# Australian Unity Diversified Property Fund

Product Disclosure Statement

**15 February 2024**


Issued by: Australian Unity Property Limited ABN 58 079 538 499 (AUPL), AFS Licence No. 234455

## Important information

The Ordinary Units (Units) available in the Australian Unity Diversified Property Fund ARSN 106 724 038, APIR YOC0018AU (Diversified Property Fund or Fund) offered under this Product Disclosure Statement (PDS) are issued by Australian Unity Property Limited ABN 58 079 538 499 (AUPL), AFS Licence No. 234455 in itscapacity as Responsible Entity.

AUPL is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888 and is a member of the Australian Unity Group of companies.

### References to us

A reference to 'Australian Unity' includes those entities within the Australian Unity Group undertaking investment activities.

A reference to 'Australian Unity Wealth & Capital Markets' is a business name, which includes those entities within the Australian Unity Group undertaking investment activities.

In this document, the description 'we', 'us' or 'our' refers to AUPL.

### Applications

An investment in the Fund offered under this PDS is not guaranteed or otherwise supported by AUPL, Australian Unity Limited, or any member of the Australian Unity Group. You should consider this when assessing the suitability of the investment, and particular aspects of risk.

Applications for investment in the Fund can only be made using the Application Form which forms part of this PDS or otherwise provided by AUPL.

If you receive this PDS electronically, please ensure that you have received the entire PDS and Application Form. If you are unsure whether the electronic document is complete, please call us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

This PDS is available on our website australianunity.com.au/wealth/dpf for a free paper copy is available by calling us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

No investments will be accepted on the basis of this PDS once it is replaced with a later PDS.

### Seeking financial advice

This PDS contains important information but does not take into account your investment objectives, financial situation or particular needs. Before making any decision based upon information contained in this document, you should read it carefully in its entirety, and consider consulting with a financial adviser or tax adviser.

### Eligibility

This PDS has been prepared to comply with the requirements of the laws of Australia. This PDS may only be used by investors receiving it (electronically or otherwise) in Australia. No Units are being offered to any person whose registered address is outside of Australia unless we are satisfied that it would be lawful to make such an offer. The distribution of this PDS in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this PDS should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

### Indirect investments

AUPL has authorised the use of this PDS for investors considering placing an investment through a masterfund, wrap or similar platform product (collectively referred to as investor directed portfolio service or IDPS in this document). In this PDS, the operator of that IDPS product will be referred to as your IDPS operator. Information for IDPS investors can be found in section 12.

### Business day

In this document 'business day' refers to a Melbourne business day on which Australian banks are open for business in Melbourne excluding Saturday and Sunday.

### Terms and conditions

Units are issued on the terms and conditions contained in the Fund's Constitution and this PDS. We reserve the right to change the terms and conditions in this PDS without prior notice.

### Goods and services tax

Fees and charges set out in this PDS, unless otherwise stated, are inclusive of goods and service tax (GST) less input tax credits (including approximate reduced input tax credits) that the Fund may be entitled to claim.

### Currency

All dollar amounts referred to in this PDS are expressed in Australian dollars.

### Website

All references in this PDS to our website refer to australianunity.com.au/wealth/dpf.

### Updates to this PDS

Information in this PDS that is not materially adverse and is subject to change, may be updated via our website. A free paper copy of updated information is available by calling us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

We may issue a supplementary PDS (SPDS) to supplement any relevant information notcontained in this PDS in accordance with our obligations under the Corporations Act.Any SPDS and other information about the Fund will be made available on our website or a free paper copy is available by calling us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

### Continuous Disclosure

In accordance with existing regulations, we will meet our continuous disclosure requirements by way of website disclosure. All disclosure required under the continuous disclosure obligations is available on our website. You can obtain a free paper copy by calling us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

This PDS incorporates by reference the Fund's Continuous Disclosure Notice (CDN) which addresses the benchmarks and disclosure principles outlined by Australian Securities and Investment Commission (ASIC). The CDN provides up to date disclosure information about the Fund.

You should read the Fund's most recent CDN available at australiaunity.com.au/wealth/dpf and the latest Annual report available at australianunity.com.au/wealth together with this PDS. Free paper copies of these documents are available by calling us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

### Cover of this PDS

The asset appearing in the photograph on the front cover of this PDS is an asset of the Fund.

### Glossary

A list of defined terms used within this PDS can be found in section 13.

### Target Market Determination (TMD)

The TMD is a set of criteria that we, in our capacity as the product issuer, issue for each of our products (including their investment options).

It describes who our products are likely to be appropriate for. It also contains details around distribution conditions, eligibility criteria, information reporting requirements, and a set of internal review triggers. For more information on whether this product may be your investment needs, please refer to the TMD at australianunity.com.au/wealth/target-market-determinations.

# Contents

# Section 1: Disclosure principles and benchmarks

**The Australian Securities and Investments Commission (ASIC) requires responsible entities of unlisted property schemes in which retail investors invest, to provide a statement addressing six benchmarks and eight disclosure principles.**

These benchmarks and disclosure principles are outlined in *ASIC Regulatory Guide 46: Unlisted property schemes – Improving Disclosure for Retail Investors (RG46)*. The Property Council of Australia and the Property Funds Association have issued their supplement *RG46 Voluntary Practice Note*.

We are committed to ensuring our disclosure to you adheres to industry best practice and ASIC guidelines. The below table confirms whether we comply with each of ASIC's RG46 benchmark and disclosure principles and indicates where they have been addressed in the PDS and the Fund's Continuous Disclosure Notice (CDN).

This PDS incorporates by reference, the Fund's CDN which addresses ASIC's RG46 benchmarks and principles and provides up to date disclosure information about the Fund.

You should read a copy of the Fund's most recent CDN available at australianunity.com.au/wealth/dpf/cdn and latest Annual report available at australianunity.com.au/wealth/dpf together with this PDS. Free paper copies of these documents are available by calling us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

| ASIC benchmark | Does the Fund meet the benchmark? | Further information |
|---|---|---|
| 1 Gearing policy | Yes | Section 11 and the Fund's latest CDN |
| 2 Interest cover policy | Yes | Section 11 and the Fund's latest CDN |
| 3 Interest capitalisation | No | Section 11 and the Fund's latest CDN |
| 4 Valuation policy | Yes | Section 12 and the Fund's latest CDN |
| 5 Related party transactions | Yes | Section 12 and the Fund's latest CDN |
| 6 Distribution practices | Yes | Section 7 and the Fund's latest CDN |

| ASIC Disclosure principles | Further information |
|---|---|
| 1 Gearing ratio | Section 11 and the Fund's latest CDN |
| 2 Interest cover ratio | Section 11 and the Fund's latest CDN |
| 3 Scheme borrowing | Section 11 and the Fund's latest CDN |
| 4 Portfolio diversification | Section 3 and the Fund's latest CDN |
| 5 Related party transactions | Section 12 and the Fund's latest CDN |
| 6 Distribution practices | Section 7 and the Fund's latest CDN |
| 7 Withdrawal arrangements | Section 6 and the Fund's latest CDN |
| 8 Net tangible assets | The Fund's latest CDN |

# Benefits of the Fund

The Fund offers investment in a diversified portfolio of quality Australian commercial property investments, with the potential for tax deferred income and capital growth over the medium to long-term.

Stable income paid monthly

Potential for modest capital growth over the medium and long term

Access to property investments without the obligations of direct property ownership

Opportunity to invest in a diversified portfolio of quality property investments

Managed by a specialist investment manager with skilled employees who have extensive experience in the property industry

Potential for tax deferred income

There are risks associated with every investment and it is important that investors consider the risks of investing and take into account their own personal investment goals and financial situation. Some of the risks of managed investment schemes are explained in section 8.

# Section 2: A snapshot of the Fund

| Details | Description | Further information |
|---|---|---|
| Responsible Entity | Australian Unity Property Limited ('AUPL') holds an AFS Licence No. 234455 | Section 4 |
| Investment manager | AUPL | Section 4 |
| Unit class offered | Ordinary Units are offered under this PDS. | - |
| APIR code | YOC0018AU | - |
| Benchmark index | MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index. | Section 3 |
| Investment objectives[1] | • A stable income stream that is at least 1% p.a. above the average Commonwealth Government 10-year bond yield, calculated on a rolling basis over the previous five-year period (Fund Cash Yield Benchmark); and<br>• A total return (income and capital growth) above the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index (Total Return Benchmark Index), while providing a consistent level of income. | Section 3 |
| Unit pricing | Unit prices are generally calculated each business day. | Section 7 |
| Distribution payments | Distributions are generally paid monthly and are generally sourced from funds from operations and net realised capital gains only. | Section 7 |
| Distribution reinvestment plan | Available.<br><br>The distribution reinvestment price is the net asset value per Unit price at the end of the distribution period (without the buy spread) less the amount of distribution payable per Unit and until further notice, at a 2.5% discount to that price (we reserve the right to change the discount rate applied to the reinvestment price. We will notify you of any change to the discount applied to the reinvestment price on our website). | Section 7 |
| Withdrawals | The Responsible Entity generally provides a quarterly Capped Withdrawal Facility (Capped Withdrawal Facility) limited to 2.5% of the Fund's net asset value on each 'closing date'. The 'Closing Date' is generally 3.00pm Melbourne time on 21 February, 21 May, 21 August and 21 November, or the next Melbourne business day if the relevant day is a non-business day.<br><br>The Fund offers the option to use the 'Carry forward facility' under which any unfulfilled part of a pro-rated withdrawal request will be automatically carried forward to the next available Capped Withdrawal Facility and treated as a new request for the unfulfilled amount. To select this option, please refer to the Fund's Capped Withdrawal Facility booklet available at australianunity.com.au/wealth/dpf. | Section 6 |
| Features of the Fund | • Income is generally paid monthly and sourced primarily from tenants with contracted leases – the majority sourced from investment grade credit rated, and/or ASX listed, companies.<br>• Managed by a specialist investment manager with skilled employees who have extensive experience in the property industry.<br>• Access to a diversified portfolio of property investments, including some strategic assets with the ability to further enhance income and the potential for capital growth over the medium to long-term.<br>• Potential for tax deferred income. | - |
| Key risks | • You may not receive the full amount requested when you participate in the Capped Withdrawal Facility.<br>• Reduction in property values.<br>• Adverse changes to borrowing conditions and other macroeconomic factors.<br>• Gearing increases risk, magnifying gains and losses.<br>• Tenant default.<br>• Property development risk. | Section 8 |
| Related party information | All transactions, including those with related parties, are conducted on commercial terms and on an arm's length basis. | Section 12 and the CDN. |

1. The investment objective that we aim to deliver to investors is a statement of intent, and we cannot guarantee that the Fund will achieve this.

