeds received from the Sale Nominee, less the cost base of the Foreign Investor's interest in WOT.

Foreign Investors should seek their own independent professional advice as to the taxation implications in their country of residence of disposing of their interest in WOT pursuant to the Scheme.

(c) Distributions on Mirvac Securities

Under the Scheme, Scheme Participants who are residents of New Zealand may choose the Scrip Option. Broadly, to the extent that distributions received on Mirvac Securities are not franked, such Scheme Participants will be subject to withholding tax on any distributions paid. The relevant rates of withholding tax applicable to New Zealand residents who are entitled to the benefits accorded under the tax treaty between Australia and New Zealand are:

- for any dividends paid referable to the Mirvac Share, 5% if the Scheme Participant is a company and directly holds at least 10% of the voting power of ML or, in any other case, or as part of a distribution by Mirvac Trust, 15%
- for any interest paid as part of a distribution by Mirvac Trust, 10%; and

-
- on the assumption that Mirvac Trust is a 'managed investment trust', and that the balance of any trust distribution made constitutes a 'fund payment', 7.5%.

Scheme Participants who are residents of New Zealand should seek their own independent professional tax advice as to the tax implications of accounting for any distribution received in their assessable income, and whether a tax credit would be available for withholding tax paid in Australia.

Yours sincerely

Allens Arthur Robinson

Allens Arthur Robinson
Charles Armitage
Partner

14.

Sale Facility

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14.1 Overview

Mirvac has established the Sale Facility whereby Scheme Participants (other than Foreign Investors) may elect to sell all the Mirvac Securities issued to them under the Scheme.

Foreign Investors will automatically participate in the Sale Facility in respect of any Mirvac Securities to which they would otherwise be entitled under the Scheme.

14.2 Key terms of Sale Facility

A summary of the key terms of the Sale Facility is set out in the following table:

Cash per WOT Unit	
Sale proceeds	You will receive the proceeds of the sale on the ASX of Mirvac Securities that you have received under the Scheme.
Transaction costs deducted from sale proceeds	Nil.
Instalment Debt	If you are an IR Holder, the Instalment Debt will be deducted from the sale proceeds, your IR will be cancelled and you will receive the residual amount.
Date for despatch of Sale Facility payments	Not later than 10 Business Days after the Implementation Date.
How to Participate	
WOT Unitholders and IR Holders other than Foreign Investors	If you wish to elect to participate in the Sale Facility, complete and validly submit the Election Form in accordance with the instructions on the form and below. The Election Form was distributed with your copy of the Explanatory Memorandum. If you are an IR Holder, the Security Trustee will participate in the Sale Facility on your behalf in line with your election.
Foreign Investors	Foreign Investors (both WOT Unitholders and IR Holders) will automatically participate in the Sale Facility in respect of Mirvac Securities they would otherwise receive under the Scheme.

a. Important considerations

The WFML Directors and Mirvac Directors do not make any recommendation or give any advice as to whether you should participate in the Sale Facility and, if you do, the nature of your participation. Your decision whether or not to participate in the Sale Facility and the nature of any participation should only be made after consultation with your investment, financial, taxation or other professional adviser, based on your own investment objectives, financial situation, taxation position and particular needs.

In particular, tax considerations may be important. Some general comments on the Australian tax consequences of the Sale Facility are set out in Section 13 (*Taxation Report*). However, you should obtain tax advice from your own independent professional tax adviser before deciding whether to participate in the Sale Facility.

b. No guarantee on proceeds

Participation in the Sale Facility does not guarantee that a fixed cash amount will be received. The cash amount received under the Sale Facility will be determined by reference to the proceeds of sale of Mirvac Securities under the Sale Facility, and this amount may be more or less than the equivalent market value of the WOT Units at any time prior to the close of trading of WOT Units on ASX on 23 July 2010 or the equivalent market price of Mirvac Securities after the Scheme is implemented.

The market prices for Mirvac Securities and WOT Units may change from time to time. On 15 June 2010, the closing price of Mirvac Securities was \$1.39 and the closing price of WOT Units was \$0.845. You may obtain information about the price of Mirvac Securities and WOT Units from sources where the prices of ASX listed securities are from time to time published (such as the ASX website at www.asx.com.au).

c. Election Form

Other than Foreign Investors, Scheme Participants may participate in the Sale Facility only by completing and validly submitting the Election Form by 5.00pm, Wednesday, 21 July 2010. A copy of the Election Form accompanies this Explanatory Memorandum. The Election Form must be completed in accordance with the instructions on the Election Form in order to be valid. Any dispute concerning whether an election to participate in the Sale Facility is valid will be determined by Mirvac RE whose determination is final and determinative of the dispute.

d. Maximum participation

The maximum number of Mirvac Securities Scheme Participants may elect for participation in the Sale Facility will depend on the number of WOT Units or IRs held on the Record Date. In relation to IRs, the number of Mirvac Securities are those held by the Security Trustee on behalf of IR Holders in relation to each IR. There is no minimum number of Mirvac Securities that you may elect for participation in the Sale Facility.

You may obtain information about the number of WOT Units that you hold by contacting the WOT Information Line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia).

e. Other Options

If Scheme Participants do not wish to receive Mirvac Securities and do not wish to participate in the Sale Facility they may sell their WOT Units on the ASX at any time before the Record Date at the prevailing market price. However, you should note that to be entitled to the distribution for the three months ending 30 June 2010, you must be on the Register on the record date for the distribution (30 June 2010). Scheme Participants are also able to sell on the ASX any Mirvac Securities which have been received without electing to participate in the Sale Facility. This may be at a price higher or lower than the price received if the Mirvac Securities were sold through the Sale Facility.

f. What you receive under the Sale Facility

Scheme Participants who elect to participate in the Sale Facility will receive the proceeds of the Mirvac Securities that are sold on the ASX. Due to a number of factors in the market, including uncertainty surrounding market conditions leading up to and after the Implementation Date and uncertainty in relation to the demand for Mirvac Securities during the sale period, there is no assurance given as to the likely cash amount per Mirvac Security that will be achieved by Sale Facility Participants following the sale of the Mirvac Securities under the Sale Facility.

In particular, it should be noted that the Sale Facility does not contemplate that a certain fixed cash amount will be paid to Sale Facility Participants. The cash amount that will be paid to Sale Facility Participants for each Mirvac Security may be more or less than the market price of Mirvac Securities as traded on the ASX before, at the time of and after the sale by the Sale Broker and may be more or less than the actual price received by the Sale Broker.

All Sale Facility Participants will receive the same cash amount for each Mirvac Security. The cash amount per Mirvac Security will be multiplied by the number of Mirvac Securities for each Sale Facility Participant and rounded to the nearest cent to determine the proceeds payable to each Sale Facility Participant.

g. More information

If any additional information is made available about the Sale Facility, that information will be made available on www.westpacfunds.com.au. You may request a copy of that information by contacting the WOT Information Line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) and it will be provided to you free of charge.

The Sale Facility is open until 5.00pm on Wednesday, 21 July 2010.

14.3 How the Sale Facility works for WOT Unitholders (other than Foreign Investors)

If you hold WOT Units (other than Foreign Investors), you may elect to participate in the Sale Facility, which operates as follows:

- a. Mirvac will issue the aggregate number of Mirvac Securities to which you are entitled under the Scrip Option. These Mirvac Securities will be automatically transferred to the Sale Nominee for a purchase price equal to the sale proceeds for those Mirvac Securities.

- b. The Sale Nominee will be the legal owner of the Mirvac Securities and will appoint the Sale Broker to sell the Mirvac Securities transferred to the Sale Nominee within six Business Days after the Implementation Date.
- c. All Mirvac Securities to be sold by the Sale Broker under the Sale Facility will be sold through the ASX. The Sale Broker may use a number of options, including an institutional bookbuild.
- d. The Sale Broker will seek to achieve the best price for the Mirvac Securities that is reasonably obtainable bearing in mind a number of factors, including the prevailing market conditions (including the prevailing market price of all the Mirvac Securities being sold).
- e. The prices at which Mirvac Securities are sold through the Sale Facility may be adversely affected by the requirement that the sales be conducted within six Business Days after the Implementation Date.
- f. You will be entitled to receive a cash amount for each Mirvac Security participating in the Sale Facility, which is equivalent to the amount calculated by dividing the gross proceeds of sale of all Mirvac Securities under the Sale Facility by the total number of Mirvac Securities that are sold under the Sale Facility (rounding to four decimal places).
- g. Mirvac (through the Mirvac Registry) will despatch payments to you within 10 Business Days after the Implementation Date:
 - i. to a nominated bank account; or
 - ii. by cheque.
- c. You will be entitled to receive a cash amount for each Mirvac Security participating in the Sale Facility, which is an amount equal to:
 - i. dividing the gross proceeds of sale of all Mirvac Securities under the Sale Facility by the total number of Mirvac Securities that are sold under the Sale Facility (rounding to four decimal places); less
 - ii. the Instalment Debt owing on all the IRs that you held at Implementation Date.
- d. The IRs will be cancelled on payment of the Instalment Debt.
- e. Mirvac (through the Mirvac Registry) will despatch payments of the necessary amount to you within 10 Business Days after the Implementation Date:
 - i. to a nominated bank account; or
 - ii. by cheque.

14.4 How the Sale Facility works for IR Holders (other than Foreign Investors)

If you are an IR Holder (but not a Foreign Investor), you may participate in the Sale Facility, which operates as follows:

- a. The Security Trustee will participate in the Sale Facility in accordance with your instructions. Mirvac will issue the aggregate number of Mirvac Securities to which you are entitled (related to the number of WOT Units held by the Security Trustee in relation to each IR) under the Scrip Option. These Mirvac Securities will be automatically transferred to the Sale Nominee for a purchase price equal to the sale proceeds for those Mirvac Securities. The Mirvac Securities are also subject to a share and unit mortgage and a lien over the proceeds of sale in favour of the Security Trustee.
- b. The Sale Nominee will be the legal owner of the Mirvac Securities and will appoint the Sale Broker to sell the Mirvac Securities using the same process described above in Sections 14.3b to 14.3e as if you were a WOT Unitholder.

14.5 How the Sale Facility works for WOT Unitholders and IR Holders who are Foreign Investors

Restrictions in certain foreign countries make it impractical or unlawful for Mirvac to offer, or for WOT Unitholders to receive, Mirvac Securities in those countries.

Accordingly, Mirvac will not issue Mirvac Securities to Foreign Investors.

If you are a Scheme Participant, and a Foreign Investor, you must participate in the Sale Facility. If you are a WOT Unitholder, the Sale Facility operates in a similar way as described in Section 14.3, and if you are an IR Holder, the Sale Facility operates in a similar way as described in Section 14.4, with the exception that the Mirvac Securities are not transferred to the Sale Nominee but instead are issued directly by Mirvac to the Sale Nominee for sale by the Broker.

15.

Steps to implement the Scheme

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The steps to implement the Scheme are set out below.

- a. If the Resolutions are passed by the requisite majorities, and WFML obtains the Second Court Approval, WFML will lodge a copy of the Supplemental Deed which amends the WOT Constitution with ASIC.
- b. No dealings in WOT Units will be permitted after WOT Units cease trading on the ASX on Friday, 23 July 2010, although the process to register dealings that took place on or before that date will continue until the Record Date. However, WOT Unitholders will be entitled to trade their entitlement to Mirvac Securities on ASX initially on a deferred settlement basis from Monday, 26 July 2010.
- c. If the Scheme becomes effective, then:
 - i. on the Implementation Date:
 - A. each Scheme Participant's WOT Units and IRs will be consolidated for practical purposes so that each WOT Unit may be exchanged for a Mirvac Security on a one-for-one basis and each IR will relate to a single Mirvac Security; and
 - B. all of the WOT Units will be transferred to Mirvac RE, without the need for any further act by Scheme Participants, by:
 1. WFML (by virtue of its appointment as attorney for each Scheme Participant) procuring the delivery to Mirvac RE of a duly completed and executed transfer form on behalf of each Scheme Participant to transfer all of the Scheme Units to Mirvac RE; and
 2. WFML entering the name of Mirvac RE in the Register as the holder of all of the WOT Units;
 - ii. depending on their election in the Election Form, Scheme Participants will receive the Scheme Consideration calculated as follows:
 - A. 0.597 Mirvac Securities for every WOT Unit (but as a result of the consolidation referred to above, Scheme Participants will receive a whole number of Mirvac Securities); or
 - B. \$0.86 cash per WOT Unit as at the Record Date subject to an aggregate limit of \$200 million (being 232,558,139 WOT Units). In the case of IRs as at the Record Date, an amount equal to the Instalment Debt will be deducted from the proceeds payable to each IR Holder; or
 - C. the amount payable in accordance with the Sale Facility for the Mirvac Securities issued to the Scheme Participant. If the Scheme Participant is a Foreign Investor, the Mirvac Securities to which they would otherwise have been entitled will be sold under the Sale Facility.

Scheme Participants will also receive a distribution for the three months ended 30 June 2010. More detail in relation to the Scheme Consideration and Sale Facility is set out in Sections 1 (*Summary of the Offer*) and 14 (*Sale Facility*);

- iii. WFML will apply for termination of the official quotation of WOT Units on ASX, and to have WOT removed from the official list of ASX, after the Scheme has been fully implemented; and
- iv. subject to WOT having repaid WOT CMBS Pty Limited the amount outstanding under the CMBS facility (in exchange for all existing security provided under the CMBS facility being released), WFML will retire as responsible entity of WOT, and MRML will be appointed as the responsible entity of WOT.
- d. The Scheme will not become effective if the Scheme Implementation Agreement is terminated or conditions precedent specified in the Scheme Implementation Agreement, described in Section 16.27 (*Additional information*) are not satisfied (and not waived).
- e. Each Scheme Participant irrevocably appoints WFML as its attorney and agent to do all acts, matters and things which WFML considers necessary or desirable to give effect to the Scheme including completing and signing a transfer form for the transfer of its WOT Units to Mirvac RE and completing and signing an application form for Mirvac Securities.
- f. From the Effective Date until Mirvac RE is registered as the holder of all WOT Units, each WOT Unitholder irrevocably appoints WFML as its attorney and agent to appoint the Chairman of Mirvac RE (or other nominee of Mirvac RE) as its proxy and, where applicable, corporate representative, for the purpose of attending meetings; exercising the votes attaching to WOT Units; and signing any WOT Unitholder's resolution.

16.

Additional information

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16.1 Interests of WFML Directors in WOT

The WFML Directors and the number of WOT Units and IRs which they hold as at the date of this Explanatory Memorandum are listed in the table below:

Name	Number of WOT Units	Number of IRs
Alan Cameron	Nil	Nil
William Forde	Nil	100,000
Steve Boulton	Nil	Nil
Stephen Gibbs	Nil	Nil
James Evans	Nil	Nil
Jim McDonald	Nil	Nil
Les Vance	Nil	Nil

The WFML Directors who hold WOT Units or IRs intend to vote in favour of the Resolutions. As at the date of this Explanatory Memorandum William Forde has not decided whether to elect the Scrip Option or the Cash Option in respect of the WOT Units that relate to his IRs. He will make an election at the appropriate time taking into account (among other things) the trading price of Mirvac Securities at that time.

16.2 Interests of WFML Directors in Mirvac

No Mirvac Securities or any other interests in Mirvac are held by, or on behalf of, any WFML Director.

16.3 Interests of WFML Directors in contracts entered into by Mirvac

None of the WFML Directors has an interest in any contract entered into by Mirvac which is conditional on, or related to, the implementation of the Scheme.

16.4 Other agreements or arrangements with WFML Directors

There is no agreement or arrangement between any WFML Director and another person in connection with, or conditional on the outcome of, the Scheme.

16.5 Payments and other benefits to WFML Directors, secretaries, executive officers or related bodies corporate

It is not proposed that any payment or other benefit be made or given to any WFML Director, or any secretary or executive officer of WFML, as compensation for loss of, or as consideration for or in connection with his or her retirement from, office in WFML or any of its related bodies corporate as a result of the Scheme.

Other than as disclosed in this Explanatory Memorandum, it is not proposed that any payment or other benefit be made or given to any related body corporate of WFML in connection with the Scheme.

16.6 Voting exclusions and intentions

In accordance with section 253E of the Corporations Act, WFML and its associates (including Westpac) will not vote on the Resolutions if they have an interest in those Resolutions other than as a member of WOT.

In addition, in accordance with section 611 item 7 of the Corporations Act, none of ML, Mirvac RE and their associates will vote at the Meeting on Resolution 2 (the acquisition resolution).

16.7 Custodians

Custodians who wish to elect between the Scrip Option, and the Cash Option, or to participate in the Sale Facility for each Beneficial Holder may do so by contacting the Registry on 1300 554 474 (within Australia) or +61 2 8280 7111 (outside Australia) for details of the terms and conditions and how to make that election. Unless a Custodian makes the election in the prescribed way, it will be treated the same as any other WOT Unitholder or IR Holder for all purposes. To be valid the election must be received before 5.00pm on Wednesday, 21 July 2010.

16.8 WOT securities

As at 14 May 2010, there were:

- 412,734,871 WOT Units quoted on the ASX and held by the Security Trustee on behalf of IR Holders;
- 412,734,871 IRs quoted on the ASX and held by IR Holders; and
- 69,419,407 WOT Units quoted on the ASX and held by WOT Unitholders (other than the Security Trustee).

16.9 WOT's substantial securityholders

The substantial holders of WOT Units and IRs at 14 May 2010 are as follows:

WOT Units

Name	Number of WOT Units	Per cent
Security Trustee	412,734,871	85.6%

IRs

Name	Number of IRs	Per cent
Westpac and its associate Westpac Funds Management Administration Pty Limited	59,224,695	12.3%

Westpac and its related parties (excluding the Security Trustee) own WOT Units and IRs, as follows:

Name	Number of WOT Units	Number of IRs
Westpac	1,043,167	36,224,695
Westpac Funds Management Administration Pty Limited	0	23,000,000
BT Investment Management Limited	21,578	1,645,440

Westpac Funds Management Administration Pty Ltd holds its IR's as trustee of the WDPF No. 1 Trust Sub-Trust No. 4 (which is a sub-trust of the unlisted Westpac Diversified Property Fund, of which WFML is also the responsible entity). As at the date of this Explanatory Memorandum, no decision has been made as to whether to elect the Scrip Option or the Cash Option in respect of the WOT Units that relate to these IRs. This election will be made at the appropriate time, having regard to the best interests of the members of the Westpac Diversified Property Fund.

16.10 Intentions in relation to WOT

The current intentions of Mirvac with respect to the operation of WOT and any major changes to be made to WOT's operations and the use of WOT's assets if the Scheme is implemented, are set out in Section 8.2 (*Information about Mirvac*).

