

Geared Property Income Fund

Fund Fact Sheet – March 2009



	Retail Units	Wholesale Units
APIR Code	YOC0002AU	YOC0003AU
Inception date	April 2005	April 2005
Minimum initial investment	\$1,000	\$25,000
Minimum additional investment	\$500	\$5,000
Minimum regular savings plan	\$100 per month	\$500 per month
Entry/Contribution fee	Up to 4.10%	Nil
Minimum withdrawal amount	\$1,000	\$5,000
Exit/Withdrawal fee	Nil	Nil
Management costs	1.95% p.a. of net assets	1.05% p.a. of net assets
Buy spread	2.20%	2.20%
Sell spread	Nil	Nil
Income distributions	Quarterly	Quarterly

About the Fund

The Australian Unity Geared Property Income Fund ('Fund') invests in the Australian Unity Property Income Fund and borrows money to increase the amount that it can invest. This is known as 'gearing'. Through this process, the Fund aims to enhance the level of return.

Gearing has the effect of magnifying capital gains, but under adverse market conditions has the effect of magnifying losses.

We aim to cover the cost of borrowings from the income earned from the additional investment.

The level of borrowings will generally range between 30-60% of the Fund's gross assets.

What does the Fund invest in?

The Fund combines both investor contributions and borrowed money to primarily acquire units in the Australian Unity Property Income Fund (Underlying Fund).

What is the Fund's investment process?

Gearing level

The Fund will use borrowings (gearing) to increase exposure to the underlying assets of the Fund. This increased exposure results in greater returns in rising markets. Conversely in contracting markets losses can be larger as a result of gearing.

The gearing level will change from time to time but will generally range between 30% and 60% of the Fund's total assets. The level of gearing is monitored regularly.

How does the gearing work?

The level of gearing is measured as the ratio of total debt to total gross assets of the Fund. For example, if borrowings are \$500 and gross assets are worth \$1,000, the gearing ratio is 50%. At this ratio, for every \$1 that has been invested in the Fund, the Fund has borrowed another \$1 to purchase underlying assets.

Investors will not be required to deposit additional funds to meet borrowing costs, nor sell assets to repay borrowings or pay interest. All obligations in this regard will be met out of the Fund. For more information on borrowing costs see 'Borrowing' below.

Volatility of returns

Gearing can magnify both gains and losses from the Fund's investments, and investors may face increased volatility of returns from their investment. In extreme conditions, such as a dramatic, rapid market fall, you may lose all your capital.

We recommend that you seek professional financial advice about the impact of gearing on your portfolio and whether it suits your needs.

Structure of the Geared Property Income Fund

Investor applications are pooled together with borrowings from lenders to purchase units in the Property Income Fund. A small amount of cash is retained in the Fund to meet the Fund's day to day operating needs.

Interest earned on cash holdings and distributions from the Fund's holdings in the Property Income Fund provide income for the Fund. This income is used to meet interest expenses on borrowings, management fees and ongoing Fund expenses. Once these costs are met, the remaining income is distributed to investors.

The capital growth (or loss) on your investment is attributed to movements in the Fund's underlying assets.

Borrowings

The Fund borrows to finance the acquisition of assets (primarily units in the Property Income Fund), and to provide liquidity for operating purposes. Under the Fund's constitution and law, the Fund has the power to:

- borrow and raise money for the purposes of the Fund and to grant security over the Fund's assets; and
- to incur all types of obligations and liabilities.

Generally, interest costs relating to the borrowings will be met from the gross income of the Fund prior to the payment of income distributions to investors.

Where any default occurs in connection with the borrowings, the lender's right to recover its funds will rank ahead of all investors. Investors will usually rank behind all creditors in the Fund.

Importantly, the lender does not have any recourse to investors.

The details in the table below are extracted from the Fund's latest financial statements for the half year ending 31 December 2008.

Borrowing details as at 31 December 2008	
Total Fund size (Gross Assets)	\$65.51m
Gearing ratio ⁽¹⁾	51.26%
Interest cover ratio ⁽²⁾	2.03 times
% of borrowings hedged	0%
Borrowing facility limit	\$40 million
Borrowing facility drawn amount	\$40 million
Borrowing facility maturity	10 September 2010

⁽¹⁾ The gearing ratio is calculated as total interest bearing liabilities divided by total assets. This ratio indicates the extent to which the Fund's assets are expected to be funded by external liabilities (borrowings). Generally, a higher gearing ratio means that a fund is exposed to a higher level of risk.