| Details | Description | Further information |
|---|---|---|
| **Investing in the Fund**[2] | | |
| Who should invest in the Fund? | This Fund is typically suited to investors who:<br>• seek regular income payments;<br>• want exposure to a diverse property portfolio;<br>• do not need immediate access to any of their investment in the short-term;<br>• are looking to diversify their existing property portfolio; and<br>• have at least a five-year investment outlook. | - |
| Significant Investment Visa (SIV) Compliance | The Fund meets the requirements for a 'Balancing investment' under the SIV framework.<br>For applicants applying under SIV, a copy of our compliance declaration letter is available at australianunity.com.au/wealth/dpf. Your financial adviser will be able toprovide further information if required. | Section 3 |
| Minimum Initial investment | $5,000 | Section 5 |
| Additional investment amount | $1,000 or $100 per month for Regular Savings Plan. | Section 5 |
| Minimum balance | $5,000 | Sections 5 & 6 |
| **Fund portfolio information** | | |
| Property portfolio diversification | The Fund predominantly comprises directly owned Australian commercial real assets (such as offices, convenience retail shopping centres and industrial properties), including unlisted property trusts and listed Australian REITs, with diversity in geographic locations, tenants and lease terms. | Section 3 & the CDN. |
| Property valuations | Generally conducted annually by qualified independent valuers. | Section 12 & the CDN. |
| Gearing ratio | The Fund generally operates within a gearing ratio range between 35% and 45%.<br>Refer to the Fund's latest CDN for the gearing ratio. | Section 11 & the CDN |
| Interest cover | The Fund's minimum interest cover ratio is 2.0 times. | Section 11 & the CDN. |
| Borrowings | The Fund currently borrows to finance new and existing assets, to redevelop, refurbish and maintain those assets, and to provide liquidity for operating purposes and managing working capital. | Section 11 & the CDN |
| **Fees and other costs of the Fund** | | |
| Base management fee | 0.65% p.a. of the gross asset value of the Fund. | Section 9 |
| Recoverable expenses | Estimated to be 0.19% p.a. of the average gross asset value of the Fund based on the 12 months to 30 June 2023. | |
| Performance fee | The estimated 5-year average performance fee is 0.60% of the gross asset value of the Fund based on the 5 years to 30 June 2023. | |
| Indirect costs | Estimated to be 0.00% of the average gross asset value of the Fund based on the 12 months to 30 June 2023. | |
| Acquisition fee | Up to 1.00% of the purchase price of a real property asset. | |
| Removal/retirement fee | Up to 1.00% of the gross asset value of the Fund upon the removal/retirement of AUPL as Responsible Entity of the Fund. | |
| Buy/Sell spread | Buy spread: 0.50%<br>Sell spread: 0.50% | |

2. It is important that you consider the risks of investing which are explained in 'Risks of managed investment schemes' in section 8.

# Section 3: About the Fund

The Fund is an unlisted property trust that aims to provide investors with monthly tax-effective income and the opportunity for capital growth over the medium to long term. The Fund aims to achieve this by investing in a diversified property portfolio of quality Australian commercial properties including offices, convenience retail shopping centres and industrial properties.

## How the Fund works

Investor capital is pooled with borrowings from lenders to purchase, maintain and/or redevelop direct property and related assets for the Fund.

## Fund income

Rent from the Fund's properties and income earned on its other investments generate income. This income is used to meet the interest expenses on the Fund's borrowings, management fees, property-related expenses and appropriate ongoing Fund expenses.

We may also retain some income as a provision for items such as future expenses or capital requirements. Once these costs and provisions are met, the remaining income is distributed to investors.

## Medium to long term capital growth

The capital growth (or loss) of your investment is largely attributed to revaluations of the Fund's properties and changes in value of other investments including interest rate derivatives and the level of borrowings held by the Fund.

There are risks associated with every investment and it is important that investors consider the risks of investing and take into account their own personal investment goals and financial situation. Some of the risks of managed investment schemes are explained in section 8.

## Investment strategy and criteria

The investment strategy of the Fund is to acquire, manage and grow a diversified property portfolio of offices, convenience retail shopping centres and industrial properties in Australia.

The Fund's diversification strategy aims to provide stability of income through periods of change in the economic environment and enables us to actively manage the portfolio to achieve its aims.

### The Fund primarily invests in the following:

**Direct property assets and unlisted property trusts**

The Fund typically holds 70-100%[1] of its assets in direct property.

The Fund may hold up to 20% of its direct property exposure through unlisted property investments.

The properties held include (but are not limited to):

- Commercial (e.g., office buildings)
- Retail (e.g., convenience retail shopping centres)
- Industrial (e.g., warehouses)

**Listed Australian REITs**

The Fund may hold between 0-15%[1] in the listed Australian REITs sector.

**Cash[2]**

The Fund may hold between 0-20%[1] in cash and similar investments.

1. The target allocation thresholds may change over time and represent a percentage of the Fund's total assets.
2. Cash is held by Australian ADIs (including certificates of deposit, bank bills and other cash-like instruments) and will generally be no more than 20% of the Fund's net assets.

## Direct property

The Fund's properties are predominantly situated in capital cities and major regional and metropolitan centres although the Fund may invest outside these areas if appropriate.

The Fund's property portfolio is diversified by geographic location, tenancy mix, lease terms and size of properties which helps to reduce specific property risk.

## Unlisted property trusts and listed Australian REITs

The Fund may also invest in property trusts (i.e. unlisted property trusts and listed Australian REITs) including those managed by Australian Unity provided the proposed investment meets the Fund's investment objective.

Unlisted property trusts and listed Australian REITs may be used to achieve the target level of exposure to suitable properties and to enhance geographic and sector diversification.

The Fund typically invests in unlisted property trusts to achieve exposure to suitable properties and to enhance geographic and sector diversification.

Listed Australian REITs may also be used in conjunction withcash, to support the Fund's ongoing liquidity and cash flow management.

## Property developments

Property development usually involve;

- the construction of a new building; or
- a significant increase to the lettable area of a building; or
- a change to the nature or use of the property.

**Development of the Fund's existing assets**

In managing the Fund's property portfolio, we may refurbish or redevelop properties from time to time as required.

The Fund seeks to enhance its existing properties through selective exposure to property development with the aim of improving rental returns and the capital value from the developed property

Material property developments will only be undertaken where, in our view, substantial pre-commitments to lease are in place and development risk is appropriately mitigated.

**New property developments**

New property developments may be considered, with a view to retaining ownership in the medium term. Speculative development is not part of the Fund's strategy.

Up to date information on the Fund's significant property developments is available in the Fund's latest CDN.

## Selling assets

We may sell assets where we believe it is in the best interests of the Fund and investors. We consider a range of factors with reference to the current valuation of the asset, including but not limited to:

- the potential for future capital appreciation of existing properties relative to other properties available on the market;
- the impact of new competition, changes in local economic conditions and demographic changes;
- the overall portfolio composition and any requirements to rebalance the portfolio;
- the Fund's liquidity requirements under the Capped Withdrawal Facility; and/or
- the Fund's level of borrowing (gearing).

## Derivatives

The Fund is permitted to use derivatives to manage interest rate risk associated with the borrowings of the Fund. However, the Fund is not allowed to use derivatives for gearingor for speculative activities.

Refer to 'Derivative risk' in section 8 for further information.

## Up to date Fund portfolio information

The Fund's composition and diversity will change over time as assets are acquired or disposed, developed and tenancies are re-let.

Information on the Fund's current portfolio (including a full list of properties and investments in listed Australian REITs and unlisted property trust) is available in the Fund's latest CDN and announcements on the Fund's website and through its quarterly Fund Updates.

## Significant Investment Visa (SIV) Compliance

The Fund meets the requirements for a 'Balancing investment'under the SIV framework, in accordance with Section 10, and the 'General requirements' set out at Section 11 of the legislative Instrument 'IMMI 15/100: Complying Investments'.

The Fund is monitored to ensure that it maintains and complies with SIV legislative requirements.

For investors applying under the SIV framework please contact us for a copy of our compliance/declaration letter and Declaration Form 1413D.

Your financial adviser will be able to provide further information if required.

It is important that you consider the risks of investing whichare explained in section 8.

# Section 4: About the Manager

Established in 1840, Australian Unity is Australia's first member-owned wellbeing company, delivering health, wealth and care services.

We're committed to real wellbeing for all Australians, and for us, real wellbeing means so much more than physical health. It's about your standard of living and feeling safe in your home. It's your personal relationships and being connected to your community. It's about what you want to achieve in life, while having the security to get out and do what makes you happy.

A financially secure future doesn't happen without smart guidance and solid decision making. From tailored financial advice and investments to trustee and banking services, we'll support you to make the most of your income.

## Investment philosophy

It is our investment philosophy that the market prices for properties do not always reflect the underlying value. This may present an opportunity to generate value by buying and selling properties at the most optimal time. Value can also be achieved, and investment risk mitigated, by skillful property and tenant management.

The properties we purchase are carefully selected after assessing the value, considering inherent risks, and the ability to mitigate those risks. The selection process also takes into account:

- location attributes, such as demographic profile, road and services infrastructure and the level of competition;
- property specific criteria, such as the quality of buildings and opportunities to enhance or redevelop the property to protect and/or grow future income and capital value; and
- covenant strength and tenant lease profile.

We actively manage the Fund's portfolio with the aim to optimise the Fund's return.

# Section 5: Making investments

## Obtaining other information before making a decision

Visit our website australianunity.com.au/wealth/dpf for further information on the Fund, including:

- Unit prices and performance;
- Fund Updates;
- Continuous Disclosure Notices;
- Announcements; and
- Annual Report.

We recommend you obtain and review such information before you invest. Alternatively, you can call us on 1300 997 774 or +61 3 9616 8687 if calling from overseas, and we will send you the requested information free of charge.

## Investing

This table explains how to make an investment in a Fund. Applications can be made daily online, by email, or by post. The Application Form (available online and to download) can be found on our website at australianunity.com.au/wealth/dpf.

| | What you need to send us | Minimum investment amount[1] | Cut off times | Important information |
|---|---|---|---|---|
| Initial investment | A completed Application Form and direct debit details | $5,000 | Must be received by 3:00pm at our Melbourne office on a business day to be assessed for acceptance.<br>We will notify you of the effective application price and allotment date you receive in your Confirmation of Investment statement. | Review your application before you sign it, as incomplete applications may not be accepted. |
| Additional investment(s) | A completed Application Form and direct debit details | $1,000 | | |
| Regular investments through a Regular Savings Plan | A completed Application Form including the relevant section to nominate the amount you will regularly invest and your direct debit details. | $100 per month<br>$300 per quarter<br>$600 per half year<br>$1,200 per year | The Application Form must be received five business days before the start of your contributions.<br>Your Regular Savings Plan contributions will be drawn from your bank account on the 15th of the month unless the 15th day of the month is a weekendor public holiday, then it will be on the next business day. | Ensure that you complete the Regular Savings Plan section in the Application Form. Changes can be made to your Regular Savings Plan contributions, provided you giveus five business days to action your request. Your Regular Savings Plan will automaticallycease if two consecutive payments are dishonoured. |
| Transferring your investment | A transfer form completed by both parties and (for new investors) a completed paper Application Form for the Fund completed by the transferee. | $1,000 | Must be received by 3:00pm at our Melbourne office on a business day to be assessed for acceptance.<br>We will notify you of the effective date of your transfer you receive in your transaction statement. | If you choose to transfer only part of your investment you will be required to keep a minimum of $5,000 in your account. |

1. We may vary minimum investment amounts at our discretion.

## Handling of applications

Pending the issue of Units to an investor, the application amount will be held in a trust account that complies with the Corporations Act.

