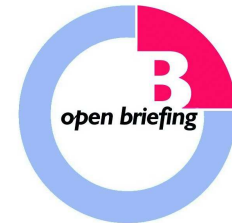


**Attention ASX Company Announcements Platform
Lodgement of Open Briefing®**



Westpac Funds
Management Limited

Westpac Office Trust
Level 16, 90 Collins Street,
Melbourne, VIC, 3000



corporatefile.com.au

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Westpac Office Trust today announced a proposal to commence trading the ordinary units of the Trust on the ASX and cease trading the existing instalment receipts. What is the rationale for this proposal?

Keith Grayson, Fund Manager

There are three important reasons. First, we want to broaden investor support for the Trust and we believe that units will appeal to more investors than instalment receipts do.

Second, the proposal will increase the flexibility for existing investors, some of whom may want to convert to units but can't do so under the present arrangements until 2011.

And finally, we want to reduce the market risk around the payment of the 50 cent instalment in November 2011.

Our view is that this is the right time to put this proposal to investors: it's in the best interests of investors that there is real clarity around the arrangements for the final instalment well ahead of 2011. We believe that investor sentiment towards the REIT sector has begun to turn, and we want to position the Trust early to benefit from that recovering investor interest.

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The proposal is to be put to a vote at a meeting of securityholders in early September. How will existing securityholders be affected if the proposal is approved?

Keith Grayson, Fund Manager

Broader support should benefit all investors, both existing and new. But we recognise that some of our existing investors are happy with the instalment receipt structure and don't want to change their holding. The proposal therefore gives them the choice to convert, but doesn't force them to do so. If the proposal is supported, investors will have the choice of being able to continue to hold instalment receipts, convert any part of their holding, or sell their investment through brokers. They won't be required to convert their instalment receipts to units but they will have the option to do so.

Importantly, it will no longer be possible to *buy* instalment receipts on the market if we proceed with the proposal. Holders of instalment receipts will still be able to *sell* through the usual market trading arrangements, and in the same time frames: an instalment receipt holder would sell their investment but the buyer would be bidding for, and receiving, underlying units. The settlement process will repay the instalment debt and pass the balance of the transaction proceeds to the seller. Of course the prices on the trading screens will be for units rather than instalment receipts.

We anticipate converting trading from instalment receipts to units a few days after the meeting if investors support the proposal.

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The term of the instalment receipts is also to be extended, with half, or 25 cents, of the instalment debt payable on 1 November 2011 and the remaining half on 1 November 2013. Under the current arrangement the full 50 cent instalment debt is payable on 1 November 2011. What is the reason for proposing this extension?

Keith Grayson, Fund Manager

We want to reduce any market concern around the market risk on the final instalment, and splitting the amount into two payments with a couple of years in between assists with that. Splitting it will also benefit those investors who want to continue to hold instalment receipts, because they'll be able to do so for a further two years.

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The interest on the instalment debt is to remain fixed at 6.5 percent until 1 November 2011, as under current arrangements, but will convert to a floating rate for the final two years. How will the rate be decided and when will investors be advised of the rate that will apply?

Keith Grayson, Fund Manager

Westpac will inform investors in the quarter prior to November 2011 of the indicative floating rate and the margin that will apply to the facility. This will give investors sufficient time to determine whether they want to accept it.

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The independent expert's report in your Explanatory Memorandum states that the proposal is in the best interests of investors but notes among the disadvantages a number of one-off costs, including "break" costs, as well as an increase in the Trust's interest costs going forward. How might future distributions be impacted by these costs?

Keith Grayson, Fund Manager

We estimate the costs associated with the proposal will be about \$5.6 million. Of that, \$3.2 million is for break costs the Trust will have to incur to allow the flexible conversion and trading arrangements to work. The current instalment debt is funded by a fixed term, fixed rate facility with no break provisions: if the proposal is approved, the terms of the facility will be broken as conversions occur through trading and investor election. We've made a conservative – that is high end – estimate of these costs for these arrangements, but they could be lower, or higher, depending on the extent of conversion and interest rate movements. The balance of the estimated costs is fees etc., and meeting costs.

