

Industrial Property Trust

Fund Fact Sheet – 22 June 2010



APIR Code	YOC0006AU
Inception date	15 September 1999
Applications	Open
Withdrawals	By offer only
Income distributions	Quarterly

Overview of changes since last update

This Fund Fact Sheet has been updated as at 22 June 2010 (from its previous issue on 30 September 2009) to reflect an update to the Australian Unity Industrial Property Trust's (Fund) underlying property valuations, tenant information and borrowings.

About the Fund

The Fund is an open unlisted property fund that invests in industrial property and related assets. Through the return achieved on its investments, we aim to provide investors with regular income, plus the opportunity for long-term capital growth.

The Fund aims to have a diversified tenant base to provide stability of income through periods of economic change and change in any individual property.

The Fund has been operating since September 1999.

What does the Fund invest in?

The Fund invests in industrial property and related assets. The portfolio comprises industrial properties located in New South Wales, Victoria and Queensland. The Fund may also sell properties as appropriate to optimise the performance of the Fund, manage risk and to meet Fund obligations.

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

The Fund may invest in other managed funds, property syndicates or listed Australian Real Estate Investment Trusts, (Australian REITs) that hold industrial property and related assets, including those managed by members of the Australian Unity Group.

The Fund typically holds between 70% and 100% of its assets in direct industrial property and unlisted direct property investments. The Australian REIT exposure will typically be small and may range between 0% - 20% of the Fund's assets. The balance of the Fund's assets is held in cash and similar investments.

Derivatives

It is not the Fund's current policy to use derivatives for gearing purposes or for speculative activities. The Fund may use derivatives in the Fund for asset allocation purposes, implementation of interest rate risk strategies and management of the Fund's interest rate exposures.

What is the Fund investment process?

In managing the Fund, our key priorities are acquiring industrial or industrial-related properties that support the Fund's 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 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 seek to 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.

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; and
- the Fund's liquidity and debt positions.

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Structure of the Industrial Property Trust

Investors applications and borrowings are pooled together to purchase direct property assets. Cash is used to meet the Fund's day to day operating expenses.

Rent from the Fund's properties and interest earned on cash holdings generate income for the Fund. This income is used to meet interest expenses on borrowings, management fees and ongoing Fund expenses. We may also retain some income as a provision for future expenses, capital expenditure or to reduce borrowings. Once these costs are met, the remaining income is distributed to investors.

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

Borrowings

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 capital position.

It generally operates within a gearing ratio range of 40% - 60% but may operate outside of this range if we believe it is in the interest of the Fund to do so.

Under the Fund's constitution and law, 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
- to incur all types of obligations and liabilities.

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

The lenders' rights to recover the total due under the loans, and then the rights of any creditors of the Fund, will rank ahead of all investors.

Importantly, the lenders to the Fund do not have any recourse to investors.

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 expected to be sustainable given the circumstances. We would notify investors if this occurred.

Withdrawals

Withdrawals are currently by offer only and are made available at times when the Fund has sufficient liquidity to allow for withdrawals.

Quarterly withdrawals are expected to commence from October 2010 and are subject to quarterly limits while the Fund is liquid.

The maximum total amount available for withdrawals each quarter is 2.5% of the total net value of the units on issue for the relevant class (although we have the discretion to alter this amount). If this amount is exceeded, withdrawals may be met on a pro-rata basis.

Where a pro-rata payment occurs, investors will need to reapply in a subsequent withdrawal period if they wish to withdraw any further amount.

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.

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These key people are responsible for managing the Fund:



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\$10.4 billion in funds under management (as at 31 May 2010). 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 related support services such as business development, distribution, product development 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 31 May 2010). 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
Australian Unity Investments

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.



Tim Kemp-Bishop
Asset Manager – Industrial Property
Australian Unity Investments

Mr Kemp-Bishop joined Australian Unity Investments in 2008. As Asset Manager – Industrial Property, Mr Kemp-Bishop is responsible for the day to day management of the Australian Unity Industrial Property Trust as well as the Australian Unity Industrial Property Syndicates.

