

# Supplementary Product Disclosure Statement

23 September 2019

## Australian Unity Diversified Property Fund ARSN 106 724 038

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

### Important Notice

This is the first Supplementary Product Disclosure Statement ('First SPDS') to the Australian Unity Diversified Property Fund ('Fund') Product Disclosure Statement ('PDS') dated 18 September 2019. The information in this document updates the PDS. You should read this First SPDS together with the PDS and the Notice of Meeting and Explanatory Memorandum dated 23 September 2019 (Explanatory Memorandum). Except to the extent amended by this First SPDS, or updated on the website, the PDS remain in full force.

You should read the PDS, the First SPDS and the important information incorporated by reference in Explanatory Memorandum before making a decision. The material relating to these matters may however change between the time when you read the PDS, this First SPDS, the Explanatory Memorandum and the date when you acquire or dispose of units in the Fund. Go to our website [australianunity.com.au/wealth](http://australianunity.com.au/wealth), or contact Investor Services on 13 29 39, for a free copy of the Explanatory Memorandum.

Fees and charges set out in this First SPDS, unless otherwise stated, are inclusive of goods and services tax ('GST') less input tax credits (inclusive approximate reduce input tax credits) that the Fund may be entitled to claim.

### Change to the Fund's base management fee

Included with the issue of the Explanatory Memorandum, was a notice to investors that we intend to simplify the Fund's base management fee 30 days from the date of this First SPDS.

Effective on and from 23 October 2019, the base management fee for the Fund will be 0.65% p.a. of the gross asset value of the Fund.

The Fund's base management fee described in the PDS will remain in effect until 22 October 2019.

### Proposal to investors

We are pleased to advise that the Australian Unity Property Limited ('AUPL') Board of Directors have approved the issuance of the Explanatory Memorandum to investors to consider approving various resolutions in connection with a proposal to merge the Fund with the Australian Unity Retail Property Fund ARSN 133 632 765 (the 'Proposal').

For more details regarding the Proposal, refer to the Explanatory Memorandum available from our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf) or contact Investor Services on 13 29 39, for a free printed copy of the Explanatory Memorandum

### Fee changes

If the Proposal proceeds, in addition to the change to the base management fee (which is not contingent upon the Proposal proceeding) the Fund's fees will change.

As part of the Proposal investors will vote on changes to the Fund's constitution which among other things change the Fund's fees, including;

- a change to how the Fund calculates the performance fee;
- the calculation, and if applicable, payment of the current performance fee as at 22 October 2019;
- introduction of an acquisition fee; and
- introduction of a responsible entity removal/retirement fee.

### Change to the Fund's performance fee

The proposed change to the Fund's performance fee is explained from page 2 of this First SPDS.

In addition, if the Proposal proceeds, and if the Fund meets the relevant performance criteria, a performance fee for the financial year to 22 October 2019 will be paid to AUPL. At the date of this document a \$0.74 million performance fee is accrued in the Fund's accounts and is expected to be paid.

If the Proposal does not proceed:

- the performance fee at 22 October 2019 will not be paid; and
- AUPL will continue to accrue and is entitled to collect a performance fee in accordance with the current Constitution where the performance fee criteria are met as described in the Fund's PDS dated 18 September 2019.

### Introduction of an acquisition fee

The proposed acquisition fee is explained from page 2 of this First SPDS.

### Introduction of a removal/retirement fee

The proposed removal/retirement fee is explained from page 2 of this First SPDS.

### Transaction costs relating to the Proposal

In addition to the fees above, there are transaction costs associated with the Proposal. Refer to Section 5 of the Explanatory Memorandum for more information regarding these costs.

Changes to the Fund's portfolio

Details of the Fund's portfolio included in the PDS will change as a result of implementing the Proposal. If the Proposal proceeds, a number of changes to the Fund's portfolio will occur. Please refer to the Explanatory Memorandum for further information.

### Contact Details

#### Address

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#### Website

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# Australian Unity Diversified Property Fund

How some of these changes are expected to impact the Fund are explained in Section 5 of the Explanatory Memorandum. Investors should consider the important information in this PDS (and any relevant supplementary PDS) and the Explanatory Memorandum before making a decision to invest in the Fund.

## Suspension of applications

Typically, an application received by 3:00 pm at our Melbourne office on a business day will receive the application price effective for that day. The acceptance of applications will change as detailed below.

Applications will be suspended from 16 October 2019 through to 31 October 2019. Any applications received during this period will be processed using the application price effective 31 October 2019.

## Changing your mind

No cooling off period applies to the issue of Units in the Fund under the Proposal.

## Changes to the Fund's Capped Withdrawal Facility

The following changes to the terms of Fund's Capped Withdrawal Facility.

### Change to Closing Date

In order to align timing of the Capped Withdrawal Facility with the Proposal, we have brought forward the November 2019 Closing Date of the Fund's Capped Withdrawal Facility to 22 October 2019.

### Change to the amount available

In addition, if the Proposal proceeds the amount available under the once-off October 2019 Capped Withdrawal Facility will increase to \$15 million. This change aims to allow investors, at their election, to exit their investment prior to the implementation of the Proposal.

If the Proposal does not proceed the amount available will be limited to 2.5% of the Fund's net asset value as at the Closing Date.

## Changes to the fees and costs in the PDS

Within the 'A snapshot of the Fund' table on page 4 of the PDS, the 'management fee' section is replaced with the following.

Key features	Description	Further information
Fees and other costs of the Fund		
Base management fee	From 23 October 2019, the base management fee is 0.65% p.a. of the gross asset value of the Fund.	Pages 3 & 4
Recoverable expenses	In addition to the base management fee we are entitled to recover from the Fund all expenses properly incurred in the performance of our duties. From 23 October 2019 we estimate to be 0.20% p.a. of the average gross asset value of the Fund for the financial year ended 30 June 2019.	
Performance fee	If the Proposal is implemented, 20% of the Fund's performance in excess of an IRR of 10% p.a. (subject to earning back any underperformance).	
Indirect costs	Estimated to be 0.08% of the average gross asset value of the Fund for the financial year ended 30 June 2019.	
Acquisition fee	If the Proposal is implemented, up to 1% of the purchase price of a real property asset.	
Removal/retirement fee	If the Proposal is implemented, up to 1% 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% Sell spread 0.50%	Page 6

## Change to the PDS continued

Pages 23 to 27 of the PDS are replaced with the following:

# Australian Unity Diversified Property Fund

## 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 contribution fees and management costs where applicable.

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) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This document 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.

### Australian Unity Diversified Property Fund

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable.
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable.
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable.
<b>Management costs<sup>1</sup></b>		
<b>The fees and costs for managing your investment</b>	<b>Base management fee<sup>2</sup></b> 0.65% 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
	<b>Recoverable expenses<sup>3</sup></b> Estimated to be 0.20% p.a. of the gross asset value of the Fund.	Recoverable expenses are accrued as and when incurred by the Fund and therefore the amount recovered each month may vary.
	<b>Performance fee<sup>4</sup></b> The Fund's prospective performance fee is estimated to be 0.85% p.a. of the average gross asset value of the Fund.	Payable out of the assets of the Fund either in cash or by the issue of Units. Where the Fund meets its performance criteria, the performance fee is payable on an annual basis.
	<b>Indirect costs</b> Estimated to be 0.00% of the gross asset value of the Fund.	Payable from the assets of the Fund or the underlying fund in which the Fund invests as and when incurred.
	<b>Acquisition fee</b> Up to a maximum of 1% of the value of the purchase price of real property assets.	Payable out of the assets of the Fund upon the acquisition of real property assets.
	<b>Removal/retirement fee</b> Up to a maximum of 1% of the gross asset value of the Fund.	Payable out of the assets of the Fund upon the removal/retirement of the Responsible Entity.
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

- Management costs do not include the Fund's transactional and operational costs, some of which are recovered via buy/sell spreads. For more information about the calculation of buy and sell spreads, see 'Buy/Sell spread' under the heading 'Additional explanation of fees and costs'.
- The base management fee may be negotiated with investors who are wholesale clients. For more information about the calculation of the base management fee, and about fee rebates to wholesale clients, see 'Base management fee' and 'Wholesale clients' under the heading 'Additional explanation of fees and costs'.
- Fund expenses are estimated to be 0.20% p.a. of the gross asset value of the Fund. The Fund's recoverable expenses for the financial year ended 30 June 2019 were 0.49% of the gross asset value of the Fund. For more information about Fund expenses, see 'Recoverable expenses' under the heading 'Additional explanation of fees and costs'.
- The estimate has been calculated on a prospective performance fee that is based on an absolute benchmark of an IRR of 10% pa over the past three years to 30 June 2019. If the Proposal is accepted, the Fund's new performance fee is based on an absolute benchmark of an IRR of 10% pa, calculated with reference to the merged Fund's average net asset value over the past three years to 30 June 2019, is estimated to be 1.44% pa. For more information about the calculation of the performance fee, see 'Performance fee' under the heading 'Additional explanation of fees and costs'.

# Australian Unity Diversified Property Fund

## Example of annual fees and costs

This table gives an example of how the fees and costs in the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE <sup>1</sup> - Australian Unity Diversified Property Fund		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fee	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	3.43% p.a. <sup>2</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$1,590 each year.
EQUALS Cost of 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 will be charged fees of: <b>\$1,713<sup>1,3,4</sup></b> <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

1. A buy/sell spread may apply to investments in and out of the Fund (see 'Buy/Sell spread' on page 5 for further details).
2. This is the Indirect Cost Ratio (ICR) based on the Fund's net assets for the period 1 July 2018 to 30 June 2019 and incorporates the effect of gearing, the actual performance fee for the financial year ended 30 June 2019 which was 1.81% of the net asset value of the Fund and recoverable expenses. Refer to page 6 for further details about the ICR. What your investment in the Fund costs you will also depend on the fees you negotiate with the Fund (where applicable) or with your financial adviser.
3. Additional fees may apply. See the 'Additional explanation of fees and costs' section below.
4. 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.

## Additional explanation of fees and costs

### Management costs calculations

The table below provides a summary of the Fund's estimated management costs on the Fund's average gross asset value compared to the management costs calculated on the Fund's average net asset value (the Fund's gross asset value less the Fund's liabilities). Except in relation to the performance fee, the figures are calculated based on the Fund's gross assets and net assets for the 12 months to 30 June 2019.

Management cost	Gross asset value p.a.	Net asset value p.a.
Estimated prospective base management fee <sup>1</sup>	0.65%	1.61%
Plus: Indirect cost	0.00%	0.00%
Plus: Recoverable expenses <sup>2</sup>	0.20%	0.36%
Plus: Estimated prospective performance fee	0.85% <sup>3</sup>	1.44% <sup>4</sup>
<b>Equals: Total management costs</b>	<b>1.70%</b>	<b>3.41%</b>

1. On and from 23 October 2019 the base management fee for the Fund will change to 0.65% p.a. of the Fund's gross asset value as described on page 2.
2. On and from 23 October 2019 we estimate the Fund's recoverable expenses to be 0.20% p.a. of the average gross asset value of the Fund. Refer to 'Recoverable Expenses' on page 5 for more information.
3. The estimated prospective performance fee has been calculated based on an absolute benchmark of an IRR of 10% pa charged for the past three years to 30 June 2019, calculated with reference to the merged Fund's average gross asset value over the past three years to 30 June 2019.
4. The Fund's new performance fee is based on an absolute benchmark of an IRR of 10% pa, calculated with reference to the merged Fund's average net asset value over the past three years to 30 June 2019, is estimated to be 1.44% pa. For more information about the calculation of the performance fee, see 'Performance fee' under the heading 'Additional explanation of fees and costs'.

### 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.

From 23 October 2019, we have agreed to charge a reduced base management fee of 0.65% p.a. of the Fund's gross asset value as described on page 3. Subject to legal requirements, we are entitled to change fees with prior notice to you as described on page 6.

### Indirect costs

Indirect costs are generally amounts that the Responsible Entity knows, or estimates, 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 include performance-related fees, recoverable expenses and indirect costs of underlying interposed vehicles.

### 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.

## Recoverable expenses

We are entitled under the Fund's constitution to reimbursement for, or have paid by the Fund, all expenses and associated taxes we incur in the proper performance of our duties. Refer to the 'Other information' section for further details on taxes incurred.

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. These costs are shown in the table under 'Fees and other costs'.

The above estimates are based upon the financial year ending 30 June 2019. On and from 23 October 2019 we will absorb the management component of the asset management services previously recovered from the Fund. As a result, we expect the Fund's recoverable expenses to reduce to approximately 0.20% p.a. of the Fund's gross asset value.

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 abnormal events such as the cost of running investor meetings; and
- costs of borrowing, including arrangement, establishment and interest costs.

Refer to 'Transactional and operational costs and borrowing costs' below for more information.

## Performance fee

The Fund's performance fee described in the PDS will remain in effect until 22 October 2019. If the Proposal proceeds, and if the Fund meets the relevant performance criteria, a performance fee for the financial year to 22 October 2019 will be paid to AUPL. A performance fee of \$0.74 million is currently accrued in the Fund's accounts and is expected to be paid at the date of this First SPDS.

## New performance fee

As part of the Proposal we intend to change the structure of the Fund's performance fee and the criteria the Fund must meet in order for AUPL to qualify for the performance fee.

If investors approve the Proposal, on and from 23 October 2019, the Performance Fee will be equal to 20% of the portion of the outperformance of the Units over an 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 applications from investors to distribution payments and redemption of units made to investors.

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

The performance fee which is calculated on a daily basis, but paid at 30 June each year if the relevant criteria are met.

The first performance fee measurement period will be from the Implementation Date to 30 June 2020 and thereafter, on an annual basis.

We must earn back any prior year's underperformance before we are entitled to collect the performance fee.

Under the Constitution, the accrued Performance Fee is also payable if AUPL is 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 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, paid quarterly distributions at a rate of 6.7 cents per unit p.a. and the Unit price was \$1.05 per Unit in one year's time.

The IRR would be 12.00%. As the threshold amount for the Performance Fee is 10% pa, the Performance Fee payable to AUPL would be calculated as 20% of 2% multiplied by the investment value.

For an investor with 50,000 Units, the Performance Fee in this example would be \$210 for this one year period calculated as 50,000 units x \$1.05 Unit price x 2% outperformance x 20%.

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.

AUPL does 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 prospective performance fee

The Fund's estimated prospective performance fee is 1.44% of the net asset value of the Fund, based on our reasonable estimate having regard to performance fees over the last three years.

However, this estimate does not include the performance fee payable upon investor approval of the Proposal.

Estimated prospective 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 prospective 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.

## Indirect cost ratio ('ICR')

The ICR is a useful measure of the ongoing fees and expenses of investing in the Fund. It is expressed as a percentage of the average size of the Fund's net assets over a financial year.

The ICR shows the cost of investing in the Fund compared to investing directly in assets. It is calculated by dividing the total management costs of the Fund by the average size of the Fund's net assets over the period. The ICR does not include transactional and operational costs (such as buy/sell spreads and brokerage), borrowing costs, and costs relating to a specific asset that an investor would incur if they invested directly in an asset (e.g. Government charges).

The ICR for the period 1 July 2018 to 30 June 2019 was 3.43% as a percentage of the average net asset value of the Fund during that period.