If the Scheme is not implemented, the WFML Directors will seek to address the risks to WOT as a standalone entity set out in Section 4 (*Other considerations*). Strategic alternatives which would be considered by the WFML Directors if the Scheme is not approved are also set out in Section 4 (*Other considerations*). At this stage an alternative strategy has not been determined as it will depend on circumstances prevailing at the relevant time a decision is required to be made by the WFML Directors.

16.11 Consolidations and fractions

As part of the implementation of the Scheme, each Scheme Participant's WOT Units and IRs will be consolidated on a one for 0.597 basis so that, on the Implementation Date, each Scheme Participant will receive one Mirvac Security or the beneficial interest in one Mirvac Security in respect of each WOT Unit and an IR will represent the beneficial interest in one Mirvac Security. This is a practical step which will avoid Scheme Participants holding a beneficial right in respect of a fraction of a Mirvac Security.

The Cash Option will be calculated on a pre-consolidation basis, such that each Scheme Participant who elects the Cash Option will (subject to the aggregate limit of \$200 million) be entitled to receive \$0.86 for each WOT Unit which that Scheme Participant holds (directly or, in the case of an IR Holder, indirectly through the Security Trustee) as at the Record Date (ie, before the consolidation).

The consolidation of WOT Units requires the approval of WOT Unitholders by ordinary resolution. The consolidation of IRs will take place in accordance with the power set out in the Security Trust Deed. In either case, any fraction of a consolidated WOT Unit or IR will be rounded up to the nearest whole number of consolidated WOT Units or IRs (as the case may be).

To calculate the number of WOT Units or IRs you will hold after consolidation, multiply the number of WOT Units or IRs you hold immediately before the Implementation Date by 0.597 and round up any fraction to the nearest whole number.

The relevant Resolution is set out in the Notice of Meeting in Annexure 1.

16.12 Stamp duty

Any stamp duty payable on the transfer of the WOT Units to Mirvac will be paid by ML.

16.13 ASIC matters

ASIC has granted WOT, or has indicated that it is minded to grant WOT, relief from certain provisions of the Corporations Act to enable the Scheme to be implemented if the Resolutions are passed by the requisite majorities. The relief includes the following:

- Relief to permit differential treatment of Foreign Investors, who are obliged to participate in the Sale Facility.
- Relief from the application of section 611 Item 7 of the Corporations Act to allow unitholders to vote in favour of Resolution 2 (the acquisition resolution).
- Relief from the unsolicited offer provisions of Division 5A of Part 7.9 of the Corporations Act.
- Relief to permit WFML to retire as the responsible entity of WOT after the Scheme is implemented without the need for a resolution of WOT Unitholders.
- Relief to permit a responsible entity of WOT that is part of the Mirvac Group (post-implementation of the Scheme) to give a benefit out of the assets of WOT when the only member of WOT is a member of the Mirvac Group.
- Relief from sections 601ED, Divisions 2 to 5A of Part 7.9, section 259C and Chapter 6C, and the requirement to hold an Australian financial services licence in relation to the Sale Facility.
- Relief from the requirement to provide WOT Investors with a financial services guide under Division 2 of Part 7.7 of the Corporations Act.

ASIC has also agreed to extend the existing relief that currently applies to the IRs so that it continues to apply to the Security Trustee and the IR Lender following implementation of the Scheme when the IRs will relate to Mirvac Securities. This relief relates to provisions of the Corporations Act dealing with the transfer of IRs (Part 7.11), substantial holdings notifications (Chapter 6C) and disclosure requirements (Part 7.9 and Chapter 6D).

Copies of the relevant ASIC instruments of relief which have been granted to WFML, Mirvac, the Security Trustee and the IR Lender will be provided to any investor free of charge upon request until the Implementation Date. Investors can call the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) or visit WOT's website at www.westpacfunds.com.au/officetrust.asp.

16.14 ASX matters

ASX has granted waivers from certain ASX Listing Rules, and confirmations under certain ASX Listing Rules, including the following:

- Waiver from ASX Listing Rule 7.1 to allow Mirvac Securities to be issued under the Scheme without prior approval of Mirvac Securityholders.
- Confirmation that the proposed amendments to the WOT Constitution are appropriate and equitable under ASX Listing Rule 6.12.3.
- Confirmation under ASX Listing Rule 15.1.1 that ASX does not object to the proposed amendments to the WOT Constitution.
- Confirmation under ASX Listing Rule 15.1.3 that ASX does not object to the draft Explanatory Memorandum.
- Confirmation that the timetable for the implementation of the Scheme is acceptable to ASX.

A copy of the relevant ASX waiver instrument will be provided to any WOT Unitholder free of charge upon request until the Implementation Date. Investors can call the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) or visit WOT's website at www.westpacfunds.com.au/officetrust.asp.

16.15 Information disclosed to ASX and documents lodged with ASIC

WOT and Mirvac are disclosing entities for the purposes of the Corporations Act and as such are subject to periodic reporting and continuous disclosure obligations. Publicly disclosed information about all ASX-listed entities, including WOT and Mirvac, is available on the ASX website at www.asx.com.au.

16.16 Interests of advisers

Other than as set out in this Explanatory Memorandum:

- no person named in the Explanatory Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Explanatory Memorandum has, or in the last two years before the date of this Explanatory Memorandum has had, any interests:
 - in the formation or promotion of WOT or Mirvac;
 - in property acquired or proposed to be acquired by WOT or Mirvac in connection with their formation or promotion; or
 - in the issue of WOT Units, IRs or Mirvac Securities;
- no amounts have been paid or agreed to be paid, and no value or other benefit has been given or agreed to be given, to such persons in connection with preparation or distribution of this Explanatory Memorandum or in connection with the formation or promotion of WOT or Mirvac or the issue of WOT Units, IRs or Mirvac Securities.

16.17 Experts and fees

PricewaterhouseCoopers Securities Ltd is entitled to a fee of approximately \$150,000 in connection with the preparation of its Investigating Accountant's Report in Section 11.

KPMG is entitled to a fee of approximately \$300,000 in connection with the preparation of its Independent Expert's Report in Section 12.

Allens Arthur Robinson is entitled to a fee of approximately \$115,000 in connection with the preparation of its Taxation report in Section 13.

16.18 Costs of the Scheme

The costs of the Scheme include stamp duty, advisory costs, legal fees, independent expert fees, unrecoverable GST on costs and other costs. If the Scheme is implemented, these costs for both Mirvac and WOT will be about \$25.1 million.

16.19 Consents and disclaimers

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named, or to the inclusion of the reports noted next to their names and the references to those reports in the form and context in which they are included in this Explanatory Memorandum:

- PricewaterhouseCoopers Securities Ltd – as Investigating Accountant, and in respect of the Investigating Accountant's report in Section 11;
- KPMG – as Independent Expert, and in respect of the Independent Expert's report in Section 12;
- Allens Arthur Robinson – as taxation adviser to WOT, and in respect of the Taxation report in Section 13.

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- Link Market Services Limited – as the Registry; and
- Link Market Services Limited – as the Mirvac Registry.

Each person referred to above:

- does not make, or purport to make, any statement in this Explanatory Memorandum other than the statements in the report (if any) referred to next to that person's name; and

- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in this Section 16 with that person's consent.

The issue of this Explanatory Memorandum has been authorised by each Mirvac Director and WFML Director. Each Mirvac Director and WFML Director has consented to the lodgement of this Explanatory Memorandum with ASIC and to the issue of this Explanatory Memorandum and has not withdrawn that consent.

16.20 Benefits agreed to be given to WOT Unitholders during previous four months

Other than as disclosed in this Explanatory Memorandum, in the four months before the date of this Explanatory Memorandum neither Mirvac nor any associate of Mirvac gave, or offered to give or agreed to give, a benefit to another person that is not available under the Scheme and was intended to or likely to induce the other person, or an associate of the other person, to:

- vote in favour of the Resolutions; or
- dispose of their WOT Units to Mirvac RE, other than the agreement by Mirvac in the Deeds Poll for Mirvac to pay the Scheme Consideration in accordance with the Scheme if the Scheme is implemented.

16.21 Voting power as at date of Explanatory Memorandum and number of WOT Units or IRs held

At the date of this Explanatory Memorandum, Mirvac does not hold any WOT Units or IRs, nor has Mirvac purchased any WOT Units or IRs in the four months before the date of this Explanatory Memorandum. Under the Corporations Act, a person has voting power in the total number of voting securities in which the person or an associate has a relevant interest. As Mirvac does not hold any WOT Units or IRs it does not have any voting power in WOT.

16.22 Relevant interests and voting power as a result of the Scheme

As a result of the Scheme, Mirvac will acquire a relevant interest, and voting power, in 100 per cent of the WOT Units.

16.23 Mirvac Directors' interests and benefits

- a. Other than as disclosed in this Explanatory Memorandum, no Mirvac Director, and no firm in which a Mirvac Director is a partner, holds, or held at any time during the last two years before the date of this Explanatory Memorandum, any interest (other than an interest in common with other holders of Mirvac Securities) in:
- the formation or promotion of Mirvac;
 - any property acquired or proposed to be acquired by Mirvac in connection with its formation or promotion or in connection with the Offer; or
 - the Scheme,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given by Mirvac to any Mirvac Director or proposed director of Mirvac:
- to induce them to become, or to qualify them as, a Mirvac Director; or
 - for services rendered by them in connection with the formation or promotion of Mirvac or in connection with the Scheme.
- b. The table below shows the interest of each Mirvac Director in Mirvac Securities and WOT Units as at the time of lodgement of this Explanatory Memorandum with ASIC for registration:

Director	Mirvac Securities	Mirvac Performance Rights	Mirvac Options	IRs	WOT Units
James AC MacKenzie	129,914	Nil	Nil	Nil	Nil
Paul J Biancardi	113,993	Nil	Nil	Nil	Nil
Nicholas R Collishaw	2,056,004	985,960	2,336,340	Nil	Nil
Peter JO Hawkins	606,128	Nil	Nil	Nil	Nil
Penny Morris	241,136	Nil	Nil	Nil	Nil
John Mulcahy	25,000	Nil	Nil	Nil	Nil
James M Millar	40,714	Nil	Nil	Nil	Nil

Mirvac Directors may hold the interest in securities shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

16.24 Other information material to decision in relation to the Offer

At the date of this Explanatory Memorandum there is no information (other than information set out in this Explanatory Memorandum) which is material to the making of a decision in relation to the Offer, being information that is within the knowledge of:

- any WFML Director or director of any related body corporate of WFML; or
- any Mirvac Director or director of any related bodies corporate of Mirvac,

which has not previously been disclosed to Scheme Participants. So far as is known by the WFML Directors, the only material changes to the financial position of WOT since the date of the last balance sheet laid before WOT Unitholders in a general meeting or sent to WOT Unitholders in accordance with sections 314 or 317 of the Corporations Act are as announced to the ASX or as set out in this Explanatory Memorandum.

16.25 Undertakings by Mirvac

• Scheme Consideration – quotation on ASX

The Scheme Implementation Agreement contains a condition precedent that the Mirvac Securities which are to be issued pursuant to the Scheme be approved by ASX and in respect of such new Mirvac Securities, trading on a deferred settlement basis from Monday, 26 July 2010 and on a normal settlement basis from Tuesday, 10 August 2010.

• Scheme implementation

Mirvac will observe and perform all obligations contemplated of it under the Scheme and the Scheme Implementation Agreement including, without limitation, the obligation to provide the Scheme Consideration in accordance with the terms of the Scheme.

• Acquisition of WOT Units

Mirvac will not, and will procure that its related bodies corporate, the Mirvac Directors and any director of any its related bodies corporate will not, acquire WOT Units other than under the Scheme until the earlier of:

- the Scheme being implemented;
- one or more of the Resolutions not being approved by Scheme Participants at the Meeting; or
- the termination of the Scheme Implementation Agreement.

• Compliance with various takeover provisions of the Corporations Act

Mirvac undertakes that, subject to any differential treatment of Scheme Participants which is inherent in the Scheme, the Scheme will, as far as practical, comply with the following sections of the Corporations Act, as they would apply if Mirvac were making a takeover bid for WOT on similar terms:

- subsection 618(1) and section 619 (scheme relating to all securities in the relevant class, or the same proportion of each holding, on the same terms);
- subsections 621(3), (4) and (5) as modified by ASIC class order 00/2338 (4-month price rule); and
- sections 622, 623, 627, 628 and 651A.

For this purpose:

- the date on which the Explanatory Memorandum is sent to WOT Unitholders will be the date of the bid for the purposes of applying subsections 621(3), (4) and (5) of the Corporations Act and the first date of the bid period (which will end immediately after the Meeting) for the purposes of applying section 623 of the Corporations Act; and

- the Sale Nominee does not have to be approved by ASIC for the Scheme to comply with section 619 of the Corporations Act.

Mirvac has entered into Deeds Poll in respect of these undertakings.

16.26 Supplementary information

WFML will issue or procure the issue of a supplementary document to this Explanatory Memorandum if it, Westpac or Mirvac becomes aware of any of the following between the date of lodgement of this Explanatory Memorandum with ASIC and the Second Court Hearing:

- a material statement in this Explanatory Memorandum is misleading or deceptive;
- a material omission from this Explanatory Memorandum;
- a material change affecting a matter that is referred to in this Explanatory Memorandum; and
- a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if known at the date of lodgement with ASIC.

However, if the change will not be materially adverse, a supplementary document may not be issued. Updated information that is not materially adverse will be available free of charge from WOT's website at www.westpacfunds.com.au/officetrust.asp or by calling the WOT information line on 1300 766 855 (within Australia) or +61 2 8280 7072 (outside Australia) until the Implementation Date.

16.27 Summary of Scheme Implementation Agreement

ML, Mirvac RE and WFML have entered into the Scheme Implementation Agreement (as amended by a Deed of Amendment to the Scheme Implementation Agreement dated 25 May 2010) to provide a framework for proposing and implementing the Scheme. A summary of the key provisions of the Scheme Implementation Agreement is set out below. Unless otherwise defined in this Explanatory Memorandum, capitalised terms in this summary have the meaning given to them in the Scheme Implementation Agreement.

The information contained in this Section 16.27 is a summary only. A copy of the Scheme Implementation Agreement was lodged with the ASX on 28 April 2010 (and released by ASX on 29 April 2010), and a copy of the Deed of Amendment to the Scheme Implementation Agreement was lodged with the ASX on 25 May 2010

and is available to be downloaded from www.asx.com.au or from the WOT website at www.westpacfunds.com.au/officetrust.asp.

Conditions precedent

The obligations of WFML to implement the Scheme under the Scheme Implementation Agreement are conditional on the satisfaction or waiver of certain conditions including the following:

- Regulatory approvals: before the commencement of the Meeting, ASIC and ASX have granted the relevant approvals and relief to allow the Scheme to be implemented in accordance with applicable law. Certain of the approvals and relief sought are described in Sections 16.13 and 16.14;
- Unitholder approval: the Resolutions are approved at the Meeting;
- The judicial advice to be sought at the Second Court Hearing is granted;
- No restraints: as at 9.00am on the Effective Date, no temporary restraining order, injunction or other legal restraint or prohibition in relation to the Scheme, which has been enacted, enforced or issued by a Government Agency, is in effect;
- Independent Expert's Report: WFML receives the Independent Expert's Report stating that the Scheme is fair and reasonable for, and in the best interests of, the Scheme Participants;
- Independent board committee: the Independent Directors unanimously recommend that WOT Unitholders approve the Resolutions and do not change that recommendation or support a Superior Proposal at or before the Meeting;
- No Material Adverse Change: no WOT Material Adverse Change or Mirvac Material Adverse Change occurs between the date of the Scheme Implementation Agreement and 9.00am on the Effective Date;
- No Prescribed Occurrence: no WOT Prescribed Occurrence or Mirvac Prescribed Occurrence occurs between the date of the Scheme Implementation Agreement and 9.00am on the Effective Date;
- Representations and warranties: certain representations and warranties of ML, Mirvac RE and WFML set out in the Scheme Implementation Agreement remain true and correct in all respects at given times; and
- ASX quotation: the Mirvac Securities which are to be issued pursuant to the Scheme have been approved for quotation and trading on a deferred settlement basis from the Business Day next following the date on which WFML lodges the Supplemental

Deed with ASIC and on a normal settlement basis from the date that is three Business Days after the Implementation Date.

If a condition is not satisfied or waived by the date specified for its satisfaction, then the parties will consult in good faith to determine whether the Scheme may proceed by way of alternative means or methods or may agree (but shall not be obliged to) extend the relevant dates for satisfaction of the conditions.

Obligations of the parties

ML, Mirvac RE and WFML must take all steps reasonably necessary to propose and implement, or assist in the proposal and implementation of, the Scheme. They must also procure that the WOT group or Mirvac group, as applicable, conduct their business in the ordinary course.

Termination

The Scheme Implementation Agreement may be terminated in the following circumstances:

- the End Date has passed before the Scheme has been implemented (other than as a result of a breach by the terminating party of its obligations under the Scheme Implementation Agreement);
- the required majorities of WOT Unitholders do not approve the Scheme at the Meeting;
- the Westpac Implementation Deed is terminated;
- a Court or other Government Agency issues an order, decree or ruling or takes other action that restrains or prohibits the Scheme and that order, decree, ruling or other action has become final and cannot be appealed;
- any of the conditions precedent is not satisfied or waived by the date (if any) specified for satisfaction, and the parties cannot agree to extend that date;
- the Supplemental Deed has not become effective by the End Date and the parties cannot agree to extend that date;
- a party materially breaches any clause of the Scheme Implementation Agreement and, to the extent that the breach is capable of remedy, that party does not remedy the breach by the date specified; or
- WFML's independent board committee changes, withdraws or modifies its recommendation in relation to the Scheme, or it or any member of that committee makes a public statement that the independent board committee or any member of that committee no longer recommends that WOT Unitholders approve the Resolutions or that it, he or she supports a Superior Proposal.

Break fee

WFML has agreed to pay a break fee of \$4,146,527 (plus any applicable GST) to ML as compensation for the costs incurred by Mirvac if any of the following occur:

- the Scheme Implementation Agreement is terminated because WFML's independent board committee changes, withdraws or modifies its recommendation in relation to the Scheme, or because the independent board committee or any member of that committee makes a public statement that the independent board committee or any member of that committee no longer recommends that WOT Unitholders approve the Resolutions or that it, he or she supports a Superior Proposal; or
- a Competing Proposal is announced, completed within six months after the date of the Scheme Implementation Agreement and is a Superior Proposal.

