

# Office Property Trust

## Fund Fact Sheet – March 2009



APIR Code	ACP0001AU
Inception date	18 October 2002
Applications	Closed to applications
Withdrawals	By withdrawal offer only
Income distributions	Quarterly

### About the Fund

The Fund is an open ended unlisted property fund with a primary focus on office property. The Fund holds a single property known as the Olderfleet Buildings. The Olderfleet Buildings, located at 477 Collins Street, Melbourne comprise a office building that provides investors with office, retail and carpark revenue streams from a single property in a prime Melbourne CBD location.

The facade of the Olderfleet Buildings date back to the 1880's, and has been maintained and upgraded to showcase the current office development that was first opened in 1985.

In 2001, the property was extensively refurbished to provide an upgraded foyer and eight levels of upgraded office accommodation.

The Olderfleet Buildings contain a total lettable area of 11,986 square metres with typical floor plates ranging from 1,151 to 1,689 metres.

A commercial car park provides capacity for approximately 598 vehicles and services the offices' commercial tenants and surrounding developments. These are configured in both tandem and single car spaces.

Services and internal finishes within the building are commensurate with the grade of the building.

### What is the Fund's investment strategy?

The Fund may acquire further office properties with stable and attractive returns and have the potential to provide capital growth. Any acquisitions will need to deliver increased geographical and tenant diversification.

### Structure of the Office Property Trust

Investor applications and borrowings are pooled together to purchase direct property assets. Cash is used to meet the Fund's day to day operating needs.

Rent from the Fund's property and interest earned on cash holdings, generate income for the Fund. This income is

used to meet interest expenses on borrowings, management fees and ongoing Fund expenses. We may also retain some income as a provision for future expenses, capital expenditure or to reduce borrowings. Once these costs are met, the remaining income is distributed to investors.

The capital growth (or loss) on your investment is largely attributed to movement in the value of the Fund's property and the level of borrowings the Fund has.

### Borrowings

The Fund borrows to finance and maintain the property, as well as to provide liquidity for operating purposes.

Generally, interest costs relating to the borrowings will be met from the gross income of the Fund prior to the payment of distributions to investors.

The lender's rights to recover the total due under the loan, and then the rights of any creditors of the Fund, will rank ahead of all investors.

Importantly, the lender does not have any recourse to investors.

### Distributions

Distributions are currently met from net realised income and net realised capital gains and are paid quarterly.

It is not our intention to source distribution payments from sources other than net realised income and net realised capital gains, although we may do so if we consider it to be in the interests of our investors (for example if rental income is suddenly reduced unexpectedly) and where payment from that source is sustainable. We would notify investors if this occurred.

### Withdrawals

Investors may only withdraw their investment in response to a withdrawal offer made by us. The Fund is a non-liquid scheme and its single asset limits our ability to provide investors with withdrawal opportunities.

On a periodic basis, at least annually, we will assess the liquid assets of the Fund. If sufficient liquid assets are available, and the Fund is in a financial position to do so, we may make a withdrawal offer in writing to all investors.

As withdrawal offers are dependent on the Fund's liquidity we cannot guarantee when withdrawals offers will be made.

## Who are the people managing your investment

Australian Unity Property Limited is the investment manager. We are careful, sensible and successful property managers and our property team is one of the most experienced in the market.

We have a long track record in managing property in all the major sectors and understand the markets and environment they operate in.

These key people are responsible for managing the Fund:



**David Bryant**  
Head of Australian Unity Investments

Mr Bryant is the Group Executive - Investments and Chief Investment Officer of Australian Unity Investments, which has more than A\$5.2bn in funds under management (as at 28 February 2009). Australian Unity Investments manages money on behalf of both institutional and retail investors in the areas of Australian and international equities, property, fixed interest and cash securities, and mortgages.

Mr Bryant joined Australian Unity Investments in 2004 and is a director of all of its major operating companies, their investment subsidiaries and is a member of their respective investment committees. He is responsible for the commercial development and profitability of the business, including investment and lending decisions, and all related support services such as business development, marketing, distribution, product development, compliance, administration and treasury.

Mr Bryant is a member of the Investment & Financial Services Association Investment Board Committee, and has over 25 years experience in investment and financial services with organisations such as Westpac, State Street Bank, Perpetual and Intech.



