

Office Property Trust

Fund Fact Sheet – 11 October 2010



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

Overview of changes since last update

This Fund Fact Sheet was updated on 11 October 2010 (from its previous issue on 26 March 2010) to reflect changes in the Fund's distribution, tenant details, property valuation and borrowings position.

About the Fund

The Office Property Trust (Fund) is an open ended unlisted property fund with a primary focus on office property.

The Fund owns two properties, the Olderfleet Buildings, located at 477 Collins Street, Melbourne and 172-186 Moreland Road, Brunswick.

The Olderfleet Buildings comprise an 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 dates back to the 1880s, 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.

The Moreland Road property is located in a high profile position, near the intersection of Moreland Road and Sydney Road, seven kilometres north of the Melbourne CBD. The property comprises a late 1990s commercial office building with a net lettable area of approximately

4,200 square metres over two levels and a secure basement car park for 70 vehicles.

What is the Fund's investment strategy?

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

Derivatives

It is not the Fund's policy to use derivatives for gearing purposes or for speculative activities. The investment manager may use derivatives for asset allocation purposes, implementation of interest rate risk strategies and management of the Fund's interest rate exposures. Currently, interest rate swaps are used to manage the interest rate exposure on lending facilities.

Structure of the Office Property Trust

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

The rent generated from the property assets and interest earned on cash holdings, create 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 normally distributed to investors.

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

Borrowings

The Fund borrows to finance and maintain its assets, 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

The Fund was previously not paying distributions due to the lender's requirement to apply cash to reduce the Fund's borrowings. However, a modest income distribution is expected to be paid for the September 2010 quarter.

This distribution will be met from net realised income and net realised capital gains.

It is not our intention to make 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 will notify investors if this occurs.

Withdrawals

Investors may only withdraw their investment in response to a withdrawal offer. The Fund is a non-liquid scheme and its assets limit our ability to provide investors with withdrawal opportunities.

On a periodic basis and at least annually, we 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 withdrawal offers will be made.

Who are the people managing your investment?

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

We have a 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\$10.4 billion in funds under management (as at 31 July 2010). 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 its major operating companies and their investment subsidiaries. He is also a member of their investment committees. He is responsible for the commercial development and profitability of the business, including investment and lending decisions, as well as support services including business development, distribution, product development and treasury.

Mr Bryant is a member of the Financial Services Council Investment Board Committee. He 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 is responsible for Australian Unity Investments' property portfolio, valued in excess of A\$1.0 billion (as at 31 July 2010). 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
Australian Unity Investments

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 more than 38 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 as President of the Australian Property Institute and as an Executive member of the Property Council of Australia.

Portfolio details

Property acquisition after 30 June 2010	
Property	172-186 Moreland Road, Brunswick
State	Victoria
Major Tenant	Commonwealth Government (Centrelink)
Lease Period	15 years to 2012 (5 year option to extend)
Purchase Price	\$12.50 million

The figures shown in the tables below are taken from the values recorded as at 30 June 2010 and are not based upon audited financial records. As the Moreland Road property was acquired after 30 June 2010, it is not included in the following portfolio information.

The Fund's composition and diversity will change over time as properties are acquired or disposed and tenancies are re-let.

Direct property portfolio as at 30 June 2010	
Property	'Olderfleet Buildings' 477 Collins Street
State	Victoria
Valuation Date	October 2009
Valuation	\$63.00 million
Book Value	\$63.24 million
Capitalisation Rate	7.50%

Asset allocation as at 30 June 2010	
Direct Property	99.11%
Cash & cash equivalents	0.89%
Total	100.00%

Borrowing details as at 30 June 2010	
Total Fund size (gross assets)	\$64.82 million
Gearing ratio ⁽¹⁾	62.10%
Interest cover ratio ⁽²⁾	2.27 times
% of borrowings hedged	85.00%
Borrowing facility limit	\$39.65 million
Borrowing facility drawn amount	\$39.12 million
Borrowing facility maturity ⁽³⁾	31 December 2010
Hedge expiry ⁽⁴⁾	June 2011: \$12.25 million June 2012: \$8.16 million June 2014: \$6.50 million June 2015: \$6.50 million

(1) 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. The gearing ratio based on the last audited financial statements as at 30 June 2010 was 59.65%.

(2) The interest cover ratio measures the ability of the Fund to service the interest on borrowing from net earnings. This calculation shows that the Fund generates income after fees which is 2.17 times the level of interest payments due. This means that the Fund can service interest payments. The interest cover ratio based on the last audited financial statements as at 30 June 2010 was 1.16 times.

(3) We expect that the loan facility will be refinanced at commercial terms prior to maturity.

(4) In determining whether to hedge the borrowings, a number of factors are considered including general economic conditions, expected changes to interest rates and the costs of implementing the hedge. Importantly, we aim to implement hedges where we believe that it will be beneficial for the Fund to do so.

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 30 June 2010

Occupancy rate by area	100.00%	
Weighted average lease expiry by income	3.25 years	
Major tenants and % of base rental income	S&K Car Park Management Pty Ltd	36.54%
	Accenture	24.29%
	Cap Gemini Ernst & Young Australia Pty Ltd	14.03%
	Melbourne Conference and Training Centre	7.47%
	Collection House Limited	6.87%

Direct property lease expiry profile as at 30 June 2010



Valuation of properties

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

We have a policy of generally obtaining independent valuation on our direct properties annually.

Important information

This investment product is for the Australian Unity Investments Office Property Trust ARSN 102 283 312 and 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.

Related party transactions

All transactions we enter into in relation to the Fund, including those with related parties, are on arm's length commercial terms.

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

Policies and guidelines are in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction. Related party transactions with Australian Unity Group entities are reviewed and approved by senior management, with clearly identified governance policies and guidelines. All decisions in relation to conflicts of interest and all related party transactions are documented. Policies and guidelines are generally reviewed annually.

Details of material related party transactions are reported yearly as part of the Fund's audited annual accounts. The latest annual audited accounts for the Fund can be found on our website australianunityinvestments.com.au

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