



HopgoodGanim

LAWYERS

6 September 2016

Australian Securities Exchange
Company Announcement Platform

By facsimile: 1300 135 638

Our ref: 1533199 - Katherine Hammond

BRISBANE

Level 8, Waterfront Place
1 Eagle Street
Brisbane Qld 4000 Australia

PO Box 7822, Waterfront Place
Brisbane Qld 4001 Australia

ABN: 54 105 489 661

This electronic transmission is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient, any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, return the original electronic transmission to us at the address below by post and delete or destroy any electronic or other copies. Thank you.

Dear Sir/Madam

Sentinel Security Investments Limited - Announcement of off-market takeover bid for Unity Pacific Group (ASX:UPG)

We are the solicitors for Sentinel Security Investments Limited (**Sentinel**).

We refer to Sentinel's off-market takeover bid under Part 6.5 of the Corporations Act 2001 (Cth) (**Corporations Act**) for all of the stapled securities in Unity Pacific Group (**UPG**), (**Takeover Bid**).

In accordance with Section 633(1) Item 5 of the Corporations Act, we **attach** a copy of the bidder's statement of Sentinel dated 6 September 2016 relating to its Takeover Bid (**Bidder's Statement**).

A copy of the Bidder's Statement has been lodged with the Australian Securities and Investments Commission (**ASIC**) and served on UPG.

In accordance with Section 633(4) of the Corporations Act we give notice that the Company has specified 7.00pm (AEST) on 8 September 2016 as the date for the purposes of determining the persons to whom information must be sent under Items 6 and 12 of the table in Section 633(1) of the Corporations Act in relation to the Company's off-market takeover bid (**Register Date**).

Yours faithfully

HopgoodGanim Lawyers

Contact: Katherine Hammond
Senior Associate
T 07 3024 0343
F 07 3024 0043
E k.hammond@hopgoodganim.com.au

Partner responsible: Michael Hansel

BRISBANE

T +61 7 3024 0000
F +61 7 3024 0300

PERTH

T +61 8 9211 8111
F +61 8 9221 9100

www.hopgoodganim.com.au

BIDDER'S STATEMENT

ACCEPT THE RECOMMENDED OFFER

**Sentinel Investments is offering to acquire all of your
stapled securities in Unity Pacific for 41.5 cents
and 1 San Remo Share
for each Unity Pacific Security you hold.**

**The Offer will close at 7.00pm (Sydney time) on
10 October 2016, unless extended.**

If you have any questions about the Offer or this document or about how to accept the Offer, please call 1800 095 654 (within Australia) and +61 1800 095 654 (from outside Australia).

This document contains important information and requires your immediate attention. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional adviser immediately.



HopgoodGanim

LAWYERS

Legal Adviser



Wellington

Corporate Adviser

Table of contents

1.	Summary of the Offer	1
2.	Why you should accept the Offer	2
3.	The Bidder	5
4.	Bidder's holding in Unity Pacific	6
5.	San Remo Disposal and San Remo Shares	8
6.	The intentions of Sentinel Investments	11
7.	Terms of the Offer	14
8.	Conditions of the Offer	14
9.	Offer period	18
10.	How to accept this Offer	18
11.	Entitlement to Offer	20
12.	Effect of acceptance	20
13.	Provision of Offer Consideration	23
14.	Withdrawal	25
15.	Extension of Offer Period	26
16.	Variation	26
17.	Tax considerations	26
18.	Additional information	28
19.	Costs and expenses	34
20.	Governing law	34
21.	Definitions and interpretation	34

6 September 2016

Dear Unity Pacific Securityholder,

I have pleasure in enclosing an offer by Sentinel Investments to acquire all of your Unity Pacific Securities. Sentinel Investments and its Associate currently have a Relevant Interest in 16.08% of Unity Pacific Securities.

Sentinel Investments Offer is for:

- a cash price of 41.5 cents; and
- one redeemable preference share (San Remo Share) issued by the Bidder, (Offer Consideration) for each Unity Pacific Security.

If the Projected San Remo Sale occurs, the total value of the Offer Consideration is 47 cents for each Unity Pacific Security. Offer Consideration of 47 cents will represent a:

- 11.9% premium to Unity Pacific's net tangible assets per stapled security of 42 cents as at 30 June 2016;
- 6.8% premium to the closing price of 44 cents per stapled security on 18 July 2016;
- 19.3% premium to the 1 month volume weighted average price (VWAP) to 18 July 2016; and
- 21.1% premium to the 3 month VWAP to 18 July 2016.

The San Remo Shares will entitle accepting Securityholders to share in the proceeds (exceeding \$6 million net of San Remo Disposal Expenditure and Agents' Commissions) derived from the proposed San Remo Property sale. If the San Remo Property sale achieves a sale price of \$8.5 million, reflecting the announced current independent valuation of the San Remo Property, within 9 months from the close of the Offer (**Projected San Remo Sale**) each holder of San Remo Shares will be entitled to a further cash payment (by the payment of a redemption amount) of an additional 5.5 cents on redemption of each San Remo Share.

As at the date of this Bidder's Statement, **each of the Unity Pacific Directors unanimously recommend** the Offer in the absence of a Superior Proposal and each Unity Pacific Director that is a Securityholder in Unity Pacific intends to accept the Offer in the absence of a Superior Proposal.

The Unity Pacific Directors at the date of this Bidder's Statement have a Relevant Interest in 27.46% of the Unity Pacific Securities.

The Offer is subject to a number of conditions which are set out in this document, including Sentinel Investments and its Associates having a Relevant Interest in at least 50.1% of Unity Pacific Securities.

The Offer is scheduled to close at 7.00pm (Sydney time) on 10 October 2016. To accept the Offer please follow the instructions set out in this document.

If you have any questions about the Offer, please don't hesitate to contact your broker or financial adviser, or call the Securityholder information line on 1800 095 654 (within Australia) and +61 1800 095 654 (from outside Australia).

Yours sincerely,



Stacey Ebert
On behalf of Sentinel Security Investments Limited

Important Dates

Announcement Date:	28 July 2016
Lodgement Date:	6 September 2016
Bidder's Statement Date:	6 September 2016
Date of Offer:	9 September 2016
Offer period ends (unless extended):	7.00pm (Sydney time) on 10 October 2016

Important Notices

Bidder's Statement relating to the offer from SENTINEL SECURITY INVESTMENTS LIMITED to acquire all the Unity Pacific Securities.

This document is the Bidder's Statement given by Sentinel Investments to Unity Pacific under Part 6.5 of Chapter 6 of the *Corporations Act* and in compliance with the requirements of Sections 636 and 637 of the *Corporations Act*, in relation to the Offer contained in Section 7 of this Bidder's Statement.

Australian Securities and Investments Commission

A copy of this Bidder's Statement was lodged with the Australian Securities and Investments Commission (ASIC) on 6 September 2016. Neither ASIC nor any of its officers takes any responsibility for the content of this Bidder's Statement.

Date of the Offer

This Bidder's Statement is dated 6 September 2016. It includes an Offer dated 9 September 2016 (the Offer Date) in Section 7 of this document.

Privacy

Sentinel Investments has obtained your information from the register of Unity Pacific Securityholders for the purpose of making the Offer and, if accepted, administering your holding of San Remo Shares. The Corporations Act requires the names and addresses of holders of San Remo Shares to be held in a public register. Your information may be disclosed to Sentinel Investment's related bodies corporate and external service providers. It may also be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Sentinel Investments, please contact Sentinel Investments.

Forward Looking Statements

This Bidder's Statement includes certain forward looking statements. If such statements relate to future matters, they are subject to inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to Sentinel investments' activities as well as matters such as general economic conditions, many of which are outside the control of Sentinel Investments and its directors. These factors may cause the actual results, performance or achievements of Sentinel Investments, the return derived from the San Remo Shares (if any) to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward looking statements.

Investment Advice

In preparing this Bidder's Statement, Sentinel Investments has not taken into account the individual objectives, financial situation or needs of individual Unity Pacific Securityholders. Accordingly, before making a decision whether or not to accept the Offer you should consult with your financial or other adviser.

Notice to Unity Pacific Securityholders resident outside Australia

This Bidder's Statement and the Offer do not constitute an offer of securities in any jurisdiction in which it would be unlawful.

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Hong Kong

WARNING - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document also does not constitute a prospectus (as defined in section 2(1) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document which is or contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this document in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to the Offer that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this document may be issued to a limited number of persons in Hong Kong in a manner which does not constitute any issue, circulation or distribution of this document, or any offer or an invitation in respect of these securities, to the public in Hong Kong. The document is for the exclusive use of Unity Pacific Securityholders in connection with the Offer, and no steps have been taken to register or seek authorisation for the issue of this document in Hong Kong. Only the person to whom a copy of this document has been issued may take action in response to this document. The Offer is personal to the person to whom this document has been delivered, and an acquisition or subscription for securities under the Offer will only be accepted from such person.

This document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Offer by the person to whom this document is addressed.

New Zealand

The Offer to New Zealand investors are a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

The Offer and the content of this Bidder's Statement are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Singapore

This document has not been lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore (**MAS**) and therefore, the statutory liability under the Securities and Futures Act (Cap. 289) (**SFA**) in relation to the content of prospectuses will not apply. The MAS assumes no responsibility for the contents of this document. The MAS has not in any way considered the merits of Sentinel Investments Securities being offered pursuant to the Offer as described in this document.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of San Remo Shares may not be circulated or distributed, nor may San Remo Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemption set out in section 273(1)(b) of the SFA or otherwise in accordance with any other relevant exemption under the SFA.

Any offer of San Remo Shares is not made to you with a view to San Remo Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

Defined Terms

Terms used in this Bidder's Statement and Offer are defined in Section 21 below.

1. Summary of the Offer

This summary of the Offer provides a general overview only and should be read together with the detailed information set out in the remainder of this Bidder's Statement.

The Offer	<p>Sentinel Investments is offering to acquire ALL of your Unity Pacific Securities (Offer).</p> <p>You may only accept the Offer in respect of 100% of the Unity Pacific Securities that you hold.</p>
Offer Consideration	<p>The Bidder is offering:</p> <ul style="list-style-type: none"> • a cash price of 41.5 cents; and • one redeemable preference share (San Remo Share) issued by the Bidder, (Offer Consideration) for each Unity Pacific Security sold to the Bidder. <p>No transfer duty or brokers' commissions are payable by who accept the Offer.</p>
Key Dates	<p>Announcement Date of Offer 28 July 2016</p> <p>Bidder's Statement lodged with ASIC 6 September 2016</p> <p>Date of Offer 9 September 2016</p> <p>Earliest date for Close of Offer (unless extended or withdrawn) 10 October 2016</p>
Payment Terms	<p>You will be paid for your Unity Pacific Securities, following acceptance of the Offer by you, by the end of whichever of the following periods ends earlier:</p> <ul style="list-style-type: none"> • twenty-one (21) days after the later of your acceptance and the date the Offer becomes unconditional; or • twenty-one (21) days after the end of the Offer Period.
Conditions of the Offer	<p>The Offer is subject to a number of conditions which are set out in full in Section 8 of this Bidder's Statement.</p>
San Remo Share Terms	<p>The terms of the San Remo Shares are set out in full in Schedule 1 of this Bidder's Statement.</p>
Target recommendation	<p>As at the date of this Bidder's Statement, each of the Unity Pacific Directors unanimously recommend the Offer in the absence of a Superior Proposal and each Director that is a Securityholder in Unity Pacific intends to accept the Offer in the absence of a Superior Proposal.</p>
How to Accept the Offer	<p>You may only accept the Offer in respect of all (and not part) of your Unity Pacific Securities. To accept the Offer:</p> <ul style="list-style-type: none"> • for CHES Holdings of Unity Pacific Securities, instruct your stockbroker or CHES Controlling Participant to initiate acceptance of the Offer on your behalf; • for Issuer Sponsored Holdings of Unity Pacific Securities, complete, sign and return the enclosed Acceptance Form in accordance with the Instructions. A reply paid envelope has been enclosed for Unity Pacific Securityholders with Australian addresses to return their completed Acceptance Form. Overseas Unity Pacific Securityholders should return their Acceptance Form by airmail if accepting by post; • if you are a Broker or Non-Broker Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Close of Offer	The Offer is scheduled to close at 7.00pm Sydney time on 10 October 2016, unless extended in accordance with the <i>Corporations Act</i> .
Enquiries about the Offer	<p>If you have any questions about the Offer or how to accept the Offer, please call 1800 095 654 (within Australia) and +61 1800 095 654 (from outside Australia) or consult your legal or other financial or professional adviser.</p> <p>For questions regarding your holding of Securities in Unity Pacific, please call the Security registry, Link Market Services Limited on 1800 095 654 (within Australia) and +61 1800 095 654 (from outside Australia).</p>

2. Why you should accept the Offer

2.1 Premium return on your Unity Pacific Securities

This is an Offer by Sentinel Investments to acquire all of the Unity Pacific Securities which you hold for:

- a cash price of 41.5 cents; and
- one San Remo Share issued by the Bidder,

(**Offer Consideration**) for each Unity Pacific Security sold to the Bidder.

The San Remo Share is a contingent value redeemable preference share.

