

## **ASX Announcement**

11 July 2016

## **GENERAL UPDATE**

Unity Pacific Limited (ASX: UPG) (Unity Pacific) provides below a general business update following the sale of the 308 Queen Street/88 Creek Street, Brisbane property on 30 June 2016 and the announcement of the 80 cents per security capital distribution to be paid on 25 July 2016.

### **Corporate Vehicle Process**

The Expressions of Interest process for the corporate vehicle concluded on 5 April 2016. The various expressions received were evaluated and certain preferred parties were selected. Discussions with those parties are ongoing.

Part of the delay in this process was due to the finalisation of the sale of the 308 Queen Street/88 Creek Street property.

The Board expects to now be able to reasonably progress this process and pursue the option/s which maximise the remaining securityholder value.

### **San Remo Land**

As announced on 13 April 2016, the Board received an independent valuation of this land as at 31 March 2016. There has been (subsequent to that valuation being received) a sale of a relevant parcel of land in close proximity to Unity Pacific's land which the Board thinks may have a material effect on the valuation of the land. The Board has commissioned a new valuation to be carried out as at 30 June 2016.

In December 2015, the relevant local council issued a Notice of a Decision to Grant a Permit to subdivide the San Remo land into three lots and to use one of the lots for a Leisure and Recreation Facility (golf course) and associated tourist accommodation in accordance with certain endorsed plans and subject to numerous conditions. An appeal was lodged by a nearby land owner, leaving the issuing of the permit dependent upon mediation with the objector and/or subsequent review of the decision by the Victorian Civil and Administrative Tribunal (VCAT).

Certain amendments of the application have occurred during the course of the administrative hearings before VCAT. VCAT has ordered that the application be remitted back to the Council for reconsideration of certain aspects of it. Unity Pacific may seek to make further amendments to give the application the best chance of success.

### **Transferable Site Areas (TSAs)**

Notwithstanding the sale of the 308 Queen Street/88 Creek Street property, Unity Pacific has the right to receive the proceeds of sale of the one remaining conditional contract for the sale of 374m<sup>2</sup> of TSAs for a sale price of \$0.6M. This possible \$0.6M receivable is not included in Unity Pacific's 30 June 2016 net tangible assets guidance range as announced on 23 June 2016.

This contract is subject to the relevant purchaser obtaining a development approval from the Brisbane City Council for its residential development project by 30 September 2016 (this date may be extended by the purchaser to 31 December 2016).

Unity Pacific has been advised by its lawyers that the relevant development application appears to be progressing through the Brisbane City Council at a speed which should see it determined by the Brisbane City Council by 30 September 2016 which if the application was successful would see the proceeds of sale paid by that time.

### **Future Operating Costs**

Over the last 12 months, Unity Pacific's running costs, particularly in relation to employment costs, have been materially reduced.

Annualised employee costs have been reduced by approximately 50% since 30 June 2015 and the non-executive directors' fees will also be reduced by a further 10%.

The Board considers that the reduced level of staff is the minimum required to execute the Board's objective to maximise the remaining value for securityholders and also to meet its ongoing compliance requirements.

### **ENDS**

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