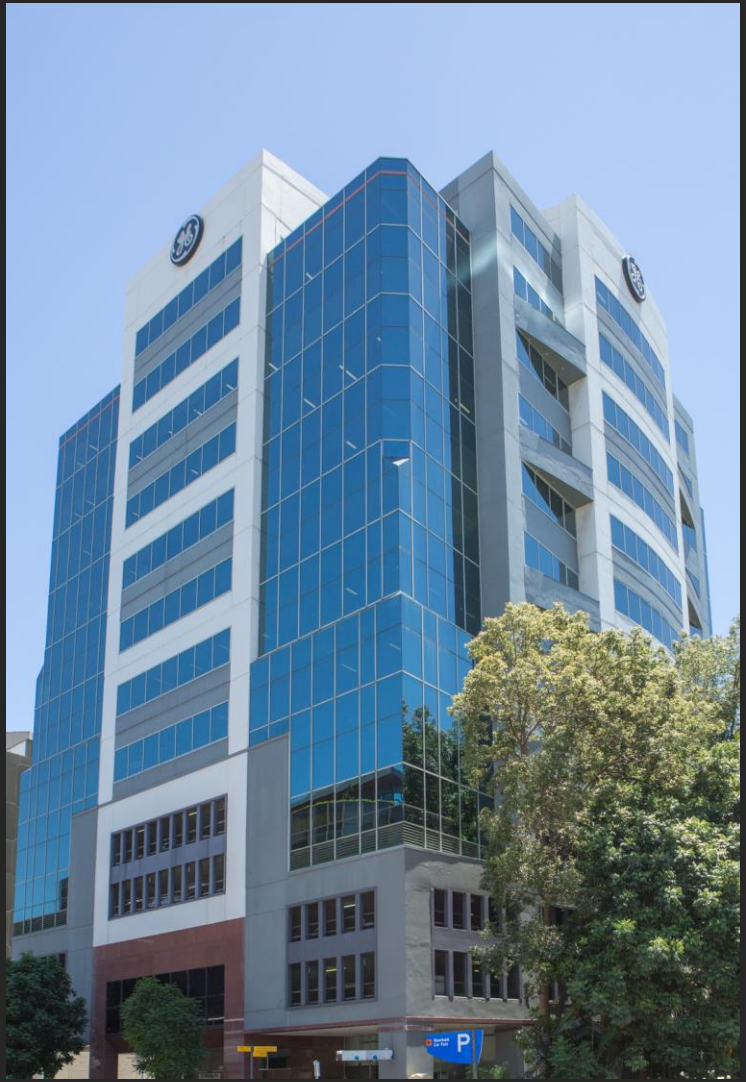
24 August 2020

Australian Unity Office Fund

2020 Full Year Results

Webcast: https://webcast.boardroom.media/australian-unity-office-fund/20200824/NaN

Teleconference: https://s1.c-conf.com/diamondpass/10009266-invite.html



32 Phillip St. Parramatta

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AOF's Results

64 Northbourne Ave, Canberra

AOF's FY20 Full Year Result Highlights
Delivering on key objectives

180 YEARS Australian Unity Real Wellbeing

Vision	To be Australia's leading income focused office A-REIT								
	Portfolio Construction			**Capital Management**			**Investment Return**		
Key Objectives	A portfolio of Australian metropolitan and CBD office assets diversified by geography, tenants and lease expiry			A robust capital structure, with conservative gearing, that can withstand cycles and enable growth			Deliver stable, sustainable income returns via quarterly distributions with the opportunity for capital growth		
Key Outcomes	Full portfolio revalued	Strong leasing outcomes	Metropolitan markets well positioned	Debt facility limit and maturity term increased	Gearing & ICR healthy	W. Av Cost of Debt reducing	Strong FFO & DPU	Robust tenancy profile	Significant potential upside from proposed development at Parramatta
	Portfolio $669.65 million[(1)] ($668.40 million at 30 June 2019)	~15,200 sqm (14.8% of NLA) leased or under offer since July 2019[(2)]	Metropolitan markets well positioned based on affordability, accessibility and amenity	Facility increased by $30m to $250m Debt maturity 3.5 years (3.1 years as at 30 June 2019)	Gearing [(3)] is 31.2% (target is <40%, and LVR covenant is 50% ICR is 4.1x (vs covenant of 2.0x)	W. Av cost of debt is 3.1% (3.7% as at June 2019) No capital used to reset swap rate	FY20 FFO of 17.0 cpu DPU of 15.0 cpu (Distribution yield of 7.2% on 30 June 2020 closing price of $2.09)	64% of income from top 5 tenants 92% collections rate for April - June 2020	2-10 Valentine Avenue valuation increased $14.5 million since 30 June 2019 Forecast yield on cost of 7%+ for development [(4)]

1. As at 30 June 2020
2. From 1 July 2019 to 31 July 2020
3. Gearing is interest bearing liabilities (excluding unamortised establishment costs) less cash divided by total tangible assets less cash
4. Based on a number of publicly available current property market assumptions, plus an assumption that additional units are only issued to fund the Parramatta development to maintain gearing at ~30%, and AOF's target fully-let yield on build cost, including tenant incentives, of between 7% and 8%.