No interest will be paid on applications for the period from receipt until the issue of Units occurs. Similarly, no interest will be paid to any investor whose application (or part of an application) is returned unfilled. Any interest earned on the application amount during this period will be retained by the Fund and form part of its income for the benefit of investors. We may, in our absolute discretion, reject in whole or in part any application. We need not give any reason for rejection.

**Suspension of further applications**

In exceptional circumstances, where it is considered to be in the best interest of investors, the processing of all applications may be suspended. If this occurs, your application request will be processed using the next available Unit price.

## Changing your mind

A 14-day cooling off period is available to you to decide whether to proceed with the application under this PDS. The cooling off period starts on the earlier of:

- the date you receive your initial investment transaction statement; or
- five business days after your units are issued.

If you wish to cancel your investment, it is important that you write to us before the expiration of this period.

The amount repaid to you is adjusted to reflect any increase/ decrease in the value of the investment due to market movement. We will also deduct any taxes or duties payable and transaction costs. As a result, the amount returned to you may be less than your original investment.

If you are a 'sophisticated' or 'professional' investor or otherwise a 'wholesale client' (as defined in the Corporations Act 2001) the cooling off period is not available to you.

If you are investing through a masterfund or IDPS, you should consult the operator in relation to cooling off rightsthat may apply to your investment in the masterfund or IDPS (if any) as the cooling off period for this Fund will generally apply to direct investors of the Fund only.

# Section 6: Requesting withdrawals

This table explains what is required to request a withdrawal.

| | What you need to send us | Minimum[1] | Cut off times | Important information |
|---|---|---|---|---|
| Capped Withdrawal Facility | A completed Capped Withdrawal Facility Booklet, requesting the amount you wish to withdraw, signed by the account holders or the authorised signatories and your bank account details.<br>If you seek to utilise the Fund's 'carry forward facility', you will need to grant a limited power of attorney to us (the Responsible Entity) as provided in the Capped Withdrawal Facility Booklet. | $1,000 | A written withdrawal request must be received by 3:00pm at our Melbourne officeon or before the Closing Date.<br>Refer below for further information. | Review your completed Capped Withdrawal Facility Booklet before you sign it, as incomplete requests may not be accepted.<br>If a withdrawing investor chooses to provide a limited power of attorney, we will continue to apply the carry forward facility for withdrawals on an ongoing basis until the withdrawal request is fulfilled, or the investor notifies us in writing to terminate the withdrawal request; or the investor makes a new withdrawal request, thereby cancelling any outstanding unfulfilled request (utilising the carry forward facility), or the Capped Withdrawal Facility is cancelled by us.<br>The Capped Withdrawal Facility is only available for investors holding Ordinary Units.<br>The Capped Withdrawal Facility Booklet is available at australianunity.com.au/wealth/dpf. |

1. Withdrawals are subject to limits. We may vary minimum withdrawal amounts at our discretion.

## Additional information about withdrawals

Withdrawals are funded using cash reserves held by the Fund. Cash reserves are primarily accumulated from applications and retained earnings. Generally, the Fund does not borrow to fund withdrawals but may do so in appropriate circumstances, for example where it is in the best interests of the Fund to do so.

## Capped Withdrawal Facility

To request a withdrawal, you will need to complete the Capped Withdrawal Facility Booklet which is available from our website australianunity.com.au/wealth/dpf.

We have the discretion to alter the Capped Withdrawal Facility amount, frequency or cancel the Capped Withdrawal Facility without notice.

**The key terms of the Capped Withdrawal Facility include:**

### Withdraw in full or in part

Investors can choose to withdraw some or all of their investment by nominating their withdrawal request by value or by number of Units.

If the withdrawal request is nominated in Units, we will calculate the amount of the withdrawal request using the prevailing withdrawal price on the Closing Date.

### Opening Date

The first business day after each Closing Date (Opening Date).

### Closing Date

You can request withdrawals on any day up to 3:00pm Melbourne time on the Capped Withdrawal Facility closing date, generally being 21 February, 21 May, 21 August and 21 November, or the next Melbourne business day if the relevant day is a non-business day (Closing Date) to receive the withdrawal price effective for that Capped Withdrawal Facility Closing Date.

The Capped Withdrawal Facility Closing Dates may change. Refer to our website for the current Capped Withdrawal Facility Closing Dates.

Withdrawal requests lodged after 3:00pm Melbourne time on the Closing Date will be deemed to be received on the Opening Date of the next Capped Withdrawal Facility

### Amount available for each Capped Withdrawal Facility

The amount available will be 2.5% of the Fund's net asset value at the Closing Date. This may be funded (generally, in order of preference) from cash, the issue of new Units, increasing borrowings, the sale of assets, or a combination of any or all of these.

### Payment of the Capped Withdrawal Facility

Withdrawal requests will generally be paid within five business days after the relevant Closing Date. However, the Constitutionof the Fund permits us to pay withdrawal proceeds up to 365 days from the day that the withdrawal request was received or deemed to be received.

Investors will receive a withdrawal confirmation showing the amount withdrawn and the balance of their investment.

### Pro-rated withdrawal requests

If the total amount of withdrawal requests exceeds the amount available for the Capped Withdrawal Facility, investors will receive a pro-rata amount of their withdrawal request.

If a pro-rata payment occurs investors can reapply at the next Capped Withdrawal Facility by completing the Capped Withdrawal Facility Booklet, if they wish to withdraw any further amount.

### Carry forward facility

The Fund also offers a 'carry forward facility' in which investors are able, as part of their withdrawal request, to choose any unfulfilled withdrawal request to be automatically carried forward to the next Capped Withdrawal Facility and treated as a new withdrawal request.

To take advantage of the carry forward facility, the investor must grant us the limited power of attorney as set out in the Fund's Capped Withdrawal Facility Booklet. This limited power of attorney enables us to apply on behalf of the investor for the unfulfilled part of a withdrawal request at the next available Capped Withdrawal Facility. We will continue to apply for withdrawals on an ongoing basis until:

- the withdrawal request is fulfilled (refer below for further information);
- the investor notifies us in writing to terminate the withdrawal request;
- the investor makes a new withdrawal request, thereby cancelling any outstanding unfulfilled request (utilising the carry forward facility); or
- the Capped Withdrawal Facility is cancelled by us.

The terms of the limited power of attorney are provided in the Fund's Capped Withdrawal Facility Booklet.

The 365-day period provided by the Fund's Constitution to paywithdrawal proceeds is reset each time we make a withdrawal request on behalf of an investor (under the limited power of attorney for the 'carry forward facility') at the next Capped Withdrawal Facility.

If the investor makes a new withdrawal request, we will cancel any outstanding unfulfilled requests the investor may currently have at that time, and act only on the most recent withdrawal request. In such a case, any previously unfulfilled amounts will remain unfulfilled.

### Withdrawal price

Withdrawal requests will be calculated using the withdrawal price on the relevant Closing Date. As a result, investors will not know the withdrawal price at the time they lodge a Capped Withdrawal Facility request. The withdrawal price includes a sell spread.

If the investor has utilised the 'carry forward facility', the variances in the withdrawal price as at the relevant payment date will affect the amount the investor ultimately receives or the number of units redeemed.

### Example of a pro-rata withdrawal

If the Fund's net asset value at the relevant Closing Date was $180 million, the amount to be made available for the Capped Withdrawal Facility will be $4,500,000 (calculated as 2.5% multiplied by $180 million). If withdrawal requests received under the Capped Withdrawal Facility totalled $5,000,000 and an investor requested a withdrawal of $90,000, then the investor would receive a pro-rata withdrawal payment of $81,000 (being $90,000 x $4,500,000 / $5,000,000).

If the investor uses the 'carry forward facility', the balance of $9,000 would be carried forward as a new request at the next Capped Withdrawal Facility.

Given the variability of the withdrawal price between each Capped Withdrawal Facility, the amount paid to an investor, or the number of units redeemed may be more or less than the amount originally requested.

For example, if the above investor has utilised the carry forward facility and the Fund's unit price has declined by 5% between Capped Withdrawal Facilities, the investor would receive $8,550 (being $9,000 x 95%) at the next Capped Withdrawal Facility (assuming the redemption is paid in full at that time).

### Changes to the Capped Withdrawal Facility

The Capped Withdrawal Facility may be suspended in certain circumstances or generally if we believe it is in the best interests of investors to do so.

In addition, we must at all times ensure that investors in the Fund are not unfairly treated by any withdrawal facility offered. We may therefore vary the terms and conditions of any withdrawal facility to ensure the fair and equal treatment of all investors. Any variation will be communicated to investors via the Fund's website.

## Deceased Estates

Subject to the Fund's liquidity, Corporations Act and ASIC relief, representatives of deceased estates may be eligible to request a full withdrawal from the Fund by using the Fund's Capped Withdrawal Facility. Any amount payable to deceased estates will be in addition to the amount available under each Capped Withdrawal Facility subject to the financial position of the Fund.

## Minimum balance

If the current value of your account falls below the required minimumbalance of $5,000, we may withdraw your units in full, pay you the proceeds and close your account. The amount payable will be the withdrawal price on the date of the withdrawal multiplied by the number of units you hold. We reserve the right to vary the minimum amounts at any time at our discretion.

## Withdrawal rights

The Fund is currently a liquid scheme as we expect to be able to realise at least 80% of our assets at market valuation within the timeframe stipulated in the Fund's Constitution.

If we are of the view that we cannot sell at least 80% of the Fund's assets at their current market valuation within 365 days, the Fund will become illiquid and the Capped Withdrawal Facility will be suspended. If this occurs, investors can only withdraw when we make a withdrawal offer available in accordance with the Fund's Constitution and applicable law.

Please refer to the 'Risks relevant to the Fund' in section 8.

