

## Footscray Property Syndicate

Important information – 2 June 2009



### Update to borrowing arrangements

Current economic conditions have resulted in some lenders applying unusual or onerous practices in the management of their overall credit exposure. The Lender to the Syndicate (ING Bank) recently of its own volition procured a new, lower valuation for the property for the purposes of assessing the Syndicate's compliance with its various loan covenants. We have advised ING that we do not agree with the process it has applied and the valuation it is utilising for these purposes. We believe it is prudent, for the avoidance of doubt, to ensure that the Syndicate remains fully compliant with the terms of its loan arrangements, particularly the loan to value ratio covenant. The Syndicate has therefore reduced borrowings to \$11.05 million by repaying \$700,000 from its available cash resources.

Given we do not accept the valuation procured by ING and we have no intention of adopting it for the purposes of valuing the Syndicate's asset, we are presently undertaking our own valuation for the property, in line with our normal valuation cycle. We will provide further information once the outcome of that valuation is known.

The Syndicate's property, the Footscray Shopping Centre, remains fully leased with the leases of anchor tenants Kmart and Coles continuing until August 2013 and a weighted average remaining lease term for all tenants of over 3.5 years. The only change of significance which should affect a valuation is market sentiment and future confidence, which as you will appreciate has deteriorated because of the world economic crisis.

Income distributions from the Syndicate currently expected for the financial year 2010 remain consistent with the level of income distributed this year.

You should refer to our website at [www.australianunityinvestments.com.au](http://www.australianunityinvestments.com.au) for up to date information about the Fund.

This Notice dated 2 June 2009, is issued by Australian Unity Property Limited

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