

Australian Unity Office Fund

(ASX: AOF)

Annual General Meeting, 11 November 2016

Important notice and disclaimer

The information provided in this presentation has been prepared by Australian Unity Investment Real Estate Limited ABN 86 606 414 368 AFS Licence 477434 (AUIRE), as responsible entity of the Australian Unity Office Fund ARSN 113 369 627 (Fund).

The information provided in this presentation is general information only. It is to be read in conjunction with the Fund's Annual Report for year ended 30 June 2016 lodged with the ASX on 26 September 2016. It is not intended to be investment or financial product advice and should not be relied upon as such. Investors or potential investors should make their own assessment of, or obtain professional advice about, the information contained in this presentation to determine whether it is appropriate for them. The presentation is not an offer or invitation for subscription or purchase of units in the Fund.

Certain statements in this presentation may constitute forward-looking statements or statements about future matters (including forecast financial information) that are based upon information known and assumptions made as of the date of this presentation. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this presentation. As such, undue reliance should not be placed on any forward looking statement. Past performance is no guarantee to future performance. Nothing contained in this presentation nor any information made available to investors or potential investors is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future by the Fund, AUIRE or any other person (including any director, officer or any related body corporate of AUIRE), except as required by law.

All information in the presentation is current as at 30 June 2016 unless otherwise stated. Any dollar (\$) reference is Australian dollars unless otherwise stated.

© 2016 Property of Australian Unity Investment Real Estate Limited. All rights reserved. Not to be reproduced without permission.

Agenda

- 1 Chairman's Welcome
- 2 Chairman's Address
- 3 Fund Manager's Address
- 4 Questions

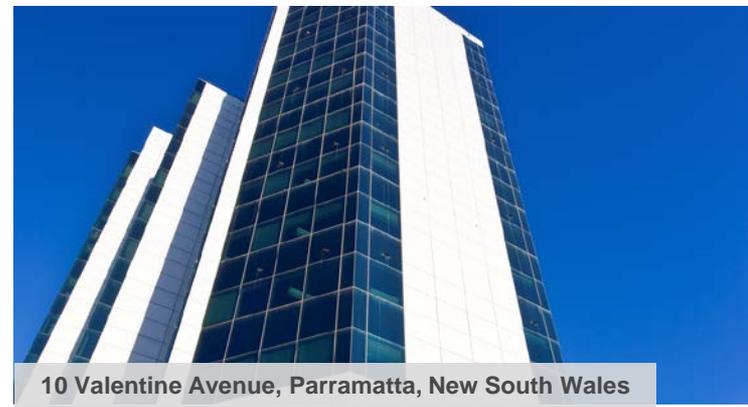
Presenters



(William) Peter Day
Chairman



Grant Nichols
Fund Manager



Chairman's address

Peter Day



The Board

Australian Unity Investment Real Estate Limited (AUIRE)

The Board



(William) Peter Day
Independent Chairman;
Member - Audit & Risk
Committee



Don Marples
Independent Non-executive
Director;
Chairman – Audit & Risk
Committee



Eve Crestani
Non-executive Director;
Member – Audit & Risk
Committee



Greg Willcock
Non-executive Director



Kirsty Dullahide
Executive Director

Management

Australian Unity Office Fund (AOF)

Management of AOF



Activity since listing

Listed 20 June 2016

Activity (20 June 2016 onwards)

1

Preparation and lodgement of the 2016 Annual Report

2

Post listing investor engagement

3

Payment of June and September 2016 distributions in line with the Product Disclosure Statement forecast

4

Board engagement on Fund and property strategies



Clear well defined investment objective and strategy

Fund objective

To provide Unitholders with sustainable income returns via quarterly distributions and the potential for capital growth over the long term by investing in a diversified portfolio of Australian office properties.

