Office Property Trust

Continuous Disclosure Notice – 28 February 2011

The Australian Securities and Investments Commission requires responsible entities of unlisted property schemes in which retail investors invest to provide a statement addressing eight disclosure principles. These eight principles are contained in Regulatory Guide 46: Unlisted property schemes – Improving disclosure for investors.

This document has been prepared by Australian Unity Property Limited ("AUPL") as the responsible entity of the Office Property Trust (Trust) to update investors on the information relevant to the disclosure principles. This document should be read in conjunction with 30 June 2010 Annual Report, available from our website www.austrailanunityinvestments.com.au/opt

This document has been updated as at 28 February 2011 (with financial information as at 31 December 2010), from its previous issue on 11 October 2010 to reflect an update to the Trust's portfolio information.

Disclosure Principle 1 — Gearing ratio

The gearing ratio of the Trust, calculated as total interest bearing liabilities divided by total assets was 52.62%, as at 31 December 2010, based on unaudited accounts (59.65% based on 30 June 2010 audited accounts).

The gearing ratio calculates the extent to which the Trust's total assets are funded by interest bearing liabilities. It gives an indication of the potential risks investors face in terms of external liabilities that rank ahead of them. If the Trust's gearing ratio under its debt facilities increases, the Trust will have a higher reliance on external liabilities to Trust assets and a greater exposure to funding costs if interest rates rise. This will have a negative impact on the cash distributions and the value of the Trust.

Disclosure Principle 2 — Interest cover

The Trust's interest cover is calculated by using the following formula:

$$\text{Interest cover} = \frac{\text{(EBITDA – unrealised gains + unrealised losses)}}{\text{Interest expense}}$$

Where:
EBITDA = earnings before interest, tax, depreciation and amortisation

Interest expense = Interest expense on debt facilities, net of hedging arrangements and interest income, adjusted for various AIFRS treatments including property.

The Trust's interest cover ratio as at 31 December 2010 was 1.41 times (1.16 times based on 30 June 2010 audited accounts).

Interest cover indicates the ability of the Trust to meet interest payments from operating cash. It is an indicator of the Trust's financial health and is a key to assessing the sustainability of, and risks associated with, the Trust's level of borrowing. If the Trust's interest cover decreases then the risk of the Trust not being able to meet interest payments will increase.

The Trust is in compliance with its interest cover debt covenant.

Disclosure Principle 3 — Trust borrowing

The Trust's borrowing as at 31 December 2010 is summarised in the table below:

Borrowing details	
Borrowing facility drawn amount	$42.77 million
Borrowing facility limit	$43.30 million
Borrowing facility maturity	December 2011
% of borrowings hedged	78.12%
Weighted hedge expiry	2.00 years

AUPL believes that it will be able to refinance the borrowing facility prior to its expiry on the basis of:

- preliminary refinancing discussions that have been held with the Trust's existing financiers; and
- the loan to valuation ratios and interest cover ratios of the Trust are within existing covenant requirements.

To the best of AUPL's knowledge, there have been no breaches of loan covenants as at the date of this document.

All amounts owed to lenders and other creditors will rank before each investor's interest in the Trust. The Trust's ability to repay principal and interest and meet all loan covenants under its debt facilities is material to its performance and ongoing viability.

Disclosure Principle 4 — Portfolio diversification

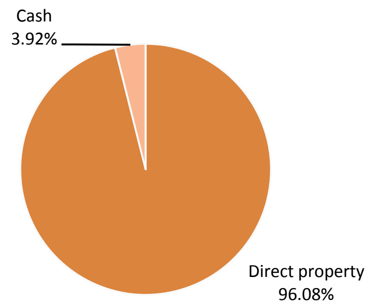
The information in the graphs and tables below is taken from the values as at 31 December 2010 (unless stated otherwise) and is not based on audited financial records. The Trust's composition and diversification will change over time as properties are acquired or disposed and tenancies are re-let.

Direct property portfolio

Property	Sector	Independent valuation			Book value	% of portfolio
		Date	$M	Cap rate %	$M	%
Olderfleet Buildings, 477 Collins Street, Melbourne, VIC	Office/Car Park	November 2010	65.40	8.00	65.40	83.28
172 Moreland Road, Brunswick, VIC	Office	June 2010	12.70	8.00	12.70	16.72
Total			78.10		78.10	100.00

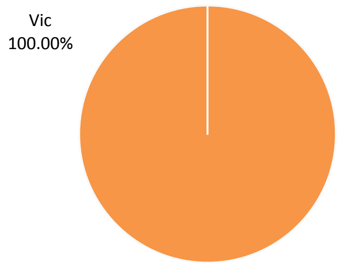
Asset allocation

Asset class	$M	% of portfolio
Direct property	78.10	96.08
Unlisted property	Nil	Nil
Australian REITs	Nil	Nil
Cash and cash equivalents	3.18	3.92
Total	81.28	100.00



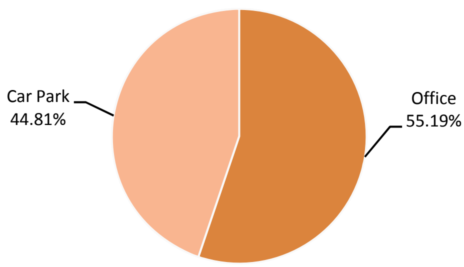
Direct property geographic allocation

Location	$M	% of portfolio	Number
VIC	78.10	100.00	2
Total	78.10	100.00	2



Direct property by sector

Sector	$M	% of portfolio
Office	43.10	55.19
Car Park	35.00	44.81
Total	78.10	100.00



Direct property occupancy and lease details

Occupancy rate by area	100.00%	
Weighted average lease expiry by income	4.05 years	
Major tenants and % of base rental income	S&K Car Park Management Pty Ltd	29.90%
	Accenture	19.80%
	Centrelink	18.80%
	Cap Gemini Ernst & Young Australia Pty Ltd	11.20%
	Melbourne Conference and Training Centre	5.90%

Direct property lease expiry profile

Property development

There were no development projects in the Trust as at 31 December 2010.

Disclosure Principle 5 — Valuation policy

Regular valuation of underlying property assets is an important aspect of managing the Trust 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 valuations on our properties each year.

Disclosure Principle 6 — Related party transactions

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

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

Policies and guidelines are in place to manage 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 related party transactions are outlined on section 14 of the 30 June 2010 Annual Report for the Trust.

Disclosure Principle 7 — Distribution practices

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

It is not our intention to source future distribution payments from sources other than net 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 expected to be sustainable given the circumstances. We would notify investors if this occurred.

Disclosure Principle 8 — Withdrawal rights

Investors may only withdraw their investment in response to a withdrawal offer. The Trust 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 Trust. If sufficient liquid assets are available, and the Trust 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 Trust's liquidity, we cannot guarantee when withdrawals offers will be made.

For further enquiries

Please contact us either by telephone, email or mail as shown below:

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