## Transactional and operational costs and borrowing costs

The table below provides a summary of the estimated transactional and operational costs, and borrowing costs, of the Fund and its underlying investments, calculated on the Fund's average net asset value (the Fund's gross asset value less the Fund's liabilities) for the 12 months to 30 June 2019. These costs are borne by the Fund and taken into account when determining distributions to investors.

Transactional and operational costs and borrowing cost	
Total transactional and operational costs (other than borrowing costs)	1.23%
Less: Buy and sell spreads recovered	0.11%
<i>Equals:</i> Net transactional and operational costs borne by the Fund	1.12%
Borrowing costs borne by the Fund	3.35%

## Transactional and operational costs

Separate to the recoverable expenses of operating the Fund, there are expenses associated with the ownership and operation of the Fund's assets some of which are recoverable from investors by charging a 'buy/sell spread' as explained below.

These costs relate to the activities involved in acquiring, disposing and operating properties as going concerns. These costs are additional to the management costs set out in the fee table on page 4.

Some examples of these expenses include:

- stamp duty and other Government charges;
- cost of making an investment, such as spreads or brokerage costs;
- leasing fees;
- rental review fees;
- agency sales fees;
- non recoverable property expenses; and
- general property maintenance.
- These costs form part of the Fund's total 'transactional and operational costs' amounts set out above.
- Costs incurred on behalf of a tenant of the Fund's property and recovered from the tenant are not a cost which is borne by the Fund and therefore are not included in the transactional and operational costs.
- The Fund's underlying investments may also incur transactional and operational costs and these amounts are included in the total 'transactional and operational costs' amounts set out above.

## Borrowing costs

The Fund borrows to finance new and existing assets, to develop and maintain those assets, and to provide liquidity for operating purposes and managing the Fund's working capital. The costs involved with Fund borrowings are recoverable from the Fund and are additional to the management costs set out in the fee table on page 4.

Such costs may include:

- Interest expenses;
- debt arranger fees;
- loan establishment fees; and
- hedging costs (interest rate management).

The Fund's underlying investments may also incur borrowing costs for these activities.

## Buy/Sell spread

The buy and sell spread aims to ensure that each investor shares the transactional costs associated with their investment decision to either enter 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 the Responsible Entity but is retained in the Fund to cover those transaction costs; and
- not applied to the reinvestment of distributions.

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](http://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.

## Investor transaction 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.

## Wholesale clients

From time to time, we may rebate some of our fees (or issue Units in the Fund) to 'wholesale clients' as defined under the Corporations Act 2001 or to employees within the Australian Unity Group so that they pay reduced fees. We do not enter into individual fee arrangements with other investors.

## 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 prior written notice.

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 until 22 October 2019: 20.00% (before GST) of the Fund's net return above its benchmark index return multiplied by the gross assets of the Fund. Payments of the performance fee in any financial year are capped at 1.00% (before GST) of the gross value of the Fund's assets.
- performance fee on and from 23 October 2019: 20% of the Fund's performance in excess of an IRR of 10% p.a.

For actual fees charged, refer to the table on page 3.

There is no limit in the Fund's constitution on the amount that we can recover for expenses incurred in the proper performance of our duties.

### **GST**

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

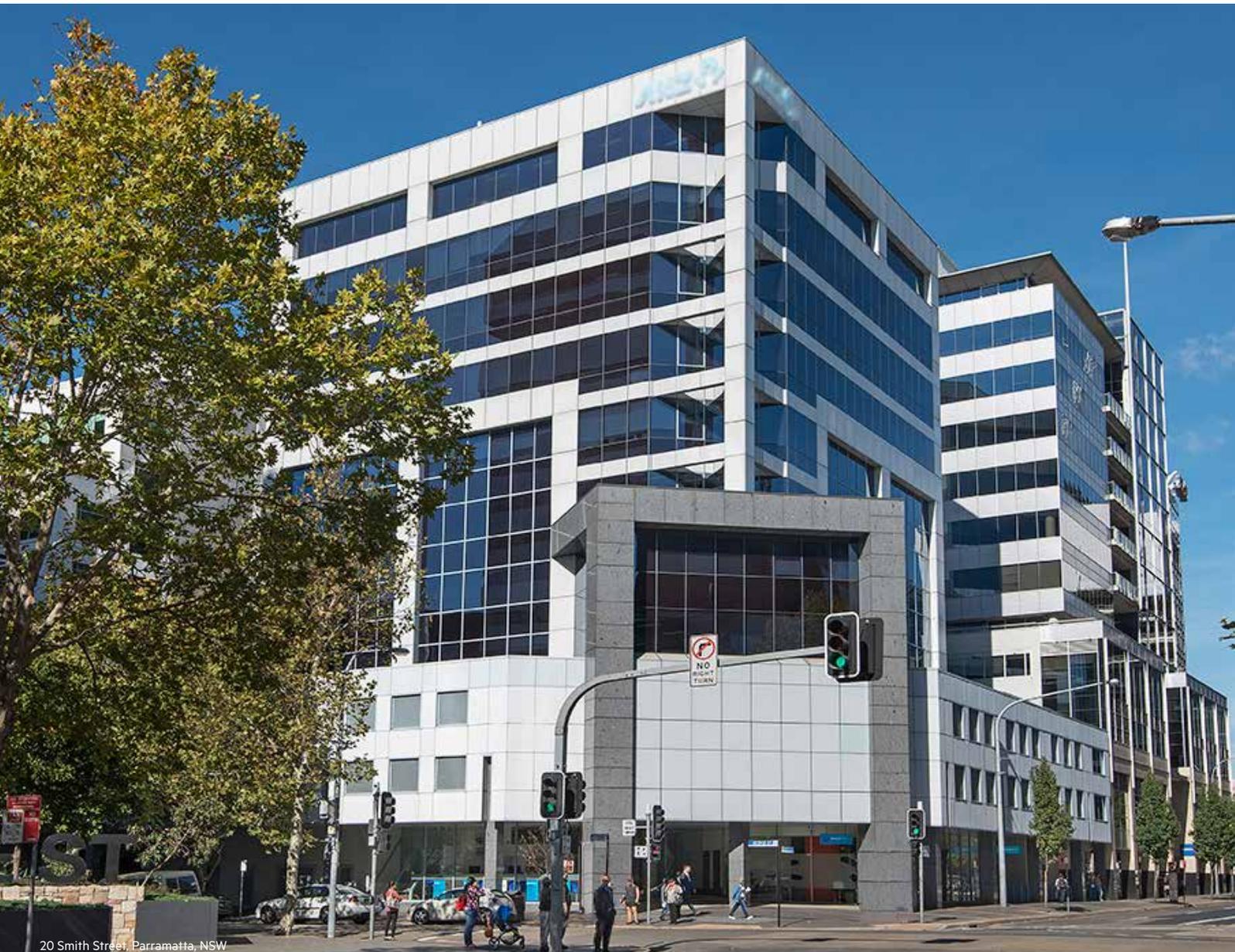
### **Payments to financial advisers and intermediaries**

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 will be paid for financial planning services your financial adviser provides for you. These advice fees are additional to the fees shown in the fee table on pages 3 and 4, and are paid to your financial adviser, not to us or the Responsible Entity.

# Australian Unity Diversified Property Fund

Product Disclosure Statement 18 September 2019



20 Smith Street, Parramatta, NSW

## Important information

The Ordinary Units ('Units') available in the Australian Unity Diversified Property Fund ARSN 106 724 038 ('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 its capacity 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.

### No guarantee

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.

### No reliance

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.

This PDS has been prepared to comply with the requirements of the laws of 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.

This PDS may only be used by investors receiving it (electronically or otherwise) in Australia. No investments will be accepted on the basis of this PDS once it is replaced with a later PDS.

### 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 known and 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 on page 17.

### 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.

### 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 in reference to the Australian currency.

### Availability of this PDS

This PDS is available in electronic format, including access via our website. If you receive it electronically, please ensure that you have received the entire PDS and Application Form. If you are unsure whether the electronic document you have received is complete, please contact us. A printed copy is available free of charge.

### Updates to this PDS

Information in this PDS which is not materially adverse information that is subject to change from time to time may be updated via our website and can be found at [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf). A paper copy of updated information is available free of charge by contacting us on 13 29 39.

### Cover of this PDS

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

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### **Obtaining other information before making a decision**

Visit our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf) for further information on the Fund, including:

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

We recommend you obtain and review such information before you invest. Alternatively, you can call us on 13 29 39 and we will send you the requested information free of charge.

## A snapshot of the Fund

Key features	Description	Further information
Responsible Entity	Australian Unity Property Limited ('AUPL') holds an AFS Licence No. 234455	Page 14
Investment Manager	AUPL.	Page 14
Investment objective <sup>1</sup>	<p>To aim to deliver:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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. We will also seek to deliver a tax deferred component within the Fund's income.</li> </ul>	Page 5
Unit class offered	Ordinary Units are offered under this PDS.	Inside cover
Benchmark index	MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index.	Page 5
APIR code	YOC0018AU	N/A
Features of the Fund	<ul style="list-style-type: none"> <li>• Distribution of income paid quarterly and sourced primarily from tenants with contracted leases – the majority sourced from investment grade credit rated, and/or ASX listed, companies.</li> <li>• Managed by a specialist investment manager with skilled employees who have an average of more than 20 years' experience in the property industry.</li> <li>• 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.</li> <li>• Potential for tax deferred income.</li> </ul>	Page 5
Key risks	<ul style="list-style-type: none"> <li>• You may not receive the full amount requested when you participate in the Capped Withdrawal Facility.</li> <li>• Reduction in property values.</li> <li>• Breach of borrowing conditions.</li> <li>• Gearing increases risk, magnifying gains and losses.</li> <li>• Tenant default.</li> <li>• Property development risk.</li> </ul>	Page 21

<sup>1</sup> 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.

Fund features		
Unit pricing	Unit prices are generally calculated each business day	Page 20
Property portfolio diversification	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 diversity in geographic locations, tenants, lease terms and sectors.	Page 8
Gearing ratio <sup>1</sup>	39.28% as at 30 June 2019.	Page 7
Interest cover <sup>12</sup>	2.48 times for the year to 30 June 2019.	Page 7
Distribution payments	Distributions will be paid quarterly and are generally sourced from funds from operations and net realised capital gains only. The distribution policy is aligned to the ongoing earning capacity of the Fund. Although it is not our intention to pay distributions from other sources, we may do so if we consider it to be in the interests of our investors (for example if rental income is reduced unexpectedly).	Pages 12 and 20
Withdrawals	<p>The Responsible Entity provides a Capped Withdrawal Facility (Capped Withdrawal Facility) limited to 2.5% of the Fund's net asset value on each 'closing date'. The 'closing date' will be 3:00pm Melbourne time on the final day that withdrawal requests can be lodged for the relevant Capped Withdrawal Facility (Closing Date). The Closing Date is generally 21 February, 21 May, 21 August and 21 November, or the next Melbourne business day if the relevant day is a non-business day. In normal operating conditions, the Capped Withdrawal Facility will be made available quarterly (or more or less frequently at the Responsible Entity's discretion).</p> <p>The Responsible Entity, however, has the discretion to alter the Capped Withdrawal Facility amount or cancel the Capped Withdrawal Facility without notice.</p> <p>If the amount available for the Capped Withdrawal Facility is less than the total amount of withdrawal requests, investors will receive a pro-rata amount of their withdrawal request.</p> <p><b>Carry forward facility</b></p> <p>Investors are able to elect to utilise the Fund's 'carry forward facility' under which any unfulfilled part of a pro-rated withdrawal request will be automatically carried forward to the next Capped Withdrawal Facility and treated as a new withdrawal request for the unfulfilled amount.</p> <p>To take advantage of the carry forward facility, the investor must grant the Responsible Entity a limited power of attorney as set out in the Fund's Capped Withdrawal Facility booklet. This limited power of attorney enables the Responsible Entity to apply on behalf of the investor for the unfulfilled part of a withdrawal request at the next available Capped Withdrawal Facility. The Responsible Entity will continue to apply for withdrawals on an ongoing basis until:</p> <ul style="list-style-type: none"> <li>• the withdrawal request is fulfilled;</li> <li>• the investor notifies the Responsible Entity in writing to terminate the withdrawal request;</li> <li>• the investor makes a new withdrawal request, thereby cancelling any outstanding unfulfilled request (utilising the carry forward facility); or</li> <li>• the Capped Withdrawal Facility is cancelled by the Responsible Entity.</li> </ul> <p>The terms of the limited power of attorney are provided in the Fund's Capped Withdrawal Facility booklet, available from our website <a href="http://australianunity.com.au/wealth/dpf">australianunity.com.au/wealth/dpf</a></p>	Page 12 and 18

1. As defined by ASIC Regulatory Guide 46: Unlisted property schemes - Improving disclosure for retail investors. See page 7.

2. The interest cover ratio above includes interest rate swap break costs and profit/loss on sale of properties during the period. These items are excluded when calculating the borrowing facility interest cover covenant. The interest cover ratio as defined under the borrowing facility covenant was 2.73 times at 30 June 2019.

Key features	Description	Further information
<b>Other Fund information</b>		
Fund borrowings	\$147.33 million as at 30 June 2019.	Page 8
Property valuations	Generally conducted annually by qualified independent valuers and staggered across the portfolio.	Page 11
Related party information	All transactions, including those with related parties, are conducted on commercial terms and on an arm's length basis.	Pages 11 and 29
<b>Minimum investment amounts</b>		
Initial investment	\$5,000 Applications are normally accepted on each business day.	Page 16
Additional investment amount	\$1,000 or \$100 per month for Regular Savings Plan.	
Minimum balance	\$5,000	
<b>Fees and other costs of the Fund</b>		
Base management fee	0.25% – 0.40% p.a. of the gross asset value of the Fund.	Page 23
Recoverable expenses	In addition to the base management fee we are entitled to recover from the Fund all expenses properly incurred in the performance of our duties. Estimated to be 0.49% p.a. of the average gross asset value of the Fund for the financial year ended 30 June 2019.	
Performance fee	Where the Fund performs better than its benchmark (the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index) in a financial year, we are entitled to a performance fee on the basis that any prior underperformance has been recovered.  The performance fee is calculated as 20% of the Fund's outperformance (which is based on the net assets of the Fund) over the Fund's benchmark, multiplied by the gross asset value of the Fund. An example of how the performance fee works is set out on page 24.  Based on our reasonable estimate having regard to performance fees over the last three years, the Fund's prospective performance fee is 0.68% p.a. of the average gross asset value of the Fund. This estimate has been calculated on the actual performance fee charged for the past three years to 30 June 2019.	
Indirect costs	Estimated to be 0.08% of the average gross asset value of the Fund for the financial year ended 30 June 2019.	
Buy/Sell spread	Buy spread: 0.50% Sell spread: 0.50%	Page 27

## About the Fund

The Fund is an unlisted property trust with a portfolio of assets comprising direct property and property securities.

It has a diversified tenant base including many of Australia's most recognised companies, covering a broad range of property sectors including office, retail and industrial.

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.

We aim to deliver<sup>1</sup>:

- 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
- 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. We will also seek to deliver tax deferred components within the Fund's income.

<sup>1</sup>The investment objectives that we aim to deliver to investors are a statement of intent, and we cannot guarantee that the Fund will achieve this.

### How the Fund Works

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

Rent from the Fund's properties and income earned on its other assets 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.

