



ANNUAL REPORT
30 August 2011



Australian Unity Property Syndicate No 1

ARSN 113 557 467

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These financial statements cover Australian Unity Property Syndicate No 1 as an individual entity.

The Responsible Entity of Australian Unity Property Syndicate No 1 is Australian Unity Property Limited (ABN 58 079 538 499). The Responsible Entity's registered office is 114 Albert Road, South Melbourne, VIC 3205.

Directors' report

The directors of Australian Unity Property Limited (ABN 58 079 538 499), the Responsible Entity of Australian Unity Property Syndicate No 1, present their report together with the financial statements of Australian Unity Property Syndicate No 1 ("the Scheme") for the period between 1 July 2011 to 30 August 2011 ("the reporting period").

This is the final statements to be issued by the Scheme.

Directors

The following persons held office as directors of the Responsible Entity during the reporting period or since the end of the reporting period and up to the date of this report:

Alan Castleman (Chairman)
David Bryant (Chief Executive Officer and Chief Investment Officer)
Rohan Mead (Group Managing Director)
Glenn Barnes (Non-Executive Director)
Ian Ferres (Non-Executive Director)
Stephen Maitland (Non-Executive Director)
Warren Stretton (Non-Executive Director)
Anthony Connon (Chief Financial Officer)

Principal activities

Up until its termination (refer to scheme termination below for further detail), the Scheme's objective was to provide investors with regular income and the opportunity for long term capital growth. The Scheme sold all of its principal assets in the previous reporting period.

Review and results of operations

Scheme Termination

The Scheme was established in 29 May 1997. The Scheme had an initial termination date of 29 May 2005, but on 29 May 2005, investors pleasingly voted to extend the term of a further six years.

Following disposal of the Scheme's property and after careful consideration of the future prospects of the Scheme, the Responsible Entity decided that the termination was in the best interests of investors.

On 28 September 2010, the directors of the Responsible Entity approved the termination of the scheme. The date of termination of the Scheme was 30 June 2011. All proceeds of the termination were paid to investors on 22 July 2011.

Results

Unit prices (ex distribution) at 30 August 2011 is \$nil per interest (30 June 2011: \$nil per interest).

The performance of the Scheme, as represented by the results of its operations, was as follows:

	For the reporting period ended	
	30 August 2011	30 June 2011
	\$	\$
Profit before finance costs attributable to investors	-	1,387,581
Distribution paid and payable	-	14,015,000

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the reporting period, except those disclosed throughout the report.

Directors' report (continued)

Events occurring after the reporting period

Except as disclosed in note 15, no other matter or circumstance has arisen since 30 August 2011 that has significantly affected, or may significantly affect:

- (i) the operations of the Scheme in future reporting periods, or
- (ii) the results of those operations in future reporting periods, or
- (iii) the state of affairs of the Scheme in future reporting periods.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Australian Unity Property Limited or the auditors of the Scheme. So long as the officers of the Australian Unity Property Limited act in accordance with the Scheme's Constitution and the Corporations Act 2001, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Scheme property during the reporting period are disclosed in note 13 of the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the reporting period.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the reporting period are disclosed in note 12.

Interests in the Scheme

The movement in interests on issue in the Scheme during the reporting period is disclosed in note 7 of the financial statements.

The value of the Scheme's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 2 of the financial statements.

Environmental regulation

The property operations within the Scheme are subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the directors of Australian Unity Property Limited.