# Section 7: Unit prices and distribution payments

## How we calculate unit prices

Unit prices are generally calculated each business day. The Unit price is calculated by deducting the Fund's liabilities from the valuation of the Fund's assets. The resulting amount is then divided by the total number of Units issued by the Fund.

Both the application and the withdrawal price are calculated taking into account any applicable buy/sell spread. The buy/sell spread is a percentage amount applied to the Unit price. It ensures that there is an equitable application of the costs of buying and selling assets to investors entering and exiting the Fund. Refer section 9 for more information on the buy/sell spread of the Fund.

Where we apply our discretion to Unit pricing using our powers under the Fund's Constitution (e.g. in determining an appropriate level for the buy/sell spread, based on estimates of underlying transaction costs being incurred by the Fund), we act in accordance with our set policies. Investors may inspect a copy of these policies at our registered office at any time between 9:00am and 5:00pm (Melbourne time) on a business day or you can request a free paper copy by calling Investor Services on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

For Unit price updates please visit our website or call us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

## Distribution payments

The amount of distribution income paid to you is based on the number and class of Units you hold at the end of each distribution period.

Distributions are generally paid within 15 business days of the end of each calendar month.

There are two payment options available to you:

**1. Reinvest your distribution**

The distribution reinvestment price is the net asset value per Unit price at the end of the distribution period (without the buy spread) less the amount of distribution payable per Unit and until further notice, at a 2.5% discount to that price (we reserve the right to change the discount rate applied to the reinvestment price. We will notify you of any change to the discount applied to the reinvestment price on our website). If you wish to reinvest your distributions, you should complete the relevant section of the Application Form. Only investors with an Australian registered address may reinvest their distributions.

**2. Have your distribution paid directly to an account held at an Australian bank or financial institution.**

If you wish to have the distribution paid to you, complete the relevant section of the Application Form and provide your bank account details. If you do not provide bank account details, then your distributions will be automatically reinvested.

Please note if you are investing through a masterfund or IDPS, the operator may pay income at different times and may not offer you a choice of payment options.

## Distribution practices

The distribution policy of the Fund is aligned to its ongoing earning capacity from assets held.

The Fund aims to source all distributions from funds from operations (FFO). However, it is permitted to fund distribution payments from other sources, such as capital, if we consider it to be in the interests of investors (for example if rental income is suddenly reduced unexpectedly) and where payment from that source is expected to be sustainable given the circumstances.

FFO is a key determinant for the Fund when calculating and deciding the level of distribution to pay. To reconcile net profit to FFO and distributions, the Fund may make adjustments to net profit for changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation on incentives, rental straight-line adjustments and other unrealised one-off items.

Where the Fund makes distributions from capital, this will have the effect of reducing investor equity. Where this occurs and the Fund has borrowings, the reduction in investors' equity will have the effect of increasing the gearing ratio and gearing related risks. Where a fund is close to its gearing related covenants, the risk of breaching these covenants is increased.

Further information on the Fund's distributions, including a reconciliation of the net profit to FFO and distributions, is set out in the Fund's latest CDN.

# Section 8: Risks of managed investment scheme

## What is risk?

'Risk' generally refers to the variability or volatility of an investment return and the likelihood of incurring a loss on your investment.

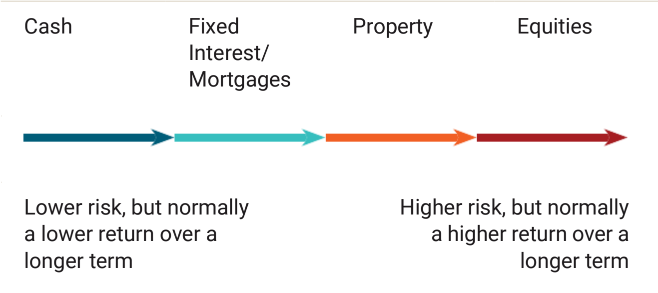
All investments come with a degree of risk and different strategies carry different levels of risk, depending on the assets that make up the strategy.

The main risks of investing include a decrease in the value of your investment, a fluctuation or a decrease in the amount of income generated from the investment, or a lower than expected rate of return.

These risks can arise from various circumstances, including:

- changes to law or government policies relating to tax or economics that may have adverse impacts on investment markets or the tax treatment of trusts or investment returns ('regulatory risk'). See section 10 for more details; and
- changes to social, economic (e.g. inflation and interest rates), political, commercial and technological environments, or to market sentiment, that may make certain investments less attractive ('market risk').

It is commonly accepted that there is a relationship between the level of return generated by an investment and its level of risk. The illustration below shows the four main types of investments and their relationship to risk and return.




If investment security is your highest concern when selecting investments, an investment with lower risk might be the most suitable option. These types of investments may deliver a lower return in the long-term. Conversely, if your focus is towards achieving higher returns, then an investment option with higher risk may be suitable. However, fluctuations in the value of the investment could occur, which could result in the initial investment value going down, as well as up.

## How we manage risk?

We are unable to completely eliminate all investment risks, but we do analyse, manage and aim to reduce the impact of risks throughthe use of carefully considered investment guidelines.

We also spread investments across a diverse range of assets to reduce the reliance upon the performance of any single asset. If one asset is performing poorly, another may perform well.

Diversification will therefore generally smooth out the overall return on the portfolio and may reduce short-term volatility.

## How you can manage your risk

In managing your risk, we recommend that you:

- Seek advice from an independent financial adviser to understand how your current financial situation and investment objectives affect the selection of investments;
- Consider your investment timeframe, investment objectives and risk tolerance; and
- Diversify your investments to help reduce risk and the volatility of investment returns.

## Risks relevant to the Fund

The Fund predominantly comprises Australian commercial assets including directly owned properties (such as offices, shopping centres and industrial properties), unlisted property trusts and listed Australian REITs. With the exception of Australian REITs and cash, property assets tend to be less liquid than other forms of investment and it may take considerable time to sell a property.

The valuation of direct and unlisted property assets is closely linked to rental income, occupancy levels, tenant quality, lease terms, location and supply and demand factors, and may also be impacted by environmental risks (such as land contamination or the cost of removing potentially hazardous materials). Changes to any of these elements may affect the value of the underlying property and ultimately the value of your investment. A decline in property prices may impact the Fund's gearing ratio and loan covenants and the Fund may berequired to reduce its borrowings through the sale of assets, additional capital raising (including discounted capital raising) or retaining distributions.

The business conditions for tenants may change adversely, which may result in tenants seeking rental assistance, defaulting on rental payments, abandoning leases, or not renewing leases on expiry. A reduction in rental income received by the Fund may impact the level of distributions itcan make and may reduce the value of its assets.

In the day-to-day operations of the Fund, allowances are made for known capital works and maintenance of the properties. However, unforeseen repairs or capital works may be required, which may reduce the amount of income available for distribution.

The long-term strategy for the Fund is to grow the property portfolio through acquisition of new properties and the enhancement of existing properties as appropriate. These activities may depend on raising additional equity from new or existing investors and may be supplemented with borrowings. If we are not able to raise sufficient capital the Fund may not be able to grow according to its strategy. In addition, future acquisitions may not yield their expected results, resulting in less cash being available for distribution than initially forecast and other adverse effects on the Fund.

### Liquidity risk

There is no guarantee that we will be able to fund the intended liquidity initiatives set out in section 6.

While the Capped Withdrawal Facility is available, the Fund may receive withdrawal requests which exceed the amount available to meet those requests. If this occurs, withdrawal requests will be met on a pro-rata basis. It might take several Capped Withdrawal Facilities to fulfil a withdrawal request.

Since property assets by their nature are illiquid investments, in a prolonged period of volatility and/or reduction in property prices, it may also be difficult for us to maintain the Capped Withdrawal Facility.

If it is necessary for the Fund to raise equity, or dispose of assets, to fund withdrawal requests under the Capped Withdrawal Facility, there is a risk that the Fund may not be able to raise sufficient equity or realise sufficient assets in a timely manner or at an optimal sale price. This may affect our ability to return capital to investors and may reduce the Fund's unit price for all investors.

In addition, if we are of the view that we cannot sell at least 80% of the Fund's assets at their current market valuation within 365 days, the Fund will become illiquid and the Capped Withdrawal Facility will be suspended. If this occurs, investors can only withdraw when we make a withdrawal offer available in accordance with the Fund's Constitution and applicable law.

Notwithstanding our current intentions, deterioration in market conditions may result in suspending or deferring the Capped Withdrawal Facility, in which case investors will remain invested in the Fund.

### Property development risk

A risk of property development is construction risk. Construction projects carry a risk that the costs of the project might be higher than budgeted or the project may be delayed or, in extreme circumstances, not finished.

We endeavour to mitigate construction risks by negotiating arrangements with builders whereby any costs incurred are fixed for most items. In addition, we aim to ensure that substantial pre-commitments to lease are in place before commencing any development.

### Borrowing risk

The Fund combines investors' money with borrowed money and invests the combined amount in property related assets. This process, known as gearing, magnifies the effect of gains and losses on your investment and is considered more risky than similar investments that are not geared.

If property values or rental income fall significantly the Fund may be unable to meet its loan covenants which may result in the sale of assets. If this occurs, the Fund may lose value from selling assets in poor market conditions.

In addition to the property risks outlined above, changes to interest rates or lender credit margins impact borrowing costs and ultimately impact the level of distribution you receive. There is also a risk that the Fund may not be able to refinance its borrowings when borrowing facilities mature. If this occurred, the Fund may lose value from selling assets in poor market conditions in order to repay the borrowed amount.

Our approach is to actively manage the Fund's borrowings in conjunction with the lenders to help manage this risk.

### Derivatives risk

A derivative is a financial transaction which derives its value from another source, such as a share or bond. The main types of derivatives are futures, options and swaps. Derivatives can expose the Fund to other risks which are particular to derivatives, such as pricing risk.

Derivatives are also subject to the risk of market volatility in the underlying security, index or financial obligation.

The Fund is permitted to use derivatives to manage the Fund's interest rate risk associated with the borrowings of the Fund. However, the Fund is not permitted to use derivatives for gearing or for speculative activities.

Risk mitigation strategies also aim to minimise the impact of rising interest rates. For example, if the Fund fully hedges its borrowings (i.e. fixes the interest rate on its borrowings) and the prevailing interest rates rise, then the Fund is protected from paying the higher interest rate. However, the Fund's unit price may be more volatile if it is fully hedged, reflecting the market value of any change from the interest rate that has been fixed.

### Unforeseen risks

Unforeseen extraordinary events such as natural phenomena, pandemics, attacks or other like events may affect the Fund's assets or the underlying funds in which the Fund invests.