Fund strategy

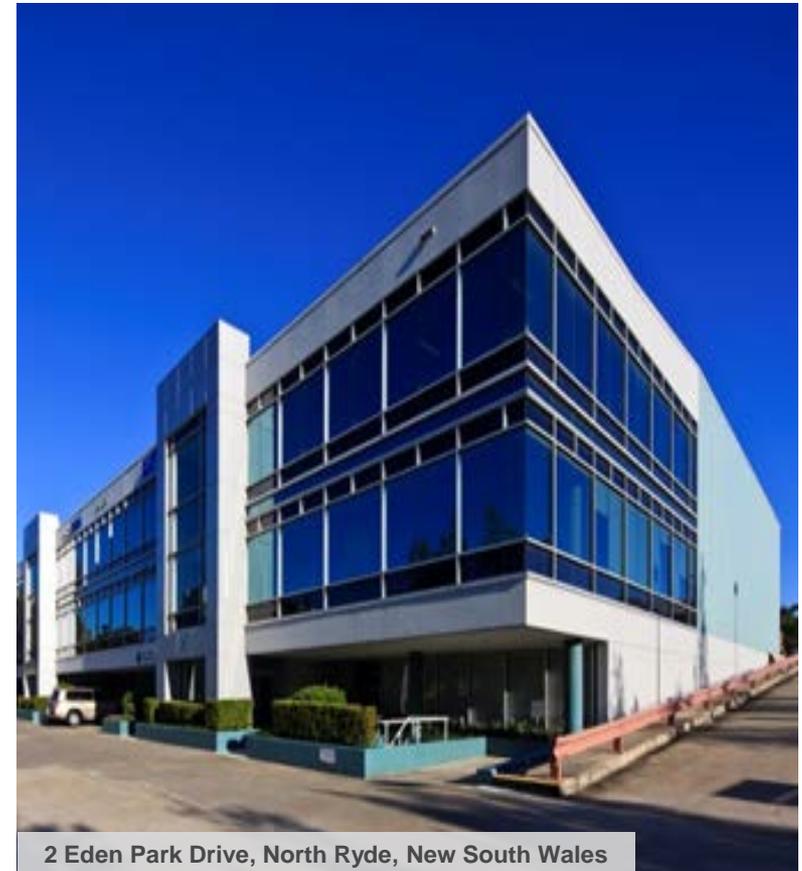
- 1 Invest in quality Australian office properties located in metropolitan and CBD markets
- 2 Grow net property income (NPI)
- 3 Enhance capital values
- 4 Deliver sustainable and growing income returns via quarterly distributions
- 5 Target gearing below 40%
- 6 Maintain diversification through investment into existing properties or acquisitions

FY16 Highlights

Fund highlights	
1	28,916 sqm leased ~30% of the Fund's portfolio
2	>99% existing unitholder support for initial public offering
3	~30% gearing
4	100% of withdrawal requests met
5	\$14.4 million valuation uplift
6	\$140 million debt refinancing
7	~8.6% average distribution yield on net tangible assets

Fund Manager's address

Grant Nichols



Continue to deliver post listing

Fund achievements	
1	3.7 CPU September distribution
2	~4,400 sqm of leases executed (~5% of portfolio)
3	~4,300 sqm subject to signed heads of agreement (~4% of portfolio)
4	100% leased 2 Eden Park Drive

Asset level strategy

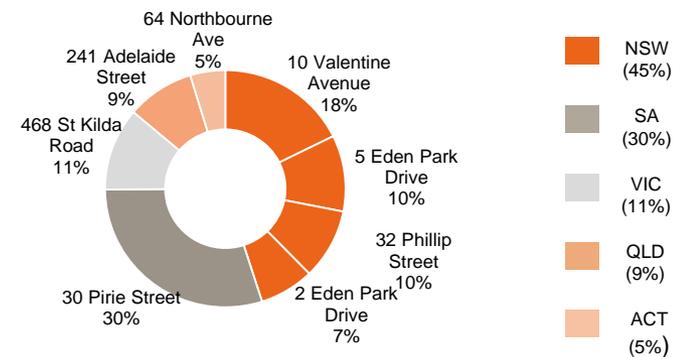
- Single or dominant tenant buildings provide opportunity to obtain long term leases which underpin sustainable income returns.
- Multi-tenant buildings provide continual exposure to market conditions, without significant lease expiry risk, and are suited to attracting sub-1,000 sqm tenants.

