

20 September 2010

Dear Unitholder,

Sale of the Responsible Entity (“RE”) of Westpac Diversified Property Fund (“Fund”)

In the March 2010 Fund update, WDPF Fund Manager John Bucknell outlined the strategic review Westpac Banking Corporation (“Westpac”) was undertaking in relation to its property funds management business, and more specifically the RE of the Fund, Westpac Funds Management Limited (“WFML”).

That review has been completed and Westpac is pleased to announce that it has **agreed to sell WFML to Australian Unity Limited (“Australian Unity”)**, a fund manager who provides services to over 560,000 Australians and its funds management arm, Australian Unity Investments is responsible for over \$10.4b in funds under management and \$1.3b in property funds.

After completion of the transaction (expected to be 30 September 2010), Australian Unity has also agreed to:

- establish liquidity in the Fund via a series of three \$10m withdrawal offers during 2011;
- recapitalisation of the Fund via a \$40m entitlement offer, giving eligible unitholders the opportunity to further invest in the Fund at a discount to Net Tangible Assets; and
- underwrite \$10m of the entitlement offer.

Australian Unity is also seeking to extend the term of WDPF’s debt facility from May 2011 to September 2013 and has confirmed it has received credit approved terms sheets from the Fund’s banking syndicate.

Australian Unity has agreed to acquire Westpac’s unit holding in the Fund, thereby creating alignment between Australian Unity and unitholders.

Westpac, in reaching its decision to sell WFML to Australian Unity, took into account the undertakings described above, AU’s track record as a property fund manager and the proposed extension of the debt facility term. Westpac believes the transaction with Australian Unity should be attractive to unitholders given the opportunity for liquidity and lower refinancing risk for the Fund.

No Action Required

- Please note that **you are not required to take any action.**

More information on the Fund

- To view recent announcements, visit the Fund website at www.westpacfunds.com.au

On behalf of Westpac we thank you for your continued support as we work to achieve this positive outcome for unitholders.

Yours sincerely,



Rob Whitfield
Group Executive, Westpac Institutional Bank

Attachment

1. *Attached is a letter from Australian Unity providing background on itself and plans for the Fund.*