

## ASX Announcement – Australian Unity Office Fund

10 October 2017

# Australian Unity Office Fund announces \$105.75 million strategic acquisition and \$50 million Equity Raising

Australian Unity Investment Real Estate Limited (**Responsible Entity**) as responsible entity for Australian Unity Office Fund (**AOF or the Fund**) is pleased to announce that it has entered into an unconditional agreement to acquire 150 Charlotte Street, Brisbane for \$105.75 million (**Acquisition**). The Acquisition price represents an initial passing yield of 6.7% and capitalisation rate of 6.0%.

150 Charlotte Street is a quality, A Grade property consistent with AOF's strategy. Key attributes of the asset include:

- Located in the heart of the CBD, adjacent to the 'Golden Triangle'
- 100% occupied<sup>1</sup> with a 5.7 year WALE<sup>2</sup> and attractive rental reviews of 4.0% per annum
- The major tenants are Boeing Defence Australia (**Boeing**), representing 64% of income and the Commonwealth of Australia, representing 13% of income
- It enhances AOF's portfolio WALE, occupancy and lease expiry profile
- Capitalising on the improving Brisbane market

In conjunction with the Acquisition, AOF is conducting a fully underwritten accelerated non-renounceable entitlement offer (**Equity Raising**) to raise approximately \$50 million at a fixed price of \$2.23 per AOF security (**Issue Price**). Proceeds from the Equity Raising will be used to partially fund the Acquisition, with the balance funded through an extension to AOF's debt facilities with a new \$70 million, 5 year tranche.

Grant Nichols, Fund Manager of AOF said: "150 Charlotte Street is a dominant tenant building that further underpins AOF's ability to provide sustainable income returns to unitholders. The Boeing tenancy is its Australian headquarters, with a significant custom fitout to accommodate Boeing's high security and operational requirements. The Acquisition capitalises on an opportunity in the improving Brisbane market and will complement AOF's existing portfolio"

### Portfolio impact

The asset has occupancy of 100%<sup>1</sup>, a WALE of 5.7 years<sup>2</sup> and covers 11,011 sqm of NLA.

Key portfolio metrics	30 June 2017	150 Charlotte Street	Pro-forma
<b>Assets</b>	8	1	9
<b>Occupancy<sup>1</sup></b>	93.5%	100%	94.2%
<b>NLA (sqm)</b>	97,580	11,011	108,591
<b>Portfolio value (\$m)</b>	441.1	105.8	546.9
<b>WACR</b>	7.5%	6.0%	7.2%
<b>WALE<sup>2</sup> (years)</b>	4.6	5.7	4.8

#### ASX code:

AOF

#### Issuer:

Australian Unity Investment  
Real Estate Limited  
ABN 86 606 414 368  
AFSL 477434

#### Enquiries:

Australian Unity Office  
Fund Investor Services  
1300 721 637 or  
+61 2 8016 2890  
(outside Australia)

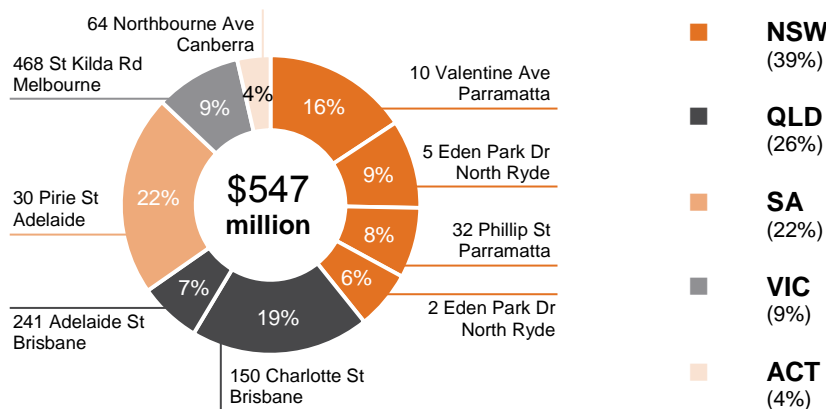
#### Contact details:

114 Albert Road  
South Melbourne VIC 3205

Tel: 13 29 39

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### Geographic diversification<sup>3</sup>



### Financial impact

Subject to no material change in market conditions, AOF reconfirms FY18 FFO guidance of 17.1 – 17.3 cpu and FY18 distribution guidance of 15.6 cpu.