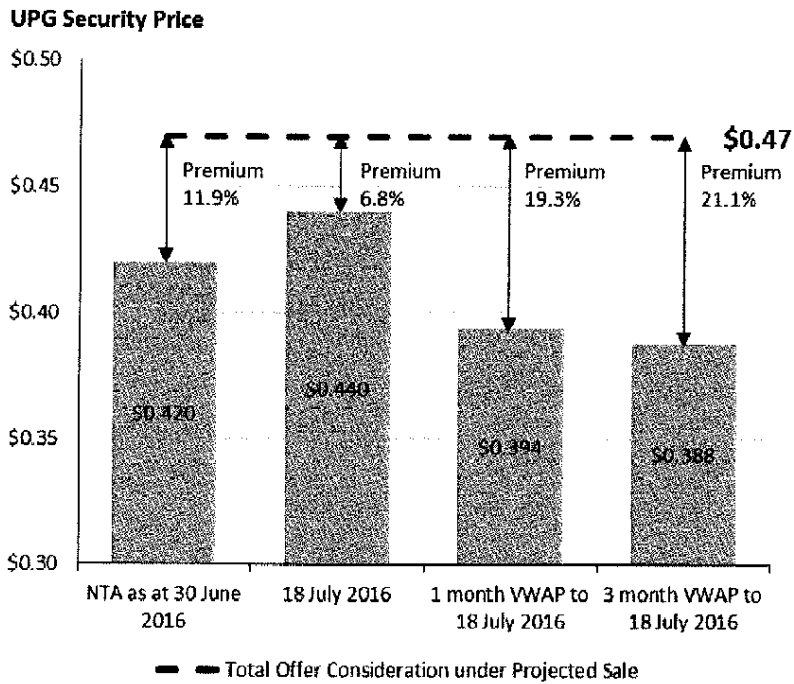
(a) If the total Offer Consideration is 47 cents

If the Projected San Remo Sale occurs, the total Offer Consideration of 47 cents per UPG Security will represent a:

- **11.9% premium to Unity Pacific's net tangible assets per stapled security of 42 cents as at 30 June 2016;**
- **6.8% premium to the closing price of 44 cents per stapled security on 18 July 2016;**
- **19.3% premium to the 1 month volume weighted average price (VWAP) to 18 July 2016; and**
- **21.1% premium to the 3 month VWAP to 18 July 2016.**

The Offer Consideration represents an attractive premium to trading prices of Unity Pacific Securities.

The chart below illustrates the premia represented by the total Offer Consideration of 47 cents per Unity Pacific Security relative to the NTA as at 30 June 2016 and trading prices of Unity Pacific Securities on the ASX up to and including 18 July 2016.

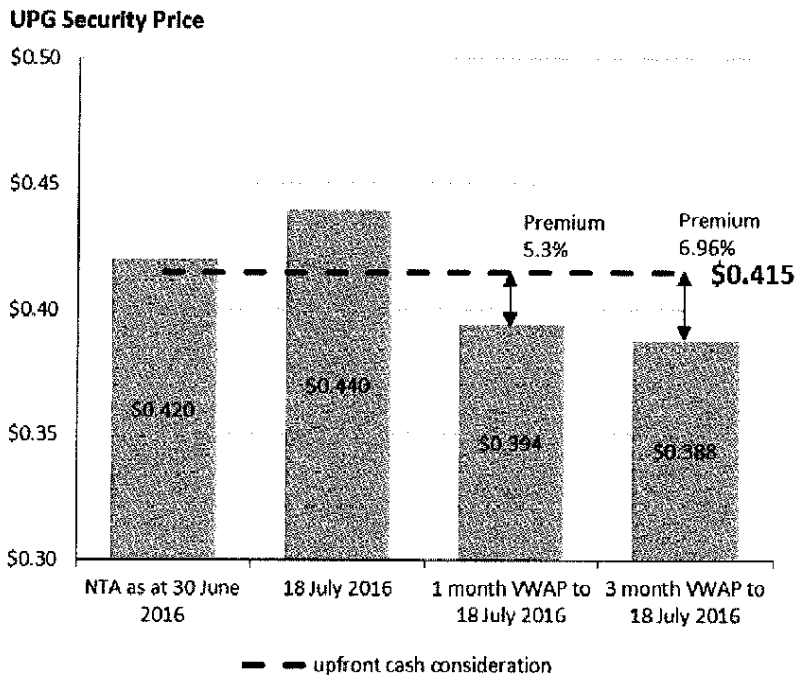


(b) If the total Offer Consideration is 41.5 cents

In the event that the Redemption Amount of the San Remo Shares is nil and the total Offer Consideration is the upfront cash consideration of 41.5 cents, which is the minimum Offer Consideration Unity Pacific Securityholders will receive in all cases, this would still represent a:

- 5.3% premium to 39.4 cents, the VWAP of Unity Pacific Securities for the one (1) month prior to and including 18 July 2016; and
- 6.96% premium to 38.8 cents, the VWAP of Unity Pacific Securities for the three (3) months prior to and including 18 July 2016.

This is illustrated in the chart below.



The full terms of the San Remo Shares are set out in Schedule 1 of this Bidder's Statement. The summary of the risks associated with the San Remo Shares are set out in Section 5.4 of this Bidder's Statement.

2.2 No Competing or Superior Proposal has emerged

From the Announcement Date up to the date of this Bidder's Statement, the Offer is the only offer that has been announced for the Unity Pacific Securities.

2.3 Unity Pacific Board unanimously recommend the Offer

The Unity Pacific Board unanimously recommends the Offer.

The Unity Pacific Directors unanimously recommend that, in the absence of a Superior Proposal, you accept the Offer.

The Managing Director of Unity Pacific, Chris Morton in the Unity Pacific announcement dated 28 July 2016 provided that:

“the Offer provides an immediate cash return for the remaining corporate assets as well as the potential for price upside being achieved by the expected sale of the San Remo Land.”

Each Director that is a securityholder intends to accept the Offer in the absence of a Superior Proposal.

2.4 The Unity Pacific Security price may fall if the Offer does not proceed

Although there are many factors that may influence the price of Unity Pacific Securities on the ASX, due to the absence of any other offer for 100% of Unity Pacific at the date of this Bidder's Statement, if the Offer does not succeed, there is a risk that the price of Unity Pacific Securities may fall.

2.5 Trading liquidity for Unity Pacific Securities may reduce

There will be a substantially reduced number of Unity Pacific Securities available for trading on ASX if the Offer is successful which may reduce the liquidity of Unity Pacific Securities. This reduced liquidity may make it more difficult for you to sell your Unity Pacific Securities on ASX if you do not accept the Offer.

2.6 No brokerage

You will not incur brokerage if you accept the Offer. You may be required to pay brokerage if Unity Pacific Securities are sold on the market.

3. The Bidder

3.1 Corporate background

The Bidder is Sentinel Security Investments Limited ACN 614 308 735, which is a special purpose entity established for the purpose of the Offer. Ebert Investments, which owns 16.08% of Unity Pacific Securities, is an Associate of the Bidder.

(a) History

Sentinel Investments was incorporated on 16 August 2016. It is a special purpose vehicle, incorporated specifically for the purposes of undertaking the Takeover Bid.

Ms Stacey Ebert, a director of Sentinel Investments, holds all of the issued shares in Gladius Holdings Pty Ltd which, in turn holds, as trustee, all of the issued shares in the Bidder.

The Bidder will issue the San Remo Shares.

Sentinel Investments is NOT a related body corporate of the Sentinel Property Group.

Ebert Investments currently owns approximately 16.08% of Unity Pacific's Securities on issue and is an Associate of Sentinel Investments.

(b) Principal activities

Sentinel Investments sole activity is to undertake the Bid which includes the issue and any subsequent redemption of the San Remo Shares.

It holds no other assets and undertakes no other activities.

3.2 The Directors

The following are directors of Sentinel Investments as at the date of this Bidder's Statement.

- Stacey Ebert;
- Warren Ebert; and
- Michael Sherlock.

Their profiles are as follows:

Stacey Ebert

A senior commercial property lawyer, Stacey joined Sentinel Property Group in 2012. Her legal background includes eight years with specialist commercial property law firm Connor O'Meara.

Throughout her career, Stacey has advised developers, international investors, shopping centre owners, property trusts, listed companies, Local Government bodies and high net worth individuals on major transactions, leasing, and complex titling structure.

Stacey is a solicitor of the Supreme Court of Queensland and holds a Bachelor of Laws from Bond University (Hons) and a Graduate Diploma in Legal Practice from the College of Law.

Warren Ebert

Warren is a highly experienced and respected property industry professional who established Sentinel Property Group in 2009.

As Managing Director of Sentinel Property Group he has driven the rapid growth of Sentinel as it has acquired an impressive portfolio of counter-cyclical commercial property acquisitions and consistently posted industry-leading returns for investors.

He established Sentinel Property Group after more than 20 years high-level experience in the property industry, during which time he was responsible for a wide range of landmark commercial property developments and transactions.

Warren holds a Diploma in Business, Real Estate & Valuation from University of Queensland, was a committee member for 10 years with the Property Council of Australia's Planning & Development Committee and is a former board member of the Australian Property Institute.

Michael Sherlock

Michael is a high-profile business leader who is renowned for his marketing expertise and successfully driving the rapid growth of a diverse range of businesses. He famously transformed an ailing set of bakery shops in the late 1990s to position Brumby's as the second largest bakery franchise system in Australasia with over 320 bakeries. Under Michael's leadership, Brumby's share price rose from 56c to \$3.40 in just over three years before the business was sold to Retail Food Group for \$46 million in 2007.

Since stepping down as CEO of Brumby's in 2007, Michael has provided advisory and consultancy services to numerous boards and companies across many business sectors and has been a keynote speaker at conferences in Australia and internationally. Michael is the co-author of the business change book "Jumpshift! Shift Your Business Into Hyper-Drive" and is a regular contributor to various newspapers and magazines on business strategy and trends. In 2013, he was appointed as an Adjunct Professor at Griffith University Business School - Asia Pacific Centre for Franchising.

3.3 Rights of San Remo Shares

The rights attaching to San Remo Shares are governed by the San Remo Share Terms (which are set out in Schedule 1 of this Bidder's Statement) and the constitution of Sentinel Investments, a copy of which may be inspected at Bidder's office being on Level 4, 307 Queen Street, Brisbane Queensland.

3.4 Financial position and performance of the Bidder

The Bidder is a special purpose vehicle incorporated to undertake the Bid including issuing the San Remo Shares to Unity Pacific Securityholders that accept the Offer under the Bid. As a consequence the Bidder has no assets or liabilities and will not undertake any other activities other than the payment of the Offer Consideration, the issue of the San Remo Shares and payment of the Redemption Amount to holders of San Remo Shares if, on the San Remo Disposal a Redemption Amount is payable.

To better secure the performance of the Bidder in discharging its obligations under the Bid and in paying out the Redemption Amount, Ebert Investments and Warren Ebert have guaranteed the performance of the obligations of the Bidder arising under the Bid and in the redemption of the San Remo Shares (**Guarantee**). A summary of the Guarantee is in Section 18.2. The full terms and conditions of the Guarantee are contained in Schedule 2 of this Bidder's Statement.

A summary of the source of funds required to discharge the Bidder's obligations under the Bid and the redemption of the San Remo Shares is in Section 13.3.

4. Bidder's holding in Unity Pacific

4.1 Unity Pacific securities on issue

Based on documents lodged by Unity Pacific with ASX, the total number of securities in each class in Unity Pacific at the date of this Bidder's Statement is as follows:

Class	Number
Unity Pacific Securities	35,803,992
Options to acquire Unity Pacific Securities	1,875,000

4.2 Interests of Sentinel Investments

(a) Relevant interests in Sentinel Investments Securities

As at the date of this Bidder's Statement and the date immediately before the first Offer was sent, Sentinel Investments and its Associate, Ebert Investments, hold a Relevant Interest in 5,757,494 Unity Pacific Securities.

(b) Voting power in Unity Pacific

As at the date of this Bidder's Statement, the voting power of Sentinel Investments in Unity Pacific was 16.08%.

As at the date immediately before the first Offer was sent, the voting power of Sentinel Investments in Unity Pacific was 16.08%.

4.3 Recent acquisitions by Sentinel Investments and its Associates

The most recent acquisitions of Unity Pacific Securities conducted by Sentinel Investments and its Associates (over the period commencing 4 months before the Offer Date and ending on the Offer Date) including the consideration paid, are set out in the following table:

Date	Number of Unity Pacific Securities	Amount per Unity Pacific Security (cents)
08.07.2016	2,984,393	41 cents
12.07.2016	946,491	40 cents
13.07.2016	31,703	40 cents

4.4 Offer extends to new Unity Pacific Securities

In accordance with section 617(2) of the Corporations Act, the Offer extends to any other securities that come to be in the Bid Class during the Offer Period due to the conversion of or exercise of rights attached to other securities that exist or will exist at the Register Date that:

- will convert, or maybe converted, to securities in the Bid Class; or
- confer rights to be issued securities in the Bid Class.

4.5 No collateral benefits

Neither Sentinel Investments, Ebert Investments or any of their respective Associates has in the four months before the date of this Bidder's Statement, or in the period between the date of this Bidder's Statement and the date of the Offer, given, offered to give or agreed to give a benefit which is not offered to all Unity Pacific Securityholders under the Offer to another person which was likely to induce the other person (or an Associate) to accept the Offer or dispose of Unity Pacific Securities.

4.6 **No escalation agreements**

Neither Sentinel Investments, Ebert Investments nor any of their respective Associates has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

5. **San Remo Disposal and San Remo Shares**

5.1 **Introduction**

Sentinel Investments views the San Remo Shares as an important component of the Offer Consideration.

In summary, each San Remo Share entitles an accepting Unity Pacific Securityholder to receive an additional cash payment by way of redemption (**Redemption Amount**) in the event the San Remo Property is sold within nine months from the end of the Offer Period (**Prescribed Period**) and the net proceeds from the sale of the San Remo Property (after deducting the San Remo Disposal Expenditure and Agent's Commission) exceed \$6 million (**Minimum Price**).

