

HARMONY INDUSTRIAL PROPERTY FUND UNIT TRUST

*(178 Railway Parade, Bassendean, WA, 63-69 Pipe Road, Laverton North, VIC, &
1425 Boundary Road, Wacol, QLD)*

Explanatory Notes

Indicative Unit Price

As at 30 June 2020 the Indicative Unit Price is \$0.98

The three properties were purchased for a combined price of \$49.15m in October 2018, December 2018 and June 2019 and were independently valued for finance purposes at that time at that amount. Since then, having regard to the COVID-19 pandemic, industry trends suggest that values for these types of properties, have increased moderately, and if these trends were to apply to these three properties, then the properties might currently be worth a combined \$51.05m to \$51.95m. A sale of these properties under those hypothetical conditions would mean the original \$1 units would therefore be worth between \$0.97 and \$1.00 per unit.

Please note that this is indicative only and should not be relied upon.

The Indicative Unit Price has been calculated in accordance with ASIC Regulatory Guideline 46, adopting the following definition;

$$\text{NTA} = \frac{\text{Net Assets} - \text{Intangible Assets} \pm \text{any other Adjustments}}{\text{Number of Units in the Trust on issue}}$$

Under this definition various purchasing costs such as Stamp Duty are written off gradually over the stated term of the Syndicate.

Valuation Methodology

Included within the calculation of the Unit Price is the indicative property value, which Harmony Property Investments (HPI) assesses annually as at 30 June each year.

External independent valuations are typically undertaken on every property at least once every three (3) years and HPI also conducts its own internal "Indicative Property Value Assessment" each year as at 30 June. Each indicative property value is primarily determined by adopting the capitalisation of net income and/or direct comparison approach. As a part of this process comparable rental and sales evidence is considered in adopting market based parameters and assumptions. These "Indicative Property Value Assessments" are conducted by HPI personnel who are qualified Certified Practising Valuers (CPV) and Associates of the Australian Property Institute (AAPI). We highlight that these "Indicative Property Value Assessments" are conducted for the purpose of calculating the Unit Price and are not a formal valuation.

Tax Reconciliation to the Annual Financial Statements 2019/20

Reconciliation of Taxable Income	\$
Net Income per Financial Statements	1,240,675
Less Auditor's Remuneration accrued last year, paid this year	-940
Plus Auditor's Remuneration accrued and not paid	980
Add Non Deductible Expenses	
Amortisation of Syndicate Establishment Costs	164,466
<u>Taxable Income</u>	<u>1,405,181</u>

Please ensure that both the Tax Statement and these Explanatory Notes are forwarded to your Accountant/Tax Advisor for income tax purposes