Fund metrics

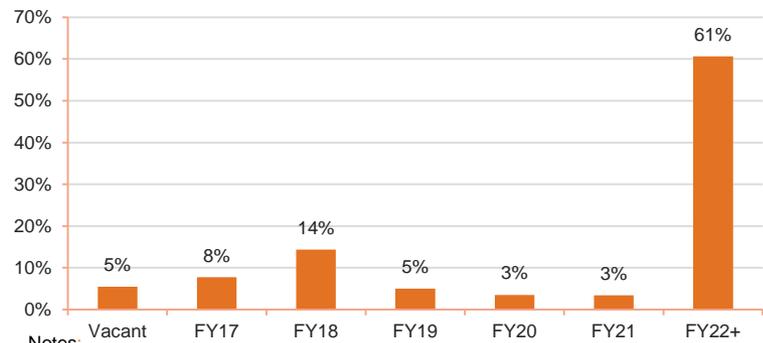
As at 31 October 2016

Key portfolio metrics	
Number of properties	8
Independent valuation ⁽¹⁾	\$391.1 million
Capitalisation Rate ⁽²⁾	8.0%
Passing Yield ⁽²⁾	8.1%
Occupancy ⁽³⁾	94.6%
WALE ⁽⁴⁾	4.6 years
Net Lettable Area	97,615 sqm

Geographic diversification⁽²⁾

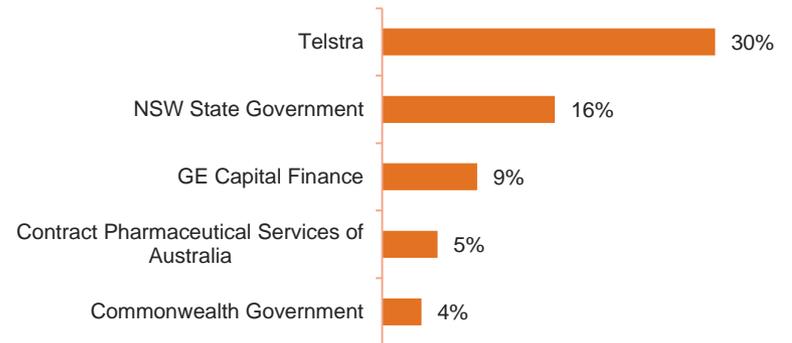


Lease expiry profile (by NLA)⁽³⁾



Notes:
 (1) As at 30 April 2016.
 (2) As at 30 April 2016, weighted by independent valuation.
 (3) As at 31 October 2016, by NLA.
 (4) As at 31 October 2016, by Gross Property Income.