In this scenario, each San Remo Share will be redeemed by the payment of a Redemption Amount. The Redemption Amount for each San Remo Share will be equal to the amount by which the net proceeds from the sale of the San Remo Property exceed the Minimum Price, converted to an amount per United Pacific Security.

Sentinel Investments has agreed with Unity Pacific in the Bid Implementation Deed on measures to ensure that every effort will be taken to effect the San Remo Disposal at the best possible price within the Prescribed Period. A summary of those measures is contained in Section 5.2. Sentinel Investments has also included a Condition of the Offer that Unity Pacific does not do anything or omit to do anything which would delay, compromise or materially prevent the San Remo Disposal.

Sentinel Investments has undertaken that it will not sell or otherwise dispose of any of the Unity Pacific Securities it acquires under the Bid until the Redemption or lapsing of the San Remo Shares.

The San Remo Share Terms are set out in full in Schedule 1 of this Bidder's Statement. The risk factors associated with the San Remo Shares are set out in Section 5.4.

5.2 **San Remo Disposal Measures**

To ensure every effort is taken to effect the San Remo Disposal as the best possible price within the Prescribed Period, Sentinel Investments and Unity Pacific have agreed that each will:

- take all steps within its power to ensure that the directors of San Remo Project (the registered holder of the San Remo Property), will include two nominees of Unity Pacific, namely, Christopher Morton and Murray Boyte until the earlier of the Redemption of the San Remo Shares or the end of the Prescribed Period;
- procure that the San Remo Project board is irrevocably mandated and authorised to undertake a process with the objective of effecting the San Remo Disposal at the best possible price during the Prescribed Period provided that price will be not less than the Minimum Price;
- not take any action inconsistent with, nor seek to withdraw, that authorisation and mandate (provided San Remo Project and the San Remo Project directors are not in material breach of this authorisation or mandate);

- procure that the San Remo Project directors are irrevocably mandated and authorised to carry out all things considered necessary by them to maintain and enhance the value of the San Remo Property and to maximise its sale price within the Prescribed Period, including but not limited to:
 - o making and progressing any planning application;
 - o arranging marketing of the San Remo Property;
 - o appointing agents or brokers and other parties to assist with the sale of the San Remo Property;
 - o engaging lawyers in respect of the marketing or sale of the San Remo Property;
- the incurring of the San Remo Disposal Expenditure of up to \$250,000 (exclusive of commissions which are payable to an agent or agents which are payable in the event of a sale (**Agents' Commissions**)); and
- executing and authorising entry into a sale of the San Remo Property in accordance with the mandate;
- ensuring that San Remo Project is put in funds in an amount sufficient to pay when due all expenditure within the \$250,000 limit and all Agents' Commissions.

5.3 How shareholders share in the San Remo Disposal Proceeds

- Based on the independent valuation of the San Remo Property as at 30 June 2016 of \$8.5 million announced by UPG on 28 July 2016. If the San Remo Property is sold in the 9 month Prescribed Period for \$8.5 million, after allowing for estimated transaction costs of \$430,000 (the **Projected San Remo Sale**), the Redemption Amount payable on redemption of each San Remo Share will be approximately 5.5 cents.
- However, the final Redemption Payment will depend on the ultimate net proceeds derived from the sale of the San Remo Property. If the San Remo Property is sold in the Prescribed Period and the net proceeds of that sale are:
 - o higher than the Projected San Remo Sale – the Redemption Amount will be higher than 5.5 cents per San Remo Share;
 - o lower than the Projected San Remo Sale (but exceed the \$6 million Minimum Price) - the Redemption Amount will be lower than 5.5 cents per San Remo Share;
 - o equal to or less than the \$6 million Minimum Price – no Redemption Amount will be paid.
- To illustrate the variability in potential Redemption Amounts, set out in the table below are four case scenarios which set out the projected calculations for the Redemption Amount for each San Remo Share assuming total San Remo Disposal Expenditure and Agent's Commission (**Transaction Costs**) of \$430,000 and San Remo sale proceeds net of Transaction Costs of:
 - o \$6 million;
 - o \$7 million;
 - o \$8.070 million; and
 - o \$9 million.

Net ¹ San Remo sale proceeds	\$6,000,000	\$7,000,000	\$8,070,000 ²	\$9,000,000
(Less Minimum Price) ³	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Proceeds to calculate Redemption Amount ⁴	\$0	\$1,000,000	\$2,070,000	\$3,000,000
Total Unity Pacific Securities on Issue ⁵	37,678,992	37,678,992	37,678,992	37,678,992
Redemption Amount for each San Remo Share ⁶	n/a	2.7 cents	5.5 cents	8 cents

Notes:

1. Net of Transaction Costs estimated as \$430,000.
2. Represents the Net San Remo Proceeds based on the Projected San Remo Sale at the independent valuation of the San Remo Property of \$8.5 million.
3. Under the San Remo Share Terms, proceeds exceeding the \$6,000,000 Minimum Price are used to calculate the Redemption Amount. If the net proceeds are less than the Minimum Price, no Redemption Amount will be paid.
4. Proceeds calculated by deducting the Minimum Price from the San Remo Sale Proceeds (net of Transaction Costs).
5. Assuming Options to subscribe for Unity Pacific Securities have been exercised and that no further Unity Pacific Securities are issued.
6. Redemption Amount calculated by dividing the proceeds (to calculate the Redemption Amount) by the total Unity Pacific Securities on Issue.

5.4 Risk Factors that arise from the San Remo Shares

- Illiquidity of San Remo Shares

The San Remo Shares will not be listed on any recognised securities exchange and, under the San Remo Terms, are non-transferable. Accordingly, holders of the San Remo Shares will realise the value on those San Remo Shares solely through the payment of any Redemption Amount.

- San Remo Disposal risk

Sentinel Investments and Unity Pacific have agreed on the measures contained in Section 5.2 to ensure every effort is taken to effect the San Remo Disposal at the best possible price within the Prescribed Period. However, no guarantee can be given by Sentinel Investments that the San Remo Property will be sold within the Prescribed Period for a price that would generate a return to the holders of the San Remo Shares by the payment of a Redemption Amount.

If the San Remo Property is sold for less than the \$6 million Minimum Price, or the San Remo Property is not sold at all during the Prescribed Period, then no Redemption Amount will be paid to holders of San Remo Shares.

- Increase in San Remo Disposal Expenditure

Under the San Remo Disposal measures summarised in Section 5.2, San Remo Project is entitled to incur up to \$250,000 (exclusive of Agents' Commissions) in San Remo Disposal Expenditure from 28 July 2016 to the end of the Prescribed Period. Any expenditure over that amount, would require the agreement of Sentinel Investments. Any increase in San Remo Disposal Expenditure (over the prescribed \$250,000), or in the Agents Commission payable will result in a corresponding reduction of net proceeds (constituting the total Redemption Amount) available to the holders of the San Remo Shares.

- Taxation risks

The tax consequences and risks of the Offer Consideration including the San Remo Shares, depend upon the specific circumstances of each Unity Pacific Securityholder. Unity Pacific Securityholders should obtain their own professional taxation advice regarding the applicable law in respect of the Offer. A summary of the taxation implications are set out in section 17.

6. The intentions of Sentinel Investments

6.1 Intentions on conclusion of the Offer

This Section sets out the Bidder's intentions in relation to the following:

- the continuation of the business of Unity Pacific;
- any major changes to the business of Unity Pacific and any redeployment of the fixed assets of Unity Pacific; and
- the future employment of the present employees of Unity Pacific.

These intentions are based on the information concerning Unity Pacific, its business and the general business environment, which is known to the Bidder at the time of the preparation of this Bidder's Statement.

Final decisions will only be reached by the Bidder in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 6 are statements of current intention only, which may change as new information becomes available or circumstances change.

This section outlines these impacts on the basis that Sentinel Investments is successful in it and its Associates acquiring 90% of Unity Pacific (and so can proceed to compulsorily acquire all Unity Pacific Securities) and also for the situation where Sentinel Investments and its Associates were to acquire less than 90% but more than 50.1% of Unity Pacific (reflecting the minimum acceptance Condition, of the Bid) during the course of the Offer.

6.2 Intentions upon acquiring control but less than 90%

The Offer is subject to a number of conditions and this section outlines Sentinel Investments current intentions in the event that it was to acquire control of Unity Pacific, but less than 90% of Unity Pacific Securities. If Sentinel Investments obtains effective control of Unity Pacific but is not able to proceed to compulsory acquisition, it will have some capacity to influence the action, operations and management of Unity Pacific, subject to its obligations at law.

In this circumstance and in the absence of any Conditions, Sentinel Investments would, to the extent to which it is able to:

- exercise its rights under the Bid Implementation Deed to appoint up to 4 nominees to the Board of Unity Pacific;
- if Sentinel Investments becomes entitled at some later time to exercising general compulsory acquisition rights under the Corporations Act, exercise those rights;
- seek to implement such of the intentions as are detailed below in Section 6.3 as are consistent with Unity Pacific being a controlled entity of Sentinel Investments but not a wholly-owned subsidiary; and
- seek to remove UPG from the official list of ASX.

6.3 Intentions upon acquisition of 90% or more of Unity Pacific Securities

This Section sets out Sentinel Investments' intentions if it acquires 90% or more of the Unity Pacific Securities and it is entitled to proceed to compulsory acquisition of the outstanding Unity Pacific Securities.

In that circumstance, the Bidder's current intentions would be as set out below.

- Corporate matters

The Bidder intends to:

- o proceed with compulsory acquisition of the outstanding Unity Pacific Securities in accordance with the provisions of Chapter 6A of the *Corporations Act*;
- o arrange for Unity Pacific to be removed from the Official List of ASX;
- o exercise its rights under the Bid Implementation Deed to appoint up to 4 nominees to the Board of Unity Pacific.

- Administration functions

The Bidder intends to amalgamate the administrative functions of Sentinel Investments and Unity Pacific, such as finance and accounting, company secretarial, risk management, as well as those functions involved in setting overall planning and control of the combined operations of Sentinel Investments and Unity Pacific, with a view to eliminating duplication of tasks.

Sentinel Investments expects that in this way it will enable a substantially reduced corporate overhead for the combined entity.

- Employees

Sentinel Investments will seek, wherever practicable, to allocate alternative responsibilities to any employees currently employed with Unity Pacific and whose employment will no longer be required as a result of this centralisation of administration functions or generally. However, the Bidder considers that it may not be feasible to allocate alternative responsibilities to many of the Unity Pacific employees whose responsibilities would be duplicated following a successful acquisition or whose roles are not required, following the Bidder's review of the Unity Pacific businesses. In such circumstances, the Bidder expects that such employees would be made redundant (through voluntary redundancy schemes if possible) and would be paid their full entitlements.

6.4 Transitional matters

Sentinel Investments and Unity Pacific have agreed in the Bid Implementation Deed to the following transitional matters to assist with the change and control in Unity Pacific on Sentinel Investments acquiring more than 50.1% of Unity Pacific:

- Board composition

- o Sentinel Investments is entitled to nominate up to 4 nominees to the Unity Pacific Board;
- o Three existing Target Directors may elect to remain on the Target Board;
- o The Board of San Remo Project shall be constituted by no more than three directors and must include one Sentinel Investments nominee and two Target nominee's namely, Mr Christopher Morton and Mr Murray Boyte to facilitate the San Remo Disposal;

- o Until the earlier of:
 - (A) UPFML ceasing to be the responsible entity and manager of the Marie Street Trust; and
 - (B) the date the Marie Street Property is sold,the Bidder must procure and ensure that:
 - o the board of directors of UPFML is comprised of no more than 3 directors and will include the following persons:
 - (A) Mr Christopher Morton;
 - (B) Mr Murray Boyte; and
 - (C) one nominee of the Bidder;
 - o Mr Boyte and Mr Morton will not be entitled to receive any remuneration for their services as a director;
 - o the directors and officers of UPFML will have the benefit of directors and officers insurance and deeds of indemnity and access on terms no less favourable than that made available to directors and officers of other Australian Financial Services License holders in the Bidder Group as at the date of this agreement; and
 - o UPFML will continue to have a company name which includes the words "Unity Pacific" for a period of 6 months from the date on which the Offer becomes unconditional and Bidder acquires a Relevant Interest in at least 50% of Target Securities.

- San Remo Disposal

Sentinel Investments, in conjunction with Unity Pacific and Director nominees of San Remo Project namely Christopher Morton and Murray Boyte will implement the measures summarised in Section 5.2 to effect the San Remo Disposal at the best possible price within the Prescribed Period.

6.5 Limitations on intentions

The Bidder would only make a decision on the above matters following receipt of appropriate legal and financial advice. The Bidder's intentions must be read as being subject to the Unity Pacific Board, including any nominees of Sentinel Investments, to have regard to the interests of all Unity Pacific Securityholders and would therefore be subject to its obligations to comply with the applicable provisions of the *Corporations Act*, ASX Listing Rules (provided Unity Pacific remains listed) and the law generally.

6.6 Business, assets and employees

Other than as set out in this Section 6, it is the present intention of Sentinel Investments:

- to continue the businesses of Unity Pacific; and
- not to make any major changes to the businesses of Unity Pacific and not to redeploy any of the fixed assets of Unity Pacific.

7. Terms of the Offer

This Section contains the terms of the offer by Sentinel Investments to acquire all your Unity Pacific Securities. The Offer Date is 9 September 2016.

7.1 Offer

The Bidder offers to acquire ALL of your Unity Pacific Securities together with all Rights attaching to them for a consideration of:

- a cash price of 41.5 cents; and
- one San Remo Share,

(**Offer Consideration**) for each Unity Pacific Security sold to the Bidder (**Offer**).

7.2 Persons to whom the Offer is made

The Offer is to all the holders of all Unity Pacific Securities.

