Colonial First State
Global Asset Management

Commonwealth Property Office Fund

ARSN 086 029 736

Appendix 4E

Annual results
for the year ended 30 June 2009

10 YEAR ANNIVERSARY
1999 • 2009

Contents

ASX APPENDIX 4E
Results for announcement to the market
Year ended 30 June 2009

Commonwealth Property Office Fund
ABN 65 976 185 490

		12 months to 30-Jun-09 $'000	**12 months to 30-Jun-08 $'000**	**Variance $**	**Variance %**
2.1					
	Revenue from ordinary activities (excluding investment property, associate and financial derivatives revaluations)	327,851	328,791	(940)	
	Investment property revaluations	-	174,443	(174,443)	
	Share of associates' revaluations	(62,527)	40,590	(103,117)	
	Financial derivatives revaluations	-	18,022	(18,022)	
	Total revenue from ordinary activities	265,324	561,846	(296,522)	(53)
2.2	Expenses from ordinary activities (excluding investment property and derivatives revaluations, and impairment of property, plant and equipment)	(211,785)	(186,886)	(24,899)	
	Investment property revaluations	(528,732)	-	(528,732)	
	Derivatives revaluations	(68,537)	-	(68,537)	
	Total expenses from ordinary activities	(809,054)	(186,886)	(622,168)	332.9
	(Loss)/Profit from ordinary activities after tax	(543,730)	374,960	(918,690)	(245)
2.3	Net (loss)/profit	(543,730)	374,960	(918,690)	(245)

		Amount per security		
2.4/2.5		**Cents per unit**	**Record date^**	**Payment date**
	Interim and final distributions:			
	Interim	4.6000	31-Dec-08	27-Feb-09
	Final	4.2000	30-Jun-09	27-Aug-09
	TOTAL	8.8000		

^ The record date is for the purposes of determining unitholders' entitlement to income for the period.

[Note: Franked amount per security is not applicable]

2.6 For explanation of figures in 2.1 to 2.4 refer to the attached documents: ASX announcement - annual results, additional information for investors and Annual Financial Report.

Other information required under ASX Listing Rule 4.3A

Cross Reference Index | **Page**

The information presented above is based upon the audited Annual Financial Report for 30 June 2009. Refer to page 47 - Independent Auditor's Report.

Greg Freeman | **Date: 18 August 2009**

Colonial First State
Global Asset Management

Colonial First State Property Limited
ABN 20 085 313 926

Manager of Commonwealth Property Office Fund

Responsible Entity:
Commonwealth Managed Investments Limited
ABN 33 084 098 180
AFSL 235384

Registered Address:
Level 7 48 Martin Place
Sydney NSW 2000 Australia

Principal Office of the Manager:
Level 7 52 Martin Place
GPO Box 3892
Sydney NSW 2001 Australia

Telephone: 02 9303 3500
Facsimile: 02 9303 3622

18 August 2009

COMMONWEALTH PROPERTY OFFICE FUND (CPA)

Annual results for the 12 months ended 30 June 2009

Overview

In its 10 years of operation, the Commonwealth Property Office Fund (CPA or the 'Fund') has navigated significant challenges, but none more dramatic and demanding than those evident during the past financial year. In such a turbulent year, our continued focus on the Fund's long-held strategy of a simple structure, modest levels of gearing and owning quality Australian office property had never been more important.

Charles Moore, Fund Manager of CPA said: "While it is disappointing to report a negative total return for the year, the Fund significantly outperformed its peers and was able to increase like-for-like[1] net property income by 8.4%, which reflects the quality assets and active approach we take to asset management."

Mr Moore said: "Today we are announcing a further amendment to the distribution policy of the Fund, ceasing the practice of using debt to fund the majority of building maintenance capital expenditure required to maintain the property portfolio. This adjustment, effective from the 2010 financial year, results in the Fund distributing either 70% to 80% of distributable income, or the Fund's taxable income, whichever is the greater for any financial period. The adjustment will assist in providing further strength and flexibility for the Fund's balance sheet and will also provide a platform for future earnings growth."

Key highlights for the year included:

- Distributable income up 1.7%
- Distribution of 8.80 cents per unit, in line with guidance given in January 2009
- Net property income increased 6.9% for the year and on a like-for-like[1] basis increased 8.4%
- During the year, approximately 90,000 sqm of space was successfully leased or renewed within the portfolio, resulting in an occupancy level of 98.8%[2] and a weighted average lease expiry profile (by income) of 4.5 years[2] at 30 June 2009
- Within the portfolio, over 604,000 sqm of space was subject to a rent review during the year, achieving an average increase of 5.4%
- Maintained an active approach to capital management, reducing the Fund's gearing[3] to 27.4% at 30 June 2009 (from 28.3% at 30 June 2008)

Financial results

Distributable income was $147.0 million, up 1.7% compared to $144.5 million for the previous year. Distributable income is calculated by adjusting the net loss of $543.7 million, for unrealised valuation losses and other items of $690.7 million.

Underlying the result was a 6.9% increase in net property income to $233.4 million. On a like-for-like[1] basis, net property income increased by 8.4%.

1. Including those assets owned for both 12-month comparison periods, excluding one-off items.
2. Excluding 175 Pitt Street, Sydney (which commenced refurbishment in March 2009), 53 Ord Street, West Perth and 300 Queen Street, Brisbane. Including 175 Pitt Street, Sydney, occupancy is 93.1% (by income) and portfolio weighted average lease expiry profile is 4.3 years (by income).
3. Gearing equals borrowings to total assets. For this calculation, total assets exclude the fair value of derivatives and borrowings exclude fair value of cross currency swaps and deferred borrowing costs.

The Fund's result for the 12 months to 30 June 2009 was a net loss of $543.7 million, compared to a net profit of $375.0 million for the previous year. The difference is primarily due to the net loss in the property and derivatives revaluations. This included a net revaluation reduction on investment properties, property, plant and equipment and associates of $597.3 million (compared to a $211.0 million gain for the previous year) and a net loss on the fair value of derivatives of $68.5 million (compared to an $18.0 million gain for the previous year).

Annual distribution

In January 2009, as part of the initiative to increase the Fund's financial flexibility and balance sheet strength, the distribution policy was adjusted to provide greater alignment to underlying property earnings. The revised distribution policy allows the Fund to retain some cash flow to fund fit-out incentives, leasing fees and the performance fee expense (if payable for the period), rather than funding these costs through debt. This adjustment, effective from 1 January 2009, maintains the tax efficiency of the pass through nature of the Fund's income and assists in preserving capital in the current volatile environment.

The Fund will pay an annual distribution of $151.9 million, compared to $147.6 million for the previous year. This equates to a distribution of 8.80 cents per unit, which is a 4.3% decrease on the 9.20 cents per unit paid in the previous year, primarily due to the revised distribution policy adopted on 1 January 2009 and the increase in units on issue.

Gross assets

The Fund's total gross assets, $3.2 billion as at 30 June 2009, declined 16.6% in value from the previous year. This resulted from the net negative revaluations across the portfolio and the sale of 10 Dawn Fraser Avenue, Sydney Olympic Park. Post 30 June 2009, the sale of 53 Ord Street, West Perth and 300 Queen Street, Brisbane contributed to gross assets reducing to $3.0 billion.

Net tangible asset backing (NTA) per unit reduced from $1.62 per unit at 30 June 2008 to $1.15 per unit at 30 June 2009, primarily due to the net negative property and derivatives revaluations and the January 2009 institutional placement and subsequent Unit Purchase Plan (UPP).

Post the sale of 300 Queen Street, Brisbane, the Fund's portfolio consists of 25 properties, located in major office markets across Australia, with 64.8% of the portfolio (by value) held within Sydney. The majority of assets are occupied by blue chip tenants with low risk profiles. Some 59.9% of income is derived from the top 15 tenants.

Investment performance

Over the 12 months to 30 June 2009, the Fund delivered unitholders a total return[4] of -26.6%, outperforming the UBS Commercial 200 Accumulation Index (the 'Index') return of -50.8%. Over the three, five and 10-year periods, the Fund outperformed the Index by 14.9%, 10.1% and 7.0% respectively.

CPA relative performance comparison to 30 June 2009

	6 months %	1 year %	3 years* %	5 years* %	10 years* %
Commonwealth Property Office Fund (CPA)	-26.1	-26.6	-9.5	0.8	6.6
UBS Commercial 200 Accumulation Index	-26.2	-50.8	-24.4	-9.3	-0.4
S&P/ASX 200 Property Accumulation Index	-12.9	-42.3	-22.7	-8.4	n/a

* Represents annual compound returns. Source: UBS Australia 2009.

Performance fee

The performance fee, calculated every six months, is capped at 0.15% of the Fund's average gross asset value for each six-month period with any over/underperformance carried forward. The performance fee is paid in the form of units issued to the Manager.

As reported in the half-year report, for the six months to 31 December 2008, CPA outperformed the customised office property accumulation index[5] (the 'benchmark)' by 42.6%. As a result, the Responsible Entity was entitled to a performance fee of $5.6 million for the six months ended 31 December 2008.

4. Total return comprised unit price performance and distribution income yield.
5. For the purposes of calculating the performance fee, the benchmark, which is the UBS Commercial 200 Accumulation Index, is customised to remove the effect of CPA on the Index. A 20-day volume weighted average price (VWAP) is applied to both the CPA accumulation index and the customised index.

For the six months to 30 June 2009, CPA underperformed the benchmark by 11.0%. After including the carry-over outperformance from 31 December 2008, the Responsible Entity was entitled to a performance fee of $5.1 million for the six months ended 30 June 2009.

In accordance with the Fund's Constitution, the fee is accrued for both periods and will not be paid until the Fund delivers a period of absolute positive performance.

At 30 June 2009, the carry-forward balance of positive performance over the benchmark is 32.7%. As a consequence of this outperformance, the likely future performance fee amount (the fair value of unrealised performance fees) is $25.1 million. The performance fees recognised in the Income statement, consisting of fee entitlements for the two six-month periods plus the amount for future performance fees, total $35.8 million.

Capital management
REITs by their nature require capital to operate and grow and therefore capital management remains a key focus for the Fund. Since listing on the ASX 10 years ago, a conservative approach to gearing has been a feature of the Fund's operations.

Despite the Reserve Bank of Australia making significant cuts to the official cash rate, the extent of the global financial crisis has led to a credit constrained market, with margins for debt increasing significantly.

Faced with this challenging environment, we accessed both equity and debt capital markets during the year to enhance and strengthen the Fund's financial flexibility.

In January 2009, we implemented a number of initiatives to improve financial flexibility including an adjustment to the Fund's distribution policy, a $192 million institutional placement, and a UPP which raised $13 million. The issue of new units via the $192 million institutional placement and the UPP, at $0.80 per unit (reflecting an 11.1% discount to the prior closing price) was well supported by investors.

In April 2009, unitholders ratified the units issued under the institutional placement. The refreshment of the Fund's placement capacity has increased its flexibility to face the current market conditions.

In June 2009, we refinanced a $150 million bank debt facility, extending its expiry from September 2009 to September 2012 and increased the size of this facility by an additional $100 million. As a result, the Fund's only remaining refinancing exposure in the 2010 financial year consists of a $150 million bank debt facility (June 2010).

During the year, the proceeds from the $52.25 million sale of our 50% interest in 10 Dawn Fraser Avenue, Sydney Olympic Park were used to retire debt. Post 30 June 2009, the proceeds of the $41.5 million sale of 53 Ord Street, West Perth and $110.0 million sale of 300 Queen Street, Brisbane were also used to retire debt, further strengthening the Fund's balance sheet.

The Fund maintained its credit rating (A-/A-2 by Standard & Poor's and A3/P-2 by Moody's), which is the highest in the commercial office A-REIT sector.

All debt facilities are senior and unsecured and the key covenants applying across the facilities are shown below:

Key covenant	Threshold	As at 30 June 2009
Loan to value ratio^	not to exceed 45%†	32.5%
Interest cover ratio*	not to fall below 2.0 times	3.3 times

^ Calculated as total liabilities divided by total assets.
† Effective 28 July 2009.
* Calculated as earnings before interest and tax divided by net interest expense. For the purposes of this calculation, earnings represents net (loss)/profit excluding all fair value adjustments, straight-lining revenue, borrowing costs and net interest expense on interest rate swaps. Interest expense is the sum of borrowing costs, net interest expense on interest rate swaps and capitalised interest.

The Fund's loan to value ratio covenant of total liabilities to total assets had a threshold of 40% on some existing debt facilities and during the year we investigated the possibility of increasing this covenant to 45%, excluding the impact of the mark to market of the derivative financial instruments. Post 30 June 2009, we were successful in negotiating this change with the Fund's financiers, giving the Fund additional headroom and providing flexibility to continue with existing commitments and absorb the impact of further anticipated declines in asset values.

As at 30 June 2009, the Fund's gearing level was 27.4%, with borrowings[6] of $856.8 million. Including the non-cash impact of the mark to market of the derivative financial instruments (which includes cross currency swaps) the Fund's loan to value ratio was 32.5% at 30 June 2009.

6. Borrowings exclude fair value of cross currency swaps and deferred borrowing costs.

Post 30 June 2009, the proceeds of the sale of 53 Ord Street, West Perth and 300 Queen Street, Brisbane, reduced the Fund's gearing level to 23.7% and loan to value ratio (excluding the impact of the mark to market of the derivative financial instruments) to 27.9%.

As at 30 June 2009, the Fund's weighted average debt maturity was 3.0 years and the weighted average interest rate (including margins and fees) was 7.1%. Borrowings were fully hedged at 30 June 2009 with a weighted average maturity on hedged debt of 6.2 years and a weighted average interest rate on hedged debt of 5.9% (excluding margins and fees).

The Fund had undrawn debt facilities of $475 million at 30 June 2009. Post 30 June 2009, following the sale of 53 Ord Street, West Perth and 300 Queen Street, Brisbane, the Fund's undrawn debt facilities increased to approximately $626 million.

Mr Moore said: "While our strong financial position gives us a solid footing, we remain focused on prudently managing the balance sheet for the Fund's capital commitments and maintaining its flexibility for any acquisition opportunities that may arise."

Flowback/alignment fee
The asset management division of Colonial First State Global Asset Management is one of Australia's leading property management, leasing and development experts and continues to add value across CPA's portfolio of office assets. During the year, the insourced property management function through the asset management division delivered value to unitholders via the income stream related to its distributable earnings that flows back to the Fund from the Manager (flowback or alignment fee). The total distributable earnings to the Fund from the Manager were $367,000 for the 12 months to 30 June 2009.

Divestments
Despite the uncertainty in financial markets, we maintained our active asset management approach and sold assets in the portfolio to further strengthen the Fund's balance sheet.

Sale of 10 Dawn Fraser Avenue, Sydney Olympic Park
In July 2008, we sold our 50% interest in 10 Dawn Fraser Avenue, Sydney Olympic Park for $52.25 million, which allowed us to realise an average total return of 12.3% since the acquisition of the site in July 2005. The sale demonstrated our commitment to active asset recycling and reduced the Fund's exposure to Sydney Olympic Park, whilst retaining a presence with the recently completed development at 2 and 4 Dawn Fraser Avenue. The transaction enhanced portfolio returns and settled on 19 December 2008.

Sale of 53 Ord Street, West Perth
In June 2009, we sold 53 Ord Street, West Perth for $41.5 million, which allowed us to realise an average total return of 12.0% since the property was originally acquired under construction in April 2002. The sale is consistent with the Fund's strategy of divesting non-core assets and was positive to the Fund in terms of gearing. The transaction settled on 30 June 2009.

Sale of 300 Queen Street, Brisbane
In July 2009, we sold 300 Queen Street, Brisbane for $110.0 million, which allowed us to realise an average total return of 11.8% since the acquisition of the property in October 2002. The sale represented a 16.7% discount to the 31 March 2009 independent valuation and was consistent with the Fund's strategy of divesting non-core assets. The transaction settled on 31 July 2009.

Development
The development at 2 and 4 Dawn Fraser Avenue, Sydney Olympic Park was completed and the refurbishment of 175 Pitt Street, Sydney commenced during the year. At 225 George Street, Sydney (Grosvenor Place), a staged redevelopment of the ground floor entrance foyer and facilities was completed in order to maintain its position as one of Sydney's premium office buildings. We also continued to prepare for the next development cycle, progressing with the necessary planning requirements for a number of potential major projects.

Completion of 2 and 4 Dawn Fraser Avenue, Sydney Olympic Park
The final stage of Commonwealth Bank of Australia's office campus at 2 and 4 Dawn Fraser Avenue, Sydney Olympic Park, was completed in December 2008. The buildings provide high quality office accommodation over six levels with sustainability features including passive chilled beam air-conditioning, waste water recycling, magnetic bearing chillers and a highly efficient façade.

Refurbishment of 175 Pitt Street, Sydney
During the year, the refurbishment of 175 Pitt Street, Sydney commenced following the expiry of the Bank's lease on 17 March 2009. The project involves an extensive refurbishment of the building and is fully funded by existing debt facilities. The $66 million project is targeting an incremental yield in excess of 7.0% and the property will re-enter the Sydney office market in early 2010.

Portfolio update
Despite difficult market conditions, we have been able to maintain high occupancy levels at a portfolio level, achieving an occupancy rate of 98.8%[7] (by income), whilst solid leasing and market review outcomes boosted net property income by 6.9% to $233.4 million.

Leasing and renewal activity
We successfully negotiated 89,657 sqm in new leases and renewals over the 12-month period to 30 June 2009. This solid achievement resulted in the Fund's weighted average lease expiry profile, or WALE (by income), being 4.5 years[7] at 30 June 2009 compared to 5.0 years at 30 June 2008.

Details of leasing and renewals during the year are detailed in **Appendix 1.**

Rental reviews
Rental reviews were completed over 604,339 sqm of tenanted space during the year (see **Appendix 2** for more details), with an average rental increase of 5.4%. Of the space reviewed, 87% was subject to fixed rental increases with the remainder reviewed to market.

Significant contributors to the overall rental increase were the market rent reviews for BNP Paribas' lease at 60 Castlereagh Street, Sydney, where a 21.4% increase was achieved, and the J.P. Morgan lease at 259 George Street, Sydney, where an average 20.2% increase was achieved.

In the 2010 financial year, approximately 540,117 sqm is subject to review, with 92% of the area subject to fixed rental increases at an average increase of 4% with the remainder to be reviewed to market.

Asset revaluations
In recognition of the volatility in financial markets which contributed to the deterioration in Australian office market fundamentals, the entire property portfolio was independently revalued over the 12 months to 30 June 2009, with 20 of the Fund's 25 assets[8] revalued twice during this period.

The independent revaluations resulted in a $589.6 million loss. After accounting for straight-lining of fixed rental increases, a loss of $597.3 million was recorded in the Income statement.

The loss in asset values stems from independent valuers reflecting the changed market sentiment by adjusting investment yields and revising their assumptions of market rental levels, base incentives, downtime periods and future rental growth levels.

The weighted average capitalisation rate of the portfolio softened significantly from 6.5% at 30 June 2008 to 7.7%[8] at 30 June 2009.

Sustainability
In the 10 years since listing, we have continually developed and enhanced our approach to sustainability across the business. This ongoing focus has resulted in our properties achieving solid sustainability credentials. We consider sustainability issues in all aspects of our operations and believe that our approach to environmental, social and governance (ESG) issues is instrumental in achieving long-term sustainable performance.

CPA was awarded $4.1 million from the Australian Government's Green Building Fund, with $2.7 million allocated specifically to an innovative wind array project at 385 Bourke Street, Melbourne.

Further detail on sustainability is provided on the CPA website and will be included in the annual report.

7. Excluding 175 Pitt Street, Sydney (which commenced refurbishment in March 2009), 53 Ord Street, West Perth and 300 Queen Street, Brisbane. Including 175 Pitt Street, Sydney occupancy is 93.1% (by income) and portfolio weighted average lease expiry profile is 4.3 years (by income).
8. Excluding 53 Ord Street, West Perth and 300 Queen Street, Brisbane.

Office market and Fund outlook
Mr Moore said: "There is no doubt that Australian office markets face a challenging period ahead with the adverse economic conditions resulting in rapidly deteriorating office space market fundamentals. Tenant demand for office space has fallen, vacancy levels have increased in all markets and the volume of sub-lease space available has become a significant factor in most markets. We expect these weak market fundamentals to continue throughout the coming year and to result in rising vacancy rates in all major Australian office markets."

"Pressure on asset values will continue in the short term; however, we believe that once liquidity returns to both the debt and equity markets, we will start to see transaction volumes grow which will assist with market pricing."

The reduced availability of credit is a principal constraint facing the property sector. We anticipate that credit market turmoil will continue over the next 12 months with margins on credit remaining above historical pricing levels.

While much of the asset value loss over the past 12 months is attributable to investment yields moving higher, we anticipate the focus will now turn to underlying market fundamentals. Independent valuers will look closely at the market rental profiles adopted in their assessments together with allowances for incentives and downtime between leases.

Offsetting this, most Australian office markets have very limited new office space under construction, which means that markets such as the Sydney CBD are not suffering from oversupply at the same time as tenant demand is weakening.

Darren Steinberg, Head of Property said: "After 10 years of operation, and as we enter the 2010 financial year, the fundamentals of the Fund's business model remain solid. Our active approach to asset management and capital management has positioned the Fund for growth, and we believe the current environment will potentially create attractive acquisition opportunities that will further improve the quality and scale of the portfolio."

We will continue to make prudent investment decisions and maintain a strong balance sheet that will allow access to capital, and we will focus on growing income to increase the value of the CPA portfolio to improve unitholder returns.

Mr Moore said: "The CPA portfolio generates a transparent and high quality income stream from a portfolio of prime grade office buildings across Australia which is underpinned by sound lease covenants. We will continue to focus on our core skills to maintain strong portfolio fundamentals through our active asset management approach and seek to optimise returns from each and every asset."

"As a result of the adjustment of the distribution policy announced today, which reduces the need for building maintenance capital expenditure to be funded by debt, we are targeting a distribution of 80% of distributable income. Assuming a performance fee is payable and there is no unforeseen material deterioration to economic conditions, this equates to a distribution of approximately 5.3 cents per unit for the year ending 30 June 2010", said Mr Moore.