Director

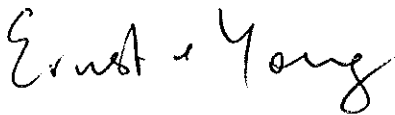


Director

12 September 2011

Auditor's Independence Declaration to the Directors of Australian Unity Property Limited, as Responsible Entity for Australian Unity Property Syndicate No 1

In relation to our audit of the financial report of Australian Unity Property Syndicate No 1 for the financial period ended 30 August 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Tim Barber
Partner
Melbourne

12 September 2011

Statement of comprehensive income

	Notes	For the reporting period ended	
		30 August 2011 \$	30 June 2011 \$
Investment income			
Interest income		3,698	103,667
Rental income	3	-	538,885
Other operating income		-	3,309
Gains on sale of investment properties		-	1,923,409
Total investment income		<u>3,698</u>	<u>2,569,270</u>
Expenses			
Responsible entity's fees	13	-	101,550
Custody fees		-	15,625
Auditor's remuneration	4	-	46,753
Other scheme expenses	5	50	145,061
Property related expenses	6	3,057	528,745
Registry expenses		591	10,000
Interest expense		-	298,318
Realised loss on financial instruments		-	35,637
Total expenses		<u>3,698</u>	<u>1,181,689</u>
Profit before finance costs attributable to investors		<u>-</u>	<u>1,387,581</u>
Finance costs attributable to investors			
Distributions to investors	8	-	(14,015,000)
Increase in swap hedging reserve		-	72,103
Decrease in net assets attributable to investors	7	-	12,555,316
Total comprehensive income for the reporting period attributable to investors		<u>-</u>	<u>-</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at	
	Notes	30 August 2011 \$	30 June 2011 \$
Assets			
Cash and cash equivalents	9	-	13,934,125
Receivables	10	-	121,241
Total assets		-	14,055,366
Liabilities			
Payables	11	-	440,366
Distributions payable	8	-	13,615,000
Total liabilities (excluding net assets attributable to investors)		-	14,055,366
Net assets attributable to investors	7	-	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in net assets attributable to investors

	For the reporting period ended	
	30 August 2011 \$	30 June 2011 \$
Net assets attributable to investors at the beginning of the reporting period	-	12,555,316
Profit before finance costs attributable to investors	-	1,387,581
Distributions to investors	-	(14,015,000)
Swap hedging reserve	-	72,103
Net assets attributable to investors at the end of the reporting period	<u>-</u>	<u>-</u>

The above statement of changes in net assets attributable to investors should be read in conjunction with the accompanying notes.

Statement of cash flows

		For the reporting period ended	
		30 August	30 June
		2011	2011
Notes		\$	\$
<i>Cash flows from operating activities</i>			
	Interest received	3,698	68,667
	Rental income received	132,016	1,193,847
	Payments to suppliers	<u>(454,839)</u>	<u>(787,687)</u>
14(a)	Net cash (outflow)/inflow from operating activities	<u>(319,125)</u>	<u>474,827</u>
<i>Cash flows from investing activities</i>			
	Capital expenditure on owned investment properties	-	(876,591)
	Proceed from sale of investment properties	-	23,600,000
	Interest received from interest rate swaps	<u>-</u>	<u>36,465</u>
	Net cash inflow from investing activities	<u>-</u>	<u>22,759,874</u>
<i>Cash flows from financing activities</i>			
	Borrowing costs	-	(422,128)
	Return of capital	(13,615,000)	(400,000)
	Repayment of borrowings	<u>-</u>	<u>(8,650,000)</u>
	Net cash outflow from financing activities	<u>(13,615,000)</u>	<u>(9,472,128)</u>
	Net (decrease)/increase in cash and cash equivalents	(13,934,125)	13,762,573
	Cash and cash equivalents at the beginning of the reporting period	<u>13,934,125</u>	<u>171,552</u>
9	Cash and cash equivalents at the end of the reporting period	<u>-</u>	<u>13,934,125</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

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1 General information

These financial statements cover Australian Unity Property Syndicate No 1 ("the Scheme") as an individual entity. On 29 May 2005 the Scheme was rolled over for a further six year term expiring on 29 May 2011 unless terminated earlier in accordance with the provisions of the Constitution dated 29 May 1997 (as amended).

The Responsible Entity of the Scheme is Australian Unity Property Limited (ABN 58 079 538 499), a wholly owned subsidiary of Australian Unity Limited (ABN 23 087 648 888). The Responsible Entity's registered office is 114 Albert Road, South Melbourne, VIC 3205. The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are for the period 1 July 2011 to 30 August 2011 ("the reporting period").

