

Industrial Property Trust

Continuous Disclosure Notice – 22 September 2011

The Australian Securities & Investments Commission (ASIC) 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 ASIC 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 Trust (Trust) to update investors on the information relevant to the disclosure principles. This document should be read in conjunction with the latest Annual Report for the Trust, available from our website australianunityinvestments.com.au

Alternatively, you can call us on 13 29 39 for a copy. Copies will be provided free of charge.

This document has been updated as at 22 September 2011 (with financial information as at 30 June 2011), from its previous issue on 28 February 2011 to reflect an update to the Trust's portfolio information.

The financial information is extracted from the Trust's accounting and property management records.

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

Disclosure Principle 1 – Gearing ratio

The gearing ratio of the Trust, calculated as total interest bearing liabilities divided by total assets was 41.62%, as at 30 June 2011 based on 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 for the 12 months to 30 June 2011 was 1.77 times based on 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.

At the date of this document, the Trust is in compliance with its interest cover debt covenant.

Disclosure Principle 3 – Trust borrowing

The Trust's borrowings as at 30 June 2011 is summarised in the table below:

Borrowing details	
Borrowing facility drawn amount	\$14.22 million
Borrowing facility limit	\$15.50 million
Borrowing facility maturity	October 2012
% of borrowings hedged	131.79% ⁽¹⁾
Weighted hedge expiry	1.50 years

(1) The hedged amount is greater than 100% due to the partial repayment of the borrowing facility.

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

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

Disclosure Principle 4 – Portfolio diversification

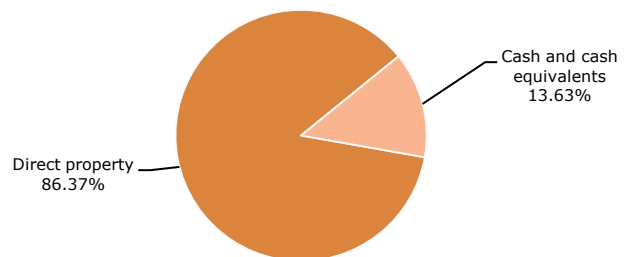
Direct property portfolio

Property	Independent valuation				Book value	% of portfolio
	Sector	Date	\$M	Cap rate %	\$M	
9 Coventry Place, Mount Druitt, NSW	Warehouse/ Distribution	September 2010	18.10	9.50	18.10	61.77
38-40 Vella Drive, Sunshine, VIC	Specialised/ Manufacturing	December 2010	5.90	8.25	5.90	20.14
3 Hi Tech Court, Eight Mile Plains, QLD	Specialised/ Manufacturing	June 2010	3.55	10.25	3.55	12.12
104 Woodlands Drive, Braeside, VIC	Specialised/ Manufacturing	June 2010	1.75	8.00	1.75	5.97
Total			29.30	9.25	29.30	100.00

Asset allocation

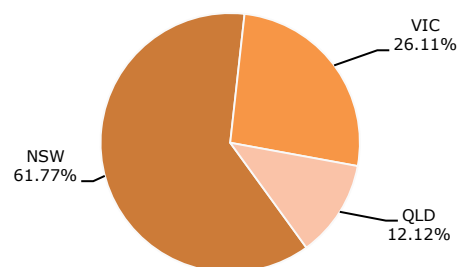
Asset class	\$M	% of portfolio
Direct property	29.30	86.37
Unlisted property investments	Nil	Nil
Australian REITs	Nil	Nil
Cash and cash equivalents ⁽¹⁾	4.63	13.63
Total	33.93	100.00

(1) The cash amount includes circa \$1.40 million that has been paid in distributions for the quarter ended 30 June 2011.



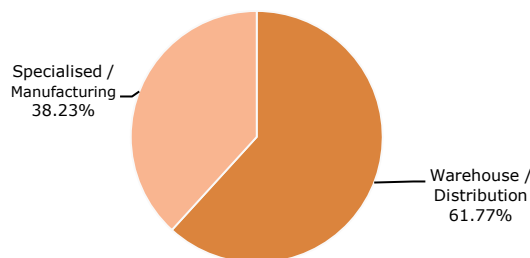
Direct property geographic allocation

Location	\$M	% of portfolio	Number
NSW	18.10	61.77	1
VIC	7.65	26.11	2
QLD	3.55	12.12	1
Total	29.30	100.00	4



Direct property by sector

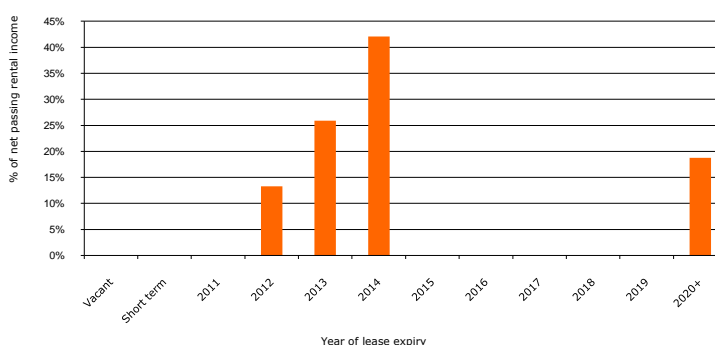
Sector	\$M	% of portfolio
Warehouse / Distribution	18.10	61.77
Specialised / Manufacturing	11.20	38.23
Total	29.30	100.00