Exclusivity

- a. Before the implementation of the Scheme:
 - WFML agrees not to solicit, invite, facilitate, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with a view to obtaining an offer, proposal or expression of interest from any person in relation to, or that may lead to, a Competing Proposal, or communicate any intention to do any of those things; and
 - WFML must not enter into, continue or participate in negotiations or discussions with, or enter into any arrangement with a view to obtaining an offer, proposal or expression of interest from any person in relation to, or that may lead to, a Competing Proposal, even if the Competing Proposal was not solicited, invited, facilitated, encouraged or initiated by WFML.
 - The restrictions in the preceding paragraphs do not apply to the extent that they restrict WFML or WFML's independent board committee from taking or refusing to take any action with respect to any proposal that is, or that the independent board committee considers may reasonably be expected to lead to, a Superior Proposal.
 - If WFML receives a Superior Proposal and as a result the independent board committee proposes publicly to change or withdraw its recommendation of, or support for, the Scheme, WFML must notify ML and Mirvac RE of the proposed change or withdrawal and provide ML and Mirvac RE with all material terms of the Superior Proposal. Mirvac has the right (but not the obligation) to offer to amend the terms of the Scheme, make a takeover bid for WOT, or propose

any other form of transaction. WFML and the independent board committee must consider any such counterproposal in good faith.

16.28 Summary of Westpac Implementation Deed

ML, Mirvac RE, WFML and Westpac have entered into the Westpac Implementation Deed dated 28 April 2010 (as amended by a Deed of Amendment to the Westpac Implementation Deed dated 25 May 2010). A summary of the key provisions of the Westpac Implementation Deed is set out below. Unless otherwise defined in this Explanatory Memorandum, capitalised terms in this summary have the meaning given to them in the Scheme Implementation Agreement.

The information contained in this Section 16.28 is a summary only.

General

Under the Westpac Implementation Deed, Westpac has agreed to assist with the implementation of the Scheme by doing certain things, including:

- accepting the Scrip Option;
- procuring that the IR Lender and the Security Trustee (each a subsidiary of Westpac) discharge all of the obligations and do all of the things required of them under relevant documents in relation to the Scheme;
- to the extent possible, voting all WOT Units and WOT IRs that it holds as at the Record Date in favour of the Scheme; and
- generally providing all assistance reasonably requested by WFML to assist WFML to propose and implement the Scheme in accordance with the Scheme Implementation Agreement.

Obligations on other parties

ML, Mirvac RE and WFML have also agreed to do certain things in relation to the Scheme:

- Each party agrees to enter into, or procure the execution by specified persons of, the transaction documents set out in the Westpac Implementation Deed by the dates specified.
- WFML, ML and Mirvac RE covenant in favour of Westpac to comply with the terms of the Scheme Implementation Agreement.
- WFML, ML and Mirvac RE undertake to obtain Westpac's consent to amendments, waivers and consents in relation to the Scheme Implementation Agreement in certain circumstances.
- WFML must keep Westpac regularly informed of the progress of the proposal and implementation of the Scheme.

- Each party agrees to consult, to the extent reasonably practicable, with the others in advance in relation to all communications with ASIC or ASX relating to the regulatory approvals.
- The parties agree to comply with certain communication policies and protocols, particularly in relation to public announcements.
- ML agrees to pay \$15,000,000 (plus any applicable GST) to Westpac on the implementation date in consideration for, among other things, the giving up by Westpac of its opportunity to receive revenue in respect of WOT arising out of WFML's ongoing management of WOT, and for the performance of its obligations in respect of the Scheme. Westpac has also agreed to enter into a number of agreements whereby it will forego the opportunity to receive transaction and advisory fees from WOT.
- Entering into and performance by Westpac of certain documents in connection with the Scheme.

Termination

The Westpac Implementation Deed will automatically terminate upon the termination of the Scheme Implementation Agreement. Additionally, a party may terminate the Westpac Implementation Deed in the following circumstances:

- a party is in material breach of any clause of the Westpac Implementation Deed and, to the extent that breach is capable of remedy, the defaulting party does not remedy the breach by the date specified; or
- WFML, ML or Mirvac RE is in material breach of the Scheme Implementation Agreement and has failed to remedy that breach in accordance with the terms of the Scheme Implementation Agreement.

16.29 Summary of Mirvac Deeds Poll

ML and Mirvac RE have each executed a Deed Poll in favour of the Scheme Participants under which each of ML and Mirvac RE covenant that it will observe and perform all obligations contemplated of it under the Scheme and the Scheme Implementation Agreement. Such obligations include, without limitation, the obligation of ML and Mirvac RE to provide the Scheme Consideration in accordance with the terms of the Scheme. ML and Mirvac RE further undertake and covenant that they will comply with their obligations in relation to the Scheme set out in Section 16.25 of this Explanatory Memorandum.

The obligations of ML and Mirvac RE under the Deeds Poll are subject to the coming into effect of the Supplemental Deed and will terminate automatically upon the termination of the Scheme Implementation Agreement.

Copies of the Mirvac Deeds Poll are included in this Explanatory Memorandum as Annexure 2.

16.30 Summary of Westpac Deed Poll

Westpac has executed a Deed Poll in favour of the Scheme Participants under which Westpac covenants that it will:

- do all things necessary to perform its obligations in relation to the Scheme, including by discharging the obligations contemplated of it in the Supplemental Deed; and
- procure that the Security Trustee and the IR Lender discharge their respective obligations under the Scheme.

Westpac's obligations under the Deed Poll are subject to the coming into effect of the Supplemental Deed and will terminate automatically upon the termination of the Scheme Implementation Agreement.

A copy of the Westpac Deed Poll is included in this Explanatory Memorandum as Annexure 3.

16.31 Summary of Supplemental Deed to Amend WOT Constitution

If the Scheme is approved, WFML will execute the Supplemental Deed to amend the WOT Constitution in order to facilitate the implementation of the Scheme.

Under the WOT Constitution (as amended by the Supplemental Deed):

- WFML will have the power to do all things which it considers necessary or desirable to give effect to the Scheme and the transactions contemplated of it; and
- WOT Unitholders and IR Holders appoint WFML as their attorney with the power to do all things on their behalf which it considers necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated of it.

Additionally, the amendments to the WOT Constitution (as contemplated in the Supplemental Deed):

- provide for the payment of distributions from WOT to Scheme Participants who elect the Cash Option or participation in the Sale Facility, as set out in Section 6.17 of this Explanatory Memorandum; and
- provide that WFML will not be entitled to receive performance fees in respect of any period after 1 January 2010.

A copy of the Supplemental Deed is included in this Explanatory Memorandum as Annexure 4.

16.32 Summary of Amending Deed to Amend Security Trust Deed

The Security Trustee and the IR Lender entered into an Amending Deed in relation to the Security Trust Deed on 16 June 2010. Upon execution of the Amending Deed, the Security Trust Deed incorporated minor procedural changes (including to facilitate voting at the Meeting), and amendments to provide for the consolidation of IRs immediately following the consolidation of the WOT Units if the Scheme is implemented.

The Amending Deed sets out amendments which will take effect from the implementation of the Scheme. These changes predominantly reflect the replacement of the WOT Units with Mirvac Securities as the underlying securities to which the IRs relate.

Other amendments revise the circumstances in which the IR Lender may accelerate the payment of outstanding instalments for all IR Holders, to include instances where:

- any Financial Indebtedness (as that term is defined in the Security Trust Deed) of ML or Mirvac Trust (including any member of the Mirvac group) is declared to be, or otherwise becomes, due and payable prior to its specified maturity as a result of an event of default, review event or similar event;
- a material subsidiary trust of Mirvac is sold; and
- Mirvac RE ceases to be the responsible entity of Mirvac Trust or any step is taken to appoint another responsible entity of Mirvac Trust, other than where the replacement entity is a subsidiary of ML.

17.

Fees and other costs

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Consumer advisory warning

The warning below is required by law.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2 per cent of your fund balance rather than 1 per cent could reduce your final return by up to 20 per cent over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

17.1 Summary of fees and other costs

This Section 17 shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from Mirvac Trust's assets as a whole.

General information regarding taxes is set out in Section 6 of the Taxation Report at Section 13. You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees and costs are inclusive of GST and net of any applicable input tax credits and/or reduced input tax credits.

Type of fee or cost	Amount ¹	How and when paid
Fees when your money moves in or out of Mirvac Trust		
Establishment Fee	Nil	Not applicable.
The fee to open your investment		
Contribution Fee	Nil	Not applicable.
The fee on each amount contributed to your investment.		
Withdrawal Fee	Nil	Not applicable.
The fee on each amount you take out of your investment.		
Termination Fee	Nil	Not applicable.
The fee to close your investment.		
Management Costs		
The fees and costs for managing your investment.	Estimated to be 0.2% of Mirvac Trust's net assets per annum.	Paid from Mirvac Trust's assets when the amount is incurred.
	The costs of the Offer to Mirvac are estimated at \$25.1 million.	
Service fees		
Investment Switching Fee	Nil	Not applicable.
The fee for changing funds.		

17.2 Additional explanation of fees and costs

Management Costs

Management Costs include management fees and expenses. Management Costs are deducted from Mirvac Trust. The Management Costs for Mirvac Trust is an estimate and is expressed as a percentage of Mirvac Trust's net asset value.

¹ All fees set out in this Section 17 are inclusive of GST and net of any applicable input tax credits and/or reduced input tax credits.

Expenses

All expenses incurred by Mirvac RE in relation to the proper performance of its duties in respect of Mirvac Trust are payable out of Mirvac Trust. These expenses include, but are not limited to, amongst other things, the costs of offer documents for Mirvac Security issues, expenses associated with the acquisition, disposal and custody of assets, costs of convening and holding meetings of Mirvac Trust members, fees payable to Mirvac Trust's advisers (eg, legal, accounting and audit), taxes imposed on Mirvac Trust or Mirvac RE (in its capacity as responsible entity of Mirvac Trust), governmental charges and duties and costs of communications with Mirvac Trust members. Mirvac Trust may also incur unanticipated expenses arising from its business, such as litigation and indemnification expenses. The total of these ongoing expenses is estimated at 0.2 per cent per annum of the net asset value of Mirvac Trust as at 31 December 2009, assuming the Scheme is implemented.

Costs of the Offer

Assuming the Offer proceeds, the expenses of the Offer to be incurred by Mirvac Trust are estimated at \$25.1 million. Further information is available at Sections 16.17 and 16.18 (*Additional Information*).

Fee maximums and changes to fees

Mirvac RE is entitled under the constitution of Mirvac Trust to charge as follows:

- an application fee of 6 per cent of the application money paid by an applicant for Mirvac Units, where the unit is issued to a person who is not a member of Mirvac Trust as part of a rights issue, pursuant to a placement or pursuant to a prospectus that indicates that Mirvac RE is entitled to receive an application fee; and
- a Management Fee of the lesser of 0.75 per cent per annum of the value of the assets of Mirvac Trust and 1 per cent per annum of the net asset value of Mirvac Trust.

Mirvac RE has elected to waive the above fees.

Mirvac RE may however elect to change the fees it charges Mirvac Trust (for example: due to changes in economic conditions and size of Mirvac Trust) after this date and Mirvac Unitholders will be provided at least 30 days written notice of any change in these or other fees.

17.3 Example of annual fees and costs

This table gives an example of how the Management Costs for Mirvac Trust can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example	Opening balance of \$50,000 with a contribution of \$5,000 during the year	
Contribution Fees	0%	For every additional \$5,000 you put in, you will be charged \$0.
Plus	0.2%	And, for every \$50,000 you have in the fund you will be charged \$100.
Management Costs		
Equals	If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during the year, you would be charged fees of \$100. ¹	
Cost of fund		

17.4 Adviser commission

No commission will be paid to any adviser in respect of the issue of Mirvac Securities pursuant to the Scheme.

¹ This example is based on the above fees and costs table and assumes that the net asset value of Mirvac Trust equals the market value of Mirvac Securities. It illustrates as an example how the management costs set out in the fees and costs table applies to a specified balance. Additional information regarding the calculation of fees and costs is set out in Section 17.2.

18.

Definitions and interpretation

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AIFRS	Australian equivalent to International Financial Reporting Standards.
A-REIT	Australian Real Estate Investment Trust.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691.
ASX Listing Rules	The Official Listing Rules of the ASX.
Beneficial Holder	A person on whose behalf a Custodian holds WOT Units or IRs.
Business Day	A day that is both a Business Day as defined in the ASX Listing Rules and a week day on which trading banks are open for business in Sydney, Australia.
Cash Option	The option to receive a cash payment equivalent to \$0.86 per WOT Unit, subject to an aggregate limit of \$200 million, as described in Section 1 (<i>Summary of the Offer</i>).
CCIR	Cross currency interest rate.
Chairman	The chairman appointed for the purposes of the Meeting.
CMBS	WOT's existing \$505 million Commercial Mortgage Backed Securities.
Competing Proposal	Has the meaning given to that term in the Scheme Implementation Agreement.
Corporations Act	The Corporations Act 2001 (Cth).
Court	The Supreme Court of New South Wales.
CGT	Capital gains tax.
CGT Concessional Amount	An amount that is not assessable and does not otherwise reduce the cost base in the Mirvac Units for tax purposes.
CS Facility	Clearing and settlement facility.
Custodian	A person who holds one or more parcels of WOT Units or IRs as trustee or nominee for, or otherwise on account of, another person, and who is not a Foreign Investor.
Deeds Poll	The deeds poll entered into by Westpac, ML and Mirvac RE in favour of Scheme Participants.
Distributable Income	Distributable income as determined in accordance with the Mirvac Trust Constitution or WOT Constitution respectively.
DPU	Distributions per unit.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
Effective Date	The date on which WFML lodges the Supplemental Deed with ASIC (expected to be Friday, 23 July 2010).
Election Form	The form accompanying this Explanatory Memorandum which Scheme Participants may complete to elect to receive the Cash Option or to participate in the Sale Facility.
EPU	Earnings per unit.
Explanatory Memorandum	This document, including all of the Annexures and the Proxy Form and Election Form.
Final Instalment	\$0.25 per IR before consolidation of the IRs and \$0.41876 per IR after consolidation of the IRs.

First Court Hearing	A hearing before the Court under section 63 of the Trustee Act 1925 as to whether WFML would be justified in convening the Meeting and proceeding on the basis that amending the WOT Constitution as set out in the Supplemental Deed are the powers of alteration conferred by the WOT Constitution and section 601GC of the Corporations Act.
Foreign Investor	Any WOT Unitholder or IR Holder (as the case may be) who on the Record Date has an address on the Register which is outside Australia and New Zealand.
FY	Financial year, being the 12 month period ending on 30 June of each year.
Green Star	Environmental rating system administered by the Green Building Council of Australia that evaluates the environmental design and construction of buildings.
GST	Has the meaning given to that term in the A New Tax System (Goods and Services Tax) Act 1999 (as amended from time to time).
Implementation Date	The date on which the Offer is to be implemented (expected to be Wednesday, 4 August 2010).
Independent Directors	The WFML directors who are independent of Westpac being: <ul style="list-style-type: none"> • Alan Cameron • William Forde • Stephen Gibbs • James Evans • Jim McDonald
Independent Expert	KPMG Corporate Finance (Aust) Pty Ltd ABN 43 007 363 215.
Independent Expert's Report	The Independent Expert's Report set out in Section 12 (<i>Independent Expert's Report</i>).
Instalment Debt	The amount of the unpaid consideration in relation to an IR payable to the IR Lender being an amount equal to the Second Instalment, Final Instalment plus any accrued interest and any other amount due by the IR Holder under the Security Trust Deed.
Investigating Accountant	PricewaterhouseCoopers Securities Ltd ABN 54 003 311 617.
Investigating Accountant's Report	The report prepared by the Investigating Accountant, a copy of which is set out in Section 11 (<i>Investigating Accountant's Report</i>).
IR	An instalment receipt which evidences the beneficial ownership by an IR Holder of one WOT Unit (before the Scheme is implemented) or one Mirvac Security (after the Scheme is implemented), where that WOT Unit or Mirvac Security (as the case may be) is held on separate trust by the Security Trustee for the IR Holder under the Security Trust Deed.
IR Holder	A person who is registered in the Register as the holder of one or more IRs from time to time.
IR Lender	Westpac Securities Limited ABN 39 087 924 221.
KPMG	The Independent Expert or KPMG Corporate Finance (Aust) Pty Ltd.
LVR	Loan to value ratio.
Management Costs	The amount payable for administering the Mirvac Trust, including management fees and expenses (as specified in Section 17 (<i>Fees and other costs</i>)).

Meeting	The meeting of WOT Unitholders to be held at 9.30am (Sydney time) on Wednesday, 21 July 2010.
Mirvac or Mirvac Group	In respect of references to Mirvac (or Mirvac Group) in this Explanatory Memorandum which relate to times or the state of affairs before implementation of the Scheme, ML and Mirvac Trust and each of their related bodies corporate and any entities controlled by them, unless the context otherwise requires. In respect of references to Mirvac (or Mirvac Group) in this Explanatory Memorandum which relate to times or the state of affairs after implementation of the Scheme, the economic entity resulting from the acquisition of WOT by Mirvac in accordance with the Scheme being ML, Mirvac Trust and WOT and each of their related bodies corporate and any entities controlled by them, unless the context otherwise requires.
Mirvac Board	Collectively, the Mirvac Directors.
Mirvac Board Charter	Mirvac's Board of Directors Charter.
Mirvac Director or a Director of Mirvac	A Director of ML and Mirvac RE in office at the date of lodgement of this Explanatory Memorandum with ASIC.
Mirvac Information	Information in this Explanatory Memorandum which has been prepared or provided by or on behalf of Mirvac, being the information in Sections 8 (<i>Information about Mirvac</i>), 9 (<i>Mirvac Financial Information</i>), 10 (<i>Risks</i>) (other than paragraph 10.2), 14 (<i>Sale Facility</i>), 16.10 (excluding the second paragraph), 16.21, 16.22, 16.23, 16.25, 16.29 (<i>Additional information</i>) and 17 (<i>Fees and other costs</i>), including the information in those sections which has been prepared by or on behalf of Mirvac based on information provided to Mirvac by WFML, and any other information which Mirvac or its representatives verified for purposes of this Explanatory Memorandum.
Mirvac RE	Mirvac Funds Limited ABN 70 002 561 640 AFSL 233121 as responsible entity of Mirvac Trust ARSN 086 780 645.
Mirvac Registry	Link Market Services Limited ABN 54 083 214 537.
Mirvac Securities	Mirvac Units stapled to Mirvac Shares. This includes Mirvac Securities already on issue and also, where the context requires, Mirvac Securities to be issued to Scheme Participants under the Scrip Option.
Mirvac Securityholder	A holder of Mirvac Securities.
Mirvac Shareholder	A holder of Mirvac Shares.
Mirvac Shares	Fully paid ordinary shares issued by ML.
Mirvac Trust	Mirvac Property Trust ARSN 086 780 645, or Mirvac RE, as the case requires. In respect of references to Mirvac Trust in this Explanatory Memorandum which relate to times or a state of affairs after implementation of the Scheme, Mirvac Trust means Mirvac Trust consolidated with WOT (unless the context requires otherwise).
Mirvac Unitholder	A holder of Mirvac Units.
Mirvac Units	Fully paid ordinary Units issued in Mirvac Trust.
ML	Mirvac Limited ABN 92 003 280 699.
MRML	Mirvac REIT Management Limited ABN 70 002 060 228.
MTN	Medium term note.