The financial statements were authorised for issue by the directors on 12 September 2011. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Scheme Constitution, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to investors. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

Compliance with International Financial Reporting Standards

The financial statements of the Scheme comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This financial statements are presented in the local reporting currency being Australian dollars.

(b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The Scheme's significant accounting estimates include valuation of investment properties, valuation of financial assets held at fair value through profit and loss and collectability of receivables. Actual results could vary from the Scheme's estimates which could result in material adjustment to the Scheme's assets and liabilities.

(c) Investment properties

Initially, investment properties are measured at the cost of acquisition being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition. Costs incidental to acquisition may include legal fees, stamp duty and other government charges, professional fees preceding acquisition and where applicable financing charges incurred during the construction or development of an asset.

Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the reporting period in which they arise.

2 Summary of significant accounting policies (continued)

(c) Investment properties (continued)

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use. Any gains or losses on the derecognition of an investment property are recognised in the statement of comprehensive income in the reporting period of derecognition.

Independent valuations of investment properties are obtained at intervals of generally one year from suitably qualified valuers. Less frequent valuations are permissible however, the intervals between such valuations are not to exceed three years. Such valuations are reflected in the financial statements of the Scheme. Notwithstanding, the directors of the Responsible Entity determine the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

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

Expenditure capitalised to properties includes the cost of acquisition, capital and refurbishment additions, related professional fees incurred and other directly attributable transaction costs.

(d) Financial instruments (other than derivatives)

(i) Classification

- *Financial assets and liabilities held at fair value through profit and loss*

The Scheme's investments are classified as at fair value through profit or loss. They comprise:

- *Financial instruments designated at fair value through profit or loss upon initial recognition*

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

The information on the fair value basis is provided internally to the Scheme's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

- *Loans and receivables/payables including borrowings*

Loans and receivables/payables are non derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. This category includes short term receivables/payables.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Scheme retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or

2 Summary of significant accounting policies (continued)

(d) Financial instruments (other than derivatives) (continued)

- the Scheme has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Any gains or losses arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the reporting period the asset is derecognised as realised gains or losses on financial instruments.

(iii) *Measurement*

- Financial assets and liabilities held at fair value through profit or loss.*

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and liabilities held at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or losses are measured at fair value with changes in their value recognised in the statement of comprehensive income.

- Fair value that is observable by the market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such trusts.

- Borrowings and receivables*

Borrowings and receivables/payables including borrowings are measured initially at fair value plus transaction costs.

Subsequently, borrowings are carried at amortised cost using the effective interest method, less impairment losses, if any. Short term receivables/payables are carried at their initial fair values.

(iv) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(e) Derivatives

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

(i) *Cash flow hedge*

All derivative financial instruments are brought to the statement of financial position at fair value. Derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when their value is positive and liabilities when their value is negative.

The Scheme uses derivative financial instruments such as interest rate swaps to hedge risk associated with interest rate fluctuations. Interest rate swaps are set up so the floating leg exactly matches the loan payment requirements. Interest rate swaps are measured based on their discounted future cash flows.

2 Summary of significant accounting policies (continued)

(e) Derivatives (continued)

The fair values of interest rate swaps are determined by reference to market values for similar instruments.

At the inception of a hedge relationship, the Scheme formally designates and documents the hedge relationship to which the Scheme wishes to apply hedge accounting, the risk management objective, and strategy for undertaking the hedge. The documentation includes identification of the hedge instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes to cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised directly in net assets attributable to investors, in a hedge/swap revaluation reserve, while the ineffective portion is recognised in the statement of comprehensive income. Fluctuations are contained in the reserve until the maturity of the underlying loan. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the statement of comprehensive income.

(f) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in the statement of financial position.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Scheme's main income generating activity.

(g) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(d).

