

# Industrial Property Investment Trust

## Continuous Disclosure Notice – 28 February 2011

The Australian Securities and Investments Commission requires responsible entities of unlisted property schemes in which retail investors invest to provide a statement addressing eight disclosure principles. These eight principles are contained in Regulatory Guide 46: Unlisted property schemes – Improving disclosure for investors.

This document has been prepared by Australian Unity Property Limited (“AUPL”) as the responsible entity of the Industrial Property Investment Trust (Trust) to update investors on the information relevant to the disclosure principles. This document should be read in conjunction with the attached Continuous Disclosure Notice for the Australian Unity Industrial Property Trust (Underlying Trust), and the 30 June 2010 Annual Report which is available from our website

[www.austrailanunityinvestments.com.au/ipt](http://www.austrailanunityinvestments.com.au/ipt)

This document has been updated as at 28 February 2011 (with financial information as at 31 December 2010), from its previous issue on 25 November 2010 to reflect an update to the Trust’s portfolio information.

### Disclosure Principle 1 – Gearing ratio

The Trust has no direct borrowings. The gearing ratio disclosure principle does not apply.

### Disclosure Principle 2 – Interest cover

The Trust has no direct borrowings. The interest cover ratio disclosure principle does not apply.

### Disclosure Principle 3 – Trust borrowing

The Trust has no direct borrowings. The borrowing disclosure principle does not apply.

### Disclosure Principle 4 – Portfolio diversification

The information in the table below is taken from the values as at 31 December 2010 and is not based on audited financial records. The Trust’s composition will change over time.

Asset allocation	(\$M)	%
Underlying Trust	5.21	100.00
Total	5.21	100.00

### Investment strategy

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

### Disclosure Principle 5 – Valuation Policy

The Trust invests solely in the Underlying Trust, please refer to the attached information regarding the Underlying Trust for further detail.

### Disclosure Principle 6 – Related party transactions

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

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

Policies and guidelines are in place to manage 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 related party transactions are outlined on section 10 of the 30 June 2010 Annual Report for the Trust.

### Disclosure Principle 7 – Distribution practices

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

It is not our intention to source distribution payments from sources other than net 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 income is suddenly reduced unexpectedly) and where payment from that source is sustainable. We would notify investors if this occurred.

### Disclosure Principle 8 – Withdrawal rights

Withdrawals are by offer only. The Trust’s assets are generally illiquid and as such withdrawals 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.

**For further enquiries**

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

<b>Address</b>	114 Albert Road South Melbourne, VIC 3205
<b>Investor Services</b>	13 29 39
<b>Adviser Services</b>	1800 649 033
<b>Website</b>	<a href="http://www.australianunityinvestments.com.au">www.australianunityinvestments.com.au</a>
<b>Email</b>	<a href="mailto:investments@australianunity.com.au">investments@australianunity.com.au</a>

**Important information**

*This investment product is issued by Australian Unity Property Limited ABN 58 079 538 499, AFS Licence No. 234455 in its capacity as Responsible Entity. This information is intended only to provide a broad summary of this financial product. Investment decisions should not be made upon the basis of its past performance or distribution rate, since future returns will vary. The information provided here was current at the time of publication only, and we recommend that you access our website for further information about the Trust.*

# Industrial Property Trust

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This document has been prepared by Australian Unity Property Limited ("AUPL") as the responsible entity of the Industrial Property Trust (Trust) to update investors on the information relevant to the disclosure principles. This document should be read in conjunction with the 30 June 2010 Annual Report, available from our website [www.australianunityinvestments.com.au/ipt](http://www.australianunityinvestments.com.au/ipt)

This document has been updated as at 28 February 2011 (with financial information as at 31 December 2010), from its previous issue on 23 November 2010 to reflect an update to the Trust's portfolio information.

## Disclosure Principle 1 – Gearing ratio

The gearing ratio of the Trust, calculated as total interest bearing liabilities divided by total assets was 48.540%, as at 31 December 2010 and is based on unaudited accounts. (52.83% based on 30 June 2010 audited accounts).

The gearing ratio calculates the extent to which the Trust's total assets are funded by interest bearing liabilities. It gives an indication of the potential risks investors face in terms of external liabilities that rank ahead of them. If the Trust's gearing ratio under its debt facilities increases, the Trust will have a higher reliance on external liabilities to Trust assets and a greater exposure to funding costs if interest rates rise. This may have a negative impact on the cash distributions and the value of the Trust.

## Disclosure Principle 2 – Interest cover

The Trust's interest cover is calculated by using the following formula:

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

### Where:

*EBITDA* = earnings before interest, tax, depreciation and amortisation  
*Interest expense* = Interest expense on debt facilities, net of hedging arrangements and interest income, adjusted for various AIFRS treatments including property

The Trust's interest cover ratio as at 31 December 2010 was 1.85 times (2.15 times based on 30 June 2010 audited accounts).

Interest cover indicates the ability of the Trust to meet interest payments from operating cash. It is an indicator of the Trust's financial health and is a key to assessing the sustainability of, and risks associated with, the Trust's level of borrowing. If the Trust's interest cover decreases then the risk of the Trust not being able to meet interest payments will increase.

## Disclosure Principle 3 – Trust borrowing

The Trust's borrowings as at 31 December 2010 is summarised in the table below:

Borrowing details	
Borrowing facility drawn amount	\$18.22m
Borrowing facility limit	\$19.50m
Borrowing facility maturity	October 2012
% of borrowings hedged	100%
Weighted hedge expiry	1.80 years

As at the date of this document, the Trust is in compliance with the lender's requirements.