These are events for which insurance cover is either not available, or the Fund does not have cover. The performance of the Fund may be adversely affected where any unforeseen event results in losses to Fund assets due to uninsurable risks, uninsured risks or under-insured risks, or the cost of the insurance premiums being in excess of those forecasts. Any failure by an insurer or re-insurer may also adversely affect the Fund's ability to make claims under an insurance policy. These occurrences may result in a loss of capital, in turn reducing the price of Units and amounts that may be available for distribution by the Fund. The Fund aims to manage these risks to the extent possible by maintaining appropriate insurance cover and reviewing the cover recurrently.

### Market risk

In addition to the above risks, listed property investments are impacted by broader market factors (such as interest changes and share market sentiment), similar to equity investments.

# Section 9: Fees and other costs

**DID YOU KNOW?**

**Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.**

**TO FIND OUT MORE**

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC) Moneysmart** website (www.moneysmart.gov.au ) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

## Fees and costs summary

| **Australian Unity Diversified Property Fund** | | |
|---|---|---|
| **Type of fee or cost** | **Amount** | **How and when paid** |
| **Ongoing annual fees and costs[1]** | | |
| ***Management fees and costs***<br>The fees and costs for managing your investment[2] | **Base management fee[2]**<br>0.65% p.a. of the gross asset value of the Fund.<br>***Plus***<br>**Recoverable expenses[3]**<br>Estimated to be 0.19% of the average gross asset value of the Fund based on the 12 months to 30 June 2023.<br>***Plus***<br>**Indirect costs[3]**<br>Estimated to be 0.00% of the average gross asset value of the Fund based on the 12 months to 30 June 2023.<br>***Plus***<br>**Acquisition fee**<br>1.00% of the value of the purchase price of real property assets<br>***Plus***<br>**Removal/retirement fee**<br>1.00% of the gross asset value of the Fund | The base management fee is calculated and accrued daily but paid monthly in arrears from the assets of the Fund.<br>The amount of this fee can be negotiated with wholesale clients.[2]<br>Recoverable expenses are accrued as and when incurred by the Fund and therefore the amount recovered each month may vary. Recoverable expenses are paid monthly in arrears from the assets of the Fund.<br>Payable from the assets of the Fund, or the assets of interposed vehicles in which the Fund invests, as and when incurred.<br>Payable out of the assets of the Fund upon the completion of an acquisition of real property assets.<br>Payable out of the assets of the Fund upon the removal / retirement of the Responsible Entity. |
| ***Performance fees***<br>Amounts deducted from your investment in relation to the performance of the product | The estimated 5-year average performance fee is 0.60% of the gross asset value of the Fund[4]. | The performance fee is calculated and accrued daily and, where the performance criteria[5] are met, is payable within 15 days, out of the assets of the Fund, either in cash or by the issue of Units. |
| ***Transaction costs***<br>The costs incurred by the scheme when buying or selling assets | Estimated to be 0.16% p.a. of the Fund gross asset value based on the 12 months to 30 June 2023 | Transaction costs are payable from the assets of the Fund, or the assets of interposed vehicles in which the Fund invests, as and when incurred. |
| **Member activity related fees and costs (fees for services or when your money moves in or out of the scheme) [6]** | | |
| ***Establishment fee***<br>The fee to open your investment | Nil | Not applicable |

| **Australian Unity Diversified Property Fund** | | |
|---|---|---|
| **Type of fee or cost** | **Amount** | **How and when paid** |
| ***Contribution fee*** The fee on each amount contributed to your investment | Nil | Not applicable |
| ***Buy-sell spread*** An amount deducted from your investment representing costs incurred in transactions by the scheme | Buy spread: 0.50%<br>Sell spread: 0.50% | These are the amounts recovered by the Fund when you transact. Buy-sell spreads are included in the application and withdrawal prices and effectively increase the amount you pay when you buy units and reduce the amount you receive when you sell units. |
| ***Withdrawal fee*** The fee on each amount you take out of your investment | Nil | Not applicable |
| ***Exit fee*** The fee to close your investment | Nil | Not applicable |
| ***Switching fee*** The fee for changing investment options | Nil | Not applicable |

1. The individual components of the management fees and costs are discussed in more detail in under the heading 'Additional explanation of fees and costs'.
2. The base management fee may be negotiated in certain circumstances. For more information see 'Differential fees' under the heading 'Additional explanation of fees and costs'.
3. The recoverable expenses and indirect costs are based on the 12 months to 30 June 2023.
4. Performance fees are calculated on a 5-year average based on an accruals basis for the 5 years to 30 June 2023.
5. The performance fee criteria are set out under 'Performance fee' below.
6. Fees may be payable to your financial advisor. Such fees are not included in this table. For more information see "Advisor remuneration" under the heading 'Additional explanation of fees and costs'.

## Example of annual fees and costs for a balanced investment option or other investment option

This table gives an example of how the ongoing annual fees and costs in the Australian Unity Diversified Property Fund for this product can affect your investment over a 1-year period. You should use thistable to compare this product with other products offered by managed investment schemes.

| **EXAMPLE**– Australian Unity Diversified Property Fund | | **BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000[1] DURING YEAR** |
|---|---|---|
| Contribution Fees[2] | Nil | For every additional $5,000 you put in, you will be charged $0 |
| **PLUS** Management fees and costs | 1.43% pa[3] | **And**, for every $50,000 you have in the Australian Unity Diversified Property Fund you will be charged or have deducted from your investment **$715** each year |
| **PLUS** Performance fees[4] | 1.11% pa[3] | **And**, you will be charged or have deducted from your investment **$555** in performance fees each year |
| **PLUS** Transaction costs | 0.26% pa[3] | **And**, you will be charged or have deducted from your investment **$130** in transaction costs |
| **EQUALS** Cost of Australian Unity Diversified Property Fund | | If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of **$1,400***.<br>**What it costs you will depend on the investment option you choose and the fees you negotiate.** |

* Additional fees may apply:

Please note:

(1) This example assumes that the contribution of $5,000 is made at the end of the year, and therefore no management costs for the contribution have been included.

(2) A buy/sell spread may apply to investments in and out of the Fund ('see transaction costs in the Additional explanation of fees and costs below.

(3) The management fees and costs, transaction costs and performance fees in the example of annual fees and costs are calculated on a net asset value basis (rather than a gross asset value basis as outlined in the Fees and cost summary above) and incorporate the effect of gearing. What your investment in the Fund costs you will also depend on the fees you negotiate with the Fund (where applicable).

(4) Estimated performance fees are not a guarantee of future performance and actual performance may differ

The example above is illustrative only.

## Additional explanation of fees and costs

# Following is a summary of the Fund's estimated management fees and costs.

**Estimated management fees and costs calculations**

The table below shows the estimated management fees and costs for the Fund based on the 12 months to 30 June 2023. It provides a summary of the Fund's estimated management costs based on the Fund's average gross asset value compared to the estimated management costs calculated on the Fund's average net asset value. **Please note that past costs are not a reliable indicator of future costs.**

| | Gross asset value p.a. | Net asset value p.a. |
|---|---|---|
| Estimated Base management fee[1] | 0.65% | 1.11% |
| **Plus:** Estimated indirect cost based on the 12 months to 30 June 2023 | 0.00% | 0.00% |
| **Plus:** Estimated Recoverable expenses based on the 12 months to 30 June 2023 | 0.19% | 0.32% |
| **Total management fees and costs[3]** | 0.84% | 1.43% |
| Estimated 5-year average performance fee[2] | 0.60% | 1.11% |
| Net transaction costs based on the 12 months to 30 June 2023 | 0.16% | 0.26% |

1. The base management fees calculated on a net asset value basis is an estimate. However, the base management fee calculated on a gross asset value basis is the actual amount incurred by an investor.
2. The estimated performance fees are calculated on a 5-year average based on an accruals basis, based on the 5 years to 30 June 2023. Estimated performance fees are not a guarantee of future performance and actual performance may differ. For more information about the calculation of the performance fee, see 'Performance fee' of this section for more information.
3. Total management fees and costs does not include (a) acquisition fee and (b) removal/retirement fee, as neither fee was not payable for the year ended 30 June 2023.

## Base management fee

Under the Fund's Constitution, we are entitled to receive up to 1.00% p.a. (before GST) of the gross asset value of the Fund as a base management fee in performing our duties in relation to the Fund.

We have agreed to charge a reduced base management feeof 0.65% p.a. of the Fund's gross asset value.

Subject to legal requirements, we are entitled to change fees with prior notice to you in this section.

## Indirect costs

Indirect costs are generally amounts that we know, or estimate, will reduce the Fund's returns. The costs are paid from the Fund's assets, or the assets of interposed vehicle in which the Fund may invest from time to time. Typically, an interposed vehicle will be a trust in which the Fund has invested.

Indirect costs of the Fund are the indirect costs of underlying interposed vehicles.

## Recoverable expenses

We are entitled under the Fund's Constitution to reimbursement for, or have paid by the Fund, all expenses andassociated taxes we incur in the proper performance of our duties.

Recoverable expenses are expenses generally incurred in the day-to-day operation of a Fund and include, for example: registry costs, legal, custodian services, compliance and related administration functions, accounting, printing, audit and asset management related fees, including related party property management services (see section 12 and the CDN. These costs are shown in the fees and costs summary under 'Fees andother costs' table above.

Recoverable Expenses are accrued as and when incurred by a Fund, and therefore the amount recovered each month may vary.

This estimate does not include costs for:

- expenses that would normally be incurred by a direct investor that relate to the buying and selling, maintenance,development and leasing of assets;
- abnormal operating expenses which are due to irregular events such as the cost of running investor meetings; and
- costs of borrowing, including arrangement, establishment and interest costs.

## Where the Fund invests in other funds managed by us

The Fund may invest in other funds or investment companies (interposed vehicles) managed or operated by us or our associates. Where this occurs, management fees will not be taken from each fund. Instead, our management fees will be adjusted to reflect the Fund's fees described above.

For example, if the Fund invested in a fund managed by Australian Unity which charged a management fee of 0.30% p.a., the Fund would reduce its base management fee to 0.00%on that asset.

## Where the Fund invests in other funds managed by an external party

Where the Fund invests in other funds or investment companies (interposed vehicles) managed by third parties not related to us, any management fees charged by those parties will be reflected in the performance of the Fund and our management fee will not be adjusted to reflect the management fees of such interposed vehicles.

## Performance fee

The Performance Fee is equal to 20% of the outperformance ofan Internal Rate of Return (IRR) of 10% p.a.

The IRR is the annualised, compound rate of return received by investors taking into account all income and capital cash flows over the term of the investment.

The Performance Fee will be calculated by comparing new capital from investors to distribution payments and redemption of units made to investors.

The Performance Fee (if any) will be accrued in the unit price ofthe Fund in accordance with general accounting practices and will be paid to us based on the net assets of the Fund.

The Performance Fee is calculated on a daily basis but paid at 30 June each year if the relevant criteria are met.