Scheme distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

Net gains/(losses) on financial assets held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

(h) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(i) Income tax

Under current legislation, the Scheme is not subject to income tax as investors are presently entitled to the income of the Scheme.

2 Summary of significant accounting policies (continued)

(i) Income tax (continued)

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Scheme is not subject to capital gains tax.

Realised capital losses are not distributed to investors but are retained in the Scheme to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to investors.

(j) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to investors by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to investors.

(k) Increase/decrease in net assets attributable to investors

Movements in net assets attributable to investors are recognised in the statement of comprehensive income as part of finance costs. The movements include undistributable income which may consist of undistributable unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to investors) and accrued income not yet assessable will be included in the determination of distributable income in the same reporting period in which it becomes assessable for tax.

(l) Receivables

Receivables may include amounts for interest, rental income arrears, trust distributions and securities sold where settlement has not yet occurred. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(g) above. Amounts are generally received within 30 days of being recorded as receivables.

Receivables include such items as Input Tax Credits and application monies receivable from investors.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Scheme will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(m) Payables

Payables include liabilities and accrued expenses owed by the Scheme which are unpaid as at reporting date.

Liabilities for trade creditors are carried at original invoice amount, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

2 Summary of significant accounting policies (continued)

(m) Payables (continued)

Payables to related parties are recognised and carried at the nominal amount due. Interest is taken up as an expense on an accrual basis.

Provisions are recognised when the Scheme has a present obligation as a result of the past event and it is probable that the Scheme will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The distribution amount payable to investors as at the reporting date is recognised separately on the statement of financial position as investors are presently entitled to the distributable income as at the reporting date under the Scheme's Constitution.

(n) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined in accordance with the Scheme's Constitution by reference to the net assets of the Scheme divided by the number of interests on issue. All units fully paid with proportionate share of distribution and equal voting rights. They are recognised at the fair value of the consideration received by the Scheme.

(o) Goods and Services Tax ("GST")

The GST incurred on the costs of various services provided to the Scheme by third parties such as custodial services and investment management fees have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits ("RITC") at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office ("ATO"). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(p) Borrowings and borrowing costs

All loans are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with borrowings.

After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the statement of comprehensive income when liabilities are derecognised or impaired.

There were no gains or losses in relation to loans taken to profit for the current reporting period.

Borrowing costs are recognised as an expense over the shorter of 5 years or the life of the loan, consistent with the Scheme's unit pricing policy.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at the end of the reporting period is recognised as a receivable. The following specific recognition criteria must also be met before revenue is recognised:

Rental revenue

Rental revenue is recognised on a straight-line basis over the lease term.

2 Summary of significant accounting policies (continued)

(q) Revenue (continued)

Contingent rentals, such as turnover rent and market rent adjustments, are recognised as income in the financial reporting period in which they are earned.

Fixed rental increases which do not represent direct compensation for underlying cost increases or capital expenditure are recognised on a straight-line basis over the term of the lease.

The rental adjustments resulted from this policy are disclosed in the financial statements for financial reporting presentation purposes only.

Incidental income (costs) derived from an investment property undergoing construction or development but not directly related to bringing the assets to the working condition, are recognised in net profit for the reporting period.

Rent not received at end of the reporting period is reflected in the statement of financial position as a receivable or if paid in advance, as a liability.

Interest revenue

Interest income is recognised in the statement of comprehensive income as it accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

(r) Leasing costs and Lease incentives

Leasing costs

Costs that are directly associated with negotiating and arranging an operating lease (including commissions, legal fees and costs of preparing and processing documentation for new leases) are capitalised as part of the Scheme's assets and amortised on a straight line basis over the lease term on the same basis as the lease income.

Lease incentives

Lease incentives which may take the form of up front payments, contributions to certain lessee's costs, relocation costs and fit outs and improvements are recognised as part of the Scheme's assets. The aggregate cost of incentives is recognised on a straight-line basis over the lease term as part of lease income.