ENDS

For further information please contact:

Charles Moore
Fund Manager
Commonwealth Property Office Fund
Phone: +612 9303 3438 or +61 414 457 011
Email: chmoore@colonialfirststate.com.au

Darren Steinberg
Head of Property
Colonial First State Global Asset Management
Phone: +612 9303 2328 or +61 417 262 980
Email: dsteinberg@colonialfirststate.com.au

Investor contact:
David Yates
Investor Relations Manager
Colonial First State Global Asset Management
Phone: +612 9303 3516 or +61 418 861 047
Email: dyates@colonialfirststate.com.au

Media contact:
Malvina Zayats
Communications Manager
Colonial First State Global Asset Management
Phone: +612 9303 6746 or +61 416 229 056
Email: mzayats@colonialfirststate.com.au

About Commonwealth Property Office Fund
Commonwealth Property Office Fund (CPA or the 'Fund') is an office sector-specific Australian Real Estate Investment Trust (A-REIT) which invests in prime quality office property located in central business districts and major suburban markets across Australia. The Fund listed on the Australian Securities Exchange, in April 1999, and its stock market trading code is CPA.

Commonwealth Property Office Fund (CPA)
Appendix 1 - Major leasing activity (over 500qm)
For the period 1 July 2008 - 30 June 2009

APPENDIX 1

Property	Tenant	Level/ Suite	Area sqm*	Lease Comm	Term (years)	New Rental $/sqm	Net / Gross	Rent review structure
New South Wales								
259 George Street Sydney	Suncorp	23	955.60	1-Sep-08	9.1	718	Gross	Annual 3.5% + CPI increases, capped at 3.75%
259 George Street Sydney	Suncorp	22	953.20	1-Sep-08	9.1	713	Gross	Annual 3.5% + CPI increases, capped at 3.75%
34-36 George Street Burwood	Rail Corporation of New South Wales	1	2,908.20	1-Nov-08	10	280	Net	Annual 4.0% increases
34-36 George Street Burwood	Rail Corporation of New South Wales	Part ground	937.50	1-Dec-08	9.9	280	Net	Annual 4.0% increases
56 Pitt Street Sydney	Insurance Council of Australia	4	778.00	21-Nov-08	5	600	Gross	Annual 4.5% increases
56 Pitt Street Sydney	Lynas Corporation	7	771.10	1-Mar-09	5	680	Gross	Annual 5.0% increases
60 Castlereagh Street Sydney	RMB	13	1,189.50	1-Apr-09	6	830	Gross	Annual 4.5% increases
201 - 207 Kent Street Sydney	BUPA Care Services	19	1,325.00	1-Jul-09	6	540	Net	Annual 4.0% increases
201 - 207 Kent Street Sydney	Bacardi Lion	8	560.30	1-Oct-08	5	570	Net	Annual 4.75% increases, mid term market review
225 George Street Sydney	Deloitte	1-10	17,520.00	9-Jan-09	4.9	839	Gross	Annual 4.0% increases, mid term market review
225 George Street Sydney	IPAC	30,31	3,866.00	1-Jul-08	4	1,025	Gross	2 yearly to market
225 George Street Sydney	Deloitte	14,15	3,793.00	9-Jan-09	4.9	1,050	Gross	Annual 4.0% increases, mid term market review
225 George Street Sydney	RGA	23	1,878.00	1-Jul-10	8	950	Gross	Annual 3.5% increases
225 George Street Sydney	Nighthawk	Part 11	806.80	1-Nov-08	1	1,025	Gross	Nil
2 Dawn Fraser Avenue, Sydney Olympic Park	Commonwealth Bank of Australia	Part ground, L1-7	18,378.00	23-Dec-08	9	299	Net	Annual 3.25% increases, mid-term market review
2 Dawn Fraser Avenue, Sydney Olympic Park	Commonwealth Bank of Australia	Part ground	1,006.20	23-Dec-08	5	490	Net	Annual 3.25% increases
4 Dawn Fraser Avenue, Sydney Olympic Park	Commonwealth Bank of Australia	Part ground, L1-7	13,514.70	21-Aug-08	11	299	Net	Annual 3.25% increases, mid-term market review
4 Dawn Fraser Avenue, Sydney Olympic Park	Commonwealth Bank of Australia	Part ground	791.10	21-Aug-08	5	490	Net	Annual 3.25% increases
Victoria								
385 Bourke Street Melbourne	Unisuper Management	35	1,355.00	1-Mar-11	7.1	410	Net	Annual 4.0% increases, market review 2012
385 Bourke Street Melbourne	Herbert Geer	22	1,283.00	1-Oct-08	7	370	Net	Annual 3.75% - 4.00% increases
385 Bourke Street Melbourne	SAHA International	Part 26	832.00	1-Sep-08	8	350	Net	Annual 4.25% increases
Western Australia								
1 Mill Street Perth	Pilbara Iron (Services)	Whole building	6,234.60	1-Jan-09	3.5	525	Net	Fixed % annually, year 2 - 6.66%, year 3 - 5.35%, year 4 - 5.93%
5 Mill Street Perth	BHP Billiton Iron Ore	1-3	2,203.50	1-Feb-09	3.4	525	Net	Annual 3.5% increases
5 Mill Street Perth	Australian Resources	4	737.00	1-Jan-09	3.5	600	Net	Annual 6.0% increases

* 100% ownership basis

Commonwealth Property Office Fund (CPA)
Appendix 2 - Major rent reviews (over 500qm)
For the period 1 July 2008 - 30 June 2009

APPENDIX 2

Property	Tenant	Level/Suite	Area sqm*	Review Date	Review Type	Passing Rent $/sqm	New Rent $/sqm	Net/Gross	% variance
Australian Capital Territory									
Finlay Crisp Centre Allara House	Australian Customs Service	Whole building	9,032.70	1-Jul-08	Market	335	375	Gross	11.9%
Finlay Crisp Centre Customs House	Australian Customs Service	Whole building	12,098.80	1-Jul-08	Market	340	380	Gross	11.8%
Finlay Crisp Centre Nara House	ACT Government	Whole building	7,505.80	1-Jul-08	Market	331	364	Gross	10.0%
New South Wales									
101 George Street Parramatta	Commonwealth Bank of Australia	3-11	17,625.00	9-Nov-08	Fixed	404	418	Gross	3.5%
150 George Street Parramatta	Commonwealth Bank of Australia	Whole building	21,964.30	23-Nov-08	Fixed	305	316	Net	3.5%
120 Pitt Street Sydney	Commonwealth Bank of Australia	1-6	13,578.00	19-Apr-09	Fixed	455	482	Net	6.0%
120 Pitt Street Sydney	Commonwealth Bank of Australia	7-10	6,967.40	19-Apr-09	Fixed	312	324	Net	4.0%
120 Pitt Street Sydney	Commonwealth Bank of Australia	Ground	2,016.00	19-Apr-09	Fixed	1,131	1,199	Net	6.0%
120 Pitt Street Sydney	Commonwealth Bank of Australia	Mezzanine	627.40	19-Apr-09	Fixed	285	302	Net	6.0%
14-18 Lee Street Sydney	Rail Corporation of New South Wales	Ground, 1-6	13,500.00	6-Jul-08	Market	325	340	Net	4.6%
14-18 Lee Street Sydney	Toga Pty Limited	Lower ground	600.00	13-Nov-08	Fixed	425	436	Net	2.5%
175 Pitt Street Sydney Retail	Fitness First Australia	Basement	1,410.00	3-Sep-08	Fixed	541	563	Gross	4.0%
201 Miller Street North Sydney	Gallagher Bassett Services	5-8	2,664.50	1-Feb-09	Fixed	379	394	Net	4.0%
201 Miller Street North Sydney	Gallagher Bassett Services	12,13	1,333.80	1-Feb-09	Fixed	389	405	Net	4.0%
201 Miller Street North Sydney	Servcorp (North Sydney)	11	1,099.70	1-Mar-09	Market	400	430	Net	7.5%
201 Miller Street North Sydney	Brave New World Communications	4	667.80	15-Feb-09	Fixed	360	374	Net	4.0%
201 Miller Street North Sydney	Advertising Energy	9	664.50	1-Apr-09	Fixed	395	411	Net	4.0%
201 Miller Street North Sydney	DDI-Asia Pacifc	18	664.50	19-Feb-09	Fixed	411	427	Net	4.0%
201 Miller Street North Sydney	McAffee Australia	19	664.50	15-Apr-09	Fixed	424	440	Net	3.8%
201 Miller Street North Sydney	Sybase Australia	15	663.10	1-Apr-09	Fixed	420	437	Net	4.0%
201 Miller Street North Sydney	Jobpac International Systems	101,102	638.00	1-Aug-08	Fixed	359	373	Net	4.0%
259 George Street Sydney	Suncorp	5-10	5,747.80	1-Oct-08	CPI	575	597	Gross	3.8%
259 George Street Sydney	Suncorp	17-21	4,905.70	1-Oct-08	CPI	650	674	Gross	3.8%
259 George Street Sydney	Suncorp	11-15	4,780.50	1-Oct-08	CPI	610	633	Gross	3.8%
259 George Street Sydney	Fitness First Australia	Lower ground	3,644.50	14-Sep-08	Fixed	436	453	Gross	4.0%
259 George Street Sydney	Suncorp	2	1,772.60	1-Oct-08	CPI	560	581	Gross	3.8%
259 George Street Sydney	Suncorp	3	1,237.20	1-Oct-08	CPI	450	467	Gross	3.8%
259 George Street Sydney	Liquid Capital Australia	34	1,016.70	1-Nov-08	Fixed	725	754	Gross	4.0%
259 George Street Sydney	JP Morgan	33	1,011.00	1-Jul-08	Market	620	738	Gross	19.0%
259 George Street Sydney	JP Morgan	32	1,010.10	1-Jul-08	Market	605	734	Gross	21.3%
259 George Street Sydney	JP Morgan	35	1,009.40	1-Jul-08	Market	620	748	Gross	20.6%
259 George Street Sydney	JP Morgan	37	1,009.10	1-Jul-08	Market	630	758	Gross	20.3%
259 George Street Sydney	JP Morgan	36	1,009.00	1-Jul-08	Market	625	753	Gross	20.5%
259 George Street Sydney	OneSteel Trading	40	1,007.40	15-May-09	Fixed	775	804	Gross	3.8%
259 George Street Sydney	JP Morgan	38	1,004.00	1-Jul-08	Market	635	763	Gross	20.2%
259 George Street Sydney	JP Morgan	41	1,003.90	1-Jul-08	Market	650	778	Gross	19.7%
259 George Street Sydney	JP Morgan	39	1,003.40	1-Jul-08	Market	640	768	Gross	20.0%
259 George Street Sydney	Gould Ralph	42	1,002.80	1-Nov-08	Fixed	850	884	Gross	4.0%
259 George Street Sydney	Standard & Poor's	27	964.80	15-Jun-09	Fixed	692	720	Gross	4.0%
259 George Street Sydney	Suncorp	23	955.60	1-Oct-08	CPI	718	745	Gross	3.8%
259 George Street Sydney	Suncorp	22	953.20	1-Oct-08	CPI	713	739	Gross	3.8%
259 George Street Sydney	SMS Consulting Group	28	739.20	23-Jul-08	Fixed	725	756	Gross	4.3%
259 George Street Sydney	Tanner Menzies	25	692.40	1-Feb-09	Fixed	697	725	Gross	4.0%
259 George Street Sydney	Hollard Insurance	24	655.60	1-Jul-08	Fixed	714	743	Gross	4.0%
259 George Street Sydney	GBST	26	529.00	1-May-09	Fixed	703	731	Gross	4.0%
34-36 George Street Burwood	EDS Business Services	2-4	9,285.00	10-Oct-08	Fixed	270	281	Net	4.0%
34-36 George Street Burwood	EDS Business Services	Ground	1,048.00	10-Oct-08	Fixed	295	307	Net	4.0%
56 Pitt Street Sydney	Suncorp	1,2,6	2,166.00	1-Feb-09	Fixed	570	591	Gross	3.8%
56 Pitt Street Sydney	CPG Developments	15	824.00	1-Jul-08	Fixed	640	665	Gross	4.0%
56 Pitt Street Sydney	Crescendo Partners	22	823.40	1-May-09	Fixed	750	784	Gross	4.5%
56 Pitt Street Sydney	Austock Group	9	779.00	23-Jul-08	Fixed	585	608	Gross	4.0%
56 Pitt Street Sydney	Norton White Services	11	761.90	1-Feb-09	Fixed	608	633	Gross	4.0%
56 Pitt Street Sydney	ABN Amro (Australia)	13	761.40	1-May-09	Fixed	690	721	Gross	4.5%
56 Pitt Street Sydney	Concord Capital	17	588.00	1-Feb-09	Fixed	634	660	Gross	4.0%

* 100% ownership basis

Commonwealth Property Office Fund (CPA)
Appendix 2 - Major rent reviews (over 500qm)
For the period 1 July 2008 - 30 June 2009

APPENDIX 2

Property	Tenant	Level/Suite	Area sqm*	Review Date	Review Type	Passing Rent $/sqm	New Rent $/sqm	Net/Gross	% variance
56 Pitt Street Sydney	Transocean Securities	5	584.30	1-Jul-08	Fixed	598	622	Gross	4.0%
56 Pitt Street Sydney	NEHTA	20	571.00	1-Sep-08	Fixed	650	676	Gross	4.0%
60 Castlereagh Street Sydney	BNP Paribas	2,4-8	8,674.50	1-Jul-08	Market	343	416	Net	21.4%
60 Castlereagh Street Sydney	Goodman International	9,10	2,248.00	1-Jul-08	Fixed	652	678	Gross	4.0%
60 Castlereagh Street Sydney	Shaw Stockbroking	15,16	1,930.40	1-May-09	Fixed	735	765	Gross	4.0%
60 Castlereagh Street Sydney	Atlantic Acceptance Corporation	3	1,677.70	1-Mar-09	Fixed	579	602	Gross	4.0%
60 Castlereagh Street Sydney	Korn/Ferry International	19,20	1,676.30	1-Jun-08	Market	680	748	Gross	10.0%
60 Castlereagh Street Sydney	Balmain NB Commercial Managers	14	1,191.00	14-Feb-09	Fixed	697	725	Gross	4.0%
60 Castlereagh Street Sydney	Goodman International	18	1,188.50	1-Jul-08	Fixed	697	725	Gross	4.0%
60 Castlereagh Street Sydney	Servcorp Australian Holdings	17	1,187.50	1-Jun-08	Market	680	767	Gross	12.8%
60 Castlereagh Street Sydney	Birdanco Nominees	12	1,170.50	1-Apr-09	Fixed	749	783	Gross	4.5%
60 Castlereagh Street Sydney	Gateway Credit Union	11	1,105.00	1-Nov-08	Fixed	687	715	Gross	4.0%
60 Castlereagh Street Sydney	Laing & Simmons Commercial	1	840.50	1-Feb-09	Fixed	536	556	Gross	3.7%
60 Castlereagh Street Sydney	Verandah Bar	ESL	785.10	1-Oct-08	CPI	663	701	Gross	5.8%
60 Castlereagh Street Sydney	BNP Paribas	01	668.50	1-Oct-08	Fixed	620	646	Gross	4.3%
10 Shelley Street Sydney	KPMG	Part ground, 2-15	26,261.00	1-Feb-09	Fixed	605	642	Net	6.0%
201 - 207 Kent Street Sydney	Aon Corporation Australia	504,20,21,2602,27-34	13,613.80	1-Jul-08	Fixed	506	525	Net	3.8%
201 - 207 Kent Street Sydney	Kellogg Brown Root	12,13	3,482.00	1-Jun-09	Fixed	491	513	Net	4.4%
201 - 207 Kent Street Sydney	Austrade	22,23	2,650.00	1-May-09	Fixed	499	516	Net	3.5%
201 - 207 Kent Street Sydney	ARUP	9	1,741.00	1-Oct-08	Fixed	460	480	Net	4.3%
201 - 207 Kent Street Sydney	SP Telecommunications	14	1,741.00	1-Mar-09	Fixed	489	509	Net	4.0%
201 - 207 Kent Street Sydney	Lend Lease	15	1,698.00	1-Nov-08	Fixed	500	524	Net	4.8%
201 - 207 Kent Street Sydney	State Electoral Office	2501	1,325.00	1-Dec-08	Fixed	495	514	Net	3.8%
201 - 207 Kent Street Sydney	DCA Services	24	1,325.00	1-Jan-09	Fixed	512	532	Net	4.0%
201 - 207 Kent Street Sydney	Five D	Part 11	1,267.40	1-Feb-09	Fixed	484	503	Net	4.0%
201 - 207 Kent Street Sydney	Aberdeen	Part 6	1,021.20	1-Apr-09	Fixed	447	465	Net	4.0%
201 - 207 Kent Street Sydney	ICPS	Part 18	619.40	15-May-09	Fixed	500	522	Net	4.3%
201 - 207 Kent Street Sydney	Toll Transport	Part 18	589.90	1-Mar-09	Fixed	555	579	Net	4.3%
201 - 207 Kent Street Sydney	Simply Active Australia	Part 28,29	587.60	1-Dec-08	Fixed	135	141	Gross	4.0%
201 - 207 Kent Street Sydney	ABC Learning Centres	GB305, 5	570.20	1-Apr-09	CPI	303	316	Net	4.2%
225 George Street Sydney	Deloitte	1-10	17,520.00	1-Dec-08	Fixed	761	799	Gross	5.0%
225 George Street Sydney	JP Morgan	24-32	9,416.00	1-Mar-09	Fixed	865	900	Gross	4.0%
225 George Street Sydney	Deacons	17-20	9,125.00	1-Jan-09	Fixed	884	919	Gross	4.0%
225 George Street Sydney	B.G.I.	43,44	3,992.00	1-Aug-08	Fixed	955	993	Gross	4.0%
225 George Street Sydney	ASX Operations	SFE	3,637.20	1-Mar-09	Fixed	460	479	Net	4.0%
225 George Street Sydney	Deutsche Bank	15	1,916.00	1-Nov-08	Fixed	860	894	Gross	4.0%
225 George Street Sydney	Deutsche Bank	16	1,916.00	1-Nov-08	Fixed	865	900	Gross	4.0%
225 George Street Sydney	Ethereal	13	1,916.00	1-Jul-08	Fixed	780	811	Gross	4.0%
225 George Street Sydney	M.F.Global	Part 21	1,734.50	1-Mar-09	Fixed	928	965	Gross	4.0%
225 George Street Sydney	Barclays Capital	42	1,061.90	1-Aug-08	Fixed	1,000	1,040	Gross	4.0%
225 George Street Sydney	Itochu	29	906.20	15-Feb-09	Fixed	1,033	1,069	Gross	3.5%
225 George Street Sydney	Da Vinci	24	826.00	22-Jan-09	Fixed	886	924	Gross	4.2%
225 George Street Sydney	Giovannis	RSO 03	574.50	24-Jun-09	Fixed	512	538	Net	5.0%
225 George Street Sydney	Hoxiram	JB 01	557.00	1-Dec-08	CPI	1,727	1,829	Net	5.9%
10 Dawn Fraser Avenue, Sydney Olympic Park	Commonwealth Bank of Australia	Ground, 1-6	22,817.50	17-Aug-08	Fixed	284	293	Net	3.2%
Queensland									
300 Queen Street Brisbane	BDO Kendalls Services	15-19	4,165.00	1-Jul-08	Fixed	301	311	Gross	3.5%
300 Queen Street Brisbane	Suncorp	3,9,10	2,048.00	1-Jan-09	Fixed	725	769	Gross	6.0%
300 Queen Street Brisbane	Justice Services	1,2	1,596.00	1-Mar-09	Fixed	570	595	Gross	4.5%
300 Queen Street Brisbane	Pitcher Partners	21,22	1,224.00	1-Jul-08	Fixed	381	396	Gross	3.8%
300 Queen Street Brisbane	International Business Corporation	20	833.00	1-Aug-08	Fixed	380	395	Gross	4.0%
300 Queen Street Brisbane	CKSS	7	798.00	1-Jul-08	Fixed	379	394	Gross	4.0%
300 Queen Street Brisbane	CKSS	6	798.00	1-May-09	Fixed	394	409	Gross	4.0%
300 Queen Street Brisbane	Peabody Pacific	4	798.00	1-Feb-09	Fixed	582	615	Gross	5.7%
300 Queen Street Brisbane	Rio Tinto Shared Services	8	798.00	1-Oct-08	Fixed	536	562	Gross	5.0%
300 Queen Street Brisbane	The Ports Corporation of QLD	24	778.00	1-Feb-09	Fixed	340	354	Gross	4.0%
300 Queen Street Brisbane	HSBC	11	555.00	1-Oct-08	Fixed	665	698	Gross	5.0%

* 100% ownership basis

Commonwealth Property Office Fund (CPA)
Appendix 2 - Major rent reviews (over 500qm)
For the period 1 July 2008 - 30 June 2009

