

Chairman's Address**Annual General Meeting of Unity Pacific Limited ACN 110 831 288
and a Meeting of Members of the Unity Pacific Stapled Trust ARSN 111 389 596**

Thursday 19 November 2015 at 10.00am
Heritage Boardroom on Level 1, 308 Queen Street, Brisbane

My name is Brett Heading and I am Chairman of Unity Pacific Limited and Unity Pacific Investment Management Limited, the responsible entity for the Unity Pacific Stapled Trust (ASX: UPG).

Introduction

On behalf of the Board, I am pleased to welcome you to Unity Pacific's 2015 Annual General Meeting.

Today I will present some of Unity Pacific's 2015 business highlights and provide an update on current activities including the proposed sale, subject to securityholder approval today, of 308 Queen Street/88 Creek Street, Brisbane the venue for today's meeting in this magnificent heritage boardroom.

Chris Morton, Unity Pacific's Deputy Chairman and Managing Director will detail the Group's financial results including an update on the remaining property assets.

Following the conclusion of Chris Morton's presentation we will move to the Items of Business as set out in the Notice of Meeting.

Business Highlights and Update

It is those activities which have occurred after the end of this financial year which will be of most interest to securityholders today.

At the outset of FY15, with the business financially stable, our attention was focussed on growing the funds management operations.

The Marie Street Trust, as a part of Unity Pacific Group's new external funds management platform, was launched in January 2015 and the property located at 16 Marie Street, Milton settled on 18 March 2015. To enable settlement of the Marie Street property, Unity Pacific subscribed for a shortfall of equity which has been sold down over time. Unity Pacific currently holds 13% of The Marie Street Trust.

In July this year, following considerable deliberation and the consideration of various options, the Board determined that the previously announced strategy of acquiring a funds management business was not viable in the short-term and that the best outcome for securityholders would be a return of the majority of the capital reserved for potential business acquisition. In August 2015, \$15 million was paid to securityholders as a 42 cents per security capital distribution.

The Board continued to contemplate a number of strategic alternatives for Unity Pacific Group including:-

- the sale of the remaining property assets;
- further capital management initiatives; and
- other corporate activities.

Proposed Sale of 308 Queen Street/88 Creek Street

As part of the ongoing strategic analysis, the Board commissioned JLL to prepare an independent market appraisal for the 308 Queen Street/88 Creek Street, Brisbane property. On 6 October 2015, the Board announced its intention to sell this property subject to member approval.

Based on current market analysis and commentary, the Board determined that the current strong commercial property investment market offers an opportunity to maximise the property's value notwithstanding the difficult leasing market conditions in Brisbane.

The sales process, which will be conducted through an on-market, expressions of interest campaign, is expected to commence (if Member approval is received) in early 2016 and if successful, it is anticipated the sales process will be completed in mid-2016. The Board has appointed JLL, an agent with strong international credentials, to conduct the sales process with their appointment conditional upon today's securityholder approval.

If the property is sold, it is the Board's current intention to distribute the sale proceeds to Members (subject the ASX Listing Rules), after repaying the associated debt facilities.

There are a number of questions/issues which may arise for securityholders about the decision to sell 308 Queen Street/88 Creek Street, Brisbane being Unity Pacific's main property asset.

What if the property doesn't get sold (assuming member approval)?

In the event that we are unable to achieve a sale on satisfactory terms, then Unity Pacific Group will continue to manage the property and focus on managing the significant lease expiries due in this financial year.

What is an acceptable price for the property?

The Board has advised that it will only consider offers to purchase the property (including the transferrable site areas (TSAs) attached to the property) that will result in a premium to the 30 June 2015 independent valuation amount of \$34.1 million being achieved.

What is the financial impact of the sale?

Impact on Net Assets

As at 30 June 2015 the property represented 52% of Unity Pacific Group's total assets and following the \$15 million distribution paid in August 2015 that proportion of total assets increased to 67%.

As at 30 June 2015, the property was valued at \$34.1 million with an associated debt facility of \$12.0 million.