NABERS	National Australian Built Environment Rating System (formerly Australian Building Greenhouse Rating or ABGR), an environmental performance-based rating system for existing buildings.
NLA	Net lettable area.
Notice of Meeting	The notice of meeting of WOT Unitholders set out in Annexure 1 (<i>Notice of Meeting</i>).
NTA	Net tangible asset value.
Offer	The offer from Mirvac to acquire all WOT Units on issue, to be implemented under the Scheme.
PricewaterhouseCoopers	PricewaterhouseCoopers ABN 52 780 433 757.
PricewaterhouseCoopers Securities Ltd	PricewaterhouseCoopers Securities Ltd ABN 54 003 311 617.
Proxy Form	The form by which WOT Unitholders and IR Holders may vote on the Resolutions without attending the Meeting in person.
Record Date	The date that is five Business Days after the Effective Date, or such other date agreed by Mirvac or WFML in writing (expected to be Friday, 30 July 2010).
Register	Either or both (as applicable) of: <ul style="list-style-type: none"> • the register of holders of WOT Units from time to time; and • the register of holders of IRs from time to time, as administered by WFML, the Security Trustee or the Registry, as applicable.
Registry	Link Market Services Limited ABN 54 083 214 537.
Regulatory Authorities	A government, semi-governmental, administration, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.
Resolutions	Means the following resolutions to be considered by WOT Unitholders at the Meeting to: <ul style="list-style-type: none"> • amend the WOT Constitution to facilitate implementation of the Scheme; • approve the acquisition by Mirvac RE of all the WOT Units under item 7 of section 611 of the Corporations Act; and • approve the consolidation of the WOT Units to facilitate implementation of the Scheme, as set out in the Notice of Meeting.
Restricted Securities	Has the meaning set out in the ASX Listing Rules.
RVA	Rent Variation Agreement between Westpac and WFML in respect of the Westpac lease at Westpac Place, 275 Kent Street, Sydney NSW.
Risk Factors	Those risk factors set out in Section 10 (<i>Risks</i>).
S&P/ASX 200 A-REIT Index	Standard and Poor's 200 index of real estate vehicles listed on the ASX.
S&P/ASX 100 Index	Standard and Poor's index of the largest 100 vehicles listed on the ASX by market capitalisation.
Sale Broker	The broker appointed by the Sale Nominee to sell Mirvac Securities under the Sale Facility.

Sale Facility	The sale facility under which Mirvac Securities issued to Sale Facility Participants (or, if the Sale Facility Participant is a Foreign Investor, to which they would otherwise have been entitled) are sold on their behalf, as described in Section 14 (<i>Sale Facility</i>).
Sale Facility Participant	A Scheme Participant who participates in the Sale Facility.
Sale Nominee	Mirvac Treasury No. 3 Limited ABN 22 104 834 924.
Scheme	The arrangement under which Mirvac acquires all of the WOT Units in return for providing the Scheme Consideration, which is facilitated by amendments to the WOT Constitution as set out in the Supplemental Deed.
Scheme Consideration	The Scrip Option or the Cash Option, or any combination of these as contemplated under the Scheme.
Scheme Implementation Agreement	The Scheme Implementation Agreement between ML, Mirvac RE and WFML dated 28 April 2010, as amended from time to time, a summary of which is in Section 16 (<i>Additional information</i>).
Scheme Participant	A WOT Unitholder on the Record Date or an IR Holder on the Record Date (or both as the context requires).
Scrip Option	Means 0.597 Mirvac Securities for each WOT Unit beneficially held by a Scheme Participant on the Record Date, as described in Section 1 (<i>Summary of the Offer</i>).
Second Court Hearing	A hearing before the Court under section 63 of the Trustee Act 1925 (NSW) as to whether investors having approved the Resolutions by the requisite majorities, WFML would be justified in implementing the Resolutions, giving effect to the provisions of the WOT Constitution (as amended by the Supplemental Deed) and in doing all things and taking all necessary steps to put the Scheme into effect.
Second Instalment	\$0.25 per IR before consolidation of the IRs and \$0.41876 per IR after consolidation of the IRs.
Security Trust Deed	The Security Trust and Subscription Agreement between the IR Lender and the Security Trustee, dated 20 June 2003, as amended from time to time.
Security Trustee	Westpac Custodian Nominees Limited ABN 18 002 861 565, or any replacement security trustee under the Security Trust Deed.
Sqm	Square metres.
Superior Proposal	Has the meaning given to that term in the Scheme Implementation Agreement.
Supplemental Deed	The Supplemental Deed in Annexure 4 (Supplemental Deed) which, upon approval of the Offer, will be executed by WFML and lodged with ASIC to give effect to the amendments to the WOT Constitution.
Tax Act	The <i>Income Tax Assessment Act 1997</i> (Cth) or the <i>Income Tax Assessment Act 1936</i> (Cth), as the context requires.
Taxation Report	The report prepared by Allens Arthur Robinson set out in Section 13 (<i>Taxation Report</i>).
VWAP	The volume weighted average price of a security.
WACR	Weighted average capitalisation rate.
WALE	Weighted average lease expiry.
Westpac	Westpac Banking Corporation ABN 33 007 457 141.
Westpac Group	Westpac and each of its related bodies corporate.

Westpac Implementation Deed	The Westpac Implementation Deed dated 28 April 2010 between Westpac, WFML, Mirvac RE and ML, as amended from time to time.
Westpac Information	The information contained in Sections 1.4 (except the phrase '(subject to an aggregate limit of \$200 million)' in the paragraph headed 'Accepting the Cash Option or participating in the Sale Facility', and the second sentence of the first paragraph under the heading 'Distributions') and 1.10 (<i>Summary of Offer</i>) (but excluding the phrase 'at Mirvac's request Mirvac will cause WOT to extinguish and terminate WOT's liabilities under certain agreements, including a Westpac term debt facility and working capital facility, the RVA, and WOT's interest rate hedge contracts, and will capitalise WOT with the amount necessary to enable WOT to do this') and Section 10.2 (<i>Risks associated with continuing to hold IRs</i>) (but excluding the sentence, 'There is no guarantee that distributions paid in respect of a Mirvac Security will be enough to cover the instalment interest that is paid in advance. '), and certain terms relating to the IRs and Westpac contained in this Explanatory Memorandum which have been prepared by or on behalf of Westpac and which Westpac or its representatives have verified for purposes of this Explanatory Memorandum.
WFML	Westpac Funds Management Limited ABN 28 085 352 405 AFSL 233718 in its capacity as responsible entity of WOT. WFML is a wholly owned subsidiary of Westpac.
WFML Director or Director of WFML	A Director of WFML in office at the date of lodgement of this Explanatory Memorandum with ASIC as listed in Section 16 (<i>Additional information</i>).
WFML Information	Information in this Explanatory Memorandum which has been prepared by WFML, being all the information excluding the Mirvac Information, the Westpac Information, the Investigating Accountant's Report, the Independent Expert's Report and the Taxation Report.
WOT	Westpac Office Trust ARSN 103 853 523.
WOT CMBS Pty Limited	WOT CMBS Pty Limited ACN 121 906 849.
WOT Constitution	The constitution establishing WOT dated 19 February 2003, as amended from time to time.
WOT Unit	A fully paid, ordinary unit in WOT.
WOT Unitholder	A person who is registered in the Register as the holder of one or more WOT Units from time to time.

Annexure

1.

Notice of Meeting

.....

Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

Westpac Office Trust
ARSN 103 853 523
Responsible Entity –
Westpac Funds Management Limited
ABN 28 085 352 405

Notice is hereby given that a meeting of unitholders of Westpac Office Trust ARSN 103 853 523 will be held in the Brisbane Room, Level 3, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney on Wednesday, 21 July 2010 at 9.30am.

Special business – Resolutions

Resolution 1 – Constitutional Amendment Resolution

To consider and, if thought fit, to pass the following resolution as a special resolution of the unitholders of Westpac Office Trust:

‘That, subject to and conditional on Resolutions 2 and 3 being passed:

- a. the constitution of Westpac Office Trust be amended with effect on and from the Implementation Date as set out in the Supplemental Deed; and
- b. Westpac Funds Management Limited as the responsible entity of Westpac Office Trust be authorised to execute and lodge with the Australian Securities and Investments Commission, the Supplemental Deed.’

Resolution 1 is subject to the condition that (and will not have been passed unless) it would have been passed by the requisite majorities even if any votes cast in favour of the Resolution by the following persons are not counted:

- Mirvac and its associates;
- WFML and its associates (except responsible entities, superannuation fund trustees, life insurance funds (in relation to its statutory fund), custodians, nominees and trustees, which hold units subject to fiduciary or statutory duties owed to persons other than WFML and its associates);
- any person excluded from voting by section 253E of the Corporations Act or other provisions of the Corporations Act or ASX Listing Rules; and
- a person who is treated differently under the Scheme from the general body of WOT Unitholders or IR Holders.

Resolution 2 – Acquisition Resolution

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the unitholders of Westpac Office Trust:

‘That, subject to and conditional on Resolutions 1 and 3 being passed, the Scheme be approved and, in particular, that the acquisition by Mirvac Funds Limited (ABN 70 002 561 640) as responsible entity of Mirvac Property Trust (ABN 29 769 181 534) of all the WOT Units pursuant to the Scheme be approved for the purposes of item 7 of section 611 of the *Corporations Act 2001* (Cth).’

Resolution 3 – Consolidation Resolution

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the unitholders of Westpac Office Trust:

‘That, subject to and conditional on Resolutions 1 and 2 being passed, and with effect on and from the Implementation Date, all WOT Units on issue be consolidated on the basis that the WOT Units held by a Scheme Participant (or, in the case of the Security Trustee, the WOT Units it holds on behalf of each IR Holder) are consolidated such that, following the consolidation, the number of WOT Units held by a Scheme Participant (or, in the case of the Security Trustee, the number of WOT Units it holds on behalf of each IR Holder) is determined as follows:

$$A = B \times 0.597$$

where:

A is the number of post-consolidation WOT Units held by the Scheme Participant (or, in the case of the Security Trustee, the post-consolidation WOT Units it holds on behalf of the relevant IR Holder); and

B is the number of pre-consolidation Scheme Units held by the Scheme Participant (or, in the case of the Security Trustee, the pre-consolidation WOT Units it holds on behalf of the relevant IR Holder)

except that where this consolidation would result in any WOT Unitholder (or the Security Trustee in respect of an IR Holder) holding a fraction of a post-consolidation WOT Unit, the fractional entitlement will be rounded up to the nearest whole post-consolidation WOT Unit.’

Notes

The Explanatory Memorandum accompanying this Notice of Meeting forms part of the Notice of Meeting and provides information relating to the Resolutions, how WFML will implement the Resolutions, and its reasons for proposing the Resolutions. In particular, Section 5 (*Meeting details and how to vote*) contains further details about the Meeting and how to vote. Capitalised terms used in the Resolutions have the meaning given to them in the Explanatory Memorandum.

Resolution 1 is a special resolution and will not be passed unless at least 75 per cent of the votes cast on the resolution are cast in favour of the resolution by WOT Unitholders.

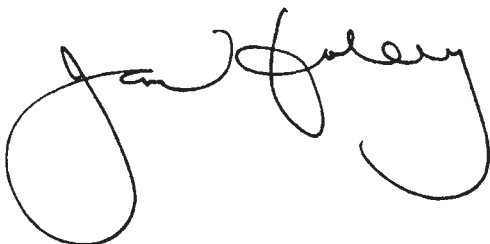
Resolution 2 is an ordinary resolution and will not be passed unless more than 50 per cent of the votes cast on the resolution are cast in favour of the resolution by WOT Unitholders.

Resolution 3 is an ordinary resolution and will not be passed unless more than 50 per cent of the votes cast on the resolution are cast in favour of the resolution by WOT Unitholders.

In accordance with section 253E of the Corporations Act, WFML and its associates (including Westpac) will not vote on the Resolutions if they have an interest in those Resolutions other than as a member of WOT.

In addition, in accordance with section 611 item 7 of the Corporations Act, none of ML, Mirvac RE and their associates will vote at the Meeting on Resolution 2 (the acquisition resolution).

By order of the Board of Westpac Funds Management Limited as responsible entity of the Westpac Office Trust.

A handwritten signature in black ink, appearing to read 'Jane Frawley', with a large, stylized initial 'J'.

Jane Frawley
Company Secretary

16 June 2010

Annexure

2.

Mirvac Deed Poll

.....

Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

Allens Arthur Robinson 

Deed Poll

Mirvac Funds Limited as responsible entity of Mirvac
Property Trust

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
Tel +61 2 9230 4000
Fax +61 2 9230 5333
www.aar.com.au

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Deed Poll

Allens Arthur Robinson 

Date	11 June 2010
By	Mirvac Funds Limited (ABN 70 002 561 640) as responsible entity of the Mirvac Property Trust (ARSN 086 780 645) (<i>MPT</i>) of Level 26, 60 Margaret Street, Sydney NSW 2000 (<i>Mirvac RE</i>).
In favour of	Each Scheme Securityholder
Recitals	<p>A Mirvac RE has entered into a Scheme Implementation Agreement dated 28 April 2010 (as amended on 25 May 2010) with Mirvac Limited (ACN 003 280 699) and Westpac Funds Management Limited (ACN 085 352 405) (<i>WFML</i>) as responsible entity of Westpac Office Trust (ARSN 103 853 523) (the <i>SIA</i>).</p> <p>B <i>WFML</i> has agreed in the <i>SIA</i> to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions, Mirvac RE will acquire all of the Scheme Securities from Scheme Securityholders for the Scheme Consideration.</p> <p>C In accordance with the <i>SIA</i>, Mirvac RE is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Securityholders that it will observe and perform the obligations contemplated of it under the Scheme and the <i>SIA</i>.</p>

It is declared as follows.

1. Definitions and Interpretation

1.1 Definitions

Terms defined in the *SIA* have the same meaning in this Deed Poll, unless the context requires otherwise.

1.2 Interpretation

The provisions of clause 1.2 of the *SIA* form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this Agreement' in that clause are references to 'this Deed Poll'.

2. Nature of Deed Poll

Mirvac RE acknowledges and agrees that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Securityholder in accordance with its terms even though the Scheme Securityholders are not party to it; and
- (b) under the Scheme, each Scheme Securityholder appoints WFML as its agent and attorney to enforce this Deed Poll against Mirvac RE on behalf of that Scheme Securityholder.

3. Condition Precedent and Termination

3.1 Condition precedent

Mirvac RE's obligations under this Deed Poll are subject to the Supplemental WOT Deed becoming Effective.

3.2 Termination

The obligations of Mirvac RE under this Deed Poll will automatically terminate on termination of the SIA.

3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Mirvac RE is released from its obligations under this Deed Poll, except those obligations under clause 10.6; and
- (b) each Scheme Securityholder retains any rights, powers or remedies that Scheme Securityholder has against Mirvac RE in respect of any breach by Mirvac RE of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

4. Compliance with Scheme Obligations

Mirvac RE covenants in favour of each Scheme Securityholder that it will observe and perform all obligations contemplated of it under the Scheme and the SIA including, without limitation, the obligation to provide the Scheme Consideration in accordance with the terms of the Scheme.

5. Undertaking

Mirvac RE undertakes and covenants in favour of each Scheme Securityholder to comply with its obligations in relation to the Scheme set out in section 16.25 of the Scheme Booklet.

6. Representations and Warranties

Mirvac RE makes the following representations and warranties in favour of Scheme Securityholders:

- (a) **(company status)** it is validly incorporated as a company limited by shares under the Corporations Act;
- (b) **(MIS status)** MPT is validly established and registered as a "registered scheme" under Chapter 5C of the Corporations Act;
- (c) **(capacity)** it has full legal capacity and power to:
 - (i) own its property and to carry on its business; and
 - (ii) enters into this Deed Poll and to carry out the transactions that this Deed Poll contemplates;
- (d) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed Poll and its carrying out the transactions that this Deed Poll contemplates;
- (e) **(Authorisations)** it holds each Authorisation that is necessary or desirable to:
 - (i) enable it to properly execute this Deed Poll and to carry out the transactions that this Deed Poll contemplates;
 - (ii) ensure that this Deed Poll is legal, valid, binding and admissible in evidence; and
 - (iii) enable it to properly carry on its business,
and it is complying with any conditions to which any Authorisation is subject;
- (f) **(document effective)** this Deed Poll constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (g) **(no contravention)** neither its execution of this Deed Poll nor the carrying out by it of the transactions that this Deed Poll contemplates does or will:
 - (i) contravene any law to which it or any of its property is subject or any order of any Governmental Agency that is binding on it or any of its property;
 - (ii) contravene any Authorisation;
 - (iii) contravene any undertaking or instrument binding on it or any of its property; or
 - (iv) contravene its constitution or the MPT constitution;
- (h) **(New Mirvac Securities)** except as provided under the Scheme, the New Mirvac Securities issued as Scheme Consideration will, on their issue:
 - (i) be fully paid and free from any mortgages, charges, liens, encumbrances, and other security interests; and
 - (ii) rank equally in all respects with all existing Mirvac Stapled Securities.

7. Continuing Obligations

This Deed Poll is irrevocable and remains in full force and effect until the earlier of:

- (a) Mirvac RE having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.2.

8. Further Assurances

Mirvac RE will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Securityholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

9. Mirvac RE Limitation of liability

- (a) Mirvac RE enters into this Deed Poll only in its capacity as responsibly entity of MPT.
- (b) A liability arising under or in connection with this Deed Poll is limited to and can be enforced against Mirvac RE only to the extent to which it can be and is in fact satisfied out of property of MPT out of which Mirvac RE is actually indemnified for the liability. This limitation of Mirvac RE's liability applies despite any other provision of this Deed Poll and extends to all liabilities and obligations of Mirvac RE in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed Poll.
- (c) Each Scheme Securityholder may not sue Mirvac RE in any capacity other than as responsible entity of MPT, including seeking the appointment of a receiver (except in relation to property of MPT) a liquidator, an administrator or any similar person to Mirvac RE or proving in any liquidation, administration or arrangement of or affecting Mirvac RE (except in relation to property of MPT).
- (d) These provisions do not apply to any obligation or liability of Mirvac RE to the extent that it is not satisfied because under the constitution establishing MPT, or by operation of law, there is a reduction in the extent of Mirvac RE's indemnification out of the assets of MPT, as a result of Mirvac RE's failure to perform its duties as responsibly entity of MPT.
- (e) Nothing in this clause 9 shall make Mirvac RE liable to any claim for an amount greater than the amount which Mirvac RE would have been able to claim and recover from the assets of Mirvac Trust in relation to the relevant liability if Mirvac RE's right of indemnification out of the assets of MPT had not been prejudiced by failure to properly perform its duties.
- (f) Mirvac RE is not obliged to do or refrain from doing anything under this Deed Poll (including incur any liability) unless its liability is limited in the same manner as set out in this clause 9.