COVID-19

Tenant Interactions	• Actively assisting tenants through this period; including establishing rent relief entitlements under the Government's Mandatory Code of Conduct ("the Code") • Rent relief requests: – As at 30 June 2020 ~11% of our tenants by gross monthly income have requested proportionate rent relief (~15% at 31 July 2020) • Each tenant is a case by case negotiation based on their circumstances and impact to turnover • Final position to be established once the Code period ends
Valuations	• All properties revalued as at 30 June 2020 • Valuation metrics updated to account for current environment
Collections	• Averaged 92% of full rent roll (before allowing for rent waivers) from 1 April 2020 to 30 June 2020
FY20 financial impact	• FY20 Profit and FFO reduced by $1.1 million (0.7 cpu) due to doubtful debt provision reflecting expected outcome of rent waivers (up to 30 June 2020)
Operations	• Building occupancy generally between 20% and 40% depending on location • Operations modified: additional cleaning, hand sanitisers, signage • Capex to create less touch points, improved air conditioning as part of 2 Valentine design / refurbishments

Financial Results

468 St Kilda Rd, Melbourne

FINANCIAL RESULTS
Full year 2020 – key financial metrics

Key financial metric	FY20	FY19	Change
Statutory net profit	$13.2m	$44.8m	-$31.6m
FFO[(1)]	$27.6m	$28.5m	-$0.9m
FFO per unit[(1)]	17.0 cents	17.5 cents	-0.5 cents
Rental abatement incentives[(2)]	1.2 cents	1.0 cents	0.2 cents
FFO plus rental abatement incentives per unit[(2)]	18.2 cents	18.5 cents	-0.3 cents
Distribution	$24.4m	$25.7m	-$1.3m
Distribution per unit	15.0 cents	15.8 cents	-0.8 cents
NTA per unit	$2.72	$2.79	-$0.07

In future reporting periods, the add back of rental abatement incentives will be included in Directors' assessment of FFO, to ensure consistency of treatment of incentives

1. FFO means Funds From Operations
2. Incentives paid to tenants generally take three forms; rental abatement incentives, rent free incentives and fitout incentives. Funds From Operations has been assessed by adding back amortisation of rent free and fitout incentives; but not rental abatements incentives as these are generally expensed. As a result, different incentives provided to a tenant may result in a different FFO outcome. To ensure consistency of disclosure, the impact of adding back rental abatement incentives has also been shown

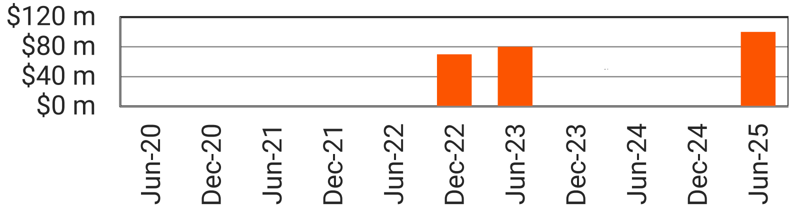
- All assets were independently revalued as at 30 June 2020
- Statutory net profit down $31.6 million compared to prior year, driven by lower net fair value movement in asset revaluations in FY20 compared to FY19 (-$2.9 million in FY20 vs +$24.3 million in FY19)
- FY20 profit and FFO include a $1.2 million (or 0.7 cpu) doubtful debt provision in relation to expected rent waivers to be granted. Excluding this provision FFO would be 17.7 cpu
- Net profit includes $2.9 million of costs relating to the CHAB transaction, Starwood transaction and a potential acquisition (which did not proceed due to the impact of the COVID-19 pandemic). There costs are added back to the FFO calculation

FINANCIAL RESULTS
Strong capital management position

	30 June 2020	30 June 2019	Change
Total borrowings(1)	$215.8m	$204.8m	+$11.0m
Total debt facilities	$250.0m	$220.0m	+$30.0m
Gearing(2)	31.2%	29.5%	+1.7%
Weighted average cost of debt	3.1%	3.7%	-0.6%
Weighted average debt term to maturity	3.5 years	3.1 years	+0.4 years
Interest cover ratio	4.1x	4.6x	-0.5x
Weighted average interest rate of swaps(3)	1.7%	1.9%	-0.2%
Weighted average term of interest rate hedging	4.1 years	3.1 years	+1.0 years

