

Announcement

15 May 2020

Australian Unity Property Income Fund – ARSN 094 220 498

April 2020 property valuations

Three of the Fund's properties were independently valued as at 30 April 2020 resulting in a net decrease of 2.3% or (\$494,121) from the properties' book value immediately prior to the valuation. The valuations included:

Lot 11, 133 South Pine Road, Brendale QLD – The independent value of the property (a vacant parcel of industrial land) increased by 18.2% or \$203,500 from the property's book value. The valuation increase is the result of land prices growing steadily since the land was acquired in May 2019.

40 Scanlon Drive, Epping VIC – The independent value of the property increased by 1.0% or \$131,940 from the property's book value. The slight increase in valuation is the result of the capitalisation rate decreasing from 6.25% to 6.00%.

Lot 6, 133 South Pine Road, Brendale QLD – The independent value of the property decreased by 11.8% or (\$829,561) from the property's book value. The valuer took into consideration the tenant being placed into voluntary administration in December 2019 (unrelated to Covid-19) and made allowance for a period of vacancy to attract a new tenant resulting into a decrease in the property's valuation.

Valuation details:

| Property | Previous independent valuation | Pre-valuation book value | New independent valuation | Previous capitalisation rate | New capitalisation rate | Variance to book value | Variance to book value |
|---|--------------------------------|--------------------------|---------------------------|------------------------------|-------------------------|------------------------|------------------------|
| 40 Scanlon Drive, Epping VIC | \$13,300,000 | \$13,368,060 | \$13,500,000 | 6.25% | 6.00% | \$131,940 | 1.0% |
| Lot 6, 133 South Pine Road, Brendale QLD | \$7,025,000 | \$7,029,561 | \$6,200,000 | 6.50% | 6.50% | (\$829,561) | (11.8%) |
| Lot 11, 133 South Pine Road, Brendale QLD | \$1,119,250 | \$1,119,250 | \$1,322,750 | N/A* | N/A* | \$203,500 | 18.2% |
| Total | \$21,444,250 | \$21,516,871 | \$21,022,750 | | | (\$494,121) | (2.3%) |

Note:

*Capitalisation rate is not applicable. Property is a vacant parcel of industrial land held for future development.

March Book Value Adjustments

In March a fair value adjustment was made, this resulted in negative \$5.94 million (2.3% impact) to the book value of the Fund's recently acquired direct properties and the Planum Footscray Fund (unlisted investment). Accounting for a new asset acquisition leads to transaction costs (i.e. stamp duty, legal fees, acquisition fees, etc.) being considered as part of an asset's initial carrying value (book value). In normal circumstances, these transaction costs are written off when re-valued a year later, when the costs written off may be offset by gains from re-valuation. However due to COVID-19 pandemic related market volatility, it was deemed prudent and equitable to take this one-off fair value adjustment during the period.

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More information

We regularly provide up to date information about the Fund, including quarterly Fund Updates and continuous disclosure information. These contain current information about the Fund's gearing, interest cover, borrowings, Fund diversification, valuation policy, related party transactions, distribution practices and withdrawal rights.

Please refer to the 'Trust information' section of this website or contact Investor Services on 13 29 39 for copies of the Fund Update.