10. General

10.1 Notices

Any notice, demand, consent or other communication (a *Notice*) given or made to Mirvac RE under or in connection with this Deed Poll:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to Mirvac RE by pre-paid post (if posted to an address in another country, by registered airmail) or by hand to the address below or the address last requested by Mirvac RE in writing to the sender:

Level 26

60 Margaret Street

Sydney NSW 2000

Attention: Company Secretary; and

- (c) will be taken to be duly given or made:
 - (i) in the case of delivery in person, when delivered; and
 - (ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country),

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or is later than 5pm (local time) it will be taken to have been duly given or made at the commencement of business on the next business day in that place.

10.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by Mirvac RE or by any Scheme Securityholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

10.3 Remedies cumulative

The rights, powers and remedies of Mirvac RE and of each Scheme Securityholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

10.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

- (a) the amendment or variation is agreed to in writing by WFML, and

- (b) Mirvac RE enters into a further deed poll in favour of the Scheme Securityholders giving effect to that amendment or variation.

10.5 Assignment

The rights and obligations of each of Mirvac RE and of each Scheme Securityholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so.

10.6 Costs and stamp duty

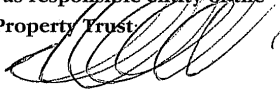
- (a) Mirvac RE must bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll.
- (b) All stamp duty (including any related fines, penalties and interest) payable on or in connection with the transfer of Scheme Securities under the Scheme, this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by Mirvac RE. Mirvac RE must indemnify each Scheme Securityholder on demand against any liability for that stamp duty (including any related fines, penalties and interest).

10.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. Mirvac RE submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

Executed and delivered as a Deed in Sydney

Executed in accordance with section 127 of the *Corporations Act 2001* by **Mirvac Funds Limited** as responsible entity of the **Mirvac Property Trust**



Director Signature

Nicholas Roland Collishaw

Print Name



Director/Secretary Signature

SONYA LOUISE HARRIS

Print Name

Allens Arthur Robinson 

Deed Poll

Mirvac Limited

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
Tel +61 2 9230 4000
Fax +61 2 9230 5333
www.aar.com.au


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Deed Poll

Allens Arthur Robinson 

Date	11 June 2010
By	Mirvac Limited (ABN 93 003 280 699) of Level 26, 60 Margaret Street, Sydney NSW 2000 (<i>Mirvac Limited</i>).
In favour of	Each Scheme Securityholder.
Recitals	<p>A Mirvac Limited has entered into a Scheme Implementation Agreement dated 28 April 2010 (as amended on 25 May 2010) with Mirvac Funds Limited (ACN 002 561 640) in its capacity as responsible entity of the Mirvac Property Trust (ARSN 086 780 645) (<i>MPT</i>) (<i>Mirvac RE</i>) and Westpac Funds Management Limited (ACN 085 352 405) (<i>WFML</i>) as responsible entity of Westpac Office Trust (ARSN 103 853 523) (the <i>SIA</i>).</p> <p>B WFML has agreed in the SIA to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions, Mirvac RE will acquire all of the Scheme Securities from Scheme Securityholders for the Scheme Consideration.</p> <p>C In accordance with the SIA, Mirvac Limited is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Securityholders that it will observe and perform the obligations contemplated of it under the Scheme and the SIA, and that it will procure that Mirvac RE observes and performs the obligations contemplated of Mirvac RE under the Scheme and the SIA.</p>

It is declared as follows.

1. Definitions and Interpretation

1.1 Definitions

Terms defined in the SIA have the same meaning in this Deed Poll, unless the context requires otherwise.

1.2 Interpretation

The provisions of clause 1.2 of the SIA form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this Agreement' in that clause are references to 'this Deed Poll'.

2. Nature of Deed Poll

Mirvac Limited acknowledges and agrees that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Securityholder in accordance with its terms even though the Scheme Securityholders are not party to it; and
- (b) under the Scheme, each Scheme Securityholder appoints WFML as its agent and attorney to enforce this Deed Poll against Mirvac Limited on behalf of that Scheme Securityholder.

3. Condition Precedent and Termination

3.1 Condition precedent

Mirvac Limited's obligations under this Deed Poll are subject to the Supplemental WOT Deed becoming Effective.

3.2 Termination

The obligations of Mirvac Limited under this Deed Poll will automatically terminate on termination of the SIA.

3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Mirvac Limited is released from its obligations under this Deed Poll, except those obligations under clause 9.6; and
- (b) each Scheme Securityholder retains any rights, powers or remedies that Scheme Securityholder has against Mirvac Limited in respect of any breach by Mirvac Limited of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

4. Compliance with Scheme Obligations

Mirvac Limited covenants in favour of each Scheme Securityholder that it will observe and perform all obligations contemplated of it under the Scheme and the SIA including, without limitation, the obligation to provide the Scheme Consideration in accordance with the terms of the Scheme.

5. Undertaking

Mirvac Limited undertakes and covenants in favour of each Scheme Securityholder to comply with its obligations in relation to the Scheme set out in section 16.25 of the Scheme Booklet.

6. Representations and Warranties

Mirvac Limited makes the following representations and warranties in favour of Scheme Securityholders:

- (a) **(company status)** it is validly incorporated as a company limited by shares under the Corporations Act;
- (b) **(capacity)** it has full legal capacity and power to:
 - (i) own its property and to carry on its business; and
 - (ii) enter into this Deed Poll and to carry out the transactions that this Deed Poll contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions that this Deed Poll contemplates;
- (d) **(Authorisations)** it holds each Authorisation that is necessary or desirable to:
 - (i) enable it to properly execute this Deed and to carry out the transactions that this Agreement contemplates;
 - (ii) ensure that this Deed is legal, valid, binding and admissible in evidence; and
 - (iii) enable it to properly carry on its business, and it is complying with any conditions to which any Authorisation is subject;
- (e) **(document effective)** this Deed Poll constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) **(no contravention)** neither its execution of this Deed Poll nor the carrying out by it of the transactions that this Deed Poll contemplates does or will:
 - (i) contravene any law to which it or any of its property is subject or any order of any Governmental Agency that is binding on it or any of its property;
 - (ii) contravene any Authorisation;
 - (iii) contravene any undertaking or instrument binding on it or any of its property; or
 - (iv) contravene its constitution or the MPT constitution; and
- (g) **(New Mirvac Securities)** except as provided under the Scheme, the New Mirvac Securities issued as Scheme Consideration will, on their issue:
 - (i) be fully paid and free from any mortgages, charges, liens, encumbrances, and other security interests; and
 - (ii) rank equally in all respects with all existing Mirvac Stapled Securities.

7. Continuing Obligations

This Deed Poll is irrevocable and remains in full force and effect until the earlier of:

- (a) Mirvac Limited having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.2.

8. Further Assurances

Mirvac Limited will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Securityholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

9. General

9.1 Notices

Any notice, demand, consent or other communication (a *Notice*) given or made to Mirvac Limited under or in connection with this Deed Poll:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to Mirvac Limited by pre-paid post (if posted to an address in another country, by registered airmail) or by hand to the address below or the address last requested by Mirvac Limited in writing to the sender:

Level 26

60 Margaret Street

Sydney NSW 2000

Attention: Company Secretary; and

- (c) will be taken to be duly given or made:
 - (i) in the case of delivery in person, when delivered; and
 - (ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country),

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or is later than 5pm (local time) it will be taken to have been duly given or made at the commencement of business on the next business day in that place.

9.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by Mirvac Limited or by any Scheme Securityholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more

occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

9.3 Remedies cumulative

The rights, powers and remedies of Mirvac Limited and of each Scheme Securityholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

9.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

- (a) the amendment or variation is agreed to in writing by WFML; and
- (b) Mirvac Limited enters into a further deed poll in favour of the Scheme Securityholders giving effect to that amendment or variation.

9.5 Assignment

The rights and obligations of Mirvac Limited and of each Scheme Securityholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so.

9.6 Costs and stamp duty

- (a) Mirvac Limited must bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll.
- (b) All stamp duty (including any related fines, penalties and interest) payable on or in connection with the transfer of Scheme Securities under the Scheme, this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by Mirvac Limited. Mirvac Limited must indemnify each Scheme Securityholder on demand against any liability for that stamp duty (including any related fines, penalties and interest).

9.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. Mirvac Limited submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

Executed and delivered as a Deed in Sydney

Executed in accordance with section 127 of
the *Corporations Act 2001* by **Mirvac
Limited:**



Director Signature

Nicholas Roland Collishaw

Print Name



Director/Secretary Signature

SONYA LOUISE HARRIS

Print Name

Annexure

3.

Westpac Deed Poll

.....

Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting

Allens Arthur Robinson 

Deed Poll

Westpac Banking Corporation

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
Tel +61 2 9230 4000
Fax +61 2 9230 5333
www.aar.com.au

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Deed Poll

Allens Arthur Robinson 

Date	11 June 2010
By	Westpac Banking Corporation ABN 33 007 457 141 registered in New South Wales of Level 20, 275 Kent Street Sydney NSW 2000 (<i>Westpac</i>).
In favour of	Each Scheme Securityholder.
Recitals	
A	Westpac Funds Management Limited (ACN 085 352 405) (<i>WFML</i>) as responsible entity of Westpac Office Trust (ARSN 103 853 523) (<i>WOT</i>) has entered into a Scheme Implementation Agreement (the <i>SIA</i>) dated 28 April 2010 (as amended on 25 May 2010) with Mirvac Limited (ACN 003 280 699) (<i>Mirvac Limited</i>) and Mirvac Funds Limited (ACN 002 561 640) as responsible entity of Mirvac Property Trust (ARSN 086 780 645) (<i>Mirvac RE</i>).
B	WFML has agreed in the SIA to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions, Mirvac RE will acquire all of the Scheme Securities from Scheme Securityholders for the Scheme Consideration.
C	Westpac is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Securityholders that it will observe and perform the obligations contemplated of it under and in respect of the Scheme.

It is declared as follows.

1. Definitions and Interpretation

1.1 Definitions

Terms defined in the SIA have the same meaning in this Deed Poll, unless the context requires otherwise.

1.2 Interpretation

The provisions of clause 1.2 of the SIA form part of this Deed Poll as if set out in full in this Deed Poll and on the basis that references to 'this Deed' in that clause are references to 'this Deed Poll'.

Deed Poll

Allens Arthur Robinson 

2. Nature of Deed Poll

Westpac acknowledges and agrees that:

- (a) that this Deed Poll may be relied on and enforced by any Scheme Securityholder in accordance with its terms, even though the Scheme Securityholders are not party to it; and
- (b) under the Scheme, each Securityholder appoints WFML as its agent and attorney to enforce this Deed Poll against Westpac on behalf of that Scheme Securityholder.

3. Conditions Precedent and Termination

3.1 Conditions precedent

Westpac's obligations under this Deed Poll are subject to the Supplemental WOT Deed becoming Effective.

3.2 Termination

The obligations of Westpac under this Deed Poll will automatically terminate on termination of the SIA.

3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Westpac is released from its obligations under this Deed Poll, except those obligations under clause 8.6; and
- (b) each Scheme Securityholder retains any rights, powers or remedies that Scheme Securityholder has against Westpac in respect of any breach by Westpac of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

4. Compliance with Scheme Obligations

Westpac covenants in favour of each Scheme Securityholder that it will:

- (a) do all things necessary to perform its obligations in relation to the Scheme, including by discharging the obligations contemplated of it in the Supplemental WOT Deed; and
- (b) procure that WSL and WCN discharge their respective obligations under the Scheme.

5. Representations and Warranties

Westpac makes the following representations and warranties in favour of Scheme Securityholders:

- (a) **(company status)** it is validly incorporated as a company limited by shares under the Corporations Act;
- (b) **(capacity)** it has full legal capacity and power to:
 - (i) own its property and to carry on its business; and
 - (ii) enter into this Deed Poll and to carry out the transactions that this Deed Poll contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed Poll and its carrying out the transactions that this Deed Poll contemplates;
- (d) **(Authorisations)** it holds each Authorisation that is necessary or desirable to:
 - (i) enable it to properly execute this Deed Poll and to carry out the transactions that this Deed Poll contemplates; and
 - (ii) ensure that this Deed Poll is legal, valid, binding and admissible in evidence;and it is complying with any conditions to which any Authorisation is subject;
- (e) **(document effective)** this Deed Poll constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms; and
- (f) **(no contravention)** neither Westpac's execution of this Deed Poll nor the carrying out by it of the transactions that this Deed Poll contemplates does or will:
 - (i) contravene any law to which it or any of its property is subject or any order of any Governmental Agency that is binding on it or any of its property;
 - (ii) contravene any Authorisation;
 - (iii) contravene any undertaking or instrument binding on it or any of its property; or
 - (iv) contravene the constitution of Westpac.

6. Continuing Obligations

This Deed Poll is irrevocable and remains in full force and effect until the earlier of:

- (a) Westpac having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll under clause 3.2.

7. Further Assurances

Westpac will, on its own behalf and, to the extent authorised by the Scheme, on behalf of each Scheme Securityholder, do all things and execute all deeds, instruments, transfers or

other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

8. General

8.1 Notices

Any notice, demand, consent or other communication (a *Notice*) given or made to Westpac under or in connection with this Deed Poll:

- (a) must be in writing and signed by a person duly authorised by the sender;
- (b) must be delivered to Westpac by pre-paid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last requested by Westpac in writing to the sender:

Level 20

275 Kent Street

Sydney NSW 2000

Attention: The Company Secretary

Fax No: + 61 2 8253 1888; and

- (c) will be taken to be duly given or made:
 - (i) in the case of delivery in person, when delivered;
 - (ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country); and
 - (iii) in the case of fax, on receipt by the sender of a transmission control report from the dispatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error,

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or is later than 5pm (local time) it will be taken to have been duly given or made at the commencement of business on the next business day in that place.

8.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by any of Westpac or by any Scheme Securityholder operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

8.3 Remedies cumulative

The rights, powers and remedies of Westpac and of each Scheme Securityholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

8.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

- (a) the amendment or variation is agreed to in writing by WFML; and
- (b) Westpac enters into a further deed poll in favour of the Scheme Securityholders giving effect to that amendment or variation.

8.5 Assignment

The rights and obligations of Westpac and of each Scheme Securityholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so.

8.6 Costs and stamp duty

- (a) Westpac must bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll.
- (b) All stamp duty (including any related fines, penalties and interest) payable on or in connection with this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by Westpac and Westpac must indemnify each Scheme Securityholder on demand against any liability for that stamp duty (including any related fines, penalties and interest).

8.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales. Westpac submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

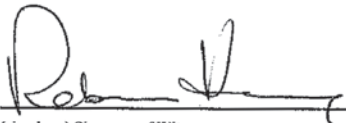
Deed Poll

Allens Arthur Robinson 

Executed and delivered as a Deed in Sydney

Each attorney executing this Deed states that he or she has no notice of revocation or suspension of his or her power of attorney.

Signed Sealed and Delivered for Westpac Banking Corporation ABN 33 007 457 141 by its attorneys who state that they have no notice of the revocation of the Power of Attorney dated 17.1.2011 registered as under the authority of which they have executed this document.



(sign here) Signature of Witness



(sign here)

Title: **TIER ONE ATTORNEY**

Name:

Rebecca King

Name:

EDWARD FOK

(sign here)



Title:

**Christopher David Mellor
Tier One Attorney**

Name:

Annexure

4.

Supplemental Deed

.....

Westpac Office Trust
Explanatory Memorandum
and Notice of Meeting



Supplemental Deed

Westpac Funds Management Limited

Amending the Constitution for the Westpac Office Trust

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000 Australia
Tel +61 2 9230 4000
Fax +61 2 9230 5333
www.aar.com.au

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Date	2010
Party	Westpac Funds Management Limited (ABN 28 085 352 405) as responsible entity of the Westpac Office Trust (ARSN 103 853 523) of Level 15, 90 Collins Street, Melbourne VIC 3000 (the <i>Responsible Entity</i>).
Recitals	<p>A The Responsible Entity is the responsible entity of the Westpac Office Trust (ARSN 103 853 523) (the <i>Fund</i>), which was established under the Constitution.</p> <p>B The Fund has been registered by the Australian Securities and Investments Commission (<i>ASIC</i>) as a managed investment scheme pursuant to section 601EB of the <i>Corporations Act 2001</i> (Cth) (the <i>Corporations Act</i>).</p> <p>C The Units of the Fund are quoted and traded on the ASX.</p> <p>D IRs in respect of Units have also been issued to investors under the terms of the IR Security Trust Deed. IRs are quoted, but suspended from trading, on the ASX.</p> <p>E The Responsible Entity and the Bidder have agreed, by executing a Scheme Implementation Agreement dated 28 April 2010 (as amended on [*]), to propose and implement the Scheme.</p> <p>F The Constitution must be amended to facilitate the Scheme.</p> <p>G Under clause 20 of the Constitution, subject to the Corporations Act, the Responsible Entity may modify, repeal or replace the Constitution by a supplemental deed made by the Responsible Entity.</p> <p>H Section 601GC(1)(a) of the Corporations Act provides that the Constitution may be modified by special resolution of the Members of the Fund.</p> <p>I At a meeting held on [*] convened in accordance with the Corporations Act, clause 15 of the Constitution and clause 22 of the IR Security Trust Deed, the Members of the Fund approved certain resolutions, including a special resolution to make the amendments to the Constitution contained in this Supplemental Deed.</p> <p>J Pursuant to section 601GC(2) of the Corporations Act, the amendments to the Constitution set out in this Supplemental Deed cannot take effect until a copy of this Supplemental Deed has been lodged with ASIC.</p> <p>K The Bidder has entered into a deed poll for the purpose of covenanting in favour of</p>

L	the Members and the IR Holders who are eligible to participate in the Scheme, that it will observe and perform the obligations contemplated of it under the Scheme.
M	Westpac has entered into a deed poll for the purpose of covenanting in favour of the Members and the IR Holders who are eligible to participate in the Scheme, that it will, and it will procure that WCN and WSL will, observe and perform obligations contemplated of them under the Scheme.
M	WSL has provided its written consent to the implementation of the Scheme in the manner contemplated by the amendments to the Constitution as set out in this Supplemental Deed.

It is declared as follows.