- Debt diversified by three separate tranches and two major banks (CBA and NAB)
- $70 million of debt was refinanced for a new five year term, whilst also adding an additional $30 million of headroom
- No debt maturities until October 2022
- The average cost of debt reduced from 3.7% to 3.1%
- Interest rate swaps with a nominal value of $80 million were "blended and extended" at zero cost, reducing the weighted average swap rate by 0.2%
- 78.8% hedged as at 30 June 2020 (97.7% as at 30 June 2019)

Debt facility expiry profile as at 30 June 2020



1. Total borrowings represent the bank loans and excludes unamortised borrowing costs
2. Gearing is interest bearing liabilities (excluding unamortised establishment costs) less cash divided by total tangible assets less cash
3. Excludes financier's margin, line fee and establishment fee, and excludes any forward dated interest rate swaps

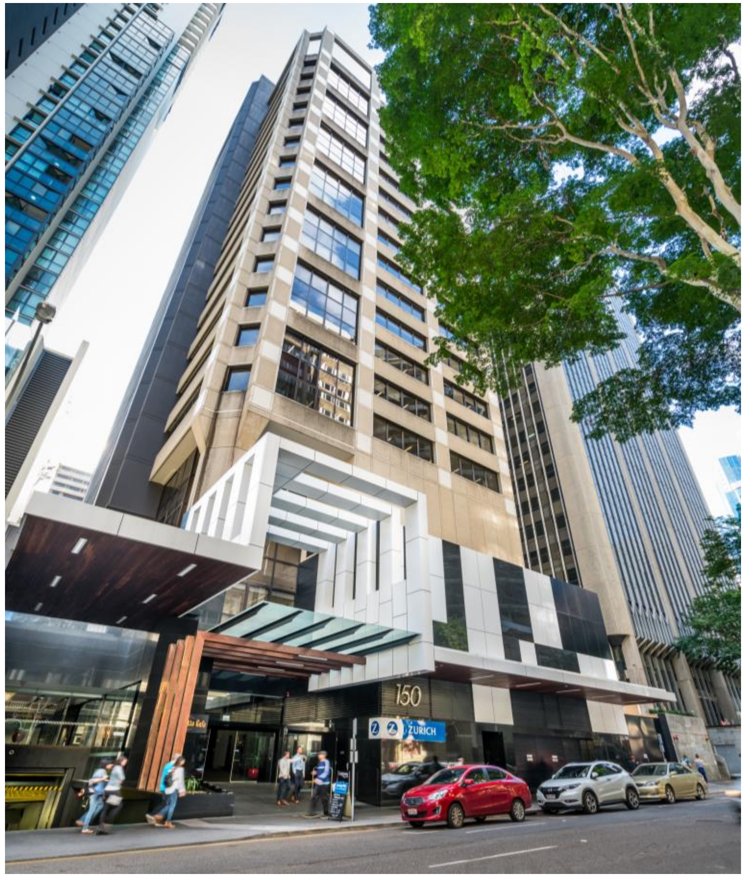
Portfolio Management

150 Charlotte St, Brisbane

Portfolio Highlights

Well positioned portfolio with progress made on 2 Valentine Ave

1	Portfolio is well positioned with 59% allocation by book value to metro markets and 41% to capital city CBDs (excluding Sydney and Melbourne CBDs); which offer significant price point differential
2	Limited expiries in FY21 at 4% of the portfolio(1), with all expiries over 400 sqm located in Macquarie Park, one of the best performing markets at present
3	5 Eden Park Drive: CPSA lease restructured in August 2020 to two potential growth companies with 3 year extension to one tenant (until June 2029). Independent valuation commissioned
4	Valentine Avenue: DA for 28,000 sqm commercial office tower received, tender completed and preferred builder will shortly commence early works to reduce program risks. Actively seeking tenant pre-commitments
5	Full portfolio revalued as at 30 June 2020, with cap rate broadly holding and softening in other valuation parameters (such as growth rates, incentives, downtimes) to account for current environment



150 Charlotte St, Brisbane

1. By Net Lettable Area

PORTFOLIO WELL POSITIONED

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- Portfolio of 9 assets weighted 59% by book value to metro markets and 41% to capital city CBDs (excluding Sydney and Melbourne CBDs)

- AOF's gross market rents are between 29% - 49% of Sydney CBD gross effective rents