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

### Who should invest in the Fund?

This Fund is typically suited to investors who:

- seek regular income payments;
- want exposure to a diverse property portfolio;
- do not need immediate access to any of their investment in the short-term;
- are looking to diversify their existing property portfolio; and
- have at least a five-year investment outlook.

### Features of the Fund

- Distribution of income paid quarterly and sourced primarily from tenants with contracted leases– the majority sourced from investment grade credit rated, and/or ASX listed, companies.
- Managed by a specialist investment manager with a dedicated team of skilled people who have an average of more than 20 years' experience in the industry.
- 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.
- Potential for tax deferred income.

It is important that you consider the risks of investing which are explained from page 21.

### How we invest your money

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. A summary is provided in the table below as at 30 June 2019. A full list of properties and investments in listed Australian REITs and unlisted property trusts is set out in the table on page 9.

Asset	Value (\$million)	% of total assets	Target allocation <sup>1</sup>
Direct properties	341.37	91.00%	70%-100%
Listed Australian REITs	28.03	7.47%	0%-15%
Unlisted property trusts <sup>2</sup>	0.00	0.00%	0%-20%
Cash <sup>3</sup> and other assets	5.72	1.53%	0%-20%
Total	375.12	100%	

#### Notes:

1. The target allocation thresholds may change over time and represent a percentage of the Fund's total assets.
2. Any investments in unlisted property trusts must be compliant with the Significant Investor Visa regime.
3. Cash is held by Australian ADIs (including certificates of deposit, bank bills and other cash-like instruments) and will be no more than 20% of the Fund's net assets.

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. Listed Australian REITs may also be used in conjunction with cash, to support ongoing liquidity and cash flow management.

## Derivatives

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 prohibited from using derivatives for gearing or for speculative activities.

Refer to 'Derivative risk' on page 22 for further information.

## Investment process

The investment strategy of the Fund is to acquire, manage and grow a diversified commercial property portfolio of offices, shopping centres and industrial properties in Australia. 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 may also invest in property trusts (i.e. listed and unlisted managed investment schemes) including those managed by Australian Unity provided the proposed investment meets the Fund's investment objective.

Diversification of properties is sought to provide the portfolio with a more consistent source of income across variability in the economic cycle, or through times of upgrading and developing certain properties.

Diversification occurs at different levels including by property type, geographic location, tenancy mix, lease terms and size of properties.

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.

We will look to sell assets where we believe it is appropriate for the Fund and investors. We consider a range of factors 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
- the Fund's level of borrowing.

## Borrowings

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.

## Significant Investment Visa Compliance

The Fund meets the requirements for a 'Balancing investment' under the Significant Investor Visa 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 Responsible Entity has completed the Declaration set out in form 1413D for investors applying under the Significant Investor Visa, which is available from the website, [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf). Your financial adviser will be able to provide further information if required.

## Disclosure principles and benchmarks

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*. The Property Council of Australia (‘PCA’) and the Property Funds Association (‘PFA’) have issued their supplement to this Regulatory Guide 46 in the form of their *RG46 Voluntary Practice Note*.

The following information should be read in conjunction with the Fund Update, Continuous Disclosure Notice and the latest Annual Report for the Fund, available from our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf). Alternatively, you can call us on 13 29 39 for a free copy.

The financial information provided under the Disclosure Principles and Benchmark information below is extracted from the Fund’s accounting and property management records as at 30 June 2019 and is based upon audited 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.

### Gearing ratio and policy

#### *Disclosure principle 1 – Gearing ratio*

The gearing ratio of the Fund, calculated as total interest bearing liabilities divided by total assets, was 39.28% as at 30 June 2019 based on the Fund’s latest unaudited financial statements (41.03% as at 31 December 2018 based on the Fund’s reviewed financial statements).

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. The only interest-bearing liability of the Fund is the borrowing facility. Refer to the borrowings note in the audited financial statements and the details set out in Disclosure Principle 3 – Scheme (Fund) Borrowings.

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.

The gearing ratio above is calculated in accordance with the ASIC disclosure principles formula and is at the Fund level. The loan to valuation ratio (which is a measure of the borrowing facility amount drawn as a proportion of the value of assets under the borrowing facility security arrangement) is shown under the heading ‘Fund borrowing’.

#### *Benchmark 1 – Gearing policy*

*The Responsible Entity maintains and complies with a written policy that governs the level of gearing at an individual credit facility (borrowing facility) level.*

The Fund meets this benchmark. AUPL monitors and manages the Fund’s borrowings at an individual borrowing facility level on an ongoing basis in accordance with its Gearing and Interest Cover Policy.

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

The Fund has a syndicated borrowing facility and generally operates within a gearing ratio range between 30% and 45%. The maximum gearing ratio for the Fund under the Gearing and Interest Cover Policy is 60%. However, the Fund operates within the gearing ratio range of the borrowing facility covenant limit of 55%. These parameters may change from time to time.

The Fund continues to comply with its Gearing and Interest Cover Policy. For further information or to obtain a copy of the Gearing and Interest Cover Policy please contact us.

### Interest cover ratio and policy

#### *Disclosure principle 2 – Interest cover*

The Fund’s interest cover ratio for the 12 months to 30 June 2019 was 2.48 times based on the Fund’s latest unaudited financial statements (2.36 times for the 12 months to 31 December 2018 based on the Fund’s reviewed financial statements).

Interest cover 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 operating earnings is twice that of interest costs on borrowings, meaning that there is surplus earnings after interest payments which can be used to pay distributions to investors. An interest cover ratio of one times means that Fund earnings are sufficient to pay interest on borrowings and 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 meet interest payments from earnings. To mitigate some of this risk, property fund managers may hedge against rises in interest rates to protect the Fund from uncertain 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.

The interest cover ratio is calculated in accordance with the ASIC disclosure principles formula below and is at a Fund level

$$\text{Interest cover ratio} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

In the audited financial statements EBITDA is equivalent to ‘Profit before finance costs attributable to unitholders’ adding back borrowing costs and amortisation. Unrealised gains/losses include property revaluations, straight-lining of rental income and unrealised gains/losses on derivatives and listed/unlisted property trusts. Interest expense is equivalent to ‘Borrowing costs’ less amortisation of debt establishment costs.

The interest cover ratio relevant to the borrowing facility covenant is calculated differently from the ASIC formula and is shown under the heading ‘Fund borrowing’.

#### *Benchmark 2 – Interest cover policy*

*The Responsible Entity maintains and complies with a written policy that governs the level of interest cover at an individual credit facility (borrowing facility) level.*

The Fund meets this benchmark. AUPL monitors and manages the Fund’s interest cover at an individual borrowing facility level on an ongoing basis in accordance with its Gearing and Interest Cover Policy. The Gearing and Interest Cover Policy outlines record keeping, monitoring and reporting requirements.

The minimum interest cover ratio for the Fund under the Policy is 1.25 times (calculated as net income divided by interest expense on borrowings) which is different to the minimum interest rate cover ratio covenant of 1.60 times under the borrowing facility agreement. The calculation method for the interest cover ratio under the borrowing facility is different from the calculation method adopted by ASIC in Disclosure Principle 2.

The Fund continues to comply with its Gearing and Interest Cover Policy. For further information or to obtain a copy of the Gearing and Interest Cover Policy please contact us.

## Fund borrowing

### *Disclosure Principle 3 – Scheme (Fund) borrowing*

The Fund borrows to finance new and existing assets, to develop, 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.

The Fund has a syndicated borrowing facility that is secured by the Fund's direct property assets and is summarised in the table below:

Borrowing details as at 30 June 2019	
Borrowing facility drawn amount	\$147.33 million
Borrowing facility limit	Tranche A: \$105 million Tranche B: \$50 million
Borrowing facility maturity	Tranche A: 31 December 2019 Tranche B: 30 June 2020
Borrowing facility Loan to Valuation Ratio covenant limit	55.00%
Fund Loan to Valuation Ratio calculated in accordance with borrowing facility definition	43.66%
Amount by which value of assets must decrease before a borrowing facility covenant is breached	20.61%
Borrowing facility Interest Cover Ratio covenant limit	1.60 times
Fund Interest Cover Ratio calculated in accordance with borrowing facility definition	2.73 times
Amount by which the operating cash flow must decrease before a borrowing facility covenant is breached	41.41%
Borrowing facility interest rate (inclusive of borrowing margin, line fees and interest rate hedges)	3.42% p.a.
% of borrowings hedged	61.09%
Weighted hedge expiry	3.77 years

The Fund is required to refinance Tranche A of its borrowings by 31 December 2019 and Tranche B by 30 June 2020. The Fund is within the current lender's covenant and facility limit requirements and as such, we are confident that the borrowing facility will be refinanced prior to maturity.

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 be more costly 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 AUPL's knowledge, there have been and are no breaches of loan covenants as at the date of this document.

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.

Under the terms of the borrowing facility, provided the Fund obtains prior written consent of the lender, 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, there may be terms which are triggered or consequences that follow under the borrowing facility, including possible cancellation of the facility and early repayment of amounts owing under the borrowing facility.

AUPL maintains a policy that governs the level of interest rate hedging for the Fund and seeks to control the risks associated with the use of derivatives. All hedging strategies implemented are also subject to formal approval by the Chief Investment Officer.

AUPL monitors and manages 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 of the Fund's unit price given that the pricing of the underlying interest rate derivatives change daily.

At 30 June 2019 the mark-to-market value of interest rate derivatives were (\$8.12) million based on the Fund's unaudited financial accounts, compared to (\$4.03) million as at 31 December 2018. If held to maturity, the value of the interest rate derivatives in the Fund's balance sheet will reduce to zero.

## Interest capitalisation

### *Benchmark 3 – Interest capitalisation*

*The interest expense of the Scheme is not capitalised.*

The Fund meets this benchmark. The interest expense of the Fund is not capitalised.

## Portfolio diversification

### *Disclosure Principle 4 – Portfolio diversification*

The Fund predominantly comprises Australian commercial assets including directly owned properties (such as offices, shopping centres and industrial properties) and unlisted property trusts. 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 sectoral diversification. Listed Australian REITs may also be used in conjunction with cash to support ongoing liquidity and cash flow management.

The Fund typically holds 70-100% of its assets in direct property and may hold up to 20% of its direct property exposure through unlisted property investments. Exposure to listed Australian REITs will be small and may range between 0-15% of the Fund's assets. These limits are subject to review and may change over time.

At 30 June 2019 the Fund had \$28.03 million (7.47% of the gross assets of the Fund) exposure to listed Australian REITs.

## Fund investment portfolio details at 30 June 2019

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

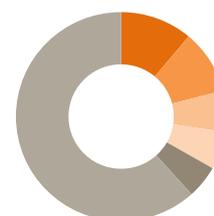
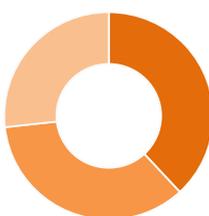
Property details <sup>1</sup>		Tenancy details				Valuation details <sup>2</sup>			
Address	Lettable area (sqm)	Major tenant	Number of tenants	Occupancy rate (% by income)	WALE (years) <sup>3</sup>	Current valuation (\$m)	Valuation date	Capitalisation rate (%) <sup>4</sup>	Book value (\$m)
<b>Direct property</b>									
200 Victoria Street, Carlton, VIC	7,911	EPA	4	100	2.78	59.00	Jun-19	5.75	59.00
19 Corporate Avenue, Rowville, VIC	12,398	Regal Beloit Australia	1	100	2.84	17.50	Jun-19	6.75	17.50
20 Smith Street, Parramatta, NSW	7,421	GHD	14	100	3.17	71.00	Feb-19	6.00	71.09
278 Orchard Road, Richlands, QLD	53,000	Myer	3	48.17	1.99	59.25	Dec-18	7.50	59.75
Busselton Central Shopping Centre, WA <sup>5</sup>	9,628	Coles	19	90.20	6.11	37.15	Feb-19	6.82	39.51
Dog Swamp Shopping Centre, WA	8,073	Woolworths	37	96.40	8.83	48.50	Dec-18	6.00	49.41
Woodvale Boulevard Shopping Centre, WA	6,378	Woolworths	25	95.56	5.29	31.00	Dec-18	6.75	31.18
8-12 Geddes Street, Balcatta, WA <sup>6</sup>	9,961	Metcash	1	100	4.34	14.03	Oct-18	7.25	14.03
<b>Listed property</b>									
Australian Unity Office Fund (AOF)									28.03
<b>Cash and other assets</b>									
									5.99
<b>Total (T)/</b>			<b>104.00</b>	<b>87.84</b>	<b>4.46</b>	<b>337.43</b>		<b>6.47</b>	<b>375.49</b>
<b>Weighted Average (A)</b>			<b>(T)</b>	<b>(A)</b>	<b>(A)</b>	<b>(T)</b>		<b>(A)</b>	<b>(T)</b>

### Notes

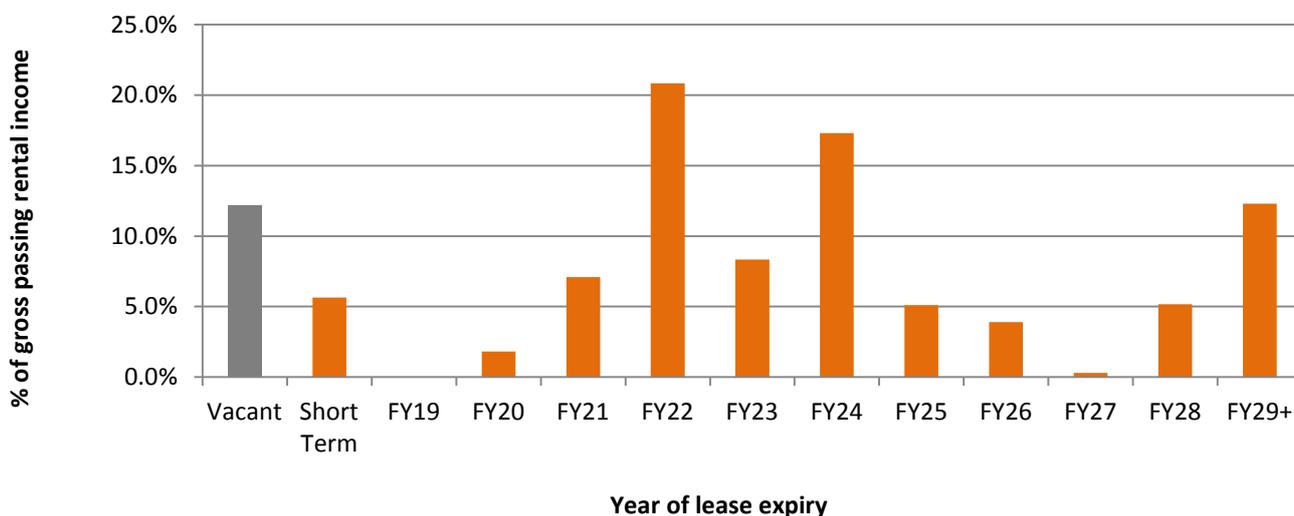
- The direct property information in this table is current as at 30 June 2019. Please refer to the Fund's announcements page available from our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf) for full details on any changes to the Fund's direct property portfolio post this date.
- 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.
- Weighted Average Lease Expiry (WALE) by base rental income including net market rent for vacancies.
- A market capitalisation rate is the rate, expressed as a percentage, that reflects the likely yield a property will generate over the medium term. It has regard to a property's unique characteristics and is a measure of the property's risk/return profile with higher rates reflecting higher risk and its function is to convert a property's income into value. The market capitalisation rate is assessed by the independent valuer by dividing the average net property income of the property or a portfolio of properties by the assessed valuation of the property or portfolio, excluding costs of acquisitions and fees.
- Includes Busselton Central Shopping Centre, Busselton Rivers, BusseltonTarget, Busselton properties in WA.6. Includes 8-12 Geddes Street, Balcatta and 5 Kenhelm Street, Balcatta properties in WA.

