

Industrial Property Investment Trust

Fund Fact Sheet – March 2009



APIR Code	YOC0005AU
Inception date	15 September 1999
Applications	Closed to applications
Withdrawals	By offer only
Income distributions	Quarterly

About the Trust

The Australian Unity Industrial Property Investment Trust ('Trust') is an open-ended unlisted property trust that gains its property exposure by investing solely in the Australian Unity Industrial Property Trust (the 'Underlying Trust').

The primary difference between the Trust and the Underlying Trust is the borrowing arrangements. For the Trust, borrowings are in the name of the Trust and interest expenses are paid from the Trust's net income. Whereas, in the Underlying Trust, borrowings are in the names of the investors and interest expenses are paid from gross distributions to investors.

What does the Trust invest in?

The Trust acquires interests in the Underlying Trust. Details of the Underlying Trust are provided on page 3.

Structure of the Australian Unity Industrial Property Investment Trust

Investor applications are pooled together with borrowings from lenders to purchase interests in the Underlying Trust. A small amount of cash is retained in the Trust to meet the Trust's day to day operating needs.

Interest earned on cash holdings and distributions from the Trust's holdings in the Underlying Trust provide income for the Trust. This income is used to meet interest expenses on borrowings, management fees and ongoing Trust expenses. We may also retain some income as a provision for future expenses or to reduce borrowings. Once these costs and provisions are met, the remaining income is distributed to investors.

The capital growth (or loss) on your investment is attributed to movements in the Trust's underlying assets and the level of borrowings the Trust has.

Borrowings

The Trust borrows to finance the acquisition of assets (primarily interests in the Underlying Trust).

Generally, interest costs relating to the borrowings will be met from the gross income of the Trust prior to the payment of distributions to investors.

The lender's rights to recover the total due under the loan, and then the rights of any creditors of the Trust, will rank ahead of all investors. Importantly, the lender does not have any recourse to investors.

The details in the table below are extracted from the Trust's latest financial statements for the half year ending 31 December 2008.

Borrowing details as at 31 December 2008

Total Trust size (Gross Assets)	\$17.15m
Gearing ratio ⁽¹⁾	59.75%
Interest cover ratio ⁽²⁾	1.58 times
% of borrowings hedged	0%
Borrowing facility limit ⁽³⁾	\$32.82m
Borrowing facility drawn amount ⁽⁴⁾	\$10.25m
Borrowing facility maturity	31 August 2010

⁽¹⁾ The gearing ratio is calculated as total interest bearing liabilities divided by total assets, and indicates the extent to which the Trust's assets are expected to be funded by external liabilities (borrowings). Generally, a higher gearing ratio means that a Trust is exposed to a higher level of risk.

⁽²⁾ The interest cover ratio measures the ability of the Trust to service the interest on borrowing from net earnings. This calculation shows that the Trust generates income after fees which is 1.58 times the level of interest payments due. This means that the Trust can service interest payments despite reasonable changes to the interest rate and occupancy rate.

⁽³⁾ There is a single borrowing facility for the Trust and the Underlying Trust. The borrowing facility limit shown above is the aggregate applying to both Trusts.

⁽⁴⁾ This amount represents the proportionate amount borrowed by the Trust. For the total amount borrowed investors should refer to the Underlying Trust's Fact sheet available on our website.

Borrowing covenants

We are within the limits of our borrowing facilities and have no breaches of any financial covenants at the date of this document.

Distributions

Distributions are currently met from net realised income and net realised capital gains and are paid quarterly.

It is not our intention to source distribution payments from sources other than net realised income and net realised capital gains, although we may do so if we consider it to be in the interests of our investors (for example if rental income is suddenly reduced unexpectedly) and where payment from that source is sustainable. We would notify investors if this occurred.

Withdrawals

Withdrawals are by offer only. The Underlying Trust's assets are illiquid and as such redemptions are only made available at times when the Trust has sufficient liquidity to allow for withdrawals.