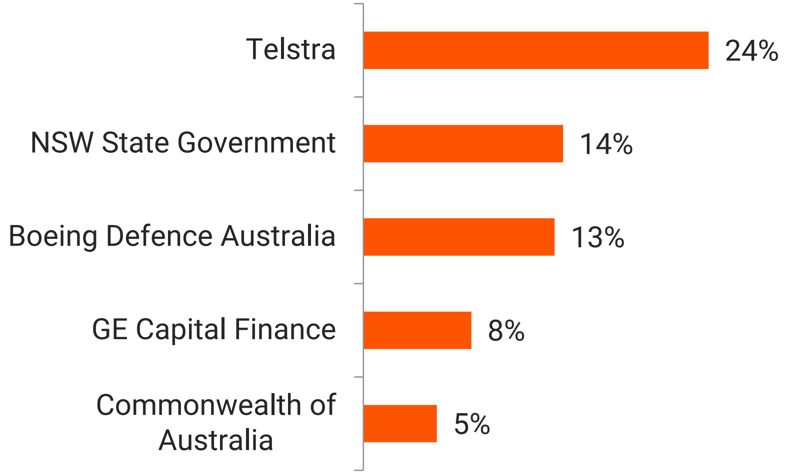
- **Metro markets:** expected to perform better than major CBDs due to decentralisation trend that is shifting tenant demand to metropolitan areas:
  - Affordability: Cost effective compared to Sydney and Melbourne CBDs rents
  - Infrastructure: Metro areas are becoming more accessible by rail and road infrastructure projects
  - Accessibility: Particularly in Sydney, more than half the population lives west of Parramatta
  - COVID-19 likely to accelerate this trend as companies look to reduce costs and workers seek to minimise travel time
  - Hub & spoke model

PORTFOLIO WELL POSITIONED

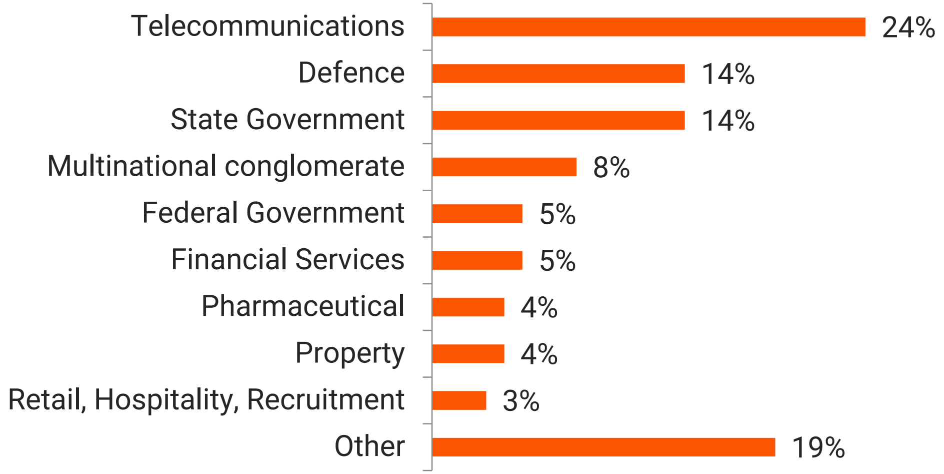
Well positioned going into FY21:

- 64% of gross income from top 5 major tenants
- Full portfolio independently revalued with COVID-19 implications addressed[1]
- Only 4% expiry in FY21 with key focus on reletting / addressing vacancy
- Over 95% of the portfolio's future rental increases are fixed increases between 3.0% and 4.0%

Top 5 tenants [2]



Tenants by industry [2]



1. All properties valued as at 30 June 2020 with valuers having regard to COVID-19 environment at that time
2. As at 30 June 2020, by Gross Property Income

PORTFOLIO WELL POSITIONED

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- Leasing activity of ~15,900 sqm since July 2019:
  - comprising ~7,100 sqm (or ~6.6% of the portfolio[(1)]) of completed leases in FY20 (22 transactions)
  - and a further ~8,800 sqm (or ~8.1 % of the portfolio[(1)]) of leasing deals either completed or under signed heads of agreement post 30 June 2020.
- Major lease re-cut at 5 Eden Park Drive post 30 June 2020
  - CPSA business acquired by Aegros – surrendered Level 1
  - Saluda direct lease over level 1
  - Tenancy passing rental remains the same, Saluda extend lease term by 3 years (to June 2029)
  - WALE[(2)] increased from 4.2 years (at 30 June 2020) to 4.6 years (as at 31 August 2020)

