



Unity Pacific

# **Unity Pacific Group Financial Results Presentation 30 June 2016**

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All financial information is in Australian dollars and all statistics are current as at 30 June 2016 unless otherwise indicated.

# Key Business Highlights

- Sale of 308 Queen Street/88 Creek Street, Brisbane for a profit of \$2.18 million after transaction costs.
- Sale of 760m<sup>2</sup> of TSAs (transferrable site areas) which attach to the 308 Queen Street heritage building, for a profit of \$0.98 million.
- Conditional sale contract to sell 374m<sup>2</sup> of TSAs for \$0.60 million. Now unconditional; settlement due by 31 August 2016.
- \$4.65 million increase in the independent 'as is' valuation of the San Remo land; current value \$8.50 million.
- 'Rezoning' of land at San Remo progressed with a Notice of Decision to Grant a Permit issued by the local council, subject to conditions.
- New applications submitted following appeals against the San Remo permit.
- Settlement of 1 Cumberland Lorne Resort apartment; 4 remain for sale.
- Unity Pacific's holding in The Marie Street Trust reduced to 0.15 million units (30 June 2015: 5.20m units).
- Debt reduction of \$12.0 million from the proceeds of asset sales, reducing debt facility to nil.
- 42 cents per security capital distribution paid on 31 August 2015, totalling \$15.04 million from cash reserves.
- 80 cents per security capital distribution paid on 25 July 2016, totalling \$28.64 million from proceeds of asset sales and cash reserves.
- Conducted Expressions of Interest Campaign for corporate vehicle. Entered into Bid Implementation Deed for off-market takeover.

# Off-market Takeover Offer

- On 28 July 2016, Unity Pacific entered into a Bid Implementation Deed pursuant to which Ebert Investments Pty Ltd (Ebert Investments) or its nominee (the Bidder) proposed to make an off-market takeover bid.
- Ebert Investments Pty Ltd currently owns 16.08% of Unity Pacific's securities and is part of the Sentinel Property Group.
- Consideration offered is 47 cents per stapled security, comprising:
  - 41.5 cents cash; and
  - 1 share in the Bidder (San Remo Share) being a contingent value preference share deemed to be fully paid to an amount of 5.5 cents.
- Each San Remo share will be redeemed for an additional cash payment if the San Remo land is sold within 9 months of the offer period closing for net proceeds exceeding \$6.0 million.
  - Net proceeds of \$8.0 million equates to 5.5 cents per San Remo Share.
  - Net proceeds of equal to or less than \$6.0 million will result in no redemption amount per San Remo Share.
- Unity Pacific's directors unanimously recommend securityholders ACCEPT the Ebert Investments offer, in the absence of a superior proposal.
- Refer ASX announcements of 28 July 2016 and 19 August 2016 for further information.

# Key Financial Information

	30 June 2016	30 June 2015
Net Tangible Assets (NTA) per Security	\$0.42 <sup>1</sup>	\$1.47
Closing Share Price per Security	\$1.18 <sup>2</sup>	\$1.03
Trading Discount to NTA	(3.3%) <sup>3</sup>	(30.0%)
Total Assets	\$45.3m	\$65.7m
Net Assets	\$15.1m	\$52.7m
Balance Sheet Gearing Ratio <sup>4</sup>	-	-
Property Loan to Value Ratio (LVR)	-	30.4%
Securities on Issue	35.8m	35.8m
Market Capitalisation	\$42.2m <sup>5</sup>	\$36.9m

- 1 The NTA reduction is due to the payment /announcement of two capital distributions totalling \$1.22 per security, less the profit for the year. A 42 cents per security capital distribution was paid in August 2015. An 80 cents per security capital distribution was announced in June 2016 and paid on 25 July 2016.
- 2 Includes the 80 cents per security capital distribution paid 25 July 2016. Securities traded 'cum div' until 6 July 2016.
- 3 Assumes NTA per security was \$1.22 (ie \$0.42 plus \$0.80 capital distribution) because closing share price is 'cum div'.
- 4 Cash exceeds debt.
- 5 Prior to the payment of the 80 cent per security capital distribution totalling \$28.64 million on 25 July 2016.