7.3 Offer extends to new Unity Pacific Securities

In accordance with section 617(2) of the Corporations Act, the Offer extends to any other Securities that come to be in the Bid Class during the Offer Period due to the conversion of or exercise of rights attached to other securities that exist or will exist at the Register Date that:

- will convert, or maybe converted, to securities in the Bid Class; or
- confer rights to be issued securities in the Bid Class.

7.4 Acceptance must be in respect of all Securities

You may only accept the Offer in respect of ALL your Unity Pacific Securities.

7.5 Offer to all holders of Securities

Offer on terms and conditions identical to those contained in this Offer have been dispatched or will be dispatched to all holders of Securities, registered as such in the register of members of Unity Pacific at 7.00pm (Sydney time) on the Register Date.

7.6 Improving the consideration

If Sentinel Investments improves the consideration offered, the *Corporations Act* contains provisions to ensure that any Unity Pacific Securityholder who has already accepted the Offer receives the benefit of the improved consideration.

8. Conditions of the Offer

8.1 Offer subject to conditions

Subject to Section 8.5, any contract arising from acceptance of this Offer is subject to fulfilment of the following Conditions:

- **Minimum acceptance condition**

At or before the end of the Offer Period, the Bidder and its Associates have a Relevant Interest in Unity Pacific Securities which have attached to them votes representing at least 50.1% of the total number of votes attaching to all Unity Pacific Securities on issue.

- **No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period, no Material Adverse Change occurs (not relating to or resulting from an action or actions required or permitted by the Bid Implementation Deed or the Offer or the transactions contemplated by any of them).

- **Change of Control consent**

Any person with a right under a Material Contract arising by virtue of the making or implementation of the Takeover Bid or any change in control of Unity Pacific consents to the Takeover Bid or change of control.

- **No regulatory action**

Before the end of the Offer Period:

- o there is not in effect any preliminary or final decision, order or decree issued by an Authority; and
- o no application is made to any Authority (other than by the Bidder), or action or investigation is announced, threatened or commenced by an Authority in consequence of or in connection with the Takeover Bid,

which, other than an application to, or a determination by, ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act, restrains, impedes or prohibits or otherwise materially adversely impacts upon, the making of the Takeover Bid, the acquisition of Unity Pacific Securities under the Takeover Bid or any transaction contemplated by the Takeover Bid.

- **Conduct of Unity Pacific's business**

Other than as specifically disclosed by Unity Pacific to ASX prior to the Announcement Date or otherwise approved by the Bidder by written notice to Unity Pacific, Unity Pacific does not between the Announcement Date and the end of the Offer Period:

- o enter into any agreement to acquire or dispose of an asset or a company, trust or other vehicle containing an asset having a value in aggregate in excess of A\$100,000 other than:
 - (A) a variation of the TSA Sale Deed with WCL (Qld) Margaret Street Pty Ltd to the effect of bringing about greater certainty of the TSA purchase payment;
 - (B) agreements entered in respect of the San Remo Disposal as contemplated by the Bid Implementation Deed; and
 - (C) a lease of the Marie Street Property within the Marie Street Trust;
- o enter into, or materially amend, any agreement which would require capital expenditure or a liability, or the foregoing of revenue, by Unity Pacific of an amount, or one or more related amounts which are in aggregate, more than A\$100,000;
- o a member of the Target Group provides financial accommodation (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of A\$200,000;
- o incur Operating Expenditure in excess of A\$900,000 during the period from 1 August 2016 to 30 November 2016;

- do anything or omit to do anything which would delay, compromise or materially prevent the San Remo Disposal;
- enter into, materially amend, terminate or waive rights under any Material Contract;
- a member of the Target Group:
 - (A) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
 - (B) accelerates the rights of any of its directors or employees to compensation or benefits of any kind; or
 - (C) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract which, at the date of the Bid Implementation Deed, is in place and has been disclosed to Bidder),
 - other than in the ordinary course of business or as a result of contracted arrangements that are consistent with past practice and in effect at the date of the Bid Implementation Deed;
- make any changes to its constitution;
- de-staple (or do anything that results in or has the effect of de-stapling) the Unity Pacific Securities;
- a member of the Target Group takes or omits to take action which results in a breach of law material to the Target Group as a whole;
- have any claims made or threatened against it, involving more than A\$1 million in aggregate;
- waive or compromise any material third party claim or right otherwise than in the ordinary course of business;
- create, or agree to create, any mortgage, charge, lien or other encumbrance over any of its assets, other than liens in the ordinary and usual course of business;
- enter into any corporate transaction which would or would be likely to involve a material change in the manner in which it conducts its business or the nature, extent or value of its assets or liabilities; or
- resolve, agree, offer, commit or announce an intention to do any of the things referred to above.

- **Restrictions on distributions**

Between the Announcement Date and the end of the Offer Period, Unity Pacific does not announce, make, declare or pay any distribution of profits or capital (whether in cash or in specie).

- **No prescribed occurrences**

Between the Announcement Date and the date that is three business days after the end of the Offer Period, no Prescribed Occurrence occurs.

- **Responsible entity changes**

Between the Announcement Date and the end of Offer Period, none of the following occurs:

- o UPIM is removed or replaced as responsible entity of the UPG Trust or an agreement is entered into to remove or replace UPIM as responsible entity of the UPG Trust; or
- o a change of Control occurs or is agreed to occur in respect of UPIM.

8.2 Conditions are separate

Each of the Conditions contained in Section 8.1 is a distinct and separate condition, and shall not merge on completion of any contract arising from acceptance of this Offer.

8.3 Effect of conditions

Each of the Conditions contained in Section 8.1 is a condition subsequent. The breach or non-fulfilment of such a Condition shall not prevent a contract to purchase your Unity Pacific Securities arising from your acceptance of this Offer. However, if Sentinel Investments has not:

- declared the Offer to be free from the conditions in Section 8.1 before the date applicable under Section 650F(1) of the *Corporations Act*; and
- the conditions Section 8.1 have not been fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such case, Sentinel Investments will return the Acceptance Form (if any) together with all documents forwarded by you to you at the address provided by Unity Pacific in accordance with Section 641(1) of the *Corporations Act* and notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

8.4 Benefit of conditions

Subject to the provisions of the *Corporations Act*, Sentinel Investments alone shall be entitled to the benefit of the Conditions contained in Section 8.1 and any breach or non-fulfilment of any of those Conditions may be relied upon only by Sentinel Investments.

8.5 Freeing Offer from conditions

Subject to Section 650F of the *Corporations Act*, Sentinel Investments may, at any time at its sole discretion, declare the Offer free from all or any of the conditions referred to in Section 8.1 by giving notice in writing to Unity Pacific. The notice may be given in relation to the conditions:

- described as "*No prescribed occurrences*" in section 8.1, not later than three (3) Business Days after the end of the Offer Period; and
- each other condition in Section 8.1 (other than the "*No prescribed occurrences*" condition), not later than seven (7) days before the end of the Offer Period.

8.6 Status notice

The date for giving the notice required by Section 630(3) of the *Corporations Act* on the status of the conditions to the Offer is 3 October 2016, subject to variation in accordance with Section 630(2) of the *Corporations Act* if the period during which the Offer remains open for acceptance is extended.

9. Offer period

Unless withdrawn or extended this Offer will remain open for acceptance by you during the period commencing on the Offer Date and ending at 7.00pm (Sydney time) on the 10 October 2016. The period during which this Offer remains open for acceptance in accordance with this Section is referred to in this document as the **Offer Period**.

10. How to accept this Offer

10.1 Acceptance must be in respect of all Securities

You may accept this Offer in respect of ALL (but not less than all) of your Unity Pacific Securities.

10.2 Time for acceptance

You may accept this Offer at any time during the Offer Period.

10.3 Manner of acceptance

The manner by which you accept this Offer will depend on whether your Unity Pacific Securities are in a CHESS Holding or in an Issuer Sponsor Holding. Your Unity Pacific Securities are in a CHESS Holding if they are sponsored by a Broker or other Controlling Participant or you yourself are a Broker or Non-Broker Participant. Your Unity Pacific Securities are in an Issuer Sponsored Holding if they are sponsored directly by Unity Pacific as issuer.

If you have any questions about how to accept this Offer or need a replacement Acceptance Form, please contact 1800 095 654 (within Australia) and +61 1800 095 654 (from outside Australia). Alternatively, you may consult your broker or other financial or professional adviser.

10.4 CHESS Holdings

If any of your Unity Pacific Securities are in a CHESS Holding, acceptance of this Offer in respect of those Unity Pacific Securities can only be made in accordance with the SCH Business Rules.

To accept this Offer in respect of those Unity Pacific Securities you must:

- if you are a Broker or Non-Broker Participant, initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- otherwise, instruct your Controlling Participant (normally your stockbroker) to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

10.5 Issuer Sponsored Holdings

If any of your Unity Pacific Securities are in an Issuer Sponsored Holding, then to accept this Offer in respect of those Unity Pacific Securities you must:

- complete and sign the Acceptance Form attached to this Offer in accordance with the Instructions (which must be observed in accepting the Offer in respect of any Unity Pacific Securities held in an Issuer Sponsored Holding); and
- ensure that the Acceptance Form and any documents required by the terms of the Offer and the Instructions on the Acceptance Form are received NOT LATER THAN 7.00PM (SYDNEY TIME) ON 10 OCTOBER 2016, at the following address:

- o Link Market Services Limited
Unity Pacific Group Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

or, if by hand delivery, delivered to the following address:

- o Link Market Services Limited
Unity Pacific Group Takeover
1A Homebush Bay Drive
RHODES NSW 2138

A reply-paid envelope is enclosed for Unity Pacific Securityholders with Australian addresses to return their completed Acceptance Form. Overseas Unity Pacific Securityholders should return their Acceptance Form by airmail.

The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting Securityholder.

Acceptance of the Offer in respect of your Unity Pacific Securities which are in an Issuer Sponsored Holding shall not be complete until the properly completed Acceptance Form (including any documents required by the terms of the Offer and the Instructions on the Acceptance Form) has been received at the address specified above. Sentinel Investments may, however, in its sole discretion waive at any time, prior to the end of the Offer Period, all or any of those requirements.

10.6 Authority to accept Offer

When accepting this Offer, you should also ensure that if the accepting Securityholder:

- is a corporation, the Acceptance Form is signed by two directors, a director and company secretary, or by the sole director in the case of an Australian company with a sole director who is also the sole company secretary;
- is deceased, the Acceptance Form is signed by the person or persons authorised to administer the estate of the deceased Securityholder;
- is one or two or more joint holders, all such holders sign the Acceptance Form; or
- is accepting through an attorney under power:
 - o the power of attorney has not been revoked;
 - o the donor of the power of attorney has not died;
 - o the power of attorney has been validly executed;
 - o the power of attorney duly empowers the attorney to sign such a form; and
 - o the attorney duly signs the Acceptance Form.

11. Entitlement to Offer

11.1 Offer made to holders of Securities

This Offer is made to you as the holder of the Securities which are registered in your name in the register of members of Unity Pacific at 7.00pm (Sydney time) on the Register Date. If at any time during the Offer Period another person is or is entitled to be registered as the holder of some or all of those Securities, then in accordance with Section 653B(1)(a) of the *Corporations Act*:

- an offer corresponding to this Offer shall be deemed to have been made to that person in respect of the Securities of which that person is, or is entitled to be, so registered as holder; and
- this Offer shall be deemed to have been made to you in respect of the remainder (if any) of the Securities that were registered in your name at 7.00pm (Sydney time) on the Offer Date.

The Securities in respect of which this Offer is made or deemed to be made to you, in accordance with this paragraph, are referred to in this document as "*your Securities*".

11.2 Securities held in separate parcels

If at any time during the Offer Period and before you accept this Offer, your Unity Pacific Securities to which this Offer relates consist of two or more separate parcels for the purposes of Section 653B of the *Corporations Act*, then in accordance with Section 653B of the *Corporations Act*, this Offer shall be deemed at that time to consist of separate corresponding offers made to you in relation to the respective separate parcels of Unity Pacific Securities and an acceptance by you of any of those separate corresponding offers is ineffective unless you have given to Sentinel Investments notice indicating that your Unity Pacific Securities consist of separate parcels and the acceptance indicates the number of Unity Pacific Securities in the separate parcels to which acceptance relates, provided that you may at the one time, accept two or more such separate corresponding Offers as if they were a single offer in relation to separate parcels of Securities.

If this applies to you, contact 1800 095 654 (within Australia) and +61 1800 095 654 (from outside Australia) for such additional copies of this Bidder's Statement and Acceptance Form as are necessary.

11.3 Securities registered to broker or other nominee

Beneficial owners whose Unity Pacific Securities are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in accepting this Offer.

