

ASX Announcement – Australian Unity Office Fund

18 June 2018

AOF's asset valuation increases driven by leasing success and strong metropolitan markets

Australian Unity Office Fund (AOF) today announced that the following six properties have been externally valued as at 30 June 2018:

- 30 Pirie Street, Adelaide
- 10 Valentine Avenue, Parramatta
- 150 Charlotte Street, Brisbane
- 5 Eden Park Drive, North Ryde
- 32 Phillip Street, Parramatta
- 241 Adelaide Street, Brisbane

Combined these valuations have resulted in an estimated increase of \$42.8 million or 9.4% over the preceding book value for the properties externally valued. This equates to an increase in AOF's net tangible assets of approximately 26 cents per unit. As a result of the valuations as at 30 June 2018 the weighted average capitalisation rate across the portfolio has tightened to 6.7%, and the portfolio value has increased to ~\$620 million.

AOF's properties in North Ryde and Parramatta that were externally valued generated the majority of the increase reflecting the strong investment demand in these metropolitan markets combined with robust leasing conditions in Parramatta and improving leasing conditions in North Ryde.

The valuation of 5 Eden Park Drive, North Ryde was also supported by improved building occupancy which is now ~93% compared to ~83% as at 31 December 2017.

AOF's Fund Manager, Grant Nichols, said 'Significant infrastructure under construction and in planning is making North Ryde and Parramatta an attractive and viable option for tenants by providing improved transit, shopping and education amenity'.

'Despite recent market rental growth, the metropolitan office markets of North Ryde and Parramatta remain cost effective alternatives to the Sydney CBD with North Ryde market rents being approximately one-third of Sydney CBD rents and Parramatta market rents being approximately half of Sydney CBD rents. This significant rent spread, which is higher than the historical average, is another factor driving tenant demand in these markets'.

Further details relating to individual property valuations will be announced in AOF's full year 2018 results.

For further information contact

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About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine office properties 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.

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