APPENDIX 2

Property	Tenant	Level/Suite	Area sqm*	Review Date	Review Type	Passing Rent $/sqm	New Rent $/sqm	Net/Gross	% variance
South Australia									
11 Waymouth Street Adelaide	SA Government	2-8	10,960.00	1-Feb-09	Fixed	390	406	Gross	4.0%
11 Waymouth Street Adelaide	Australian Bureau of Statistics	9-11	4,580.80	1-Feb-09	Fixed	414	428	Gross	3.5%
11 Waymouth Street Adelaide	ANZ	20,21	2,927.80	1-Feb-09	Fixed	383	396	Net	3.5%
11 Waymouth Street Adelaide	Deloitte	16,17	2,903.70	1-Feb-09	Fixed	363	377	Net	3.7%
11 Waymouth Street Adelaide	Australian Tax Office	15	1,613.50	1-Feb-09	Fixed	445	461	Gross	3.5%
11 Waymouth Street Adelaide	FaCSIA	18	1,610.90	1-Feb-09	Fixed	374	388	Net	3.8%
11 Waymouth Street Adelaide	Australian Tax Office	12	1,578.20	1-Feb-09	Fixed	430	445	Gross	3.5%
11 Waymouth Street Adelaide	Dept of Health & Ageing (DOHA)	13	1,391.40	1-Feb-09	Fixed	432	449	Gross	4.0%
11 Waymouth Street Adelaide	ANZ	Part 19	716.10	1-Feb-09	Fixed	388	402	Net	3.5%
11 Waymouth Street Adelaide	Lincolne Scott	Part 19	709.10	1-Feb-09	Fixed	379	394	Net	4.0%
11 Waymouth Street Adelaide	Woods Bagot	Part 14	676.60	1-Feb-09	Fixed	374	389	Gross	4.0%
11 Waymouth Street Adelaide	Dept of Health & Ageing (DOHA)	Part 14	642.70	1-Feb-09	Fixed	458	476	Gross	4.0%
108 North Terrace, Adelaide^	SA Government	Whole building	20,111.90	1-Jun-09	Fixed	363	378	Net	4.0%
45 Pirie Street Adelaide	SA Government	Ground, 2-17	13,956.70	1-Sep-08	Fixed	365	378	Gross	3.5%
45 Pirie Street Adelaide	Norman Waterhouse Lawyers	12,15	2,229.00	1-Oct-08	Fixed	392	406	Gross	3.5%
45 Pirie Street Adelaide	QBE Management Services	Ground, 13, 16	1,993.20	1-Jan-09	Fixed	388	402	Gross	3.7%
45 Pirie Street Adelaide	AAPT	Part 1	641.40	1-Jul-08	Fixed	394	409	Gross	4.0%
45 Pirie Street Adelaide	Goldman Sachs	13	522.80	1-Nov-08	Fixed	394	409	Gross	4.0%
^ Represents fixed rent reviews of 1% per quarter for the SA Government at 108 North Terrace, Adelaide.									
Victoria									
385 Bourke Street Melbourne Retail	Commonwealth Bank of Australia	E29	1,121.00	8-Nov-08	CPI	902	954	Gross	5.8%
385 Bourke Street Melbourne	Commonwealth Bank of Australia	2,6-11	8,160.00	19-Apr-09	Fixed	260	286	Net	10.0%
385 Bourke Street Melbourne	Commonwealth Bank of Australia	1,4,13-16	7,621.00	19-Apr-09	Fixed	280	308	Net	10.0%
385 Bourke Street Melbourne	Truenergy Services	31-33,41	5,433.00	1-Dec-08	Market	325	360	Net	10.8%
385 Bourke Street Melbourne	Unisuper Management	36-38	4,079.00	30-Apr-09	Fixed	370	385	Net	4.0%
385 Bourke Street Melbourne	Herbert Geer	19-21,23	4,065.00	1-Oct-08	Market	332	345	Net	3.9%
385 Bourke Street Melbourne	Australian Society of CPA	28-30	3,891.00	1-Jan-09	Fixed	432	448	Net	3.5%
385 Bourke Street Melbourne	TruEnergy Services	35,40	2,752.00	1-Dec-08	Market	355	370	Net	4.2%
385 Bourke Street Melbourne	Iress Market Technology	17,18	2,448.00	1-Jul-08	Fixed	340	352	Net	3.5%
385 Bourke Street Melbourne	Commonwealth Bank of Australia	5,12	2,413.00	19-Apr-09	Fixed	275	303	Net	10.0%
385 Bourke Street Melbourne	Commonwealth Bank of Australia	Lower ground	1,968.00	19-Apr-09	Fixed	60	66	Net	10.0%
385 Bourke Street Melbourne	Hunt & Hunt	25,26	1,740.00	1-Jan-09	Fixed	343	357	Net	4.0%
385 Bourke Street Melbourne	Fidelity Information Services	27	1,287.00	1-Oct-08	Fixed	340	354	Net	4.0%
385 Bourke Street Melbourne	Piper Alderman	24	1,284.00	1-Jul-08	Fixed	342	354	Net	3.5%
385 Bourke Street Melbourne	Lensworth Group	34	945.00	1-Apr-09	Market	320	365	Net	14.1%
2 Southbank Boulevard Melbourne	PricewaterhouseCoopers Service	15-27	22,967.50	10-Jun-09	Fixed	375	388	Net	3.3%
2 Southbank Boulevard Melbourne	SP Ausnet	31-33	5,800.00	1-Sep-08	Fixed	380	394	Net	3.5%
2 Southbank Boulevard Melbourne	PMP	Part 10,11,12	3,881.00	4-Jul-08	Fixed	358	370	Net	3.4%
2 Southbank Boulevard Melbourne	H J Heinz & Co	8,9,part 10	3,508.50	1-Sep-08	Fixed	359	371	Net	3.5%
2 Southbank Boulevard Melbourne	Microsoft	5-7	3,185.00	1-Nov-08	Fixed	285	295	Net	3.5%
2 Southbank Boulevard Melbourne	Vanguard Investments Australia	33,34	2,927.00	30-Jun-09	Fixed	392	405	Net	3.4%
2 Southbank Boulevard Melbourne	OZ Minerals	Part 28,29	2,308.50	1-Oct-08	Fixed	381	395	Net	3.6%
2 Southbank Boulevard Melbourne	Australand	14	1,805.50	1-Oct-08	Fixed	358	370	Net	3.4%
2 Southbank Boulevard Melbourne	Portfolio Partners	Part 28,29	1,401.00	1-Nov-08	Fixed	385	398	Net	3.4%
2 Southbank Boulevard Melbourne	Tribeca	4	1,045.20	1-Aug-08	Fixed	322	335	Net	4.0%
2 Southbank Boulevard Melbourne	Morrows	Part 13	816.50	31-Aug-08	Fixed	369	381	Net	3.4%
2 Southbank Boulevard Melbourne	Corpfit Health Promotion	3	683.00	20-Jun-09	Fixed	392	405	Gross	3.4%
2 Southbank Boulevard Melbourne	H J Heinz & Co	Part 10	639.00	1-Sep-08	Fixed	370	383	Net	3.5%
2 Southbank Boulevard Melbourne	Fisher Graham	Part 13	609.50	1-Oct-08	Fixed	352	364	Net	3.5%
2 Southbank Boulevard Melbourne	LEK Consulting	Part 35	547.00	8-Jun-09	Fixed	403	416	Net	3.3%
2 Southbank Boulevard Melbourne	Vanguard Investments Australia	Part 36	511.00	1-Aug-08	Fixed	380	394	Net	3.5%

* 100% ownership basis

Commonwealth Property Office Fund (CPA)
Appendix 2 - Major rent reviews (over 500qm)
For the period 1 July 2008 - 30 June 2009

APPENDIX 2

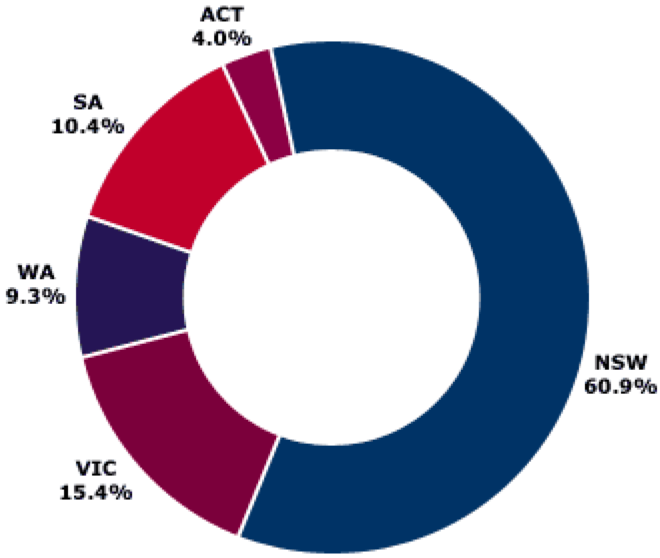
Property	Tenant	Level/Suite	Area sqm*	Review Date	Review Type	Passing Rent $/sqm	New Rent $/sqm	Net/Gross	% variance
Western Australia									
14-16 Parliament Place West Perth	Great Southern Limited	Whole building	3,120.00	1-Dec-08	Fixed	309	324	Net	5.0%
197 St George Terrace Perth	WA Government	18-20	2,566.95	1-Jul-08	Fixed	350	368	Net	5.0%
197 St George Terrace Perth	WA Government	21-23	2,566.95	1-Jul-08	Fixed	355	373	Net	5.0%
197 St George Terrace Perth	WA Government	26-28	2,566.95	1-Jul-08	Fixed	380	399	Net	5.0%
197 St George Terrace Perth	WA Government	14,15,17	2,524.10	1-Jul-08	Fixed	335	352	Net	5.0%
197 St George Terrace Perth	WA Government	8-10	2,506.05	1-Jul-08	Fixed	305	320	Net	5.0%
197 St George Terrace Perth	WA Government	11-13	2,506.05	1-Jul-08	Fixed	315	331	Net	5.0%
197 St George Terrace Perth	WA Government	1	2,378.80	1-Jul-08	Fixed	240	252	Net	5.0%
197 St George Terrace Perth	WA Government	24,25	1,711.30	1-Jul-08	Fixed	365	383	Net	5.0%
197 St George Terrace Perth	WA Government	4,5	1,670.70	1-Jul-08	Fixed	280	294	Net	5.0%
197 St George Terrace Perth	WA Government	6,7	1,670.70	1-Jul-08	Fixed	295	310	Net	5.0%
197 St George Terrace Perth	WA Government	2,3	1,623.15	1-Jul-08	Fixed	270	284	Net	5.0%
197 St George Terrace Perth	WA Government	Mezzanine	598.00	1-Jul-08	Fixed	215	226	Net	5.0%
197 St George Terrace Perth	WA Government	Ground	586.90	1-Jul-08	Fixed	200	210	Net	5.0%
42-46 Colin Street West Perth	NRMA Insurance Limited	Whole building	8,760.00	7-Oct-08	Fixed	347	361	Net	4.0%
53 Ord Street West Perth	Conocophillips Australia	Whole building	6,864.00	9-Dec-08	Fixed	335	348	Net	4.0%
5 Mill Street Perth	Brunel Australia Holdings	7	737.00	1-Mar-09	Fixed	210	223	Net	6.5%

* 100% ownership basis

Commonwealth Property Office Fund (CPA)

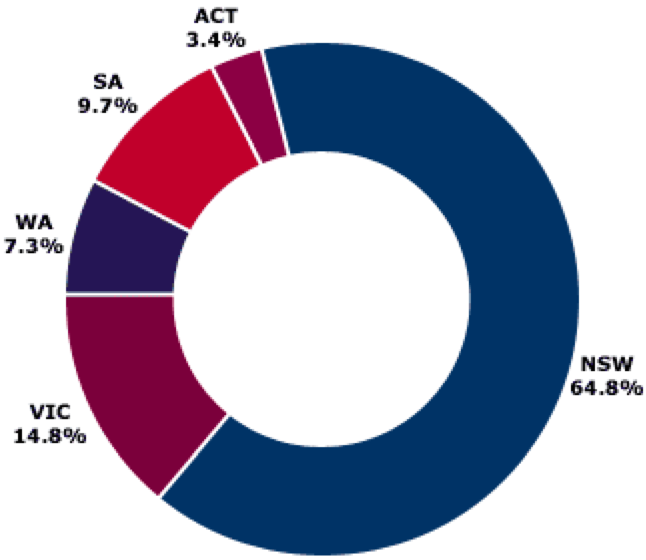
CPA portfolio breakdown

CPA office portfolio breakdown by location (by income) as at 30 June 2009*



*Excludes 300 Queen Street, Brisbane which was divested post 30 June 2009.

CPA office portfolio breakdown by location (by value) as at 30 June 2009*



*Excludes 300 Queen Street, Brisbane which was divested post 30 June 2009.

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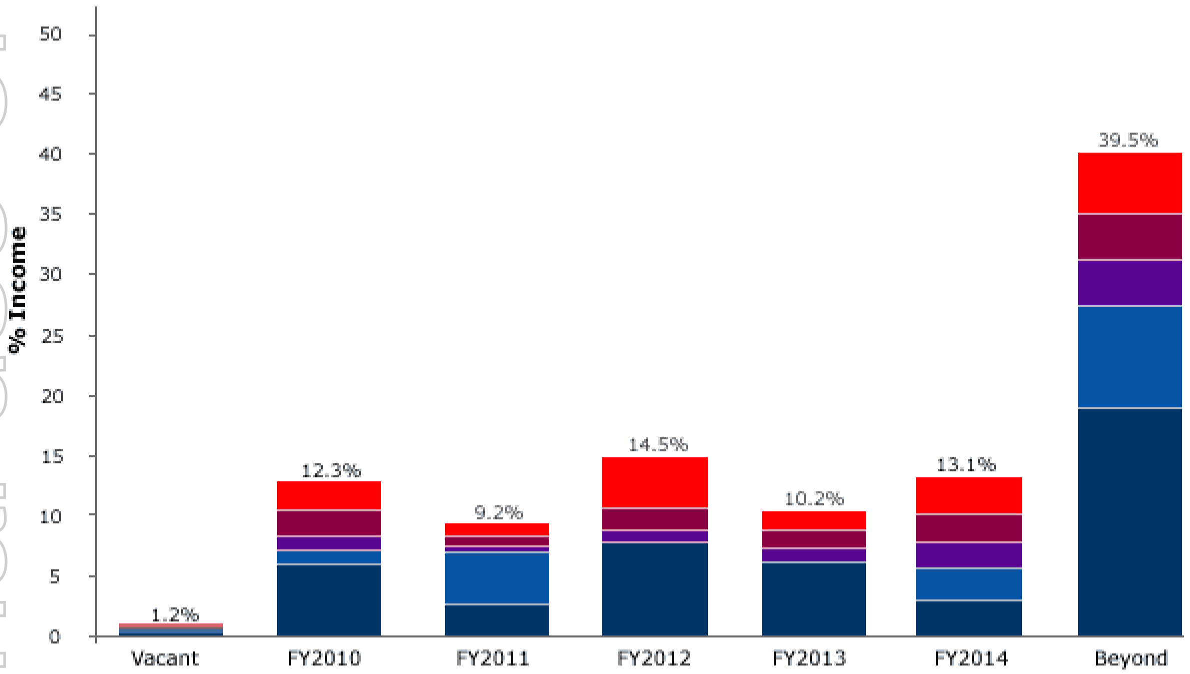
Commonwealth Property Office Fund (CPA)

CPA lease expiry profile

Lease expiry profile (by income) as at 30 June 2009*



Vacant	FY2010	FY2011	FY2012	FY2013	FY2014	Beyond
201 Miller 0.3%	NSW Government 2.3% (14 Lee)	TRUenergy 1.2% (385 Bourke)	WA Government 4.4% (197 St Georges Terrace)	NRMA Insurance 1.7% (46 Colin)	Federal Government 2.9% (Customs House, Allara House)	Suncorp 4.9% (259 George)
56 Pitt St 0.3%	BNP Paribas 2.0% (60 Castlereagh)	Wyatt Gallagher Bassett 0.7% (201 Miller)	Pilbara Iron 1.5% (1 Mill)	EDS Business Services 1.4% (36 George)	SA Government 2.6% (108 North Terrace)	KPMG 3.9% (10 Shelley)
225 George 0.2%	ACT Government 1.0% (Nara Centre)	Gateway Credit Union 0.3% (60 Castlereagh)	Blake Dawson Waldron 1.1% (225 George)	Goodman 0.9% (60 Castlereagh)	Deloitte 1.7% (225 George)	SA Government 3.5% (45 Pirie, 11 Waymouth)
5 Mill 0.1%	Commonwealth Bank 1.2% (120 Pitt)	Commonwealth Bank 4.3% (120 Pitt)	Commonwealth Bank 0.0%	Commonwealth Bank 0.0%	Commonwealth Bank 2.9% (385 Bourke St, 2&4 Dawn Fraser)	Commonwealth Bank 8.5% (2&4 Dawn Fraser, 101 George, 150 George, 385 Bourke, Galleria)
Other 0.3%	Other 5.8%	Other 2.7 %	Other 7.5%	Other 6.2%	Other 3.0%	Other 18.7%

* Excluding 175 Pitt Street, Sydney which is currently under refurbishment, 53 Ord Street, West Perth and 300 Queen Street, Brisbane.

Colonial First State
Global Asset Management

Commonwealth Property Office Fund (CPA)

Key occupancy statistics by property

as at 30 June 2009

Property	Vacancy as at 30 June 2009 (by area) %	Weighted average lease expiry (by income) yrs	Average passing rent (occupied office)(1) $/sqm	Over(+)/ under(-) renting %	Leases expiring by 30 June 2010 (by income) %
Australian Capital Territory					
Finlay Crisp Centre, Canberra	0.0	3.9	380	3.6	25.9
New South Wales					
60 Castlereagh Street, Sydney	0.0	2.8	704	2.1	44.7
36 George Street, Burwood	0.0	4.8	382	0.0	0.0
101 George Street, Parramatta	0.7	7.3	433	(3.8)	0.6
150 George Street, Parramatta	0.0	6.3	427	3.8	0.0
225 George Street, Sydney	3.2	4.6	901	(6.8)	6.4
259 George Street, Sydney	0.8	6.9	727	1.8	7.8
201-207 Kent Street, Sydney	4.4	4.0	613	(4.2)	22.1
14 Lee Street, Sydney	0.0	0.9	472	(11.6)	94.5
201 Miller Street, North Sydney	9.9	1.6	522	(1.2)	27.6
56 Pitt Street, Sydney	4.9	2.6	685	0.0	17.1
120 Pitt Street, Sydney	0.0	1.5	591	(14.3)	21.6
175 Pitt Street, Sydney (excl. retail)		*currently under refurbishment*			
10 Shelley Street, Sydney	0.0	6.4	769	9.9	0.0
2 and 4 Dawn Fraser Avenue, Sydney Olympic Park	0.0	8.7	364	0.0	0.0
South Australia					
45 Pirie Street, Adelaide	0.0	6.2	400	(1.9)	6.7
11 Waymouth Street, Adelaide	0.8	6.6	447	(2.6)	0.8
108 North Terrace, Adelaide	0.0	4.6	477	9.4	0.0
Victoria					
385 Bourke Street, Melbourne (excl. Galleria)	0.7	4.8	459	(0.8)	11.1
2 Southbank Boulevard, Melbourne	0.0	5.7	507	(1.0)	2.8
Western Australia					
46 Colin Street, West Perth	0.0	3.2	529	(26.3)	0.0
1 Mill Street, Perth	0.0	2.9	675	2.3	0.0
5 Mill Street, Perth	7.2	2.1	554	(14.6)	24.9
16 Parliament Place, West Perth	0.0	3.3	514	(25.5)	0.0
197 St Georges Terrace, Perth	0.0	2.9	484	(31.8)	0.0
Total/Portfolio average*	**1.1**	**4.5**	**538**	**(3.9)**	**13.5**

[1] *Represents base rent plus recoveries, including increases over base years.*

* *Excluding 175 Pitt St, Sydney which is currently under refurbishment and 53 Ord Street, West Perth and 300 Queen Street, Brisbane.*

Colonial First State Global Asset Management

Commonwealth Property Office Fund (CPA)

Net property income

30 June 2009

Property	Actual 12 months to 30 Jun 2009 $'000	Actual 12 months to 30 Jun 2008 $'000	Variance $'000	Variance %
Australian Capital Territory				
Finlay Crisp Centre, Canberra ^	8,950	8,053	897	11.1
New South Wales				
60 Castlereagh Street, Sydney ^	15,160	13,330	1,830	13.7
36 George Street, Burwood ^	3,516	3,494	22	0.6
101 George Street, Parramatta ^	5,346	4,957	389	7.8
150 George Street, Parramatta ^	6,825	6,570	255	3.9
259 George Street, Sydney ^	19,545	18,385	1,160	6.3
14 Lee Street, Sydney ^	5,405	5,196	209	4.0
201 Miller Street, North Sydney ^	4,730	4,571	159	3.5
56 Pitt Street, Sydney ^	9,009	8,918	91	1.0
120 Pitt Street, Sydney ^	11,401	10,630	771	7.3
175 Pitt Street, Sydney ^	18,910	15,195	3,715	24.4
10 Shelley Street, Sydney ^	11,088	10,836	252	2.3
Queensland				
300 Queen Street, Brisbane ^	9,057	7,215	1,842	25.5
South Australia				
100 King William Street, Adelaide [1]	1.00	3,461	(3,460)	(100.0)
45 Pirie Street, Adelaide ^	5,298	5,207	91	1.7
11 Waymouth Street, Adelaide ^	11,048	10,855	193	1.8
108 North Terrace, Adelaide ^	7,068	6,921	147	2.1
Victoria				
385 Bourke Street, Melbourne ^	22,526	20,287	2,239	11.0
2 Southbank Boulevard, Melbourne^	12,034	11,540	494	4.3
Western Australia				
46 Colin Street, West Perth^	2,333	2,347	(14)	(0.6)
1 Mill Street, Perth ^	2,780	1,827	953	52.2
5 Mill Street, Perth ^	2,412	1,887	525	27.8
53 Ord Street, West Perth^	3,175	3,052	123	4.0
16 Parliament Place, West Perth ^	1,005	923	82	8.9
197 St Georges Terrace, Perth ^	9,231	8,499	732	8.6
Total	**207,853**	**194,156**	**13,697**	**7.1**
Distribution income from investments in associates				
Kent Street Trust ^	4,333	4,542	(209)	(4.6)
Grosvenor Place Holdings Trust ^	15,626	15,006	620	4.1
Homebush Bay Trust [2]	1,709	4,605	(2,896)	n/a
Site 6 Homebush Bay Trust [3]	2,137	19	2,118	n/a
Site 7 Homebush Bay Trust [4]	1,777	18	1,759	n/a
Total	**25,582**	**24,190**	**1,392**	**5.8**
GRAND TOTAL	**233,435**	**218,346**	**15,089**	**6.9**
Like-for-like total [5]	**227,811**	**210,243**	**17,568**	**8.4**

^ Indicates properties held throughout the period 1 July 2007 to 30 June 2009.

1 In March 2008, the Fund sold its interest in 100 King William Street, Adelaide.

2 In the twelve months to 30 June 2008, the income earned by Homebush Bay Trust included interest earned on development drawdowns (July 2007 to August 2007) and rental income (September 2007 to June 2008).

3 In the twelve months to 30 June 2009, the income earned by Site 6 Homebush Bay Trust includes rental income (September 2008 to June 2009).

4 In the twelve months to 30 June 2009, the income earned by Site 7 Homebush Bay Trust includes rental income (December 2008 to June 2009).