12. Effect of acceptance

12.1 By signing and returning an Acceptance Form in accordance with the procedures set forth in Section 10 and the Instructions on the Acceptance Form, you will be deemed to have:

- (a) irrevocably accepted this Offer (and any variation of it) in accordance with its terms in respect of all of your Unity Pacific Securities;
- (b) subject to this Offer being declared free of the conditions set out in Section 8 or such conditions being fulfilled or waived, authorised the transfer of your Securities to Sentinel Investments for the consideration specified in this Offer;
- (c) represented and warranted to Sentinel Investments that on the date of registration of the transfer of your Securities to Sentinel Investments, your Securities shall be fully paid up and free from all mortgages, charges, liens and other encumbrances (whether

legal or equitable) of any kind and that you have full power and authority to sell your Securities to Sentinel Investments;

- (d) authorised Sentinel Investments (by its directors, officers, servants or agents) to complete on the Acceptance Form correct details of your Securities, fill in any blanks remaining on the Acceptance Form and rectify any error in or omission from the Acceptance Form as may be necessary to make the Acceptance Form an effective acceptance of this Offer and enable registration of the transfer of your Securities to Sentinel Investments;
- (e) authorised Sentinel Investments (by its directors, officers, servants or agents) to alter the number of Securities said to be held by you if it is otherwise than as set out in the enclosed Acceptance Form; and
- (f) represented and warranted to Sentinel Investments, and agreed with that your Securities will be purchased by Sentinel Investments with all Rights and that you will execute all such instruments as may be required for the purpose of vesting in it any such Rights;
- (g) irrevocably authorised and directed Unity Pacific to pay to Sentinel Investments or to account to Sentinel Investments for all Rights, subject however to any such Rights received by Sentinel Investments being accounted for by Sentinel Investments to you in the event that this Offer is withdrawn or the contract resulting from your acceptance of this Offer is rendered void pursuant to Section 8.3;
- (h) except where Rights have been paid or accounted for under paragraph 12.1(g), irrevocably appointed Sentinel Investments and its directors from time to time jointly and severally as your attorney in your name and on your behalf, with effect from the Offer Date, or any contract resulting from your acceptance of this Offer, becomes unconditional, to execute all such instruments as Sentinel Investments may require for the purpose of vesting in it any such Rights;
- (i) represented and warranted to Sentinel Investments that, unless you have notified in accordance with Section 11, your Unity Pacific Securities do not consist of separate parcels of Unity Pacific Securities;
- (j) upon this Offer or any contract resulting from your acceptance of this Offer becoming unconditional, have irrevocably appointed each of Sentinel Investments and each of the directors of Sentinel Investments from time to time jointly and each of them severally as your attorney to:
 - (1) attend and vote (and otherwise participate) in respect of your Unity Pacific Securities at any and all general meetings of Unity Pacific, to receive notices of all such meetings and to requisition or join with other holders of Unity Pacific Securities in requisitioning or to convene or to join with other holders of Unity Pacific Securities in convening a general meeting or general meetings of Unity Pacific;
 - (2) demand a poll for any vote to be taken at any meeting of Unity Pacific Securityholders;
 - (3) propose or second any resolutions to be considered at any and all meetings of Unity Pacific Securityholders;
 - (4) complete and execute all forms, notices, instruments (including instruments appointing Sentinel Investments or a director of Sentinel Investments as a proxy or representative in respect of any of those Unity Pacific Securities), transfers (including further transfers of any of those Unity Pacific Securities to any person) and resolutions relating to those Unity Pacific Securities and generally to exercise all powers and rights which you may have as the registered holder or beneficial owner thereof;

- (5) to request Unity Pacific to register the name of Sentinel Investments or its nominee any of your Unity Pacific Securities which you hold on any register of Unity Pacific;
- (6) generally to exercise all your powers and rights in relation to your Unity Pacific Securities; and
- (k) have agreed that in exercising the powers conferred by that power of attorney Sentinel Investments and any such director shall be entitled to act in the interests of Sentinel Investments as the beneficial owner and intended registered holder of your Unity Pacific Securities.

12.2 Effect if Rights not received by Bidder

If, for any reason, Sentinel Investments does not receive any Rights referred to in paragraph 12.1(f) Sentinel Investments will be entitled to reduce the amount of consideration payable in accordance with this Offer by the amount of value (as reasonably assessed by Sentinel Investments) of such Rights.

12.3 Invalid acceptance

If you comply with some but not all, of the requirements for acceptance, Sentinel Investments may in its absolute discretion treat the Acceptance Form as valid notwithstanding your failure to comply with all requirements.

12.4 Partially valid acceptance

Where the requirements for acceptance have been complied with in respect of some but not all of the Securities, Sentinel Investments may in its sole discretion deem your acceptance of this Offer complete in respect of those Securities for which the requirements have been complied with (in this subclause referred to as **(Relevant Securities)**) but not in respect of the remainder notwithstanding any other terms of this Offer. In that event, Sentinel Investments must provide the consideration in respect of the Relevant Securities but not any of the other Securities you may hold, notwithstanding any other terms of this Offer.

12.5 Indemnity, undertakings and authorisations

Sentinel Investments will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this Section 12.5. This appointment, being given for valuable consideration to secure the interest acquired in your Unity Pacific Securities, is irrevocable and terminates upon registration of a transfer to Sentinel Investments or its nominee of your Unity Pacific Securities and you will be deemed to have:

- agreed not to attend or vote in person at any general meeting of Unity Pacific or to purport to exercise any of the powers conferred on Sentinel Investments or its nominee in paragraph 12.1(j);
- agreed to indemnify Sentinel Investments in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of your Unity Pacific Securities being registered by Unity Pacific without production of Your Holder Identification Number for your Unity Pacific Securities;
- authorised Sentinel Investments to notify Unity Pacific on your behalf that your place of address for the purpose of serving notices upon you in respect of your Unity Pacific Securities in respect of which you have accepted this Offer is at the address of Sentinel Investments as specified by Sentinel Investments in the notification, and that all such notices are to be marked care of Sentinel Investments and to have directed Unity Pacific to serve all correspondence, payments or notifications in respect of any

Rights and other communications and documents whatsoever in respect of those Unity Pacific Securities to Sentinel Investments at that address;

- if at the time of acceptance of this Offer your Unity Pacific Securities are in a CHES Holding, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free of all its conditions, or those conditions are satisfied, authorised Sentinel Investments to transfer or procure the transfer of your Unity Pacific Securities to Sentinel Investments' Takeover Transferee Holding. Sentinel Investments shall be so authorised even though at the time of such a transfer it has not paid the consideration due to you under this Offer.

12.6 Duration of authorisations and undertakings

The undertakings and authorities referred to in this Section 12 will (unless otherwise stated herein) remain in force after you receive the consideration for your Unity Pacific Securities acquired by Sentinel Investments and after Sentinel Investments becomes registered holder of them.

13. Provision of Offer Consideration

13.1 Form of consideration

The consideration for the acquisition of your Unity Pacific Securities under the Offer is to be satisfied by the:

- payment of cash – 41.5 cents; and
 - the issue of one San Remo Share,
- for each Unity Pacific Security sold to the Bidder.

13.2 Maximum consideration payable

The maximum amount of cash which would be payable by Sentinel Investments under the Offer if acceptances are received for all Unity Pacific Securities on issue as at the date of this Bidder's Statement and to be issued during the Offer Period (and if all options over UPG Securities on issue are exercised) is approximately \$13,247,422 (**Projected Cash Consideration Amount**).

The maximum aggregate of the Redemption Amount payable on the redemption of the San Remo Shares, assuming the Projected San Remo Sale occurs is \$1,755,682 (**Projected Redemption Amount**).

The Projected Cash Consideration Amount and Projected Redemption Amount is calculated on the basis that the number of UPG Securities already held by the Bidder and its Associates as at the date of this Bidder's Statement are excluded.

13.3 Source of funds

Ebert Investments (**Lender**), an Associate of the Bidder, has entered into a Loan Deed (**Bid Funding Deed**) pursuant to which Lender has undertaken to the Bidder and Gladius Holdings Pty Ltd, (the holder as trustee of all of the issued shares in the Bidder (**Gladius**)), that it will make unconditionally available sufficient funds in Australian dollars to enable the Bidder and Gladius to satisfy its obligations:

- to pay the cash component of the Offer Consideration;
- to pay any Redemption Amount to redeem the San Remo Shares;
- arising under the Bid generally.

Under the terms of the Bid Funding Deed, the Lender is obliged to advance funds on request by the Bidder and Gladius to enable it to satisfy the cash component of the Offer Consideration, any Redemption Amount payable on the redemption of the San Remo Shares and other amounts payable under or in connection with the Offer. To satisfy the payment of the Redemption Amount, it is intended that Gladius will subscribe for additional ordinary shares in the Bidder (for a cash subscription amount equal to the Redemption Amount), and the Bidder will in turn use those subscription funds to Redeem the San Remo Shares.

The funds borrowed will not bear interest and will be repayable either on a date to be agreed (but not earlier than 12 months from the close of the Offer), or where no date is agreed, 5 years after the close of the Offer. The Bid Funding Deed provides that the Bidder will not be required to repay the funds borrowed until 12 months from the expiration of the Offer.

The Lender will source the funds it has undertaken to provide (or procure to provide) to Bidder from existing cash reserves and existing undrawn finance facilities.

On the basis of the arrangements described in this Section 13.3, Sentinel Investments is of the view that it will be able to provide the consideration offered under the Offer and arising from the Redemption of the San Remo Shares.

13.4 Form and timing of payment

Subject to this Section 13, the Bidder shall provide you with the Offer Consideration to which you become entitled by accepting this Offer within:

- twenty-one (21) days after the expiry of the Offer Period; or
- twenty-one (21) days after the later of your acceptance and the date the Offer becomes unconditional,

whichever is the earlier.

13.5 Method of payment and San Remo Share Issue

Subject to Section 13.7 all cash payments to be made pursuant to Section 13.1 shall be deemed to have been duly made by cheque drawn in your favour on an Australian branch of a trading bank being lodged in an envelope for posting by prepaid ordinary mail addressed to you at your address as shown in the Acceptance Form, or such other address as you may notify in writing to Sentinel Investments.

The obligation of Sentinel Investments to issue and allot any San Remo Shares to you to which you are entitled under the Offer will be satisfied by Sentinel Investments:

- (a) entering your name on the register of members of Sentinel Investments; and
- (b) by dispatching or procuring the dispatch to you of a transaction confirmation statement as set forth in the Section 13.6 headed "*Dispatch of San Remo Shares*" below.

13.6 Dispatch of San Remo Shares

A transaction confirmation statement in respect of the San Remo Shares to which you will become entitled by accepting the Offer will be posted to you at your risk by ordinary mail addressed to you at your address as shown in the Acceptance Form, or such other address as you may notify in writing to Sentinel Investments.

13.7 Acceptance by Foreign Securityholders

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Bidder's Statement does not constitute an offer in any jurisdiction in

which, or to any person to whom it would not be lawful to make such an offer. No action has been taken to register or qualify Sentinel Investments or otherwise permit a public offering of San Remo Shares outside Australia.

If you are a resident of a jurisdiction other than Australia or your address shown in Unity Pacific's register of members is a place outside Australia or you are acting on behalf of such a person then you are a "**Foreign Securityholder**".

- If you are a Foreign Securityholder then unless Sentinel Investments otherwise determines that:
 - o it is lawful and not unduly onerous or not unduly impractical to make the Offer to you and to issue you with San Remo Shares on acceptance of the Offer; and
 - o it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia and its external territories,

then you will not be entitled to receive San Remo Shares as part of the consideration for your Unity Pacific Securities by reason of your acceptance of the Offer and if you accept the Offer, Sentinel Investments will:

- o arrange for the allotment to a nominee for all accepting Foreign Securityholders approved by ASIC (**Foreign Nominee**) of the San Remo Shares to be issued in accordance with the Offer to which you and all other Foreign Securityholders would have been entitled but for this Section 13.7;
 - o retain those San Remo Shares so allotted until the earlier of the payment of the Redemption Amount or the Lapsing Date; and
 - o pay the Redemption Amount received by the Foreign Nominee on behalf of each Foreign Securityholder to each Foreign Securityholder based on the number of San Remo Shares each Foreign Securityholder would have been entitled but for this Section 13.7
- Payment will be made by cheque in Australian currency. The cheque will be sent to you at your risk by pre-paid air-mail to your address as shown on the copy of the San Remo register maintained by Sentinel Investments. No interest be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.
 - Notwithstanding anything else contained in this Bidder's Statement, Sentinel Investments is not under any obligation to spend any money, or undertake any action, in order to satisfy itself of the illegibility of Foreign Securityholders to receive San Remo Shares.

14. Withdrawal

14.1 Power to withdraw

Subject to compliance with Section 652B of the *Corporations Act*, Sentinel Investments may only withdraw this Offer with the written consent of ASIC which consent may be given subject to such conditions (if any) as are specified in the consent of ASIC. If this happens, Sentinel Investments will comply with any conditions imposed by ASIC and send a notice of withdrawal to ASX and Unity Pacific and to each person to whom the Offer has been made at their address as set out in the register of members of Unity Pacific.

14.2 Effect of withdrawal

If this Offer is withdrawn, all contracts arising from its acceptance become void.

15. Extension of Offer Period

Sentinel Investments may at any time, and from time to time, vary this Offer by extending the Offer Period, in accordance with Section 650C of the *Corporations Act*.

16. Variation

Sentinel Investments reserves the right to vary this Offer in accordance with the provisions of Section 650D of the *Corporations Act*.

17. Tax considerations

17.1 Introduction

The following is a general overview of the Australian income and capital gains tax (CGT) consequences to Unity Pacific Security holders of the acceptance of the Offer. The comments set out below are relevant only to those Unity Pacific Security holders who hold their Unity Pacific Securities as capital assets for the purpose of investment. If you trade in Securities you will need to get independent professional advice.

The following summary is intended only for Unity Pacific Security holders resident in Australia for income tax purposes. Unity Pacific Security holders who are not resident in Australia for tax purposes should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer. Furthermore, this summary is not intended for Unity Pacific Security holders who acquired their Securities in respect of their (or an associate's) employment at Unity Pacific (or an associated company).

The following description is based upon the law in effect at the date of this Bidder's Statement, but it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every Unity Pacific Security holder. Unity Pacific Security holders should seek independent professional advice in relation to their own particular circumstances.

17.2 Capital gain or loss on disposal of Unity Pacific Securities

The sale of your Unity Pacific Securities pursuant to the Offer will involve the disposal by you of your Unity Pacific Securities by way of transfer to Sentinel. This change in the ownership of your Unity Pacific Securities will constitute a CGT event for Australian capital gains tax purposes. The date of disposal for CGT purposes will be the date that the Offer becomes unconditional. If, for any reason the Offer does not proceed, no disposal event will occur and no CGT implications will arise.