We must earn back any accumulation of prior year's underperformance before we are entitled to collect the performance fee.
Under the Fund's Constitution, the accrued Performance Fee is also payable if we are replaced as the Responsible Entity for the Fund or where an alternative exit mechanism is agreed by investors (including a unit rollover into another fund or an in-specie distribution of the assets of the Fund in its current form). In all instances, the IRR must exceed 10.0% p.a. for a Performance Fee to be payable.

**Example of the performance fee**

An example of the calculation of the Performance Fee is provided below for the purpose of illustrating how the Performance Fee works.

Assume that the Fund raised $1.00 per Unit from investors at the start of the financial year, paid monthly distributions totaling 6.7 cents per Unit for the year and the Unit price at the end of the financial year was $1.05 (before the deduction of the performance fee).

The IRR would be 12.06% and the outperformance in excess of the 10% p.a return would be 2.00 cents per Unit. The Performance Fee payable to AUPL would be calculated as 20% of 2.00 cents per Unit, which is a fee of $0.0040 per unit payable to AUPL.

For an investor with 50,000 Units, the Performance Fee in thisexample would be $200.16 (excluding GST)

The above example is provided for illustrative purposes only and does not represent any actual or prospective performance of the Fund. It is not possible to estimate the actual performance fee payable as we cannot accurately forecast the Fund's performance. We do not provide any assurance that the Fund will achieve any performance shown and you should not rely on this in determining whether to invest in the Fund. You should also be aware that for periods of high outperformance, the performance fee may be substantial.

## Estimated performance fee

The Fund's estimated 5-year average performance fee is 1.11% p.a. of the net asset value of the Fund, based on our reasonable estimate having regard to the Fund's performance and the Fund's average asset value over the past five years to 30 June 2023.

Estimated performance fees do not represent the actual performance fees you may incur and are an estimate only, with consideration to recent historic investment performance and recent changes in the net asset value of the Fund.

Estimated performance fees are not a guarantee of future performance and actual performance may differ.

The exact amount of performance fees charged by the Fund is dependent on a number of factors, particularly the timing and relative value of periods of out-performance. Actual performance fees charged will vary, depending on the returns of a Fund and may be higher or lower than the estimated performance fees currently disclosed. Generally, the greater the investment performance of the Fund, the greater the performance fee and therefore the greater the overall management costs for the Fund.

## Acquisition fee

We are entitled to an acquisition fee for any direct or indirect interest in a property acquired by the Fund, of up to a maximum of 1.00% of the purchase price of real property assets.

**Example of the acquisition fee**

An example of the calculation of the Acquisition Fee is provided below for the purpose of illustrating how the æquisition fee works.

If a property is acquired by the Fund for a purchase price of $40 million, then we are entitled to an acquisition fee, calculated as following:

($40,000,000 x 1.00%) = $400,000

The acquisition fee of $400,000 would then be paid to us after the date the property is acquired by the Fund and is capitalised to the properties book value.

## Removal/retirement fee

A removal/retirement fee of up to 1.00% of the gross asset value of the Fund is payable upon the date of removal/retirement of us as Responsible Entity of the Fund and is subject to the proper performance of our duties.

When applicable, this fee is deducted from the assets of the Fund.

**Example of the removal/retirement fee**

An example of the calculation of the removal/retirement Fee is provided below for the purpose of illustrating how the removal/retirement fee works.

If the gross asset value of the Fund on the date of removal/retirement was $500 million, then Retirement/removal wouldbe calculated as following:

$500,000,000 x 1.00% = $5,000,000

The Removal/retirement fee of $5 million would then be paid to us on the date of the removal/retirement of us as the Responsible Entity.

## Transaction costs

In managing the investments of a Fund or a Fund's underlying investments, transaction costs such as brokerage, settlement costs, clearing costs, stamp duty, buy/sell spreads and other government charges may be incurred. These costs are generally paid from the assets of the Fund and are reflected in the Unit Price. Changes in a Fund's investment portfolio (or when new investments into or redemptions out of the Fund are paid) can also incur fees. Transaction costs are an additional cost to investors and are not included in the 'management costs'.

Transaction costs exclude borrowing costs, property operating costs and certain implicit transaction costs or market impact costs.

Transaction costs incurred from changing the Fund's investment portfolio are generally paid out first from amounts retained through the buy/sell spread. The Fund's buy/sell spread is set out below under 'Buy and sell spreads and estimated transaction costs'.

However, if the amount retained through the collection of a Fund's buy/sell spread is not sufficient to offset transaction costs, these costs are instead paid out of a Fund's assets as and when incurred. In this case, this is an additional cost payable by you.

The table below provides a summary of the estimated transaction costs, of the Fund and its underlying investments, calculated on the Fund's average gross asset value for the 12 months to 30 June 2023.

**Please note that past transaction costs are not a reliable indicator of future transaction costs.**

| Transaction Costs as a % pa of gross asset value | |
|---|---|
| Gross transaction costs | 0.21% |
| **Less:** Buy and sell spreads recovered | 0.05% |
| **Equals:** Net transaction costs borne by the Fund | 0.16% |

Transaction costs may include:

**Buy-sell spreads**
Buy-sell spreads are incurred when investors apply for or redeem units in a fund. If the Fund were to buy units in an interposed vehicle, then the associated buy-sell spread will comprise part of the purchase price. In this case, the costs of the buy-sell spread are paid from the assets of the Fund and are reflected in the Unit Price.

**Brokerage costs:**
The amount that is paid to a broker when securities are bought and sold. Brokerage costs are paid from the assets of the Fund and are reflected in the Unit Price.

**Stamp duty**
Stamp duty is a tax imposed by State governments in all Australian States and Territories, which is typically triggered by the sale or transfer of real property. Stamp duty is payable at the time the Fund completes the purchase of a real property. It is paid from the assets of the Fund and will be reflected in the Unit Price.

The Fund's underlying investments may also incur transaction costs and these amounts are included in the total 'transaction costs' amounts set out above.

## Buy/Sell spread

The buy and sell spread reflects some of the Fund's transaction costs, such as buying and selling Fund assets, in order to issue units or pay redemption proceeds to investors. The buy-sell spread aims to ensure that each investor shares the transactional costs associated with their decision to either invest in or exit the Fund.

The amount is:

- in the case of a buy spread, an extra cost applied on entry to the Fund and the sell spread is a cost applied on exit from the Fund;
- an estimate to cover the costs incurred when buying or selling assets, such as agent fees, legal fees, stamp duty and taxes;
- not an additional fee paid to us but is retained in the Fund to cover those transaction costs; and
- not applied to the reinvestment of distributions.

If the amount retained through the collection of the Fund's buy-sell spread is insufficient to offset transaction costs, then these costs are instead paid out of a Fund's assets as and when incurred and reflected in the Unit Price.

The following buy/sell spreads (which may change from time to time without prior notice) apply:

| Buy spread | Sell spread |
|---|---|
| 0.50% | 0.50% |

If the buy spread and/or sell spread changes, we will notify investors on our website at australianunity.com.au/wealth/dpf.

Based on the buy and sell spreads noted above, an investment of $50,000 would incur a buy spread of $250, and a withdrawal of $50,000 would incur a sell spread of $250. This is an example only; it is not an estimate or forecast. We reserve the right to waive the buy or sell spreads.

## Other fees, charges and costs

You may also incur infrequent costs directly associated with transactions made on your account, such as Government taxes, stamp duty and bank fees. For example, if your direct debit is rejected and the Fund incurs a bank fee.

These costs will be directly deducted from your account by reducing the number of Units you hold within the Fund. We are unable to estimate these costs until they are incurred.

## Differential fees

'Wholesale clients' as defined under the Corporations Act 2001 may negotiate with us to pay reduced management fees through the payment of fee rebates.  From time to time, we may rebate some of our management fees (or issue Units in the Fund) to employees within the Australian Unity Group so that they pay reduced fees.

## Fee changes and maximum fees

Fees may increase or decrease for many reasons, including changes in the competitive, industry and regulatory environments or simply from changes in costs. We can change fees without your consent but will provide at least 30 days priorwritten notice of any fee increase.

The maximum fees we are allowed to charge the Fund (before GST) are stated in the Fund's Constitution and are as follows:

- maximum contribution fee: 4.00% of each contribution to the Fund;
- maximum ongoing management fee: 1.00% p.a. of the gross asset value of the Fund; and
- performance fee: 20% of the Fund's outperformance in excess of an IRR of 10% p.a.

The Fund's Constitution does not limit the amount that we can recover for expenses incurred in the proper performance ofour duties.

## Tax

See Section 10 for more information on tax.

## Adviser Remuneration

The Corporations Act 2001 contains provisions which regulate, and in some cases prohibit, payments to financial advisers and intermediaries by product issuers. Any arrangement by us to make payments or provide incentives to financial advisers and intermediaries will be entered into in compliance with the legislation.

You may agree with your financial adviser that advice fees willbe paid for financial planning services your financial adviser provides for you. These advice fees are additional to the fees shown in the fees and costs summary, and are paid to your financial adviser, not to us.

# Section 10: Tax information

## Australian taxation

Certain tax implications of investing in the Fund are explained below. It is intended to be a brief guide only and does not purport to be a complete statement of the relevant tax law, nor does it take into account your individual circumstances. Accordingly, we strongly recommend that you seek independent professional taxation advice on the tax implications of investing in the Fund relevant to your specificcircumstances.

The following summary is intended for Australian resident investors and generally applies to investors who hold their investment for the purpose of realising a long-term return (that is, hold their investment on capital account for tax purposes). This summary does not consider the tax implications for those investors who hold their investment in the Fund on revenue account, as an isolated investment made with profit making intent or as trading stock. It is based on our interpretation of the current Australian tax laws at the date of publication of this document, including applicable case law and published guidance by the Australian Taxation Office, which may be subject to change.

## While you hold your investments in the Fund

The Fund elected to be an Attribution Managed Investment Trust (AMIT) for tax purposes from the 2018 income year. The Fund itself should not pay tax on the basis that it will attributetrust components to investors each financial year on a fair and reasonable basis.

You will need to include in your income tax return your share of the Fund's taxable income for each financial year. This applies regardless of whether the distribution is received in cash during that income year or a later year, and may include amounts that have been reinvested.

To assist you to complete your tax return, you will receive an AMIT member annual (AMMA) statement from us. This statement will provide you with the components to be included in your tax return. The sum of these components may differ to the amount of cash distribution you receive.

Tax losses (if any) generated by the Fund cannot be passed onto investors. However, provided specific requirements are satisfied, the Fund should be able to carry forward tax losses,offsetting them against income generated in a later income year.