AOF will maintain its conservative capital structure, with pro forma gearing of 33.5%<sup>4</sup>, within AOF's target gearing level of below 40%.

Post the Acquisition and Equity Raising, pro-forma 30 June 2017 NTA is expected to be \$2.19 per unit.

### Equity Raising

The Equity Raising comprises a fully underwritten 1 for 6.25 accelerated non-renounceable entitlement offer to raise approximately \$50 million at a fixed Issue Price of \$2.23 per unit. The Issue Price represents a:

- 1.8% discount to the last traded price of \$2.27 on 9 October 2017
- 2.2% discount to the 5-day VWAP of \$2.28 on 9 October 2017
- 1.5% discount to the Theoretical Ex-Rights Price (TERP) of \$2.26

New units issued under the Equity Raising will rank equally with existing Units and will be fully entitled to the Distribution for the quarter ending 31 December 2017.

The Equity Raising is underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch.

### Commitments from Australian Unity

Australian Unity corporate entities and funds managed by Australian Unity subsidiaries, AOF's largest unitholding group with approximately 13.8% of units on issue, have committed to maintain their pro rata holding through participation in the Equity Raising. Directors of the Responsible Entity that hold units will subscribe for their full entitlement.

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### Key dates of the Equity Raising

Event	Date 2017
Trading halt and announcement of the Transaction	Tuesday, 10 October
Institutional Entitlement Offer Bookbuild	Tuesday, 10 October
Trading of securities recommences on the ASX on an 'ex-entitlement' basis	Wednesday, 11 October
Entitlement Offer Record Date	7:00pm, Thursday, 12 October
Retail Entitlement Offer Booklet is despatched and Retail Entitlement Offer opens	9:00am, Monday, 16 October
Early Retail Acceptance Due Date	5:00pm, Wednesday, 18 October
Settlement of units issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Thursday, 19 October
Allotment and normal trading of units issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Friday, 20 October
Retail Entitlement Offer closes	5:00pm, Monday, 30 October
Allotment of remaining units issued under the Retail Entitlement Offer	Tuesday, 7 November
Normal trading of remaining securities issued under the Retail Entitlement Offer	Wednesday, 8 November

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEDT. Any changes to the timetable will be posted on AOF's website at [www.australianunityofficefund.com.au](http://www.australianunityofficefund.com.au).

### Additional information

Additional information about the Acquisitions and Equity Raising including key risks is contained in the investor presentation released to the ASX today. The retail entitlement information booklet will be released separately and mailed to eligible securityholders. The booklet will also be available on AOF's website at [www.australianunityofficefund.com.au](http://www.australianunityofficefund.com.au).

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### Notes:

- 1 As at 30 June 2017, Portfolio occupancy is the percentage of net lettable area which is occupied.
- 2 As at 30 June 2017, WALE is the average lease term remaining to expiry across the portfolio, weighted by gross property income. Portfolio WALE excludes The Brisbane Club at 241 Adelaide Street, Brisbane as the tenant has approximately 45 years remaining on the lease and would thus distort the metric.
- 3 As at 30 June 2017, by book value
- 4 Gearing is interest bearing liabilities (excluding unamortised establishment costs) less cash divided by total tangible assets less cash.

### For further information please contact:

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### About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of eight office properties (nine including the property at 150 Charlotte Street Brisbane) located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.

This announcement is issued by Australian Unity Investment Real Estate Limited ABN 86 606 414 368 AFSL 477434 ('AUIREL'). AUIREL is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

Australian Unity is a health, wealth and living organisation providing products and services designed to help people thrive. More than one million Australians have created a bright future with us. Our businesses span operations providing healthcare, financial services, and retirement and living services, employing more than 7,500 people across Australia.