We generally review the liquidity position for withdrawal purposes annually.

Who are the people managing your investment

Australian Unity Property Limited is the investment manager. We are careful, sensible and successful property managers and our property team is one of the most experienced in the market.

We have a long track record in managing property in all the major sectors and understand the markets and environment they operate in.

These key people are responsible for managing the Trust:



David Bryant
Head of Australian Unity Investments

Mr Bryant is the Group Executive - Investments and Chief Investment Officer of Australian Unity Investments, which has more than A\$5.2bn in funds under management (as at 28 February 2009). Australian Unity Investments manages money on behalf of both institutional and retail investors in the areas of Australian and international equities, property, fixed interest and cash securities, and mortgages.

Mr Bryant joined Australian Unity Investments in 2004 and is a director of all of its major operating companies, their investment subsidiaries and is a member of their respective investment committees. He is responsible for the commercial development and profitability of the business, including investment and lending decisions, and all related support services such as business development, marketing, distribution, product development, compliance, administration and treasury.

Mr Bryant is a member of the Investment & Financial Services Association Investment Board Committee, and has over 25 years experience in investment and financial services with organisations such as Westpac, State Street Bank, Perpetual and Intech.



Martin Hession
Head of Property
Australian Unity Investments

Mr Hession joined Australian Unity in 2002 and has responsibility for Australian Unity Investments' property portfolio, valued in excess of \$1.1 billion (as at 28 February 2009). His experience in property includes portfolio management, commercial and land development, and real estate agency management over 30 years.

Prior to joining Australian Unity Investments, Mr Hession was General Manager - Property at AXA Australia. Earlier roles include Managing Director of LJ Hooker (Victoria); Managing Director of Baillieu Knight Frank (SA); and Chief Executive of Hillier Parker (Victoria).



Chris Smith
Portfolio Manager - Healthcare &
Industrial Property

Mr Smith joined Australian Unity Investments in 2001. He has responsibility for the performance and management of Australian Unity Investments' healthcare and industrial property portfolio.

Mr Smith has over 20 years experience in portfolio and property management, gained during his time in senior roles with Jones Lang LaSalle and Coles Myer. Chris recently completed a Post Graduate Certificate of Business Administration, through RMIT University.

Related party transactions

All transactions we enter into in relation to the Trust, including those with related parties, are conducted on commercial terms (i.e. on an arm's length basis).

Related party transactions are managed in accordance with our policy which requires an assessment and senior management approval to ensure the arm's length nature of each transaction. These transactions are then included on a register. The register is subject to external compliance audit review.

Entities within the Australian Unity Group provide property management, registry, accounting and tax services to the Fund for fees charged at a commercial rate.

There are currently no fees payable to related parties from the Trust.

Investments in related parties as at 28 February 2009

In accordance with its investment approach the Trust has a 32.81% interest (\$17.04m) in the Australian Unity Industrial Property Trust.

The Underlying Trust (Australian Unity Industrial Property Trust)

Important note - the following information is related to the Underlying Trust that the Industrial Property Investment Trust invests into. Investors should also refer to the Industrial Property Trust's Fund Fact Sheet for further information. The Fund Fact sheet is available on our website australianunityinvestments.com.au.

About the Underlying Trust

The Australian Unity Industrial Property Trust is an open-ended unlisted direct property trust.

It aims to provide investors with regular income and the opportunity for long-term capital growth through investment in a portfolio of industrial properties.

What does the Underlying Trust invest in?

The Underlying Trust invests in industrial properties. The portfolio comprises nine industrial properties located in New South Wales, Victoria and Queensland. Growth of the portfolio is through acquisitions of similar industrial properties. The Underlying Trust may also sell properties as appropriate to optimise its performance.

The Underlying Trust will generally only hold real property assets in Australian capital cities and major regional centres. It may invest in real property outside of Australia, such as New Zealand, if it is considered beneficial.