Direct property key portfolio statistics data at 30 June 2019

Geographic allocation (by value)				Sector allocation (by value)				Top 5 tenants (by income)			
WA	4 assets	39.28%		Office	2 assets	38.10%		Environ. Protect. Auth. (EPA)	11.08%		
VIC	2 assets	22.40%		Retail	3 assets	35.17%		Woolworths	9.92%		
QLD	1 asset	17.50%		Industrial	3 assets	26.73%		Coles Supermarket	6.38%		
NSW	1 asset	20.82%						Regal Beloit Australia	5.86%		
								Myer	5.10%		
								Others (excluding vacancy)	61.66%		



Property lease expiry profile by income as at 30 June 2019



Property development

We believe the Fund can enhance its existing properties and add further value to investors through selective exposure to property development in order to improve the rental returns and capital value from the developed property. 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, in our view, substantial pre-commitments to lease are in place and development risk is appropriately mitigated.

**Busselton Central Shopping Centre, WA**

The four-stage development of Busselton Central Shopping Centre commenced in 2018. The reconfiguration of the existing Centre and the aggregation of several adjoining properties owned by the Fund has reached its second stage.

A national supermarket commenced trading, in December 2018, and the relocation of the existing tenant to the western end of the Centre is currently underway and expected to be trading early October 2019.

The relocation is intended to allow for a link mall to be created on the eastern end of the Centre adjoining the Funds neighbouring properties. The link mall is expected to be completed by February 2020. A new food and beverage and entertainment precinct will form a third stage and is planned to interact with the city’s main street and adjoining Mitchell Park.

**200 Victoria Street, Carlton, VIC**

In October 2017 we obtained a planning permit for the addition of approximately 9,000 sqm of net lettable area from Melbourne City Council.

The proposed development will only commence once a pre-committed lease has been secured for part or a majority of the new space. Discussions with potential tenants continue and an extension to the Development Application is being sought by the City of Melbourne.

## 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 Valuation 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.

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.

## 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 its 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 a clearly identified governance policy. 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 Continuous Disclosure Notice. The value of related party payments is reported yearly as part of the Fund's Annual Report.

For further information about the Related Party Policy please contact us. The latest Continuous Disclosure Notice and Annual Report can be found on our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf). 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 ABN 76 073 590 600 ('AUPM') (a related party) to provide some property management services to the Fund.

AUPL has 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.

Investor approval is not required for these arrangements as the appointments are made on commercial terms and conditions and on an arm's length basis.

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 Related Party 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 management services;
- leasing management services;
- 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.

From 1 July 2018 to 30 June 2019 services to the value of \$2.40 million have been provided by and paid to AUPM.

### Other related party service providers

AUPL may appoint other related parties or source providers to undertake these functions from time to time.

### Australian Unity Funds Management

AUFM charges the Fund \$301,695 p.a. (excluding GST) to provide registry and accounting services to the Fund. This amount is subject to an annual review.

The transaction was made on commercial terms and conditions and was on an arm's length basis. The appointment of AUFM is exclusive and may be terminated by either party by providing three months' notice without cause or 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. Details of related party investments will be 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 2019 related parties held interests in the Fund of \$21.90 million (10.38 %) based on net assets.

Name of related entity	\$ value (M)	% of Fund's assets
Australian Unity Health Limited	2.14	1.01
Lifepan Friendly Society Limited	8.17	3.87
Australian Unity Property Income Fund	11.59	5.50

As at 30 June 2019 the Fund held investments in related parties of \$28.03 million.

Name of related entity	\$ value (M)	% of underlying fund
Australian Unity Office Fund	28.03	5.86

### 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.

Generally, the Fund aims to source, and currently sources 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.

A reconciliation of the net profit to FFO and distributions is set out in the table below, in accordance with the PCA and PFA RG46 Voluntary Practice Note, for the year ended 30 June 2019.

	Actual (\$m)
Net profit	21.25
Valuation changes*	(17.94)
Interest rate derivative changes	6.05
Other	4.61
<b>Fund from operations (FFO)</b>	<b>13.97</b>
<b>Distributions declared</b>	<b>13.47</b>

\* Valuation changes include direct property revaluations, listed/unlisted property trusts, unrealised/realised valuation changes and rental straight-line adjustments.

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 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.

#### Disclosure Principle 7 – Withdrawal rights

##### Withdrawal rights

The Fund is currently a liquid scheme as the Responsible Entity expects to be able to realise at least 80% of its assets at market value within the timeframe stipulated in the Fund's constitution (365 days).

##### Capped Withdrawal Facility

The Responsible Entity intends to provide a Capped Withdrawal Facility limited to 2.5% of the Fund's net asset value as at the Closing Date.

In normal operating conditions, the Capped Withdrawal Facility will be made available quarterly (or more or less frequently at the Responsible Entity's discretion). The Closing Date is generally 21 February, 21 May, 21 August and 21 November, or the next Melbourne business day if the relevant day is a non-business day.

The Responsible Entity, however, has the discretion to alter the Capped Withdrawal Facility amount or cancel the Capped Withdrawal Facility without notice.

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

## Carry forward facility

Investors are able to elect to utilise the Fund's 'carry forward facility' under which any unfulfilled part of a withdrawal request will be automatically carried forward to the next Capped Withdrawal Facility and treated as a new withdrawal request for the unfulfilled amount.

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

- the withdrawal request is fulfilled;
- the investor notifies the Responsible Entity 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 the Responsible Entity.

The terms of the limited power of attorney are provided in the Fund's Capped Withdrawal Facility booklet, available from our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf).

Alternatively, if a pro-rata payment occurs and the investor does not elect to utilise the carry forward facility, investors can reapply in the next Capped Withdrawal Facility if they wish to withdraw any further amount.

For more information refer to Withdrawals from page 18.

## Deceased Estates

Subject to the Corporations Act and ASIC relief, representatives of deceased estates may be eligible to request a full withdrawal from the Fund as part of the Fund's Capped Withdrawal Facility, subject to the financial position of the Fund. 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.

## 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 [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf).

## Managing your investment

Australian Unity's ambition is to serve and enhance the wellbeing of members, customers and the community.

Australian Unity's Wealth & Capital Markets platform brings together the Investments, Property, Life & Superannuation, Financial Planning and Trustee Services platforms of the Australian Unity Group. The fundamental purpose of Australian Unity Wealth & Capital Markets is to link valuable efforts in helping Australians secure their financial wellbeing.

### Investment philosophy

It is AUPL's investment philosophy that the market prices for properties does 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 skilful property and tenant management of each property and its tenants.

Properties purchased 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; and
- property specific criteria, such as the quality of buildings, tenant and lease profile, opportunities to enhance or redevelop the property to protect and/or grow future income potential and capital value.

To optimise investor's return the portfolio and property assets are actively managed..

### The team managing your investment

The property investment managers within AUPL are among the most experienced in Australia.

They have a successful track record in managing healthcare related properties and understand the markets and environment they operate in.

**These key people are responsible for managing the Fund:**



**David Bryant**

Chief Executive Officer, Wealth & Capital Markets  
Chief Investment Officer, Australian Unity Group

David joined Australian Unity in 2004. He is Chief Executive Officer for Wealth & Capital Markets and is also Chief Investment Officer for the Australian Unity Group. He is responsible for Australian Unity's financial services and investment activities spanning investment management, advice, trustee services, life and superannuation, as well as the Group's property, development and capital management activities. He is a board member of many of its operating entities and joint venture subsidiaries.

David is a Director of the Financial Services Council, Co-Deputy Chairman of its Board and Co-Chair of its Advice Board Committee.

Prior to joining Australian Unity in 2004, David was Chief Operating Officer at Perpetual Personal Financial Services, and has held senior roles in financial services, asset consulting, and banking, for both Australian and international organisations. His various roles have encompassed responsibilities for business across the Asia Pacific region.



**Mark Pratt**

Executive General Manager – Property  
Australian Unity

Mark joined Australian Unity in 2004. As Executive General Manager – Property, he is responsible for the commercial management and growth of Australian Unity's real estate investment management and development businesses.

Australian Unity actively manages more than \$3.5 billion in commercial property assets; including the listed Australian Unity Office Fund, unlisted funds in healthcare and commercial property as well as commercial and development debt funding. Australian Unity is also the Master Developer of the \$1.1 billion redevelopment of the Herston Quarter healthcare precinct in Brisbane. This project is set to provide Queenslanders with access to state-of-the-art health, hospital and aged care services, as well as creating international standard research and educational facilities.

Prior to his current role, Mark was Chief Operating Officer for Australian Unity Wealth & Capital Markets. Mark is on the Committee of the Property Funds Association, and the Melbourne Racing Club and a former member of the Victorian Division Council of the Property Council of Australia. He holds a Bachelor of Commerce – Accounting from the University of NSW.



**Mark Lumby**

Head of Commercial Property  
Australian Unity

Mark joined Australian Unity in 2011 and is responsible for Australian Unity's commercial property funds.

Mark has over 20 years' experience in the property and funds management industry. Mark has also held roles with Investa Property Group, Stockland and Trafalgar Corporate.

Mark holds a Bachelor of Business (Accounting) from the University of Technology, Sydney. He is also an Associate of the Institute of Chartered Accountants in Australia and is Chairman of the Property Council of Australia's Wholesale and Retail Fund Managers Forum.



**Peter Lambden**

Head of Advisory and Valuations  
Australian Unity

He is responsible for tactical and strategic property advice, management of our valuation function and risk review within our mortgage and property portfolios. Peter has 47 years' experience in property portfolio and management , spending the majority of his early career in senior roles with National Mutual (now AXA/AMP) and Local Government.

Peter has a Diploma in Agricultural Science and a Diploma in Business Studies - Valuations from RMIT. He has held a number of senior positions with industry bodies, including president of the Australian Property Institute and executive member of the Property Council of Australia.

He is a fellow of the Australian Property Institute and a member of the Property Council of Australia.



**Nikki Panagopoulos**

Fund Manager – Diversified and Retail Property Funds  
Australian Unity

Nikki joined Australian Unity in 2004 and has held a number of roles in property portfolio management. She is currently the Fund Manager for Australian Unity's Diversified Property Fund and Retail Property Fund.

Nikki has more than 25 years' experience in in unlisted and listed property markets with a key focus on investor relations, setting and implementing strategy, including acquisitions, disposals, new and existing lease negotiations, project and development management as well as people management. Prior to joining Australian Unity Nikki was an Investment Analyst for Deutsche Bank's \$1.5 billion listed Deutsche Diversified Trust. She also spent 12 years in Property Funds Management at National Mutual (AXA/AMP).

Nikki holds a Bachelor of Business (Accounting) from Royal Melbourne Institute of Technology. She is also an Associate of the Australian Property Institute with Fund Manager Certification, a member of Australian Institute of Management and a Licenced Real Estate Agent.



**Anna Flavell**

Asset Manager  
Australian Unity

Anna joined Australian Unity in 2017. Anna is responsible for the asset management for a portfolio of retail assets for the Diversified and Retail Property Funds and has over 15 years' experience working in the retail sector across operations, property and leasing projects. Anna's previous roles include Development and Property Manager for Pacific Brands.

Anna holds a Bachelor of Science, from La Trobe University, Melbourne, a Master's in Business Management and a certificate in Project Management from Swinburne University.

Anna is also a Retail Associate for the Curve Group, providing consultancy services with retail commercial acumen and project execution skills to aid professionals' personal development.



### Amanda Chung

Portfolio Analyst  
Australian Unity

Amanda joined Australian Unity in 2013 and is responsible for providing financial analysis for the Diversified Property Fund and Retail Property Fund. This includes financial forecasting and reporting, debt analysis and bank relationships, capital transactions and development feasibility.

Amanda has more than 12 years' experience in property analysis, previously with Urbis and Future Food, where she provided market assessments and turnover forecasts on a number of large shopping centre/mixed-use developments across Australia and overseas.

Amanda holds an Honours degree in Economics, as well as Bachelor degrees in Commerce and Arts from the University of Auckland and the PCA Property Asset Management Industry Diploma.

## Making investments and withdrawals

### Investing

This table explains how to make an investment in the Fund. The Application Form can be found at the back of this PDS.

	What you need to send us	Minimum <sup>1</sup>	Cut off times	Important information
Initial investment	A completed Application Form and direct debit details.	\$5,000	The Application Form (and direct debit details) must be received by 3:00pm at our Melbourne office to receive the application price effective for that day. Otherwise you will receive the application price effective the next business day.	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 Section 5 to nominate the amount you will regularly invest and your direct debit details.	\$100 per month \$300 per quarter \$600 per half year \$1,200 per year	The Application Form must be received five business days before the start of your contributions.  Your regular investments will be drawn from your bank account on the 15th of the month unless the 15th day of the month is a weekend or public holiday, then it will be on the next business day.	Ensure that you complete Section 5 of the Application Form from the current PDS. Changes can be made to your regular investments, provided you give us five business days to action your request. Your Regular Savings Plan will automatically cease if two consecutive payments are dishonoured.
Transferring your investment	A transfer form completed by both parties and a completed Application Form for the Fund completed by the transferee.	\$1,000	Your standard Transfer Form and the Application Form must be received by 3:00pm on a business day for the transfer to be completed that period. Otherwise, the transfer will be completed the next business day.	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 reserve the right to vary minimum investment amounts and to accept or reject any investment (in whole or in part) at our discretion without explanation.

## 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 investors 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 through a masterfund or IDPS, you should consult the operator in relation to cooling off rights that 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.

## 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'). 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 to you in accordance with those terms.

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

## Withdrawing

This table explains what is required to make a withdrawal.

	What you need to send us	Minimum <sup>1</sup>	Cut off times	Important information
Capped Withdrawal Facility	<p>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</p> <p>If you seek to utilise the Fund's 'carry forward facility', you will need to grant a limited power of attorney to the Responsible Entity as provided in the in the Capped Withdrawal Facility Booklet.</p>	\$1,000	<p>A written withdrawal request must be received by 3:00pm at our Melbourne office on or before the Closing Date.</p> <p>Refer below for further information.</p>	<p>Review your completed Capped Withdrawal Facility Booklet before you sign it, as incomplete requests may not be accepted.</p> <p>If a withdrawing investor elects to provide a limited power of attorney, the Responsible Entity will continue to apply the carry forward facility for withdrawals on an ongoing basis until the withdrawal request is fulfilled, or the investor notifies the Responsible Entity 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 the Responsible Entity.</p> <p>The Capped Withdrawal Facility is only available for investors holding Ordinary Units.</p>

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

The Responsible Entity provides Capped Withdrawal Facility limited to 2.5% of the Fund's net asset valued as at each Closing Date.

In normal operating conditions, the Capped Withdrawal Facility will be made available quarterly (or more or less frequently at our discretion).

