

Geared Property Income Fund

Fund Fact Sheet – 26 March 2010



	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 Gross assets	1.05% p.a. of Gross assets
Buy spread	2.00%	2.00%
Sell spread	0.20%	0.20%
Income distributions	Quarterly	Quarterly

Overview of changes since last update

This Fund Fact Sheet has been updated as at 26 March 2010 (from its previous issue on 30 September 2009) to reflect an update to the Fund's gearing position and changes to the underlying Funds' property valuations, tenant information and unlisted property investments. Refer to pages 2, 3, 5 and 6 for further details.

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 and income, but conversely under adverse market conditions has the effect of magnifying losses and reducing income.

We aim to cover the cost of borrowings from the income earned from the additional investment. Through this process, the Fund aims to enhance the level of return.

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

What does the Fund invest in?

The Fund primarily acquires 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 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.

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 'Borrowings' 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.

Distributions from the Fund's holdings in the Property Income Fund and interest earned on cash holdings 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 Responsible Entity 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 information in the table below is taken from the values as at 31 December 2009 and is not based upon audited financial record.

Borrowing details as at 31 December 2009	
Total Fund size (Gross Assets)	\$91.79m
Gearing ratio ⁽¹⁾	43.58%
Interest cover ratio ⁽²⁾	2.55 times
% of borrowings hedged	0%
Borrowing facility limit	\$40 million
Borrowing facility drawn amount	\$40 million
Borrowing facility maturity	10 September 2010 ⁽³⁾
Hedge facility expiry	NA

⁽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. The gearing ratio based on the last audited financial statement as at 30 June 2009 was 50.23%

⁽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 2.55 times the level of interest payments due. The interest cover ratio based on the last audited financial statement as at 30 June 2009 was 2.10 times.

⁽³⁾ We are within the current lender's requirements, and as such, are confident that the borrowing facility will be refinanced prior to maturity.

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\$10.3 billion in funds under management (as at 31 December 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 \$1.1 billion (as at 31 December 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 arm's length commercial terms.

Entities within the Australian Unity Group may provide registry, accounting and tax services to the Fund 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 governed 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. There are currently no fees payable to related parties from the Fund.

Investments in related parties as at 31 December 2009

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	62.37%	91.52
Australian Unity Wholesale Cash Fund ⁽¹⁾	0.01%	0.09

⁽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 focus on delivering consistent income to investors. By hybrid, we mean that the Property Income Fund invests across a range of property asset types including direct property, units in unlisted property trusts, and listed Australian – Real Estate Investment Trusts (listed Australian REITs).

Through investing in a range of different property assets and cash, the Underlying Fund aims to maintain a solid level of 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
- Listed Australian REITs – these are trusts listed on the Australian Securities Exchange

The properties held directly or through unlisted trusts or listed Australian 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 and 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 trusts, 20-50% in Australian 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 listed Australian REITs is obtained.

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 the Australian Unity Property Securities Fund in which the Fund gains its Australian REIT exposure.

Australian Unity Funds Management Limited manages a part of the investment allocation to listed Australian REITs, 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.

Portfolio details of the Underlying Fund

The Property Income Fund is diversified at multiple levels:

- Asset types (direct property, unlisted trusts, listed Australian REITs and cash);
- Property sectors (commercial, 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).

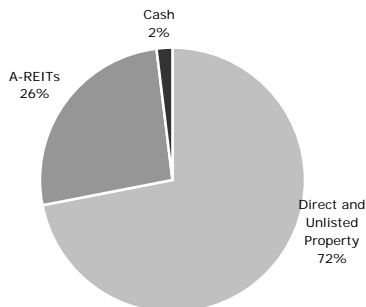
The information in the graphs and tables below is taken from the Property Income Fund's values as at 31 December 2009. The Property Income Fund's composition and diversity will change over time as properties are acquired or disposed and tenancies are re-let.

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

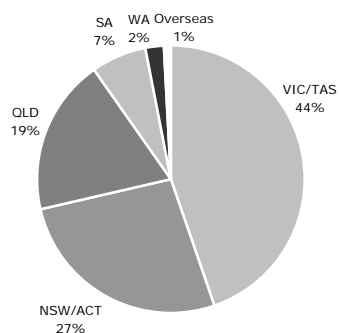
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Asset allocation as at 31 December 2009



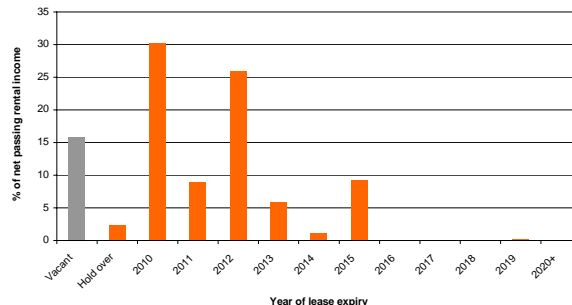
Property geographic allocation (direct and unlisted property) as at 31 December 2009



Direct property occupancy and lease details as at 31 December 2009

Occupancy rate by area	93.18%	
Weighted average lease expiry by income	2.34 years	
Major tenants and % of base rental income	Centrelink	19.19%
	Vodafone	10.90%
	Tyco	10.79%
	Consolidated Paper Industries	10.45%
	Hoyts	6.89%

Direct property lease expiry profile as at 31 December 2009



Property development

Currently, the Underlying Fund is refurbishing the Allara Street property in Canberra. The aim is to achieve a 4-4.5 star rating with the National Australian Built Environment Rating System (NABERS). This work is expected to be completed during 2010.

Valuation of properties

Regular valuation of underlying property assets is an important aspect of managing the Fund 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.

Contact us

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Direct property portfolio of the Underlying Fund as at 31 December 2009

Property	Independent valuation			Book value	Major tenant	Lease period
	Date	(\$m)	Cap rate %	(\$m)		
40 Allara Street Canberra, ACT	Dec 2009	19.85	8.25	19.85	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	March 2009	5.25	8.00	5.25	Dayco Australia	7 years to 2012
172-186 Moreland Road Brunswick, VIC	June 2009	12.15	9.51	12.15	Centrelink	15 years to 2012
7-9 Siddons Way Hallam, VIC	March 2009	3.30	8.00	3.30	Pacific Brands	5 years to 2010
98 Ingleston Road Wakerley, QLD	Dec 2009	7.50	9.50	7.51	Consolidated Paper Industries	3 years to 2011
15 Telford Place Arundal, QLD	Feb 2009	6.90	9.50	6.90	Vodafone	15 years to 2015
Crn James & Gawler Streets Salisbury, SA	Nov 2009	6.60	10.00	6.60	Hoyts	15 years to 2013

Unlisted and listed portfolio of the Underlying Fund as at 31 December 2009

Investment Name	Amount (\$m)
Australian Unity Industrial Property Trust	1.92
Australian Unity Property Syndicate No.2	1.83
Australian Unity Property Syndicate No.1	1.42
Becton Retail Property Trust	0.88
Becton Industrial Property Trust	2.10
Investa Second Industrial Property Trust	1.28
MAB Diversified Property Trust	2.44
Australian Unity Property Securities Fund	38.91
Australian Unity Healthcare Property Trust	0.96
Australian Unity Retail Property Fund	18.12
Orchard Childcare Property Trust	1.75
Australian Social Infrastructure Fund	0.95

Important information

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