The Underlying Trust may invest in other managed funds, property syndicates or companies that hold industrial property and related assets, including those managed by members of the Australian Unity Group.

The Underlying Trust typically holds between 70% and 100% of its assets in direct industrial property and unlisted direct property investments. The balance of the assets is held in cash and similar investments

What is the Underlying Trust's investment Strategy?

In managing the Underlying Trust, our key priorities are acquiring industrial or industrial-related properties that are suitable to the investment objective.

We develop suitable long term expansion and/or improvement strategies for the properties to maximise growth.

We look to diversify the direct property portfolio including by geographic location and tenant profile. We build strong relationships with tenants that have experience and expertise in the industrial sector.

As part of managing the properties we put in place carefully structured, long-term leases, with the aim of achieving stable and predictable rental income and growth in rental income over the long-term.

Underlying Trust Borrowings

The Underlying Trust does not borrow directly.

Who are the people managing the Underlying Trust

The same key people that manage the Trust also manage the Underlying Trust. Their details are provided on page 2.

Portfolio details of the Underlying Trust

The Underlying Trust has diversity in locations, tenants, and lease terms. We believe that, through diversification, consistent income returns and capital growth can be achieved over the long term and through a range of economic cycles (growth and contraction).

The details in the tables below are extracted from the Underlying Trust's latest financial statements for the half year ending 31 December 2008.

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

Information about the individual properties is contained the Direct property portfolio table at the back of this document.

Underlying Trust asset allocation as at 31 December 2008

Direct Property	98.58%
Cash & cash equivalents	1.42%
Total	100.00%

Underlying Trust direct property occupancy and lease details as at 31 December 2008

Occupancy rate by area	86.55%	
Weighted average lease expiry by income	1.72 years	
Major tenants and % of net passing rental income	Orica Aust Pty Ltd	35.27%
	1st Fleet Pty Ltd	13.31%
	Licensing Essentials Pty Ltd	12.09%
	Synchronised Software	8.89%

Underlying Trust direct property lease expiry profile as at 31 December 2008



Valuation of properties for the Underlying Trust

Regular valuation of underlying property assets is an important aspect of managing the Trust and the Underlying Trust in the best interests of all investors. The valuations are conducted by qualified independent valuers in accordance with industry standards.

We have a policy of generally obtaining independent valuations on our properties each year.

Contact us

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Underlying Trust direct property portfolio as at 31 December 2008

Property	Independent valuation			Book value	Major tenant	Lease period
	Date	(\$m)	Cap rate %	(\$m)		
50-52 Redfern St, Wetherill Park, NSW	Mar 2008	7.40	7.50	7.40	N/A	Vacant
114 Kurrajong Ave/9 Coventry PI, Mt Druitt, NSW	Mar 2008	18.88	8.25	18.88	Orica Aust P/L	Various
44 Sparks Ave, Fairfield, VIC	Mar 2008	5.20	7.75	5.23	Licensing Essentials P/L	5 yrs to 2009
104 Woodlands Dr, Braeside, VIC	Mar 2008	1.80	7.50	1.80	PPG Industries	5 yrs to 2013
38-40 Vella Dr, Sunshine, VIC	Mar 2008	4.75	8.00	4.75	1st Fleet P/L	10 yrs to 2009
1 Redland Dr, Mitcham, VIC	Mar 2008	2.70	8.00	2.70	Synchronised Software	10 yrs to 2009
3 Hi Tech Crt, Eight Mile Plains, QLD	Mar 2008	4.00	7.25	4.01	Alchemia Ltd	5 yrs to 2012
23 Hi Tech Crt, Eight Mile Plains, QLD	Mar 2008	5.90	7.50	5.88	Worldsmart Retech P/L	5 yrs 6 mths to 2009
27 Hi Tech Crt, Eight Mile Plains, QLD	Mar 2008	1.25	7.50	1.26	Australian United Retailers Ltd	10 yrs to 2009

Important information

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