We are proposing to fund these costs from the Trust's existing undrawn debt facilities and that would result in our interest expense increasing by about \$500,000 a year, compared with interest costs of \$47.3 million in 2009. The impact of this on the Trust's gearing and distributable income therefore won't be material, but to give investors clarity on this point, we've also issued today our 2010 distribution guidance, which allows for the cost of the proposal.

Our guidance is for a full-year distribution of 6.65 cents per unit, which would result in a net distribution of 3.40 cents per instalment receipt after payment of the instalment debt interest of 3.25 cents. This would maintain the distribution at the same level as 2009. As in previous years, the 2010 distribution is expected to be 100 percent tax deferred.

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A second resolution to be put to the meeting will seek approval for an extension and amendments to the Business Development Agreement between the Trust and Westpac. The current agreement, which expires in July 2010, provides the Trust with support from Westpac in securing new properties. What is the benefit of this arrangement for the Trust?

Keith Grayson, Fund Manager

The agreement sets out the basis on which the Trust secures support resources and services from Westpac in respect of transactions and other actions. By accessing this capability on a deal-by-deal basis we don't have to hold these resources in the fund manager and the Trust therefore incurs lower costs than other listed trusts.

This has been an efficient and effective arrangement during the time we've built the Trust from a single property in 2003. For instance, under the terms of the agreement, the Trust has paid fees only on successful transactions and has therefore been able to limit the cost of unsuccessful bids.

We're seeking investor support to extend the arrangement for a further four years and refine the definition of the services we can access from Westpac to reflect the fact that the Trust is not focussed only on acquisitions.

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As at the end of June 2009 the Trust's portfolio value was \$1,172.5 million, down 8.9 percent from a year earlier. How do you see the current year unfolding for the Trust?

Keith Grayson, Fund Manager

I think the value of our portfolio is close to stabilising after three reporting periods of devaluations. Over that time we've seen the portfolio's value fall 11 percent and the portfolio cap rate has eased to 7.3 percent from 6.0 percent. My view is based on the very low lease expiry, fixed rental increases and vacancy risk the portfolio carries over the next few years. For instance, we have only 7 percent of our rent roll expiring within the next five years, and more than 90 percent of the Trust's income comes from leases to Westpac, Woolworths and IBM. Cash flow risk, rather than increasing cap rates, will be the main driver of further devaluations for the general market in 2010 but the Trust is largely insulated from that.

We are in the process of talking to some of our tenants about extensions and upgrades and this may offer the opportunity to deliver some growth in addition to that coming off our current structured leases.

We recognise the market's preference for early attention to refinance risks but the Trust has no refinancing needs until July 2011 and we think our options may improve through the year as capital markets recover.

If investors support our proposal, our reported market capitalisation will increase significantly because it will be measured on the value of our units rather than the instalment receipts. Together with the broader support we believe will flow from the proposal, we're expecting a marked increase in liquidity for the Trust and this should increase the potential for the Trust to be included in the ASX REIT Index.

We have an excellent portfolio of Australian investment properties that provide a platform for the Trust to actively deliver investor value in the recovery cycle. The year ahead is all about ensuring that the Trust is positioned to deliver value in the recovering market.

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Back to the proposal, what are the next steps for securityholders?

Keith Grayson, Fund Manager

We'll be posting the notice of meeting and Explanatory Memorandum to all investors in the week of 17 August. The proposal is an important step in the evolution of the Trust and we encourage investors to read the documents carefully and participate in the voting.

If when they've read the detail, investors have any questions, they can call the information line on 1300 766 855 or visit our website, www.westpacfunds.com.au/officetrust.asp

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Thank you Keith.

For more information about Westpac Office Trust, please visit www.westpacfunds.com.au/officetrust.asp or contact Jane Williams, Investor Relations Westpac Funds Management Limited, on + 61 2 8254 6194.

For previous Open Briefings by Westpac Office Trust, or to receive future Open Briefings by e-mail, please visit www.corporatefile.com.au.

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