# Financial Results Summary

	<b>FY16 Actual</b>	<b>FY15 Actual</b>	<b>Change</b>
<b>Financial Information - Audited</b>			
Revenue and Other Income	\$8.23m	\$9.76m	-\$1.53m
Net Profit Attributable to Securityholders	\$6.07m	\$1.32m	+\$4.75m
Basic/Diluted Earnings per Security	17.0 cents	3.7 cents	+13.3 cents
Distributions per Security <sup>1</sup>	\$1.22	-	+\$1.22
<b>Financial Information - Not Audited</b>			
Profit/(Loss) from Operations <sup>2</sup>	(\$0.31)m	\$0.97m	-\$1.28m

1 A capital distribution of 42 cents per security was paid on 31 August 2015. A further capital distribution of 80 cents per security was announced in June 2016, provided for as at 30 June 2016 and paid on 25 July 2016.

2 The reduction from FY15 to FY16 is due to declining property investment income following the sale of Rivergate Centre in FY15 and lease expiries at 308 Queen Street, 88 Creek Street in FY16, prior to that property's sale.

# Financial Results - Detail

	<b>FY16 \$m</b>	<b>FY15 \$m</b>
Investment property net income <sup>1</sup>	1.94	4.04
Interest and other income	0.66	0.95
Borrowing costs	(0.46)	(0.96)
Employee costs <sup>2</sup>	(1.58)	(1.81)
Other overheads	(0.87)	(1.25)
<b>Profit/(Loss) from operations<sup>3</sup></b>	<b>(0.31)</b>	<b>0.97</b>
Gain on sale of property	3.16	2.53
Property revaluations	2.89	(2.02)
IFRS adjustments and other items	0.33	(0.16)
<b>Net profit<sup>4</sup></b>	<b>6.07</b>	<b>1.32</b>

1 As assessed by the directors (unaudited). Directly-owned property only. Excludes contribution from The Marie Street Trust during the period of control in FY15.

2 Annualised employee costs reduced by 50%.

3 As assessed by the directors (unaudited).

4 Audited.

# Net Asset Summary

	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and Cash Equivalents	35,175 <sup>1</sup>	20,442
Investment Properties and related assets	- <sup>2</sup>	34,145
Inventory	9,597	5,274
Investments in Managed Funds <sup>3</sup>	147	5,200
Other Assets	408	590
<b>Total Assets</b>	<b>45,327</b>	<b>65,651</b>
Interest Bearing Loans and Borrowings	-	11,981
Provision for Capital Distribution	28,643	-
Other Liabilities	1,574	937
<b>Total Liabilities</b>	<b>30,217</b>	<b>12,918</b>
<b>Net Assets</b>	<b>15,110</b>	<b>52,733</b>

1 Reduced by \$28.64 million following payment of 80 cents per security capital distribution on 25 July 2016.

2 308 Queen Street/88 Creek Street sold.

3 Investment in The Marie Street Trust.



# Debt Summary

	30 June 2016	30 June 2015
Total Debt Facility – NAB <sup>1</sup>	-	\$12.0M
Balance Sheet Gearing Ratio <sup>2</sup>	-	-
Property Loan to Value Ratio (LVR)	-	30.4%
LVR Covenant	-	50.0%
Percentage of Debt Hedged	-	-
Expiry of Debt Facility – NAB	-	31 Oct 2017

1 Unity Pacific's debt facility was repaid in full on 30 June 2016.

2 Cash exceeds debt.

# Property Portfolio

Property	Location	Sector	Book Value 30 June 2016 (\$M)	Book Value 30 June 2015 (\$M)
<b>Investment Property</b>				
308 Queen Street/ 88 Creek Street, Brisbane	Qld	Commercial	-	33.75
TSAs - 308 Queen Street/ 88 Creek Street, Brisbane	Qld	Commercial	-	0.40
<b>Total Investment Property</b>			-	<b>34.15</b>
<b>Inventory</b>				
Cumberland Lorne Resort	Vic	Tourism	1.10	1.42
San Remo Site	Vic	Rural/ Future Residential	8.50	3.85
<b>Total Inventory</b>			<b>9.60</b>	<b>5.27</b>

# Property Update

## San Remo Site

- 'Rezoning' of land progressed.
- Notice of Decision to Grant a Permit issued by the local council for 3 lot subdivision with 1 lot for a Leisure and Recreation Facility (golf course) and associated tourist accommodation, subject to conditions.
- An appeal against the San Remo permit was lodged by an objector.
- The applications have been withdrawn and relodged with the subdivision now being a 2-lot subdivision.
- The land will be marketed for sale.

## Cumberland Lorne Apartments

- 1 apartment settled in FY16.
- Apartment sold at a small profit to book value.
- 4 apartments remain for sale.

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