⁽²⁾ The Interest Cover Ratio measures the ability of the Fund to service the interest on borrowing from net earnings. This calculation shows that the Geared Property Income Fund generates income after fees which is 2.03 times the level of interest payments due.

Borrowing covenants

We are within the limits of our borrowing facilities and have no breaches of any financial covenants at the date of this document.

Distributions

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

It is not our intention to source distribution payments from sources other than net realised income and net realised capital gains, although we may do so if we consider it to be in the interests of our investors (for example if rental income is suddenly reduced unexpectedly) and where payment from that source is sustainable. We would notify investors if this occurred.

Withdrawals

We normally endeavour to meet a withdrawal request within five days, however the Constitution permits up to 180 days. This can be extended further if Fund assets cannot be sold within this time.

Further information on risks that may impact on your ability to withdraw in the normal five day period is outlined in the Product Disclosure Statement.

Who are the people managing your investment?

Australian Unity Property Limited is the investment manager for the Fund.

Australian Unity Funds Management Limited manages the cash component of the Fund.

These key people are responsible for managing the Fund:



David Bryant

Head of Australian Unity Investments

Mr Bryant is the Group Executive - Investments and Chief Investment Officer of Australian Unity Investments, which has more than A\$5.2bn in funds under management (as at 28 February 2009). Australian Unity Investments manages money on behalf of both institutional and retail investors in the areas of Australian and international equities, property, fixed interest and cash securities, and mortgages.

Mr Bryant joined Australian Unity Investments in 2004 and is a director of all of its major operating companies, their investment subsidiaries and is a member of their respective investment committees. He is responsible for the commercial development and profitability of the business, including investment and lending decisions, and all related support services such as business development, marketing, distribution, product development, compliance, administration and treasury.

Mr Bryant is a member of the Investment & Financial Services Association Investment Board Committee, and has over 25 years experience in investment and financial services with organisations such as Westpac, State Street Bank, Perpetual and Intech.



Martin Hession
Head of Property
Australian Unity Investments

Mr Hession joined Australian Unity in 2002 and has responsibility for Australian Unity Investments' property portfolio, valued in excess of \$1.1bn (as at 28 February 2009). His experience in property includes portfolio management, commercial and land development, and real estate agency management over 30 years.

Prior to joining Australian Unity Investments, Mr Hession was General Manager - Property at AXA Australia. Earlier roles include Managing Director of LJ Hooker (Victoria); Managing Director of Baillieu Knight Frank (SA); and Chief Executive of Hillier Parker (Victoria).



Alex Fisher
Portfolio Manager

Mr Fisher was appointed Portfolio Manager for Australian Unity Investments' range of diversified investment portfolios and for the Property Income Fund in 2005, after three years as an Investment Analyst. In his role as Portfolio Manager, Mr Fisher's primary responsibilities relate to strategic asset allocation, dynamic allocation and investment selection within unlisted and listed property securities. He retains ultimate responsibility for the investment performance of each Fund. Previously Mr Fisher worked for Treasury Funds Management and has a Bachelor of Commerce and a Masters of Applied Finance.

Portfolio details

The Geared Property Income Fund obtains its full property exposure through the Underlying Fund. The Geared Property Income Fund does not have any direct property exposure. The Underlying Fund has diversity in locations, tenants, and lease terms.

Refer to the information contained under the heading "The Underlying Fund (Australian Unity Property Income Fund)" on page 4 for the portfolio details of the Underlying Fund.

Related party transactions

All transactions we enter into in relation to the Fund, including those with related parties, are conducted on commercial terms (i.e. on an arm's length basis).

Related party transactions are managed in accordance with our policy which requires an assessment and senior management approval to ensure the arm's length nature of each transaction. These transactions are then included on a register. The register is subject to regular external audit review.

There are currently no fees payable to related parties from the Fund.

Investments in related parties as at 30 June 2008

In accordance with its investment approach (that is, to utilise investors' contributions and borrowed money to invest primarily in the Property Income Fund) the Australian Unity Geared Property Income Fund is wholly invested in assets managed by related parties.

