

Macquarie Office Management Limited

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A Member of the Macquarie Bank Group

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ASX Announcement

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**MACQUARIE OFFICE TRUST AND GENERAL PROPERTY
TRUST TO ACQUIRE 2 PARK STREET TRUST**

Macquarie Office Management Limited, as Manager of Macquarie Office Trust (“MOF”), in conjunction with GPT Management Limited, as Manager of General Property Trust (“GPT”), today announced a cash offer of \$4.05 per unit for all the issued units in the 2 Park Street Trust (“TPS”) that they do not already own. On completion of the transaction, which is to be effected by way of unitholder approval, GPT and MOF will each hold a 50% interest in TPS. MOF currently owns 17.8% of TPS, whilst GPT owns 16.4% of TPS.

The joint MOF and GPT offer, subject to a TPS unitholder vote in December, will result in MOF and GPT being entitled to full distribution for the period ending 31 December 2001 (estimated to be 7 cpu). Based on the net consideration of \$3.98 per unit, MOF’s average price for TPS will be \$3.76 per unit. MOF’s cost to acquire 50% of the TPS asset will be approximately \$254m.

TPS owns the Citigroup Centre, a landmark premium office tower centrally located in Sydney CBD, which was completed in July 2000. The building comprises 41 office levels with a total net lettable area of 74,090 square metres as well as 4 levels of basement parking for 256 cars and is currently 89% leased. The Citigroup Centre was valued at \$560m on 30 June 2001 and has recently been revalued by Jones Lang LaSalle for MOF and GPT at \$535 million as at 30 September 2001.

The offer price represents a premium of 8% to yesterday's closing price for TPS units of \$3.75 and 11.3% to the 3 month volume weighted average market price for TPS units.

James Fielding Investments ("JFI"), the responsible entity for TPS, has informed GPT and MOF that the JFI Board intends to recommend acceptance of the proposal, in the absence of a higher offer. JFI has engaged BDO Corporate Finance Pty Limited to prepare an independent expert's report on the proposal which will be included in an Explanatory Memorandum to be sent to TPS Unitholders in November 2001.

The two major unitholders, Cavalane Holdings Pty Limited and ANZ, who own 23% and 35% respectively of TPS, have both indicated that their current intentions are to vote in favour of the proposal, in the absence of a higher offer.

If successful, MOF and GPT will each hold a 50% interest in TPS which owns the Citigroup Centre. TPS will then be de-listed and managed by a newly incorporated company jointly owned by Macquarie Office Management Limited and GPT Management Limited.

Simon Jones, CEO of Macquarie Office Management Limited, said, "The Citigroup Centre is a landmark asset located in the highly sought after Sydney CBD. The property is one of the latest developed premium office towers with a quality tenant profile providing an average 10 year unexpired lease term. Following TPS approval this cornerstone investment will comprise 20% of MOF's assets, improving the overall quality of the portfolio."

The main benefits expected to be derived from the transaction are:

- Increased distribution per unit - The transaction will be distribution per unit accretive.
- Increases MOF's diluted NTA per unit by 3 cents to \$1.15.

- Acquisition of a premium quality asset - With an increasing focus on building technology and amenities by prospective premium and A grade tenants, this complex is expected to enjoy a strong competitive advantage over competing properties.
- Extended lease profile - MOF's lease expiry profile by will increase from 4.0 years to 4.7 years.
- Balance sheet strength - the book value of MOF's property portfolio will increase to approximately \$1,290 million.
- Increased weighting towards NSW- MOF's weighting by asset value towards NSW will increase from 46% to 56%, and towards Sydney CBD will increase from 5% to 20%.

The total cost of the acquisition to MOF will be \$210m. MOF intends to raise up to \$90 million in equity capital through the issue of reset preference units ("RePS"), with the balance of funding through cash and debt. The gearing of MOF will be 28.7 per cent post the issue of the RePS and completion of the acquisition.

RePS is a reset preference unit which is an equity security that offers a fixed non-cumulative distribution to holders. Final pricing will be determined by an institutional bookbuild, to be undertaken around the time of completion of the TPS acquisition. Holders of RePS will be entitled to participate in the growth in MOF's ordinary unit price above a fixed unit price. After five years, and periodically thereafter, MOF will have the right to reset key terms of the RePS.

Macquarie Bank's Investment Banking Group is advising MOF on this transaction and has been appointed sole Lead Manager for the RePS issue, which will be conducted by way of a public offer comprising an institutional bookbuild and a retail offer. It is planned that MOF unitholders will receive a priority allocation if there is excess demand for RePS. A prospectus for the RePS offer is expected to be lodged with ASIC in the coming weeks.

MOF is one of a number of sector specific listed trusts and unlisted direct property trusts managed by Macquarie Property Investment Management and associates with a total of \$3.3 billion under management.

Further Information:

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