Top 5 tenants⁽⁴⁾



2 Eden Park Drive leasing

Case study



2 Eden Park Drive, North Ryde, New South Wales

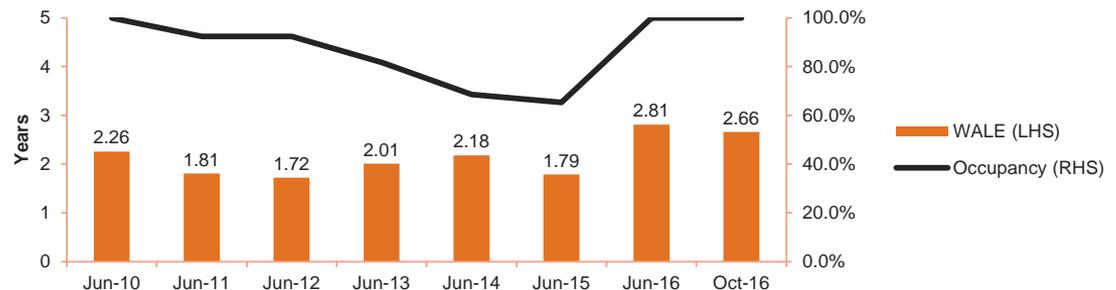


2 Eden Park Drive, North Ryde, New South Wales

Management strategy – maintaining high occupancy

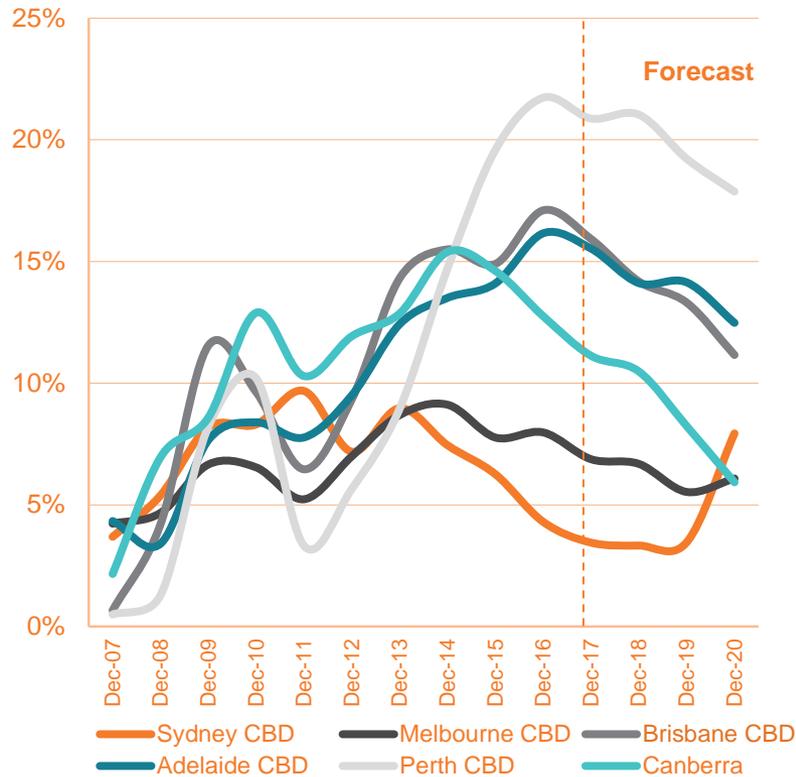
- 1 The building has **historically displayed good capacity for high occupancy** given:
 - small to medium size of the units and quality of the office combined with high clearance warehouse is not readily available elsewhere in the market despite ongoing tenant demand
- 2 **30 June 2015 vacancy of ~35%** a result of a number of tenants space requirements changing or ceasing operations (did not lose tenants to comparable space)
- 3 **Vacancy addressed through:** spec fitouts, lift upgrade and a renewed marketing campaign
- 4 **Significant leasing achievements post low point in occupancy**
 - unit 4 (701 sqm): New 3 year lease
 - unit 5 & 6 (1,123 sqm): New 5 year lease
 - unit 9 (495 sqm): New 5 year lease
 - unit 10 (472 sqm) New 3 year lease
 - unit 12 (789 sqm): New 7 year agreement
 - units 13 (787 sqm): Renewal of tenant for a further 5 year term
 - units 15 & 16 (967 sqm): Renewal of tenant for a further 3 year term

Historical WALE and Occupancy

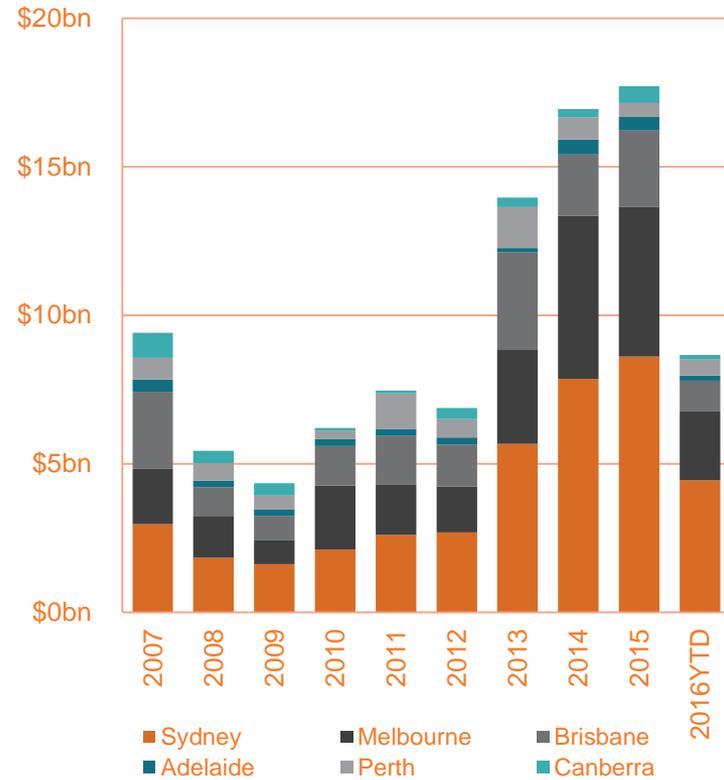


Market outlook

Historic and forecast vacancy



Office transactions (by state)



Source: CBRE

AOF is well positioned

- No near term single tenant lease expiry represents more than 5% of income
- Over 90% of leases have fixed increases averaging 3.5%
- Strong tenant covenants with over 50% of the income from investment grade tenants
- ~30% gearing
- **FY17 guidance maintained ⁽¹⁾**
 - FFO: 16.4 CPU
 - Distribution: 14.8 CPU



(1) Subject to no material change in market conditions

Questions?



Health | Wealth | Living