The Responsible Entity, however, has the discretion to alter the Capped Withdrawal Facility amount or cancel the Capped Withdrawal Facility without notice.

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

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

**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 of the Capped Withdrawal Facility closing date, 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 following Capped Withdrawal Facility.

**Capped Withdrawal Facility Booklet:** The Capped Withdrawal Facility Booklet is available from our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf).

Investors wishing to withdraw can elect to withdraw some or all of their investment by nominating their withdrawal request by value or by Units. If the withdrawal request is nominated in Units, the Responsible Entity will calculate the amount of the withdrawal request using the prevailing withdrawal price on the Closing Date.

**Amount available for each Capped Withdrawal Facility:** 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 constitution of the Fund permits the Responsible Entity 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.

**Unfulfilled withdrawal requests:** If the total amount of withdrawal requests exceeds the amount available for the Capped Withdrawal Facility, withdrawals will be met on a pro-rata basis.

Investors are able, as part of their withdrawal request, to elect to use the Fund's 'carry forward facility'.

**Carry forward facility:** Investors are able to elect to utilise the Fund's 'carry forward facility' under which any unfulfilled part of a withdrawal request will be automatically carried forward to the next Capped Withdrawal Facility and treated as a new withdrawal request for the unfulfilled amount.

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

- the withdrawal request is fulfilled (refer below for further information);
- the investor notifies the Responsible Entity 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 the Responsible Entity.

The terms of the limited power of attorney are provided in the Fund's Capped Withdrawal Facility Booklet, available from our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf)

The 365 day period provided by the Fund's constitution to pay withdrawal proceeds is reset in respect of the unfulfilled proportion of the withdrawal request each time the Responsible Entity makes a withdrawal request on behalf of an investor under the limited power of attorney for the carry forward facility in respect of a subsequent 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 prevailing 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 amount 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  $\$90,000 \times \$4,500,000 / \$5,000,000$ ).

If the investor utilises 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  $\$9,000 \times 95\%$ ) at the next Capped Withdrawal Facility (assuming the redemption is paid in full at that time).

**Exceptions:** The Capped Withdrawal Facility may be suspended in certain circumstances or generally if the Responsible Entity believes it is in the best interests of investors to do so. In addition, the Responsible Entity must, at all times, ensure that investors in the Fund are not unfairly treated by any withdrawal facility offered. The Responsible Entity 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.

**Other terms and conditions:** The Responsible Entity may determine that such other terms and conditions will apply to withdrawal offers. These terms and conditions will be communicated to investors at the time of the Capped Withdrawal Facility. The Capped Withdrawal Facility may be advised to investors by any means as determined by the Responsible Entity, including by publishing the offer on the Fund's website or including information in the Fund's quarterly update.

If we are of the view that we cannot sell at least 80% of the Fund's assets at their current market value 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 law.

#### Deceased Estates

Subject to the 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, subject to the financial position of the Fund. 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 as a result of a withdrawal request your account value falls below the minimum balance of \$5,000 we may treat the request as a request to withdraw in full and close your account. We reserve the right to vary the minimum amounts at any time at our discretion.

# Unit prices and distribution payments

## How we calculate unit prices

Unit prices are generally calculated each business day. The Unit price is calculated by taking the value of the Fund's assets, and deducting the liabilities. The resulting value 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 to page 27 for more information on the buy/sell spread of the Fund.

Where the Responsible Entity applies its discretion to Unit pricing using its 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), it acts in accordance with its 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 a copy is available free of charge by calling us on 13 29 39.

For Unit price updates please visit our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf) or call us on 13 29 39.

## 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 quarter.

There are two payment options available:

1. You can 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 [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf)). If you wish to reinvest your distributions you should complete Section 6 of the Application Form. Only investors with an Australian registered address may reinvest their distributions.
2. You can 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 Section 6 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.

# Risks of managed investment schemes

## 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. You should consider the likely investment return, the risk associated with the Fund and your investment timeframe when choosing to invest in the Fund.

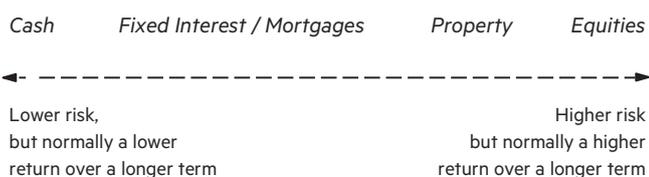
All investments come with a degree of risk and different strategies carry different levels of risk, depending on the assets that make up the strategy. You will need to determine how much risk you are able, or willing, to tolerate as the level of risk for each person will vary depending upon a range of factors, including age, investment time frames, your overall investment portfolio, and your individual risk tolerance.

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 'Australian Tax Reform' in the Other Information section on page 28 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 spectrum below shows the four main types of investments according to their relationship between risk and return for you to consider.



If the security of your money is your highest concern when selecting investments, you should choose an investment with lower risk, bearing in mind that your return may be lower in the long-term. Conversely, if your focus is towards achieving higher returns, you will need to be comfortable with the fluctuations in the value of your investment, and the possibility of incurring a loss on your investment, before selecting an investment with higher risk.

## How we manage risk?

We are unable to eliminate all investment risks, but we do analyse, manage and aim to reduce the impact of risks through the 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 your own professional advice to help you understand how your current financial situation, and your investment objectives, affect the selection of investments that you can make;
- consider your investment timeframe, your investment objectives and your 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 value 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 will affect the value of the underlying property and ultimately the value of your investment. A decline in property values may impact the Fund's gearing ratio and loan covenants and the Fund may be required 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 it can 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 the Responsible Entity will be able to fund the intended liquidity initiatives set out on page 18.

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 market valuation, it may also be difficult for the Responsible Entity 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 the Responsible Entity's 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 value 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 law.

Notwithstanding the Responsible Entity's current intentions, deterioration in market conditions may mean that it has to suspend or defer the Capped Withdrawal Facility. As such, investors may 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 finish.

We endeavour to mitigate construction risks by negotiating arrangements with builders whereby any costs incurred is 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 falls 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 counterparty, credit and pricing risk.

Derivatives are also subject to market risk where there is movement 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 prohibited from using derivatives for gearing or for speculative activities.

Interest rate risk strategies 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 having to pay the higher interest rate cost. 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.

### **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.

## 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 contribution fees and management costs where applicable.

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) website ([www.moneySMART.gov.au](http://www.moneySMART.gov.au)) has a managed funds fee calculator to help you check out different fee options.

This document 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.

### Australian Unity Diversified Property Fund

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the managed investment product</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	Not applicable.
<b>Exit fee</b> The fee to close your investment	Nil	Not applicable.
<b>Management costs<sup>1</sup></b>		
<b>The fees and costs for managing your investment</b>	<b>Base management fee<sup>2</sup></b>	
	Initial properties <sup>4</sup>	0.25% p.a. of the gross asset value of the initial properties
	Other properties <sup>5</sup>	0.40% p.a. of the gross asset value of other properties
	Property securities	0.30% p.a. of the gross asset value of property securities
	Other assets	0.40% p.a. of the gross asset value of other assets
	<b>Recoverable expenses<sup>3</sup></b> 0.49% p.a. of the gross asset value of the Fund.	
<b>Performance fee<sup>6</sup></b> The Fund's prospective performance fee is estimated to be 0.68% p.a. of the average gross asset value of the Fund.		Payable out of the assets of the Fund either in cash or by the issue of Units. Where the Fund meets its performance criteria, the performance fee is payable on an annual basis.
<b>Indirect costs</b> Estimated to be 0.08% of the gross asset value of the Fund.		Payable from the assets of the Fund or the underlying fund in which the Fund invests as and when incurred.
<b>Service fees</b>		
<b>Switching fee</b> The fee for changing investment options	Nil	Not applicable

- Management costs do not include the Fund's transactional and operational costs, some of which are recovered via buy/sell spreads. For more information about the calculation of buy and sell spreads, see 'Buy/Sell spread' under the heading 'Additional explanation of fees and costs'.
- The base management fee may be negotiated with investors who are wholesale clients. For more information about the calculation of the base management fee, and about fee rebates to wholesale clients, see 'Base management fee' and 'Wholesale clients' under the heading 'Additional explanation of fees and costs'.
- Fund expenses are estimated to be 0.49% p.a. of the gross asset value of the Fund for the financial year ended 30 June 2019. For more information about Fund expenses, see 'Recoverable expenses' under the heading 'Additional explanation of fees and costs'.
- The term 'initial properties' refers to the properties 8-12 Geddes Street, Balcatta, WA, 248 Orchard Road, Richlands, QLD, Dog Swamp, WA and Busselton Central, WA.
- The term 'Other properties' refers to the Fund's direct properties excluding the Initial properties referred to in Note 2 above.
- The estimate has been calculated on the actual performance fee charged for the past three years to 30 June 2019. For more information about the calculation of the performance fee, see 'Performance fee' under the heading 'Additional explanation of fees and cost'.

## Example of annual fees and costs

This table gives an example of how the fees and costs in the Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE <sup>1</sup> - Australian Unity Diversified Property Fund		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fee	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS Management Costs	3.43% p.a. <sup>2</sup>	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$1,590 each year.
EQUALS Cost of 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 will be charged fees of:  <b>\$1,713<sup>1,3,4</sup></b>  <b>What it costs you will depend on the investment option you choose and the fees you negotiate.</b>

1. A buy/sell spread may apply to investments in and out of the Fund (see 'Buy/Sell spread' on page 27 for further details).
2. This is the Indirect Cost Ratio (ICR) based on the Fund's net assets for the period 1 July 2018 to 30 June 2019 and incorporates the effect of gearing, the actual performance fee for the financial year ended 30 June 2019 which was 1.81% of the net asset value of the Fund and recoverable expenses. Refer to page 26 for further details about the ICR. What your investment in the Fund costs you will also depend on the fees you negotiate with the Fund (where applicable) or with your financial adviser.
3. Additional fees may apply. See the 'Additional explanation of fees and costs' section below.
4. 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.

## Additional explanation of fees and costs

### Management costs calculations

The table below provides a summary of the Fund's estimated management costs on the Fund's average gross asset value compared to the management costs calculated on the Fund's average net asset value (the Fund's gross asset value less the Fund's liabilities). Except in relation to the base management fee and the performance fee, the figures are for the 12 months to 30 June 2019.

Management cost	Gross asset value p.a.	Net asset value p.a.
Estimated prospective base management fee	0.33%	0.58%
Plus: Indirect cost	0.08%	0.15%
Plus: Recoverable expenses	0.49%	0.88%
Plus: Estimated prospective performance fee	0.68%	1.21%
<b>Equals: Total management costs</b>	<b>1.58%</b>	<b>2.82%</b>

### 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 fee ranging from 0.25% to 0.40% p.a. of the Fund's gross asset value as described on page 23.

Subject to legal requirements, we are entitled to change fees with prior notice to you as described on page 27.

### Indirect costs

Indirect costs are generally amounts that the Responsible Entity knows, or estimates, 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 include performance-related fees, recoverable expenses and indirect costs of underlying interposed vehicles.

### 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 (relating to property securities) 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.

## Recoverable expenses

We are entitled under the Fund's constitution to reimbursement for, or have paid by the Fund, all expenses and associated taxes we incur in the proper performance of our duties. Refer to the 'Other information' section for further details on taxes incurred.

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 described under 'Australian Unity Property Management' on page 11. These costs are shown in the table under 'Fees and other costs'.

The above estimates are based upon the net asset value relating to a Fund for the financial year ending 30 June 2019. 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 abnormal events such as the cost of running investor meetings; and
- costs of borrowing, including arrangement, establishment and interest costs.

Refer to 'Transactional and operational costs and borrowing costs' below for more information.

## Performance fee

Unlike the base management fee, a performance fee is only paid annually if the Fund meets certain criteria.

We are entitled to an annual performance fee payable in cash or Units in the event that the Total Return of the Fund outperforms the Total Return Benchmark Index (MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index - formerly the Mercer/IPD Australia Unlisted Property Funds Index).

The Total Return of the Fund is calculated by dividing the net asset value per Unit at the end of the financial year, adjusted by adding any income and/or capital distributions during that period, by the net asset value per Unit at the commencement of that period, converted to a percentage and assuming distribution reinvestment.

If the Total Return of the Fund (which is based on the net assets of the Fund) exceeds the Total Return Benchmark Index, we will be entitled to 20% of the difference between the Total Return of the Fund and the Total Return Benchmark Index, and then multiplying that resultant figure by the gross asset value of the Fund as at the last day of the performance fee period.

The following example gives an indication of how the performance fee operates. This example is indicative only and does not purport to represent the likely performance fees (if any) payable.

### Example of performance fee calculation

Fund gross asset value at end of financial year	\$330 million
Fund net asset value per Unit at beginning of year	\$1.00
Fund net asset value per Unit at end of financial year (grossed up to include income and/or capital distributions in respect of year)	\$1.12
Total Return of the Fund <sup>1</sup> (expressed as a percentage)	12.0%
Total Return Benchmark Index at beginning of financial year	100
Total Return Benchmark Index at end of financial year	111.5
Total Return Benchmark Index (expressed as a percentage)	11.5%
Outperformance of the Fund (calculated as Total Return of the Fund less the Total Return Benchmark Index)	0.50%
Notional performance fee (calculated as 20% of the Fund's outperformance (which is based on the net assets of the Fund) multiplied by the gross asset value of the Fund)	20.00% x 0.50% x \$330 million = \$0.330 million
Notional performance fee as a percentage of gross asset value	0.10%
Notional performance fee as a percentage of net asset value	0.18%

1. Assumes distribution reinvestment.

The performance of the Fund is measured each business day to assess the Fund's performance against the Total Return Benchmark Index. If the Fund has outperformed the Total Return Benchmark Index, a performance fee is accrued in the Fund's daily unit price. This ensures that new investments into, and redemptions from, the Fund share the accrued performance fee.

While the amount of the performance fee that can be earned and accrued is uncapped, we have limited the amount of performance fee which can be paid in any one year to 1.00% of the gross assets of the Fund. Any performance fee that exceeds the 1.00% limit will remain accrued in the Fund's unit price and subsequently paid in a year when it can be paid within the 1.00% limit.

Performance against the Total Return Benchmark Index will be measured on a cumulative basis. This means any underperformance of the Fund against the Total Return Benchmark Index will need to be recovered before any performance fee is payable.

If we cease to be the Responsible Entity, the Fund terminates or is listed on any stock exchange, all performance fees accrued will be payable to us immediately.

## Total Return Benchmark Index

The Total Return Benchmark Index is the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index. We may, subject to the Fund's constitution, change the Total Return Benchmark Index if we reasonably believe that the Total Return Benchmark Index is no longer a reasonable basis for comparison.

The Total Return Benchmark Index is reviewed annually at the end of each performance fee calculation period and, if appropriate, will be modified to reflect the Fund's new position.

## Estimated prospective performance fee

The Fund's estimated prospective performance fee is 1.21% of the net asset value of the Fund, based on our reasonable estimate having regard to performance fees over the last three years.

Estimated prospective 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 prospective 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.

## Indirect cost ratio ('ICR')

The ICR is a useful measure of the ongoing fees and expenses of investing in the Fund. It is expressed as a percentage of the average size of the Fund's net assets over a financial year.