5 Only includes investments held throughout the period 1 July 2007 to 30 June 2009, as indicated by ^ above.

Valuation information by property

as at 30 June 2009

Property	Valuation company	Valuation date	Valuation $M	Interest %	Discount rate[1] %	Terminal yield %	Cap. rate %
Australian Capital Territory							
Finlay Crisp Centre, Canberra							
-Nara Centre	CI	Mar-09	23.5	100	10.00	10.00	9.50
	CI	Mar-08	26.5	100	8.50	9.00	8.50
-Customs House	CI	Mar-09	44.0	100	9.50	10.00	9.50
	CI	Mar-08	52.0	100	8.50	8.70	8.20
-Allara House	CI	Mar-09	30.0	100	9.50	10.00	9.50
	CI	Mar-08	33.5	100	8.50	8.70	8.20
New South Wales							
60 Castlereagh Street, Sydney	CI	Mar-09	229.0	100	9.00	7.25	7.00
	CBRE	Jun-08	255.0	100	8.50	6.50	6.25
2 and 4 Dawn Fraser Avenue	SAV	Jun-09	74.0	50	9.25	8.00	7.75
Sydney Olympic Park	SAV	Dec-08	79.6	50	9.00	7.50	7.25
36 George Street, Burwood	JLL	Jun-09	50.0	100	9.75	9.00	8.75
	JLL	Dec-08	54.0	100	9.25	8.50	8.25
101 George Street, Parramatta	CI	Jun-09	91.0	100	9.50	8.00	7.75
	CI	Dec-08	96.0	100	9.00	7.50	7.25
150 George Street, Parramatta	CI	Mar-09	102.5	100	9.25	8.00	7.75
	CI	Jun-08	112.0	100	8.75	7.25	7.00
225 George Street, Sydney	CI	Jun-09	250.0	25	8.75	6.88	6.63
	CI	Dec-08	275.0	25	8.50	6.38	6.13
259 George Street, Sydney	CI	Jun-09	337.0	100	9.13	7.38	7.13
	CI	Dec-08	380.0	100	8.75	6.88	6.50
201-207 Kent Street, Sydney	KF	Jun-09	72.5	25	9.00	7.75	7.50
	KF	Sep-08	83.3	25	8.75	6.88	6.50
14 Lee Street, Sydney	KF	Jun-09	66.0	100	9.00	8.25	7.75
	KF	Dec-08	72.0	100	9.00	7.50	7.25
201 Miller Street, North Sydney	JLL	Mar-09	74.0	100	9.50	8.25	8.00
	CI	Jun-08	91.0	100	8.50	7.25	7.00
56 Pitt Street, Sydney	JLL	Mar-09	156.0	100	9.25	7.50	7.25
	JLL	Sep-08	174.0	100	8.75	7.00	6.50
120 Pitt Street, Sydney	JLL	Jun-09	79.0	100	9.25	7.50	7.25
	JLL	Dec-08	97.0	100	9.25	7.00	6.75
175 Pitt Street, Sydney							
-Tower	JLL	Jun-09	119.0	100	9.25	7.50	7.25
	JLL	Dec-08	127.5	100	9.00	7.00	6.75
-Retail	JLL	Jun-09	56.0	100	9.25	7.00	6.75
	JLL	Dec-08	60.0	100	9.00	6.75	6.50
10 Shelley Street, Sydney	KF	Mar-09	135.0	50	8.75	7.25	7.00
	KF	Sep-08	150.0	50	8.50	6.50	6.25
South Australia							
108 North Terrace, Adelaide	CI	Mar-09	74.0	100	10.25	9.75	9.50
	SAV	Sep-08	82.0	100	8.50	8.00	7.75
45 Pirie Street, Adelaide	KF	Jun-09	64.0	100	10.00	9.00	8.62
	KF	Dec-08	69.0	100	9.00	8.00	7.75
11 Waymouth Street, Adelaide	JLL	Mar-09	146.0	100	9.00	8.50	8.00
	JLL	Mar-08	172.0	100	8.25	7.00	6.50
Victoria							
385 Bourke Street, Melbourne							
-Tower	CBRE	Jun-09	201.0	100	9.00	7.75	7.75
	CBRE	Dec-08	220.0	100	8.75	7.25	7.00
-Galleria	CBRE	Jun-09	75.0	100	9.00	7.25	7.00
	CBRE	Dec-08	78.0	100	8.75	7.00	6.75
2 Southbank Boulevard, Melbourne	CI	Jun-09	157.5	50	9.25	7.88	7.75
	CI	Dec-08	170.0	50	8.75	7.38	7.13
Western Australia							
46 Colin Street, West Perth	JLL	Mar-09	32.0	100	11.00	9.00	9.25
	JLL	Sep-08	35.0	100	10.50	9.00	8.50
197 St Georges Terrace, Perth	KF	Jun-09	100.0	100	10.00	9.50	9.80
	KF	Dec-08	112.0	100	9.50	9.00	9.00
1 Mill Street, Perth	KF	Jun-09	32.0	100	10.75	10.50	9.90
	KF	Dec-08	32.0	100	10.75	10.50	10.00
5 Mill Street, Perth	KF	Jun-09	33.0	100	10.75	10.50	10.50
	KF	Dec-08	35.0	100	10.75	10.50	10.00
16 Parliament Place, West Perth	JLL	Mar-09	17.5	100	10.50	8.75	9.00
	JLL	Sep-08	19.5	100	10.00	8.75	8.25
Total portfolio weighted average rates		**Jun-09**			**9.26**	**7.92**	**7.69**

[1] Used to calculate discounted cash flow over 10 years

Valuation company legend:

	CBRE	CB Richard Ellis
	CI	Colliers International
	JLL	Jones Lang LaSalle
	KF	Knight Frank
	SAV	Savills

Commonwealth Property Office Fund (CPA)

Reconciliation of book values by property

as at 30 June 2009

Property	Book value as at 30 Jun 08 $'000	Capex 12 months to 30 Jun 09 $'000	Incentives 12 months to 30 Jun 09 $'000	Capex	Incentives	Amortisation of incentives	Straight-lining revenue 12 months to 30 Jun 09 $'000	Acquisitions 12 months to 30 Jun 09 $'000	Independent revaluation changes 12 months to 30 Jun 09 $'000	AIFRS revaluation changes 12 months to 30 Jun 09 $'000	Disposals 12 months to 30 Jun 09 $'000	Book value as at 30 Jun 09 $'000
Australian Capital Territory												
Finlay Crisp Centre, Canberra	114,109	(445)	(654)	(445)	-	(654)	(3)	-	(15,464)	3	-	97,546
New South Wales												
60 Castlereagh Street, Sydney	255,000	568	(1,315)	568	(600)	(715)	275	-	(25,953)	(275)	-	228,300
36 George Street, Burwood	59,374	741	1,635	741	2,193	(558)	319	-	(11,750)	(319)	-	50,000
101 George Street, Parramatta	103,098	77	(1,827)	77	-	(1,827)	732	-	(10,348)	(732)	-	91,000
150 George Street, Parramatta	112,000	408	(1,366)	408	-	(1,366)	382	-	(8,770)	(382)	-	102,272
259 George Street, Sydney	415,000	(1,018)	1,311	(1,018)	3,226	(1,915)	2,666	-	(78,293)	(2,666)	-	337,000
14 Lee Street, Sydney	85,000	116	-	116	-	-	(10)	-	(19,116)	10	-	66,000
201 Miller Street, North Sydney	91,000	2,154	(1,331)	2,154	(66)	(1,265)	(59)	-	(16,955)	59	-	74,868
56 Pitt Street, Sydney	176,218	1,488	(1,142)	1,488	801	(1,942)	118	-	(20,697)	(118)	-	155,867
120 Pitt Street, Sydney	115,000	771	(37)	771	-	(37)	(1,658)	-	(36,734)	1,658	-	79,000
175 Pitt Street, Sydney	211,000	6,054	(89)	6,054	-	(89)	(824)	-	(41,965)	824	-	175,000
10 Shelley Street, Sydney	155,011	9	43	9	-	43	171	-	(20,027)	(171)	-	135,036
Site 4B, Sydney Olympic Park	9,000	1,113	-	1,113	-	-	-	-	(6,084)	-	-	4,029
Queensland												
300 Queen Street, Brisbane	149,772	1,087	(347)	1,087	-	(347)	686	-	(40,512)	(686)	-	110,000
South Australia												
108 North Terrace, Adelaide	82,000	-	-	-	-	-	1,216	-	(8,000)	(1,216)	-	74,000
45 Pirie Street, Adelaide	76,576	1,485	(909)	1,485	-	(909)	600	-	(13,152)	(600)	-	64,000
11 Waymouth Street, Adelaide	172,005	857	-	857	-	-	1,283	-	(26,070)	(1,283)	-	146,792
Victoria												
385 Bourke Street, Melbourne	311,000	6,611	(1,355)	6,611	657	(2,012)	613	-	(40,256)	(613)	-	276,000
2 Southbank Boulevard, Melbourne	179,221	(10)	(575)	(10)	-	(575)	635	-	(21,136)	(635)	-	157,500

Reconciliation of book values by property

as at 30 June 2009

Property	Book value as at 30 Jun 08 $'000	Capex 12 months to 30 Jun 09 $'000	Incentives 12 months to 30 Jun 09 $'000	Capex	Incentives	Amortisation of incentives	Straight-lining revenue 12 months to 30 Jun 09 $'000	Acquisitions 12 months to 30 Jun 09 $'000	Independent revaluation changes 12 months to 30 Jun 09 $'000	AIFRS revaluation changes 12 months to 30 Jun 09 $'000	Disposals 12 months to 30 Jun 09 $'000	Book value as at 30 Jun 09 $'000
Western Australia												
46 Colin Street, West Perth	34,000	-	-	-	-	-	(153)	-	(2,000)	153	-	32,000
1 Mill Street, Perth	38,417	-	209	-	6	203	159	-	(6,620)	(159)	-	32,006
5 Mill Street, Perth	36,844	6	131	6	-	131	37	-	(3,981)	(37)	-	33,000
53 Ord Street, West Perth	53,496	-	-	-	-	-	28	-	(12,496)	(28)	(41,000)	(0)
16 Parliament Place, West Perth	18,657	-	(124)	-	-	(124)	26	-	(1,064)	(26)	-	17,469
197 St Georges Terrace, Perth	139,799	18	(154)	18	-	(154)	471	-	(39,663)	(471)	-	100,000
Total	**3,192,597**	**22,090**	**(7,896)**	**22,090**	**6,217**	**(14,112)**	**7,710**	**-**	**(527,106)**	**(7,710)**	**(41,000)**	**2,638,685**
Investments in associates												
Homebush Bay Trust[1]	51,912	-	-	-	-	-	-	1,200	(406)	-	(52,250)	456
Site 6 Homebush Bay Trust[2]	-	-	-	-	-	-	-	32,606	(1,318)	-	-	31,288
Site 7 Homebush Bay Trust[3]	-	-	-	-	-	-	-	44,896	(2,521)	-	-	42,375
Grosvenor Place Holdings Trust[4]	292,579	-	-	-	-	-	-	7,696	(52,225)	-	-	248,050
Kent Street Trust[5]	83,910	-	-	-	-	-	-	-	(6,058)	-	-	77,852
Total	**428,401**	**-**	**-**	**-**	**-**	**-**	**-**	**86,398**	**(62,528)**	**-**	**(52,250)**	**400,021**
Capital Works in progess												
120 Pitt Street, Sydney	-	2,813	-	2,813	-	-	-	-	-	-	-	2,813
385 Bourke Street	-	1,071	-	1,071	-	-	-	-	-	-	-	1,071
259 George Street	-	43	-	43	-	-	-	-	-	-	-	43
1 Mill St	-	1,101	-	1,101	-	-	-	-	-	-	-	1,101
5 Mill St	-	1,283	-	1,283	-	-	-	-	-	-	-	1,283
Total	**-**	**6,311**	**-**	**6,311**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,311**
GRAND TOTAL	**3,620,998**	**28,401**	**(7,896)**	**28,401**	**6,216**	**(14,113)**	**7,710**	**86,398**	**(589,634)**	**(7,710)**	**(93,250)**	**3,045,017**

1 The Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Homebush BayTrust.
2 The Fund indirectly owns 50% of 4 Dawn Fraser Avenue, Sydney Olympic Park (formerly known as Site 6 Dawn Fraser Avenue) via units in Site 6 Homebush Bay Trust. The Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Site 6 Homebush Bay Trust.

3 The Fund indirectly owns 50% of 2 Dawn Fraser Avenue, Sydney Olympic Park (formerly known as Site 7 Dawn Fraser Avenue) via units in Site 7 Homebush Bay Trust. The Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Site 7 Homebush Bay Trust.

4 The Fund indirectly owns 25% of 225 George Street, Sydney via units in Grosvenor Place Holdings Trust. The Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Grosvenor Place Holdings Trust.
5 The Fund indirectly owns 25% of 201-207 Kent Street, Sydney via units in Kent Street Trust. The Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Kent Street Trust.

Commonwealth Property Office Fund (CPA)

Debt summary

as at 30 June 2009

Key debt statistics		
Total borrowing ($m)[1]		856.8
Borrowing to total assets (%) [2]		27.4
Weighted average interest rate (incl. Margin and Line fee) (%)		7.1
Weighted average maturity		3.0
% of debt hedged as at 30 June 2009		105.0
Weighted average interest rate on hedged debt (ex Margin and Fees) (%)		5.9
Weighted average maturity on hedged debt (years)		6.2
Credit rating		
- Moody's	Short-term	P-2
	Long-term	A3
- Standard & Poor's	Short-term	A2
	Long-term	A-

CPA AUD debt position as at 30 June 2009			
Type	**Maturity**	**Facility size ($M)**	**Drawn ($M)**
Bank facilities	29-Sep-12	250.0	80.0
Bank facilities[3]	02-Sep-10	220.0	210.3
Bank facilities	30-Jun-10	100.0	100.0
Bank facilities	30-Jun-10	50.0	-
Bank facilities	19-Mar-11	95.0	-
Bank facilities	11-Aug-11	150.0	-
MTN / STN	28-Jun-11	200.0	200.0
US Private Placement[4]	22-Dec-12	82.6	82.6
US Private Placement[4]	22-Dec-15	150.6	150.6
US Private Placement[4]	22-Dec-17	33.3	33.3
Total		**1,331.5**	**856.8**
Bank guarantee[5]	31-Dec-09	0.2	-
Bank guarantee[5]	31-Aug-21	0.3	-
Total including bank guarantee		**1,332.0**	**856.8**

[1] Borrowing is $857.3 million, interest bearing liabilities per Note 13 of the Financial report, adjusted to include deferred borrowing costs of $3.9 million and to exclude the fair value of cross currency swaps of $4.4 million.

[2] Total assets exclude the fair value of derivative financial instruments of $25.9 million.

[3] $220.0 million of bank facility used as liquidity back-up for STNs.

[4] Converted to AUD at AUD/USD 0.7505

[5] Any bank guarantee in place reduces bank facility size whilst it remains uncalled.

Commonwealth Property Office Fund
ARSN 086 029 736

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

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Commonwealth Property Office Fund

DIRECTORS' REPORT

The Directors of Commonwealth Managed Investments Limited (CMIL), the Responsible Entity, submit the following report for the year ended 30 June 2009.

Directors

The names of the Directors of the Responsible Entity in office at any time during the year were:

R M Haddock (Chairman)
J F Kropp
N J Milne
G A Petersen
M J Venter
P A Rayson (alternate for G A Petersen)
S P Wareing (former Chairman)
J G Rooney

Nancy J Milne and Richard M Haddock were both appointed as Directors on 1 January 2009 and continue in office at the date of this report.

Mr Sean Wareing advised that the close of the 2008 calendar year would mark the end of his tenure on the CMIL Board and his appointment as an independent non-executive Chairman ceased on 31 December 2008. In addition, Mr Joseph Rooney ceased his appointment as an independent non-executive Director on the same date.

On 28 July 2009, Mr Paul Rayson resigned as an Alternate Director to Grahame Petersen and was replaced by Gregg Johnston.

All Directors were in office from the beginning of the year until the date of this report, unless stated otherwise.

The Responsible Entity is incorporated and domiciled in Australia and has its registered office at Level 7, 48 Martin Place, Sydney, New South Wales 2000.

Principal activities

The Commonwealth Property Office Fund is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 7, 52 Martin Place, Sydney, New South Wales 2000.

The principal activity of the Fund and its controlled entities (the 'Fund') is investment in office property. There have been no significant changes in the nature of this activity during the year.

Distributions

The total distribution for the year to 30 June 2009 is 8.80 cents per unit (June 2008: 9.20 cents per unit). The distribution paid for the half-year ended 31 December 2008 was 4.60 cents per unit. The distribution declared but not paid for the half-year ended 30 June 2009 is 4.20 cents per unit.

Review of operations

Financial results

Key financial highlights over the year include:

- An increase in the net property income was offset by fair value decrements in properties and derivatives, resulting in a consolidated net loss for the year ended 30 June 2009 of $543,730,000 (2008: $374,960,000 profit).
- The net loss included a net revaluation decrement on investment properties, property, plant and equipment and associates of $597,343,000 (2008: $211,022,000 gain), reflecting a correction in property values across the portfolio and wider commercial property market. Property values had increased significantly from 2002 to early 2008, aided by buoyant capital markets, and supported by significant transactional evidence. The crisis in the financial markets that began in the 2008 financial year contributed to a decline in market sentiment that wasn't fully reflected in independent property valuations until this financial year.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Financial results (continued)

- Every property within the portfolio was independently revalued during the six months to 30 June 2009, leading to a decline in book value as pressure on valuations from softening yields continue to flow through the portfolio. Some of the key contributors to this decline were 259 George Street, Sydney ($78,293,000), 225 George Street, Sydney ($45,257,000), 197 St Georges Terrace, West Perth ($39,799,000), 300 Queen Street, Brisbane ($39,709,000), 120 Pitt Street, Sydney ($36,000,000) and 175 Pitt Street, Sydney ($36,000,000).
- The result also included a net loss on the fair value of interest rate swaps of $68,537,000. Whilst the market value of these swaps have declined, they have been effective in meeting their objective of hedging the Fund's interest rate risk by limiting its exposure to interest rate fluctuations. The interest expense (borrowing costs adjusted for the interest on interest rate swaps) has decreased by 3.2% from $70,112,000 for the year ended 30 June 2008 to $67,893,000 for the year ended 30 June 2009.
- After adjusting for unrealised impacts, and capital and other items, distributable income is $146,954,000 (2008: $144,491,000). Net profit, distributable income, and distributions paid and payable are reconciled as follows:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Net (loss) / profit attributable to unitholders	**(543,730)**	**374,960**
Adjustments for unrealised impacts:		
- straight-lining revenue	(7,684)	(15,344)
- fair value adjustments from properties and associates	597,343	(211,022)
- fair value adjustments to derivatives	68,537	(18,022)
- movement in fair value of unrealised performance fees	25,098	-
- amortisation of fit-out incentives[1]	7,390	13,919
Distributable income	**146,954**	**144,491**
Other adjustments:		
- add back realised performance fees[1]	5,567	5,618
- amortisation of intangible assets	(600)	(2,500)
Distributions paid and payable	**151,921**	**147,609**

1 Effective 1 January 2009, amortisation of fit-out incentives and capped performance fees are not added back to distributable income.

The above reconciliation shows the impact reflected in the reported results from the inclusion of unrealised valuation gains and losses, whilst the distributable income reflects the consistent results from operations.

- For the year ended 30 June 2009, the Fund paid a total distribution of $151,921,000 (2008: $147,609,000), equating to 8.8 cents per unit (2008: 9.2 cents per unit). In January 2009, the Fund changed its distribution policy to provide greater alignment with underlying earnings, whilst preserving the pass-through nature of the Fund's income. As a result of these changes, the distributable net income of the Fund for the six months to 30 June 2009 includes the amortisation of fit-out incentives and leasing fees and the performance fee expense.
- For properties held since 1 July 2007 (including the Fund's share of properties held by associates), net property income for the year ended 30 June 2009 increased by 8.4% compared to the prior year. This result was driven predominantly by an average rental increase of 5.4% for completed rent reviews over 604,339 sqm of space during the 12-month period to 30 June 2009, as well as strong leasing outcomes which ensured portfolio occupancy levels remained high at 98.8% (by income).
- For the half-year to December 2008, the Fund outperformed the customised Commercial Property Trust Accumulation Index by 42.6%. A capped performance fee of $5,567,000 was recognised in accordance with the performance fee methodology. For the half-year to 30 June 2009, the Fund underperformed by 11.0% however, due to 'carry-over' outperformance, recognised a capped performance fee of $5,115,000. The capped performance fee will be settled in units when the Fund has positive performance.
- The fair value of the 'carry-over' outperformance of 32.7% has been calculated to be $25,098,000. The total performance fee therefore recognised in the income statement for the year amounts to $35,780,000.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Financial results (continued)

- After adding back the net revaluation decrement on investment properties, property, plant and equipment, and associates of $597,343,000 and the net loss on the fair value of derivatives of $68,537,000, the alternative Earnings Per Unit (EPU) is 9.0 cents per unit (2008: 8.9 cents per unit).

Operations

Key operational highlights over the year include:

- In July 2008, the Fund's 50% owned associate, Homebush Bay Trust, entered into a put and call option arrangement to divest its investment in 10 Dawn Fraser Avenue, Sydney Olympic Park. The transaction was settled on 19 December 2008 for a consideration of $104.5 million. The Fund's receipt of the 50% of the proceeds from sale were used to retire bank debt and strengthen the balance sheet.
- In August 2008, the development at 4 Dawn Fraser Avenue, Sydney Olympic Park reached practical completion. The property was independently valued in June 2009 to $62.5 million (100%). The Fund owns 50% of the property via investments in units in Site 6 Homebush Bay Trust.
- In December 2008, the development at 2 Dawn Fraser Avenue, Sydney Olympic Park reached practical completion. The property was independently valued in June 2009 to $85.5 million (100%). The Fund owns 50% of the property via investments in units in Site 7 Homebush Bay Trust.
- On 25 June 2009, the Fund entered into an unconditional contract to sell 53 Ord Street, West Perth, Western Australia. Settlement occurred on 30 June 2009. The property achieved a sale price of $41.5 million, representing a 5.7% discount to the 31 March 2009 valuation of $44.0 million.
- On 30 June 2009, contracts were exchanged for the sale of 300 Queen Street, Brisbane with settlement on 31 July 2009. The property achieved a sale price of $110.0 million, which reflects a 16.7% discount to the 31 March 2009 valuation of $132.0 million.
- These sales support the Fund's strategy of divesting non-core assets and the proceeds were used to retire debt, assisting in reducing the Fund's gearing ratio.
- Construction commenced on 175 Pitt Street in March 2009. The total forecast cost of the project is $66 million. The construction work is running on budget and is scheduled to complete early 2010.
- In May 2009, the Fund was awarded $4,103,000 from the Green Building Fund to help improve the energy efficiency of buildings in its direct property funds. The Green Building Fund was established by the Australian Government to reduce the impact of Australia's built environment on greenhouse gas emissions, by reducing the energy consumed in the operation of existing commercial office buildings. The significant beneficiaries of the proceeds include:
  - 385 Bourke Street, Melbourne, received $2,696,000 to implement a wind array proposal which involves constructing wind turbines on top of the 41-storey tower, and
  - 60 Castlereagh Street, Sydney, received $411,000 for a mechanical service upgrade.