2 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2011 reporting period. The directors' assessment of the impact of these new standards (to the extent relevant to the Scheme) and interpretations is set out below:

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities. The Standard is not applicable until 1 January 2013. AASB 9 only permits the recognition of fair value gains/(losses) in other comprehensive income if they relate to equity investments that are not traded. Fair value gains/(losses) on debt investments are recognised directly in profit or loss. The Scheme does not expect any significant impact on the Scheme's financial statements arising from an adoption of the Standard.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009, the AASB issued a revised AASB 124 Related Party Disclosures. It is effective from 1 January 2011. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. The amendment will not have any effect on the Scheme's financial statements.

(iii) AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective from 1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Scheme does not expect that any adjustments will be necessary as the result of applying the revised rules.

(iv) AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (effective from 1 January 2011)

In October 2010, the AASB issued the above Standard. The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. These amendments have no major impact on the requirements of the amended pronouncements. The Scheme does not expect that any adjustments will be necessary as the result of applying the amendments.

(v) AASB 2010-6 Amendments to Australian Accounting Standards Disclosures on Transfers of Financial Assets (effective from 1 July 2011)

In November 2010, the AASB issued the above Standard amending the disclosure requirements in AASB 7 Financial Instruments: Disclosures. The Standard introduces additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The Scheme will apply the amendment from 1 July 2011 with no comparative information being required for the reporting period ending on 30 June 2012. It does not expect any significant impact as the result of applying the amendments.

(vi) IFRS 13 Fair Value Measurement (effective 1 January 2013)

IFRS 13 was released in May 2011. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Scheme has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Scheme does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

2 Summary of significant accounting policies (continued)

(s) New accounting standards and interpretations (continued)

(vii) AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project (effective 1 July 2011)

The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to the new standard AASB 1054. Adoption of the new rules will not affect any of the amounts recognised in the financial statements, but may simplify some of the Scheme's current disclosures. The Scheme intends to adopt the standards from 1 July 2011.

(viii) Revised IAS 1 Presentation of Financial Statements (effective 1 July 2012)

In June 2011, the IASB made an amendment to IAS 1 Presentation of Financial Statements. The AASB is expected to make the equivalent changes to AASB 101 shortly. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to the statement of comprehensive income in the future. It will not affect the measurement of any of the items recognised in the statement of financial position or the statement of comprehensive income in the current period. The Scheme intends to adopt the new standard from 1 July 2012.

3 Rental income

	For the reporting period ended	
	30 August 2011	30 June 2011
	\$	\$
Rental income *	-	362,573
Outgoings income	-	176,312
	<u>-</u>	<u>538,885</u>

*Includes income arising from recognising lease income on straight-line basis.

4 Auditor's remuneration

The auditor's remuneration is paid directly by the Responsible Entity.

During the reporting period the following fees were paid or payable for services provided by the auditor of the Scheme:

	For the reporting period ended	
	30 August 2011 \$	30 June 2011 \$
<i>Audit services</i>		
Audit and review of financial reports	-	44,736
Total remuneration for audit services	-	44,736
<i>Taxation services</i>		
Tax compliance services	-	2,017
Total remuneration for taxation services	-	2,017

5 Other Scheme expenses

	For the reporting period ended	
	30 August 2011 \$	30 June 2011 \$
Accounting fees	-	42,461
Other expenses	50	101,100
Roll over expenses	-	1,500
	50	145,061

6 Property related expenses

	For the reporting period ended	
	30 August 2011 \$	30 June 2011 \$
Non-recoverable outgoings	-	214,049
Recoverable outgoings	-	181,452
Lease incentives amortised	-	2,037
Legal expenses	-	(4,832)
Consulting expenses	-	914
Property Management	3,057	135,125
	3,057	528,745

7 Net assets attributable to investors

Movements in number of interests and net assets attributable to investors during the year were as follows:

All investors' contributions are fully paid with a proportionate share of distribution and equal voting rights. An Interest, as per the Constitution, is a percentage share in the beneficial interest in the Scheme equal to the aggregate amount of the Applicant's Contribution divided by the aggregate of all the Contributions subscribed. Each Interest in the Scheme originally comprised of the Investor Cash Portion and Loan Portion. On the rollover of the Scheme the new facility has been arranged and all documentation will be executed by the Responsible Entity.