1. Definitions and Interpretation

1.1 Definitions

In this Supplemental Deed including the Recitals, the following definitions apply unless the context otherwise requires.

ASX means Australian Securities Exchange or ASX Limited (ABN 98 00 824 691).

Bidder means Mirvac Limited and Mirvac RE.

Constitution means the trust deed dated 19 February 2003 constituting the Fund, as amended from time to time.

Effective Time means the date and time on which a copy of this Supplemental Deed is lodged with ASIC under section 601GC(2) of the Corporations Act.

IR means an instalment receipt which evidences the beneficial ownership of the IR Holder in one Unit, where that Unit is held by the Security Trustee on separate trust for the IR Holder's beneficial interest and WSL's security interest under the terms of the IR Security Trust Deed.

IR Holder means a person who is registered in the Securityholder Register as the holder of one or more IRs from time to time.

IR Security Trust Deed means the Security Trust and Subscription Deed in respect of the IRs, between WCN and WSL dated 10 June 2003, as amended from time to time.

Member means a person who is registered in the Securityholder Register as the holder of one or more Units from time to time, including the Security Trustee as trustee for each IR Holder.

Mirvac RE means Mirvac Funds Limited (ABN 70 002 561 640) in its capacity as responsible entity of MPT.

MPT means the Mirvac Property Trust (ARSN 086 780 645).

Registrar means such suitably qualified person or persons that is from time to time appointed by the Responsible Entity or the Security Trustee (as applicable) to operate the Securityholder Register.

Scheme means the arrangement facilitated by the amendments to the Constitution set out in this Supplemental Deed under which Mirvac RE acquires all of the Units from eligible Members.

Security Trustee means WCN or such other trustee under the IR Security Trust Deed.

Securityholder Register means:

- (a) the register of Members from time to time, and
- (b) the register of IR Holders from time to time,

as administered by the Responsible Entity or the Security Trustee, as applicable (or by the Registrar on behalf of the Responsible Entity or the Security Trustee, as applicable).

Unit has the meaning given in the Constitution.

WCN means Westpac Custodian Nominees Limited (ABN 18 002 861 565) as security trustee under the IR Security Trust Deed or such other party appointed as security trustee under the IR Security Trust Deed..

WSL means Westpac Securities Limited (ABN 39 087 924 221).

1.2 Interpretation

Clauses 1.2 (Interpretation), 2 (Corporations Act) and 25 (Listing) of the Constitution apply to this Supplemental Deed as if set out in this Supplemental Deed.

1.3 Benefit of this Supplemental Deed

This Supplemental Deed is made by the Responsible Entity with the intent that the benefit of this Supplemental Deed shall enure to the benefit of the members of the Fund, including the Members and the IR Holders, jointly and severally.

2. Amendments to Constitution

On and from the Effective Time, the Constitution is amended in the manner set out in the Schedule.

3. No Resettlement

The Responsible Entity confirms that it is not by this Supplemental Deed intending to:

- (a) resettle or re-declare the trust declared under the Constitution; or
- (b) cause the transfer, vesting or accruing of any property comprising the assets of the Fund in any person.

4. Governing Law and Jurisdiction

This Supplemental Deed is governed by the laws of New South Wales and the Responsible Entity submits to the non-exclusive jurisdiction of courts exercising jurisdiction there.

Executed and delivered as a Deed Poll in Canberra

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by affixing the common seal of **Westpac Funds Management Limited** in the presence of:

Director Signature

Director/Secretary Signature

Print Name

Print Name

Schedule

Amendments to the Constitution for the Westpac Office Trust

The Constitution is amended as follows:

1. Clause 1.1 - Definitions

In clause 1.1 of the Constitution, the following definitions are inserted in alphabetical order:

ASX Listing Rules means the official listing rules of ASX Limited.

Australian ADI has the meaning given in the Corporations Act.

Beneficial Interest means the beneficial interest which an IR Holder has in a specified Unit pursuant to the IR Security Trust Deed.

Benefits Record Time has the meaning given in the IR Security Trust Deed.

Bidder means Mirvac Limited and Mirvac RE (or either of them, as applicable).

Bidder Deed Poll means a deed poll executed by the Bidder in favour of Scheme Securityholders.

Bidder Registrar means such suitably qualified person or persons that is from time to time appointed by the Bidder to operate the Bidder Securityholder Register.

Bidder Security means a Mirvac Unit stapled to (and traded together with) a Mirvac Share.

Bidder Securityholder Register means the register of holders of the Bidder Stapled Securities from time to time, as administered by the Bidder (or by the Bidder Registrar on behalf of the Bidder).

Cash Alternative means the alternative consideration described in clause 26.7 whereby Scheme Unitholders can elect to receive the Fixed Cash Price rather than the New Bidder Securities to which they are entitled as Scrip Consideration.

Consolidation means:

- (a) the consolidation of the Scheme Units on the basis that the Pre-Consolidation Scheme Units held by a Scheme Unitholder (or, in the case of the Security Trustee, the Pre-Consolidation Scheme Units in each IR Holding) are consolidated such that, following the consolidation, the number of Post-Consolidation Scheme Units held by a Scheme Unitholder (or, in the case of the Security Trustee, the number of Post-Consolidation Scheme Units in each IR Holding) is determined as follows:

$$A = B \times 0.597,$$

where:

A is the number of Post-Consolidation Scheme Units held by the Scheme Unitholder (or the number of Post-Consolidation Scheme Units in an IR Holding); and

B is the number of Pre-Consolidation Scheme Units held by the Scheme Unitholder (or the number of Post-Consolidation Scheme Units in an IR Holding),

except that where this consolidation would result in any Scheme Unitholder (or the Security Trustee in respect of an IR Holding) holding a fraction of a Post-Consolidation Scheme Unit, the fractional entitlement will be rounded up to the nearest whole Post-Consolidation Scheme Unit; and

- (b) in the case of Scheme Units in an IR Holding, the simultaneous and corresponding consolidation of IRs, on the basis that the Pre-Consolidation Scheme IRs held by a Scheme IR Holder are consolidated such that:
- (i) following the consolidation, the number of Post-Consolidation Scheme IRs held by the Scheme IR Holder is equal to the whole number of Post-Consolidation Scheme Units held by the Security Trustee in the IR Holding of that Scheme IR Holder; and
 - (ii) in respect of an IR Holding, the correspondence between one Pre-Consolidation Scheme IR and one Pre-Consolidation Scheme Unit is preserved, so that one Post-Consolidation Scheme IR corresponds to one Post-Consolidation Scheme Unit.

Consolidation Resolution means a resolution of Unitholders to approve the Consolidation of the Scheme Units.

Effective Date means the date on which the Supplemental Deed making amendments to this Constitution to facilitate the Scheme, including the insertion of clause 26, takes effect pursuant to section 601GC(2) of the Corporations Act.

Election Date means 5.00 pm on the date of the Scheme Meeting.

Election Form means a form of election accompanying the Explanatory Memorandum, referred to in clause 26.6(e), relating to the form of Scheme Consideration and the Sale Facility.

Explanatory Memorandum means the notice of meeting and explanatory memorandum in relation to the proposal to implement the Scheme.

Final Instalment means \$0.25 per Pre-Consolidation Scheme Unit corresponding to a Pre-Consolidation Scheme IR (which is equivalent to \$0.41876 per Post-Consolidation Scheme Unit corresponding to a Post-Consolidation Scheme IR).

Final Instalment Payment Date means, in relation to a Unit, the date specified in the IR Security Trust Deed for the payment of the Final Instalment (and to the extent it has not been paid, the Second Instalment).

Fixed Cash Price, in relation to a Scheme Unit, means a fixed cash price equal to \$0.86 per Pre-Consolidation Scheme Unit (which is equivalent to \$1.44 per Post-Consolidation Scheme Unit), to be paid and applied in accordance with clause 26.7.

Implementation Date means the date which is 2 Scheme Business Days after the Record Date or such other date as the parties agree in writing.

Ineligible Overseas IR Holder means a Scheme IR Holder whose address as shown in the Securityholder Register as at the Record Date is a place outside Australia and its external territories, New Zealand and such other jurisdictions as the Bidder and the Responsible Entity agree to in writing.

Ineligible Overseas Securityholder means an Ineligible Overseas Unitholder or an Ineligible Overseas IR Holder (or both, as the context requires).

Ineligible Overseas Unitholder means a Scheme Unitholder whose address as shown in the Securityholder Register as at the Record Date is a place outside Australia and its external territories, New Zealand and such other jurisdictions as the Bidder and the Responsible Entity agree to in writing.

Instalment Interest means, in relation to an IR, the interest payable in respect of the Second Instalment and the Final Instalment by each IR Holder in accordance with the IR Security Trust Deed.

Instalment Interest Payment Date means the date that the Instalment Interest is payable as set out in column 1 of Schedule 6 to the IR Security Trust Deed.

IR means an instalment receipt which evidences the beneficial ownership of an IR Holder in one Unit, where that Unit is held on separate trust by the Security Trustee for the IR Holder's beneficial interest and WSL's security interest under the IR Security Trust Deed.

IR Amending Deed means the deed poll dated on or about the date of the Supplemental Deed, made by the Security Trustee and WSL in relation to the amendments to the IR Security Trust Deed.

IR Holder means a person who is registered in the Securityholder Register as the holder of one or more IRs from time to time.

IR Holding has the meaning given in clause 26.6(b)(i).

IR Security Trust Deed means the Security Trust and Subscription Deed in respect of the IRs, between the Security Trustee and WSL dated 10 June 2003, as amended from time to time, as it applies at the relevant time.

Maximum Cash Amount means \$200 million.

Mirvac Limited means Mirvac Limited (ABN 92 003 280 699).

Mirvac RE means Mirvac Funds Limited (ABN 70 002 561 640) in its capacity as responsible entity of MPT.

Mirvac Share means a fully paid ordinary share issued by Mirvac Limited.

Mirvac Unit means a fully paid ordinary unit in MPT issued by Mirvac RE.

MPT means the Mirvac Property Trust (ARSN 086 780 645).

New Bidder Security means a Bidder Security to be issued to, or at the direction of, Scheme Unitholders who receive the Scrip Consideration under the Scheme.

Outstanding Amount means the total amount owing by an IR Holder to WSL under the terms of the IR Security Trust Deed.

Post-Consolidation Scheme IR means a Scheme IR as it exists immediately following the Consolidation.

Post-Consolidation Scheme Unit means a Scheme Unit as it exists immediately following the Consolidation.

Pre-Consolidation Scheme IR means a Scheme IR as it exists immediately before the Consolidation.

Pre-Consolidation Scheme Unit means a Scheme Unit as it exists immediately before the Consolidation.

Record Date means 7.00pm (Sydney time) on the day that is 4 Scheme Business Days after the Effective Date or such other date as may be agreed by the parties in writing.

Registered Address means, in relation to a Scheme Unitholder, the address of that Scheme Unitholder shown on the Securityholder Register.

Registrar means such suitably qualified person or persons that are from time to time appointed by the Responsible Entity or the Security Trustee (as applicable) to operate the Securityholder Register.

Sale Facility means the facility described in clause 26.8, whereby the New Bidder Securities:

- (a) to which the Ineligible Overseas Securityholders would otherwise have been entitled; or
- (b) which are issued to Scheme Securityholders who have elected to participate in the Sale Facility, and which are transferred to the Sale Nominee,

are placed for sale by the Sale Nominee.

Sale Facility Proceeds means, in relation to a New Bidder Security sold under the Sale Facility, that portion of the total proceeds of sale to be derived by the Sale Nominee in respect of all the New Bidder Securities sold under the Sale Facility, which is attributed to each New Bidder Security in accordance with the procedures set out in the Explanatory Memorandum.

Sale Nominee means an entity appointed by the Bidder to sell the New Bidder Securities in accordance with the Sale Facility.

Scheme means the arrangement by which all of the Scheme Units will be transferred to Mirvac RE for the Scheme Consideration, as set out in clause 26.

Scheme Business Day means:

- (a) a Business Day as defined in the ASX Listing Rules; and
- (b) a week day on which trading banks are open for business in Sydney, Australia.

Scheme Consideration means, at the election of the Scheme Unitholder in accordance with clause 26.6 of this Constitution, either the Scrip Consideration or the Cash

Alternative, being the consideration to be provided for the transfer by the Scheme Unitholders of their Scheme Units to Mirvac RE.

Scheme Custodian means:

- (a) a Scheme Unitholder who holds one or more parcels of Scheme Units as trustee or nominee for, or otherwise on account of, another person and who is not an Ineligible Overseas Unitholder, excluding the Security Trustee in respect of the IR Holdings; or
- (b) a Scheme IR Holder who holds one or more parcels of Scheme IRs as trustee or nominee for, or otherwise on account of, another person and who is not an Ineligible Overseas IR Holder.

Scheme Implementation Agreement means the agreement of that name dated 28 April 2010 between the Bidder and the Responsible Entity, as amended from time to time.

Scheme IR means an IR on issue as at the Record Date.

Scheme IR Holder means a person registered in the Securityholder Register as the holder of one or more Scheme IRs as at the Record Date.

Scheme Meeting means the meeting of Unitholders held on [*insert date*] to consider the Scheme Resolutions, and includes any adjournment of that meeting.

Scheme Outcome has the meaning given in the IR Security Trust Deed.

Scheme Resolutions means resolutions of Unitholders to approve the Scheme, being:

- (a) an ordinary resolution approving for all purposes, including item 7 of section 611 of the Corporations Act, the acquisition by Mirvac RE of all the Scheme Units; and
- (b) a special resolution for the purpose of section 601GC(1) of the Corporations Act to approve amendments to this Constitution to facilitate the implementation of the Scheme.

Scheme Security means a Scheme Unit and a Scheme IR (or both, as the context requires).

Scheme Securityholder means a Scheme Unitholder or a Scheme IR Holder (or both, as the context requires).

Scheme Transfers means, for each Scheme Unitholder, a proper instrument of transfer of their Scheme Units for the purpose of section 1071B of the Corporations Act (which may be a master transfer of all or part of all of the Scheme Units).

Scheme Unit means a Unit, including a Unit held by the Security Trustee on trust for a Scheme IR Holder, on issue as at the Record Date.

Scheme Unitholder means a person registered in the Securityholder Register as a holder of one or more Scheme Units as at the Record Date.

Script Consideration means 0.597 New Bidder Securities for each Pre-Consolidation Scheme Unit (which is equivalent to one New Bidder Security for each Post-Consolidation Scheme Unit).

Second Instalment means \$0.25 per Pre-Consolidation Scheme Unit corresponding to a Pre-Consolidation Scheme IR (which is equivalent to \$0.41876 per Post-Consolidation Scheme Unit corresponding to a Post-Consolidation Scheme IR).

Security Interest has the meaning given in the IR Security Trust Deed.

Security Trustee means WCN or such other party appointed as security trustee under the IR Security Trust Deed.

Securityholder means a Unitholder or an IR Holder (as both, as the context requires).

Securityholder Register means:

- (a) the register of holders of Units from time to time; and
- (b) the register of holder of IRs from time to time,

as administered by the Responsible Entity or the Security Trustee, as applicable (or by the Registrar on behalf of the Responsible Entity or the Security Trustee, as applicable).

Separate Parcel has the meaning given in clause 26.6(c)(i).

Supplemental Deed means the deed poll dated [*insert date*] made by the Responsible Entity in relation to the amendment of this Constitution.

Total Fixed Cash Price means the Fixed Cash Price multiplied by the total number of Scheme Units in respect of which a valid election has been made to receive the Cash Alternative.

Unitholder means a person, including the Security Trustee, who is registered in the Securityholder Register as the holder of one or more Units from time to time.

WCN means Westpac Custodian Nominees Limited (ABN 18 002 861 565).

Westpac means Westpac Banking Corporation (ABN 33 007 457 141).

Westpac Deed Poll means the means a deed poll executed by Westpac in favour of Scheme Securityholders.

WSL means Westpac Securities Limited (ABN 39 087 924 221).

2. Clause 5.2

Clause 5.2 is deleted and replaced with the following clause:

5.2 Fractions

Fractions in a Unit may be issued (unless the Responsible Entity determines otherwise) to such number of decimal places as the Responsible Entity decides. If the Responsible Entity determines that fractions are not to be issued:

- (a) subject to paragraph (b), where any calculation performed under this Constitution would otherwise result in the issue of a fraction of one Unit, the number of Units to be issued is to be rounded to the nearest whole Unit; and

- (b) where the Consolidation would result in any Scheme Unitholder (including the Security Trustee in respect of an IR Holding) holding a fraction of a Unit, the fractional entitlement is to be rounded up to the nearest whole Unit.

Any excess application or other moneys become an Asset of the Fund.

3. New clause 13.14 – Implementation of the Scheme

A new clause 13.14 is inserted immediately after clause 13.13 as follows:

13.14 Implementation of the Scheme

If the Scheme is implemented on the Implementation Date and:

- (a) the Security Trustee, as registered holder of Scheme Units in an IR Holding, is entitled to a distribution (the *Distribution*) from the Westpac Office Trust in circumstances where the entitlement to the Distribution arises before the Implementation Date and payment of the Distribution is to occur on or after the Implementation Date; and
- (b) the IR Holding referred to in paragraph (a) relates to Scheme Units in respect of which a Scheme IR Holder:
 - (i) has elected to receive and, following the application of any scale back in accordance with clause 26.7(a)(iv), is entitled to receive the Cash Alternative in respect of all or some of the Scheme Units in the IR Holding; or
 - (ii) participates in the Sale Facility in accordance with clause 26.8 in respect of all or some of the Scheme Units in the IR Holding, in circumstances where WSL has, before the date that is two Business Days after the payment date for the Distribution, received from the proceeds of sale of that IR Holding under the Sale Facility, the Second Instalment, Final Instalment and any balance of the Outstanding Amount owing as at the Implementation Date,

then, subject to paragraph (f) and despite anything in the IR Security Trust Deed or this Constitution:

- (c) at the direction of the Security Trustee, which is deemed to be given to the Responsible Entity by operation of this paragraph (c), the Distribution will be paid to the relevant Scheme IR Holder, and will not be received by the Security Trustee, on the corresponding Instalment Interest Payment Date, despite the cancellation of the Scheme IR Holder's Scheme IRs in accordance with clauses 26.7(c)(ii)(B) or 26.8(c)(iii); but
- (d) despite clause 15.2 or any other provision of the IR Security Trust Deed, or any provision of this Constitution, no Instalment Interest is to be deducted from the Distribution and the relevant Scheme IR Holder will be under no obligation to pay

the Instalment Interest that would otherwise have been due on the Instalment Interest Payment Date corresponding to the record date for the Distribution under clause 15 of the IR Security Trust Deed and Schedule 6 of the IR Security Trust Deed; and

- (e) clause 15 of the IR Security Trust Deed will not apply in respect of the Distribution and the corresponding Instalment Interest Payment Date; and
- (f) if a transfer of an IR relating to the Scheme Units referred to in paragraph (a) is registered after the Benefits Record Time in respect of the entitlement to the Distribution but (in the case of a transfer effected using the CHES System) registered before the Record Date or (in all other cases) received by the Registrar by the Record Date:
 - (i) for the removal of doubt, the transferor will, in accordance with clause 21.5 of the IR Security Trust Deed, remain the person entitled to receive the Distribution and the transferee will have no entitlement to be paid the Distribution; but
 - (ii) despite clause 15.3 of the IR Security Trust Deed, where the transferee, as a Scheme IR Holder, has elected to receive the Cash Alternative or participates in the Sale Facility in the circumstances described in paragraph (b), neither the transferor nor the transferee will be liable to pay the Instalment Interest that would otherwise have been due on the corresponding Instalment Interest Payment Date and no Instalment Interest will be deducted from the Distribution; and
 - (iii) where the circumstances described in paragraph (b) of this clause do not apply to the transferee, the Instalment Interest will be deducted from the Distribution paid to the transferee under sub-paragraph (f)(i).