The ICR shows the cost of investing in the Fund compared to investing directly in assets. It is calculated by dividing the total management costs of the Fund by the average size of the Fund's net assets over the period. The ICR does not include transactional and operational costs (such as buy/sell spreads and brokerage), borrowing costs, and costs relating to a specific asset that an investor would incur if they invested directly in an asset (e.g. Government charges).

The ICR for the period 1 July 2018 to 30 June 2019 was 3.43% as a percentage of the average net asset value of the Fund during that period.

## Transactional and operational costs and borrowing costs

The table below provides a summary of the estimated transactional and operational costs, and borrowing costs, of the Fund and its underlying investments, calculated on the Fund's average net asset value (the Fund's gross asset value less the Fund's liabilities) for the 12 months to 30 June 2019. These costs are borne by the Fund and taken into account when determining distributions to investors.

### Transactional and operational costs and borrowing cost

Total transactional and operational costs (other than borrowing costs) <sup>1</sup>	1.23%
Less: Buy and sell spreads recovered	0.11%
<i>Equals:</i> Net transactional and operational costs borne by the Fund	1.12%
Borrowing costs borne by the Fund	3.35%

## Transactional and operational costs

Separate to the day-to-day expenses of operating the Fund, there are expenses associated with the ownership and operation of the Fund's assets some of which are recoverable from investors by charging a 'buy/sell spread' as explained below.

These costs relate to the activities involved in acquiring, disposing and operating properties as going concerns. These costs are additional to the management costs set out in the fee table on page 24.

Some examples of these expenses include:

- stamp duty and other Government charges;
- cost of making an investment, such as spreads or brokerage costs;
- leasing fees;
- rental review fees;
- agency sales fees;
- non recoverable property expenses; and
- general property maintenance.

These costs form part of the Fund's total 'transactional and operational costs' amounts set out above.

Costs incurred on behalf of a tenant of the Fund's property and recovered from the tenant are not a cost which is borne by the Fund and therefore are not included in the transactional and operational costs.

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

## Borrowing costs

The Fund borrows to finance new and existing assets, to develop and maintain those assets, and to provide liquidity for operating purposes and managing the Fund's working capital. The costs involved with Fund borrowings are recoverable from the Fund and are additional to the management costs set out in the fee table on page 24.

Such costs may include:

- interest
- debt arranger fees;
- loan establishment fees; and
- hedging costs (interest rate management).

The Fund's underlying investments may also incur borrowing costs for these activities.

## Buy/Sell spread

The buy and sell spread aims to ensure that each investor shares the transactional costs associated with their investment decision to either enter 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 the Responsible Entity but is retained in the Fund to cover those transaction costs; and
- not applied to the reinvestment of distributions.

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](http://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.

## Investor transaction 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.

## Wholesale clients

From time to time, we may rebate some of our fees (or issue Units in the Fund) to 'wholesale clients' as defined under the Corporations Act 2001 or to employees within the Australian Unity Group so that they pay reduced fees. We do not enter into individual fee arrangements with other investors.

## 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 prior written notice.

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: 20.00% (before GST) of the Fund's net return above its benchmark index return multiplied by the gross assets of the Fund. Payments of the performance fee in any financial year are capped at 1.00% (before GST) of the gross value of the Fund's assets.

For actual fees charged, refer to the table on page 23.

There is no limit in the Fund's constitution on the amount that we can recover for expenses incurred in the proper performance of our duties.

## GST

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

## Payments to financial advisers and intermediaries

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 will be paid for financial planning services your financial adviser provides for you. These advice fees are additional to the fees shown in the fee table on page 23 and 24, and are paid to your financial adviser, not to us or the Responsible Entity.

## Other 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 specific circumstances.

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 attribute trust 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 annual tax 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 franking credit 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 amount of 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 annual tax statement you receive from the Fund will state the amounts that the Responsible Entity reasonably estimates to 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.

Investors that are individuals and trusts may be entitled to a CGT discount that reduces their capital gains by 50% where they have held their investment for more than 12 months. Investors that are complying superannuation funds may be entitled to a 33.33% reduction of their CGT liability. No such discount is available to corporate investors.

### 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 relevant exemption 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.

## 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. You can inspect a copy of the constitution at our Melbourne office at any time between 9:00am and 5:00pm on a business day.

## 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 that it has limited its liability for acting as the Responsible Entity.

## 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 contact us.

## Authorised investments

A broad range of investments is permitted in the Fund. The typical range of investments for the Fund is set out on page 5.

The Fund may gain exposure to certain assets by investing through other investment vehicles including those managed by a related entity. These investment vehicles may include investment companies, registered managed investments schemes and other unregistered schemes.

The investment manager may use derivatives in the management of the Fund, but will generally not use derivatives for gearing purposes or speculative activities.

## Related party transactions

Refer to Related party activity on page 11 for information on the Fund's related party transactions.

Please refer to our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf) for updates.

### *Monitoring of related party transaction and conflicts management*

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

Policies and guidelines are 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 and approved by senior management with clearly identified governance policies and guidelines.

Decisions in relation to conflict of interest and related party transactions are documented.

### *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 Continuous Disclosure Notice. The value of related party payments are reported yearly as part of the Fund's Annual Report.

For information about the Related Party Policy please contact us. The latest Fund Update, Continuous Disclosure Notice and Annual Report can be found on our website [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf). Alternatively we can send you a free copy by calling us on 13 29 39.

## 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.

## Small account balances

If the current value of your account is below the minimum balance required, the Responsible Entity may withdraw your Units and pay you the proceeds. The amount payable will be the withdrawal price on the date of the withdrawal multiplied by the number of Units you hold.

## Keeping you informed about your investment

To help keep you informed of your investment, we will provide you 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)	
Account statement	Quarterly
Fund update	Quarterly
Australian tax statement showing taxation details	Annually
Annual Reports (Available on our website <a href="http://australianunity.com.au/wealth/dpf">australianunity.com.au/wealth/dpf</a> You can elect to receive a hard copy of the Annual Report – see Section 9 on the Application Form)	Annually, on request

In addition, you can view your account balance, transaction history and your account details via a secure login at [australianunity.com.au/wealth](http://australianunity.com.au/wealth). You can also update your contact details online if they change.

As a disclosing entity we are subject to regular reporting and disclosing obligations. We comply with the continuous disclosure obligations required by law by the updating of information contained within this PDS on our website in accordance with the good practice guidelines in the ASIC Regulatory Guide 198 Unlisted disclosing entities: Continuous disclosure obligations.

For more up to date information about the Fund's performance, gearing and asset allocations we provide quarterly Fund Updates and the latest Annual Report. These can be found on the Fund's web page: [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf).

We can also provide you with a free copy of the Annual Report most recently lodged and any half-yearly financial report lodged after the Annual Report is lodged (and before the date of this PDS) with ASIC, 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](http://australianunity.com.au/wealth/dpf); or
- calling 13 29 39 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 13 29 39, email us at [investments@australianunity.com.au](mailto:investments@australianunity.com.au) or write to us at the following address:

### Manager – Investor Services

Australian Unity – Investor Services  
271 Spring Street  
Melbourne VIC 3000

We will promptly acknowledge your complaint within 7 days, investigate it and decide in a timely manner what action needs to be taken. We will notify you of our decision within 45 days after receipt of the complaint, together with any remedies that are available, or other avenues of appeal against the decision.

If you are not satisfied with our handling or resolution of your complaint, then you may contact the external independent body that has been established to provide recourse for consumers, free of charge,

### Australian Financial Complaints Authority

Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)  
Telephone: 1800 931 678 (free call)  
Fax: (03) 9613 6399  
Address: Australian Financial Complaints Authority  
GPO Box 3, Melbourne VIC 3001

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# Application Form

18 September 2019

## Australian Unity Diversified Property Fund - Ordinary Units

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### 1. Providing your information

#### Your personal information

We collect your personal information for the following purposes:

- to administer and provide products and services and to manage our relationship with you;
- to process transactions;
- to answer queries and for security purposes;
- to develop products and services;
- to meet regulatory requirements; and
- to allow the Australian Unity Group to market products and services to you (subject to your right to opt-out of receiving various direct marketing materials at any time).

In managing your account, we may need to disclose your personal information to:

- your financial adviser, either directly or through other service providers (such as platform software including Xplan and Visiplan) which we may have arrangements with;



### Important information

This Application Form accompanies the Product Disclosure Statement ('PDS') document for the Australian Unity Diversified Property Fund (ARSN 106 724 038). You must consider the PDS which contains important information about investing in the Fund before completing this Application Form. All PDS documents can be accessed on our website, [australianunity.com.au/wealth/dpf](http://australianunity.com.au/wealth/dpf) or request a copy free of charge by calling Investor Services on 13 29 39.

A reference to 'you', or 'your', includes individuals or entities making an investment.

- reputable service providers who may carry out functions associated with our products and services on our behalf (e.g. mailing houses who conduct mailings for us);
- our Australian financial institution to initiate the drawing from or payment to your nominated Australian financial institution account (where you have selected the direct debit or credit facility); and
- a third party, as required by law.

You are entitled to access information we have about you. You should notify us immediately if any of the information we hold about you changes, so that we can ensure that your information is always complete, accurate and up to date. If you do not provide the information requested on the Application Form, we may be unable to process your application request.

Your personal information will be collected, used and disclosed by us in accordance with our Privacy Policy and in accordance with the law. You can obtain a copy of our Privacy Policy via our website [australianunity.com.au/privacy-policy](http://australianunity.com.au/privacy-policy) or by telephone 13 29 39.

#### Contact us

-  Australian Unity  
114 Albert Road, South Melbourne VIC 3205
-  [australianunity.com.au](http://australianunity.com.au)

#### Investor Services

-  [investments@australianunity.com.au](mailto:investments@australianunity.com.au)
-  13 29 39
-  03 8682 5057

#### Adviser Services

-  [investments@australianunity.com.au](mailto:investments@australianunity.com.au)
-  1800 649 033
-  03 8682 5057

## Changing your personal details

It is important that we maintain accurate records about you. Please inform us of any changes to your personal details as soon as possible.

You can change your personal details, such as mailing address, phone, mobile or email address, by logging into your account on our website portal, by sending us a request by mail, emailing us at [investments@australianunity.com.au](mailto:investments@australianunity.com.au) or contacting us on 13 29 39.

Please ensure that you provide us with the following information when requesting a change of personal details:

- your account number;
- the full name on your account;
- the change(s) you are requesting;
- a contact name and daytime phone or mobile number in case we need to contact you; and
- where the request is made by mail, ensure each signatory to the investment account signs the request.

## Providing instructions via email or fax

We offer an email and fax service that allows you to send us instructions on your account. Any instructions which are submitted to us by email or fax must have your signature or that of an authorised signatory on your account.

By using our service, you are taken to have agreed and understood that neither we nor any part of the Australian Unity Group accept any responsibility or liability for any payment or action we make based on any instruction (even if not genuine) that we receive by email or fax bearing your account number, a signature which is apparently yours, or that of an authorised signatory on your account. This means that you cannot make a claim for such a thing as a fraudulent email or fax redemption request made by someone who has access to your investor code and a copy of your signature. You use the service entirely at your own risk.

## 2. Direct Debit Request ('DDR') Service Agreement

### Our commitment to you

- Where you request a one off debit, the payment will be drawn from your nominated account on the date we accept your application.
- For regular debits, payment will normally start to be drawn from your nominated account from the 15th day of the month following the date we receive your application (e.g. for an application received on 1 March, the first deduction will occur on 15 March).
- Where the due date for a drawing falls on a non-business day, it will be drawn from your account on the next business day.
- We will provide you with at least 14 days notice when we intend to make changes to the initial terms of the arrangement.
- We will terminate your direct debit arrangement if two consecutive payments are dishonoured or if you close your account.
- We will keep the details of your nominated account and Australian financial institution private and confidential.
- We will investigate and deal promptly with any queries, claims or complaints regarding debits.

### Your commitment to us

- It is your responsibility to check with your nominated Australian financial institution to confirm that direct debits are available on your account.
- It is your responsibility to ensure that the authorisation at Section 5 'Direct debit request for investments to your account' of the Application Form matches the signing instructions on your nominated Australian financial institution account.
- It is your responsibility to ensure that there are sufficient cleared funds in the nominated Australian financial institution account on the drawing date.
- It is your responsibility to cover any charges resulting from the use of the direct debit program. This may include transaction fees charged by us or your nominated Australian financial institution due to dishonoured drawings.

### Changes to the arrangement

If you want to make changes to the drawing arrangements, please notify us in writing at least five business days prior to your next scheduled drawing date. These changes may include:

- deferring the drawing;
- altering the schedule;
- stopping an individual debit;
- suspending the DDR; or
- cancelling the DDR completely.

### Enquiries

If you have any enquiries, they should be directed to us, rather than to your nominated Australian financial institution.

All your personal information held by us will remain confidential, except for information that may be provided to our Australian financial institution to initiate the drawing to your nominated account, or information that may be disclosed to a third party as required by law. Information may also be provided to any entity within the Australian Unity Group to enable the DDR to be effected as required by law.

### Disputes

- If you believe that a drawing has been initiated incorrectly, you should raise the matter directly with us.
- If you do not receive a satisfactory response from us, then please follow up with your nominated Australian financial institution regarding your claim.
- You will receive a refund of the drawing amount if we cannot substantiate the reason for the drawing.

Note: Your nominated Australian financial institution will ask you to contact us initially to resolve your disputed drawing prior to involving them.

### 3. Anti-Money Laundering Laws and the Application Form

Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) laws requires Australian Unity to adopt and maintain an AML/CTF program. To meet this legal requirement, we need to collect certain identification information and documentation (Know Your Client ('KYC') Documents) from new investors. If you are applying through a financial adviser, your financial adviser will assist you in providing the necessary identification documents prior to lodging the application.

If you are submitting your application directly (without the assistance of a financial adviser), please refer to 'Applying for different types of investment accounts' for the identification documents that should be provided with your application. Please note that your identification documents must be certified by an approved certifier. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF laws.

Processing of applications or withdrawals will be delayed or refused if investors do not provide the required KYC Documents when requested.

Under the AML/CTF laws, Australian Unity is required to submit regulatory reports to the Australian Transaction Reports and Analysis Centre ('AUSTRAC'). This may include the disclosure of your personal information. Australian Unity may not be able to tell you when this occurs. As a result, if instructed by AUSTRAC, Australian Unity may be required to deny you (on a temporary or permanent basis) access to your investment. This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment.

We are not liable for any loss you may suffer because of compliance with the AML/CTF laws.

#### Politically Exposed Persons

To comply with AML/CTF laws we require you to disclose whether you (or any of your beneficial owners) are, or have an association with, a Politically Exposed Person ('PEP'). A PEP is an individual who holds a prominent public position or function in a government body or an international organisation in Australia or overseas, such as a Head of State, or Head of a Country or Government, or a Government Minister, or equivalent senior politician. A PEP can also be an immediate family member of a person referred to above, including spouse, de facto partner, child, and a child's spouse or a parent. A close associate of a PEP, i.e. any individual who is known to have joint beneficial ownership of a legal arrangement or entity is also considered to be a PEP. Where you identify as, or have an association with, a PEP, we may request additional information from you.

#### Source of investable assets/wealth

Under AML/CTF laws, we are required to identify your source of investable assets/wealth.

