

**Sample tax statement based on 10,000 units for NZ tax resident investors.
For investors who have NOT transferred units during the financial year.**

Dear Investor

**2009–2010 Tax Statement for Australian Unity Property Syndicate No. 2
Account number :**

Thank you for investing with Australian Unity Investments.

Please find enclosed your New Zealand Tax Statement for the year ended 31 March 2010.

The Statement also provides important notes to assist you in completing your tax return for the New Zealand Inland Revenue Department (IRD) for the tax year ended 31 March 2010. Please retain the Statement for your records.

We have assumed for the purpose of calculating your taxable income that you have a 31 March balance date (i.e. the standard balance date for New Zealand tax residents) and hold less than 10% of the interests in the Syndicate. If this is not correct, you will need to seek independent tax advice to calculate the appropriate amount of taxable income to include in your tax return.

We also understand (based on our records) that you have not bought or sold, transferred or otherwise disposed of any of your units in the Syndicate during the tax year ended 31 March 2010.

Further information

We recommend that you speak to a professional tax adviser regarding your tax return.

The New Zealand Inland Revenue website provides a foreign investment fund (FIF) calculator that you may also find useful: www.ird.govt.nz/calculators/tool-name/tools-f/calculator-fif-income.html

If you have any questions about your investment, please contact your financial adviser or Investor Services on 0800 89 29 39 (from within New Zealand) or 13 29 39 (from within Australia), or email us at investments@australianunity.com.au.

Yours sincerely



Cameron Dickman
General Manager - Retail
Australian Unity Investments

AUSTRALIAN UNITY PROPERTY SYNDICATE NO. 2

ARSN 115 891 364

NEW ZEALAND TAX STATEMENT
For tax year ended 31 March 2010

Box 1: <i>If you are a De minimis Investor</i>	NZ\$*
Assessable Income	992.37
Australian Withholding Tax	90.73

Box 2: <i>If you are a foreign investment fund (FIF) Investor using the Fair Dividend Rate (FDR) Method</i>	NZ\$*
Assessable Income	1,051.14
Australian Withholding Tax	90.73

Box 3: <i>If you are a FIF Investor using the Comparative Value (CV) Method</i>	NZ\$*
Assessable Income**	(1,332.49)
Australian Withholding Tax	90.73

* The exchange rate used for distribution income was NZ\$1.2371: A\$1.00 for the quarter ended 30 June 2009, NZ\$1.2219: A\$1.00 for the quarter ended 30 September 2009, NZ\$1.2504: A\$1.00 for the quarter ended 31 December 2009 and NZ\$1.3022: A\$1.00 for the quarter ended 31 March 2010.

** Subject to the restriction on losses – see below for further detail.

Important notes on completing your New Zealand tax return

The New Zealand taxation treatment of an interest in the Syndicate can be complex and the taxation position of each investor may vary depending on their specific circumstances. Therefore, we recommend that you seek independent tax advice in regard to your specific circumstances and the completion of your New Zealand tax return.

Any reference to the 'Act' is a reference to the New Zealand Income Tax Act 2007, unless otherwise stated.

Your Income from the Syndicate

The Australian Unity Property Syndicate No. 2 (the 'Syndicate') is treated as an unlisted Australian company for New Zealand tax purposes. Therefore, your investment in the Syndicate will be treated as a share in an unlisted Australian company.

For New Zealand income tax purposes there are three different methods for New Zealand investors to determine their assessable income from the Syndicate. The three boxes on your tax statement show your alternative income amounts depending on which method you use. Using the information below, you need to:

- determine your investor category (i.e. De minimis Investor, FDR Investor or CV Investor), a description of these categories is provided below; and

- use the *Assessable Income* and *Australian Withholding Tax* amount in your tax statement that corresponds to your investor category to complete your New Zealand tax return.

Box 1: De minimis Investors

De minimis Investors are natural persons who hold (other than in their capacity as a trustee¹) non-New Zealand equity investments (including units in a unit trust but excluding, amongst other things, shares in most Australian resident companies listed on the ASX All Ordinaries Index) the total cost of which is less than NZ\$50,000. For the purpose of determining the total cost of your portfolio of non-New Zealand equity investments, you have the option of treating the cost of your units in the Syndicate as being equal to half the market value of the units on 1 April 2007, provided that you:

- (1) acquired your units in the Syndicate before 1 January 2000; and
- (2) apply the same treatment to all FIF investments you acquired before 1 January 2000.

De minimis Investors are not subject to the FIF taxation regime.

If you are a De minimis Investor you will need to include the *Assessable Income*, shown in Box 1 on the second page of this letter, in the overseas income section of your New Zealand income tax return. The *Assessable Income* is comprised of your share of taxable distributions from the Syndicate for the period from 1 April 2009 to 31 March 2010.

Box 2: FDR Investors

FDR Investors are those who are subject to the FIF taxation regime and who use the FDR method to calculate FIF income. You will be subject to the FIF regime if you are:

- (1) a non-natural person (such as a company);
- (2) a natural person holding units in the Syndicate as a trustee²; or
- (3) a natural person who is over the de minimis threshold.

The *Assessable Income* amount in Box 2 is calculated using the FDR method and is equal to 5% of the market value of the units you hold at the beginning of the income year (*Opening Value*).

Most investors who are subject to the FIF taxation regime will use the FDR method to calculate their income. However, certain investors (described below) may elect to use the CV method to calculate their income.

Box 3: CV Investors

If you are subject to the FIF taxation regime and you are an individual or the trustee of a family or charitable trust complying with section EX 46(6)(b) of the Act, you may choose to use the CV method to calculate your income from the Syndicate.

If you elect to apply the CV method, it is the *Assessable Income* amount in Box 3 that you must use in the calculation of your total FIF income and include in the overseas income section of your New Zealand income tax return.

If you choose to use the CV method you:

¹ Unless the trustee meets the requirement in section CQ 5(1)(e) and (5) of the Act.

² Other than a trustee referred to in footnote 1.

- (1) cannot claim a net deduction with respect to your FIF investments (in most cases); and
- (2) cannot use the CV method for some FIF investments and the FDR method for others. In practice this means that if you choose to use the FDR method for any FIF investment, you cannot use the CV method for other non-New Zealand equity investments.

Credit for Australian Withholding Tax

Australian Unity Property Limited may have been obliged under Australian tax legislation to withhold non-resident tax (*Australian Withholding Tax*) from distributions to you during the year. Generally you will be entitled to a New Zealand foreign tax credit in respect of this amount of withholding tax, shown on your tax statement as *Australian Withholding Tax*, which can be credited against your New Zealand income tax liability on your income from the Syndicate. The credit is limited to the New Zealand income tax liability on your income from the Syndicate, after deduction of any expenses that relate to earning that income.

SAMPLE