

ASX Announcement – Australian Unity Office Fund

30 March 2020

Market and FY20 earnings guidance update

Australian Unity Investment Real Estate Limited (**AUIREL**), as Responsible Entity of Australian Unity Office Fund (ASX: **AOF**) announces that, given present uncertainties in relation to the duration and impact of the COVID-19 pandemic, it has conducted a review of AOF's financial position, including its income profile, balance sheet position, debt facilities and associated covenants.

The Board notes the COVID-19 pandemic is creating a period of significant disruption which is rapidly changing. As a result, the Board has made provisions against the forecast FY20 rental income, resulting in the FY20 FFO guidance for AOF being revised down from the previously advised 17.3–17.7 cpu¹ to 16.0–17.0 cpu¹.

Full year FY20 distribution guidance is reaffirmed at 16.0 cpu¹, noting that AOF's payout ratio is expected to remain within the 80–100% target range set by the Board.

This change in FFO guidance reflects the Board's consideration of present circumstances. The Board will update the market should circumstances materially change.

AOF remains in a strong capital position. As at 31 December 2019, gearing was 29.9% and the interest coverage ratio was 4.4x, providing significant headroom to its debt covenants. Following the refinancing and extension of its debt facility announced on 19 March 2020, AOF has approximately \$40 million² of combined cash and undrawn debt facilities with a weighted average debt term of 3.7 years² and no debt expiring until October 2022.

The estimated distribution for the period from 1 January 2020 to 31 March 2020 of 4.0 cents per unit which was previously announced is expected to be paid on 16 April 2020.

James Freeman, Fund Manager of AOF commented, "In light of the escalating impacts of the COVID-19 pandemic, we conducted a thorough review of AOF's portfolio. Given some uncertainty, particularly with our smaller tenants, we felt it prudent to make some provisions against our FY20 income profile and as such we have revised our guidance to reflect the rapid economic slowdown that is occurring."

"AOF is primarily an income focused REIT and has no 'active' earnings relating to funds management or development fees. AOF's portfolio remains well positioned with approximately 65% of income underpinned by State and Commonwealth Government departments, Telstra, Boeing Defence Australia and GE Capital Finance, with no major lease expiries until June 2022. We will continue to engage with all of our tenants and other stakeholders to work through this challenging period."

Authorised by the AUIREL Board

Contact information

James Freeman
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¹ For 12 months to 30 June 2020 subject to no further material change in market conditions and no further unforeseen events

² As at 27 March 2020

ASX code:

AOF

Issuer:

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AFSL 477434

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Contact details:

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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 owned by Australian Unity Keppel Capital Pty Ltd, a joint venture company owned equally by subsidiaries of Australian Unity Limited ABN 23 087 648 888 and Keppel Capital Holdings Pte. Ltd.

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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