Capital management

Key capital management highlights over the year include:

- On 30 January 2009, the Fund completed a $192,437,000 institutional placement of approximately 240 million units at a price of $0.80 per unit. A further $13,303,000 was raised in March 2009 as part of a Unit Purchase Plan (UPP) which was offered to all eligible unitholders at the same price as the institutional placement. The funds raised were used to reduce debt.
- On 28 August 2008, the Fund terminated the on-market buyback of its units in order to preserve capital. The Fund had cancelled 13,500,066 units in total at an average price of $1.52 since the program was put in place on 27 September 2007.
- In June 2009, the Fund successfully negotiated the extension of a $150 million bank debt facility due to expire in September 2009, so that it now expires in September 2012. This bank debt facility has also been increased by $100 million.
- Two facilities with a combined limit of $150 million have a maturity date of 30 June 2010. The Fund has no other current debt facilities.
- The Fund's gearing was 27.4% at 30 June 2009 (30 June 2008: 28.3%) and the weighted average duration of debt is 3.0 years (30 June 2008: 3.3 years).

DIRECTORS' REPORT (continued)

Review of operations (continued)

Capital management (continued)

- As at 30 June 2009, the Fund's borrowings were over-hedged at 105.0% (30 June 2008: 83.1%). The hedging percentage exceeds the upper band of the guidelines due to forecasted borrowings, at the time hedges were put in place, exceeding subsequent actual borrowings. It is, and has been throughout the year under review, the Fund's policy that derivatives are used for hedging purposes only and not as speculative or trading instruments.
- As at 30 June 2009, the Fund's most restrictive debt covenants were maintaining a Loan to Value Ratio (LVR, calculated as total liabilities divided by total property assets) under 40% and an Interest Coverage Ratio (ICR) of at least 2.0 times (the ICR calculation excludes the effect of fair value adjustments and any significant or abnormal adjustments to profit). As at 30 June 2009 the Fund's LVR was 33.7% (2008: 31.6%) and ICR was 3.3 (2008: 2.9). From 28 July 2009, the LVR requirements of some of the Fund's existing facilities were amended so that all of the Fund's LVRs are subject to a 45% threshold.

Uncertainty around property valuations

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A willing seller is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. This represents the best estimate of fair value as at the balance sheet date.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the year under review, other than those matters stated in this report.

Matters subsequent to the end of the year

On 28 July 2009, the Fund negotiated a change to its debt covenant on some of its existing facilities. The debt facilities included existing Medium Term Notes (MTNs) issued by the Fund and a number of bank debt facilities. The change related to increasing the LVR covenant from 40% to 45%. As a result, all of the Fund's LVR covenants are now subject to a 45% threshold.

On 28 July 2009, Mr Paul Rayson resigned as an Alternate Director to Grahame Petersen and was replaced by Gregg Johnston.

On 31 July 2009, the sale of 300 Queen Street, Brisbane for $110.0 million was settled. The proceeds from this sale, as well as the net $41.0 million ($41.5 million sale price net of selling costs and adjustments of $0.5 million) received from the sale of 53 Ord Street, West Perth in June 2009, were used to pay down debt.

On 18 August 2009, the Fund announced an amendment to the distribution policy, ceasing the practice of using debt to fund the majority of building maintenance capital expenditure required to maintain the property portfolio. This adjustment, effective from 1 July 2009, results in the Fund distributing 70% to 80% of adjusted profit available for distribution, or taxable income, whichever is the greater for any financial period. The adjustment will assist in providing further strength and flexibility for the Fund's balance sheet.

DIRECTORS' REPORT (continued)

Matters subsequent to the end of the year (continued)

The Directors of the Responsible Entity are not aware of any other matter or circumstance occurring after balance date which may affect either the Fund's operations or the results of those operations or the state of affairs of the Fund, not otherwise disclosed in this report.

Likely developments and expected results of operations

The Fund will continue to maintain its objectives of identifying opportunities to increase the profitability of the Fund and its net asset value.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regard to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. Where the officers of the Responsible Entity act in accordance with the Constitution and the law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Directors' interests and benefits

Any holdings of Directors in the Fund are shown in note 16(i).

No Director of the Responsible Entity has received or become entitled to receive any benefit by reason of a contract made by the Fund or a related entity with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest.

Additional financial information

Details of the method of valuation of the Fund's investment properties can be found in note 1(e) and note 7, the value of the Fund's assets in notes 4 to 10, movements in units on issue, including the units on issue at year end, in note 14, fees paid to the Responsible Entity in note 16(h), the net tangible asset backing per unit in note 26, details of the interest bearing liabilities of the Fund in note 13, the number of Fund units held by the Responsible Entity and its associates in note 16(i), and information regarding the Fund's financial risk management in note 23.

Non-audit services

The Responsible Entity may decide to employ the auditor (PricewaterhouseCoopers) on assignments in addition to its statutory audit duties. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in note 17. The Directors, in accordance with advice received from the Audit Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of the non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Environmental regulation

The Fund is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*, as a result of its corporate holding structure. The Fund's reporting will be consolidated through Commonwealth Bank of Australia's (CBA's) report.

The *National Greenhouse and Energy Reporting Act 2007* requires reporting of annual greenhouse gas emissions and energy use. The first measurement period for this Act ran from 1 July 2008 to 30 June 2009. The manager has implemented systems and processes for the collection and calculation of the data required and will be able to prepare and will submit its report, through CBA's report, to the Greenhouse and Energy data officer by 31 October 2009.

DIRECTORS' REPORT (continued)

Basis of preparation

The financial report is presented in Australian dollars and all values in the financial report and the Directors' report have been rounded to the nearest thousand dollars ($'000) as allowed under Australian Securities & Investments Commission (ASIC) Class Order 98/100, unless otherwise indicated.

Auditor's independence declaration

A statement of independence has been provided by our auditor, PricewaterhouseCoopers, and is attached to the Directors' report on page 7.

This report is signed in accordance with the resolution of the Board of Directors of the Responsible Entity.

Dated this 18th day of August 2009

Richard Haddock
Director

Sydney

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of Commonwealth Property Office Fund for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Commonwealth Property Office Fund and the entities it controlled during the period.

Peter van Dongen
Partner
PricewaterhouseCoopers

Sydney
18 August 2009

Commonwealth Property Office Fund

INCOME STATEMENTS
for the year ended 30 June 2009

	Note	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Revenue					
Rental and other property income	2	299,693	290,188	-	-
Interest income		2,148	3,554	1,953	3,446
Distribution income		-	-	233,489	218,354
Alignment fee income	16(k)	367	380	367	380
Other revenue		60	2,548	60	2,547
		302,268	296,670	235,869	224,727
Other income					
Share of net profits from associates before fair value adjustments		25,583	24,190	-	-
Share of associates' gain/(loss) from fair value adjustments		(62,527)	40,590	-	-
Share of net profit/(loss) accounted for using the equity method	10(b)	(36,944)	64,780	-	-
Net interest income on derivatives		-	7,931	-	7,931
Gain on fair value adjustments to derivatives		-	18,022	-	18,022
Net gain on derivatives		-	25,953	-	25,953
Gain on fair value adjustments to investment properties	7	-	174,443	-	-
Total revenue and other income		**265,324**	**561,846**	**235,869**	**250,680**
Expenses					
Net interest expense on derivatives		4,719	-	4,719	-
Loss on fair value adjustments to derivatives		68,537	-	68,537	-
Net loss on derivatives		73,256	-	73,256	-
Loss on fair value adjustments to investment properties	7	528,732	-	-	-
Impairment of investments in controlled entities and associates	15	-	-	129,062	-
Rates, taxes and other outgoings		75,461	71,220	-	-
Repairs and maintenance		8,297	9,317	-	-
Bad and doubtful debts expense		400	130	-	-
Borrowing costs		63,174	78,043	63,174	78,044
Responsible Entity's base fee	16(h)	16,026	16,470	16,026	16,470
Responsible Entity's performance fee	16(h)	35,780	5,618	35,780	5,618
Auditor's remuneration	17	218	251	218	251
Fair value adjustments to property, plant and equipment	8	6,084	4,011	-	-
Other expenses		1,626	1,826	1,524	1,709
Total expenses		**809,054**	**186,886**	**319,040**	**102,092**
Net (loss)/profit attributable to unitholders		**(543,730)**	**374,960**	**(83,171)**	**148,588**
Basic earnings per unit (cents)	22	(31.8)	23.3		
Diluted earnings per unit (cents)	22	(31.3)	23.3		

The above income statements should be read in conjunction with the accompanying notes.

	Note	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
DISTRIBUTION RECONCILIATION					
Net profit/(loss)		(543,730)	374,960	(83,171)	148,588
Adjustments:					
Straight-lining revenue	2	(7,684)	(15,344)	-	-
Fair value adjustments from investment properties, property, plant and equipment and associates		597,343	(211,022)	-	-
Impairment of investments in controlled entities and associates		-	-	129,062	-
Fair value adjustments to derivatives		68,537	(18,022)	68,537	(18,022)
Responsible Entity's performance fee[1]		30,665	5,618	30,665	5,618
Amortisation of fit-out incentives		7,390	13,919	-	-
Other transfers from/(to) undistributed reserves		(600)	(2,500)	6,828	11,425
Net adjustments		695,651	(227,351)	235,092	(979)
Distributions paid and payable	3	**151,921**	**147,609**	**151,921**	**147,609**

[1] Up to 31 December 2008, for each distribution period, the net profit/(loss) was adjusted for an amount equal to the performance fee expense (including the capped realised performance fee expense and the fair value fo the 'carry-over' outperformance). The capped performance fee recognised in the income statement for the six months to 31 December 2008 was $5,567,320 and the fair value of 'carry-over' outperformance was $25,098,020. From 1 January 2009, the distribution policy was amended so that the amount of the performance fee expense is no longer transferred from equity to increase the amount available for distribution.

Commonwealth Property Office Fund

BALANCE SHEETS
as at 30 June 2009

	Note	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Current assets					
Cash and cash equivalents	4	60,799	4,181	57,425	3,274
Receivables	5	20,086	23,840	660,716	548,413
Derivative financial instruments		25,877	62,097	25,877	62,097
Investment properties held for sale	7	110,000	-	-	-
Other assets	6	5,720	14,171	1,023	5,011
Total current assets		**222,482**	**104,289**	**745,041**	**618,795**
Non-current assets					
Investment properties	7	2,530,967	3,183,597	-	-
Property, plant and equipment	8	4,029	9,000	-	-
Investments in controlled entities	9	-	-	2,114,872	2,634,292
Investments in associates	10	400,021	428,401	400,021	428,401
Loans to associates		-	62,028	-	62,028
Total non-current assets		**2,935,017**	**3,683,026**	**2,514,893**	**3,124,721**
Total assets		**3,157,499**	**3,787,315**	**3,259,934**	**3,743,516**
Current liabilities					
Payables	12	44,556	62,357	146,991	18,558
Distribution payable	3	78,154	73,767	78,154	73,767
Responsible Entity's base fees payable	16(h)	3,642	4,199	3,642	4,199
Interest bearing liabilities	13	100,000	150,000	100,000	150,000
Derivative financial instruments		41,559	59,591	41,559	59,591
Total current liabilities		**267,911**	**349,914**	**370,346**	**306,115**
Non-current liabilities					
Interest bearing liabilities	13	757,302	847,948	757,302	847,948
Total non-current liabilities		**757,302**	**847,948**	**757,302**	**847,948**
Total liabilities		**1,025,213**	**1,197,862**	**1,127,648**	**1,154,063**
Net assets		**2,132,286**	**2,589,453**	**2,132,286**	**2,589,453**
Equity					
Units on issue	14	1,944,158	1,741,454	1,944,158	1,741,454
Reserves	15	188,128	847,999	188,128	847,999
Total equity		**2,132,286**	**2,589,453**	**2,132,286**	**2,589,453**

The above balance sheets should be read in conjunction with the accompanying notes.

Commonwealth Property Office Fund

CASH FLOW STATEMENTS

for the year ended 30 June 2009

	Note	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Cash flows from operating activities					
Rental and other property income received		342,628	293,914	-	-
Distributions received		17,716	17,518	204,531	101,736
Interest income received		2,147	1,833	1,953	1,725
Interest income on interest rate swaps		3,910	-	3,910	-
Other income received		-	-	-	2,397
Payments for derivatives held at fair value through profit or loss		(1,137)	-	(1,137)	-
Payments to suppliers		(132,126)	(109,586)	(16,879)	(19,141)
Borrowing costs paid		(71,690)	(69,484)	(71,690)	(68,704)
Net cash flows from operating activities	20	**161,448**	**134,195**	**120,688**	**18,013**
Cash flows from investing activities					
Payments for property, plant and equipment		-	(13,010)	-	-
Payments for property developments and improvements		(43,956)	(53,903)	-	-
Proceeds from redemption of units in associates and controlled entities		57,250	-	92,587	125,975
Payments for acquisition of units in associates and controlled entities		(1,200)	(3,710)	(1,200)	(16,245)
Proceeds from disposal of investment properties		41,000	64,654	-	-
Loans to associates		(16,994)	(44,242)	(16,994)	(44,242)
Net cash flows from / (used in) investing activities		**36,100**	**(50,211)**	**74,393**	**65,488**
Cash flows from financing activities					
Proceeds from issue of units		205,740	-	205,740	-
Payments for cancellation of units		-	(20,571)	-	(20,571)
Unit issue costs paid		(3,036)	-	(3,036)	-
Proceeds from interest bearing liabilities		428,300	458,600	428,300	458,600
Repayment of interest bearing liabilities		(624,400)	(375,900)	(624,400)	(375,900)
Distributions paid		(147,534)	(152,597)	(147,534)	(152,597)
Net cash flows (used in) financing activities		**(140,930)**	**(90,468)**	**(140,930)**	**(90,468)**
Net increase / (decrease) in cash and cash equivalents held		**56,618**	**(6,484)**	**54,151**	**(6,967)**
Cash and cash equivalents at the beginning of the year		**4,181**	**10,665**	**3,274**	**10,241**
Cash and cash equivalents at the end of the year		**60,799**	**4,181**	**57,425**	**3,274**
Non-cash financing and investing activities	21				

The above cash flow statements should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Note	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Opening total equity		2,589,453	2,377,055	2,589,453	2,377,055
Fair value adjustments from associates and controlled entities		-	-	(460,559)	266,372
Net profit/(loss) for the year		(543,730)	374,960	(83,171)	148,588
Total recognised income and expense for the year attributable to unitholders		(543,730)	374,960	(543,730)	374,960
Transactions with unitholders in their capacity as unitholders					
Issue of units	14	205,740	-	205,740	-
Cancellation of units through buy-back	14	-	(20,571)	-	(20,571)
Unit issue costs	14	(3,036)	-	(3,036)	-
Responsible Entity's performance fee recognised in equity	15	35,780	5,618	35,780	5,618
Distributions paid and payable	3	(151,921)	(147,609)	(151,921)	(147,609)
		86,563	(162,562)	86,563	(162,562)
Closing total equity		**2,132,286**	**2,589,453**	**2,132,286**	**2,589,453**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

(a) Basis of preparation

The financial report of Commonwealth Property Office Fund for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 18 August 2009. The Directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report and has been prepared in accordance with the Fund Constitution, applicable Australian Accounting Standards, other mandatory professional reporting requirements, and the Corporations Act 2001. Both the functional and presentation currencies of the Fund and its subsidiaries are Australian dollars ($). All values in the financial report and the Directors' report have been rounded to the nearest thousand dollars ($'000) unless otherwise stated, as available under ASIC Class Order 98/0100.

The financial report has been prepared in accordance with the historical cost convention except where otherwise identified in note 1.

Compliance with AIFRS

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards.

New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Fund's assessment of the impact of these new standards and interpretations is set out below.

Accounting standard AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 are effective from 1 January 2009. AASB 8 requires adoption of a management approach to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Fund intends to adopt the standard from 1 July 2009. Application of the standard will not affect any of the amounts recognised in the financial statements but may result in different segments, segment results and different types of information being reported in the segment note of the financial report.

Revised accounting standard AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 are effective from 1 January 2009. The revised AASB 123 has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Fund, as the Fund already capitalises borrowing costs relating to qualifying assets.

Revised accounting standard AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 are effective from 1 January 2009. The revised AASB 101 may require the presentation of a statement of comprehensive income and changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Fund intends to apply the revised standard from 1 July 2009.

Accounting standard AASB 140 Investment Property has been amended and changes are effective from 1 January 2009. The revised AASB 140 requires that property under development which is intended to be subsequently held as investment property, be recognised as investment property rather than property, plant and equipment and be measured accordingly. The Fund intends to apply the revised standard from 1 July 2009. Whilst the classification of these types of assets will be required to change, there will be no impact on the measurement within the financial statements of the Fund as property, plant and equipment is already carried at fair value.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation

The consolidated financial statements comprise Commonwealth Property Office Fund (the 'parent entity') and its controlled entities at 30 June 2009. Controlled entities are fully consolidated from the date on which control is transferred to the Fund. Where applicable, they are deconsolidated from the date that control ceases.

The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

The balances and effects of transactions between controlled entities are eliminated in full.

In the parent entity's financial statements, investments in controlled entities are classified as available-for-sale financial assets (refer to note 1(d)).

(c) Investments in associates

Certain property investments are held via joint ownership arrangements. These joint ownership arrangements include the ownership of units in a single purpose unlisted trust over which the Fund exercises significant influence but not control.

The Fund has adopted the equity method of accounting for its property investments held via associates.

The investments in associates are carried in the balance sheet at cost plus post-acquisition changes in the Fund's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the share of the results of the operations of the associates.

The reporting dates of the associates and the Fund are identical and the associates accounting policies conform to those used by the Fund for like transactions and events in similar circumstances.

In the parent entity's financial statements, investments in associates are classified as available-for-sale financial assets (refer to note 1(d)).

(d) Available-for-sale financial assets

Available-for-sale financial assets comprise investments in controlled entities and investments in associates held by the Fund. They are non-derivatives that are either designated into this category or not classified in any of the other financial asset categories (i.e. financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity investments). They are included in non-current assets unless management intends to dispose of them within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Available-for-sale financial assets acquired are initially brought to account at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, these investments are measured at fair value.

Gains or losses on available-for-sale financial assets are recognised as a separate component of equity and shown as net income recognised directly in equity in the statement of changes in equity, until the financial assets are sold, collected or otherwise disposed of, or until the financial assets are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Assets are assessed for impairment at each reporting date by evaluating whether any impairment triggers exist. Where impairment triggers exist, management review the allocation of cash flows to those assets and estimate a fair value for the assets.

(e) Investment properties

Investment properties comprise direct property investments held for long-term rental yields. Investment properties acquired are initially brought to account at cost plus associated costs of acquisition, including stamp duty.

1. Summary of significant accounting policies (continued)

(e) Investment properties (continued)

Investment properties are independently revalued at intervals of not more than one year. Valuations are performed by registered valuers and are reflected in the financial statements of the Fund. In addition, at each reporting date the Responsible Entity of the Fund assesses each property to ensure its carrying value, as determined by the independent valuers adjusted for subsequent capital expenditure, reflects its fair value. In determining fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and make reference to market evidence of transaction prices for similar properties.

Capital works in progress are excluded from investment property valuation and are carried at cost as a reasonable approximation of fair value. On completion of capital works, the cost is transferred to the book value of the specific property and subsequently considered as part of the valuation process.

Any gains or losses arising from the changes in the fair value of investment properties are included in the income statement in the reporting period in which they arise.

Investment properties are derecognised when they have been disposed of. The net gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of the disposal and the proceeds on disposal and is included in the income statement in the reporting period in which the disposal occurred.

Investment property is not depreciated. The carrying amount includes costs of acquisition, additions, refurbishment, redevelopments, improvements, lease incentives, assets relating to fixed increases in operating lease rentals in future periods, and borrowing costs incurred.

Where assets have been revalued, the potential effect of the capital gains tax (CGT) on disposal has not been taken into account in the determination of the revalued carrying amount because the Fund does not expect to be ultimately liable for CGT in respect of the assets.

(f) Investment property held for sale

Investment property assets classified as held for sale are stated at their fair value if their carrying value amount will be recovered principally through a sale transaction, rather than through continuing use.

(g) Property, plant and equipment

Property, plant and equipment comprises land and the cost of development capital, that is purchased for the purpose of being constructed or developed for future use as an investment property. The land is carried at fair value until development is complete whereupon the property is classified as an investment property and accounted for accordingly. Land is not depreciated and is independently revalued by registered valuers by making reference to market evidence of transaction prices for similar properties.

Any gains arising from the changes in the fair value of land are credited directly to equity under undistributed reserves. To the extent that fair value gains reverse a revaluation decrease of the same asset previously recognised in the income statement, fair value gains are recognised in the income statement. Fair value losses that reverse previous fair value gains of the same asset are first debited directly to equity under undistributed reserves to the extent of the remaining reserve attributable to the asset; all other fair value losses are recognised in the income statement.

(h) Lease incentives

Lease incentives may take the form of upfront payments, rent-free periods, contributions to certain lessee's costs, relocation costs and fit-outs and improvements. They are recognised as part of the carrying value of the investment properties and amortised over the term of the lease as a reduction of rental income.

1. Summary of significant accounting policies (continued)

(i) Derivative financial instruments

The Fund is exposed to changes in interest rates and foreign exchange rates and uses interest rate swaps, forward rate agreements, and cross currency swaps to hedge these risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date.

Fair value at balance date is calculated to be the present value of the estimated future cash flows of these instruments. The two key variables used in the valuation are the forward price curve and discount rates. Each instrument is discounted at the market interest rate appropriate to the instrument. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

There is a comprehensive hedging program implemented by the Fund that is used to manage interest and exchange rate risk. Derivatives are not entered into for speculative purposes and the hedging policies are approved and monitored by the Capital Management Committee (refer to note 23 for further detail).

Interest rate swaps

The Fund enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates or vice versa. The swaps are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Responsible Entity has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in the income statement.

Cross currency swaps

Foreign currency denominated notes have been swapped back to Australian dollars via principal and interest cross currency swaps. These swaps qualify for hedge accounting as they have met the documentation, designation and effectiveness tests. Having satisfied these tests, these swaps are designated as fair value hedges of the underlying foreign currency exposures. Changes in the fair value of derivatives that qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash at bank and short-term money market investments which are readily converted into cash.

(k) Receivables and payables

Tenant rent is payable in advance on the first calendar day of the month.

Rental debtors are recognised at original invoice amount less a provision for any uncollected debts. Collectibility of rental debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for doubtful debts is made when there is objective evidence that the Fund will not be able to collect the debts. Indicators that debts may be uncollectible include default in payment (more than 30 days overdue), significant financial difficulties of the debtor, and the probability that the debtor will be placed under administration or bankruptcy. The debtor’s circumstances relating to the default in payment are considered and in some cases alternative payment arrangements may apply. If the debtor defaults on the terms of these arrangements, the debt will be recognised as doubtful.

The amount of the doubtful debt is recognised in the income statement within bad and doubtful debts expense. When a rental debtor that had been recognised as a doubtful debt becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against bad and doubtful debts in the income statement.

Payables represent liabilities for goods and services provided to the Fund prior to the end of the financial year which are unpaid.

