Property Income Fund

Fund Update
31 March 2025

For more than 20 years, the Australian Unity Property Income Fund (Fund) has blended direct properties and unlisted property trusts with listed A-REITs and cash to provide investors with relatively consistent income distributions and the potential for capital growth over the medium to long term.

Australian Unity Student Accommodation Fund, Lady Lamington Building, Herston, QLD (photo credit: Scott Burrows)

Fund Facts as at 31 March 2025

March Quarter Distribution	Unit Price	Gross Asset Value
1.25 cents per unit (CPU) (1.25 CPU December 2024 quarter)	**$0.8614** exit price (cum distribution)	**$238.28 m** ($246.73m at 31 December 2024)

Gearing Ratio	Liquidity
The Fund has no direct borrowings/	The Fund offers daily liquidity. ~

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Performance as at 31 March 2025

	3 mths %	1 yr %	3 yrs % p.a.	5 yrs % p.a.	7 yrs % p.a.	10 yrs % p.a.	Since inception % p.a.
Distribution return	1.43	5.43	5.44	6.04	7.57	7.30	7.78
Growth return	(1.08)	(6.50)	(4.12)	0.87	(1.70)	(0.47)	(0.56)
Total return	0.35	(1.07)	1.32	6.91	5.87	6.83	7.22
Benchmark return	(1.60)	(3.53)	0.35	5.75	4.67	6.09	7.57

Inception date for performance calculations is 31 May 1999.
Returns are calculated after fees and expenses and assume the reinvestment of distributions. Past performance is not a reliable indicator of future performance.
The benchmark return is a composite index currently comprising: 60% MSCI/Mercer Australian Core Wholesale Property Fund Index, 35% S&P/ASX 200 A-REIT Accumulation Index, 5% Bloomberg AusBond Bank Bill Index.

Key Portfolio statistics as at 31 March 2025

Asset allocation (by value)

Asset class	$m	Portfolio %
Listed A-REITs	92.90	38.99
Direct Property	77.42	32.49
Unlisted Property	51.36	21.56
Cash and other	16.60	6.96
Total	238.28	100.00

* Includes cash and cash equivalents.

Exposure to A-REITs

Holding	$m
Australian Unity A-REIT Fund	77.67
Australian Unity Office Fund	3.34
BWP Trust	2.43
Carindale Property Trust	2.35
HealthCo Healthcare & Wellness REIT	2.01
GDI Property Group	1.97
Elanor Commercial Property Fund	1.72
RAM Essential Services Property Fund	1.42
Total	92.90

Unlisted property portfolio

Holding	$m
AU Student Accommodation	14.15
Planum Footscray	10.79
AU Specialist Disability Accommodation	9.36
AU Childcare Property Fund	5.22
Warrawong Plaza	3.48
Eildon Caboolture	3.09
ASA Diversified Property Fund	2.56
Waverley Gardens	2.44
AU Healthcare Property Trust	0.27
Total	51.36

Financials

	$m
Gross assets	238.28
Total debt	0.00
Other liabilities^	2.65
Net assets	235.62

^ Other liabilities include a provision for the distribution.

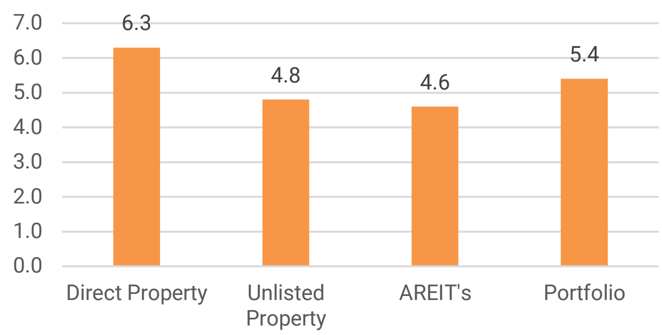
Debt

The Fund has no direct borrowings./

Liquidity

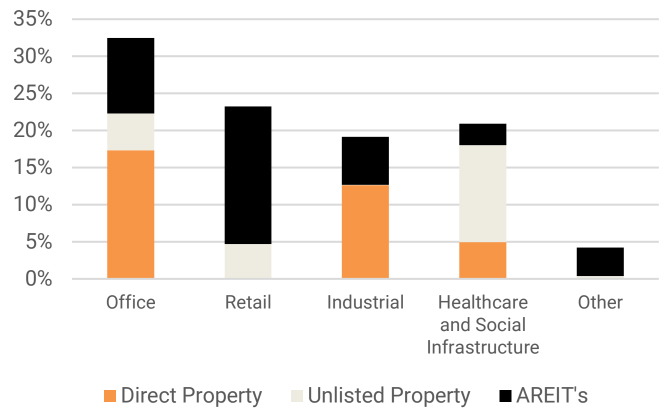
The Fund offers daily liquidity.~

Weighted Average Lease Expiry



Note: excludes assets under development.

