

CONTINUOUS DISCLOSURE NOTICE

31 December 2015



Australian Unity Property Income Fund

The Australian Securities & 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 contained in ASIC Regulatory Guide 46: Unlisted property schemes – Improving disclosure for retail investors.

This document has been prepared by Australian Unity Property Limited ('AUPL') as the Responsible Entity of the Australian Unity Property Income Fund ('Fund') to update investors on the information relevant to the benchmarks and disclosure principles. This document should be read in conjunction with the latest Annual Report for the Fund, available from our website australianunityinvestments.com.au. Alternatively, you can call us on 13 29 39 for a free copy.

This document is dated 31 December 2015 and was issued on 23 February 2016. The financial information in this document is extracted from the Fund's accounting and property management records as at 31 December 2015 and is based on unaudited financial records unless stated otherwise.

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

Disclosure Principles and Benchmarks 1 - 3

Gearing ratio, interest cover and fund borrowing

Disclosure principles and benchmarks 1 to 3 do not apply as the Fund has no direct borrowings and does not intend to borrow in the future.

Portfolio diversification

Disclosure Principle 4 - Portfolio diversification

The Fund generally invests in direct property assets, unlisted property trusts and listed Australian REITs.

The properties held directly or through unlisted trusts or listed Australian REITs generally include (but are not limited to) the following property sectors:

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

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

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

Asset allocation at 31 December 2015

Asset class	(\$million)	(%)
Direct property	35.30	39.01
Listed Australian REITs	29.23	32.31
Unlisted property	23.31	25.77
Cash and cash equivalents	2.63	2.91
Total	90.48	100.00

Exposure to listed Australian REITs	(\$million)
Australian Unity A-REIT Fund	29.23

Unlisted property portfolio	(\$million)
Australian Unity Retail Property Fund	10.74
Australian Unity Office Property Fund	6.46
Australian Unity Rockdale Property Trust	2.82
Australian Unity Healthcare Property Trust	2.67
MAB Diversified Property Trust	1,410.62
Total	23.31

Contact Details

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Australian Unity Property Income Fund

Direct property portfolio details as at 31 December 2015

The information below provides details on the current diversification of the Fund.

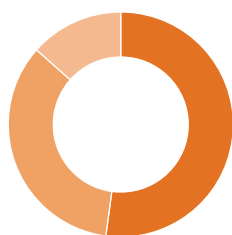
Property details		Tenancy details				Valuation details ¹			
Address	Lettable area (square metres)	Major tenant(s)	Number of tenants	Occupancy rate % (by area)	WALE (years) ²	Current valuation(\$m)	Valuation date	Capitalisation rate %	Book value (\$m)
40 Allara Street, Canberra, ACT	5,830	AusAid	10	98	2.92	18.30	Dec 15	9.50	18.40
23 Fiveways Boulevard, Keysborough, VIC	4,638	Active Display Group	1	100	4.42	6.50	Jun 15	7.00	6.95
65 Beverage Drive, Tullamarine, VIC	6,250	Vacant	0	N/A	0.00	5.20	Jun 15	8.50	5.20
15 Telford Place, Arundel, QLD	2,057	Vodafone	1	100	9.49	4.50	Mar 15	8.00	4.75
Total (T)/ Weighted Average (A)			12 (T)	66.16 (A)	3.99 (A)	34.50 (T)		8.68 (A)	35.30 (T)

Notes

1. Valuation Policy - Regular valuation of underlying property assets is an important aspect of managing the Fund. Valuations are conducted by qualified independent valuers in accordance with industry standards. We have a policy of generally obtaining independent valuations on Fund direct properties each year. Additionally, as part of our active management approach, we 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.
2. Weighted Average Lease Expiry by base rental income.

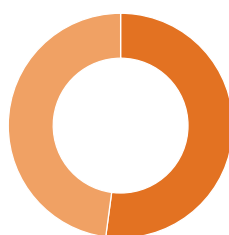
Key portfolio statistics (as at 31 December 2015)

Geographic allocation by value



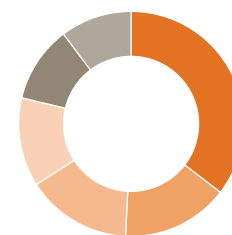
ACT	1 asset	52.12%
VIC	2 assets	34.42%
QLD	1 asset	13.46%

Sector diversity by value



Office	1 asset	52.12%
Industrial	3 assets	47.88%

Top 5 tenants by income

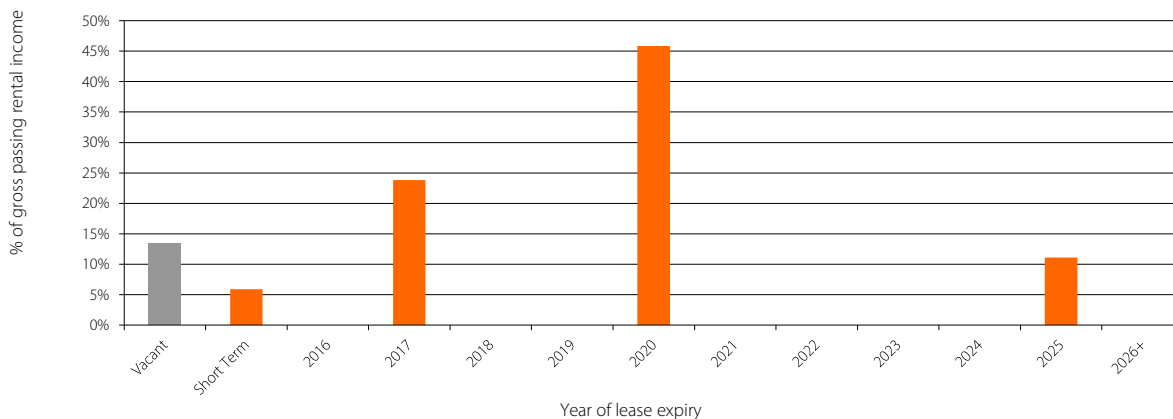


AusAid	35.41%
Department of Land & Property Services	15.38%
Active Display Group	15.14%
Vodafone	12.79%
Murray Darling Basin Authority	11.00%
Others (excluding vacancy)	10.27%