If you are an Australian resident you may make a capital gain or a capital loss from the disposal of your Unity Pacific Securities. These amounts will be relevant in determining whether you have a net capital gain to include in your taxable income for the year.

In general, capital gains and capital losses for an income year are firstly aggregated to determine whether there is a net capital gain, which is calculated after taking into account any previously unapplied capital losses from prior years, discount capital gains and other concessions in respect of the capital gains. The remaining net capital gain is included in assessable income, and is subject to income tax.

A capital loss amount generally may be carried forward to reduce a net capital gain in future income years, subject in some cases to satisfying certain rules relation to the recoupment of carried forward losses. It cannot be used to offset ordinary taxable income, nor can it be carried back against capital gains of prior years.

Capital gain

If the capital proceeds from the disposal of your Unity Pacific Securities are more than the cost base of those Securities, a capital gain will arise. The capital proceeds recognised will be 47

cents, which will comprise the upfront cash consideration received by the Unity Pacific Shareholders as well as the value of the San Remo Share, assessed and agreed by Unity Pacific and Sentinel to be 5.5 cents per share. The cost base of your Unity Pacific Securities will generally be their cost of acquisition plus any incidental costs of acquisition (such as brokerage and transfer duty).

Unity Pacific Securityholders who are individuals, complying superannuation entities or trustees can discount the amount of the capital gain in respect of the disposal of the Unity Pacific Securities if they have held their Unity Pacific Securities for more than 12 months before the date of disposal (referred to as the **CGT Discount**). The CGT Discount is applied only after any available capital losses incurred in the income year and previously unapplied capital losses, have been applied to the capital gain. For individuals and trustees the discount rate is 50% and for complying superannuation entities the discount rate is 33¹/₃%.

Unity Pacific Securityholders who are companies which are not acting as the trustee of a Trust do not qualify for a CGT Discount.

Capital loss

If the capital proceeds are less than the reduced cost base of your Unity Pacific Securities, a capital loss would arise. The CGT Discount does not apply to capital losses.

17.3 San Remo Share

Corporate Tax

The redemption of the San Remo Share will constitute a CGT event for capital gains tax purposes. If the Redemption Amount is less than the reduced cost base of the San Remo Share, a capital loss would arise. The CGT Discount does not apply to capital losses.

Where the Redemption Amount is greater than the cost base of the San Remo Share, the amount is likely to be treated as a dividend for tax purposes. The dividend must be included in your assessable income in the income year that the dividend is paid. You may be entitled to a tax credit (a 'franking credit') where the Company has paid income tax on profits from which the dividend is paid. Dividends may be partly or fully franked.

The amount that must be included in your assessable income is the amount of the dividend paid plus any franking credit that accompanies the dividend. The tax offset available to you is generally equal to the franking credit amount attached to the dividend.

Where the tax offset exceeds the tax payable by you, if you are an individual or superannuation fund you should generally be entitled to a refund of excess franking credits. Corporate Shareholders cannot generate a refund for excess franking credits, but may be able to convert the excess into carry forward income tax losses.

If you do not provide your Australian Business Number or tax file number you may have an amount withheld (up to 49 per cent.) from unfranked dividends paid by the Company. No amount should be withheld from the franked part of a dividend.

Where the San Remo Share expires and as a consequence is cancelled this will constitute a CGT event for capital gains tax purposes. A capital loss will arise where the asset's reduced cost base is less than the capital proceeds.

17.4 Stamp Duty

Following the acquisition of the Unity Pacific securities, the Bidder will be a landholder in Victoria. Accordingly, landholder duty should be considered in relation to the acquisition of the San Remo Shares.

The San Remo Shares have rights attached to them that allow the holder to receive a limited distribution of property on the winding up of the Bidder. However, the entitlement that the San Remo Shareholders would have in the property upon the winding up of the Bidder is very limited and should be well below 50%. Accordingly, provided that none of the holders of the San Remo Shares also holds an interest of 50% or close to 50% in the Bidder, landholder duty should not arise.

17.5 Goods and Services Tax

The sale of your Unity Pacific Securities should not give rise any adverse GST implications. Where you are not registered or required to be registered for GST, the sale will be outside the scope of the GST. Otherwise, the sale of the securities will be an input taxed financial supply. Where this is the case, you should obtain independent advice in relation to whether you are entitled to claim any input tax credits for the costs (such as legal or professional fees) associated with the disposal of the securities.

18. Additional information

18.1 Bid Implementation Deed

- Introduction

Ebert Investments and Unity Pacific have entered into the Bid Implementation Deed in relation to the Offer (**BID**). Set out below is a summary of the BID only, and should be read subject to the full terms of the BID, a copy of which was attached the Unity Pacific ASX Announcement on 28 July 2016.

- Nominee

Ebert Investments is entitled under the BID to nominate Sentinel Investments to undertake the Bid.

- Agreed Bid Terms

The Bidder has agreed to make the Offer to acquire all of the Unity Pacific Securities for the Offer Consideration subject to the Conditions.

The Offer Period is initially set at one month, which may be extended on one or more occasion in accordance with the Corporations Act.

The Offer will extend to Unity Pacific Securities which are issued prior to the end of the Offer Period.

- Unity Pacific recommendations

Under the BID, Unity Pacific undertakes to use its best endeavours to procure that:

- o the Directors unanimously recommend that Unity Pacific Securityholders accept the Offer, in the absence of a Superior Proposal; and
- o the Target's Statement and each other public announcement or document publicly released by Unity Pacific in relation to the Offer will include a statement by the Directors to that effect and to the effect that it is the intention of each Director to accept the Offer in respect of all of the Unity Pacific Securities that they own or control or otherwise have a Relevant Interest in, in the absence of a Superior Proposal.

The Directors will not withdraw or change a recommendation or voting preference described above, except if (having complied with its obligations in relation to the Exclusivity Period) that Director, acting in good faith, determines (after taking written

advice from Unity Pacific's own legal adviser) that he or she, is by virtue of his or her fiduciary or statutory duties, required to change, withdraw or modify such recommendation or statement or make a recommendation or statement that is inconsistent with it.

- Facilitation of Takeover Bid

o Early Dispatch of the Offer

Unity Pacific has agreed that the Bidder's Statement may be despatched to Unity Pacific Securityholders earlier than the date for sending under Item 6 of section 633(1) of the *Corporations Act*.

o Promote and assist with Takeover Bid

Unity Pacific must promote the merits of the Takeover Bid, direct its registry to provide Sentinel Investments with reasonable assistance.

o Defeating Conditions

Unity Pacific and its Subsidiaries will not take any action that is likely to result in any of the Conditions being breached.

o Conduct of Business

Unity Pacific and its Subsidiaries will:

(A) Not incur Operating Expenditure of more than \$900,000 during the period from 1 August 2016 to 30 November 2016;

(B) Enter into documentation to effect the San Remo Disposal in the manner contemplated in this Bidder's Statement; and

(C) otherwise conduct the Target Group's business and operations in the usual and ordinary course consistent with the manner in which they were conducted immediately prior to the entry into the BID.

o Security Register

Unity Pacific must provide Sentinel Investments with copies of the register of Unity Pacific Securityholders.

o Appointment of Directors to Board

(A) Unity Pacific agree that if and when Sentinel Investments acquires a Relevant Interest in more than 50% of the Unity Pacific Securities and the Offer has become unconditional, up to 4 nominees of Sentinel Investments are to be lawfully appointed as Directors of Unity Pacific;

(B) Until the end of the Offer Period 3 existing Directors of Unity Pacific may elect to remain on the Board of Unity Pacific;

(C) The Board of San Remo Project will be constituted in the manner contemplated in Section 6.4 of this Bidder's Statement;

(D) The board of directors of UPFML will be constituted in the manner contemplated in Section 6.4 of this Bidder's Statement;

- Takeover Bid – variation and waiver

Sentinel Investments may vary the terms and conditions of the Takeover Bid in any manner which is permitted by the *Corporations Act* and may (subject to the *Corporations Act*) at any time declare the Takeover Bid free from any Condition and/or extend the Offer Period on one or more occasion.

- Warranties

Unity Pacific and Sentinel Investments provide and receive warranties from each other, which are of a standard nature for this type of transaction.

- Exclusivity

No Shop, No Talk and No Due Diligence

Unity Pacific must:

- o as at the date of the execution of the BID, suspend any existing negotiations or discussions in respect of any Competing Proposal;
- o not, and ensure that its representatives do not, directly or indirectly solicit, invite, facilitate or encourage any enquiries, negotiations or discussions with a view to obtaining an expression of interest, proposal or offer in relation to a Competing Proposal;
- o not, and ensure that its Representatives do not:
 - (A) negotiate or enter into; or
 - (B) participate in negotiations or discussions in relation to, a Competing Proposal;
- o not, and ensure that its Representatives do not, make available to any person or permit any person to receive any non-public information relating to any entity within the Target Group in connection with such person formulating, developing or finalising a Competing Proposal.

These obligations are subject to fiduciary carve outs which are usual for these types of transactions.

Opportunity to match

- o During the Exclusivity Period, if Unity Pacific receives a Competing Proposal that the Target Board considers may be a Superior Proposal, Unity Pacific must notify Sentinel Investments of the terms of the Superior Proposal and must allow Sentinel Investments not less than 5 Business Days from the date of the notice in which to propose terms to vary the Offer to better the Superior Proposal.

- Reimbursement fee payable by Unity Pacific

Unity Pacific has agreed to pay Sentinel Investments a reimbursement fee of \$130,000 (**Reimbursement Fee**) if Sentinel Investments terminates the BID because:

- o Unity Pacific is in material breach of the BID and that material breach is not remedied by Unity Pacific within five Business Days of receiving notice of the breach from Sentinel Investments;

- any of the Unity Pacific Directors does not recommend the Bid as described in or recommend against, qualifies their support or withdraw their recommendation or approval of the Bid;
- a Competing Proposal for Unity Pacific is publically announced by a third party and that third party acquires a Relevant Interest in 50% or more the Unity Pacific Securities or that third party bid is free or becomes free of any of the Conditions; or
- a person other than the Bidder acquires or agrees to acquire the whole or a substantial part of the Target Group's asses, business or property;

provided in each case that a Reimbursement Fee will only be payable after the Offer has closed and provided that at that time Sentinel Investments has not a Relevant Interest or more than 50% of the Target Securities.

- Termination

The BID may be terminated by either party by written notice to the other if:

- the other is in a material breach of the BID and that breach is not remedied within 5 Business Days of written notice setting out the details of the breach and the non-defaulting party's intention to terminate;
- Sentinel Investments withdraws the Offer.

Unity Pacific may terminate the BID by written notice to Sentinel Investments if, Sentinel Investments fails to comply in any material respect with a Corporations Act requirement in relation to the Bid.

Sentinel Investments may terminate the BID if:

- Unity Pacific fails to comply in any material respect with a Corporations Act requirement in relation to the Bid;
- a Director of Unity Pacific does not recommend the Offer, or recommends against, qualifies their support of or otherwise withdraws their recommendation in relation to the Bid; or
- a person other than the Bidder obtains voting power in Target of more than 20%, or a holder of more than 10 % voting power in the Target increases that voting power by more than 3%.

- Bid Conditions

The Conditions of the Bid are substantially reproduced at Sections 8.1 of this Bidder's Statement.

18.2 Ebert Guarantee

Under the Guarantee, Ebert Investments and Warren Ebert have jointly and severally guaranteed, for the benefit of Unity Pacific and each holder of the San Remo Shares the performance of the Bidder's obligations under the Bid Implementation Deed, the Bid and the terms of the San Remo Shares.

The guaranteed obligations under the Guarantee include the obligation to redeem the San Remo Shares and to pay the Redemption Amount payable in accordance with and pursuant to the terms of San Remo Shares, the Bid and the terms of the San Remo Shares. The full terms of the Guarantee are contained in Schedule 2 of this Bidder's Statement.

18.3 Brokerage, Stamp duty and fees

You may not incur brokerage if you accept the Offer.

There are no stamp duty charges or brokerage payable in relation to the Offer, unless your Unity Pacific Securities are registered in a CHESS Holding, or if you are a beneficial owner whose Unity Pacific Securities are registered in the name of a broker, bank, custodian or other nominee.

If your Unity Pacific Securities are registered in a CHESS Holding or if you are a beneficial owner whose Unity Pacific Securities are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your stockbroker) or the relevant nominee whether it will charge any transaction fees or service charges in connection with the acceptance of the Offer. You may be required to pay brokerage if Unity Pacific Shares are sold on the market.

18.4 San Remo Share Terms

The San Remo Share Terms are contained in Schedule 1 to this Bidder's Statement.

18.5 ASIC relief

(a) Class Orders

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Sentinel Investments, in relation to the operation of Chapter 6 of the Corporations Act. Sentinel Investments may rely on this class order relief.

Sentinel Investments has relied on ASIC Class Order 13/521 and ASIC Class Order 13/522 in the formulation of this Bidder's Statement.

Relevantly, Sentinel Investments has relied on the modification to Section 636(3) of the Corporations Act set out in ASIC Class Order 13/521 "Takeover Bids" to include references to certain statements by Unity Pacific and other persons in this Bidder's Statement without obtaining the consent of that person.

As required by Class Order 13/521, Sentinel Investments will make available a copy of the documents (or relevant extracts from these documents) free of charge to Unity Pacific Securityholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts), please call 1800 095 654 (within Australia) and +61 1800 095 654 (from outside Australia).