5 Eden Park Drive, North Ryde

1. By Net Lettable Area
2. By Gross Property Income

Vacancy & Expiry

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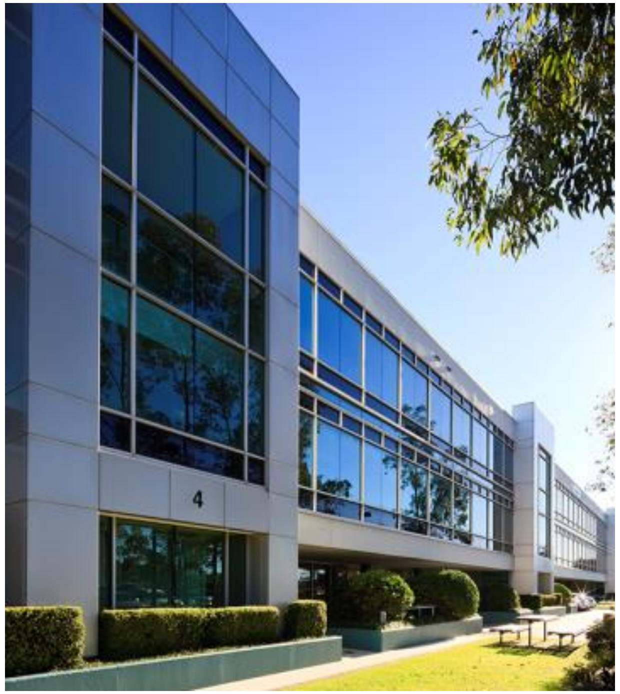
- **Vacancy**: 6.3%[1] of portfolio
  - only 1 area over 1,000 sqm
- **FY21 expiries**: 4.3%[1] of portfolio
  - Only 4 tenancies over 400 sqm, 1 under offer, 3 in negotiations



2 Eden Park Drive, North Ryde

Current Vacancies	sqm
64 Northbourne - L5	1,027
30 Pirie St - Part L22 & Part L23	963
5 Eden Park Drive - Part L3	796
468 St Kilda Rd - Part L1	700
2 Eden Park Drive - Unit 14 (HOA)	473
10 Valentine Ave - Ground	426
Vacancies (sub 400 sqm)	2,366
Total Vacancy	**6,750**
% of portfolio	**6.3%**

FY21 Expiries	sqm
2 Eden Park Drive	
Unit 6	694
Unit 9	495
Unit 8 (HOA)	456
Unit 5	429
Other FY21 expiries (sub 400sqm)	2,535
Total FY21 Expiries	**4,609**
% of portfolio	**4.3%**

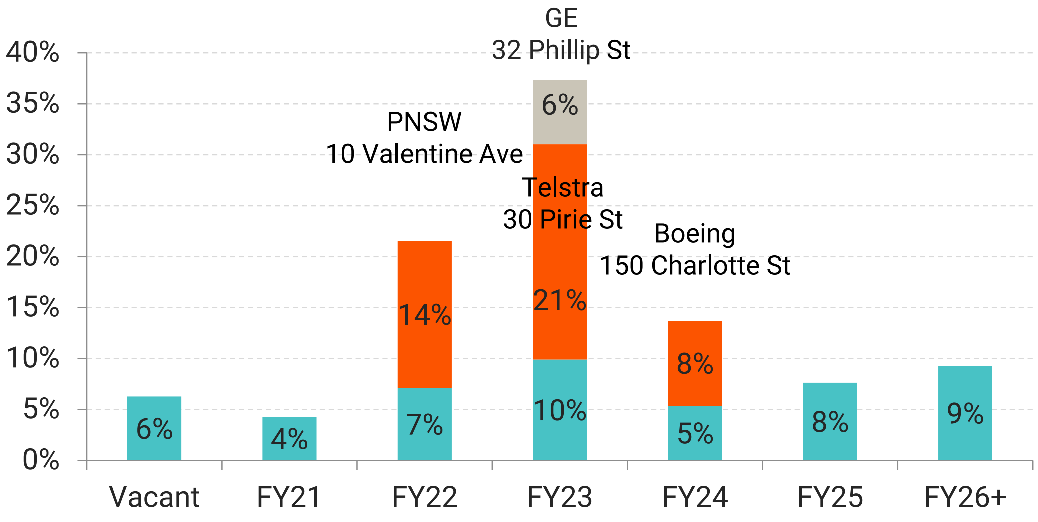
1. By Net Lettable Area

MAJOR EXPIRIES (FY22+)