## Dividends

Where a Fund receives franked distributions in relation to investments in Australian equities, you may receive as part of your distribution franking credits (subject to relevant frankingcredit integrity measures, such as the 45-day holding period rule). These franking credits will not represent part of your cash receipts but will need to be included in your tax return as part of your taxable income. Depending on your individual circumstances, these may be available to offset your tax liability or be paid as a refund.

## Foreign income

Where a Fund derives foreign sourced income, Australian tax resident investors may be able to claim a Foreign Income Tax Offset (FITO) against their Australian income tax liability in respect of their share of any foreign tax paid on that income. FITO's not utilised in the income year in which they are derived will be forfeited and cannot be carried forward to a later year.

## Capital gains

Where the Fund derives net capital gains to which you become entitled, you may need to include these amounts in your assessable income. Investors will generally be required to double any discounted capital gains. A Capital Gains Tax (CGT) discount may then be available for some investors, as outlined below.

## When you withdraw

When you fully or partially withdraw or redeem your investment in the Fund, you are treated as having disposed of your investment in the Fund. As a result, any net gain derived on disposal may be included in your taxable income under the CGT provisions. This may include where you move between investments or transfer your Units in a particular investment to another investor.

An investor will make a capital gain in respect of the disposal of its investment to the extent that the capital proceeds attributable to the disposal exceed the investor's cost base. Alternatively, an investor will make a capital loss in respect of the disposal of its investment to the extent that the capital proceeds attributable to the disposal of the investment are less than the CGT reduced cost base in that investment.

In determining the cost base or reduced cost base of your investment in the Fund, you will need to take into account any returns of capital and in circumstances where the amountof cash distribution is more than your share of the Fund's taxable income in an income year, your CGT cost base of the investment in the Fund should decrease by the difference ('AMIT cost base net amount – excess'). These amounts may have the effect of increasing your capital gain or decreasing your capital loss.

In addition, in circumstances where the amount of cash distribution is less than your share of the Fund's taxable income in an income year, your CGT cost base of the investment in the Fund should increase by the difference ('AMIT cost base net amount – shortfall'). This amount should have the effect of decreasing your capital gain or increasing your capital loss upon disposal of your investment.

The AMMA statement you receive from the Fund will statethe amounts that the Responsible Entity reasonably estimatesto be the 'AMIT cost base net amount – excess' and the 'AMIT cost base net amount – shortfall'.

Any net capital loss resulting from the disposal of your investment may be able to be used to reduce capital gains derived in that or future income years.

## Non-residents

This summary does not consider the Australian income tax implications for non-resident investors. However, it is noted that the Australian tax law imposes obligations on the Fund to withhold tax on distributions paid to non-residents for Australian tax purposes.

If you are not an Australian resident for tax purposes, withholding tax will be deducted from your distributions at the prescribed rates. The rates may vary according to the components of the distribution and the country in which you reside.

## TFN Withholding Tax

If you are an Australian resident, you may choose whether or not to provide a Tax File Number (TFN) or an Australian Business Number (ABN). If neither is quoted and no relevantexemption information is provided, a Fund is required to withhold tax on your income distributions at the highest marginal tax rate, plus levies.

## GST

The acquisition, redemption and transfer of Units in the Fund should not be subject to GST. Distributions made by the Fund should also not give rise to any GST consequences.

## Australian Tax Reform

Australia is in the process of ongoing taxation reform. There is considerable uncertainty as to the breadth and ultimate impact of the reforms. The Responsible Entity for the Fund will continue to monitor the tax reform process and its impact on the Fund. It is an investor's responsibility to monitor tax reform developments that may impact on their investment in the Fund.

# Section 11: Debt finance

Under the Fund's Constitution, 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
- incur all types of obligations and liabilities.

The Fund's borrowing facility is secured by the Fund's direct property assets.

## Use of debt

The Fund currently borrows to finance new and existing assets, to redevelop, refurbish and maintain those assets, and to provide liquidity for operating purposes and managing working capital. Generally, interest costs relating to the borrowings will be met from the earnings of the Fund prior to the payment of distributions to investors.

At the date of this PDS the only interest-bearing liability of the Fund is its borrowing facility.

## Refinancing debt

With most refinancing activity there is a risk that the lender may choose not to refinance the facility. If this occurred, the Fund would need to find an alternate lender, which may cost more than the existing lender. In extreme situations if the Fund cannot find an alternate lender, the Fund may lose value from selling assets in poor market conditions in order to repay the borrowed amount.

Our approach is to actively manage the Fund's borrowings in conjunction with the lender(s) to manage this risk. To the best of our knowledge, there are no breaches of loan covenants as at the date of this document.

## Ranking of debt

All amounts owed to lenders and to other creditors will rank before each investor's interest in the Fund. The Fund's ability to pay interest, repay or refinance the amount owed upon maturity, and its ability to meet all loan covenants under its borrowing facility is material to its performance and ongoing viability.

## Terms of debt

Under the terms of the borrowing facility, provided the Fund obtains prior written consent of the lender(s), there are no terms that may be invoked as a result of investors exercising their rights under the Fund's Constitution. If such consent is not obtained, however, consequences may follow including possible cancellation of the facility and early repayment of amounts owing under the borrowing facility.

## Hedging interest rate risk

We maintain a hedging policy that governs the level of hedgingfor the Fund and controls the risks associated with the use of derivatives. All hedging strategies implemented are also subject to formal approval by the Chief Investment Officer.

We monitor and manage the Fund's hedging position on a mark-to-market basis. Hedging is a very complex area and is generally done to fix some or all of the interest rate relating to the borrowing facility. While hedging is put in place to reduce the volatility of earnings and therefore distributions, hedging generally has the effect of increasing the volatility ofthe Fund's unit price given that the pricing of the underlying interest rate derivatives change daily.

Details of the Fund's interest rate hedge can be found in the Fund's latest CDN.

### Gearing ratio

A gearing ratio measures the level of debt finance that is used to purchase properties or manage capital expenditure within the Fund. The gearing ratio shows the extent to which the Fund's total assets are funded by interest bearing liabilities and gives an indication of the potential risks investors face in terms of external liabilities that rank ahead of them.

Gearing magnifies the effect of gains and losses on an investment. A higher gearing ratio means greater magnification of gains and losses and generally greater volatility compared to a lower gearing ratio.

Details on the Fund's gearing ratio can be found in the Fund's latest CDN.

### Interest cover ratio

An interest cover ratio indicates the ability of the Fund to meet interest payments from earnings. It is an indicator of the Fund's financial health and is a key indicator to assessing the sustainability of, and risks associated with, the Fund's level of borrowing. For example, an interest cover ratio of two times, means that the level of earnings is twice that of interest costs on borrowings, meaning that there are surplus earnings after interest payments which can be used to pay distributions to investors.

An interest cover ratio of one time means that Fund earnings are only sufficient to pay interest on borrowings. Any distributions would either need to be funded from investor capital or alternatively suspended.

Generally, the closer the Fund's interest cover ratio is to one, the higher is the risk of the Fund not being able to meetinterest payments from earnings. To mitigate some of this risk, property fund managers may hedge against rises in interest rates to protect the Fund from higher interest costs.
In addition, asset management strategies that attract high quality tenants on longer lease terms and tenant diversity aims to ensure that the Fund's level of earnings remains stable and predictable.

Details on the Fund's interest cover ratio can be found in the Fund's latest CDN.

**Gearing and Interest Cover Policy**

We maintain and comply with a written Gearing and Interest Cover policy that governs the:

- level of gearing at an individual credit facility (borrowing facility) level;
- level of interest cover at an individual credit facility (borrowing facility) level.

The Gearing and Interest Cover Policy outlines record keeping, monitoring and reporting requirements.

For further information or to obtain a copy of the Gearing and Interest Cover Policy please call us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

**Gearing ratio range**

Our Gearing and Interest Cover Policy is to generally operate the Fund within a gearing ratio range between 35% and 45%. The maximum gearing ratio for the Fund under the Gearing and Interest Cover Policy is 60%.

The Fund's borrowing facility covenant limits the gearing ratio to 55%.

These parameters may change from time to time. Refer to the Fund's latest CDN.

**Minimum interest cover ratio**

The minimum interest cover ratio for the Fund under the Gearing and Interest Cover Policy is 1.25 times (calculated as net property income divided by interest expense on borrowings in accordance with ASIC's RG46 disclosure principles formula).

The Fund's borrowing facility covenant requires a minimum interest cover ratio of 2.00 times, noting the calculation method for the interest cover ratio under the borrowing facility is different from ASIC's RG46 disclosure principles formula.

## Interest capitalisation

The Fund currently capitalises interest on borrowings relatingto some development projects.

Interest is capitalised against the relevant developmentproperty's book value.

Upon completion of a development, there is a risk that the book value may exceed the property's independent valuation. If this occurs, the value of your investment may be impacted.

We aim to mitigate the risk of loss by estimating the amountof interest to be capitalised for any particular project and incorporating the amount into feasibility assessments.

# Section 12: Other information

## If you invest or withdraw through a masterfund or Investor Directed Portfolio Service ('IDPS')

If you are investing into the Fund or withdrawing from the Fund through a masterfund or IDPS (or 'wrap platform'), in most cases you do not yourself become an investor in the Fund. Instead, as the masterfund/IDPS operator is investing on your behalf, it acquires the rights of an investor and certain features of the Fund may not apply to your investment. Examples are minimums for investments and withdrawals, processing times and, importantly, the cooling off rights (refer to 'Changing your mind' above). You should ensure that you receive full details of these from the masterfund/IDPS operator.

Further, some provisions of the Fund's Constitution will not be directly relevant to you. For example, you will generally not be able to attend meetings, or withdraw investments directly. You will receive reports from the masterfund/IDPS operator, not us. Enquiries about the Fund should be directed to your masterfund/IDPS operator.

Usually, in the case for an investment made through a masterfund/IDPS operator the terms and conditions you have agreed with the masterfund/IDPS operator will determine your rights and obligations with respect to that masterfund/IDPS operator. Accordingly, the masterfund/IDPS operator may exercise (or decline to exercise) any of its rights with respect toyou in accordance with those terms.

We do not keep personal information about investors who invest in the Fund through a masterfund or IDPS.

## Valuation policy

We maintain and comply with a written Valuation Policy.

Our valuation policy requires that we appoint valuers which are:

- registered or licensed in the relevant state, territory or overseas jurisdiction in which the property is located (where a registration or licensing regime exists), or otherwise be a member of an appropriate professional body in that jurisdiction; and
- independent.
- conducted in accordance with industry standards

Our valuation policy sets out procedures:

- for dealing with any conflicts of interest;
- to rotate and diversify valuers.