Direct property occupancy and lease details

Occupancy rate by area	100.00%	
Weighted average lease expiry by income	3.80 years	
Major tenants and % of base rental income	Yates a Division of Orica Aust P/L	52.98%
	Lindsay Australia Ltd	18.78%
	Alchemia Ltd	13.26%
	Ancon Building Products Ltd	8.92%
	PPG Industries	6.06%

Direct property lease expiry profile



Investment strategy

The Trust invests in industrial property and related assets. The portfolio currently 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-REITs that hold industrial property and related assets, including those managed by members of the Australian Unity Group.

The Trust 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 Trust’s assets. The balance of the Trust’s assets is held in cash and similar investments.

Derivatives

It is not the Trust’s current policy to use derivatives for gearing purposes or for speculative activities. The Trust may use derivatives for asset allocation purposes,

implementation of interest rate risk strategies and management of the Trust’s interest rate exposures.

Property development

We believe the Trust can enhance its existing properties and add further value to investors through selective exposure to property development. In managing the Trust’s property portfolio, we may refurbish or redevelop the properties from time to time as required. Material property developments will only be undertaken where substantial pre-commitments to lease are in place and development risk is appropriately mitigated.

There are 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 for direct property are conducted by qualified independent valuers in accordance with industry standards.

We have a policy of generally obtaining independent valuations on Trust direct properties annually.

Disclosure Principle 6 – Related party transactions

Australian Unity Property Limited ('AUPL') is the Responsible Entity of the Fund.

AUPL has appointed Australian Unity Property Management Pty Ltd ABN 76 073 590 600 ('AUPM') and Australian Unity Funds Management Limited ('AUFM') (both related parties) to provide some property management and administrative services to the Trust. Investor approval has not been sought as each of these appointments has been made on arm's length commercial terms.

AUPL, AUPM and AUFM are wholly owned subsidiaries of Australian Unity Limited ABN 23 087 648 888 and are members of the Australian Unity Group.

AUPM

AUPM is a property management business that may, under a written arrangement, provide some of the following services to the Trust 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 services;
- leasing services; and
- property management and project supervision.

The appointment of AUPM for these services is not exclusive and AUPL may engage external service providers to undertake these functions.

At the date of this document, AUPM has no current engagement to provide services to the Trust.

AUFM

AUFM provides the Trust with registry and accounting services under a written arrangement.

The appointment of AUFM is exclusive but may be terminated by either party by providing three months notice without cause or earlier if certain conditions are not met.

Other related party service providers

AUPL may appoint other related parties from time to time. Please refer to our website australianunityinvestments.com.au 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.

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 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 updates to this Continuous Disclosure Notice.

The value of related party payments are reported yearly as part of the Trust's audited annual accounts. The latest Continuous Disclosure Notice and annual audited accounts can be found on our website australianunityinvestments.com.au. Alternatively we can send you a copy free of charge by calling us on 13 29 39.

Disclosure Principle 7 – Distribution practices

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

Generally, net investment income is paid to you after the end of the Trust's distribution period. Any net realised gains earned by the Trust are generally not paid until the end of the financial year. Generally, the standard practice is to source distributions from net income and net realised gains only. The distribution policy will be aligned to the ongoing earning capacity of the Trust.

Although it is not our intention to source future distribution payments from sources other than net income and net realised capital gains, 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.

Disclosure Principle 8 – Withdrawal rights

Withdrawals are funded using cash reserves held by the Trust. Cash reserves are primarily accumulated from applications and retained earnings. Generally, the Trust does not borrow to fund withdrawals but may do so in appropriate circumstances (for example for a short term or where it is in the best interests of the Trust to do so).

In normal operating conditions withdrawals from the Trust are paid quarterly. The maximum total amount available for withdrawals each quarter is 2.5% of the total net assets of the relevant class of units on issue (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.

Investors can request withdrawals on any day up to 3.00pm on the 28th day of each quarter end date (being 28 October, 28 January, 28 April and 28 July or the next Melbourne business day if the 28th is a non-business day) to receive the withdrawal price effective for the 28th of that quarter end date. We will endeavour to make withdrawal payments within 14 days after the quarter end date. If any further delay was required, we would notify investors.

Withdrawal payments may be delayed or suspended in certain circumstances. The Constitution of the Trust itself permits up to 365 days to pay withdrawal requests and in exceptional circumstances impacting the liquidity of the Trust, this period could be extended. The quarterly withdrawal facility will only operate while the Trust is 'liquid' for the purposes of the Corporations Act. Typically, 'liquid' means the Responsible Entity expects to be able to liquidate sufficient assets to meet withdrawal requests in 365 days.

For further enquiries

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

Contact us

Address 114 Albert Road
South Melbourne, VIC 3205

Investor Services 13 29 39

Adviser Services 1800 649 033

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Important information

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