

ASX Announcement – Australian Unity Office Fund

27 February 2023

First half 2023 financial results

Australian Unity Investment Real Estate Limited (AUIREL), as Responsible Entity of Australian Unity Office Fund (ASX: AOF), today announced AOF's half year 2023 financial results.

First half 2023 financial and operational overview:

- Funds from Operations (FFO¹) of \$12.1 million, or 7.4 cents per unit
- Distributions of \$8.2 million, or 5.0 cents per unit in line with quarterly guidance
- 30 Pirie Street, Adelaide sold for a gross sale price of \$73 million reflecting the independent valuation of the asset at 30 June 2022
- 2 Eden Park Drive, Macquarie Park unconditionally exchanged for a gross sale price of \$68.825 million reflecting a 10% premium to 30 June 2022 independent valuation
- Post 31 December 2022, the sale of 5 Eden Park Drive, Macquarie Park was announced for a gross sale price of \$80.75 million, reflecting an approximate 1% premium to 30 June 2022 independent valuation
- Net tangible assets of \$2.22 per unit
- Following settlement of 2 & 5 Eden Park Drive, Macquarie Park, AOF is expected to have over \$40 million cash balance and no drawn debt
- Distribution guidance of 2.50 cents per unit for the March 2023 quarter². Distribution guidance will be provided on a quarterly basis until further notice
- Opportunity to return capital to unitholders through a special distribution. Any announcement regarding a potential special distribution would be made prior to 30 June 2023

¹ FFO is a Property Council of Australia definition which adjusts statutory Australian Accounting Standards net profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives and leasing costs, rental straight-line adjustments to financial instruments and other unrealised or one-off items

² Distribution guidance is subject to no material change in AOF's portfolio, no material change in current market conditions and no unforeseen events

Issuer:

Australian Unity Investment Real Estate Limited
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Melbourne VIC 3000
ABN 86 606 414 368
AFSL: 477434

Registry Enquiries:

Australian Unity Office Fund Investor Services
1300 737 760 or
+61 2 9290 9600
(outside Australia)

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Delivering on Strategy

AOF's investment objective is to maximise returns for unitholders through:

- owning Australian real estate assets in metropolitan and CBD markets;
- generating income by delivering and maintaining sustainable occupancy levels;
- divesting assets to make capital available;
- as appropriate, recycle available capital to refurbish and reposition assets; and
- exploring other value maximisation initiatives.

During the half year AOF executed on its strategy to maximise returns for unitholders through asset sales and active management including leasing and asset refurbishments.

Asset sales

During the half year AOF announced the sale of 30 Pirie Street, Adelaide for a gross sale price of \$73 million reflecting independent valuation of the asset at 30 June 2022 and 2 Eden Park Drive, Macquarie Park for a gross sale price of \$68.825 million reflecting a 10% premium to 30 June 2022 independent valuation. Both these assets have settled with net proceeds being applied to the repayment of debt.

Post balance date, the sale of 5 Eden Park Drive, Macquarie Park was announced for a gross sale price of \$80.75 million, reflecting an approximate 1% premium to the 30 June 2022 independent valuation. Settlement is expected in March 2023 and following this settlement AOF is expected to have over \$40 million of cash and no drawn debt.

Active management

AOF's multi-tenanted portfolio comprising 468 St Kilda Road Melbourne, 96 York Street Beenleigh and 64 Northbourne Avenue Canberra is valued at \$146 million, has a weighted average lease expiry (WALE) of 4.5 years and occupancy is 93.3%³.

AOF's value-add portfolio of 10 Valentine Avenue Parramatta and 150 Charlotte Street Brisbane is valued at \$170 million⁴.

At 10 Valentine Avenue, Parramatta the marketing and leasing campaign has commenced. Base-build works have progressed with the first full floor upgrade completed and works progressing on the remaining floors. Design documentation for the lobby, end of trip and services upgrades are being finalised, with the tender process expected to commence in the coming months.

At 150 Charlotte Street, Brisbane the asset is currently 98% occupied with a 1.7 year WALE⁵. Concept plans for the asset's refurbishment are being finalised together with costings to commence base building upgrades, including lobby refurbishments and lift upgrades.

³ As at 31 December 2022

⁴ As at 31 December 2022

⁵ As at 31 December 2022

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Asset Valuations

AOF's portfolio book value as at 31 December 2022 was approximately \$316 million reflecting a weighted average capitalisation rate of 5.7% and a value per square metre of \$6,413.⁶

Outlook

During the half year distributions of 5.0 cents per unit were declared. Distribution guidance of 2.50 cents per unit is provided for the March 2023 quarter⁷. Distribution guidance will be provided on a quarterly basis until further notice.

Nikki Panagopoulos, AOF Fund Manager said:

“The successful asset sales have reinforced AOF's strategic priorities. Our strong balance sheet with an expected cash balance of over \$40 million following settlement of asset sales may provide the opportunity to return capital to unitholders through a special distribution. Any announcement regarding a potential special distribution would be made prior to 30 June 2023.”

“We remain focused on maximising returns for unitholders and will continue to be proactive in terms of portfolio construction, asset sales and active asset management.”

Authorised by:

AUIREL Disclosure Committee

Contact information

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About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of properties located across Australian metropolitan and CBD markets.

This announcement is issued by Australian Unity Investment Real Estate Limited ABN 86 606 414 368 AFSL 477434 (AUIREL) as Responsible Entity of Australian Unity Office Fund. AUIREL is owned equally by subsidiaries of Australian Unity Limited ABN 23 087 648 888 and Keppel Capital Holdings Pte Ltd CRN 201302079N, the asset management arm of Singapore-based Keppel Capital Limited CRN 196800351N.

⁶ Excluding 2 & 5 Eden Park Drive Macquarie Park

⁷ Distribution guidance is subject to no material change in AOF's portfolio, no material change in current market conditions and no unforeseen events

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