### Non-Individual Entities - Your Beneficial Owners

Your Beneficial Owner means an individual who ultimately 'controls' you (directly or indirectly) or owns you (directly or indirectly). 'Control' includes control (directly or indirectly) as a result of, or by means of trusts (including in the capacity as beneficiary, trustee or settlor), an agreement, an arrangement, an understanding or practice, and further includes the ability to exercise control over decisions about financial and operating policies. 'Owns' means ownership (either directly or indirectly) of 25% or more of you.

Under AML/CTF laws you are required to provide information about your Beneficial Owners for certain account types including:

- Australian incorporated or created entities such as:
  - unlicensed proprietary limited companies, not subject to regulatory oversight (note: not applicable for complying superannuation fund investors); or
  - unregistered trusts, including family trusts.
- Entities incorporated or created outside of Australia such as:
  - companies;
  - partnerships;
  - trusts; or
  - estates.

These account types will be required to complete the 'Beneficial Owner Information' Form, which is available on our website [australianunity.com.au/wealth](http://australianunity.com.au/wealth) or by calling our Investor Services team on 13 29 39.

#### Automatic Exchange of Information ('AEOI') regime

AEOI is the exchange of financial account information between tax authorities in relevant countries. This requires financial institutions including Australian Unity, to collect tax residency information from their customers.

AEOI is currently made up of two information sharing frameworks:

- The Foreign Account Tax Compliance Act ('FATCA') which is a US framework to identify US citizens and tax residents with accounts in foreign (non-US) jurisdictions. This has been in place since 1 July 2014; and
- The Common Reporting Standard ('CRS') under which details of foreign tax resident accounts are shared between participating governments. Phased implementation of this regime commenced 1 January 2016 globally, and commenced in Australia from 1 July 2017.

#### Common Reporting Standard ('CRS')

CRS is a global standard for collecting, reporting and exchanging financial information on foreign tax residents, which was initiated by the Organisation for Economic Cooperation and Development ('OECD') to provide greater transparency and reduce offshore tax evasion in over 100 participating countries and jurisdictions.

In accordance with CRS, banks and other financial institutions in Australia are required to collect financial account information from their customers who are resident in countries other than Australia for tax purposes and provide financial information to the Australian Tax Office ('ATO') where it will be exchanged with other participating countries. These changes are a legislative requirement, therefore must be complied with.

### Submitting your application without the assistance of a financial adviser

If you are submitting this Application Form directly, without having consulted with a financial adviser, you must submit original certified copies of your identification documents with the Application Form. The required identification documents are set out under 'Applying for different types of investment accounts'.

### Certification of documents

Where your identification documents need to be certified, we suggest that the person certifying the document(s) for you use the following statement on the copy being certified:

**'I certify this to be a true copy of the [name of document] of [name of investor], the original of which, was produced to me at the time of signing.'**

The document must also be dated, and have the signature, printed name, occupation, employer and address of the person certifying the document.

Persons who may certify copies of original identification documents include:

- Officer with or authorised representative by an Australian Financial Services licence holder with two or more years of continuous service with one or more licensees.
- Chartered Accountant, CPA or member of the National Institute of Accountants with two or more years of continuous membership.
- Officer of a financial institution or finance company with two or more years of continuous service with one or more institutions or companies.
- Permanent employee of the Australian Postal Corporation with two or more years of continuous service, or someone who operates as an agent of the Australian Postal Corporation.
- Police Officer.
- A person who, under the law in force in a state or territory, is currently licensed or registered to practice as a: Chiropractor, Dentist, Legal Practitioner, Medical Practitioner, Nurse, Optometrist, Pharmacist, Physiotherapist, Psychologist or Veterinary Surgeon.
- Lawyer, Magistrate, Registrar of the Court, Justice of the Peace.
- Notary Public (including persons authorised as a notary public in a foreign country).

A complete list of persons who may certify documents can be obtained from our website [australianunity.com.au/wealth](http://australianunity.com.au/wealth) or by contacting us on 13 29 39.

## 4. Completing the Application Form

The following information is provided to assist you in completing and lodging the Application Form.

- Use a blue or black ballpoint pen.
- Print in **BLOCK** letters inside the boxes.
- Answer all sections unless otherwise indicated (if a section does not apply, please indicate using 'N/A').
- Ensure you sign the Application Form.
- Complete the Direct Debit Request in **Section 5** or if you are paying by cheque, make it payable to: Australian Unity – <name of investor(s)> and crossed 'not negotiable'.

- Mail your Application Form, certified identification documents (where required) and cheque or direct debit instructions to our Reply Paid address (see 'Lodgement').

### Providing your Tax File Number ('TFN')

You may decide whether you wish to provide your TFN on the Application Form. If we do not receive your TFN, ABN or appropriate exemption information, we must withhold tax at the highest marginal tax rate (plus levies) from distributions paid to you.

### Signing the Application Form

Read the declaration section carefully before signing the Application Form. Each signatory to the investment account must sign the Application Form.

- If signed under Power of Attorney, the Attorney must certify that they have not received notice of revocation of the Power. We require a certified true copy of the Power of Attorney for our reference.
- Company applications must be signed in accordance with the constitution or rules of the company.

### Lodgement

Please send the completed application together with a cheque or your DDR instructions to:

**Australian Unity  
Investor Services - Wealth  
Reply Paid 64466  
South Melbourne VIC 3205**

(No stamp required if mailed in Australia)

The application will be considered lodged when it is received in our Melbourne office on a Melbourne business day prior to 3.00 pm.

### Incomplete applications

Please take your time to complete the Application Form, ensuring that all of the required information is included, or we may not be able to process your application.

If we do not receive sufficient information from you, we will contact you to request the necessary information. Any delay in providing the necessary information may result in you receiving a different unit price than you expected. We recommend you carefully complete the Application Form and use the 'Completing the Application Form' instructions on this page and the 'Application Form checklist' to ensure that you provide all of the required information. If you require assistance with completing the Application Form, please call us on 13 29 39.

If your application is incomplete and the additional information is not provided on request, we may return the application and your application monies to you.

## 5. Applying for different types of investment accounts

If you are applying through a financial adviser, your financial adviser will assist you in providing the necessary identification documents. The following identification documents are required if you are submitting your application directly, without the assistance of a financial adviser.

**Please note:** Certain types of entities may also be required to provide information and identification documents in relation to your Beneficial Owners. You will be required to complete the 'Beneficial Owner Information' Form.

Type of investor	Your account must be in the name of:	TFN(s) or exceptions to be submitted	Signature(s) required	Identification documents required (in support of the Application Form)
<b>Individual account</b>	The applicant, e.g. Jane Citizen	The applicant's	The applicant's	Original certified copy of any of the following that identify your (the applicant's) full name, date of birth and/or residential address: <ul style="list-style-type: none"> <li>• Driver Licence; or</li> <li>• Passport containing photo identification.</li> </ul>
<b>Joint account</b>	Both or all joint applicants, e.g. Jane Citizen & John Citizen	Each applicant's	All joint applicants	
<b>Partnership</b>	All partners, e.g. Jane Citizen & John Citizen	The partnership's	All partners	<ul style="list-style-type: none"> <li>• Original certified copy or certified extract of a partnership agreement;</li> <li>• Original certified copy or certified extract of minutes of meeting.</li> </ul> <p>For an individual partner, please provide the same type of information requested for an <b>Individual account</b> (referred to as Partnership – Individual).</p> <p>For a corporate partner, please provide the same type of information requested for a <b>Company</b> (referred to as Partnership – Corporate).</p>
<b>Company</b>	The name of the company, e.g. Sample Company Pty Ltd.	The company's	Two directors; or a director and a company secretary or if there is only one director, by that director	<ul style="list-style-type: none"> <li>• Copy of the Certificate of Registration/ Incorporation confirming the company's name, identification number and whether the company is a public or proprietary company.</li> </ul> <p>For each director and/or secretary, please provide the same type of information requested for an <b>Individual account</b>.</p>
<b>Superannuation fund</b>	The trustee(s) of the fund and not the name of the Super Fund, e.g. ABC Trustees ATF Jane Citizen Super Fund	The superannuation fund's	The trustee(s), 'as trustee(s) for...'	<ul style="list-style-type: none"> <li>• Original certified copy of first page and schedule of the Trust Deed.</li> <li>• For each trustee, please provide the same type of information requested for an <b>Individual account</b>.</li> </ul> <p>For corporate trustees, please provide the same type of information requested for a <b>Company</b>.</p>
<b>Trust</b>	The trustee(s) of the Trust and not the name of the Trust, e.g. ABC Trustees ATF Jane Citizen Trust	The trust's		
<b>Estate</b>	The executors of the estate, e.g. Estate of the late Jane Citizen	The deceased person's	The executor(s)	<ul style="list-style-type: none"> <li>• Original certified copy of the grant of probate or Letters of Administration; or</li> <li>• Death Certificate.</li> </ul> <p>For each executor, please provide the same type of information requested for an <b>Individual account</b>.</p>
<b>Minor (a person under 18 years of age)</b>	The adult's name in trust for the minor's name, e.g. Jane Citizen ITF John Citizen Jr.	All adults	All adults investing on behalf of the minor	<ul style="list-style-type: none"> <li>• Original certified copy of birth certificate or birth extract of the minor.</li> </ul> <p>For adults please provide the same type of information requested for an <b>Individual account</b>.</p>

## 6. Application Form checklist

Ensure you complete the relevant section according to your investor type outlined in the table below:

Investor type	Application Form Part A	Application Form Part B
Individual	Complete Section 1–10	Not applicable
Joint	Complete Section 1–10	Not applicable
Partnership - Individual	Complete Section 1–10	Not applicable
Partnership - Corporate	Complete Section 1–10	Complete relevant sections
Company	Complete Section 1–10	Complete relevant sections
Superannuation fund	Complete Section 1–10	Complete relevant sections
Trust	Complete Section 1–10	Complete relevant sections
Estates – Individual Executor	Complete Section 1–10	Complete relevant sections
Estates – Corporate Executor	Complete Section 1–10	Complete relevant sections
Other applicant types	Please contact us on 13 29 39 for assistance	

To ensure that we are able to process your Application Form quickly and efficiently, please 'X' that you have completed all of the following:

- Section 1 Account details**  
Indicate whether you are a new investor or if you have an existing investor number (mandatory). Please note that if you have an existing investor number with us, you are not required to supply the required identification documents.
- Section 2 Investor details**  
Indicate your investment type and provide your personal details (mandatory).
- Section 3 Mailing address**  
Provide only if different from your residential address.
- Section 4 Contact details**  
Provide your contact details.
- Section 5 Investment details**  
Indicate the Fund you wish to invest in and the amount you wish to invest (mandatory) and provide details for your Regular Savings Plan and Direct Debit Request instructions (if applicable).
- Section 6 Payments from your investment**  
Indicate your preferred method of payment for distribution.
- Section 7 Adviser arrangements**  
This section is to be completed by your financial adviser. If you are not using the services of a financial adviser, please leave blank.
- Section 8 Statements**  
If you wish to access your statements online and receive an email alert to notify you when your statements are available please indicate at this section and include your email address at **Section 2**.
- Section 9 Annual reports**  
Indicate if you would like to receive a printed copy of the Annual Report. The Annual Report is available from our website at [australianunity.com.au/wealth](http://australianunity.com.au/wealth).
- Section 10 Declaration and investor signature(s) (mandatory)**
  - Individual investors** – Provide your signature and date the form.
  - Joint investors** – Provide your signatures and date the form.
  - Partnership** – Provide your signatures and date the form.
  - Corporate partnership** – Provide the signatures of two directors; or a director and a company secretary or if there is only one director, by that director and date the form. Ensure you also complete the relevant sections in **Part B**.
  - Company** – Provide the signatures of two directors (or a director and a company secretary); or if there is only one director, by that director and date the form. Ensure you also complete the relevant sections in **Part B**.
  - Superannuation fund** – Provide the signatures of the trustees and date the form. Ensure you also complete the relevant sections in **Part B**.
  - Trust** – Provide the signatures of the trustees and date the form. Ensure you also complete the relevant sections in **Part B**.
  - Estate** – Provide the signature of the executor and date the form. Ensure you also complete the relevant sections in **Part B**.
  - Power of Attorney** – Provide your signature and date the form. Attach a certified copy of the Power of Attorney. A Justice of the Peace, Solicitor or Notary Public must certify each page of the Power of Attorney. You also need to provide the same type of information requested for an Individual account as it relates to the Attorney named in the application. Should the Power of Attorney document not contain a sample of the Attorney's signature, please provide a certified copy of identification documents for the Attorney, containing a sample of their signature, e.g. Driver Licence or passport containing photo identification.
  - Your Beneficial Owners** – Certain types of entities may also be required to provide information and identification documents in relation to your Beneficial Owners. You will be required to complete the 'Beneficial Owner Information' Form.





**Minor (Child under the age of 18 years)**

Surname

Given name(s)

Is the child a US Citizen or US tax resident?  Yes  No      If yes, please provide the child's Taxpayer Identification Number ('TIN')

Is the child a Politically Exposed Person?  Yes  No

Please identify source of the child's investable assets or wealth

<input type="checkbox"/> Gainful employment	<input type="checkbox"/> Inheritance/gift	<input type="checkbox"/> Financial investments
<input type="checkbox"/> Business activity	<input type="checkbox"/> Superannuation savings	<input type="checkbox"/> Other – please specify:

**Superannuation fund**

Are you a complying superannuation fund, an exempt public sector superannuation scheme, an approved deposit fund or a pooled superannuation trust? Please refer to [superfundlookup.gov.au](http://superfundlookup.gov.au) to confirm the complying status of your superannuation fund.

Yes  No – You will need to complete the FATCA section contained in **Part B** of this Application Form.

Name of entity

A.R.B.N. or A.B.N.

TFN  or TFN exemption\*   
\* If exempt, please specify reason.

Name of Custodian or Trustee (if applicable)

Country of residence for tax purposes (if outside Australia)

Country of incorporation or creation

Contact person

Email

Please identify source of your investable assets or wealth:

<input type="checkbox"/> Gainful employment	<input type="checkbox"/> Inheritance/gift	<input type="checkbox"/> Financial investments
<input type="checkbox"/> Business activity	<input type="checkbox"/> Superannuation savings	<input type="checkbox"/> Other – please specify:

**Company/Trust/Estate/Partnership - Corporate**

If you are applying as a Partnership - Corporate, please call us on 13 29 39 before you complete this section.

Name of entity

A.R.B.N. or A.B.N.

TFN  or TFN exemption\*   
\* If exempt, please specify reason.

Name of Custodian or Trustee (if applicable)

Country of residence for tax purposes (if outside Australia)

Country of incorporation or creation

Contact person

Email

Please identify source of your investable assets or wealth

- Gainful employment     Inheritance/gift     Financial investments  
 Business activity     Superannuation savings     Other – please specify:

Nature of business

#### Registered business address (not a P.O. Box)

Unit  Street number   
Street name   
Suburb  State   
Postcode  Country (if not Australia)

#### Part B

Are any above named individuals or entities resident of a country for tax purposes other than Australia?  Yes  No

If you answered Yes above, please complete the Tax Residency Information Form, available on [australianunity.com.au/wealth/forms-and-downloads](http://australianunity.com.au/wealth/forms-and-downloads)

#### Section 3 Mailing address

- Same as Investor 1 residential address/business address OR  
 Same as Investor 2 residential address

Otherwise complete mailing address details below:

Unit  Street number  P.O. Box   
Street name   
Suburb  State   
Postcode  Country (if not Australia)

#### Section 4 Contact details

Contact name   
Phone (after hours)  -  -  Phone (business hours)  -  -   
Mobile  -  -  Facsimile  -  -   
Email

## Section 5 Investment details

Please specify the amount that you wish to invest. The minimum initial investment is \$5,000. The minimum additional investment is \$1,000. The minimum for a Regular Savings Plan is \$100 per month (e.g. \$300 per quarter).