4. New clause 18.3A – If Scheme is implemented

A new clause 18.3A is inserted immediately after clause 18.3, as set out below:

18.3A Performance Fee

- (a) If the Scheme is implemented in accordance with clause 26, the Responsible Entity will not be entitled to receive Performance Units or Performance Fees under clause 18.2, or a cash payment in lieu of Performance Units under clause 18.3, in respect of any period after 1 January 2010.
- (b) This clause 18.3A does not affect the right or entitlement of the Responsible Entity to receive:
 - (i) any Performance Units or Performance Fees that have accrued but remain unpaid as at 1 January 2010; or

- (ii) any other fees payable to the Responsible Entity under this Constitution.

5. New clause 26 - Scheme

A new clause 26 is inserted immediately after clause 25, as set out below:

26. Scheme

26.1 Implementation of Scheme

- (a) Each Scheme Securityholder and the Responsible Entity must do all things and execute all deeds, instruments, transfers or other documents as the Responsible Entity considers are necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it.
- (b) Without limiting the Responsible Entity's other powers under this clause 26, the Responsible Entity has power to do all things that it considers necessary or desirable to give effect to the Scheme and the Scheme Implementation Agreement.
- (c) Subject to the Corporations Act, the Responsible Entity, the Security Trustee, WSL, the Bidder, or any of their respective directors, officers, employees or associates, may do any act, matter or thing described in or contemplated by this clause 26 even if they have an interest (financial or otherwise) in the outcome.
- (d) This clause 26:
 - (i) binds the Responsible Entity and all of the Securityholders from time to time (including those who do not attend the Scheme Meeting, those who do not vote at the Scheme Meeting and those who vote against the Scheme Resolutions); and
 - (ii) to the extent of any inconsistency, overrides the other provisions of this Constitution (including clause 6.1, but excluding clauses 2 and 25).

26.2 Consolidation of Scheme Units

- (a) If the Consolidation Resolution is passed, then on the Implementation Date, prior to the Bidder providing the Scheme Consideration in the manner contemplated by clauses 26.4, 26.7 and 26.8 (as applicable), the Scheme Units and the Scheme IRs will be consolidated in accordance with the Consolidation and the IR Security Trust Deed.
- (b) If the Consolidation occurs, the Scheme Consideration will be calculated on the basis of each Post-Consolidation Scheme Unit.

26.3 Entitlement to Scrip Consideration

Subject to clauses 26.6, 26.7 and 26.8, each Scheme Unitholder will be entitled to receive the Scrip Consideration for each Scheme Unit held by that Scheme Unitholder, which is to be issued in the manner referred to in clause 26.4.

26.4 Provision of Scrip Consideration**(a) Scheme Unitholders**

(i) The obligation of the Responsible Entity to procure the Bidder to provide the Scrip Consideration to a Scheme Unitholder will be satisfied by procuring the Bidder, before 12.00pm on the Implementation Date:

(A) to issue to that Scheme Unitholder such number of New Bidder Securities to which that Scheme Unitholder is entitled as Scrip Consideration pursuant to the Scheme; and

(B) to procure the entry in the Bidder Securityholder Register of the name and Registered Address (as at the Record Date) of that Scheme Unitholder and the number of New Bidder Securities which that Scheme Unitholder is entitled to receive under the Scheme,

but subject always to clauses 26.6, 26.7 and 26.8.

(ii) The Scheme Unitholders acknowledge and agree that, subject to clauses 26.6, 26.7 and 26.8, within 3 Scheme Business Days after the Implementation Date, the Responsible Entity will procure that the Bidder will despatch, or procure the despatch, to each Scheme Unitholder whose relevant New Bidder Securities are held on the issuer sponsored subregister of the Bidder, of an uncertificated holding statement in the name of that Scheme Unitholder for the New Bidder Securities issued to that Scheme Unitholder pursuant to the Scheme, with such despatch to be made by pre-paid post to that Scheme Unitholder's Registered Address (as at the Record Date).

(iii) In the case of Scheme Units held in joint names, holding statements for New Bidder Securities must be issued in the names of joint holders and sent to the holder whose name appears first in the Securityholder Register on the Record Date.

(b) Scheme IR Holders

Where the Scheme Unitholder is the Security Trustee:

(i) the New Bidder Securities issued to the Security Trustee as Scrip Consideration will constitute a Scheme Outcome for the purposes of the IR Security Trust Deed and will be dealt with in accordance with the remainder of this clause; and

(ii) in accordance with the IR Security Trust Deed, the Security Trustee will hold the New Bidder Securities on the same trust as it holds:

(A) the Beneficial Interest of the IR Holders; and

(B) the Security Interest of WSL,

in the Scheme Units.

26.5 Transfer of Scheme Units to Mirvac RE

On the Implementation Date, subject to:

- (a) the Bidder having provided the Scheme Consideration in the manner contemplated by clauses 26.4, 26.7 and 26.8 (as applicable) and the Bidder having provided the Responsible Entity with written confirmation of that having occurred; and
- (b) WSL having given its written consent to the transfer of the Scheme Units that form part of an IR Holding to Mirvac RE and the release of its Security Interest in those Scheme Units,

the following will occur:

- (c) all of the Scheme Units, together with all rights and entitlements attaching to the Scheme Units as at the Implementation Date, will be transferred to Mirvac RE, without the need for any further act by any Scheme Unitholder (other than acts performed by the Responsible Entity (or any of its directors and officers appointed as sub-attorneys and/or agents of the Responsible Entity) as attorney and/or agent for Scheme Unitholders under the Scheme);
- (d) the Responsible Entity will procure the delivery to Mirvac RE for execution duly completed and, if necessary, stamped Scheme Transfers to transfer all of the Scheme Units to Mirvac RE, duly executed by the Responsible Entity (or any of its directors and officers appointed as sub-attorneys and/or agents of the Responsible Entity) as the attorney and/or agent of each Scheme Unitholder as transferor under clause 26.12;
- (e) Mirvac RE must immediately execute the Scheme Transfers as transferee and deliver them to the Responsible Entity for registration; and
- (f) the Responsible Entity, immediately after receipt of the Scheme Transfers under paragraph (e), must enter, or procure the entry of, the name and address of Mirvac RE in the Securityholder Register as the holder of all of the Scheme Units.

26.6 Election to receive Cash Alternative or to participate in the Sale Facility**(a) Election by Scheme Unitholders**

- (i) Subject to the remainder of this clause 26.6, each Scheme Unitholder (except an Ineligible Overseas Holder) may use an Election Form to elect to:
 - (A) receive the Cash Alternative; or
 - (B) participate in the Sale Facility,in each case, in relation to all (but not some) of the Scheme Units in respect of which that Scheme Unitholder has an entitlement to be issued New Bidder Securities as Scrip Consideration.
- (ii) A Scheme Unitholder who elects to receive the Cash Alternative may elect to participate in the Sale Facility in respect of any of its Scheme Units for

which it is not entitled to receive the Cash Alternative by reason of the scaling back of the Cash Alternative in accordance with clause 26.7(a)(iv).

- (iii) If a valid election for the purposes of this clause 26.6 is not made by a Scheme Unitholder prior to the Election Date, subject to clause 26.6(d), that Scheme Unitholder will be issued with Scrip Consideration in accordance with clause 26.4 in respect of all the Scheme Units held by that Scheme Unitholder.

(b) Election by the Security Trustee and Scheme IR Holders

- (i) The Security Trustee will be able to make separate elections for the purposes of paragraph (a) in respect of each parcel of Scheme Units held by the Security Trustee as trustee for each Scheme IR Holder (each, an **IR Holding**), except in respect of an IR Holding of an Ineligible Overseas IR Holder.
- (ii) Any valid election made by a Scheme IR Holder in an Election Form in accordance with sub-paragraphs (iii) and (iv) will take effect as a separate election by the Security Trustee for the relevant IR Holding and for the purpose of clause 26.6(b)(i), without the need for any further act by the Security Trustee.
- (iii) Subject to the remainder of this clause 26.6, each Scheme IR Holder may use an Election Form to elect to:
 - (A) receive the Cash Alternative; or
 - (B) participate in the Sale Facility,in each case, in relation to all (but not some) of the Scheme Units in the IR Holding of that Scheme IR Holder.
- (iv) A Scheme IR Holder who elects to receive the Cash Alternative may elect to participate in the Sale Facility in respect of any Scheme Units in its IR Holding for which it is not entitled to receive the Cash Alternative by reason of the scaling back of the Cash Alternative in accordance with clause 26.7(a)(iv).
- (v) For the purpose of implementing the Scheme (including for the purposes of the treatment of fractional entitlements pursuant to clause 26.9, implementing the Consolidation, calculating the Scrip Consideration and scaling back the Cash Alternative in accordance with clause 26.7(a)(iv)), each IR Holding will be treated as though it were held by a separate Scheme Unitholder.
- (vi) If a Scheme IR Holder does not make a valid election under sub-paragraph (b)(iii) in respect of its IR Holding prior to the Election Date or such later date approved by the Responsible Entity, subject to clause 26.6(d), the Security Trustee, as trustee for the relevant Scheme IR Holder, will be issued with Scrip Consideration in accordance with clause 26.4 in respect of that IR Holding.

(c) **Election by Scheme Custodians**

(i) In the manner and on the terms considered appropriate by the Responsible Entity (acting reasonably), a Scheme Custodian will be able to make separate elections for the purposes of clauses 26.6(a)(i), 26.6(a)(ii), 26.6(b)(iii) and 26.6(b)(iv) in respect of:

- (A) each parcel of Scheme Units held by the Scheme Custodian as trustee or nominee for, or otherwise on account of, another person; and
- (B) each parcel of Scheme Units held by the Scheme Custodian in its own right,

or, where the Scheme Custodian is a Scheme IR Holder:

- (C) each parcel of Scheme IRs held by the Scheme Custodian as trustee or nominee for, or otherwise on account of, another person; and
- (D) each parcel of Scheme IRs held by the Scheme Custodian in its own right,

(each, a *Separate Parcel*).

(ii) For the purpose of implementing the Scheme (including for the purposes of the treatment of fractional entitlements pursuant to clause 26.9, implementing the Consolidation, calculating the Scrip Consideration and scaling back the Cash Alternative in accordance with clause 26.7(a)(iv)), each Separate Parcel will be treated as though it were held by a separate Scheme Unitholder.

(iii) If a Scheme Custodian does not make a valid election under sub-paragraph (c)(i) in respect of one or more Separate Parcels prior to the Election Date or such later date approved by the Responsible Entity:

- (A) where the Scheme Custodian is a Scheme Unitholder, the Scheme Custodian will receive Scrip Consideration in accordance with clause 26.4 in respect of each Separate Parcel for which it has not made a valid election; and
- (B) where the Scheme Custodian is a Scheme IR Holder, the Security Trustee, as trustee for that Scheme Custodian, will receive Scrip Consideration in accordance with clause 26.4 in respect of each Separate Parcel for which it has not made a valid election.

(d) **Ineligible Overseas Securityholders**

(i) Each Ineligible Overseas Unitholder:

- (A) is unable to make an election under clause 26.6(a);
- (B) must participate in the Sale Facility in accordance with clause 26.8; and
- (C) acknowledges and agrees that the Responsible Entity will be under no obligation under the Scheme to procure that the Bidder

provides, and the Bidder will not provide, any New Bidder Securities or the Cash Alternative to an Ineligible Overseas Unitholder.

- (ii) In respect of the Scheme Units in the IR Holding of each Ineligible Overseas IR Holder:
 - (A) the Security Trustee is unable to make an election under clause 26.6(b)(i); and
 - (B) the Ineligible Overseas IR Holder:
 - (1) is unable to make an election under clause 26.6(b)(iii);
 - (2) must participate in the Sale Facility in accordance with clause 26.8; and
 - (3) acknowledges and agrees that the Responsible Entity will be under no obligation under the Scheme to procure that the Bidder provides, and the Bidder will not provide, any New Bidder Securities or the Cash Alternative to the an Ineligible Overseas IR Holder or to the Security Trustee as trustee for an Ineligible Overseas IR Holder.

(e) Election generally

- (i) A valid election for the purposes of this clause 26.6 may be made by a Scheme Securityholder (other than an Ineligible Overseas Securityholder) by completing the Election Form in accordance with the instructions on the Election Form, and returning the Election Form before the Election Date in writing to an address specified in the Election Form or by delivery of the Election Form in such other manner approved by the Responsible Entity.
- (ii) Once made, a valid election by a Scheme Securityholder for the purposes of this clause 26.6 may not be varied before the Election Date.
- (iii) In the event of a dispute as to the validity of any election made for the purposes of this clause 26.6, the determination of the Responsible Entity will be final.
- (iv) The Responsible Entity must ensure that, to the extent reasonably practicable, Scheme Securityholders that have acquired Scheme Units or Scheme IRs after the date of the despatch of the Explanatory Memorandum and up until the Election Date can receive an Election Form on request to the Responsible Entity.
- (v) On or before the Scheme Business Day prior to the Implementation Date, the Responsible Entity must provide, or procure the provision of, to the Bidder, or a nominee of the Bidder, details of the final elections made by each Scheme Securityholder.

26.7 Cash Alternative**(a) Terms of the Cash Alternative**

- (i) This clause 26.7 applies to any Scheme Securityholder (except an Ineligible Overseas Securityholder) that has validly elected to receive the Cash Alternative (a *Cash Participant*).
- (ii) The maximum number of Scheme Units that may participate in the Cash Alternative will be equal to the Maximum Cash Amount divided by the Fixed Cash Price, rounded down to the nearest whole number.
- (iii) Subject to sub-paragraph (iv), each Cash Participant will be entitled to receive the Fixed Cash Price in respect of each Scheme Unit held by or on behalf of the Cash Participant, with such amount to be paid in accordance with paragraph (b) and (c).
- (iv) If the Total Fixed Cash Price exceeds the Maximum Cash Amount, each Cash Participant's entitlement to receive the Cash Alternative will be scaled back on a basis determined by the Responsible Entity and disclosed in the Explanatory Memorandum such that each Cash Participant will be entitled to receive:
 - (A) in respect of some but not all of the Cash Participant's Scheme Units, as determined by the Responsible Entity, the Fixed Cash Price for each such Scheme Unit, with such amount to be paid in accordance with paragraph (b) and (c); and
 - (B) in respect of the balance of the Cash Participant's Scheme Units:
 - (1) unless an election has been made by the Cash Participant in accordance with clause 26.6(a)(ii) or 26.6(b)(iv) to participate in the Sale Facility, New Bidder Securities as Scrip Consideration, to be provided in accordance with clause 26.4(a); or
 - (2) if an election has been made by the Cash Participant in accordance with clause 26.6(a)(ii) or 26.6(b)(iv) to participate in the Sale Facility, the amount payable to the Cash Participant in respect of those Scheme Units in accordance with the procedures relating to the Sale Facility.

(b) Payment of Fixed Cash Price to Scheme Unitholders

- (i) The obligation of the Responsible Entity to procure the Bidder to provide the Cash Alternative to Cash Participants holding Scheme Units in respect of which, following the application of any scale back, the Cash Participants are entitled to receive the Fixed Cash Price, will be satisfied by procuring the Bidder, before 12.00pm on the Implementation Date, to deposit in cleared funds the aggregate Fixed Cash Price that relates to all of the

Scheme Units of those Cash Participants into an account nominated by the Responsible Entity.

- (ii) The Responsible Entity is to procure that the aggregate Fixed Cash Price referred to in sub-paragraph (i) be held on trust for the relevant Cash Participants (except that any interest on the amount will be for the account of the Bidder) for the purpose, subject to paragraph (c), of paying that amount to the relevant Cash Participants within 3 Scheme Business Days after the Implementation Date (or otherwise as directed by the Responsible Entity) as follows:
- (A) where the Cash Participant has nominated (by notice to the Responsible Entity or the Registrar before the Record Date) a bank account with an Australian ADI for the purpose of payment of any distributions or in the Election Form, then by depositing, or procuring the deposit of, directly to that bank account, the amount equal to the Fixed Cash Price to which the Cash Participant is entitled under sub-paragraphs (a)(iii) or (a)(iv)(A); or
- (B) by despatching or procuring the despatch to each relevant Cash Participant by pre-paid post to their Registered Address a cheque in Australian currency drawn on an Australian ADI in the name of that Cash Participant for an amount equal to the Fixed Cash Price to which the Cash Participant is entitled under sub-paragraphs (a)(iii) or (a)(iv)(A),

and in the case of joint holders of Scheme Units, a cheque will be payable to those joint holders and will be forwarded to the holder whose name appears first in the Securityholder Register on the Record Date.

(c) **Payment of Fixed Cash Price to Scheme IR Holders**

Where the Cash Participant is the Security Trustee:

- (i) the Fixed Cash Price to which the Security Trustee is entitled in respect of a Scheme Unit in an IR Holding will constitute a Scheme Outcome for the purposes of the IR Security Trust Deed and will be dealt with in accordance with the remainder of this clause; and
- (ii) the Responsible Entity will:
- (A) consult with the Security Trustee and determine (subject to the prior approval of the Security Trustee) the aggregate Fixed Cash Price to which each relevant Scheme IR Holder who has validly elected the Cash Alternative (the **Relevant Cash IR Holder**) is entitled under sub-paragraphs (a)(iii) or (a)(iv)(A) (having regard to clause 26.6(b)(v));
- (B) at the direction of the Security Trustee, which is deemed to be given to the Responsible Entity by operation of this sub-paragraph (B), within 3 Scheme Business Days after the Implementation Date, pay to WSL from the amount referred to in sub-paragraph (A)

the Second Instalment, Final Instalment and any balance of the Outstanding Amount owing as at the Implementation Date in relation to each Scheme Unit in the IR Holding of the Relevant Cash IR Holder in respect of which the Fixed Cash Price was paid, and upon such payment each Scheme IR corresponding to those Scheme Units will be cancelled; and

- (C) at the direction of the Security Trustee, which is deemed to be given to the Responsible Entity by operation of this sub-paragraph (C), within 3 Scheme Business Days after the Implementation Date, pay the balance remaining after payment of the amounts referred to in sub-paragraph (B) to the Relevant Cash IR Holder in accordance with either of the methods of payment specified in clause 26.7(b)(ii).