Unity Pacific Group's other assets (other than cash), currently consist of 4 apartments at Cumberland Lorne Resort, Victoria, rural land in San Remo, Victoria and approximately 1.9 million units in The Marie Street Trust. These assets have a combined value as at 30 June 2015 of \$6.8 million. It is anticipated that Unity Pacific Group will not have any debt following the sale of the property.

It remains Unity Pacific Group's intention to sell the remaining apartments at Cumberland Lorne Resort, with the summer sales campaign to begin in December 2015. The San Remo land is currently the subject of a 3 lot subdivision and a land use permit as a golf course. The application is awaiting the decision of the relevant Shire Council. It is therefore not an appropriate time to sell that asset.

Unity Pacific Group will also continue to act as responsible entity and manager of The Marie Street Trust.

Impact on Earnings

The property has contributed significantly to Unity Pacific Group's profit from operations and operating cashflows in recent years. During the year ended 30 June 2015, the property contributed \$2.5 million (before finance costs) towards Unity Pacific Group's underlying profit from operations of \$1.0 million. The sale of the property will result in Unity Pacific Group's overhead costs exceeding the minimal income earned from its remaining assets. It will therefore be necessary to maintain an appropriate level of cash reserves to fund working capital requirements upon completion of the sale. Unity Pacific Group has previously announced that its overhead structure would be reduced. This process has already commenced and further reductions will occur.

Future Activities, Direction and Issues

The Board remains committed to considering further capital management initiatives following asset sales and other corporate initiatives such as the sale of the listed corporate structure to facilitate an ASX listing for another entity.

Assuming Member approval and completion of the sale of the property, Unity Pacific Group will need to demonstrate compliance with the ASX Listing Rules in order for its securities to continue to be quoted on the ASX.

Capital Management

Unity Pacific has undertaken a number of capital management initiatives since 2011. The 42 cents per security capital distribution paid on 31 August 2015, being the latest of those initiatives, has resulted in \$38.3 million being returned to securityholders over the timeframe.

As previously stated, it is the Board's current intention to distribute the proceeds from the sale of 308 Queen Street/88 Creek Street to Members (subject to approval and the ASX Listing Rules), after repaying the associated debt facilities.

Security Price and NTA Performance

It has been a challenge to improve our security trading price relative to NTA, and it has certainly been a focus of some of our current and former securityholders. I was therefore pleased to read recently in the ASX publication 'Spotlight on A-REITs' September 2015 edition a comparison of ASX listed A-REITS which showed Unity Pacific as providing the highest 5 year total return (annualised) of 80.92%.

Given that Chris Morton and I joined the Group as Managing Director and Chairman respectively on 21 August 2009, we take some satisfaction from this achievement by the Group.

The Board currently intends to distribute the proceeds from the sale of 308 Queen Street/88 Creek Street to Members which will enable them to access a significant portion of Unity Pacific's underlying NTA value, some of which is not currently reflected in Unity Pacific's security trading price due to the ongoing discount to NTA trading price, currently around 24%.

Our focus continues to be maximising the underlying value of Unity Pacific securities and this currently involves efficiently returning capital to members when appropriate.

Board of Directors

In March 2015, Mr Murray Boyte joined the Unity Pacific board as an independent Non-Executive Director and is Chairman of the Unity Pacific's Audit Committees. Murray joins us with a wealth of experience with over 35 years in merchant banking and finance, mergers and acquisitions and financial services.

In October, we announced Mr Bevan Towning's departure as Chief Investment Officer and Executive Director effective 31 October 2015. I publicly, and in his absence, express sincere thanks on behalf of the Board and management to Bevan for his contributions.

Conclusion

Finally, I take this opportunity to thank my fellow directors, Managing Director, Chris Morton, Non-Executive Director, Murray Boyte, and our Company Secretaries and CFOs during the period, Laura Fanning and Janita Robba, all other Unity Pacific staff and our securityholders for their continued support.

Thank you.

Unity Pacific Group

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More information on Unity Pacific can be found on our website www.unitypacific.com.au