As net assets attributable to investors are classified as liability rather than equity, distributions and the movement in the net assets attributable to investors are recognised as a finance cost in the Scheme's statement of comprehensive income.

The movements in fair value of the swap are taken directly to a hedge revaluation reserve. Fluctuations would be contained in the reserve until the maturity of the underlying loan.

	30 August 2011 No.	30 June 2011 No.	As at 30 August 2011 \$	30 June 2011 \$
Investors' contribution				
Opening balance	8,810,000	8,810,000	8,810,000	8,810,000
Return of capital	(8,810,000)	-	(8,810,000)	-
Closing balance	<u>-</u>	<u>8,810,000</u>	<u>-</u>	<u>8,810,000</u>

	As at 30 August 2011 \$	30 June 2011 \$
Undistributed income		
Opening balance	(8,810,000)	3,745,316
Increase/(decrease) in net assets attributable to investors	8,810,000	<u>(12,555,316)</u>
Closing balance	<u>-</u>	<u>(8,810,000)</u>
Total net assets attributable to investors	<u>-</u>	<u>-</u>

Capital risk management

The Scheme considers its net assets attributable to investors as capital, notwithstanding net assets attributable to investors are classified as a liability. The amount of net assets attributable to investors can change significantly on a daily basis as the Scheme is subject to daily applications and redemptions at the discretion of investors.

8 Distributions to investors

Timing of distributions

The distributions for the reporting period is as follows:

	For the reporting period ended			
	30 August 2011 \$	30 August 2011 CPI	30 June 2011 \$	30 June 2011 CPI
Distributions paid	-	-	400,000	4.540
Distributions payable	-	-	13,615,000	154.510
Total distributions	-	-	14,015,000	159.050

As investors are currently entitled to the distributable income of the Scheme, no income tax is payable by the Responsible Entity.

9 Cash and cash equivalents

	As at	
	31 August 2011 \$	30 June 2011 \$
Cash at bank*	-	13,934,125

10 Receivables

	As at	
	30 August 2011 \$	30 June 2011 \$
Trade receivables	-	21,186
GST receivable	-	65,055
Distribution receivables	-	35,000
	-	121,241

11 Payables

	As at	
	30 August 2011 \$	30 June 2011 \$
Accrued expenses	-	413,239
GST payable	-	27,127
	-	440,366

12 Financial risk management

(a) Objectives, strategies, policies and processes

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

Financial instruments of the scheme comprise borrowings, derivatives used to hedge interest rate risk, net assets attributable to investors, cash as well as cash equivalents and other financial instruments such as trade receivables and payables, which arise directly from its operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments.

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by an Investment Manager (Investment Manager) under policies approved by the Board of Directors of the Responsible Entity (the Board).

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and other price risks.

This information is prepared and reported to relevant parties within the Responsible Entity on a regular basis as deemed appropriate, including senior management, Risk and Investment Committees and ultimately (on an exception basis) the Board of Directors of the Responsible Entity.

As part of its risk management strategy, the Scheme uses interest rate swaps to manage exposures resulting from changes in interest rates.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held in the Scheme.

The sensitivity of the Scheme's net assets attributable to investors (and profit/(loss) before finance costs attributable to investors) to price risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and historical correlation of the Scheme's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Scheme invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

(i) Price risk

Price risk is the risk that the fair value of financial investments will fluctuate because of changes in market prices or unit prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Scheme's investment portfolio. These investments are classified in the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Manager mitigates this price risk through careful selection of investments and other financial instruments within the specified investment limits set by the Board.

The Scheme's overall investment positions are monitored on a daily basis by the Scheme's Investment Manager.

Price risk is not considered to be significant to the scheme.