Property Income Fund -Sector Exposure (excluding cash)



Note: "Other" includes residential developers, self-storage and other listed investments. Sector weights are on an equity accounting basis.

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Market commentary

Global politics continued to dominate the first quarter of 2025, with the Trump administrations' recent 'Liberation Day' tariffs triggering significant volatility across equity and capital markets, to levels not seen since the COVID-19 pandemic. While the imposition of tariffs had been widely telegraphed, the levels announced on the 2nd of April 2025, were substantially above those preconceived and markets reacted severely. The Trump administration has since announced a 90 day pause to reciprocal tariffs for all trading partners except China, which has been favourably received by markets, however considerable uncertainty remains over what future policy actions of the United States (US) Government will take. As a result, recession fears in the US continue to persist with some market participants currently forecasting that US central bank could deliver more rate cuts than previously anticipated.

Domestically, 2025 started positively with inflation continuing to trend lower. Headline inflation reduced to 2.4% in the December quarter, down from 2.8% in the September quarter, providing support to the RBA at their February 2025 meeting to undertake their first interest rate cut since November 2020. GDP across the December 2024 quarter increased by 0.6% and 1.3% for the year. The Australian economy continues to be heavily supported by the public sector with Government spending and investment comprising 26.4% of GDP in the December quarter.

Looking forward, attention in the short term will be focused on the outcome of the Australian Federal election which will be held in early May 2025. Noting the divergent policies around fiscal spending and cost of living measures, the outcome will likely represent a major influence in the RBA's thought process regarding further rate cuts in 2025. In their April 2025 meeting, the RBA held the cash rate at 4.1% highlighting the continued tightness of the labour market, wage pressures and potential inflationary impacts of newly implemented tariffs. Given recent market volatility, many economic commentators have updated their forecasts, suggesting the RBA could cut rates by as much as 50bps as early as May 2025, with a possible three further cuts over the remainder of 2025. Should such cuts materialise, this could prove positive for equities and capital markets, encouraging growth and reducing debt costs.

While the cautious optimism that greeted Australian commercial property markets at the start of 2025 is likely to have been tempered somewhat by recent macro-economic events, the potential implications for the direct real estate sector following the US's trade tariff adjustments, remains to be seen. Uncertainty is likely to continue in the short term which could impact leasing and transactional decision timings, however prior tailwinds remain in place for several real estate sub-sectors including continued national population growth and muted new construction supply. Transactional activity over the first quarter of 2025 was strong with MSCI reporting the rolling 12-month volume of deals across all commercial real estate sectors to 31 March 2025 was up 62 per cent to $48.1 billion. This acceleration in activity has been supported by liquidity for larger value assets which pleasingly has seen several Sydney office assets transact, providing welcome value support to this sector of the market. Further, the relative economic stability of Australia combined with a weakening Australian dollar is likely to continue to provide support for international investor interest in the Australian commercial property market, a stakeholder group who MSCI reports accounted for 35% of commercial property transactions in Australia across the first 3 months of 2025.

For the quarter ending 31 March 2025, the Australian listed property sector, as measured by the S&P/ASX 200 A-REIT Accumulation Index (A-REIT Index), returned negative 6.8% underperforming the broader equities market as measured by the S&P/ASX 200 Accumulation Index which returned negative 2.8%. Over the 12 months to 31 March 2025, A-REITs have underperformed with the A-REIT Index returning negative 5.4% compared to the S&P/ASX 200 Accumulation Index market return of positive 2.8% following strong performance across Financials, Utilities and Industrials sectors.

Over the quarter, the negative performance of the A-REIT sector was largely contained to a small number of stocks with the performance of the A-REIT index heavily influenced by the negative performance of its largest contributor, Goodman Group (GMG) which returned negative 20.2% following a discounted equity raise in February 2025 and wider challenges experienced by several data centre focused stocks, a market to which Goodman is becoming increasingly focused. Other laggards for the sector this period include newly Index included Data Centre focused DigiCo Infrastructure REIT (DGT), which returned negative 32.6% as well as Fund Manager Centuria Capital (CNI) and Childcare focused Arena REIT (ARF) which returned negative 10.4% and negative 10.2% respectively.