Focus on de-risking major expiries well in advance

- **10 Valentine Ave, Parramatta** (14% of NLA, June 2022)
  - Property NSW reviewing required footprint
- **30 Pirie St, Adelaide** (21% of NLA, February 2023)
  - Telstra conducting strategic review in advance of discussions
  - 5 floors sub-let provides opportunity to go direct
- **32 Phillip St, Parramatta** (6% of NLA, June 2023)
  - Investigating ground plane options / Powerhouse Museum
  - 6 floors sub-let – provides opportunity to go direct
- **150 Charlotte St, Brisbane** (8% of NLA, June 2024)
  - Targeted capex to enhance tenant experience

Lease expiry profile [1]



1. By Net Lettable Area

2 VALENTINE AVE, PARRAMATTA
Development opportunity well advanced

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Progress during FY20

- Site Specific Planning Approval obtained
- Development Approval received for ~28,000 sqm
- Construction tender process completed – Buildcorp preferred
- 2-10 Valentine Avenue: valuation up $14.5 million vs June 2019

Immediate focus and outlook

- Complete early works to reduce delivery risks
- Obtain tenant pre-commitment

Estimated returns / impact

- Forecast yield on cost: 7%+(1)
- Significant improvement in portfolio metrics

Artists impression of 2 Valentine Ave, Paramatta (subject to change)

https://2valentine.com.au/

1. Based on a number of publicly available current property market assumptions, plus an assumption that additional units are only issued to fund the Parramatta development to maintain gearing at ~30%, and AOF's target fully-let yield on build cost, including tenant incentives, of between 7% and 8%.

VALUATION SUMMARY

All assets independently valued at 30 June 2020

180 YEARS Australian Unity Real Wellbeing

Property	Independent Valuation ($m)	Current cap rate (%)	Cap rate change (%)(1)	Market rental ($ per sqm)	Change in 5 year CAGR (%)(2)
10 Valentine Ave	134.50	5.50%	0.00%	$576 Gross	-0.2%
30 Pirie St	112.00	7.125%	-0.125%	$494 Gross	-1.1%
150 Charlotte St	100.00	6.00%	+0.25%	$635 Gross	-0.6%
468 St Kilda Road	79.00	5.25%	0.00%	$390 Net	-1.1%
5 Eden Park Drive	66.00	6.00%	0.00%	$377 Net(3)	-1.0%
32 Phillip St	65.50	5.50%	0.00%	$529 Net	-0.2%
2 Eden Park Drive	50.00	6.25%	+0.25%	$355 Net(3)	-0.5%
241 Adelaide St	36.75	7.25%	-0.25%	$603 Gross(4)	-0.9%
64 Northbourne Ave	25.90	7.25%	+0.25%	$411 gross	-0.7%
Total (T) / Weighted Average (W)	**669.65 (T)**	**6.09% (W)**	**+0.02% (W)**	**+1.4%(5) (W)**	**-0.7% (W)**

- Full portfolio independently revalued as at 30 June 2020
- Portfolio Capitalisation rate broadly in line with prior independent valuations
- Portfolio weighted average capitalisation rate now 6.09%
- Market face rents up 1.4% across portfolio, from prior independent valuation
- Valuers softening growth rates, increasing incentives and downtimes in response to COVID-19

1. Change in Capitalisation rate from prior independent valuation
2. Change in compound average growth rate from prior independent valuation
3. Office component only, excludes warehouse component
4. Excludes The Brisbane Club who only pay outgoings under the terms of their lease as part of the leasehold nature of this property
5. Increase in market rents from prior independent valuation

OUTLOOK

OUTLOOK

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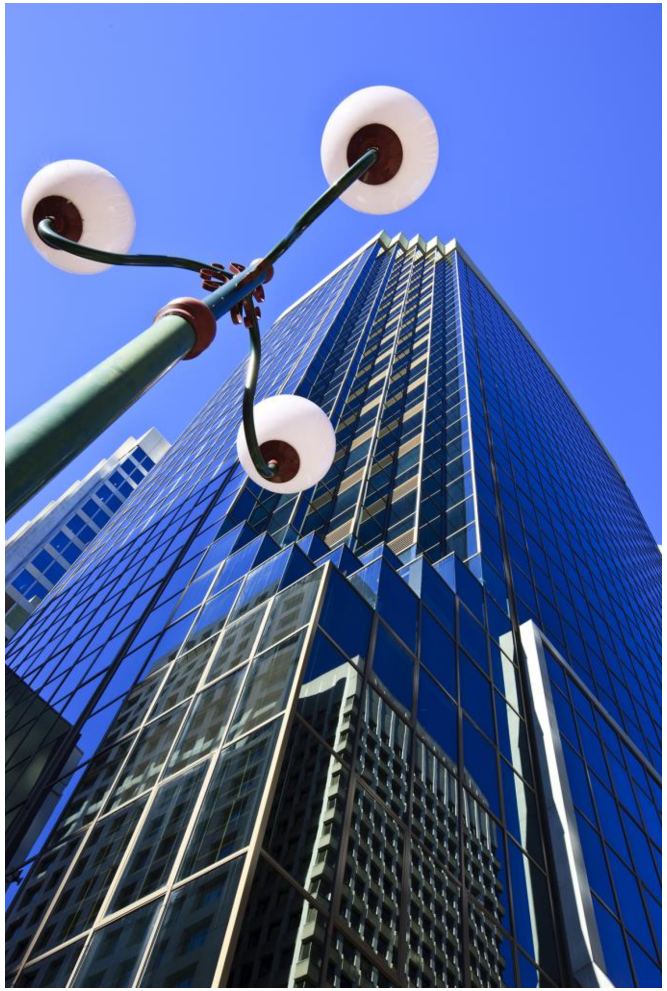
Guidance