12 Financial risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Scheme's interest bearing financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Scheme has established limits on its borrowings, which are monitored on a regular basis. The Scheme uses derivatives to hedge against unexpected increases in interest rates. This reduced interest rate risk, represented by the portion of liabilities that are not covered by interest rate swaps.

Interest rate risk is not considered to be significant to the scheme.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

With respect to credit risk, the Scheme's exposure relates to trade receivables, financial assets held at fair value through profit or loss and derivative financial instruments used to hedge interest rate risk.

With respect to credit risk arising from the financial assets of the Scheme, other than derivatives, the Scheme's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

Credit risk is not considered to be significant to the scheme.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Scheme's constitution provides for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting investor redemptions at any time.

Under the terms of its Product Disclosure Statement, the scheme has the ability to manage liquidity risk by delaying redemptions to investors, if necessary, until funds are available.

The Scheme may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Scheme may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or to respond to specific events such as a deterioration in the creditworthiness of any particular issuer. No such investments were held at the end of the reporting period.

12 Financial risk management (continued)

Maturity analysis for financial liabilities

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Financial liabilities such as trade payables, where there are no specific contractual settlement dates, have been grouped into the 'less than 1 month' maturity grouping as such liabilities are typically settled within 30 days.

	Less than 1 month \$	1-3 months \$	3-12 months \$	12-60 months \$
At 30 August 2011				
Payables	-	-	-	-
Total financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 1 month \$	1-3 months \$	3-12 months \$	12-60 months \$
At 30 June 2011				
Payables	440,366	-	-	-
Distributions payable	13,615,000	-	-	-
Total financial liabilities	<u>14,055,366</u>	<u>-</u>	<u>-</u>	<u>-</u>

As disclosed above, the Scheme manages its liquidity risk by investing in liquid assets that it expects to be able to liquidate within 7 days or less. Liquid assets include cash and cash equivalents. As at 30 August 2011, these assets amounted to \$nil (30 June 2011: \$13,934,125).

(e) Estimation of fair values of financial assets and financial liabilities

The Scheme's financial assets and liabilities in the statement of financial position are carried at amounts that approximate fair value.

The Scheme values its investments in accordance with the accounting policies set out in note 2.

13 Related party transactions

Responsible Entity

The Responsible Entity of Australian Unity Property Syndicate No 1 is Australian Unity Property Limited (ABN 58 079 538 499) whose immediate and ultimate parent entity is Australian Unity Limited (ABN 23 087 648 888).

Key management personnel

(a) Directors

Key management personnel includes persons who were directors of Australian Unity Property Limited at any time during the reporting period as follows:

Alan Castleman (Chairman)
David Bryant (Chief Executive Officer and Chief Investment Officer)
Rohan Mead (Group Managing Director)
Glenn Barnes (Non-Executive Director)
Ian Ferres (Non-Executive Director)
Stephen Maitland (Non-Executive Director)
Warren Stretton (Non-Executive Director)
Anthony Connon (Chief Financial Officer)

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the financial year.

Key management personnel unitholdings

From time to time, key management personnel may purchase or subscribe to the various products offered by its related entities. These transactions are on similar terms and conditions as those entered into by other employees or customers and are trivial or domestic in nature.

Key management personnel compensation

Key management personnel are paid by Australian Unity Funds Management Limited. Payments made from the Scheme to Australian Unity Funds Management Limited do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Scheme has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Other transactions within the Scheme

From time to time directors of Australian Unity Property Limited, or their director related entities, may invest in or withdraw from the Scheme. These investments or withdrawals are on the same terms and conditions as those entered into by other Scheme investors and are trivial in nature.

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Scheme during the reporting period and there were no material contracts involving key management personnel's interests existing at the end of the reporting period.

Responsible Entity's fees and other transactions

Under the terms of the Scheme's Constitution, the Responsible Entity is entitled to receive fees quarterly, calculated at 0.45% per annum of the total assets and 2.25% of the gross property income of the Scheme. The Scheme's Constitution sets out maximum fees can be charged. Currently, the Scheme sets the fee structures for its units at a level below the maximum allowed for in the Constitution.