Fund Name	APIR	Initial or additional investments	Regular Savings Plan	Frequency* (M, Q, H or Y)
Australian Unity Diversified Property Fund - Ordinary Units	YOC0018AU	\$	\$	

\* If you would like to commence a Regular Savings Plan, please indicate your desired frequency (M = monthly, Q = quarterly, H = Half yearly and Y = yearly).

### Direct debit request for investments to your account

If you would like us to deduct your investment directly from your nominated Australian financial institution account or you have selected the Regular Savings Plan, please complete the section below.

- Initial investment by direct debit to be deducted from my account at time of application.
- Regular Savings Plan direct debits to commence from   /   /

Note:

- Quarterly debits will only occur in the months of March, June, September and December.
- Half yearly debits will only occur in the months of June and December.
- Yearly debits will only occur in June.

Providing your nominated Australian financial institution account details means that you authorise the use of this information for all future deposit transaction requests that you initiate.

Name of Australian financial institution

Branch name

Name of account holder(s)

Branch number (BSB)    -    Account number

- I/We request Australian Unity User ID 063678 to debit funds from my/our nominated Australian financial institution account according to details specified above.
- I/We have read and understood the Australian Unity Direct Debit Request ('DDR') Service Agreement accompanying this Application Form..

All account signatories must sign below.

Signature of Australian financial institution account holder or company officer

Surname

Given name(s)

Date:   /   /

Signature of Australian financial institution account holder or company officer

Surname

Given name(s)

Date:   /   /



### Investor identity verification declaration

I certify in accordance with the FSC/FPA Industry Guidance Note 24 ('GN 24'), that I have:  
(Mark the appropriate box with an 'X')

1. Collected, verified and retained the appropriate customer identification documentation to confirm the identity of all individuals/investors with this application to meet my obligations in respect of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ('AML/CTF laws') and agree to provide access to these records as required.  
OR
2. Attached a copy of the industry 'Customer Identification Form' which confirms that I have sighted and verified all of the documentation required to identify a customer under AML/CTF laws.  
OR
3. Attached a copy of the source documents from which I have identified the customer as required by the AML/CTF laws.

If no box is marked, I agree that Option 1 applies.

In addition, as the Investor's financial adviser, I warrant and represent to AU that I, as applicable:

- have followed and complied with GN 24 and any other applicable AML/CTF laws in identifying and verifying all individuals/investors with this application;
- will continue to comply with GN 24;
- will provide, upon request, original identification and verification records and details of the identification procedures adopted;
- have kept a record of the investor's identification and verification and will retain these for a period of seven years after the investor/adviser relationship has ended;
- will if requested update and re-verify the investor and provide any other additional information regarding the investor;
- will not knowingly do anything to cause AU to breach AML/CTF laws and will notify AU if I become aware of anything that would cause AU to breach AML/CTF laws; and
- confirm that the details provided in any identification and verification records are true and correct.

Please note, AUPL reserves the right to reject any applicable GN 24 form attached to this Application Form for whatever reason (for example, if it has been incorrectly completed).

Adviser signature

Date   /   /

### Section 8 Statements

Your tax and distribution statements can be accessed from our website at [australianunity.com.au/wealth](http://australianunity.com.au/wealth).

If you wish to access your statements online and receive an email alert to notify you when your statements are available, please provide your email address at **Section 2** and indicate using an 'X':

## Section 9 Annual report

The Annual Report will be available from our website at [australianunity.com.au/wealth](http://australianunity.com.au/wealth).

If you wish to receive a printed copy of the Annual Report, please indicate using an 'X':

## Section 10 Declarations and investor signature(s)

I/We agree and acknowledge:

- to be bound by the terms and conditions of the Product Disclosure Statement ('PDS') and the Application Form; and in the Fund's Constitution (as amended from time to time);
- to be bound by the terms and conditions of the 'Direct Debit Request Service Agreement' in this application where I have opted to use the Direct Debit Service;
- that none of the entities mentioned throughout the PDS and the Application Form guarantee the performance of the Fund, payment of interest or any return of capital;
- that monies invested in the Fund do not represent investments in Australian Unity Property Limited, nor with a member of the Australian Unity Group;
- that the investment is subject to investment risk including possible delays in repayment, loss of income or principal invested;
- having read and understood the PDS and Application Form, and where the documents have been obtained through electronic means, then I/we declare that I/we received a printout which comprised the whole PDS and the Application Form before making an application for Units in the Fund;
- that Australian Unity Limited and its related bodies corporate may offer goods and services appropriate for my needs and interests. I/we consent to my/our information being disclosed between those entities and to its use for direct marketing (subject to my/our right of opt-out by calling 13 29 39), product management and development and for other related purposes;
- that Australian Unity Property Limited may give information relating to my/our account and investment in that account to my/our adviser whose stamp appears on the Application Form;
- that if this application is signed under a Power of Attorney, the Attorney verifies that no notice of revocation of that power has been received at the date of completing this application;
- for all account types other than individual and joint accounts, that the application is signed in accordance with the governing rules and/or constituent documents;
- that all of the information provided in this Application Form is complete and accurate to the best of my/our ability/abilities;
- that I/we will provide any supporting or additional information which might be required in order to process this application, or subsequently, as a consequence of my holding Units in the Fund;
- that I/we have no reason to suspect that the monies used to fund this application, or any subsequent contributions into the Fund, is or will be derived from or related to any money laundering, terrorism financing or other illegal activities;
- that the information provided for meeting US Foreign Account Tax Compliance Act ('FATCA') requirements (where applicable) is true and correct and that I/we will provide all necessary co-operation and assistance in order for us to comply with obligations under Australian legislation designed to give effect to the FATCA agreement between Australia and the United States;
- that by providing my/our email address at Section 2, the Responsible Entity may use this address to provide me/us, where permitted by law or regulation, with information via email about my/our investment and the Fund, including to satisfy any continuous disclosure requirements; and
- that my/our personal information will be collected, used and disclosed by Australian Unity in accordance with its Privacy Policy and in accordance with the law.

### Who signs the application form?

If the account is held for one or more <b>individuals</b>	THEN	those individuals sign.
If the account is held for a <b>partnership</b>	THEN	all partners or those authorised to sign on behalf of the partnership.
If the account is held for a <b>company</b> or <b>corporate partnership</b> or <b>corporate trustee</b>	THEN	two directors; or a director and a company secretary; or if there is a single director, by that director. By signing as a single director you confirm that your company is a single director company.
If the account is held for a <b>superannuation fund</b> or <b>trust</b>	THEN	the trustee(s), 'as trustee(s) for...'

### Investor 1

Capacity  Individual  Joint  Director  Partner  Trustee  Other:

Surname

Given name(s)

Investor signature  Common Seal (if applicable)

Date / /

### Investor 2

Capacity  Individual  Joint  Director  Partner  Trustee  Other:

Surname

Given name(s)

Investor signature  Common Seal (if applicable)

Date / /

### Submitting your Application Form

1. Corporate partnership, company, superannuation fund, trust, unincorporated body or estate applications please also complete **Application Form Part B**.
2. Certain types of entities may also be required to provide information and identification documents in relation to your Beneficial Owners. You will be required to complete the 'Beneficial Owner Information' Form.
3. Sign the Application Form.
4. Where identity verification as required by Anti-Money Laundering legislation has not been undertaken by a financial adviser, please enclose the additional documentation outlined in the 'Application Form checklist'.
5. Complete the Direct Debit details in **Section 5** or enclose your cheque. Please make your cheque payable to: Australian Unity - <name of investor> and crossed 'Not Negotiable'.
6. Mail the completed Application Form and cheque (if not paying by DDR) to:

Australian Unity  
Investor Services - Wealth  
Reply Paid 64466  
South Melbourne VIC 3205

(no stamp required when mailed within Australia)

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# Application Form Part B

18 September 2019

## Australian Unity Diversified Property Fund - Ordinary Units

### Additional information required for special account types

Please:

- Complete all relevant sections below as incomplete applications may not be accepted. Ensure that you also complete all relevant sections in **Part A**.
- Use **BLOCK** letters and a black or blue pen to complete this Application Form.
- Indicate using an 'X' where appropriate. If a section does not apply to you, please indicate using 'N/A'.
- Refer to 'Politically Exposed Persons' for the definition of a politically exposed person.
- You may also be required to provide information and identification documents in relation to your Beneficial Owners and Common Reporting Standard requirements. Refer to "Non-Individual Entities – Your Beneficial Owners" and Automatic Exchange of Information ('AEOI') to assess whether you are required to include a 'Beneficial Owner Information Form' and/or Tax Residency Information Form with your Application Form.

Reference Number

Office use only

### Account details

What type of investment account are you opening? (Please indicate using an 'X')

Please also complete the sections below that are relevant to your investor type. **Note that all fields that apply to your account type are mandatory.**

Company     Superannuation fund     Trust     Estate     Partnership - Corporate

**Please note:** If you wish to invest for an **Association, Co-Operative** or **Government Body**, please call us on 13 29 39 for details of the additional information we may require from you.

### Company/Corporate trustee/Executor (if applicable)/Partnership-Corporate

\*Individuals signing this Application Form must confirm their names and PEP status below. If you are a domestic proprietary company or a foreign company please provide the names and PEP status of all directors. If you are applying as a Corporate Partnership or more than four directors exist for a proprietary company or a foreign company, please call us on 13 29 39 before you complete **Part B**.

Director 1's full name\*

Are you a Politically Exposed Person?  Yes  No

Are you a US Citizen or US tax resident?  Yes  No      If Yes, please provide your Taxpayer Identification Number ('TIN')

Director 2's full name\*

Are you a Politically Exposed Person?  Yes  No

Are you a US Citizen or US tax resident?  Yes  No      If Yes, please provide your Taxpayer Identification Number ('TIN')

Director 3's full name\*

Are you a Politically Exposed Person?  Yes  No

Are you a US Citizen or US tax resident?  Yes  No      If Yes, please provide your Taxpayer Identification Number ('TIN')

Director 4's full name\*

Are you a Politically Exposed Person?  Yes  No

Are you a US Citizen or US tax resident?  Yes  No If Yes, please provide your Taxpayer Identification Number ('TIN')

**Individual trustee/Individual executor (if applicable)**

\* If more than four individual trustees exist for the trust, please call us on 13 29 39 before you complete **Part B**.

Trustee 1's full name\*

Are you a Politically Exposed Person?  Yes  No.

Are you a US Citizen or US tax resident?  Yes  No If Yes, please provide your Taxpayer Identification Number ('TIN')

Trustee 2's full name\*

Are you a Politically Exposed Person?  Yes  No

Are you a US Citizen or US tax resident?  Yes  No If Yes, please provide your Taxpayer Identification Number ('TIN')

Trustee 3's full name\*

Are you a Politically Exposed Person?  Yes  No

Are you a US Citizen or US tax resident?  Yes  No If Yes, please provide your Taxpayer Identification Number ('TIN')

Trustee 4's full name\*

Are you a Politically Exposed Person?  Yes  No

Are you a US Citizen or US tax resident?  Yes  No If Yes, please provide your Taxpayer Identification Number ('TIN')

Trust beneficiary details

\* Please specify the beneficiaries of the trust. If more than four beneficiaries exist for the trust, please call us on 13 29 39 before you complete **Part B**.

Beneficiary 1's full name\*

Are you a Politically Exposed Person?

Yes  No.

Are you a US Citizen or US tax resident?

Yes  No

If Yes, please provide your Taxpayer Identification Number ('TIN')

Beneficiary 2's full name\*

Are you a Politically Exposed Person?

Yes  No

Are you a US Citizen or US tax resident?

Yes  No

If Yes, please provide your Taxpayer Identification Number ('TIN')

Beneficiary 3's full name\*

Are you a Politically Exposed Person?

Yes  No

Are you a US Citizen or US tax resident?

Yes  No

If Yes, please provide your Taxpayer Identification Number ('TIN')

Beneficiary 4's full name\*

Are you a Politically Exposed Person?

Yes  No

Are you a US Citizen or US tax resident?

Yes  No

If Yes, please provide your Taxpayer Identification Number ('TIN')

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# US Foreign Account Tax Compliance Act ('FATCA') Questionnaire

To be completed by all 'non-individual' account types other than complying superannuation funds\*

\*Complying superannuation funds, exempt public sector superannuation schemes, approved deposit funds or pooled superannuation trusts do not need to complete this section.

## 1. Are you a US Company<sup>†</sup>, US Trust<sup>‡</sup>, or US Partnership<sup>§</sup>?

<sup>†</sup>US Company - A company organised in or under the laws of the United States.

<sup>‡</sup>US Trust - A trust under the authority of United States courts and the substantial decisions are controlled by a US citizen or resident.

<sup>§</sup>US Partnership - A partnership organised in or under the laws of the United States.

Yes – Please go to question 1.1  No – Please go to question 2

### 1.1 Are you an exempt payee for US tax purposes?

Yes

No – Please provide your US Taxpayer Identification Number ('TIN'):

If you have completed question 1.1, **Part B** is complete. Please remember to include it with **Part A** of the Application Form.

## 2. Are you an Australian Financial Institution ('AFI') or Other Partner Jurisdiction Financial Institution ('FI')?

In answering this question, it is anticipated that AFIs and FIs will have an awareness of the FATCA regime and should be able to complete this question. All other entities should answer 'No'.

Yes – Please go to question 2.1  No – Please go to question 3

2.1 Please provide your Global Intermediary Identification Number ('GIIN'), if applicable:

If you do not have a GIIN, please provide your FATCA status:

Non-reporting IGA FFI

Exempt Beneficial Owner

Non-participating FFI

Deemed Compliant FFI

Excepted FFI

GIIN applied for but not yet issued

If you have completed question 2.1, **Part B** is complete. Please remember to include it with **Part A** of the Application Form.

## 3. Do any of the following apply to you? (tick all that apply)

Less than 50% of our income in the previous financial year is passive income<sup>#</sup>

<sup>#</sup>Passive Income – includes rental income and income not generated from active participation, such as interest, dividends, trust distributions or royalties.

Less than 50% of our assets held in the previous financial year produce passive income<sup>#</sup>

Our stock is regularly traded on an established securities market or more than 50% of our stock is controlled by a non financial entity regularly traded on an established securities market

Our entity is a government body, agency or instrumentality

Our entity is exempt from tax in our jurisdiction of residence – If ticked why?

**Please note:** if you have not selected any of the checkboxes in question 3 above, you will need to complete the 'Beneficial Owner Information Form', which is available on our website [australianunity.com.au/wealth](http://australianunity.com.au/wealth) or by calling our Investor Services team on 13 29 39.

**Directory**



**Investor Services**

T 13 29 39

**Adviser Services**

T 1800 649 033



**Website**

[australianunity.com.au](http://australianunity.com.au)

**Email**

[investments@australianunity.com.au](mailto:investments@australianunity.com.au)



**Address**

Australian Unity  
271 Spring Street  
Melbourne VIC 3000