**Martin Hession**  
Head of Property  
Australian Unity Investments

Mr Hession joined Australian Unity in 2002 and has responsibility for Australian Unity Investments' property portfolio, valued in excess of \$1.1bn (as at 28 February 2009). His experience in property includes portfolio management, commercial and land development, and real estate agency management over 30 years.

Prior to joining Australian Unity Investments, Mr Hession was General Manager - Property at AXA Australia. Earlier roles include Managing Director of LJ Hooker (Victoria); Managing Director of Baillieu Knight Frank (SA); and Chief Executive of Hillier Parker (Victoria).



**Peter Lambden**  
Portfolio Manager

Peter Lambden has responsibility for the performance and management of Australian Unity Investments' direct retail and office property investments. Peter joined Australian Unity in 2001 and has over 35 years experience in portfolio and property management gained during his time in senior roles with National Mutual and AXA. In addition, Peter has held senior positions with industry bodies including President of the Australian Property Institute and Executive member of the Property Council of Australia.

## Portfolio details

The Fund owns a single property with diversity in tenants, and lease terms.

The details in the tables below are extracted from the Trust's latest financial statements for the half year ending 31 December 2008.

### Direct property portfolio as at 31 December 2008

Property	'Olderfleet Buildings' 477 Collins Street
State	Victoria
Valuation Date	October 2008
Valuation	\$66.75m
Book Value	\$66.75m
Capitalisation Rate	7.50%

### Asset allocation as at 31 December 2008

Direct Property	98.16%
Cash & cash equivalents	1.84%
Total	100.00%

### Borrowing details as at 31 December 2008

Total Fund size (Gross Assets)	\$68.00m
Gearing ratio <sup>(1)</sup>	60.03%
Interest cover ratio <sup>(2)</sup>	1.48 times
% of borrowings hedged	0%
Borrowing facility limit	\$43.36m
Borrowing facility drawn amount	\$40.82m
Borrowing facility maturity	31 December 2010

<sup>(1)</sup> The gearing ratio is calculated as total interest bearing liabilities divided by total assets and indicates the extent to which the Fund's assets are expected to be funded by external liabilities (borrowings). Generally, a higher gearing ratio means that a fund is exposed to a higher level of risk.

<sup>(2)</sup> The interest cover ratio measures the ability of the Fund to service the interest on borrowing from net earnings. This calculation shows that the Office Property Trust generates income after fees which is 1.48 times the level of interest payments due. This means that the Fund can service interest payments despite reasonable changes to the interest rate and occupancy rate.

### Borrowing covenants

We are within the limits of our borrowing facilities and have no breaches of any financial covenants at the date of this document.

### Direct property occupancy and lease details as at 31 December 2008

Occupancy rate by area	100%	
Weighted average lease expiry by income	3.11 years	
Major tenants and % of net passing rental income	Premier Parking(Vic)	39.99%
	CGU Insurance Australia Limited	21.30%
	Cap Gemini Ernst & Young Australia Pty Ltd	14.06%
	Allens Arthur Robinson Ops. Pty Ltd	12.35%
	Collection House Limited	6.62%

### Important information

This investment product is issued by Australian Unity Property Limited ABN 58 079 538 499, AFS Licence No. 234455 in its capacity as Responsible Entity. This information is intended only to provide a broad summary of this financial product. Investment decisions should not be made upon the basis of its past performance or distribution rate, since future returns will vary. The information provided here was current at the time of publication only, and we recommend that you access our website for further information.

### Direct property lease expiry profile as at 31 December 2008



### Valuation of properties

Regular valuation of underlying property assets is an important aspect of managing the Fund in the best interests of all investors. The valuations are conducted by qualified independent valuers in accordance with industry standards.

We have a policy of generally obtaining independent valuation on our properties each year.

### Related party transactions

All transactions we enter into in relation to the Fund, including those with related parties, are conducted on commercial terms (i.e. on an arm's length basis).

Related party transactions are managed in accordance with our policy which requires an assessment and senior management approval to ensure the arm's length nature of each transaction. These transactions are then included on a register. The register is subject to external compliance audit review.

Entities within the Australian Unity Group provide property management, registry, accounting and tax services to the Fund for fees charged at a commercial rate.

For the six months to 31 December 2008 the Fund paid Australian Unity Funds Management Limited \$8,100 for registry services.

### Contact us

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