

AUSTRALIAN UNITY MORTGAGE INCOME

January 2016

Australian Unity Mortgage Income

An update from Australian Unity

As you are aware, in December 2012, Australian Unity Funds Management Limited (AUFML), as Responsible Entity for the Trusts, took the decision to terminate the Trusts and wind them up in an orderly manner.

Since then we have returned approximately 67% of the Trusts' capital to investors, equating to \$219 million. All money returned to investors to date has been at the full \$1 unit price.

Changes to the Fund's unit price

We recently communicated to investors that, as at 30 November 2015, there were only 10 loans remaining in the Trusts' portfolio. Our focus remains on actively managing these loans, with the goal to return the maximum capital value to investors.

As we advance into the later stages of the wind-up process, the shrinking number of loans in the portfolio means that any changes experienced in the value of a single asset will have a larger impact on the Trusts' portfolio value, and therefore its unit price.

Recently, the Responsible Entity approved two contracts for sale for the underlying property assets of the two largest remaining loans. Selling these assets will assist us to expedite the return of capital to investors.

As with all asset sales, we actively marketed the properties in order to achieve the best value for investors. The sale of both assets, however, is expected to be below the book value of the loans previously recorded by the Trusts. As a result, the unit prices for the Trusts has reduced from \$1.00 to:

- Australian Unity Mortgage Income Trust = \$0.9214
- Australian Unity Wholesale Mortgage Income Trust = \$0.9241

The new prices were effective from 31 December 2015. As a result of the upcoming sales, the next capital payment to investors is expected to be in the first quarter of 2016.