Normal commercial terms and conditions are applied to receivables and payables.

1. Summary of significant accounting policies (continued)

(l) Interest bearing liabilities
All interest bearing liabilities are carried on the balance sheet and are initially measured at cost, being the fair value of the consideration received net of transaction costs associated with the borrowing.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Under this method, fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life.

Borrowing costs are expensed in the reporting period in which they are incurred, except when they are incurred in the construction of qualifying assets (an asset that takes a substantial period of time to get ready for its intended purpose) where they are capitalised in the carrying value of the asset.

Borrowing costs accrued are included in the current liabilities section of the balance sheet.

(m) Foreign currency translation
Both the functional and presentation currency of the Fund is Australian dollars (A$). The functional currency is the currency of the primary economic environment in which the Fund operates.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement, with the exception of differences on non-monetary assets measured at fair value.

(n) Units on issue
Issued and paid up capital is recognised at the fair value of the consideration received by the Fund.

In accordance with the Fund Constitution and Australian Accounting Standards, costs relating to the issue of new units have been charged against units on issue.

(o) Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the amount can be reliably measured.

Fixed rental increases are recognised on a straight-line basis over the term of the lease or over the period until the next market review date.

Contingent rentals are recognised as income in the reporting period in which they are earned.

Revenue from distributions is recognised when they are declared.

Interest income is recognised on an accruals basis using the effective interest method.

(p) Government grants
Grants from the Government are recognised as income when the Fund has fulfilled the criteria outlined in the grant agreement.

Grant instalments received in advance of fulfilling the criteria in the grant agreement are recognised as deferred income on the balance sheet until the Fund has satisfied the relevant criteria.

(q) Expenditure
Expenditure, including rates, taxes and other outgoings, is brought to account on an accruals basis.

Leasing fees are costs that arise in the process of securing rental lease agreements. Leasing fees are capitalised to the carrying value of investment property and amortised over the term of the respective lease agreements.

1. Summary of significant accounting policies (continued)

(r) Income tax
Under current income tax legislation, the Fund is not subject to income tax, provided that unitholders are presently entitled to the income of the Fund as calculated for trust accounting purposes.

(s) Goods and Services Tax
Receivables and payables are stated inclusive of Goods and Services Tax (GST). The net amount of GST recoverable from or payable to the taxation authority is included in the balance sheet as a receivable or payable.

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of GST to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as an operating cash flow.

(t) Jointly controlled operations
The proportionate interests in the assets, liabilities and expenses of jointly controlled operations have been incorporated in the financial statements under the appropriate headings (rather than as a separate line item). Details of the jointly controlled operations are set out in note 11.

(u) Distributions
A provision for distribution is recognised in the balance sheet if the distribution has been declared or publicly recommended on or before balance date.

In accordance with the Fund Constitution, the Fund distributes income to unitholders on a half-yearly basis.

(v) Earnings per unit
(i) Basic earnings per unit
Basic earnings per unit is calculated as net profit divided by the weighted average number of units on issue.

(ii) Diluted earnings per unit
Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

(w) Use of significant estimates and assumptions
The preparation of the financial statements in conformity with accounting standards requires the Responsible Entity to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Key estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year to the carrying amount of assets and liabilities recognised in these financial statements are also noted at 1(c) Investments in associates, 1(e) Investment properties, 1(i) Derivative financial instruments and 16(h) Performance fees.

Current market conditions
Investment properties
The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

1. Summary of significant accounting policies (continued)

(w) Use of significant estimates and assumptions (continued)
Current market conditions (continued)
Investment properties (continued)
Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. This represents the best estimate of fair value as at the balance sheet date.

Derivative financial instruments
The fair value of derivative financial instruments is based on certain assumptions about future events and involves significant estimates. The recent volatility in global financial markets has made it difficult to estimate with certainty the present value of the estimated future cash flows. The fair value of derivatives reported at 30 June 2009 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

Estimates of fair value of investment properties
As referred to in Note 1(e) and Note 7, independent valuations of properties are prepared at least annually.

At reporting date the key assumptions used by the Fund in determining fair value for the Fund's portfolio of properties are outlined below:

	30 Jun 2009	**30 Jun 2008**
Weighted average discount rate (%)	9.26	8.40
Weighted average terminal yield (%)	7.92	6.80
Weighted average capitalisation rate (%)	7.70	6.50
Expected vacancy period range (months)	3 – 15	3 – 18
Rental growth rate range (%)	2.70 - 4.10	3.94 – 4.31

All of the above key assumptions have been taken from the last independent valuation report for the assets in the portfolio.

Performance fee
The Responsible Entity of the Fund is entitled to a performance fee when the Fund out-performs the S&P/ASX 200 Commercial Property Accumulation Index (excluding the Fund) (refer note 16(h) for further detail).

Although the amount of the performance fee to be paid each period is capped, the 'carry-over' outperformance may be used to absorb performance fee entitlement in future periods. The fair value of the 'carry-over' outperformance has been determined as the present value of future cash flows, based upon assumptions relating to the probability of paying capped performance fees in future periods, future asset growth, and an appropriate discount rate.

Assuming no gross asset value growth, and no change in out-performance, the capped cash flow for the six months to 30 June 2009 would continue over the next 20 periods until the current outperformance is fully deteriorated. A probability factor has been assigned to each of these cash flows as follows:
- Periods to 31 December 2009 and 30 June 2010 a factor of 1.0.
- Period to 31 December 2010 a factor of 0.75.
- Period to 30 June 2011 a factor of 0.5.
- Thereafter a factor of 0.25.

These cash flows have been discounted at the approximate weighted average cost of capital of the Fund.

1. Summary of significant accounting policies (continued)

(w) Use of significant estimates and assumptions (continued)

Performance fee (continued)

The Fund's performance fee is settled through the issue of units, therefore the current year realised performance fee plus the movement in the fair value of the Responsible Entity's entitlement to a performance fee is recognised in the income statement with a corresponding credit in equity.

2. Rental and other property income

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Rental and other property income (excluding straight-lining fixed rental increases)	292,009	274,844	-	-
Rental income resulting from straight-lining fixed rental increases	7,684	15,344	-	-
	299,693	290,188	-	-

3. Unitholders' distributions

Distributions paid and payable by the Fund during the year are:

	$'000	30 Jun 2009 cents/unit	$'000	30 Jun 2008 cents/unit
Distribution paid – February	73,767	4.60	73,842	4.60
Distribution payable – August	78,154	4.20	73,767	4.60
	151,921	8.80	147,609	9.20

4. Cash and cash equivalents

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Cash at bank and on hand	60,799	4,075	57,425	3,168
Short-term deposits	-	106	-	106
	60,799	4,181	57,425	3,274

5. Receivables

Current				
Rental debtors	3,253	1,944	-	-
Distributions receivable from controlled entities	-	-	657,812	542,326
Distribution receivable from associates	2,409	5,684	2,409	5,684
Receivables from managing agents	13,801	15,468	-	-
Other	623	744	495	403
	20,086	23,840	660,716	548,413

6. Other assets

Current				
Prepayments	4,494	4,151	-	37
GST receivable	-	4,126	999	3,360
Deferred costs	-	1,614	-	1,614
Accrued income	1,226	4,280	24	-
	5,720	14,171	1,023	5,011

7. Investment properties – consolidated

Properties held by controlled entities	Ownership	Original purchase date	Original purchase price	Latest independent valuation date	Independent valuation	Additions / (disposals) since valuation	Book value 30 Jun 09	Book value 30 Jun 08
	%		$'000		$'000	$'000	$'000	$'000
ACT								
Finlay Crisp Centre, Canberra ACT[A]	100	Apr-99	54,940	Mar-09	97,500	46	97,546	114,109
NSW								
60 Castlereagh Street, Sydney	100	Oct-02	191,205	Mar-09	229,000	(700)	228,300	255,000
36 George Street, Burwood	100	Apr-99	40,029	Jun-09	50,000	-	50,000	59,374
101 George Street, Parramatta	100	Jan-05	18,956	Jun-09	91,000	-	91,000	103,098
150 George Street, Parramatta	100	Oct-02	81,000	Mar-09	102,500	(228)	102,272	112,000
259 George Street, Sydney	50	Apr-99						
	50	Oct-05	267,156	Jun-09	337,000	-	337,000	415,000
14 Lee Street, Sydney[A]	100	Oct-02	56,500	Jun-09	66,000	-	66,000	85,000
201 Miller Street, North Sydney	100	Jun-03	72,300	Mar-09	74,000	868	74,868	91,000
56 Pitt Street, Sydney	100	Oct-02	136,000	Mar-09	156,000	(133)	155,867	176,218
120 Pitt Street, Sydney	100	Apr-99	112,032	Jun-09	79,000	-	79,000	115,000
175 Pitt Street, Sydney	100	Apr-99	116,045	Jun-09	175,000	-	175,000	211,000
10 Shelley Street, Sydney	50	Dec-03	110,440	Mar-09	135,000	36	135,036	155,011
SA								
108 North Terrace, Adelaide	100	Oct-05	76,943	Mar-09	74,000	-	74,000	82,000
45 Pirie Street, Adelaide	100	Oct-02	55,214	Jun-09	64,000	-	64,000	76,576
11 Waymouth Street, Adelaide	100	Dec-04	146,562	Mar-09	146,000	792	146,792	172,005
QLD								
300 Queen Street, Brisbane[C]	100	Oct-02	73,588	Mar-09	132,000	-	-	149,772
VIC								
385 Bourke Street, Melbourne	100	Apr-99	151,080	Jun-09	276,000	-	276,000	311,000
2 Southbank Boulevard, Melbourne	50	Jul-03	136,750	Jun-09	157,500	-	157,500	179,221
WA								
46 Colin Street, West Perth[A]	100	Apr-02	29,882	Mar-09	32,000	-	32,000	34,000
1 Mill Street, Perth	100	Oct-02	11,500	Jun-09	32,000	6	32,006	38,417
5 Mill Street, Perth	100	Oct-02	10,841	Jun-09	33,000	-	33,000	36,844
53 Ord Street, West Perth[B]	100	Apr-02	32,702	-	-	-	-	53,496
16 Parliament Place, West Perth	100	Dec-02	11,397	Mar-09	17,500	(31)	17,469	18,657
197 St Georges Terrace, Perth	100	Oct-02	71,205	Jun-09	100,000	-	100,000	139,799
Total held by controlled entities							**2,524,656**	**3,183,597**

(A) The titles to these properties are leasehold. Only 46 Colin Street, West Perth has on-going lease commitments.
(B) In June 2009, the Fund sold 53 Ord Street, West Perth for $41,500,000.
(C) On 30 June 2009, the Fund exchanged contracts for the sale of 300 Queen Street, Brisbane for $110,000,000. Settlement was July 2009.

	30 Jun 09	30 Jun 08
Investment properties (excluding capital works in progress)	**2,524,656**	**3,183,597**
Capital works in progress[1]		
120 Pitt Street, Sydney	2,813	-
385 Bourke Street, Melbourne	1,071	-
259 George Street, Sydney	43	-
1 Mill St, Perth	1,101	-
5 Mill St, Perth	1,283	-
Total capital works in progress	**6,311**	**-**
Total investment properties	**2,530,967**	**3,183,597**

[1] Works in progress are excluded from investment property valuation and are carried at cost as a reasonable approximation of fair value. On completion of capital works, the cost is transferred to the book value of the specific property and subsequently considered as part of the valuation process.

7. Investment properties - consolidated (continued)

Valuers

Property	Valuer	Qualifications	Company
Finlay Crisp Centre, Canberra ACT	P Powderly	AAPI	Colliers International
60 Castlereagh Street, Sydney NSW	J Petsalis	AAPI	Colliers International
36 George Street, Burwood NSW	P Rhodes	AAPI	Jones Lang LaSalle
101 George Street, Parramatta NSW	R McKinnon	AAPI	Colliers International
150 George Street, Parramatta NSW	R McKinnon	AAPI	Colliers International
225 George Street, Sydney NSW	D Hillier	AAPI	Colliers International
259 George Street, Sydney NSW	D Hillier	AAPI	Colliers International
201-207 Kent Street, Sydney NSW	D Castles	FAPI	Knight Frank
14 Lee Street, Sydney NSW	A Elias	AAPI	Knight Frank
201 Miller Street, North Sydney NSW	M Smallhorn	FAPI	Jones Lang LaSalle
56 Pitt Street, Sydney NSW	M Smallhorn	FAPI	Jones Lang LaSalle
120 Pitt Street, Sydney NSW	M Smallhorn	FAPI	Jones Lang LaSalle
175 Pitt Street, Sydney NSW	M Smallhorn	FAPI	Jones Lang LaSalle
10 Shelley Street, Sydney NSW	P Inglis	FAPI	Knight Frank
108 North Terrace, Adelaide SA	T Gornall	AAPI	Colliers International
45 Pirie Street, Adelaide SA	N Bell	AAPI	Knight Frank
11 Waymouth Street, Adelaide SA	S Hickin	AAPI	Jones Lang LaSalle
300 Queen Street, Brisbane QLD	P Pirhonen	AAPI	CB Richard Ellis
385 Bourke Street, Melbourne VIC	A Lett	AAPI	CB Richard Ellis
2 Southbank Boulevard, Melbourne VIC	J Stevens	AAPI	Colliers International
46 Colin Street, West Perth WA	G Kennedy	FAPI	Jones Lang LaSalle
1 Mill Street, Perth WA	M Crowe	AAPI	Knight Frank
5 Mill Street, Perth WA	M Crowe	AAPI	Knight Frank
16 Parliament Place, West Perth WA	G Kennedy	FAPI	Jones Lang LaSalle
197 St Georges Terrace, Perth WA	M Crowe	AAPI	Knight Frank

Reconciliations

Reconciliations of the carrying amounts of investment property at the beginning and end of the current and previous year are set out below:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Opening balance	3,183,597	3,022,662
Capital expenditure	27,315	23,087
Leasing fees and incentives deferred	6,216	24,047
Amortisation of leasing fees and incentives	(14,113)	(11,332)
Straight-lined rental income asset	7,684	15,344
Disposal of investment properties	(41,000)	(64,654)
Reclassification to held for sale	(110,000)	-
Net revaluation increments/(decrements)	(528,732)	174,443
Closing balance	**2,530,967**	**3,183,597**

7. Investment properties - consolidated (continued)

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000

Capital commitments

Estimated capital expenditure contracted for at balance date, but not provided for:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Not later than one year	20,794	12,596
Later than one year and not later than five years	6,463	11,549
Later than five years	-	-
	27,257	**24,145**

Operating lease expenditure

Estimated operating lease expenditure in relation to 99-year leasehold of 46 Colin Street, West Perth WA, contracted for at balance date, but not provided for in the financial report:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Not later than one year	1,496	1,496
Later than one year and not later than five years	5,984	5,984
Later than five years	11,719	13,215
	19,199	**20,695**

Other expenditure

There are no non-cancellable contracts for other expenditure.

Operating lease income

Future minimum rentals revenue under non-cancellable operating leases are as follows:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Not later than one year	223,023	221,202
Later than one year but not later than five years	739,291	714,354
Later than five years	373,416	385,988
	1,335,730	**1,321,544**

8. Property, plant and equipment

Name	Ownership %	Original purchase date	Original purchase price $'000	Latest independent valuation date	Independent valuation $'000	Additions since valuation $'000	Book value 30 Jun 09 $'000	Book value 30 Jun 08 $'000
NSW								
Site 4B, Sydney Olympic Park NSW	100	Jan-08	8,609	Mar-09	4,000	29	4,029	9,000

Valuer

Property	Valuer	Qualification	Company
Site 4B, Sydney Olympic Park NSW	M Smallhorn	FAPI	Jones Lang LaSalle

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous year are set out below:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Opening balance	9,000	-
Property, plant and equipment purchased	-	8,609
Capital expenditure	644	4,402
Capitalised interest	469	-
Revaluation decrements	(6,084)	(4,011)
Closing balance	**4,029**	**9,000**

9. Investments - parent entity

The parent entity owns units in the following controlled entities, all of which are domiciled in Australia:

Name of controlled entity	Percentage held (units) 30 Jun 2009 %	Percentage held (units) 30 Jun 2008 %	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
120 Pitt Street Trust	100	100	77,559	111,480
175 Pitt Street Trust	100	100	147,760	188,976
Burwood Trust	100	100	118,885	140,984
385 Bourke Street Trust	100	100	160,603	199,787
100 King William Street Trust	100	100	272,433	306,533
Finlay Crisp Centre Trust	100	100	84,691	100,155
259 George Street Trust	100	100	194,563	272,813
475 Victoria Avenue Trust	100	100	4,433	9,874
Colin Street Trust	100	100	22,211	24,211
Ord Street Trust	100	100	23,598	36,091
Parliament Place Trust	100	100	16,961	18,025
Colonial First State Commercial Property Trust	100	100	445,724	575,146
Colonial First State Development Trust	100	100	193,863	240,512
CFCL Property Trust No 1	100	100	63,727	80,682
Freshwater Holding Trust No 1	100	100	152,935	174,071
KSW Holdings Trust	100	100	67,463	77,476
KSW Project Trust	100	100	67,463	77,476
			2,114,872	**2,634,292**

10. Investments in associates

(a) Interests in associates

	Ownership 30 Jun 2009 %	Ownership 30 Jun 2008 %	Carrying amount 30 Jun 2009 $'000	Carrying amount 30 Jun 2008 $'000
Non-current				
Kent Street Trust[2(A)]	50	50	77,852	83,910
Grosvenor Place Holdings Trust[3(A)]	50	50	248,050	292,579
Homebush Bay Trust[1(A)]	50	50	456	51,912
Site 6 Homebush Bay Trust[4(A)]	50	50	31,288	-
Site 7 Homebush Bay Trust[5(A)]	50	50	42,375	-
PIF Managed Property Pty Limited[6]	50	50	-	-
Grosvenor Place Pty Limited[7]	25	-	-	-
			400,021	**428,401**

(A) The titles to these properties are leasehold.

1 In July 2008, Homebush Bay Trust entered into a put and call option arrangement to divest its investment of 10 Dawn Fraser Avenue, Sydney Olympic Park NSW. The transaction was settled on 19 December 2008 for a consideration of $104.5 million. The Fund owns 50% of the units of Homebush Bay Trust. It has been determined that the Fund's 50% interest in the Trust does not represent control.

2 The Fund owns 50% of the units in the Kent Street Trust, which in turn owns 50% of 201-207 Kent Street, Sydney. The Fund therefore indirectly owns 25% of the property. At 30 June 2009, the property was independently valued at $290.0 million (100%) (2008: $309.0 million). It has been determined that the Fund's 50% interest in the Trust does not represent control. The Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Kent Street Trust.

3 The Fund owns 50% of the units in the Grosvenor Place Holdings Trust, which in turn owns 50% of 225 George Street, Sydney. The Fund therefore indirectly owns 25% of the property. At 30 June 2009, the property was independently valued at $1.0 billion (100%) (2008: $1.2 billion). It has been determined that the Fund's 50% interest in the Trust does not represent control. The Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Grosvenor Place Holdings Trust.

4 The Fund owns 50% of the units in the Site 6 Homebush Bay Trust, which in turn owns 100% of 4 Dawn Fraser Avenue, Sydney Olympic Park (formerly known as Site 6 Dawn Fraser Avenue). The Fund therefore indirectly owns 50% of the property. The property reached practical completion in August 2008. In June 2009, it was independently valued at $62.5 million (100%). As at 30 June 2009, the Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Trust. The Trust previously carried an asset, being the costs incurred on the property developments, and an equal and offsetting liability, being a loan from the joint owners of the Trust. The loan balance of $35,642,000 was converted to units on issue of the Trust upon practical completion. It has been determined that the Fund's 50% interest in the Trust does not represent control.

5 The Fund owns 50% of the units in the Site 7 Homebush Bay Trust, which in turn owns 100% of 2 Dawn Fraser Avenue, Sydney Olympic Park (formerly known as Site 7 Dawn Fraser Avenue). The Fund therefore indirectly owns 50% of the property. The property reached practical completion in December 2008. In June 2009, it was independently valued at $85.5 million (100%). As at 30 June 2009, the Fund's equity accounted investment includes its share of the non-property assets and liabilities of the Trust. The Trust previously carried an asset, being the costs incurred on the property developments, and an equal and offsetting liability, being a loan from the joint owners of the Trust. The loan balance of $43,378,000 was converted to units on issue of the Trust upon practical completion. It has been determined that the Fund's 50% interest in the Trust does not represent control.

6 In February 2004, the Fund established an effective 50% interest in PIF Managed Property Pty Limited at a nominal cost of $10. The net assets at balance date were $10. It has been determined that the Fund's 50% interest in the company does not represent control.

7 On 21 November 2008, the Fund purchased a 25% interest in Grosvenor Place Pty Limited from Commonwealth Funds Management Pty Limited at a nominal cost of $25. Grosvenor Place Pty Limited is a dormant company with net assets of $100.

All associates are domiciled in Australia, and their principal activity is investment in office property. There have been no significant changes in the nature of this activity during the year.