Related Party	Interest held in related party	Value \$m
Australian Unity Property Income Fund	51.67%	76.25
Australian Unity Wholesale Cash Fund ⁽¹⁾	0.01%	0.05

⁽¹⁾ The Australian Unity Wholesale Cash Fund ARSN 111 933 361 is a registered managed investment scheme operated by Australian Unity Funds Management Limited. This fund acts as a centralised cash management vehicle for a number of Australian Unity's investment products. The Wholesale Cash Fund primarily invests in cash and cash equivalents and may also invest in fixed interest securities. It aims to provide regular income with capital security over the short term.

The Underlying Fund (Australian Unity Property Income Fund)

Important note - the following information is related to the underlying fund that the Geared Property Income Fund invests into. Investors should also refer to the Property Income Fund's Fact Sheet and Product Disclosure Statement (PDS) for further information. The Fund Fact Sheet and PDS are available on our website australianunityinvestments.com.au.

About the Underlying Fund

The Property Income Fund is a 'hybrid' property fund with a primary focus on delivering income to investors. By hybrid, we mean that the Property Income Fund invests across a range of property asset types including direct property real estate, unlisted property trusts, and Australian – Real Estate Investment Trusts (A-REITs).

Through investing in a range of different property assets and cash, the Underlying Fund is able to maintain liquidity, generally enabling investors to request withdrawals when they choose.

What does the Underlying Fund invest in?

The Property Income Fund generally invests in the following types of property investments:

- Direct property real estate
- Unlisted property trusts – these are unit trusts that predominantly invest in direct property and are not listed on a stock exchange
- A-REITs – these are trusts listed on the Australian Securities Exchange

The properties held directly or through unlisted or A-REITs include (but are not limited to) the following property sectors:

- Commercial (e.g. office buildings)
- Retail (e.g. shopping centres)
- Industrial (e.g. warehouses)
- Healthcare (e.g. hospitals or medical centres)

The Property Income Fund's property portfolio is diversified by geographic location and sector to help reduce risk.

Typically the Property Income Fund invests 40-70% of its assets in direct property and unlisted property investment vehicles, 20-50% in A-REITs, with the balance held in cash and similar investments.

Derivatives

It is not the Property Income Fund's current policy to use derivatives for gearing purposes or for speculative activities. The Property Income Fund may use derivatives for hedging purposes and for implementing portfolio positions, providing the asset class range is not exceeded.

Although the Property Income Fund does not typically use gearing, from time to time some underlying investments may themselves use gearing.

What is the investment process for the Underlying Fund?

The investment manager uses a top down thematic view to assess the various property markets in which the Fund operates. A bottom up view is used to identify undervalued investment opportunities across various property sectors, investment structures and geography. Using this analysis, and separate yield analysis, a preferred allocation between direct property, unlisted property securities and A-REIT's is obtained.

The investment manager will use the above information in assessing and investing in direct property assets and unlisted property securities. The appointed A-REIT managers undertake their own analysis in creating and managing their investment portfolios.

Who is the investment manager of the Underlying Fund?

Australian Unity Property Limited is the investment manager for the Underlying Fund and determines the allocation between asset classes. It also manages the direct and unlisted property portfolio.

Australian Unity Funds Management Limited manages a part of the investment allocation to A-REIT's, and outsources the management of the remaining component to specialist external investment managers.

Australian Unity Funds Management Limited manages the cash component of the Underlying Fund.

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Portfolio details of the Underlying Fund

The Property Income Fund is diversified at multiple levels:

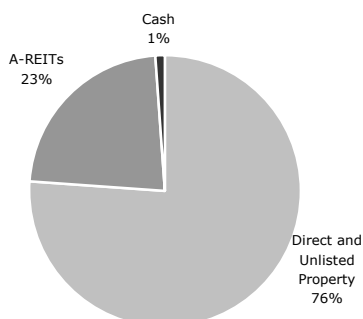
- Asset types (direct property, unlisted trusts, listed A-REITs and cash);
- Property sectors (retail, office, industrial and healthcare)
- Property attributes (geographic locations, tenants, and lease terms).

We believe that, through diversification, consistent income returns and capital growth can be achieved over the long term and through a range of economic cycles (growth and contraction).