- FFO guidance not provided due to uncertainty arising from COVID-19 and the potential impact on business operating conditions
- FY21 distribution guidance of 15.0 cpu[1] (FY20: 15.0 cpu)

Immediate focus and outlook

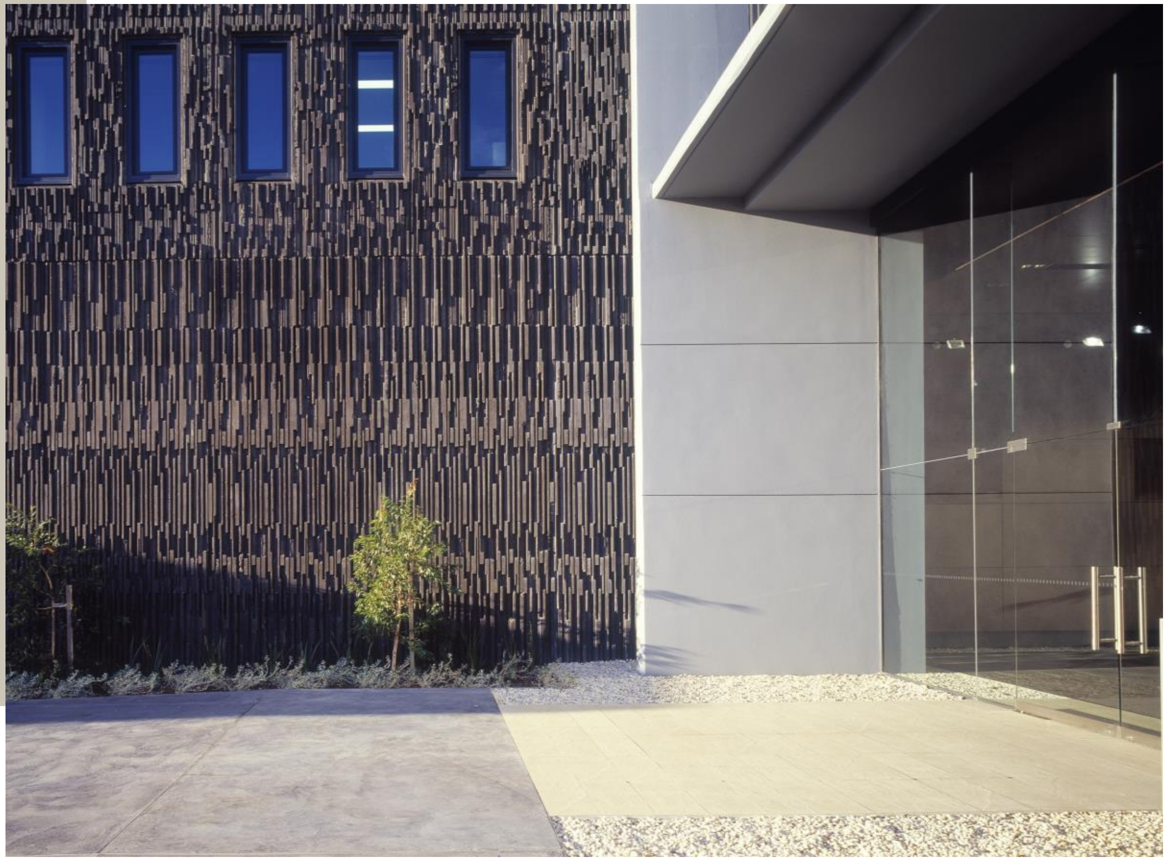
- COVID-19 – tenant and staff safety, maintain active dialogue with tenants and position for future recovery
- Maintain a strong capital structure, including turning distribution reinvestment plan (DRP) on for September quarter onwards
- Address current vacancy and pending lease expiry risk
- Deal early on upcoming major expiries and renew major tenants, go direct with sub-tenants.
- Complete early works and seek tenant pre-commitment for 2 Valentine Avenue, Parramatta
- Market 241 Adelaide Street, Brisbane for sale