### Disclosure Principle 4 – Portfolio diversification

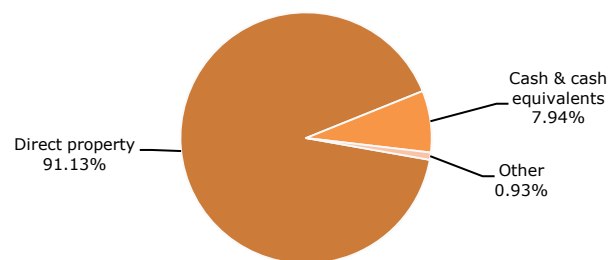
The information in the graphs and tables below is taken from the values as at 31 December 2010 (unless stated otherwise) and is not based on audited financial records. The Trust's composition and diversification will change over time as properties are acquired or disposed and tenancies are re-let.

#### Direct property portfolio

Property	Independent valuation			Book value	% of portfolio
	Date	\$M	Cap rate %	\$M	
Property 1	September 2010	18.10	9.50	18.10	52.92
Property 2	December 2010	5.90	8.25	5.90	17.25
Property 3	June 2010	4.90	9.25	4.90	14.33
Property 4	June 2010	3.55	10.25	3.55	10.38
Property 5	June 2010	1.75	8.00	1.75	5.12
Total / weighted average		34.20	9.25	34.20	100.00

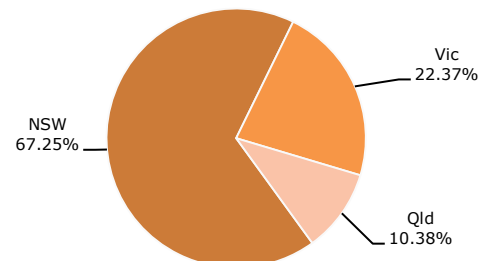
#### Asset allocation

Asset class	\$M	% of portfolio
Direct property	34.20	91.13
Unlisted property investments	Nil	Nil
Australian REITs	Nil	Nil
Cash & cash equivalents	2.98	7.94
Other	0.35	0.93
Total	37.53	100.00



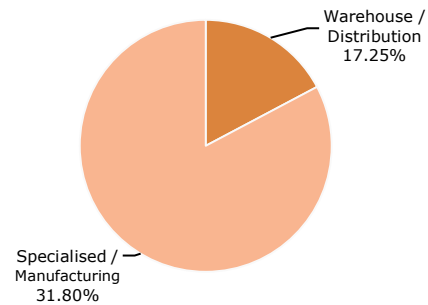
#### Direct property geographic allocation

Location	\$M	% of portfolio
NSW	23.00	67.25
Vic	7.65	22.37
Qld	3.55	10.38
Total	34.20	100.00



**Direct property by sector**

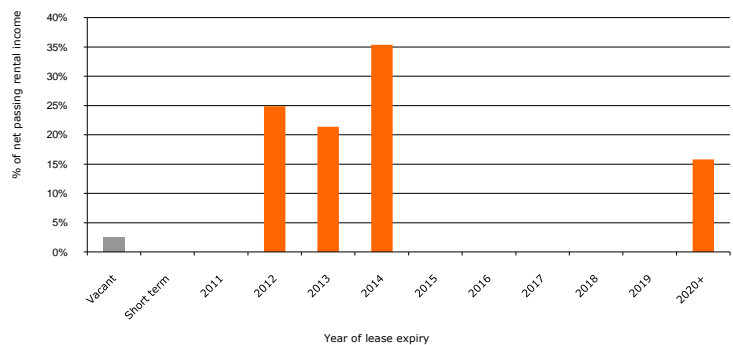
Sector	\$M	% of portfolio
Warehouse / Distribution	5.90	17.25
Specialised / Manufacturing	28.30	82.75
Total	34.20	100.00



**Direct property occupancy and lease details**

Occupancy rate by area	97.30%	
Weighted average lease expiry by income	3.90 years	
Major tenants and % of base rental income	Yates a Div of Orica Aust P/L	45.60%
	Lindsay Australia Ltd	16.31%
	Cameron Transport	14.00%
	Alchemia Ltd	11.51%
	Ancon Building Products Ltd	7.49%

**Direct property lease expiry profile**



**Investment strategy**

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

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

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

The Trust 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.

**Property development**

There were no development projects in the Trust as at the date of this document.

**Disclosure Principle 5 – Valuation policy**

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

**Disclosure Principle 6 – Related party transactions**

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Details of related party transactions are outlined on section 16 of the 30 June 2010 Annual Report for the Trust.

### Disclosure Principle 7 – Distribution practices

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### Disclosure Principle 8 – Withdrawal rights

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

Since investors approved important changes to the Trust in 2009, we have been working towards the introduction of a quarterly limited withdrawal facility. This facility was originally scheduled to begin in October 2010.

Although significant improvement has been made, we consider that the capital position of the Trust is not at a point where it is yet able to provide a continuous and regular withdrawal facility. Unfortunately, this means that the quarterly limited withdrawal facility has not commenced.

Please note, however, that we do intend to make the facility available as soon as practicable and we are actively managing the Trust to enable this.

As a result of deferring the withdrawal facility in October 2010, the Trust remains 'illiquid' for the purposes of the Corporations Act.

### For further enquiries

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

#### Contact us

<b>Address</b>	114 Albert Road South Melbourne, VIC 3205
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