Despite the overall negative return of the Index, returns from most index participants were positive over the March 2025 quarter. Retail sector stocks all performed positively with Charter Hall Retail (CQR) the standout, returning 13.7% following the completion of its takeout of Hotel Property Investments (HPI) and continued investor support for defensive, non-discretionary focused retail assets. Following upgraded guidance news earlier in the quarter both Fund Manager Charter Hall Group (CHC) and residential land lease focused, Ingenia Communities Group (INA) recorded positive total returns for the period of 12.8% and 19.4% respectively, while the potential emergence of some initial green shoots for the office sector saw both Dexus (DXS) and Mirvac (MGR) post positive returns of 6.3% and 11.5% respectively.

Fund performance

The Fund provided a total return of positive 0.35% (after fees) for the March 2025 quarter. Performance was predominantly influenced by positive returns from the Fund's listed A-REIT exposures as well as robust performance by some of the Fund's alternative sector unlisted holdings such as in the Australian Unity Student Accommodation Fund and the Australian Unity Specialist Disability Accommodation Fund. The Fund continues to outperform its benchmark comprising the MSCI/Mercer Australian Core Wholesale Property Fund Index (60%), S&P/ASX 200 A-REIT Accumulation Index (35%) and the Bloomberg AusBond Bank Bill Index (5%) for all time horizons over the last 10 years.

The A-REIT exposure within the Property Income Fund is principally derived from its holding of units within the Australian Unity A-REIT Fund. Driven by a natural underweight exposure to the S&P/ASX 200 A-REIT Accumulation Index's largest contributor, Goodman Group (GMG), the Australian Unity A-REIT Fund provided investors with a total positive return of 1.20% (after fees) for the 3 months to 31 March 2025, outperforming the Index Benchmark over the same period by 800 basis points.

As of 31 March 2025, the A-REIT sector (A-REIT Index) is trading at a c.3.5% FY25 estimated dividend per share yield and a c.4.9% discount to last stated Net Tangible Assets (NTA) which excludes Charter Hall Group, Centuria Capital Group, HMC Capital and Goodman Group from the equation as these have a large portion of non-rental earnings/assets (i.e. development and funds management businesses) and their market pricing can deviate substantially from NTA backing.

Portfolio activity for this quarter

Asset Enhancement Works

70 Light Square, Adelaide SA

Asset enhancement works have now completed at the property known as 70 Light Square, Adelaide. This program of works has sought to upgrade the amenity of the property while also enhancing its desirability to the occupier market by providing attractive, turnkey office suites across a range of accommodation sizes.

External façade works have improved natural light ingress to office areas, while accessibility enhancements and new bathroom facilities have significantly upgraded the visitation experience for people with special needs. Subdivision of prior vacancy on Level 1 has resulted in the creation of 4 new, high quality turnkey office suites ranging in size from c.96sqm to c.200sqm while backfill space on Level 2 has also been upgraded to provide an additional single fitted out office suite of c.395sqm following relocation to one of the new Level 1 suites from incumbent tenant, Sedgwick. The asset enhancement program also included the installation of dedicated, secure end of trip bike storage, lockers and refreshed changing facilities to provide a compelling accommodation offering for prospective tenants. Overall, works were completed on time and below original budgeted costings.

Marketing of the completed office suites is now underway and initial enquiry levels have been positive with the suites well received. Agent feedback indicates that there is limited direct market competition at present with the units well positioned to capitalise on tenant interest as this develops.

Distribution

We are pleased to announce a distribution for the month of March 2025 of 0.4167 cpu. This takes the total distribution paid for the quarter ending 31 March 2025 to 1.25 cpu.

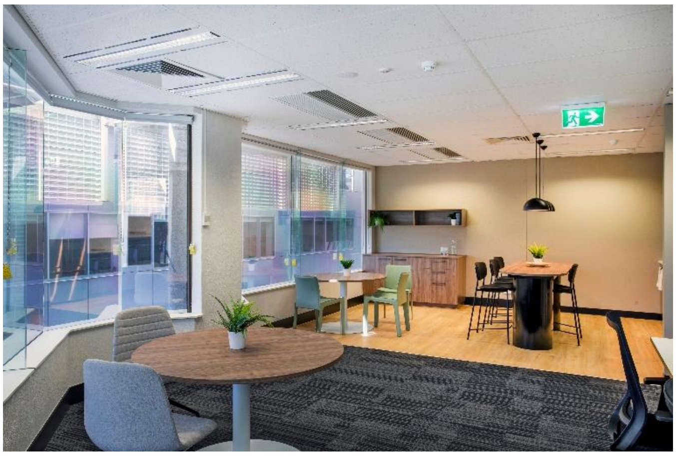
Outlook

Through its well diversified, actively managed portfolio, we believe the Property Income Fund (the Fund) is well positioned to provide regular income to investors, as the market transitions through the current macro-economic environment.