(b) ASIC Relief

Sentinel Investments has been granted relief from ASIC (pursuant to ASIC's power in section 655A of the Corporations Act) to issue the San Remo Shares to the Foreign Nominee for retention of the San Remo Shares and disbursement of any Redemption Amount payable (on behalf of the Foreign Securityholders as contemplated in Section 13.7, in accordance with section 619(3) of the Corporations Act (as modified pursuant to the relief granted by ASIC).

18.6 Interests of Sentinel Investments Directors in San Remo Shares

- As at the date of this Bidder's Statement:
 - o Stacey Ebert is the sole shareholder of Gladius Holdings Pty Ltd (as trustee for the Gladius Discretionary Trust) (**Gladius**);
 - o Gladius is the sole shareholder of Sentinel Investments, holding ordinary shares;

- o no other Sentinel Investments Director holds any shares in Sentinel Investments; and
- o no Sentinel Investments Director holds any San Remo Shares; and
- No remuneration is to be paid and no benefits are to be granted to directors of Sentinel Investments.

18.7 Consents

- The Bidder's Statement contains statements made by or statements based on statements made by Sentinel Investments and its directors. Sentinel Investments and its directors have consented to the inclusion of each statement made by Sentinel Investments or the directors in the form and context in which the statement appears, and have not withdrawn their consent.
- Link Market Services Limited has given and has not withdrawn its consent to be named in this Bidder's Statement as the Share Registry of Sentinel Investments in the form and context in which it is named. It takes no responsibility for any part of the Bidder's Statement other than the references to its name.
- Wellington Captial Group has given and has not withdrawn its consent to be named in this Bidder's Statement as the Corporate Advisor of Sentinel Investments in the form and context in which it is named. It takes no responsibility for any part of the Bidder's Statement other than the references to its name.
- HopgoodGanim Lawyers (**HopgoodGanim**) are acting as solicitors to the Offer and have performed work in relation to the Bidder's Statement. In doing so, HopgoodGanim have placed reasonable reliance upon information provided to them by Sentinel Investments. HopgoodGanim does not make any statement in this Bidder's Statement. HopgoodGanim has given and has not withdrawn its consent to be named in this Bidder's Statement as solicitors to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Bidder's Statement other than references to its name.

18.8 Disclosure of fees or benefits received by certain persons

Except as set out in this Bidder's Statement, no person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement holds, or held at any time during the last two years, any interest in:

- the formation or promotion of Sentinel Investments;
- property acquired or proposed to be acquired by Sentinel Investments in connection with its formation or promotion of the Offer; or
- the Offer of San Remo Shares.

Except as set out in this Bidder's Statement, no person has paid or agreed to pay an amount and no person has given or agreed to give any benefit to any person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement for services provided in connection with the formation or promotion of Sentinel Investments or the Offer.

HopgoodGanim has acted as legal advisor to Sentinel Investments in relation to the Offer. HopgoodGanim is entitled to professional fees in accordance with its time-based charges.

18.9 Other material information

Except as disclosed in this Bidder's Statement, there is no other material information known to Sentinel Investments which is material to the making of the decision by a Unity Pacific Securityholder as to whether to accept the Offer.

The *Corporations Act* only requires that Sentinel Investments disclose information which is as up to date as is reasonable in the circumstances. Further, Sentinel Investments is not required to disclose information in this Bidder's Statement if it would be unreasonable to require Sentinel Investments to do so because the information had previously been disclosed to holders of Unity Pacific Securities.

19. Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer, and all transfer duty or brokerage charges payable on transfer of your Unity Pacific Securities will be paid by the Bidder.

20. Governing law

This Bidder's Statement and Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in Queensland.

21. Definitions and interpretation

21.1 Defined Terms

In this Offer, the following words have these meanings unless the contrary intention or the context otherwise requires:

Acceptance Form means the form of acceptance and transfer enclosed with this Bidder's Statement and forms part of the Offer (the Instructions on which are for guidance only and do not form part of this Offer).

Agents' Commissions has the meaning given in clause 5.2.

Announcement Date means the date on which the Offer was announced to ASX by Unity Pacific, namely 28 July 2016.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Settlement has the meaning given in the ASX Settlement Operating Rules.

ASX Settlement Operating Rules means the rules of the ASX entitled "ASX Settlement Operating Rules" in force from time to time.

Associate has the meaning given in the *Corporations Act*.

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency, and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

A\$ or \$ means Australian dollars.

Authority means any type of governmental or statutory body or authority.

Bid means an off-market takeover bid by Bidder for all Target Securities under Chapter 6 of the Corporations Act, as may be amended by Bidder from time to time in accordance with law.

Bid Class has the meaning given to that term in the Corporations Act.

Bid Implementation Deed means the Bid Implementation Deed between the Bidder and Unity Pacific.

Bidder or Sentinel Investments means Sentinel Security Investments Limited ACN 614 308 735.

Bidder Group means Bidder and its Related Bodies Corporate.

Bidder's Statement or Statement means this document, being the statement of Bidder under Part 6.5 Division 2 of the *Corporations Act* relating to the Offer.

Board of Unity Pacific or Unity Pacific Board means the board of directors of Unity Pacific.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Brisbane, Australia.

CGT means Capital Gains Tax.

CHES means Clearing House Electronic Subregister System, which provides for the electronic transfer of securities in Australia.

CHES Holding has the meaning set out in the ASX Settlement Operating Rules.

Competing Proposal means any proposal, transaction, arrangement or offer (whether from a person with whom Target has previously been in discussions or not) that:

(a) would, if completed substantially in accordance with its terms, result in any person or persons other than Bidder (or an Associate of Bidder):

(1) acquiring:

(A) directly or indirectly, an interest in all or a substantial part of the assets of Target; or

(B) a Relevant Interest in more than 20% of the voting securities of Target or otherwise acquire control of Target (within the meaning of section 50AA of the Corporations Act); or

(2) otherwise acquiring or merging with Target whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual listed company structure or other synthetic merger or any other transaction or arrangement; or

(b) may materially reduce the likelihood of success of the Bid.

Conditions means the conditions to the Offer set out in section 8.1.

Control has the meaning in section 50AA of the Corporations Act.

Controlling Participant shall have the meaning set out in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Counter Proposal has the meaning given to that expression in the Bid Implementation Deed.

Directors means the directors of Unity Pacific from time to time.

Disclosed means fully, fairly and accurately disclosed in the Disclosure Materials or any announcement made by Target on ASX prior to the date of this deed, provided that, in each case, such disclosure was not misleading or deceptive in any material respect (including by omission).

Ebert Investments means Ebert Investments Pty Ltd ACN 138 124 044 as trustee for Ebert Investment Trust.

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset; or
- (b) created or otherwise arising in or over any interest in any asset under a security agreement, any mortgage, charge, pledge, lien, hypothecation, trust or bill of sale or other security interest created by operation of law or otherwise;

by way of security for the payment of a debt or other monetary obligation or the performance of any other obligation and includes but is not limited to a security interest within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth).

End Date means the date which is 4 months after the date of the Bid Implementation Deed or such later date as the parties may agree in writing.

Exclusivity Period means the period beginning on the date of this deed and ending on the earlier of:

- (a) the end of the Offer Period;
- (b) termination of the Bid Implementation Deed; and
- (c) the End Date, but only if the Offer remains subject to any Conditions at this time.

Financial Indebtedness means any debt or other monetary liability (whether actual or contingent) in respect of moneys borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
- (f) obligation to deliver goods or provide services paid for in advance by any financier.

Foreign Securityholder has the meaning described in section 13.7.

Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity and

includes any minister (including, for the avoidance of doubt, the Commonwealth Treasurer), ASIC, the ACCC, the ATO, ASX and any regulatory organisation established under statute or any stock exchange.

Guarantee means the guarantee the terms of which are contained in Schedule 2 and summarised in Section 18.2.

Insolvency Event means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b) the person resolving to appoint a Controller or analogous person to the person or any of the person's property;
 - (1) an application being made to a court for an order to appoint a Controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property, or
 - (2) an appointment of the kind referred to in subparagraph (ii) being made (whether or not following a resolution or application);
- (c) the holder of an Encumbrance, or any agent on its behalf, appointing a Controller or taking possession of any of the person's property;
- (d) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (e) an application being made to a court for an order for its winding up;
- (f) an order being made, or the person passing a resolution, for its winding up;
- (g) the person:
 - (1) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
 - (2) being unable to pay its debts or otherwise insolvent; or
- (h) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or
- (i) any analogous event under the laws of any applicable jurisdiction,

unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved by Bidder.

Instructions means those instructions on how to accept the Offer set out more particularly on the Acceptance Form.

Issuer Sponsored Holding means a holding of Unity Pacific Securities on Unity Pacific's issuer sponsored sub-register.

Marie Street Property means the property situated at 16 Marie Street, Milton, Queensland.

Matching Right Period has the meaning given to that expression in the Bid Implementation Deed in clause 9.8(a).

Material Adverse Change means in relation to the Target Group, one or more occurrences or matters individually or in aggregate that:

- (a) has had or is reasonably likely to have a material adverse change in the financial position or performance, assets, liabilities, profits, losses or prospects of the Target Group, taken as a whole, of more than A\$1 million;
- (b) prevents the Bidder from performing its obligations under the Takeover Bid or the Bid Implementation Deed,

other than those events, changes, conditions, matters or circumstances or things:

- (c) required or permitted by the Bid Implementation Deed or the Offer or the transactions contemplated by any of them;
- (d) resulting from changes in law or in general economic, political or business conditions; or
- (e) resulting from any change occurring directly as a result of a general deterioration in equity markets, interest rates, exchange rates or credit spreads, that impacts Unity Pacific and its competitors in a similar manner.

Material Contract means any agreement, contract or other arrangement to which a member of the Target Group is a party and that:

- (a) imposes obligations or liabilities on any party of at least A\$100,000 per annum or A\$300,000 over its term (excluding agreements, contracts or other arrangements relating to the Marie Street Trust); or
- (b) is otherwise material in the context of the businesses, assets or properties of the Target Group as a whole.

Minimum Price means an amount of not less than \$6 million calculated by deducting all San Remo Disposal Expenditure and all agent's commissions and fees arising from or incurred in relation to the San Remo Disposal from the proceeds received by San Remo Project for the San Remo Disposal.

Offer means Sentinel Investments offer to acquire Unity Pacific Securities as contained in Section 7 of this Bidder's Statement.

Offer Consideration means collectively:

- (a) a cash price of 41.5 cents; and
- (b) one Sam Remo Share,

for each Unity Pacific Security sold to the Bidder.

Offer Date means the date on which the Offer was first made to Unity Pacific Securityholders of Unity Pacific, namely 9 September 2016.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with Section 9 of this Bidder's Statement.

Operating Expenditure has the meaning ascribed to that term in the Bid Implementation Deed.

Prescribed Occurrence means any of the following events:

- (a) Unity Pacific converts all or any of the Unity Pacific Securities into a larger or smaller number of Unity Pacific Securities;

- (b) Unity Pacific resolves to reduce its capital in any way or reclassifies, combines, splits, redeems or repurchases directly or indirectly any securities;
- (c) Unity Pacific:
 - (1) enters into a buy-back agreement; or
 - (2) resolves to approve the terms of a buy-back agreement;
- (d) Unity Pacific issues Unity Pacific Securities or other securities, or grants an option over Unity Pacific Securities or other securities, or agrees to make such an issue or grant such an option, excluding any Unity Pacific Securities issued by Unity Pacific as a result of the exercise of other Unity Pacific securities in existence as at the date of the Bid Implementation Deed;
- (e) Unity Pacific issues, or agrees to issue, convertible notes or convertible units;
- (f) Unity Pacific disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property, other than the San Remo Disposal;
- (g) a member of the Target Group charges, or agrees to charge the whole, or a substantial part, of its business or property;
- (h) a member of the Target Group resolves to be wound up;
- (i) a liquidator or provisional liquidator of a member of the Target Group is appointed;
- (j) a court makes an order for the winding up of a member of the Target Group;
- (k) an administrator of a member of the Target Group is appointed;
- (l) a member of the Target Group executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of a member of the Target Group.

Prescribed Period means 9 months from the end of the Offer Period.

Projected San Remo Sale means the San Remo Disposal achieving a sale price of \$8.5 million, within the Prescribed Period.

Redemption has the meaning given in the San Remo Share Terms.

Redemption Amount has the meaning given in the San Remo Share Terms.

Register Date means 7.00pm (Sydney time) on the date immediately preceding the Offer Date, being the time and date set by the Bidder under section 633(2) of the Corporations Act.

Reimbursement Amount means an amount equal to \$130,000 (plus GST, if applicable).

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Rights means all accretions and rights that accrue to or arise from Target Securities after the Announcement Date, including all rights to receive distribution, dividends, to receive or subscribe for Securities, shares, notes, options or other securities and all other distributions or entitlements announced, declared, determined, paid, made or issued by Target after that date.

Rival Bidder has the meaning given to that expression in the Bid Implementation Deed.

Rival Transaction has the meaning given to that expression in the Bid Implementation Deed.

San Remo Disposal means the sale of all right title and interest in the San Remo Property for not less than the Minimum Price.

San Remo Disposal Expenditure means all Liabilities arising from or in connection with the San Remo Disposal including:

- (a) all marketing and advertising costs, valuation costs, consultants and advisor fees, application fees, consent fees, travel expenses, legal costs, stamp or transfer duty; and
- (b) all costs incurred to enhance the value of the property so as to maximise its sale price including the making of town planning applications and the progressing of those applications,

other than any commission payable to agents or brokers engaged to sell the San Remo Property.

San Remo Project means San Remo Project Pty Ltd ACN 122 404 826.

San Remo Property means the property situated at 140 Punchbowl Road, San Remo, Victoria, Australia.

San Remo Share means a fully paid redeemable preference share in the capital of Bidder having the rights set out in the San Remo Share Terms.