13 Related party transactions (continued)

In addition to the Responsible Entity's fee, the Responsible Entity and its associates are entitled to be reimbursed out of the scheme for costs including expenses in connection with the keeping and preparation of accounting records and the maintenance of the investor register.

For the reporting period ended 30 August 2011, all expenses in connection with the preparation of accounting records and the maintenance of the unitholder register have been fully borne by the Responsible Entity and its associates.

	As at	
	30 August	30 June
	2011	2011
	\$	\$
Scheme management fees for the period paid/payable by the Scheme to the Responsible Entity	-	101,550
Termination fee accrued by the Responsible Entity on the termination of the Syndicate's term	-	96,664
Accounting fees for the period paid/payable by the Scheme to the Responsible Entity	-	42,461
Registry fees for the period paid/payable by the Scheme to the Australian Unity Funds Management Limited	-	10,000

Related party holdings

As at 30 August 2011 there were no holdings by Australian Unity Property Limited and its associates.

Parties related to the Scheme (including Australian Unity Property Limited, its related parties and other schemes managed by Australian Unity Property Limited), hold interests in the Scheme as follows:

30 June 2011

	Number of interests held opening (Interests)	Number of interests acquired (Interests)	Number of interests disposed (Interests)	Number of interests held closing (Interests)	Interest held (%)
Investor					
Australian Unity Strategic Holdings Pty Ltd (formerly Strode 4 Pty Ltd)	50,000	-	(50,000)	-	-
Australian Unity Property Securities Fund	1,504,665	-	(1,504,665)	-	-
Australian Unity Property Securities Fund	1,049,041	-	(1,049,041)	-	-

14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	For the reporting period ended	
	30 August 2011 \$	30 June 2011 \$
(a) Reconciliation of (loss) to net cash inflow from operating activities		
Profit/(loss) for the reporting period	-	-
Increase(decrease) in net assets attributable to investors	-	(12,555,316)
Swap Hedging Reserve	-	(72,102)
Add back revaluation decrement	-	-
Reverse gains on sale of investment properties	-	(1,923,409)
Realised loss on financial instruments	-	35,637
Distribution paid	-	14,014,999
Add back interest expense	-	298,318
(Increase)/decrease in receivables	121,241	635,609
Increase in net lease incentives	-	(3,163)
Decrease in other assets	-	30,664
Increase in payables	(440,366)	13,590
Net cash inflow from operating activities	(319,125)	474,827

(b) Reconciliation of cash and cash equivalents

Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

Cash and cash equivalents	-	13,934,125
	-	13,934,125

(c) Non-cash financing activities

There were no non-cash financing and investing activities carried out during the current reporting year

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As described in note 2(k), non-distributable income is included in net assets attributable to investors. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

15 Events occurring after the reporting period

No significant events have occurred since balance date which would impact on the financial position of the Syndicate disclosed in the balance sheet as at 30 August 2011 or on the results and cash flows of the Syndicate for the period ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 August 2011 and 30 June 2011.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 28 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 August 2011 and of its performance for the reporting period ended on that date; and
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the provisions of the Scheme's Constitution.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.



Director



Director

12 September 2011

Independent auditor's report to the unitholders of Australian Unity Property Syndicate No 1

We have audited the accompanying financial report of Australian Unity Property Syndicate No 1, which comprises the statement of financial position as at 30 August 2011, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 the 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 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. 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.

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

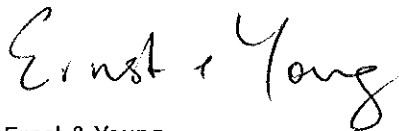
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity an Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. The financial report of Australian Unity Property Syndicate No 1 is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of Australian Unity Property Syndicate No 1 as at 30 August 2011 and of its 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*.
2. The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.



Ernst & Young



Tim Barber
Partner
Melbourne
12 September 2011



Contact Australian Unity Investments

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