Mr Kemp-Bishop has over 10 years property experience. Prior to joining Australian Unity Investments he was an asset manager with ANZ, responsible for freehold and leasehold property interests in Victoria, NSW, ACT and WA.

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Portfolio details

The Fund 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 information in the graphs and tables below is taken from the values recorded as at 31 May 2010 and is not based on audited financial records.

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

Asset allocation as at 31 May 2010	
Direct Property	92.01%
Unlisted Property Investments	0.00%
Listed Australian REITs	0.00%
Cash & cash equivalents	7.99%
Total	100.00%

Borrowing details as at 31 May 2010	
Total Fund size (Gross Assets)	\$41.29m
Gearing ratio ⁽¹⁾	53.09%
Interest cover ratio ⁽²⁾	2.15 times
% of borrowings hedged	92.64%
Borrowing facility limit	\$23.50m
Borrowing facility drawn amount	\$21.92m
Borrowing facility maturity ⁽³⁾	31 August 2010
Hedge facility expiry	
June 2011	\$1.56m
June 2012	\$9.37m
June 2013	\$9.37m

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

⁽²⁾ The Interest Cover Ratio measures the ability of the Fund to service the interest on borrowing from net earnings. This calculation shows that the Fund generates income after fees of 2.15 times the level of interest payments due as at 31 May 2010.

⁽³⁾ We are within the current lender's requirements, and as such, expect the borrowing facility will be refinanced prior to maturity.

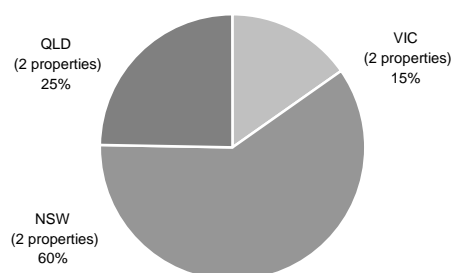
Borrowing covenants

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

Direct property portfolio as at 31 May 2010

	Independent valuation			Book value
	Date	(\$m)	Cap rate %	(\$m)
Property 1	May 2009	17.75	9.50	17.77
Property 2	June 2009	6.00	8.75	6.00
Property 3	May 2009	5.00	9.50	5.02
Property 4	May 2009	4.10	9.00	4.10
Property 5	May 2009	3.35	9.25	3.35
Property 6	May 2009	1.75	8.50	1.75

Property geographic allocation by value as at 31 May 2010



Direct property occupancy and lease details as at 31 May 2010

Occupancy rate by area	79.20%	
Weighted average lease expiry by income (excluding vacancies)	3.00 years	
Major tenants and % of net base rental income	Yates a Div of Orica Aust P/L	48.54%
	Cameron Transport	14.75%
	Alchemia Ltd	12.06%
	Auscenco Ltd	11.44%
	Ancon Building Products Ltd	7.84%

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Direct property lease expiry profile as at 31 May 2010



Valuation of properties

Regular valuation of underlying property assets is an important aspect of managing the Fund 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.

Related party transactions

All transactions we enter into in relation to the Fund, including those with related parties, are on arm's length commercial terms.

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

Policies and procedures 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. All decisions in relation to conflicts of interest and all related party transactions are documented. Policies and guidelines are generally reviewed annually.

Details of material related party transactions are reported yearly as part of the Fund's audited annual accounts. The latest annual audited accounts for the Fund can be found on our website australianunityinvestments.com.au

The Fund currently has a holding in the Australian Unity Wholesale Cash Fund (ARSN 111 933 361), a registered managed investment scheme operated by a related entity. This investment acts as a centralised cash management vehicle for the Fund. The Wholesale Cash Fund primarily invests in short-term fixed interest securities and aims to provide regular income with capital security.

As at 31 May 2010, the Fund held a 0.21% interest (\$1.76 million) in the Australian Unity Wholesale Cash Fund.

Contact us

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