Our valuation policy requires that independent valuations are obtained:

- each year and, for assets under development, within an 18-month period;
- within two months after the directors form a view that there is a likelihood that there has been a material change in the value of the property;
- where there are multiple properties in a portfolio, the valuations are to be staggered through the year
- before a property is purchased:
  - on an 'as is' and 'as if complete' basis for development assets;
  - on an 'as is' basis for all other direct property;
  - no more than three months prior to exchange of contracts
- where a property has been contracted for sale, the contracted sale price may be adopted instead of the last independent external valuation.

We take an active management approach and may test asset values on market. At times, we may enter arrangements at arm's length with third parties which may impact the value of assets within the portfolio including, but not limited to, put and call options in respect of all or part of an asset within the portfolio. If the value of an asset is impacted in this way, the value may replace the last independent valuation obtained.

For further information or to obtain a copy of the Valuation Policy please contact us on 1300 997 774 or +61 3 9616 8687if calling from overseas.

## Conflicts and Related Party Transactions Policy

There is a risk that related party transactions could be assessed and reviewed less rigorously than other transactions with non-related parties.

We maintain and comply with a written Management of Conflicts and Related Party Transactions Policy to manage therisk 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, approved and monitored by senior management with clearly identified governance policies and guidelines.

Approvals in relation to conflict of interest and related party transactions aredocumented.

For further information about the Management of Conflicts andRelated Party Transactions Policy please contact us.

**Related party transactions**

We have appointed Australian Unity Property Management Pty Limited ABN 76 073 590 600 (AUPM) (a related party) to provide some property management services to the Fund.

We have appointed Australian Unity Funds Management Limited ABN 60 071 497 115 (AUFM) (a related party) to provide registry and accounting services to the Fund which is subject to annual review.

AUFM, AUPM and AUPL are wholly owned subsidiaries of Australian Unity Limited ABN 23 087 648 888 (AUL) and are members of the Australian Unity Group. These arrangements adhere to the Australian Unity Group policies relating to related party transactions.

**Australian Unity Property Management**

AUPM is a property management business that may, under a written arrangement, provide some of the following services tothe Fund as nominated from time to time:

- strategic advice on property acquisitions and sales or arranging the sale or acquisition of property assets;
- management of premises;
- debt arranging, debt structure advice, debt facility negotiation and debt management;
- valuation services;
- leasing services; and
- property and asset management services and project supervision.

The appointment of AUPM for these services is not exclusive and AUPL may engage external service providers to undertake these functions.

**Australian Unity Funds Management**

AUFM charges the Fund for registry and accounting services provided to the Fund. This amount is subject to an annual review.

The appointment of AUFM is exclusive and may be terminated by either party by providing three months' notice without causeor earlier if certain conditions are not met.

**Investments**

AUL and its subsidiaries (related parties) may invest in the Fund and the Fund may invest in related parties from time to time.

**Related party transactions on commercial terms and conditions and on an arm's length basis**

Investor approval is not required for these transactions between the related party entities described in this PDS.

All related party transactions are carried out on an arm's length basis and are reviewed, approved and monitored by senior management within the Australian Unity Group and are in line with the governance policy.

Fees and other payments made to the entities within the Australian Unity Group to provide various services are in line with the Australian Unity Group policies relating to related party transactions.

All related party arrangements described in this PDS adheres to Australian Unity Group policies relating to related party transactions.

**Updates to related party transactions and further information**

As appropriate, we will provide ongoing updates of material service engagements and financial benefits that are paid to related parties through the CDN.

The value of related party arrangements is reported yearly as part of the Fund's Annual Report and also in the Fund's CDN which can be found on our website. Alternatively, a free paper copy is available by calling us on 1300 997 774or +61 3 9616 8687 if calling from overseas.

For further information about the Australian Unity Group policies relating to related party transactions please contact us.

## Labour standards or environmental, social or ethical considerations

AUPL's a Direct Property Responsible Investing Policy sets out guidelines to selecting, managing or realising direct property assets, and specifically covers the following considerations.

| Consideration | Objective |
|---|---|
| Environmental | To minimise the environmental impact from operations and development. |
| Labour | To ensure equal employment opportunity and the provision of a safe work environment. |
| Social | To enhance the work environment for occupants and workers. |
| Governance | To operate under a well-established set of corporate governance policies which ensures compliance and optimises performance. |
| Ethical | To act with honesty and integrity. |

The Direct Property Responsible Investing Policy guidelines are considered on a property by property basis and may be applied differently within the context of a property's sector, geographical and market attributes. Due to these differences, there is no predetermined methodology for the application of the Direct Property Responsible Investing Policy.

For further information or to obtain a copy of the Direct Property Responsible Investing Policy please call us on 1300 997 774 or +61 3 9616 8687 if calling from overseas.

## Constitution

The Fund is a registered managed investment scheme governed both by a Constitution and a compliance plan.

The statements in this PDS only provide a summary of some of the provisions of the Constitution. If you'd like toinspect a copy of the Fund's Constitution please call us on1300 997 774 or +61 3 9616 8687 if calling from overseas.

## The Responsible Entity

AUPL in its capacity as Responsible Entity is subject to the provisions of the constitution and the Corporations Act 2001. The Responsible Entity is responsible for administration and management of the Fund and sets the investment policy and objectives.

Any investment manager appointed by the Responsible Entity will be entitled to receive fees for investment management functions.

The Responsible Entity is entitled to the benefit of various indemnities under the Fund's Constitution, which means thatit has limited its liability for acting as the Responsible Entity.

## Automatic Exchange of Information (AEOI)

We intend to meet any requirements imposed on the Fund under Australian legislation designed to give effect to the AEOI regimes.

Australia's obligations under AEOI regimes include legislation designed to give effect to the Foreign Account Tax Compliance Act (FATCA) and the Organisation for Economic Co-operation and Development's (OECD) Common Reporting Standard (CRS). As such, we may collect certain information from you; report payments made in respect of your investment and retain information to meet record keeping requirements. It is recommended you consult with your tax adviser to discuss the impact of these AEOI regimes may have on you.

## Keeping you informed about your investment

To help keep you informed of your investment, we will provideyou the following:

| Communication | Frequency |
|---|---|
| Confirmation of your initial application | At the time of the transaction |
| Confirmation of subsequent applications (excluding those made using a Regular Savings Plan) | |
| Distribution statement | At the time of the transaction |
| Fund update | Quarterly |
| Australian tax statement showing taxation details | Annually |
| Annual Reports<br>(Available on our website australianunity.com.au/wealth/dpf. You can elect to receive a hard copy of the Annual Report in the Application Form) | Annually, on request |

In addition, you can view your account balance, transactionhistory and your account details via a secure login at australianunity.com.au/investorlogin. You can also update your contact details online if they change.

As a disclosing entity, the Fund is subject to regular reporting and disclosure obligations, and copies of documents lodged with ASIC in relation to the scheme may be obtained from, or inspected at, an ASIC office. For more up to date information aboutthe Fund's performance, gearing and asset allocations we provide quarterly Fund Updates and the latest Annual Report. These can be found on our website.

We can also provide you with a free copy of:

- the most recently lodged Annual Report; and
- any Continuous Disclosure Notices given after the Annual Report is lodged (and before the date of this PDS).

As the information in this PDS may change from time to time, you can obtain updated information that is not materially adverse by:

- visiting our website australianunity.com.au/wealth/dpf; or
- calling 1300 997 774 (or +61 3 9616 8687 if based overseas) to request a free printed copy of the updated information.

## Dispute resolution

We take complaints seriously and aim to resolve them as quickly as possible. If you would like to make a complaint you can call us on 1300 997 774 or +61 3 9616 8687 if calling from overseas, email us at australianunitywealth@unitregistry.com.au or write to us at the following address:

**Manager – Investor Services**
Australian Unity – Investor Services
GPO Box 804
Melbourne VIC 3001

We will promptly acknowledge your complaint, investigate it and decide in a timely manner what action needs to be taken. We will notify you of our decision within 30 days after receipt ofthe complaint, together with any remedies that are available, orother avenues of appeal against the decision.

If an issue has not been resolved to your satisfaction, you canlodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

**Australian Financial Complaints Authority**

| | |
|---|---|
| Website: | www.afca.org.au |
| Email: | info@afca.org.au |
| Telephone: | 1800 931 678 (free call) |
| Address: | Australian Financial Complaints Authority<br>GPO Box 3, Melbourne VIC 3001 |

# Section 13: Glossary

| Term | Description |
|---|---|
| ABN | Australian Business Number. |
| AFSL | An Australian Financial Services Licence under s913B of the Corporations Act that authorises a person who carries a financial services business to provide financial services. |
| AMIT | A trust, for an income year, that is an Attribution Managed Investment Trust for the purposes of section 276-10 of the Income Tax Assessment Act 1997 (Cth). |
| APIR Code | A standard identifier for Responsible Entities, Trustees and other participants in the financial services industry. |
| Application Form | The paper application form which forms part of this PDS or the online application form which forms part of the electronic version of this PDS. |
| Arm's length transactions | A transaction where a buyer and seller act independently and in their own self-intertest. They are not subject to any pressure or duress and their decision is made without collusion. |
| ARSN | Australian Registered Scheme Number as defined in the Corporations Act. |
| Asset allocation | Asset allocation is an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in underlying portfolio according to a Fund's risk tolerance, goals and investment time frame. |
| Constitution | The rules that govern the operation of the Fund (as amended from time to time). |
| Corporations Act 2001 | The Corporations Act 2001 (Cth) is an act of the Commonwealth Government of Australia that sets out the laws dealing withbusiness entities in Australia at federal and interstate level. |

| Term | Description |
|---|---|
| Distribution | The payment of the Fund's income to investors. |
| Gross Asset Value (GAV) | The total assets of the Fund |
| GST | Goods and Services Tax. |
| ICR | Indirect Cost Ratio, a useful measure of the ongoing fees and expenses of investing in the Fund. |
| IDPS | Investor directed portfolio service, also known as a master trust or wrap platform. An IDPS Operator makes investments into financial products on behalf of its clients and provide reporting services to their client. |
| Investor | Holder of a unit in the Fund. |
| Listed Australian REIT (A-REIT) | Australian real estate investment trust comprising a portfolio of property assets listed on the Australian Securities Exchange (ASX) |
| Net Asset Value (NAV) | Net assets of the Fund calculated as the Gross Asset Value minus total liabilities of the Fund. |
| Rental straight-line adjustments | An accounting treatment which spreads rent evenly over the life of the rental period. |
| Unit | An ordinary unit in the Fund. |
| Unit price | The price of a unit in the Fund. |
| Weighted average | The average of values weighted by a reference point like valuations. |
| Wholesale client | Wholesale clients is a sophisticated investor and professional investor as defined under the Corporations Act 2001. |

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# For Real Wellbeing Since 1840

**Contact**

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Melbourne VIC 3000

The Issuer: Australian Unity Property Limited, ABN 58 079 538 499, AFS Licence No. 234455

**australianunity.com.au/wealth**