The Fund continues to display its resilience due to its overall diversification across various property and tenant types. The Fund has liquid assets in excess of its minimum thresholds and does not have borrowings at the Fund level, meaning all directly owned physical properties are unencumbered.

The Fund's property sector weightings are skewed to industrial, retail, healthcare and social infrastructure property, with revenue exposed to mix of listed and other corporates, while the Fund's office exposure is weighted towards a mix of metropolitan office properties and repriced listed office property stocks.

70 Light Square, Adelaide, SA



Spec Suite Level 1 – 70 Light Square, Adelaide, SA

Spec Suite Level 2 - 70 Light Square, Adelaide, SA

Key direct property statistics as at 31 March 2025

Geographical allocation (by value)

State	No. assets	%
SA	2	40.55
VIC	1	36.17
QLD	1	14.21
NSW	1	9.07
Total	5	100.00

Sector allocation (by value)

Sector	No. assets	%
Office	3	49.62
Industrial	1	36.17
Healthcare and social infrastructure	1	14.21
Total	5	100.00

Property data

Number of properties	5
Total number of tenants	12
WALE (by income)#	6.1 yrs
Occupancy rate (by income)	89.27%

Excludes assets held for/under development

Top 5 tenants (by income)

Tenant	%
Flavour Makers Australia	27.51
Flinders Ports	17.35
The University of Queensland	9.46
Logic Plus	9.21
South Australian Housing Trust	5.55
Total	**69.09**

Valuations

Valuations during the quarter	0
Change in total direct property book value	0.64%
Change in book value of the properties revalued	-

* Change in book value over the quarter includes revaluation impacts along with capital expenditure and other minor variations but excludes acquisitions and disposals

Direct Property Assets as at 31 March 2025

Property Details			Tenancy Details				Valuation Details			
Address	Note	Lettable Area (sqm)	Major Tenant	Number of Tenants	Occupancy Rate (% by income)	WALE (years by income)	Current Valuation ($m)	Valuation Date	Capitalisation Rate (%)	Book Value ($m)
Office										
70 Light Square, Adelaide, SA	-	3,172	efex (formally Logic Plus)	6	76.0	1.3	16.00	Dec-24	6.50	16.46
296 Vincent St., Port Adelaide, SA	-	3,537	Flinders Ports	3	100.0	3.0	14.90	Dec-24	6.50	14.93
134 King Street, Newcastle, NSW	5	1,880	N/A	0	-	-	7.00	Jun-24	N/A	7.02
Sub total				9			37.90			**38.42**
Industrial										
223-227 Governor Road, Braeside, VIC	-	10,573	Flavour Makers Australia	1	100.0	16.4	28.00	Dec-24	5.38	28.00
Sub total				1			28.00			**28.00**
Healthcare and social infrastructure										
Edith Cavell Building, Herston, QLD	-	1,573	The University of Queensland	2	80.5	2.4	11.00	Dec-24	7.00	11.00
Sub total				2			11.00			**11.00**
Total (T) / Weighted Average (A)				**12 (T)**	**89.3 (A)**	**6.1 (A)**	**76.9 (T)**		**6.13 (A)**	**77.42 (T)**

Notes

1 Valuation Policy - Regular valuation of underlying property assets is an important aspect of managing the Fund. Valuations are conducted by qualified independent valuers in accordance with industry standards. We also have a policy of generally obtaining independent valuations on Fund direct properties each year and, for assets under development, within an 18-month period. Additionally, as part of our active management approach, we may test asset values on market. At times we may enter arrangements at arm's length with third parties which may impact the value of assets within the portfolio including, but not limited to, put and call options in respect of all or part of an asset within the portfolio. If the value of an asset is impacted in this way, the value may replace the last independent valuation obtained.

2 Weighted Average Lease Expiry (WALE) by base rental income. Vacancies are valued at market income. Assets under development excluded.

3 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 stabilised 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.

4 Total number of tenants represents unique tenants. The sum of all individual property tenant numbers may differ to the total, as some tenants have multiple properties, and these are not double counted in the total.

5 Property held for redevelopment.

Important Information

/The Fund's underlying investments may borrow to finance new and existing assets, to develop and maintain those assets, and to provide liquidity for operating purposes and managing working capital. Refer to the PDS for more information regarding the costs involved with Fund's underlying investments' borrowings.

~The Fund is open for daily withdrawals, which will normally be paid within five business days. In times of abnormal operating or market conditions, or periods of excessive withdrawals, the Fund may take up to 180 days to pay withdrawals. During these times AUIL may offer alternative withdrawal arrangements if these are deemed to be in the best interest of investors. Refer to the PDS for more information regarding withdrawals.