

Property Income Fund

Fund Fact Sheet – 30 September 2009



	Retail Units	Wholesale Units
APIR Code	YOC0001AU	YOC0100AU
Inception date	March 2005	December 1998
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	1.85% p.a. of net assets	0.90% p.a. of net assets
Buy spread	1.20%	1.20%
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 30 September 2009 (from its previous issue on 31 March 2009) to reflect an update to the Fund's underlying property valuations, tenant information, and unlisted property investments. Refer to pages 3, 4 and 5 for further details.

About the Fund

The Australian Unity Property Income Fund ('Fund') is a 'hybrid' property fund with a focus on delivering consistent income to investors. By hybrid, we mean that the 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 Fund aims to maintain a reasonable level of liquidity, generally enabling investors to request withdrawals when they choose.

What does the Fund invest in?

The 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 or medical centres)

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

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

Derivatives

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

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

What is the Fund's investment process?

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.

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

Direct and unlisted property

The direct and unlisted property portfolio is diversified by sector (e.g. commercial, retail, industrial, healthcare), tenant and geographic location.

In the asset selection process the investment manager seeks the following:

- **Quality** - It is the Fund's strategy to acquire only quality properties.
- **Location** - The Fund will seek to reduce risk by holding properties in various geographic locations.
- **Services and Type** - The Fund will acquire properties of various types (e.g. industrial, commercial, retail, healthcare), to diversify its revenue sources.
- **Tenants** - The Fund's investments will result in exposure to multiple tenants, reducing overall portfolio risk. Tenant strength is an important consideration in the asset purchase decision.

The Fund invests in a number of unlisted property trusts and property syndicates operated by specialist property fund managers, which may include related parties.

A combination of qualitative and quantitative factors is considered in making investment decisions.

Listed Australian-REITs The Fund gains exposure to listed Australian-REITs by outsourcing the selection of these securities to high quality investment managers.

Exposure to A-REITs enables a greater diversification of assets than would be possible through direct property only, as well as providing the Fund with enhanced liquidity.

Cash

A component of the Fund will be held in cash and similar investments primarily for liquidity purposes.

Structure of the Property Income Fund

Investor applications are pooled together to purchase direct property assets, listed Australian-REITs and unlisted property funds. Cash is used to meet the Fund's day to day operating expenses, and to provide liquidity (withdrawals) for investors.

Rent from the Fund's properties, interest earned on cash holdings and distributions from the Fund's unlisted and listed assets generate income for the Fund. This income is used to meet 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 value of the Fund's underlying assets.

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 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 also 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\$7.6 billion in funds under management (as at 31 August 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 August 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 Fund is diversified at multiple levels:

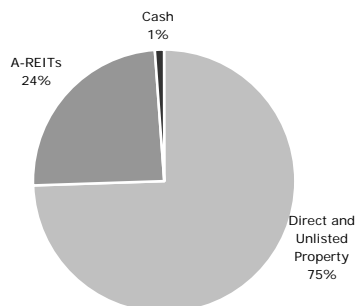
- Asset types (direct property, unlisted trusts, listed A-REITs and cash);
- Property sectors (commercial, office, industrial and healthcare)
- Property attributes (geographic locations, tenants, and lease terms).

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).

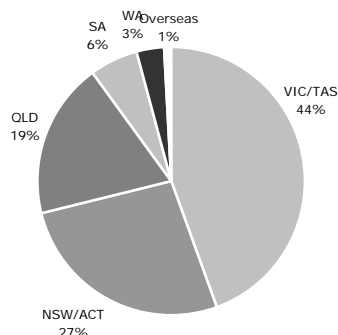
The details in the graphs and tables below are taken from the Fund's latest audited financial statements for the year ending 30 June 2009 unless otherwise stated. The Fund's composition and diversity will change over time as properties are acquired or disposed and tenancies are re-let.

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

Asset allocation as at 30 June 2009



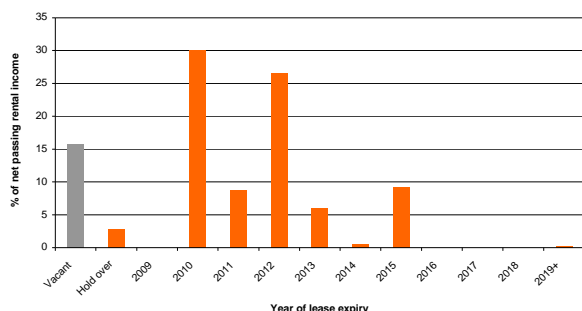
Property geographic allocation as at 30 June 2009 (direct and unlisted property)



Direct property occupancy and lease details as at 30 June 2009

Occupancy rate by area	93.18%	
Weighted average lease expiry by income	2.65 years	
Major tenants and % of net base rental income	Centrelink	19.76%
	Vodafone	10.89%
	Tyco Electronics	10.78%
	Consolidated Paper Industries	10.38%
	Hoyts	7.09%

Direct property lease expiry profile as at 30 June 2009



Property development

Currently, the 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 2009. The estimated cost of works being carried out is \$4.1m.

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.

Related party transactions

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

Related party transactions are managed in accordance with strict policy and guidelines which require an assessment and approval to ensure the arm's length nature of each transaction by senior management and is regularly monitored by the responsible entity. Entities within the

Australian Unity Group may provide property management, registry, accounting and tax services to the Fund for fees charged at a commercial rate.

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

Investments in related parties

The Australian Unity Property Income Fund held the following positions in funds managed by a related party as at 30 June 2009.

Related Party	Interest held in related party	Value \$m
Australian Unity Property Syndicate No.2	16.68%	1.89
Australian Unity Industrial Property Trust	10.31%	1.88
Australian Unity Property Securities Fund	45.68%	34.59
Australian Unity Healthcare Property Trust	1.92%	4.48
Australian Unity Retail Property Fund	9.29%	14.44
Australian Unity Property Syndicate No.1	11.91%	1.45
Australian Unity Wholesale Cash Fund	0.30%	1.42

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Direct property portfolio as at 30 June 2009

Property	Independent valuation			Book value (\$m)	Major tenant	Lease period
	Date	(\$m)	Cap rate %			
40 Allara Street Canberra, ACT	Sep 2008	16.60	8.25	17.45	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 2008	7.50	9.00	7.51	Consolidated Paper Industries	3 years 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 2008	6.75	9.25	6.75	Hoyts	15 years to 2013

Unlisted and listed portfolio as at 30 June 2009

Investment Name	Amount (\$m)
Australian Unity Industrial Property Trust	1.88
Australian Unity Property Syndicate No.2	1.89
Australian Unity Property Syndicate No.1	1.45
Becton Retail Property Trust	1.41
Becton Industrial Property Trust	2.85
Investa Second Industrial Property Trust	1.40
MAB Diversified Property Trust	2.65
Australian Unity Property Securities Fund	34.59
Australian Unity Healthcare Property Trust	4.48
Australian Unity Retail Property Fund	14.44
Orchard Childcare Property Trust	2.10
Australian Social Infrastructure Fund	1.07

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.