

Property Syndicate No.1

Continuous Disclosure Notice – 28 February 2011

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

This document has been prepared by Australian Unity Property Limited ("AUPL") as the responsible entity of the Australian Unity Property Syndicate No.1 ('Syndicate') to update investors on the information relevant to the disclosure principles. This document should be read in conjunction with the 30 June 2010 Annual Report, available from our website www.australianunityinvestments.com.au

Overview of changes since last update

This document has been updated as at 28 February 2011 (financial information as at 31 December 2010) from its previous issue on 25 November 2010, to reflect changes to the Syndicate's portfolio information and the Syndicate's approaching term expiry.

In October 2010, Syndicate investors were advised of the Responsible Entity's decision to commence an orderly wind up of the Syndicate in line with its upcoming expiry in May 2011.

Disclosure Principle 1 – Gearing ratio

The Syndicate no longer has borrowings. The gearing ratio disclosure principle does not apply.

Disclosure Principle 2 – Interest cover

The Syndicate no longer has borrowings. The interest cover ratio disclosure principle does not apply.

Disclosure Principle 3 – Syndicate borrowing

The Syndicate no longer has borrowings. The borrowing disclosure principle does not apply.

Disclosure Principle 4 – Portfolio diversification

The information in the graphs and tables below is taken from the values as at 31 December 2010 (unless stated otherwise) and is not based on audited financial records.

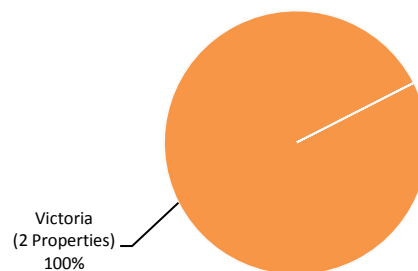
Direct Property Portfolio

	Independent valuation			Book value
	Date	(\$m)	Cap rate %	(\$m)
Property 1	June 2010	6.00	9.00	6.00
Property 2	June 2010	5.80	8.50	5.80

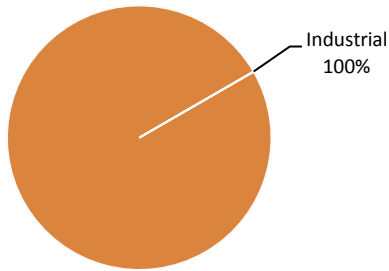
Asset allocation

Asset class	% of portfolio	\$M
Direct Property	89.26	11.80
Cash & cash equivalents	10.29	1.36
Other	0.45	0.06
Total	100.00	13.22

Properties by geographical location by value



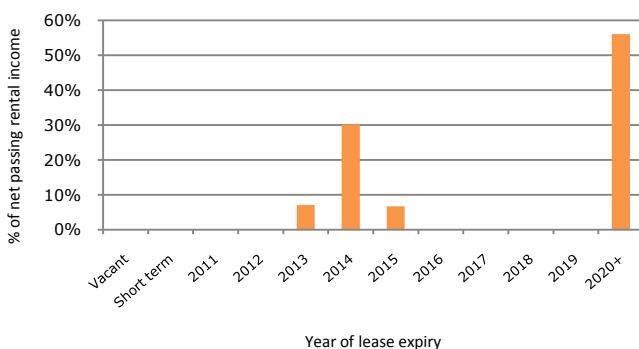
Direct properties by sector and value



Direct property occupancy and lease details¹

Occupancy rate by area	100.00%	
Weighted average lease expiry by income (excluding vacancies)	7.02 years	
Major tenants and % of base rental income	Monopumps (Australia) Pty Ltd	56.00%
	DM & MT Nolan Pty Ltd	30.20%
	Hy Way Truck Accessories	7.10%
	Bridgestone Australia Ltd	6.70%

Direct property lease expiry profile by income¹



¹ Details provided are adjusted to account for the recent leasing of 65 Lathams Road, Carrum Downs, Victoria.

Investment strategy

The Australian Unity Property Syndicate No.1 is a direct property investment with two remaining properties. The Syndicate is a fixed term investment scheduled to expire on 29 May 2011.

We are in the process of winding up the Syndicate, and have sold one of the Syndicate’s three original properties, 180 St Kilda Road, St Kilda, Victoria.

The sale proceeds were used to repay the Syndicate’s \$8.65 million borrowing facility. The remaining proceeds were retained within the Syndicate to cover selling costs, and for any expenditure required in the marketing and sale of the remaining properties.

We are currently marketing the remaining properties.

Disclosure Principle 5 – Valuation Policy

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

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

Disclosure Principle 6 – Related Party Transactions

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

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

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

Details of related party transactions are outlined in note 16 of the 30 June 2010 Annual Report for the Syndicate.

Disclosure Principle 7 – Distribution Practices

The Syndicate is not currently paying distributions due to the previous vacancy at Latham’s Road, Carrum Downs. The property is now leased, with the lease commencement date of 1 February 2011.

Distributions remain suspended as all property income is currently being applied toward capital works required in accordance with the new lease agreement, and expenditure required for the marketing and sale of the Syndicate’s properties.

Disclosure Principle 8 – Withdrawal arrangements

The Syndicate is a fixed term investment. Withdrawals are not provided for. Investors will receive proceeds of their investment after the termination and the sale of the properties is completed.

For further enquiries

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

Address	114 Albert Road South Melbourne, VIC 3205
Investor Services	13 29 39
Adviser Services	1800 649 033
Website	www.australianunityinvestments.com.au
Email	investments@australianunity.com.au

Important information

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