(b) Equity accounting information

Share of associates' financial information	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Assets	410,405	501,766
Liabilities	10,384	73,365
Revenue	30,752	70,192
Profit	(36,944)	64,780

Share of associates' commitments and contingent liabilities		
Capital commitments	491	22,906
Lease commitments payable	24,772	30,208
Lease commitments receivable	180,639	165,173
Other expenditure commitments payable	2,691	1,546

11. Interest in joint ventures

The Fund has a 50% participating interest in 2 Southbank Boulevard, Melbourne and 10 Shelley Street, Sydney, and is entitled to 50% of their output. The Fund's interest in the assets employed in the joint ventures are included in the balance sheet in accordance with accounting policy note 1(t) under the following classifications:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
(a) 2 Southbank Boulevard, Melbourne				
Current assets				
Receivables	282	537	282	537
Other	1,510	441	1,510	441
Non-current assets				
Investment properties	78,750	89,611	78,780	89,611
Total assets	**80,542**	**90,589**	**80,542**	**90,589**
Current liabilities				
Payables	4,074	3,552	4,074	3,552
Total liabilities	**4,074**	**3,552**	**4,074**	**3,552**
Share of revenue, expenses and results				
Revenue	16,020	15,792	16,020	15,792
Expenses	4,006	4,213	4,006	4,213
Net profit	**12,014**	**11,579**	**12,014**	**11,579**
(b) 10 Shelley Street, Sydney				
Current assets				
Receivables	15	29	15	29
Other	66	49	66	49
Non-current assets				
Investment properties	67,518	77,505	67,518	77,505
Total assets	**67,599**	**77,583**	**67,599**	**77,583**
Current liabilities				
Payables	136	107	136	107
Total liabilities	**136**	**107**	**136**	**107**
Share of revenue, expenses and results				
Revenue	12,945	12,524	12,945	12,524
Expenses	1,859	1,673	1,859	1,673
Net profit	**11,086**	**10,851**	**11,086**	**10,851**

Share of joint ventures' commitments and contingent liabilities[1]

Lease commitments receivable	157,288	160,032	157,288	160,032

1 These commitments and contingencies are included in the figures disclosed in note 7.

12. Payables

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Current				
Accrued property expenses	11,708	12,627	-	-
Rents received in advance	2,789	412	-	-
Accrued interest expense	1,914	7,535	1,914	7,535
Accrued capital expenditure	23,387	34,813	-	-
Intercompany payable	-	-	139,835	6,642
Facility and margin fees payable	2,791	-	2,791	-
Other	1,967	6,970	2,451	4,381
	44,556	**62,357**	**146,991**	**18,558**

13. Interest bearing liabilities

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Current				
Bank loans	100,000	-	100,000	-
Medium-term notes	-	150,000	-	150,000
	100,000	**150,000**	**100,000**	**150,000**
Non-current				
Bank loans	287,095	435,938	287,095	435,938
Medium-term notes	199,834	199,005	199,834	199,005
US private placement	270,373	213,005	270,887	213,005
	757,302	**847,948**	**757,302**	**847,948**

The Fund and the parent entity have the following facilities available:

		30 Jun 2009			30 Jun 2008		
	Expiry	**Drawn $'000**	**Facility limit $'000**	**Undrawn line of credit $'000**	**Drawn $'000**	**Facility limit $'000**	**Undrawn line of credit $'000**
Bill discount facility	30 Jun 10	100,000	100,000	-	-	100,000	100,000
Bill discount facility	30 Jun 10	-	50,000	50,000	-	50,000	50,000
Bill discount facility	2 Sep 10	210,300	220,000	9,700	219,200	220,000	800
Bill discount facility	19 Mar 11	-	95,000	95,000	-	95,000	95,000
Bill discount facility	11 Aug 11	-	150,000	150,000	132,400	150,000	17,600
Bill discount facility	29 Sep 12*	80,000	250,000	170,000	84,800	150,000	65,200
Medium-term note	8 Sep 08	-	-	-	150,000	150,000	-
Medium-term note	28 Jun 11	200,000	200,000	-	200,000	200,000	-
US private placement	22 Dec 12 to 22 Dec 17	270,888	270,888	-	213,005	213,005	-
		861,188^	**1,335,888**	**474,700**	**999,405**	**1,328,005**	**328,600**

* In June 2009, this bank debt facility was extended from September 2009 to September 2012. The facility was also increased by $100,000,000.
^ In accordance with AASB 139 Financial Instruments: Recognition and Measurement, interest bearing liabilities are carried at amortised cost, net of deferred borrowing costs of $3,884,609 (30 June 2008: $1,457,446). However, for the purpose of this reconciliation, the actual drawn amounts are used and not adjusted to amortised cost valuation.

Security for the facilities is a negative pledge over the Fund's properties, which is supported by the long-term issuer rating of A3 and A- assigned to the Fund by Moody's and Standard & Poor's credit rating services respectively.

14. Units on issue

	No. of units 30 Jun 2009 '000	No. of units 30 Jun 2008 '000	30 Jun 2009 $'000	30 Jun 2008 $'000
Opening balance	1,603,639	1,617,139	1,741,454	1,762,025
Issue of units	257,175	-	205,740	-
Costs for issue of units	-	-	(3,036)	-
Cancellation of units	-	(13,500)	-	(20,571)
Closing balance	**1,860,814**	**1,603,639**	**1,944,158**	**1,741,454**

Rights and restrictions over units
Each unit ranks equally with all other units for the purpose of distributions and on termination of the Fund.

Placement of units
On 30 January 2009, the Fund raised $192,437,000 by issuing 240,545,859 units at an issue price of $0.80 per unit via an institutional placement. This equity was used to pay down debt.

Unitholder purchase plan
An additional $13,303,000 was raised on 12 March 2009 via a unitholder purchase plan (UPP). 16,629,063 units were issued at $0.80 per unit.

Cancellation of units
No units were cancelled for the year ended 30 June 2009. On 26 September 2007, the Fund commenced the on-market buyback of up to 10% (or approximately 161,713,910 units) of its units. The buyback was formally terminated on 28 August 2008. Up to the date of suspension, the Fund had cancelled 13,500,066 units at an average price of $1.52.

15. Reserves

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Undistributed reserves	188,128	847,999	(274,348)	54,026
Available-for-sale investment revaluation reserve	-	-	462,476	793,973
	188,128	**847,999**	**188,128**	**847,999**
Movements:				
Undistributed reserves				
Opening balance	847,999	615,030	54,026	47,429
Responsible Entity's performance fee to be settled in units	35,780	5,618	35,780	5,618
Net profit/(loss)	(543,730)	374,960	(83,171)	148,588
Distributions paid and payable	(151,921)	(147,609)	(151,921)	(147,609)
Closing balance	**188,128**	**847,999**	**(145,286)**	**54,026**
Available-for-sale investment revaluation reserve				
Opening balance	-	-	793,973	567,601
Fair value adjustments of controlled entities and associates	-	-	(331,497)	226,372
Closing balance	**-**	**-**	**462,476**	**793,973**

The closing balance of undistributed reserves consists of:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Unrealised gain on investment property	39,370	568,090	-	-
Unrealised gain/(loss) on investments in associates	80,692	143,218	(1,318)	-
Unrealised loss on investments in controlled entities	-	-	(127,744)	-
Unrealised gain/(loss) on derivative financial instruments	(15,689)	51,751	(15,689)	51,751
Unrealised loss on property, plant and equipment	(10,095)	(4,011)	-	-
Unrealised straight-lining revenue	53,687	45,977	-	-
Responsible Entity's performance fee to be settled in units	41,398	5,618	41,398	5,618
Realised retained earnings/(accumulated losses)	(1,235)	37,356	(170,995)	(3,343)
	188,128	**847,999**	**(274,348)**	**54,026**

Undistributed reserves
This is used to record any movements in undistributed reserves taking into account the net profit generated and the distributions paid and provided for during the year.

Available-for-sale investment revaluation reserve
This is used by the parent entity to record increments and decrements on the revaluation of investments in controlled entities and associates classified as available-for-sale as described in accounting policy note 1(d).

16. Related parties

(a) Responsible Entity and Manager

Commonwealth Managed Investments Limited (CMIL), the Responsible Entity, has appointed Colonial First State Property Limited (CFSPL) as the Manager of the Fund. CMIL is a wholly owned subsidiary of Commonwealth Insurance Holdings Limited (CIHL). CIHL and CFSPL are wholly owned subsidiaries of Commonwealth Bank of Australia (the 'Bank'), the ultimate parent of the group, and are considered to be related parties of the Fund.

(b) Trustee of the Fund's sub-trusts

Commonwealth Custodial Services Limited (ABN 26 000 485 487), the Trustee of the Fund's sub-trusts, is a wholly owned subsidiary of the Bank and is considered to be a related party of the Fund. Commonwealth Custodial Services Limited has not received a fee for acting as Trustee of the sub-trusts.

(c) Rental income

The Bank occupies 18.2% (2008: 24.4%) of the Fund's lettable area. Rents received during the year amounted to $156,349,276 (2008: $68,929,866). The amount outstanding at balance date is $1,354,255 (2008: nil). All leases are based on normal commercial terms and conditions.

(d) Bank accounts

As at 30 June 2009, the Fund has $60,684,499 cash deposited in bank accounts operated by the Bank (2008: $3,977,407). Interest received during the year in relation to these accounts amounted to $789,479 (2008: $752,169). These accounts are provided on normal commercial terms and conditions.

(e) Interest bearing liabilities

The Fund has a borrowing facility with the Bank. This facility is provided on normal commercial terms and conditions. Borrowings outstanding at balance date with the Bank are $80,000,000 (2008: $84,800,000). Amounts paid and payable in respect of the borrowings for the year are $7,168,710 (2008: $10,834,258). No amount was prepaid by the Fund to the Bank in respect of these borrowings as at 30 June 2009 (2008: nil).

The Fund has entered into a number of interest rate swaps with the Bank to fix interest payable on $375,000,000 of the Fund's borrowings as at 30 June 2009 (2008: $250,000,000). The weighted average rate of these swaps is 5.94% (2008: 6.14%) and maturity ranges from 19 October 2009 to 1 December 2011 (2008: 19 October 2009 to 1 December 2011). Interest of $3,131,472 was paid during the year in relation to these swaps (2008: $2,741,368 interest received).

The Fund has also entered into a number of forward dated interest rate swaps with the Bank to fix interest payable on $525,000,000 (2008: $225,000,000) of the Fund's future borrowings. The weighted average rate of these swaps is 5.82% (2008: 5.75%) and maturity ranges from 19 October 2011 to 1 October 2018 (2008: 20 August 2011 to 19 October 2014).

All swaps are on normal commercial terms and conditions.

(f) Property jointly owned by Funds

Direct Property Investment Fund, a related party of the Fund, has a 50% interest in the following trusts:

- Grosvenor Place Holding Trust, which holds a 50% interest in the property known as Grosvenor Place, Sydney, NSW.
- Site 6 Homebush Bay Trust, which holds a 100% interest in 4 Dawn Fraser Avenue, Sydney Olympic Park.
- Site 7 Homebush Bay Trust, which holds a 100% interest in 2 Dawn Fraser Avenue, Sydney Olympic Park.
- Homebush Bay Trust, which held a 100% interest in 10 Dawn Fraser Avenue, Sydney Olympic Park until 19 December 2008.
- Kent Street Trust, which holds a 50% interest in 201-207 Kent Street, Sydney, NSW.

16. Related parties (continued)

(f) Property jointly owned by Funds (continued)

The Fund owns 100% of 120 Pitt Street, Sydney, and 150 and 101 George Street, Parramatta, which are leased by the Bank. Arrangements are in place to the effect that if CMIL ceases to be the Responsible Entity or should the Fund wish to sell the properties, then the Bank has the right to re-acquire the properties at market value.

The Fund also owns a 50% interest in 2 Southbank Boulevard, Melbourne. In respect of this interest, the Fund may be required to sell its interest if CMIL ceases to be Responsible Entity.

Colonial First State Property Limited, a related party of the Fund, owns an effective 50% interest in PIF Managed Property Pty Limited. In the event of a change of the Fund's Responsible Entity to a non-related party of the Commonwealth Bank of Australia, the income stream from PIF Managed Property Pty Limited reverts back to Colonial First State Property Limited.

(g) Details of Key Management Personnel

(i) *Directors*

The Directors of Commonwealth Managed Investments Limited (CMIL), the Responsible Entity of the Commonwealth Property Office Fund, are considered to be Key Management Personnel.

Non-executive Chairman
R M Haddock (from 1 January 2009)
S P Wareing (until 31 December 2008)

Executive Directors
G A Petersen
P A Rayson (alternate for G Petersen) (until 28 July 2009)
G Johnston (alternate for G Petersen) (from 28 July 2009)

Non-executive Directors
J F Kropp
J G Rooney (until 31 December 2008)
M J Venter
N J Milne (from 1 January 2009)

(ii) *Other Key Management Personnel*

In addition to the Directors noted above, the following persons were Key Management Personnel with the authority for the strategic direction and management of the Fund.

Name	**Position**	**Employer**
Darren Steinberg	Head of CFS Global Asset Management Property (from 14 April 2009)	Commonwealth Bank of Australia
	Head of Listed Funds (until 14 April 2009)	Commonwealth Bank of Australia
Charles Moore	Fund Manager	Commonwealth Bank of Australia
James O'Leary	Former Head of Property and Alternative Investments (until 14 April 2009)	Commonwealth Bank of Australia

16. Related parties (continued)

(g) Details of Key Management Personnel (continued)

(iii) *Remuneration of Key Management Personnel*

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in note 16(h). No other amounts are paid by the Fund directly or indirectly to the Key Management Personnel for services provided to the Fund.

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity. Remuneration of non-executive Directors is paid directly by the Responsible Entity or related party. Executive Directors are employed as executives of Commonwealth Bank of Australia, and in that capacity, part of their role is to act as a Director of the Responsible Entity. Other Key Management Personnel, are employed and paid by the Bank. Consequently, no compensation as defined in AASB 124 Related Parties is paid by the Fund to its Key Management Personnel, other than that paid to the Responsible Entity.

(h) Responsible Entity fees

In accordance with the Fund Constitution, CMIL is entitled to receive a base fee of 0.45% per annum of the gross asset value of the Fund less any derivative financial instrument assets, calculated and accrued on a monthly basis and payable quarterly in arrears.

The Responsible Entity's base fee for the year ended 30 June 2009 is $16,025,562 (30 June 2008: $16,469,969). As at 30 June 2009, the total amount owed to the Responsible Entity in relation to base fees is $3,641,961 (30 June 2008: $4,199,387).

The Responsible Entity is also entitled to a performance fee which is paid via the issue of units to the Manager. The performance fee is calculated and payable, if entitled, each half-year at December and June. Hence, the disclosure below is set out in six-month periods. The number of units to be issued upon settlement of the performance fee is based on the higher of the Fund's net tangible assets (NTA) and the ten day volume weighted average price (VWAP) as at the date of settlement. These units will only be issued following the next six-month period in which the Fund achieves positive, absolute performance.

The performance fee is paid if the Fund's total return (distributions and unit price performance) exceeds the S&P/ASX 200 Commercial Property Accumulation Index (excluding CPA). The amount is calculated as 5% of the Gross Asset Value (GAV) for the first 1% of outperformance and 15% for outperformance in excess of 1%.

The current year realised performance fee is capped at 0.15% of the Fund's gross asset value per six-month period, based on performance since the date of last reset.

The measurement of outperformance will be assessed on a cumulative basis, meaning any underperformance needs to be earned back before the Responsible Entity can earn performance units (refer to the Fund constitution for the complete method of calculation of the performance fee).

The performance fee for the year ended 30 June 2009 is $10,682,137 (30 June 2008: $5,618,321). Additionally, the Fund has recognised the fair value of 'carry-over' outperformance as $25,098,020 (2008: nil).

The relative performance of the Fund to the Index is set out in the following table:

16. Related parties (continued)

(h) Responsible Entity fees (continued)

	2009 financial year	2008 financial year
	Total return	Total return
Determination of performance fee at 31 December	%	%
Performance since date of last reset[1]: Reconciliation – six-month performance (31 December 2007: 18-month performance)		
Opening 'carry-over' outperformance	4.33	-
Commonwealth Property Office Fund[1]	(7.98)	16.56
Commercial Property Trust Accumulation Index[1]	(50.60)	19.27
Current out/(under) performance	42.62	(2.71)
'Carry-over' out/(under) performance	46.95	(2.71)
'Carry-over' absorbed to fund maximum performance fee for the half-year	(1.67)	(1.67)
Closing 'carry-over' outperformance	45.28	-
	$'000	**$'000**
Performance fee for the six months to 31 December	5,567	-
Determination of performance fee at 30 June	%	%
Performance since date of last reset[1]: Reconciliation – 12-month performance (30 June 2008: 24-month performance)		
Opening 'carry-over' outperformance	45.28	-
Commonwealth Property Office Fund[1]	(30.19)	(3.78)
Commercial Property Trust Accumulation Index[1]	(19.24)	(9.78)
Current out/(under) performance	(10.95)	6.00
'Carry-over' out/(under) performance	34.33	-
'Carry-over' absorbed to fund maximum performance fee for the half-year	(1.67)	(1.67)
Closing 'carry-over' outperformance	32.66	4.33
	$'000	**$'000**
Performance fee for the six months to 30 June	5,115	5,618
Total capped performance fees for the year[2]	10,682	5,618
Movement in fair value of 'carry-over' outperformance[3]	25,098	-
Total performance fee recognised in the income statement[3]	35,780	5,618
Corresponding transfer from equity to top-up distribution payable[4]	30,665	5,618

1 Calculated in accordance with the customised index provided by Standard & Poor's. The 20-day volume weighted average price (VWAP) is used in both the Fund's price and in the Commercial Property Trust Accumulation Index and the Fund's price is excluded from the index. In accordance with the performance fee methodology, the performance fee is determined on the Fund's performance since the last period in which a performance fee was accrued (the date of last reset).
2 Performance fee is capped at 0.15% of the Fund's gross average asset value per six-month period, based on performance since the date of last reset.
3 Although the amount of the performance fee to be paid each period is capped, the 'carry-over' outperformance may be used to absorb performance fee entitlement in future periods. The fair value of the outperformance has been calculated by assigning probabilities to the likelihood of paying capped performance fees in future periods, and discounting these estimated cash flows to the balance date (refer note 1(w)).
4 Up to 31 December 2008, for each distribution period, an amount equal to the performance fee expense was transferred from equity to increase the available distribution per unit. Any amounts not distributed were transferred to undistributed reserves. The capped performance fee recognised in the income statement for the six months to 31 December 2008 was $5,567,320 and the fair value of 'carry-over' outperformance is $25,098,020. From 1 January 2009, the distribution policy was amended so that the amount of the performance fee expense is no longer transferred from equity to increase the amount available for distribution.

16. Related parties (continued)

(i) Related party unitholdings

Directors, employees and associates of CMIL and entities controlled by the Bank may hold investments in the Fund. Such investments were purchased on normal commercial terms and were at arm's length. The number of units held by Directors of CMIL and CFSPL (including entities controlled, jointly controlled or significantly influenced by them), the Bank and other funds managed by Bank related entities are as follows:

	Parent entity Number of fully paid units 30 Jun 2009	Parent entity Number of fully paid units 30 Jun 2008
Commonwealth Bank of Australia and related entities	209,594,196	213,683,173
Dunefort Pty Limited*	6,250	20,000
Joal Pty Limited**	-	105,000

* Dunefort Pty Limited is the trustee for the self-managed superannuation fund of N J Milne, who was appointed as a non-executive Director of CMIL from 1 January 2009.
** Mr J G Rooney, who was a non-executive Director of CMIL until 31 December 2008, is also a director of this entity.

(j) Other related party transactions

Identity of related party	Nature of relationship	Type of transaction	Terms and conditions	12 months to 30 Jun 2009 $	12 months to 30 Jun 2008 $
Colonial First State Management Pty Ltd	Property manager of the Fund	Property management fees paid/payable by the Fund to Colonial First State Management Pty Ltd	Arm's length in accordance with the property management agreement	10,279,610	8,683,181
Colonial First State Management Pty Ltd	Development manager of the Fund	Development fees paid/payable by the Fund to Colonial First State Management Pty Ltd	Arm's length in accordance with the development management agreement	1,444,508	55,702

(k) Alignment fee income

The Fund is entitled to an alignment fee from the owners of Colonial First State Management Pty Ltd, being an income stream related to its earnings. Total alignment fee income of the Fund for the year ended 30 June 2009 was $367,460 (2008: $380,000).

17. Auditor's remuneration

	Consolidated 30 Jun 2009 $	Consolidated 30 Jun 2008 $	Parent entity 30 Jun 2009 $	Parent entity 30 Jun 2008 $
Amounts received or due and receivable by the auditor of the Fund:				
Audit fees – Ernst & Young	-	7,813	-	7,813
Audit fees – PricewaterhouseCoopers	202,242	222,485	204,544	222,485
Other fees – PricewaterhouseCoopers	15,352	20,888	11,255	20,888
	217,594	**251,186**	**215,799**	**251,186**

18. Segment information

The Fund operates only in the property and related investment industry in Australia.

19. Management expense ratio (MER)

MER is the ratio of expenses pertaining to the management of the Fund to total average assets. Total average assets is the average of total assets at the beginning and end of each month.

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Actual MER related expenses	28,552	24,167
Total average assets	3,585,746	3,649,869
MER %	**0.80**	**0.66**

MER related expenses include Responsible Entity's base and performance fee (excluding the movement in the fair value of the unrealised performance fee), auditor's remuneration, registry and CHESS fees and other operating expenses as disclosed in the income statement.

20. Notes to the cash flow statement

Reconciliation of net profit to net cash provided by operating activities:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Net (loss)/profit	(543,730)	374,960	(83,171)	148,588
Straight-lining revenue	(7,684)	(15,344)	-	-
Increase/(decrease) in payables	(6)	9,261	(445)	4,695
Increase in receivables and other assets	(1,299)	(8,568)	(27,560)	(120,178)
Interest capitalised	(469)	(2,688)	(469)	(2,688)
Provision for performance fee to be settled in units	35,870	5,618	35,870	5,618
Fair value adjustments to investment properties, property, plant and equipment and associates	597,343	(211,022)	-	-
Impairment of investments in controlled entities and associates	-	-	129,062	-
Fair value adjustments to derivatives	68,537	(18,022)	68,537	(18,022)
Payments for derivatives	(1,137)	-	(1,137)	-
Amortisation of leasehold improvement	14,113	-	-	-
Net cash provided by operating activities	**161,448**	**134,195**	**120,688**	**18,013**

Reconciliation of cash
For the purposes of the cash flow statement, cash and cash equivalents represents cash at call and money market securities.

Financing arrangements
Refer to note 13 for details of the Fund's debt facilities. The Fund has no other lines of credit.

21. Non-cash financing and investing activities

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Distributions reinvested				
– Grosvenor Place Holding Trust	7,696	15,858	7,696	15,858
– Site 6 Homebush Bay Trust	964	-	964	-
– Site 7 Homebush Bay Trust	2,518	-	2,518	-
	11,178	15,858	11,178	15,858
Loan to Site 6 Homebush Bay Trust settled via receipt of additional units	35,642	-	35,642	-
Loan to Site 7 Homebush Bay Trust settled via receipt of additional units	43,378	-	43,378	-

22. Earnings per unit

	Consolidated Year ended 30 Jun 2009	Consolidated Year ended 30 Jun 2008
Basic earnings in cents per unit	(31.8)	23.3
Diluted earnings in cents per unit	(31.3)	23.3
Alternative basic earnings per unit:		
Basic earnings per unit before fair value adjustments to investment property, property, plant and equipment, associates and derivatives, straight-lining of fixed rental increases and amortisation of fit-out incentives	9.0	8.9
The weighted average number of units used in the calculation of basic earnings per unit ('000)	1,708,164	1,608,516
The number of units used in the calculation of diluted earnings per unit ('000)	1,739,389	1,611,984

Basic earnings per unit is calculated as net profit divided by the weighted average number of units.

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the additional ordinary units assuming the performance fees are settled through the issue of units.

Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share ('000)	1,708,164	1,608,516
Adjustments for calculation of diluted earnings per share:		
Performance fees settled through the issue of units ('000)*	31,225	3,468
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating the diluted earnings per share ('000)	1,739,389	1,611,984

*The number of units to be issued upon settlement of the performance fee is based on the higher of the Fund's net tangible assets (NTA) and the ten day volume weighted average price (VWAP) as at the date of payment when payable. The number of units calculated has used the NTA and VWAP as at 30 June.

22. Earnings per unit (continued)

The alternative basic earnings per unit is calculated as net profit/loss before fair value adjustments to investment properties, property, plant and equipment, associates, derivatives and performance fee, and straight-lining of fixed rental increases divided by the weighted average number of units.

The following reflects the income data used in the basic, diluted and alternative earnings per unit computations:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Net profit/(loss) (used in calculating basic and diluted EPU)	(543,730)	374,960
Adjusted for:		
Fair value adjustments to investment properties, property, plant and equipment and associates	597,343	(211,022)
Fair value adjustments to derivatives	68,537	(18,022)
Fair value of 'carry-over' out performance	25,098	-
Straight-lining of fixed rental increases	(7,684)	(15,344)
Amortisation of fit-out incentives	14,705	13,919
Net profit (used in calculating alternative EPU)	**154,269**	**144,491**

23. Capital and financial risk management

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Constitution and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

Capital and financial risk management is carried out by the Manager through the Capital Strategy and Risk Management Group (CSRM). CSRM identifies, evaluates and hedges financial risks in consultation with the Fund Manager and reports directly to the Capital Management Committee (CMC). The CMC is charged with overseeing the capital and financial risk management function under policies approved by the Manager's and Responsible Entity's Board of Directors (Board) and in accordance with the Fund Constitution and compliance plan.

On an annual basis, the Fund's capital management strategy is reviewed and adjusted where necessary by CSRM in conjunction with the Fund Manager and presented to the CMC and Board for approval. This strategy includes the debt and hedging strategy overview for the Fund.

The Fund's objective when managing its capital requirements is to maintain an optimal capital structure to reduce the cost of capital, considering the balance between risks and returns to investors,
while ensuring the Fund:

- complies with capital requirements of the Constitution, regulatory authorities and lenders
- maintains a strong credit rating, and
- continues to operate as a going concern.

Throughout the capital management process, the Fund considers any likely impact its actions may have on the financial strength ratings set down by independent ratings agencies. The Fund aims to retain the financial strength rating of 'A-/A-2' from Standard & Poor's and 'A3/P-2' from Moody's. As at 30 June 2009, the Fund's most restrictive debt covenants are a Loan to Value Ratio (LVR) below 40% (calculated as total liabilities divided by total property assets) and an interest coverage ratio of at least 2.0 times. As at 30 June 2009, total liabilities divided by total property assets was 33.7% (2008: 31.6%) and the interest coverage was 3.3 times (2008: 2.9 times). From 28 July 2009, the Fund's most restrictive LVR covenant was a LVR below 45%. Any change to these ratings may have an impact on the Fund's ability to access funding and the cost at which it can be secured.

The Fund may alter its capital mix by drawing upon existing credit facilities, issuing new securities, offering a distribution plan, underwriting the distribution reinvestment plan, divesting assets to repay borrowings, or undertaking a security buy - back program.

23. Capital and financial risk management (continued)

The financial risks arising from the Fund's activities are credit risk, liquidity risk, foreign exchange risk, interest rate risk and other price risk. The Manager uses different methods to measure exposure to different types of risk. These risk management methods include ageing analysis and selection of appropriately rated counterparties to manage credit risk, financial modelling of future rolling cash flow forecasts for liquidity risk, and sensitivity analysis in the case of interest rate and other price risks (refer note 23(f)). The Fund uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

It is, and has been throughout the year under review, the Fund's policy that derivatives are used for hedging purposes only and not as speculative or trading instruments.

The Fund's principal financial instruments, other than derivatives, comprises bank debt, medium-term notes and US dollar senior fixed rate notes. The main purpose of these financial instruments is to raise finance for the Fund's operations. The Fund has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

(a) Credit risk

Credit risk represents the financial loss that would be recognised if counterparties failed to perform as contracted. Credit risk primarily arises from trade and other receivables and derivative financial instruments. The maximum exposure to credit risk at the reporting date is the carrying amount of these assets recognised in the balance sheet.

Credit risk on trade receivables is managed by the Fund Manager and the external managing agents for the properties. The Fund objective is to find high quality tenants predominantly with a stable credit history.

Individual tenants are initially analysed for creditworthiness and the Fund may also obtain security in the form of rent deposits or guarantees which can be called upon in the event of default under the terms of the lease. A regular review of trade receivables ageing analysis is undertaken by the property managing agents of the Fund and reported to the Fund.

The Fund's ageing analysis of trade receivables is as follows:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
0-30 days	-	271	-	-
31-60 days	2,344	800	-	-
61-90 days	706	121	-	-
90+ days	203	752	-	-
Total	3,253	1,944	-	-
Impaired	-	-	-	-

There are no financial assets that would have otherwise been past due and impaired that have had renegotiated terms.

Credit risk on trade receivables is considered low as there is no concentration of material risk from any individual tenant.

Credit risk on derivative contracts is minimised as the counterparties are recognised financial intermediaries with an S&P long-term corporate credit rating of A- or higher or Moody's equivalent A3 rating. Where ratings agencies assign different ratings to an entity, the lower rating will be applied to the counterparty. Counterparties also must hold an AFS licence and $10 million of tier one capital or be an Approved Deposit Institution (ADI).

Counterparty credit limits are allocated between the available counterparties and subject to regular review by the CMC. An annual review of the approved panel of counterparties is undertaken by the CMC and any additions to the panel must have CMC endorsement.

23. Capital and financial risk management (continued)

(b) Liquidity risk
Liquidity risk refers to the risk that the Fund will not have sufficient cash to settle a transaction on a due date.

The Fund manages liquidity risk by prudent monitoring of cash levels, through the use of a detailed fund model which allows for continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Fund maintains access to funding through committed credit facilities, and the option to raise funds through the issue of new securities or through a Dividend Reinvestment Plan (DRP).

The Fund had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000	Parent entity 30 Jun 2009 $'000	Parent entity 30 Jun 2008 $'000
Floating rate				
Expiring within one year (bill facility)	50,000	-	50,000	-
Expiring beyond one year (bill facility)	424,700	328,600	424,700	328,600
Total	**474,700**	**328,600**	**474,700**	**328,600**

A key component of liquidity risk is refinancing risk, which arises when the Fund is required to refinance existing debt positions or undertake new debt. A change in the Fund's credit rating or unfavourable credit market conditions, including increased interest rate and credit margins, may impact the availability and acceptable pricing of required finance for the Fund's operations. Refinancing risk is managed by the Fund by diversifying the sources of debt and spreading the maturities of borrowings and interest rate swaps. The impact on the Fund's credit rating is considered when analysing potential transactions.

As part of the Fund's risk monitoring process with regard to debt covenant requirements, quarterly/six-monthly 'stress testing' is carried out by the Fund Manager and CSRM. The basis of this testing is to determine the impact against the base case used in the fund model on the Fund's loan to value ratio (LVR) when subjected to certain market 'shock' scenarios, such as a (10% - 30%) decrease in asset values, or the impact on the Fund's interest cover ratio (ICR) as a result of a similar (10% - 30%) decrease in market rental income levels. The results of the 'stress testing' are used to evaluate and manage the risk profile of the Fund with regard to its debt covenant obligations. In each scenario, the tests have not resulted in any breaches of the Fund's debt covenant obligations.

Maturities of financial liabilities
The table below shows the Fund's financial liabilities and net and gross settled derivative financial liabilities in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows including interest payments for the remaining period of the contract. Principal amounts are assumed to be paid at the expiry date of the facility. Future cash flows on floating rate debt and interest rate swaps have been estimated assuming rates prevailing at balance date remain constant for each instrument. Future payments on US$-denominated debt and the offsetting receipts from cross-currency swaps are estimated assuming the exchange rate at balance date remains constant for the remaining periods of the instruments.

The Fund intends to obtain funding to meet payment obligations either by drawing upon existing undrawn facilities or by establishing new lines of credit as required.

The weighted average debt maturity is 3.0 years (2008: 3.3 years). The weighted average maturity on floating to fixed interest rate swaps is 6.2 years (2008: 5.2 years).

23. Capital and financial risk management (continued)

(b) Liquidity risk (continued)

Consolidated

As at 30 June 2009	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount $'000
Non-derivatives						
Non-interest bearing						
Payables	44,556	-	-	-	44,556	44,556
Responsible Entity's base fee payable	3,642	-	-	-	3,642	3,642
Distribution payable	78,154	-	-	-	78,154	78,154
Variable rate						
Bill discount facility	114,319	215,179	83,783	-	413,281	387,095
Medium-term notes	2,169	62,169	-	-	64,338	59,950
Fixed rate						
Medium-term notes	9,240	149,265	-	-	158,505	139,884
US medium-term notes	14,618	14,618	99,487	202,910	331,633	270,373
Total non-derivatives	266,698	441,231	183,270	202,910	1,094,109	983,654
Derivatives[1]						
Net settled (interest rate swaps)	(4,165)	(4,165)	14	-	(8,316)	(5,526)
Gross settled						
- inflow	(10,971)	(10,971)	(110,511)	(198,126)	(330,578)	(4,397)
- outflow	10,320	10,320	108,832	197,240	326,711	
Total derivatives	(4,816)	(4,816)	(1,665)	(886)	(12,183)	(9,923)

Consolidated

As at 30 June 2008	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount $'000
Non-derivatives						
Non-interest bearing						
Payables	62,357	-	-	-	62,357	62,357
Responsible Entity's base fee payable	4,199	-	-	-	4,199	4,199
Distribution payable	73,767	-	-	-	73,767	73,767
Variable rate						
Bill discount facility	35,190	115,837	370,400	-	521,427	435,938
Medium-term notes	53,947	4,925	64,911	-	123,783	107,556
Fixed rate						
Medium-term notes	114,427	9,240	149,240	-	272,907	241,449
US medium-term notes	10,971	10,971	95,790	165,552	283,284	213,005
Total non-derivatives	354,858	140,973	680,341	165,552	1,341,724	1,138,271
Derivatives[1]						
Net settled (interest rate swaps)	2,266	2,266	2,234	-	6,766	6,107
Gross settled						
- inflow	(10,971)	(10,971)	(95,790)	(165,551)	(283,283)	-
- outflow	22,384	22,384	146,314	228,225	419,307	53,484
Total derivatives	13,679	13,679	52,758	62,674	142,790	59,591

1 This analysis includes cash flows from derivatives that are in a mark-to-market liability position on the balance sheet. Additionally, net cash inflows will be generated from derivatives that are in a mark-to-market asset position on the balance sheet.

Parent

The anticipated cash flows for the parent are the same as for the Fund with the exception of non-interest bearing payables which for the parent are $228,787,000 (30 June 2008: $96,524,000), which are all due within twelve months.

23. Capital and financial risk management (continued)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

The Fund manages its interest cost using a mix of fixed and variable rate debt. To limit exposure to interest rate fluctuations in order to establish certainty over long-term cash flows, the Fund's policy is to keep between 70% and 85% of its borrowings at fixed rates of interest. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. As at 30 June 2009, 105% of the Fund's borrowings are at fixed rates of interest. The hedging percentage exceeds the upper band of the guidelines due to forecasted borrowings, at the time hedges were put in place, exceeding subsequent actual borrowings. To manage exposure to interest rate risk, the Fund enters into interest rate swaps, in which the Fund agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Refer note 23(f) for interest rate sensitivity analysis.

As at 30 June 2009, the Fund's exposure to floating interest rates on Australian dollar debt has been hedged with interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates or vice versa. While the Responsible Entity has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in the income statement.

As at the reporting date, the Fund had the following variable rate borrowings and interest rate swap contracts outstanding:

	Consolidated 30 Jun 2009 $'000	Consolidated 30 Jun 2008 $'000
Bill discount facility	390,300	436,400
Medium-term notes	60,000	321,005
Interest rate swaps	(760,000)	(633,000)
Net exposure to cash flow interest rate risk	(309,700)	124,405

An analysis of maturities is provided in (b) above.

(d) Foreign exchange risk

Foreign exchange risk is the risk that the value and cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As the Fund holds financial instruments denominated in currencies other than the Australian dollar, it is therefore exposed to this risk.

This risk is managed through the use of cross-currency swaps which hedge the changes in the fair value of the US dollar denominated debt relating to changes in foreign currency exchange rates and the benchmark US dollar interest rate, in accordance with the hedging objectives set out by the Fund.

The hedge relationship is highly effective as all key terms of the hedge instruments, being the consolidated notional principal of the cross-currency swaps and the consolidated underlying cash flows, coincide with the hedged item. As a result, no portion of the change in fair value of the cross-currency swap is ineffective. The Fund is exposed to some foreign exchange risk, however, as a movement in the USD/AUD exchange rate will have an effect on the Fund's LVR. Assuming no movements in the yield curve, if the USD/AUD exchange rate were to decline to 61 cents, the key LVR requirement calculated as total liabilities over total assets would increase by 1.9% to 34.5%.

At 30 June 2009, the Fund has hedged 100% (2008: 100%) of the US$200,000,000 senior unsecured fixed-rate notes with cross currency swaps. The Trust made a gain of $4,398,000 through fair value adjustments to its cross-currency swaps, offset by a corresponding loss on the underlying US dollar denominated debt (2008: a loss of $11,072,000 on cross-currency swaps was offset by a corresponding gain on the underlying debt). Therefore there is no net income impact to the income statement.

23. Capital and financial risk management (continued)

(e) Other price risk
The Fund's financial instruments include performance fees payable which are determined by reference to the Commercial Property Trust Accumulation Index. This index is influenced by a range of factors which are outside of the control of the Fund. Due to the nature of this risk, financial instruments are not used to manage the Fund's exposure. The sensitivity analysis (per note 23(f)) measures the impact of movement in the index on Fund profit and loss and equity.

(f) Summarised sensitivity analysis
The following table summarises the impact on Fund profit or loss and equity of a reasonably possible upwards or downwards movement in each of the risk variables below, assuming that all other variables remain constant. These movements are based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates volatility of the commercial property index. Due to unexpected market conditions, actual movements may be greater than anticipated and therefore these ranges should not be used as a definitive indicator of future movements in the stated risk variables.

Interest rate risk represents the effect of a change in interest rates applied to the interest rate risk exposures at balance date, including the estimated change in the value of financial instruments that are carried at fair value. Cash and floating rate debt at balance date are multiplied by the reasonably possible change in interest rates to determine the effect on net profit for the year. The Fund's financial instruments whose carrying values are affected by changes in interest rates are interest rate swaps and performance fees carried at fair value. In calculating the change in value of interest rate swaps, a change in interest rates at balance date is assumed to result in a parallel shift in the forward yield curve. An increase in interest rates of up to 100 basis points (1%) or a decrease of up to 100 basis points (1%) is considered to be reasonably possible in the current economic environment.

Other price risk represents the estimated change in the value of performance fees payable, resulting from a change in the Fund's benchmark commercial property index provided by Standard & Poor's. While the index may be volatile from one six-month period to the next, for the purpose of this analysis a 10% change in the index at balance date has been assumed to be reasonably possible. The analysis assumes all other variables at balance date, including the Fund's unit price, are unchanged.

2009	**Interest rate risk**				**Other price risk**			
	Impact on profit Increase / (decrease)		**Impact on equity Increase / (decrease)**		**Impact on profit Increase / (decrease)**		**Impact on equity Increase / (decrease)**	
	+100bps $'000	**-100bps $'000**	**+100bps $'000**	**-100bps $'000**	**+10% $'000**	**-10% $'000**	**+10% $'000**	**-10% $'000**
Cash and cash equivalents	611	(611)	-	-	-	-	-	-
Borrowings	(470)	470	-	-	-	-	-	-
Derivatives*	26,803	(45,658)	-	-	-	-	-	-
Payables	-	-	-	-	2,345	(2,285)	-	-
	26,944	**(45,799)**	**-**	**-**	**2,345**	**(2,285)**	**-**	**-**

2008	**Interest rate risk**				**Other price risk**			
	Impact on profit Increase / (decrease)		**Impact on equity Increase / (decrease)**		**Impact on profit Increase / (decrease)**		**Impact on equity Increase / (decrease)**	
	+100bps $'000	**-100bps $'000**	**+100bps $'000**	**-100bps $'000**	**+10% $'000**	**-10% $'000**	**+10% $'000**	**-10% $'000**
Cash and cash equivalents	42	(42)	-	-	-	-	-	-
Borrowings	(1,779)	1,779	-	-	-	-	-	-
Derivatives*	28,570	(30,635)	-	-	-	-	-	-
Payables	-	-	-	-	5,618	(8,320)	5,618	(8,320)
	26,833	**(28,898)**	**-**	**-**	**5,618**	**(8,320)**	**5,618**	**(8,320)**

* The fair value movement of derivatives does not have any impact on distribution.

Parent
Estimated impacts on profit and equity for the parent are materially the same as those for the Fund.

23. Capital and financial risk management (continued)

(g) Fair value of financial assets and liabilities

The fair value of financial assets and liabilities included on the balance sheet approximates their carrying value except for interest bearing borrowings. The fair values of interest bearing borrowings have been calculated by discounting the expected future cash flows by market swap rates applicable to the relevant term of the borrowing, and appropriate margins for borrowings with similar risk profiles. The fair values are then adjusted for transaction costs.

The fair value of derivative financial instruments is based on certain assumptions about future events and involves significant estimates. The recent volatility in global financial markets has made it difficult to estimate with certainty the present value of the estimated future cash flows. The fair value of derivatives reported at 30 June 2009 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

The carrying amounts and fair values of interest bearing borrowings for the Fund and parent entity are:

	Carrying amount 2009 $'000	Fair value 2009 $'000	Carrying amount 2008 $'000	Fair value 2008 $'000
Medium-term notes	199,834	193,093	349,005	349,722
Bank debt facility	387,095	382,315	435,938	435,935
Cross currency swaps	270,373	270,373	213,005	212,288
Total interest bearing borrowings	**857,302**	**845,781**	**997,948**	**997,948**

Refer to note 1(c) for valuation of investments in associates, note 1(d) for available-for-sale assets, note 1(i) for derivative financial instruments, note 1(w) and 16(h) for performance fee liabilities, note 1(k) for receivables and payables and note 1(l) for interest bearing liabilities.

24. Subsequent events

On 28 July 2009, the Fund negotiated a change to its debt covenant on some of its existing facilities. The debt facilities included existing Medium Term Notes (MTNs) issued by the Fund and a number of bank debt facilities. The change related to increasing the LVR covenant from 40% to 45%. As a result, all of the Fund's LVR covenants are now subject to a 45% threshold.

On 28 July 2009, Mr Paul Rayson resigned as an Alternate Director to Grahame Petersen and was replaced by Gregg Johnston.

On 31 July 2009, the sale of 300 Queen Street, Brisbane for $110.0 million was settled. The proceeds from this sale, as well as the net $41.0 million ($41.5 million sale price net of selling costs and adjustments of $0.5 million) received from the sale of 53 Ord Street, West Perth in June 2009, were used to pay down debt.

On 18 August 2009, the Fund announced an amendment to the distribution policy, ceasing the practice of using debt to fund the majority of building maintenance capital expenditure required to maintain the property portfolio. This adjustment, effective from 1 July 2009, results in the Fund distributing either 70% to 80% of the adjusted profit available for distribution, or taxable income, whichever is the greater for any financial period. The adjustment will assist in providing further strength and flexibility for the Fund's balance sheet.

There have been no other significant events occurring after balance date which may affect either the Fund's operations or the results of those operations or the state of affairs of the Fund, not otherwise disclosed in this report.

25. Contingencies

(a) Contingent liabilities
The Fund has no contingent liabilities as at 30 June 2009.

(b) Contingent assets
In May 2009, the Fund was awarded $4,103,000 from the Department of Innovation, Industry, Science and Research as part of the Green Building Fund to help improve the energy efficiency of buildings in its direct property funds. The Green Building Fund was established by the Australian Government to reduce the impact of Australia's built environment on greenhouse gas emissions, by reducing the energy consumed in the operation of existing commercial office buildings.

The significant beneficiaries of the proceeds included:

- 385 Bourke Street, Melbourne, received $2,696,000 to implement a wind array proposal which involves constructing wind turbines on top of the 41-storey tower, and
- 60 Castlereagh Street, Sydney, received $411,000 for a mechanical service upgrade.

The grants will be paid in instalments over the course of the projects to which they relate. $820,064 was received by the Fund in June 2009 and recognised as deferred income within 'other payables'. Future instalments will only be paid after the Fund has reached certain milestones and satisfied the reporting and other criteria as set out in the grant agreements. Though it is considered probable that the Fund will fulfil the criteria outlined in the grant agreements and will receive the remaining $3,283,000, the existence of the conditions attached to its receipt has resulted in the amount being classified as a contingent asset.

26. Net tangible asset backing per unit

	Consolidated 30 Jun 2009	Consolidated 30 Jun 2008	Parent entity 30 Jun 2009	Parent entity 30 Jun 2008
Net tangible assets ($'000)	2,132,286	2,589,453	2,132,286	2,589,453
Net tangible asset backing per unit ($)	1.15	1.62	1.15	1.62

Net tangible asset backing is calculated by dividing the equity attributable to unitholders of the Fund, adjusted for any intangible assets, by the number of ordinary units on issue. The number of units used in the calculation can be found in note 14.

Commonwealth Property Office Fund
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Commonwealth Managed Investments Limited, the Responsible Entity for the Commonwealth Property Office Fund, we declare that:

(a) in the opinion of the Directors, the financial statements and notes set out on pages 8 to 45 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Fund and its controlled entities' financial position as at 30 June 2009 and of the performance for the year ended on that date; and
   (ii) complying with Accounting Standards and the Corporations Regulations 2001 and the Fund Constitution; and

(b) in the opinion of the Directors, there are reasonable grounds to believe that the Fund and its controlled entities will be able to pay their debts as and when they become due and payable; and

(c) the Directors have been given the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2009.

Signed in accordance with the resolution of the Directors of Commonwealth Managed Investments Limited.

Richard M Haddock

Richard Haddock
Director

Sydney
18 August 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent auditor's report to the unitholders of Commonwealth Property Office Fund

Report on the financial report

We have audited the accompanying financial report of Commonwealth Property Office Fund (the registered scheme), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Commonwealth Property Office Fund and the Commonwealth Property Office Fund Group (the consolidated entity). The consolidated entity comprises the registered scheme and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the responsible entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the unitholders of Commonwealth Property Office Fund (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Commonwealth Property Office Fund is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Registered Scheme's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

PricewaterhouseCoopers

Peter van Dongen
Partner

Sydney
18 August 2009