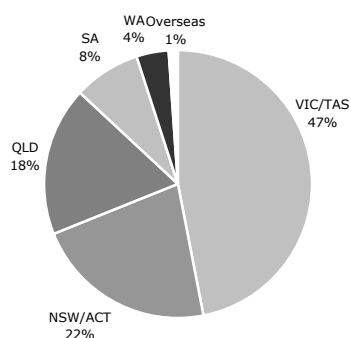
The details in the graphs and tables below are extracted from the Property Income Fund's latest financial statements for the half year ending 31 December 2008. The Property Income Fund's composition and diversity will change over time as properties are acquired or disposed and tenancies are re-let.

Information about the individual properties is contained in the Direct property portfolio table at the back of this document.

Asset allocation (as at 31 December 2008)



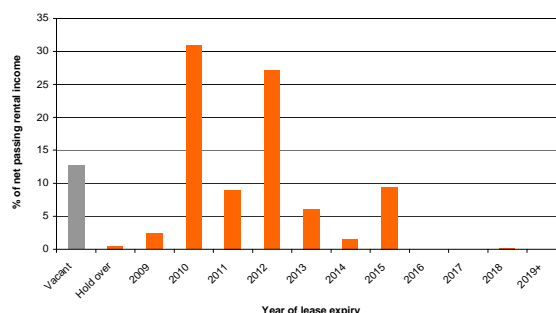
Property geographic allocation (direct and unlisted property as at 31 December 2008)



Direct property occupancy and lease details as at 31 December 2008

Occupancy rate by area	94.03%	
Weighted average lease expiry by income	3.16 years	
Major tenants and % of net passing rental income	Centrelink	17.90%
	Vodafone	9.47%
	Tyco	9.38%
	Consolidated Paper Industries	9.03%
	Hoyts	6.17%

Direct property lease expiry profile as at 31 December 2008



Valuation of properties

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

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

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Direct property portfolio as at 31 December 2008

Property	Independent valuation			Book value	Major tenant	Lease period
	Date	(\$m)	Cap rate %	(\$m)		
40 Allara Street Canberra, ACT	Sep 2008	16.60	8.25	16.60	Property Bch – Dept Urban Services	7 years to 2010
65 Beverage Drive Tullamarine, VIC	Oct 2008	4.90	8.50	4.90	Blue Circle	5 years to 2010
421 Victoria Street Brunswick, VIC	Dec 2008	6.90	8.25	6.90	Tyco	5 years to 2010
11 Dansu Court Hallam, VIC	Dec 2007	5.30	7.00	5.30	Dayco Australia	7 years to 2012
172-186 Moreland Road Brunswick, VIC	Apr 2008	13.20	7.75	13.20	Centrelink	5 years to 2012
7-9 Siddons Way Hallam, VIC	Dec 2007	3.70	7.00	3.50	Pacific Brands	5 years to 2010
98 Ingleston Road Wakerley, QLD	Dec 2008	7.50	9.00	7.50	Consolidated Paper Industries	3 years 2011
15 Telford Place Arundal, QLD	Feb 2008	7.10	9.00	7.45	Vodafone	15 years to 2015
Crn James & Gawler Streets Salisbury, SA	Nov 2008	6.75	9.25	6.75	Hoyts	15 years to 2013

Unlisted and listed portfolio as at 31 December 2008

Investment Name	Amount (\$m)
Australian Unity Industrial Property Trust	1.14
Australian Unity Property Syndicate No.2	2.27
Australian Unity Property Syndicate No.1	1.80
Australian Unity Property Syndicate East West	5.28
Becton Retail Property Trust	1.81
Becton Industrial Property Trust	3.38
Investa Second Industrial Property Trust	1.58
MAB Diversified Property Trust	3.00
Australian Unity Property Securities Fund	34.47
Australian Unity Healthcare Property Trust	9.85
Australian Unity Retail Property Trust	6.35
Orchard Childcare Property Trust	2.68
Australian Social Infrastructure Fund	1.30

Important information

This investment product is issued by Australian Unity Property Limited ABN 58 079 538 499, AFS Licence No. 234455 in its capacity as Responsible Entity. This information is intended only to provide a broad summary of this financial product. Investment decisions should not be made upon the basis of its past performance or distribution rate, since future returns will vary. You should refer to the current Product Disclosure Statement if you wish to know more about this product. A copy can be obtained by telephoning 13 29 39, or from our website www.australianunityinvestments.com.au. The information provided here was current at the time of publication only, and we recommend that you access our website for further information.