

HEATHLEY DIVERSIFIED PROPERTY FUND

INFORMATION ON WITHDRAWAL OFFERS

WITHDRAWAL OFFERS IN WRITING

The Manager, Heathley Asset Management Limited, intends to make available quarterly Withdrawal Offers in relation to the *Heathley Diversified Property Fund* for the year ending 30 June 2011, unless otherwise notified.

Please note that the Manager reserves the right to suspend or place a moratorium on the Withdrawals Offer mechanism if it considers this to be in the interest of the Fund. Notification of any suspension will be provided in writing.

PERIODS THAT OFFERS ARE OPEN

Unless otherwise notified in writing, the dates the Withdrawal Offers will be available are as follows:

- Tuesday 7 September 2010 until Thursday 30 September 2010
- Tuesday 7 December 2010 until Friday 31 December 2010
- Monday 7 March 2011 until Thursday 31 March 2011
- Tuesday 7 June 2011 until Thursday 30 June 2011

ASSETS AVAILABLE TO SATISFY WITHDRAWAL REQUESTS

It is intended that up to 10% of the Net Asset Value of the Fund will be allocated to Liquid Reserves. Approximately 25% of the Liquid Reserves of the Fund will be available during each quarterly Withdrawal Offer period. The exact amount of Liquid Reserves and hence the funds available for each quarterly Withdrawal Offer, can only be estimated prior to the commencement of each Offer as the Net Asset Value of the Fund and hence the quantum of Liquid Reserves constantly changes. If required, an estimate of Liquid Reserves can be obtained by contacting Heathley on (02) 8247 7000.

Liquid Reserves will be made available for withdrawals through either:

- A debt facility with an Australian bank; or
- Cash held by the Manager; or
- Other liquid assets approved under the AFS Licence of the Manager.

PROCESS FOR DEALING WITH WITHDRAWAL REQUESTS IF REQUESTS EXCEED ALLOCATED LIQUID RESERVES

If total withdrawal requests received during the Withdrawal Offer period exceed the allocated liquid reserves, then withdrawals will occur on a pro rata basis.

The method for processing oversubscribed withdrawal requests is calculated by using the following formula:

$$\text{Amount of money available} \times \frac{\text{Number of units a Unitholder requests to withdraw}}{\text{Total of all units Unitholders request to withdraw}}$$

For example:

There is \$2,500,000 available to meet withdrawal requests.

Mr Smith lodges a withdrawal request for units with a value of \$200,000.

The total amount of valid withdrawal requests received from the Unitholders participating in the offer is for units with a total value of \$5,000,000.

Mr Smith would therefore receive \$100,000 and would need to participate in future quarterly withdrawal offers to redeem the remainder of his units.

$$\text{i.e.} \quad \$2,500,000 \times \frac{\$200,000}{\$5,000,000} = \$100,000$$

If a pro rata event occurs during any Withdrawal Offer period, Unitholders will be notified during the period the Offer is open. A representative of Heathley will contact the Unitholder to discuss their individual circumstances. Unitholders will have the option to cancel their request for withdrawal of units and participate in future offers, or proceed with a pro rata withdrawal of units.

Previously lodged withdrawal requests will not be considered a withdrawal request for any future Offers. A new request must be submitted each quarter and only during the period of the Offer specified.

IMPORTANT CONSIDERATIONS BEFORE APPLYING FOR A REDEMPTION OF UNITS

Unitholders should be aware of the following important considerations:

- Loans taken out from financial institutions for an investment in the Fund may incur a “break cost” if an investment is withdrawn prior to the expiry of the loan.
- Transaction costs of 0.5% of the Net Asset Value per unit applies to all withdrawals of units from the Fund as per the Product Disclosure Statement.

HOW ARE PAYMENTS MADE AND HOW IS THE WITHDRAWAL PRICE PER UNIT CALCULATED?

Payments will be made no later than 21 days after the Offer closes. No request made under the Withdrawal Offer can be satisfied while the Offer is still open as the withdrawal price paid to Unitholders for the units being withdrawn is calculated as at the last day of the calendar quarter month which is the day the Offer closes.

The Withdrawal Price is calculated as follows:

$$\text{WP} = \text{NAV} - \text{TC} \quad \text{where} \quad \begin{array}{l} \text{WP} = \text{Withdrawal Price} \\ \text{NAV} = \text{Net Asset Value per unit} \\ \text{TC} = \text{Transaction Costs} \end{array}$$

(The Withdrawal Price may be rounded down to the nearest whole cent or fraction of a cent but rounding will not be more than 1.0% of the Withdrawal Price)

All payments must be made into a nominated account which the Unitholder must specify on the Withdrawal Offer Request Form.

NOTIFICATION TO UNITHOLDERS FOLLOWING THE CLOSE OF THE WITHDRAWAL OFFER

Written confirmation of the Withdrawal Price of units and the total amount of the withdrawn investment will be provided to Unitholders.

CONDITIONS IMPOSED BY THE MANAGER ON THE WITHDRAWAL OFFER FACILITY

The Manager has imposed certain conditions on the Withdrawal Offer facility as follows:

- All withdrawal payments will be by way of direct credit to a nominated account and not paid by cheque.
- Unitholders must state the number of units for withdrawal and not a dollar value of units.
- Unitholders may not be allowed to withdraw units that result in a holding of less than the minimum investment of \$50,000 unless the Manager agrees to a Unitholder continuing to hold units with a value less than the minimum. The Manager reserves the right to withdraw all units on behalf of the Unitholder where the holding is below the minimum.

INSTRUCTIONS FOR WITHDRAWALS

If a Unitholder chooses to withdraw all or some of the Stapled Units held then the following is required:

- (1) Obtain a Withdrawal Offer Request Form from Heathley by telephoning (02) 8247 7000 or by e-mail at invest@heathley.com.au. A copy of the Form will be e-mailed, posted or faxed to you within 48 hours of your request.
- (2) Provide the correct name of the Unitholder(s) holding the units.
- (3) Complete the details as to the number of units being withdrawn (not the value of units).
- (4) Provide details of the nominated account.
- (5) Sign the Withdrawal Offer Request Form in accordance with the rules relating to the entity which holds the investment.
- (6) Tick that the conditions specified in the Withdrawal Offer Request Form relating to the withdrawal of some or all of the investment are acceptable.
- (7) Ensure the completed Withdrawal Offer Request Form is addressed to and received by the Manager before 5.00pm on the last day the Offer closes (as specified under “Periods That Offers Are Open”). *(Note: The day and time of receipt is the day and time of actual receipt.)*

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