26.8 Sale Facility

(a) Sale Facility Participants

This clause 26.8 applies to:

- (i) any Scheme Unitholder that has validly elected to participate in the Sale Facility in accordance with clause 26.6(a)(i) (in respect of all its Scheme Units) or clause 26.6(a)(ii) (in respect of the balance of its Scheme Units not dealt with under the Cash Alternative);
- (ii) each Ineligible Overseas Unitholder;
- (iii) the Security Trustee in respect of the IR Holding of any Scheme IR Holder that has validly elected to participate in the Sale Facility in accordance with clause 26.6(b)(iii) (in respect of all the Scheme Units in its IR Holding) or clause 26.6(b)(iv) (in respect of the balance of the Scheme Units in its IR Holding not dealt with under the Cash Alternative); and
- (iv) the Security Trustee in respect of the IR Holding of each Ineligible Overseas IR Holder,

each referred to in this clause 26.8 as a *Sale Facility Participant*.

(b) Scheme Unitholders

- (i) In relation to:
 - (A) a Scheme Unitholder referred to in clauses 26.8(a)(ii) and 26.8(a)(iv) - any entitlement that the Scheme Unitholder would otherwise have to be issued New Bidder Securities as Scrip Consideration under the Scheme will be satisfied by the Responsible Entity procuring that the Bidder, on the Implementation Date, issues such New Bidder Securities to the Sale Nominee; and
 - (B) a Scheme Unitholder referred to in clauses 26.8(a)(i) and 26.8(a)(iii) – on the Implementation Date:

- (1) the Responsible Entity will procure that the Bidder will issue the New Bidder Securities to which the Scheme Unitholder is entitled as Scrip Consideration to the Scheme Unitholder in accordance with clause 26.4; and
- (2) at the direction of the Scheme Unitholder, which is deemed to be given to the Responsible Entity by operation of this sub-paragraph (2), those New Bidder Securities will be transferred from the Scheme Unitholder to the Sale Nominee for a purchase price equal to the Sale Facility Proceeds attributable to those New Bidder Securities, without the need for any further act by the Scheme Unitholder (other than acts performed by the Responsible Entity as agent and attorney for the Scheme Unitholder in accordance with clause 26.12),

and, where the Scheme Unitholder is the Security Trustee, subject to a share and unit mortgage and a lien over the proceeds of sale being granted over those New Bidder Securities in favour of the Security Trustee as security trustee for WSL.

- (ii) On the Implementation Date, the Responsible Entity will procure that the Bidder procures the entry in the Bidder Securityholder Register of the name and address of the Sale Nominee in respect of the New Bidder Securities issued or transferred to it.
- (iii) The Responsible Entity will procure that the Bidder procures that, as soon as reasonably practicable and in any event not more than 6 Scheme Business Days after the Implementation Date, the Sale Nominee will:
 - (A) sell the New Bidder Securities issued or transferred to it, in such manner, at such price and on such other terms as the Sale Nominee determines in good faith, and at the risk of the Scheme Unitholders referred to in sub-paragraphs (a)(i) and (a)(ii) and the Scheme IR Holders referred to in sub-paragraphs (a)(iii) and (a)(iv), having regard to the desire to achieve the best price reasonably available at the time of sale; and
 - (B) remit to the Bidder an amount equal to the proceeds of sale.
- (iv) As soon as reasonably practicable after the last remittance in accordance with sub-paragraph (b)(iii)(B), and in any event no more than 10 Scheme Business Days after the Implementation Date, subject to paragraph (c), the Responsible Entity will procure that the Bidder will pay to each Sale Facility Participant an amount equal to the Sale Facility Proceeds to which that Sale Facility Participant is entitled, in full satisfaction of the Bidder's obligations under the Scheme, as follows:
 - (A) where the Sale Facility Participant has nominated (by notice to the Responsible Entity or the Registrar before the Record Date) a bank

account with an Australian ADI for the purpose of payment of any distributions or in the Election Form, then by depositing, or procuring the deposit of, directly to that bank account, the amount to which the Sale Facility Participant is entitled; or

- (B) by despatching or procuring the despatch to each relevant Sale Facility Participant by pre-paid post to their Registered Address a cheque in Australian currency drawn on an Australian ADI in the name of that Sale Facility Participant for the amount to which the Sale Facility Participant is entitled,

and in the case of joint holders of Scheme Units, a cheque will be payable to those joint holders and will be forwarded to the holder whose name appears first in the Securityholder Register on the Record Date.

(c) **Scheme IR Holders**

Where the Sale Facility Participant is the Security Trustee, with the consent of the Security Trustee, which is deemed to be given by operation of this paragraph (c):

- (i) the issue of the New Bidder Securities and the receipt of the proceeds of sale to which the Security Trustee is entitled in respect of a Scheme Unit in an IR Holding will constitute a Scheme Outcome for the purposes of the IR Security Trust Deed and will be dealt with in accordance with the remainder of this clause 26.8(c);
- (ii) in relation to each Ineligible Overseas IR Holder and each Scheme IR Holder who elected to participate in the Sale Facility (each, the **Relevant Sale Facility IR Holder**), the Responsible Entity will consult with the Security Trustee and will determine (subject to the prior approval of the Security Trustee) the proceeds of sale referable to Scheme Units in the IR Holding of the Relevant Sale Facility IR Holder;
- (iii) at the direction of each Relevant Sale Facility IR Holder, which is deemed to be given to the Bidder by operation of this sub-paragraph (iii), no more than 10 Scheme Business Days after the Implementation Date, the Bidder will pay to WSL from the amount referred to in sub-paragraph (ii) the Second Instalment, Final Instalment and any balance of the Outstanding Amount owing as at the Implementation Date in relation to each Scheme Unit in the IR Holding of the Relevant Sale Facility IR Holder that was sold under the Sale Facility, and upon such payment each Scheme IR corresponding to those Scheme Units will be cancelled; and
- (iv) at the direction of each Relevant Sale Facility IR Holder, which is deemed to be given to the Bidder by operation of this sub-paragraph (iv), no more than 10 Scheme Business Days after the Implementation Date, the Bidder will pay the balance remaining after payment of the amounts referred to in sub-paragraph (iii) to the Relevant Sale Facility IR Holder in accordance with the methods of payment specified in clause 26.8(b)(iv).

26.9 Fractional entitlements

If the number of Scheme Units held by a Scheme Unitholder as at the Record Date is such that the aggregate entitlement of that Scheme Unitholder to Scheme Consideration includes a fractional entitlement to a cent in cash, then the entitlement of that Scheme Unitholder must be rounded:

- (a) where the fraction is 0.5 or greater – up; and
- (b) where the fraction is less than 0.5 – down,

to the nearest whole number of cents, with any fractional entitlement being disregarded.

26.10 Dealings in Units and IRs

- (a) For the purpose of establishing the persons who are Scheme Securityholders and determining entitlements to the Scheme Consideration, dealings in Units and IRs will only be recognised if:
 - (i) in the case of dealings of the type to be effected using the CHES System, the transferee is registered in the Securityholder Register as the holder of the relevant Units or IRs by the Record Date; and
 - (ii) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Registrar by the Record Date.
- (b) The Responsible Entity or the Security Trustee (as applicable) will register registrable transfers or transmission applications of the kind referred to in sub-paragraph (a)(ii) by, or as soon as practicable after, the Record Date. The persons shown in the Securityholder Register, and the number of Units or IRs shown as being held by them, after registration of those transfers and transmission applications will be taken to be the Scheme Unitholders and the Scheme IR Holders, and the number of Scheme Units and Scheme IRs held by them, as at the Record Date.
- (c) The Responsible Entity and the Security Trustee will not accept for registration, nor recognise for any purpose (including the purpose of establishing the persons who are Scheme Unitholders and Scheme IR Holders), any transfer or transmission application in respect of Units or IRs received after the Record Date, or received prior the Record Date but not in registrable form.
- (d) The Responsible Entity will, until the Scheme Consideration has been provided and the name and address of Mirvac RE have been entered in the Securityholder Register as the holder of all of the Scheme Units, maintain, or procure the maintenance of, the Securityholder Register in accordance with this clause 26.10. The Securityholder Register immediately after registration of registrable transfers or transmission applications of the kind referred to in sub-paragraph (a)(ii) will solely determine the persons who are Scheme Unitholders and Scheme IR Holders and their entitlements to the Scheme Consideration.
- (e) Other than Mirvac RE (after registration of Mirvac RE in respect of all Scheme Units under clause 26.5(f)), no Scheme Unitholder or Scheme IR Holder (or any person purporting to claim through them) may deal with Scheme Units or Scheme IRs in

any way after the Record Date except as set out in this clause 26.10, and any attempt to do so will have no effect.

- (f) Other than in respect of Mirvac RE (after registration of Mirvac RE in respect of all Scheme Units under clause 26.5(f)), from the Record Date, all certificates and holding statements (as applicable) for Scheme Units as at the Record Date will cease to have any effect as evidence of title, and each entry on the Securityholder Register as at the Record Date will cease to have any effect other than as evidence of the entitlements of Scheme Unitholders to the Scheme Consideration.
- (g) On or before 9.00am on the Implementation Date, the Responsible Entity must give to the Bidder, or procure that the Bidder be given, details of the names, Registered Addresses and holdings of Scheme Units and Scheme IRs of every Scheme Securityholder as shown in the Securityholder Register as at the Record Date in such form as the Bidder may reasonably require.
- (h) Each Scheme Securityholder, and any person claiming through that Scheme Securityholder, must not dispose of or purport or agree to dispose of any Scheme Units, Scheme IRs, or any interest in them, after the Record Date.

26.11 Covenants by Scheme Securityholders

Each Scheme Securityholder:

- (a) acknowledges that this clause 26 binds the Responsible Entity and all of the Securityholders from time to time (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting or vote against the Scheme Resolutions);
- (b) irrevocably agrees to the transfer of their Scheme Units, together with all rights and entitlements attaching to those Scheme Units, to Mirvac RE in accordance with the terms of the Scheme;
- (c) agrees to the modification or variation (if any) of the rights attaching to their Scheme Units and Scheme IRs arising from this clause 26;
- (d) irrevocably consents to the Responsible Entity, the Security Trustee, WSL, and the Bidder doing all things and executing all deeds (including the IR Amending Deed), instruments, transfers or other documents (including the Scheme Transfers) as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it;
- (e) agrees to provide to the Responsible Entity such information as the Responsible Entity may reasonably require to comply with any law in respect of the Scheme and the transactions contemplated in this clause 26, including information required to meet obligations under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth);
- (f) to whom New Bidder Securities are to be issued pursuant to the Scheme:
 - (i) irrevocably agrees to become a member of Mirvac Limited and a member of MPT, and to have their name and address entered in the Bidder Securityholder Register; and

- (ii) irrevocably accepts the New Bidder Securities issued pursuant to the Scheme on the terms and conditions of the constitution of Mirvac Limited and the constitution of MPT, and agrees to be bound by the constitution of Mirvac Limited and the constitution of MPT as in force from time to time in respect of the New Bidder Securities,
without the need for any further act by that Scheme Securityholder; and
- (g) on whose behalf the Security Trustee will hold New Bidder Securities on trust in accordance with the IR Security Trust Deed:
 - (i) irrevocably agrees to become a member of MPT; and
 - (ii) agrees to be bound by the constitution of MPT as in force from time to time in respect of the interests in MPT comprising the New Bidder Securities,
without the need for any further act by that Scheme Securityholder.

26.12 Appointment of the Responsible Entity as attorney and as agent for implementation of Scheme

Each Scheme Securityholder, without the need for any further act by that Scheme Securityholder, irrevocably appoints the Responsible Entity as that Scheme Securityholder's attorney and as that Scheme Securityholder's agent for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it, including:
 - (i) executing any form of application (including any necessary consent) required for the New Bidder Securities to be issued to that Scheme Securityholder in accordance with the Scheme;
 - (ii) effecting a valid transfer or transfers of the Scheme Units to Mirvac RE under clause 26.5(d), including executing and delivering any Scheme Transfers;
 - (iii) effecting a valid transfer of New Bidder Securities to the Sale Nominee under clause 26.8(b)(i)(B)(2); and
 - (iv) communicating the Scheme Securityholders' instructions and notifications under clause 26.15; and
- (b) enforcing the Bidder Deed Poll against the Bidder and the Westpac Deed Poll against Westpac,

and the Responsible Entity accepts such appointment. The Responsible Entity, as attorney and as agent of each Scheme Securityholder, may sub-delegate its functions, authorities or powers under this clause 26.12 to all or any of its directors and officers (jointly, severally, or jointly and severally). Each Scheme Securityholder indemnifies the Responsible Entity and each of its directors and officers against all losses, liabilities, charges, costs and expenses arising from the exercise of powers under this clause 26.12.

26.13 Appointment of Mirvac RE as attorney and as agent for Scheme Units

- (a) From the Effective Date until Mirvac RE is registered in the Securityholder Register as the holder of all Scheme Units, each Scheme Securityholder:
- (i) without the need for any further act by that Securityholder, irrevocably appoints the Responsible Entity as its attorney and as its agent (and directs the Responsible Entity in such capacity) to irrevocably appoint the Chairman of Mirvac RE (or other nominee of Mirvac RE) as its sole proxy and, where applicable, corporate representative, for the purpose of:
 - (A) attending Unitholder meetings;
 - (B) exercising the votes attaching to the Units registered in the name of the Scheme Securityholder in the Securityholder Register; and
 - (C) signing any Securityholders' resolution; and
 - (ii) must take all other action in the capacity of a Scheme Securityholder for the purposes of facilitating the Scheme as the Bidder reasonably directs.
- (b) From the Effective Date until Mirvac RE is registered in the Securityholder Register as the holder of all Scheme Units, no Securityholder may attend or vote at any meetings of Unitholders or sign any Unitholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 26.13.
- (c) The Responsible Entity undertakes in favour of each Scheme Securityholder that it will appoint the Chairman of Mirvac RE (or other nominee of Mirvac RE) as the Scheme Securityholders' proxy or, where applicable, corporate representative in accordance with this clause 26.13.

26.14 Status of Scheme Securities

- (a) To the extent permitted by law, and (in respect of Scheme IR Holders) subject to WSL's prior consent to release its Security Interest in the Scheme Units held by the Security Trustee in an IR Holding, the Scheme Units transferred to Mirvac RE under this clause 26 will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) Each Scheme Securityholder (including each Scheme IR Holder in relation to its Beneficial Interest in the Scheme Units and the Security Trustee in relation to its legal interest in the Scheme Units in an IR Holding) is deemed to have warranted to the Responsible Entity in its own right and on behalf of the Bidder, that all their Scheme Units (or, in the case of a Scheme IR Holder, the Scheme Units held by the Security Trustee on behalf of the Scheme IR Holder) including any rights and entitlements attaching to those Scheme Units, which are transferred to Mirvac RE under this clause 26 will:
- (i) at the time of the transfer of them to Mirvac RE; and

- (ii) with respect to Scheme IR Holders, subject to WSL's prior consent to the transfer of the Scheme Units held by the Security Trustee in an IR Holding and to the release of its Security Interest in those Scheme Units,

be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind not referred to in this Constitution, and that the Scheme Unitholders have full power and capacity to sell and to transfer their Scheme Units (together with any rights and entitlements attaching to those Scheme Units) to Mirvac RE pursuant to the Scheme.

- (c) Mirvac RE will be beneficially entitled to the Scheme Units transferred to it under this clause 26 pending registration by the Responsible Entity of the name and Registered Address of Mirvac RE in the Securityholder Register as the holder of the Scheme Units.

26.15 Binding instructions or notifications

Except for a Scheme Unitholder's tax file number, any binding instruction or notification between a Scheme Unitholder and the Responsible Entity relating to Scheme Units as at the Record Date (including, without limitation, any instructions relating to payment of distributions or to communications from the Responsible Entity) will, from the Record Date, be deemed (except to the extent determined otherwise by the Bidder in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, the Bidder in respect of any New Bidder Securities issued to the Scheme Unitholder pursuant to the Scheme, until that instruction or notification is revoked or amended in writing addressed to the Bidder through the Bidder Registrar, provided that any such instructions or notifications accepted by the Bidder will apply to and in respect of the issue of New Bidder Securities as part of the Scrip Consideration only to the extent that they are not inconsistent with the other provisions of the Scheme.

26.16 Suspension and termination of quotation of Units

- (a) The Responsible Entity must apply to ASX for suspension of trading of the Units on the financial market known as the Australian Securities Exchange conducted by ASX with effect from the close of business on the Effective Date.
- (b) The Responsible Entity must apply to ASX for termination of official quotation of the Units on the financial market known as the Australian Securities Exchange conducted by ASX and the removal of the Fund from the official list of the ASX with effect from the Scheme Business Day immediately following the Implementation Date, or from such later date as may be agreed by the Bidder and the Responsible Entity.

26.17 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to the Responsible Entity, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on

which it is actually received at the Fund's registered office or by the Registrar, as the case may be.

26.18 Costs and stamp duty

- (a) Subject to clause 26.18(b), each of the Bidder and the Responsible Entity will pay their share of the costs of the Scheme in accordance with the Scheme Implementation Agreement. The Responsible Entity may pay or be reimbursed for such costs out of the Assets.
- (b) The Bidder will pay all stamp duty (including fines, penalties and interest) payable on or in connection with the transfer by Scheme Unitholders of the Scheme Units to the Bidder pursuant to the Scheme.

26.19 Limitation of liability

- (a) Without limiting clauses 16.4 and 16.6, subject to the Corporations Act, the Responsible Entity will not have any liability of any nature whatsoever to Securityholders, beyond the extent to which the Responsible Entity is actually indemnified out of the Assets, arising, directly or indirectly, from the Responsible Entity doing or refraining from doing any act (including the execution of a document), matter or thing pursuant to or in connection with the implementation of the Scheme.
- (b) To the extent permitted by law, the Security Trustee will not have any liability of any nature whatsoever to Securityholders or any other person, arising, directly or indirectly, from the Security Trustee doing or refraining from doing any act (including the execution of a document), matter or thing pursuant to this Constitution in connection with the implementation of the Scheme, except to the extent that the Security Trustee has acted with gross negligence, fraud or dishonesty, or in wilful breach of this Constitution.

Corporate Directory

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