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Property lease expiry profile by income as at 31 December 2015



Property development

We believe the Fund can enhance its existing properties and add further value to investors through selective exposure to property development. Property development means the construction of a new building, significant increases to the lettable area of a building or significant changes to the nature or use of the property. In managing the Fund's property portfolio, we may refurbish or redevelop properties from time to time as required. Material property developments will only be undertaken where substantial pre-commitments to lease are in place and development risk is appropriately mitigated.

There are no development projects in the Fund as at the date of this document.

Valuation policy

Benchmark 4 - Valuation policy

The Responsible Entity maintains and complies with a written valuation policy that requires:

- a valuer to:
 - be 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
 - be independent.
- procedures to be followed for dealing with any conflicts of interest;
- rotation and diversity of valuers;
- valuations to be obtained in accordance with a set timetable; and
- for each property, an independent valuation to be obtained:

- before the property is purchased:
 - for a development property, on an 'as is' and 'as if complete' basis; and
 - for all other property, on an 'as is' basis; and
- 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.

The Fund meets this benchmark and complies with AUPL's Valuation Policy. For further information or to obtain a copy of the Policy please contact us.

Regular valuation of underlying property assets is an important aspect of managing the Fund in the best interests of investors.

In addition to the above requirements, the Valuation Policy also requires that:

- independent external valuations for new properties must be completed no more than three months prior to exchange of contracts;
- independent external valuations for existing properties must generally be conducted at least once in a financial year;
- where there are multiple properties in a portfolio, the valuations are to be staggered through the year; and
- where a property has been contracted for sale, the contracted sale price may be adopted instead of the independent external valuation.

As part of our active management approach, 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.

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Australian Unity Property Income Fund

Related party transactions

Benchmark 5 and Disclosure Principle 5 -

Related party transactions

The Responsible Entity maintains and complies with a written policy on related party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts of interest.

The Fund meets this benchmark and complies with AUPL's Related Party Policy.

Related party transactions carry a risk that they could be assessed and reviewed less rigorously than transactions with other parties.

Australian Unity has policies and guidelines in place to manage the risk of any actual or perceived conflict of interest as a result of a related party transaction. Related party transactions with Australian Unity Group entities are reviewed, approved and monitored by senior management with clearly identified governance policies and guidelines. Decisions in relation to conflicts of interest and related party transactions are documented.

As appropriate, we provide ongoing updates of material service engagements and financial benefits that are paid to related parties through the Fund Update and Continuous Disclosure Notice. The value of related party payments are reported yearly as part of the Fund's Annual Report.

For further information about the Policy please contact us. The latest Fund Update and Annual Report can be found on our website australianunityinvestments.com.au/pif. Alternatively we can send you a free copy if you call us on 13 29 39.

Related party activity

AUPL has appointed Australian Unity Property Management Pty Ltd (AUPM) ABN 76 073 590 600 to provide some property management services to the Fund. Investor approval is not required for this arrangement and the appointment has been made on commercial terms and conditions and on an arm's length basis.

AUPL and AUPM are wholly owned subsidiaries of Australian Unity Limited (AUL) ABN 23 087 648 888 and are members of the Australian Unity Group. This transaction complies with the Policy.

Australian Unity Property Management

AUPM is a property management business that may, under a written arrangement, provide some of the following services to the 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 management and project supervision.

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

From 1 July 2015 to 31 December 2015 property management services fees to the value of \$36,426 have been provided by and paid to AUPM.

Other related party service providers

AUPL may appoint other related parties from time to time. Please refer to our website for updates.

Investments

AUL and its subsidiaries (related parties) may invest in the Fund and the Fund may invest in related parties from time to time. Details of related party investments are included in the Fund's Annual Report. Investor approval is not required as the transactions are made on commercial terms and conditions and on an arm's length basis.

As at 30 June 2015 related parties held interests in the Fund of \$54.76 million (60.62%) based on net assets.

Distribution practices

Benchmark 6 and Disclosure Principle 6 -

Distribution practices

The Scheme will only pay distributions from its cash from operations (excluding borrowings) available for distribution.

The Fund does not meet this benchmark. The Fund aims to source, and currently sources, all distributions from funds from operations. However, it is permitted to fund distribution payments from other sources, such as working 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.

The Distribution Policy is aligned to the ongoing earning capacity of the Fund. We expect the current source of distributions to be sustainable over the next 12 months.

Where a fund makes distributions from capital, this will have the effect of reducing investors' equity. Where this occurs and a 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.

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Withdrawal rights

Disclosure Principle 7 - Withdrawal rights

Withdrawals from the Fund are available daily. We normally endeavour to meet a withdrawal request within five business days, however the Fund's Constitution permits up to 180 days for withdrawals to be met. Payment of withdrawals could be extended further if Fund assets cannot be sold within this time.

Further information about the Fund's withdrawal arrangements is contained in the Fund's current PDS, which can be found on our website australianunityinvestments.com.au.

Net tangible assets

Disclosure Principle 8 - Net tangible assets

The Fund is an open-ended property scheme and as such this disclosure principle is not applicable. However, the current unit price for the Fund is available on our website.

For further enquiries

Please contact us either by telephone, email or mail as shown below:

Address	114 Albert Road South Melbourne, VIC 3205
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Adviser Services	1800 649 033
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Important information

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