

ASX Announcement

16 December 2015

UPG POSITION ON SENTINEL OFFER

Unity Pacific Limited (ASX: UPG) (Unity Pacific) makes the following announcement further to its announcement of 15 December 2015.

The Sentinel Offer

On 15 December 2015, Sentinel Property Group (Sentinel), a privately-owned and Brisbane-based property group, announced an offer to fund a buyback of all of the stapled securities in Unity Pacific (the Sentinel Offer).

The Sentinel Offer is conditional upon the completion of the previously announced sale of Unity Pacific's investment property located at 308 Queen Street/88 Creek Street, Brisbane (the Property) and the return of the net sale proceeds to securityholders. The sales process for the Property will commence in early 2016 and if successful, is anticipated to be completed in mid-2016.

Unity Pacific Position

The Unity Pacific Board's (the Board) view, at this time, is that it would be premature to enter into exclusive negotiations or binding terms with Sentinel in relation to the Sentinel Offer. However, the Board confirms that the Sentinel Offer will be formally considered in addition to other options.

The Board's focus continues to be maximising the underlying value of Unity Pacific securities.

The following are some of the relevant factors considered by the Board in forming its view on the Sentinel Offer:

- the Board has received expressions of interest in relation to the corporate structure from other parties;
- a premium to net tangible asset value might be realised due to the attributes of the listed UPG entity;
- the Board's priority is ensuring that the sales process for the Property is conducted to achieve the maximum sales price for it;
- the Sentinel Offer is only based on the net tangible assets of Unity Pacific which will exist after the sale of the Property equating to approximately \$6 million of non-cash assets (based on 30 June 2015 book values);
- a recent town planning development in relation to the land parcel at San Remo warrants further consideration by Unity Pacific. This may have potential value upside for the land and a consequential impact on Unity Pacific's strategy for the asset; and
- the Sentinel Offer will require a special resolution (amongst other securityholder and regulatory approvals) and the prospects of that resolution passing (i.e. substantial securityholder support for it) needs to be considered.

The Board will continue to have discussions with Sentinel and other parties who express interest in the corporate structure and the remaining assets and proposes to conduct a systematic and orderly process to maximise the remaining securityholder value which would exist after the sale of the Property.

The Board will update Unity Pacific securityholders as appropriate.

For further information, contact:

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