San Remo Share Terms means the terms of the San Remo Shares contained in Schedule 1 of this Bidder's Statement.

Sentinel Investments Board means the Board of Directors of Sentinel Investments.

Subsidiary has the meaning given in the Corporations Act, provided that an Entity will also be taken to be a Subsidiary of another Entity if it is controlled by that Entity (as 'control' is defined in section 50AA of the Corporations Act) and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and
- (b) an Entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

Superior Proposal means a bona fide Competing Proposal received by Target after the date of this deed but during the Exclusivity Period, which the Target Directors, acting in good faith and after obtaining written advice from their legal advisers, determine:

- (a) is reasonably capable of being valued and completed taking in to account all of the aspects of the Competing Proposal, including timing considerations, financing, conditions and the identity of the person making the Competing Proposal; and
- (b) would, if completed substantially in accordance with its terms, be more favourable to Target Securityholders than the Bid, taking into account all terms and conditions of the Competing Proposal.

Takeover Bid or Bid means the offer to acquire all Unity Pacific Securities.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Target means Unity Pacific.

Target Board means the board of directors of UPL and the board of directors of UPG Trust RE (as those boards are constituted from time to time), and includes any authorised committee of directors of those boards.

Target Director or **Unity Pacific Director** means a director of UPL or a director of UPG Trust RE.

Target Group means Target and each of its Related Bodies Corporate.

Target Group Member means a member of the Target Group.

Target Indemnified Parties means the Target, its Related Bodies Corporate and their respective Representatives.

Target Security or **Unity Pacific Security** means a fully paid stapled security comprising a UPL Share and a UPG Trust Unit.

Target Securityholder or **Unity Pacific Securityholder** or **Securityholder** means a person who is registered in the register as a holder of Target Securities from time to time.

Target's Statement means the Target's Statement to be issued by Unity Pacific in response to this Bidder's Statement as required under the *Corporations Act*.

Takeover Transferee Holding has the meaning given in ASX Settlement Operating Rules.

Unity Pacific or **UPG** means collectively UPL and UPG Trust or one of them as the context requires.

Unity Pacific Securities or **Securities** means the fully paid stapled securities in UPG and all Rights and entitlements attaching to them, each stapled security comprised by one UPL Share and one UPG Trust Unit.

UPFML means Unity Pacific Funds Management Limited ACN 164 404 595.

UPG Trust means Unity Pacific Stapled Trust ARSN 111 389 596.

UPG Trust Unit means a fully paid ordinary unit in UPG Trust.

UPIM means Unity Pacific Investment Management Limited ACN 137 565 149.

UPL means Unity Pacific Limited ABN 11 110 831 228.

UPL Share means fully paid ordinary share in UPL.

21.2 Interpretation

- (a) Terms used in this Bidder's Statement and Offer have the meaning (if any) given to them in Chapter 6 of the *Corporations Act* unless that meaning is inconsistent with the context in which the term is used.
- (b) In this Offer:
 - (1) headings are for convenience of reference only and do not affect the meaning of the sections they introduce;
and unless the context otherwise requires:
 - (2) the singular includes the plural and vice versa;
 - (3) words importing any gender include all other genders;

- (4) references to persons include corporations;
 - (5) appendices, schedules and annexures to this Offer form part of this Offer;
 - (6) references to paragraphs are to paragraphs in this Offer; and
 - (7) references to **dollar** or **\$** are references to Australian currency.
- (c) To the extent permissible under applicable law, this Offer is governed by Australian Law.

Schedule 1 – Terms of issue of San Remo Shares

1. Glossary

1.1 In this schedule:

- (a) Capitalised terms shall have the meaning ascribed to them in this Bidder's Statement or the Bid Implementation Deed; and
- (b) otherwise, the following definitions apply:

Agents' Commissions	Means any and all fees payable or paid to any agents, brokers or persons appointed to sell the San Remo Property.
Board or Directors	The board of directors of the Bidder.
Constitution	The constitution of the Bidder as amended from time to time.
Holder	Means each accepting Target Securityholder who is registered in the Register as a holder of a San Remo Share.
Issue Date	The date on which San Remo Shares are issued.
Lapse Date	The date 11 months after the end of the Offer Period.
Prescribed Period	The period of 9 months from the end of the Offer Period
Redeem	In relation to a San Remo Share, redeem, buy-back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that San Remo Share in accordance with clause 3 of these Terms, and Redeemed , Redeemable and Redemption have the corresponding meanings.
Redemption Amount	<p>In respect of each Holder, except where determined in accordance with clause 4.5, shall be determined in accordance with the following formula:</p> $X = \frac{NP \times ARPS}{\text{Total Target Securities}}$ <p>Where:</p> <p>X is the Redemption Amount for that Holder;</p> <p>NP is the amount by which:</p> <p>(a) the gross proceeds of the San Remo Disposal, less</p> <p>(b) the aggregate of the San Remo Disposal Expenditure and the Agents' Commissions, exceeds \$6,000,000;</p> <p>ARPS for each Holder, the total number of San Remo Shares they hold which are the subject of a Redemption Notice from the Bidder; and</p> <p>Total Target Securities is the total Target Securities on issue at the end of the Offer Period.</p>
Redemption Date	30 days after the Bidder issues a Redemption Notice.

Redemption Notice	A notice given by the Bidder to a Holder in a form determined by the Bidder in respect of the Redemption of the San Remo Shares in accordance with these Terms. If a physical Redemption Notice is not issued by the Bidder within 20 days of the Redemption Trigger, a Redemption Notice is deemed to have been given by the 21 st day in accordance with clause 3.1(a).
Redemption Trigger	The San Remo Disposal is completed within the Prescribed Period and gross proceeds of that San Remo Disposal less the aggregate of the San Remo Disposal Expenditure and the Agents' Commission exceeds \$6,000,000.
Register	The register of San Remo Shares maintained by the Bidder and includes any sub-register of that register.
San Remo Share	A fully paid redeemable preference share in the capital of the Bidder (or a Nominee of the Bidder the BID) issued on the Terms set out herein.
Terms	The terms and conditions for the issue of San Remo Shares in the Bidder as these terms and conditions are amended, supplemented or replaced from time to time and as set out herein.

2. Issue of San Remo Shares

- 2.1 In accordance with the Agreed Bid Terms, for each Target Security that a Target Securityholder sells to the Bidder under the Bid, the Bidder will as part of the Offer Consideration, issue one San Remo Share to the accepting Target Securityholder.
- 2.2 If the Bidder nominates the Nominee to undertake the Bid, then:
- (a) the San Remo Shares will be issued by the Nominee; and
 - (b) any reference in these Terms to the Bidder will be a reference to that Nominee.
- 2.3 On issue, each San Remo Share will be deemed to be paid to 5.5 cents.

3. Redemption

3.1 Redemption Trigger

- (a) The Bidder must:
 - (1) Redeem each San Remo Share, by giving a Redemption Notice to Holders within 20 days of the Redemption Trigger; and
 - (2) paying to the Holders on the Redemption Date the Redemption Amount.
- (b) The Redemption Amount may, in Bidder's discretion, be paid by way of redemption, buyback, repurchase (or purchase by a related entity), reduction of capital or any combination thereof. If Bidder is prohibited by law from paying the Redemption Amount in any manner, it must pay the balance of the Redemption Amount through one of the other permitted means of Redemption.

3.2 Redemption restrictions

The Bidder must Redeem all San Remo Shares at the same time.

3.3 Obligation on Bidder to Redeem

Upon the Redemption Trigger, the Bidder will be obliged to redeem all San Remo Shares by paying the Redemption Amount to each Holder on the Redemption Date.

3.4 Effect of Redemption on Holders

On the Redemption Date:

- (a) the only right Holders will have in respect of their San Remo Shares will be to obtain the Redemption Amount payable in accordance with these Terms; and
- (b) upon payment of the Redemption Amount, all other rights conferred or restrictions imposed by the San Remo Shares will no longer have effect.

3.5 Redemption by buy-back of San Remo Shares

If the Redemption involves a buy-back of San Remo Shares:

- (a) the Redemption Notice will constitute a buy-back offer for the Redemption Amount payable on the relevant Redemption Date; and
- (b) the Holders must accept the buy-back offer for their San Remo Shares and will be deemed to have accepted that buy-back offer for San Remo Shares held by that Holder to which the Redemption Notice relates on the date the Redemption Notice is given and will be deemed to have sold those San Remo Shares to the Bidder free of all encumbrances on the Redemption Date equal to the Redemption Amount.

3.6 Cancellation of San Remo Shares

Upon Redemption, the San Remo Shares the subject of Redemption will be cancelled and may not be re-issued.

4. General San Remo Share Terms

4.1 Register

The Bidder shall maintain the Register.

4.2 General Rights

- (a) Each San Remo Share ranks equally with each other San Remo Share.
- (b) A San Remo Share does not confer on its Holder any right to participate in profits or property except as set out in these Terms or in the Constitution.
- (c) In the event of the Bidder being wound up, the holding of a San Remo Share shall entitle each Holder to payment of an amount, for each San Remo Share equal to:
 - (1) if the Redemption Trigger has occurred, any part of the Redemption Amount that has not been paid to the Holder; and
 - (2) if the Redemption Trigger has not occurred \$0.000001,

in priority to any other class of shares on issue in the Bidder, but shall not provide any further entitlement in respect of the ownership and distribution of surplus assets of the Bidder.

- (d) Until all San Remo Shares have been Redeemed, the Bidder must not, without approval of all Holders, issue shares ranking in priority to the San Remo Shares or permit the variation of any rights of any existing shares to shares ranking equally or in priority to the San Remo Shares.

- (e) If a takeover bid is made for the securities of the Bidder, acceptance of which is recommended by the Directors, or the Directors recommend a member's scheme of arrangement, the Directors will procure that equivalent takeover offers are made to the Holders or that they participate in the scheme of arrangement on an equivalent basis.
- (f) The San Remo Shares confer no rights to subscribe for new securities in the Bidder or to participate in any bonus issues.
- (g) A San Remo Share does not entitle a Holder to vote at any general meeting of the Bidder except in the following circumstances:
 - (1) on a proposal:
 - (A) to reduce the share capital of the Bidder;
 - (B) that affects rights attached to the San Remo Shares;
 - (C) to wind up the Bidder; or
 - (D) for the disposal of the whole of the property, business and undertaking of the Bidder;
 - (2) on a resolution to approve the terms of a buy back agreement; or
 - (3) during the winding up of the Bidder,in which case a Holder is entitled to cast one vote on a show of hands and one for each San Remo Share held on a poll.
- (h) Holders are entitled to receive notice of, and attend, any general meeting of the Bidder and a copy of any report or financial statements to be considered at the meeting.
- (i) Subject to complying with all applicable laws, the Bidder may, without the authority, assent or approval of the Holders, amend or add to these terms of issue if such amendment or addition is, in the opinion of the Bidder:
 - (1) of a formal, minor or technical nature;
 - (2) made to correct a manifest error; or
 - (3) not likely (taken as a whole and in conjunction with all other modifications, if any, to be made contemporaneously with that modification) to be materially prejudicial to the interests of the Holders.
- (j) Each San Remo Share shall be non-transferable.

4.3 Deductions from payments

Bidder may make from any money payable in respect of any San Remo Share any deduction or withholding from or on account of tax and any other amount which Bidder is required to make by law.

4.4 Attorney

By accepting San Remo Shares, each Holder irrevocably appoints each Director of Bidder severally (each an Attorney) as the true and lawful attorney of the Holder to execute a transfer to Bidder in registrable form of the San Remo Shares (or such other document by which title to the San Remo Shares may be vested in the Bidder) and to give any necessary direction to any other person or take any action which may be required to facilitate the Redemption of the San

Remo Shares, and agrees that in exercising this power of attorney the Bidder or any Attorney must act in accordance with these Terms.

4.5 Lapse

If, by the Lapse Date, no Redemption has occurred, the San Remo Shares cease to have any rights and are deemed to have been Redeemed by the Bidder for nil consideration.

Schedule 2 : Guarantee and Terms

In consideration of the Target having at the request of Ebert Investments and Mr Warren Ebert (**Guarantors**) agreeing to enter into the Bid Implementation Deed, the Guarantors jointly and severally:

1. acknowledge and agree that the capitalised terms used in this document unless otherwise defined shall have the corresponding meaning ascribed to that term in the Bid Implementation Deed;
2. irrevocably and unconditionally guarantees to the Target and to each holder of San Remo Shares the due and punctual performance of the Bidder's obligations under the Bid Implementation Deed, the Bid and the terms of the San Remo Shares including its obligations to Redeem the San Remo Shares and to pay the Redemption Amount payable in accordance with and pursuant to the terms of San Remo Shares and the Bid Implementation Deed, the Bid and the terms of the San Remo Shares (**Prescribed Obligation**);
3. as a separate and independent obligation, covenant and agree with the Target that the Guarantors will indemnify the Target and keep the Target indemnified against any loss which the Target may suffer or incur in consequence of any failure on the part of the Bidder to promptly perform the Prescribed Obligation and will pay on demand the amount of any such loss ; and
4. covenant and agree that its obligations under this guarantee and indemnity are a principal and continuing obligation and that this guarantee and indemnity will not be affected or discharged by:
 - (a) the Target granting to the Bidder any time or other indulgence or other consideration;
 - (b) any transactions that may take place between the Target and the Bidder or between the Target and a Guarantor; or
 - (c) any other act or omission on the Bidder's part by which the liability of a Guarantor as surety would but for this provision have been affected or discharged.

Dated this 6th day September 2016.

For and on behalf of the Bidder

A handwritten signature in black ink, appearing to read 'Stacey Ebert', written in a cursive style.

Stacey Ebert

Director