241 Adelaide St, Brisbane

1. For 12 months to 30 June 2021 subject to no material change in market conditions, no material change to the portfolio and no unforeseen events

APPENDICES



5 Eden Park Drive, Macquarie Park

Income Statement

	FY20 ($'000)	FY19 ($'000)	Change ($'000)
Income Statement			
Rental income[(1)]	57,844	55,909	1,935
Property expenses[(2)]	(17,400)	(14,993)	(2,407)
Straight lining of rental income and amortisation of leasing commissions and tenant incentives	(5,049)	(1,562)	(3,487)
Net property income	**35,395**	**39,354**	**(3,959)**
Interest income	3	28	(25)
Net loss on financial instruments held at fair value	(3,077)	(5,847)	2,770
Net fair value (decrement)/increment of investment properties	(2,900)	24,282	(27,182)
Responsible Entity fees	(4,164)	(3,907)	(257)
Borrowing costs	(7,781)	(7,850)	69
Other expenses	(4,231)	(1,232)	(2,999)
Profit for the year	**13,245**	**44,828**	**(31,583)**

1. Rental income does not include the impact of straight lining of rental income
2. Property expenses does not include the amortisation of leasing commissions and tenant incentives

Reconciliation of statutory profit to Property Council FFO

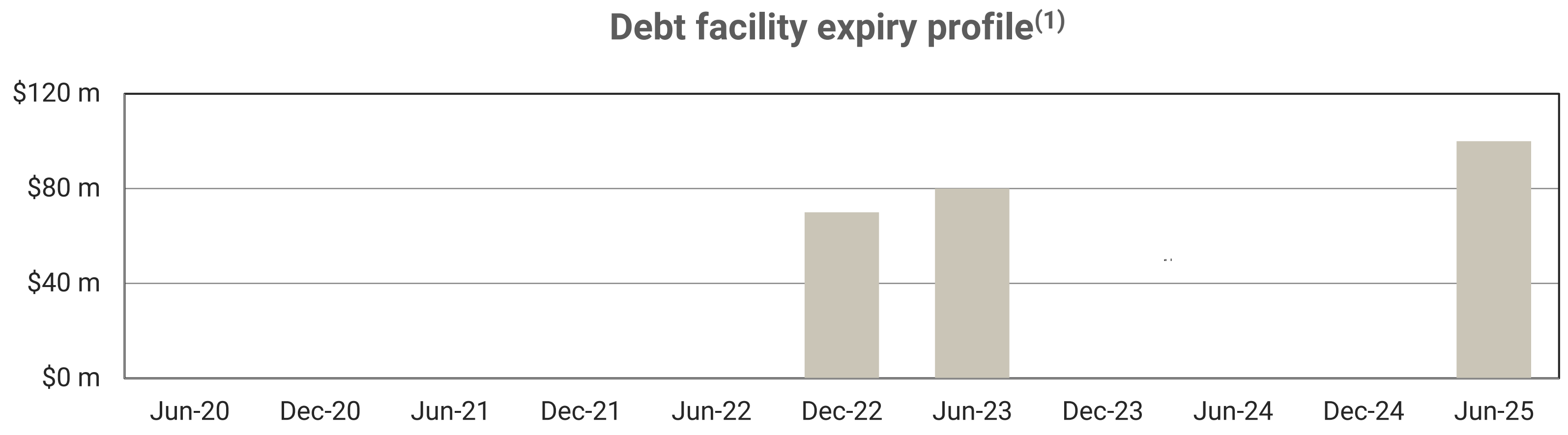
	FY20 ($'000)	FY19 ($'000)	Change ($'000)
Profit for the year	13,245	44,828	(31,583)
Adjusted for:			
Straight lining of rental income and amortisation of leasing commissions and tenant incentives	5,049	1,562	3,487
Net loss on financial instruments held at fair value	3,077	5,847	(2,770)
Net fair value increment of investment properties	2,900	(24,282)	(27,182)
Amortisation of borrowing costs	439	291	148
Once off adjustment[(1)]	2,922	218	2,704
Funds From Operations	**27,632**	**28,464**	**2,704**
Distributions	**24,424**	**25,728**	**(1,304)**

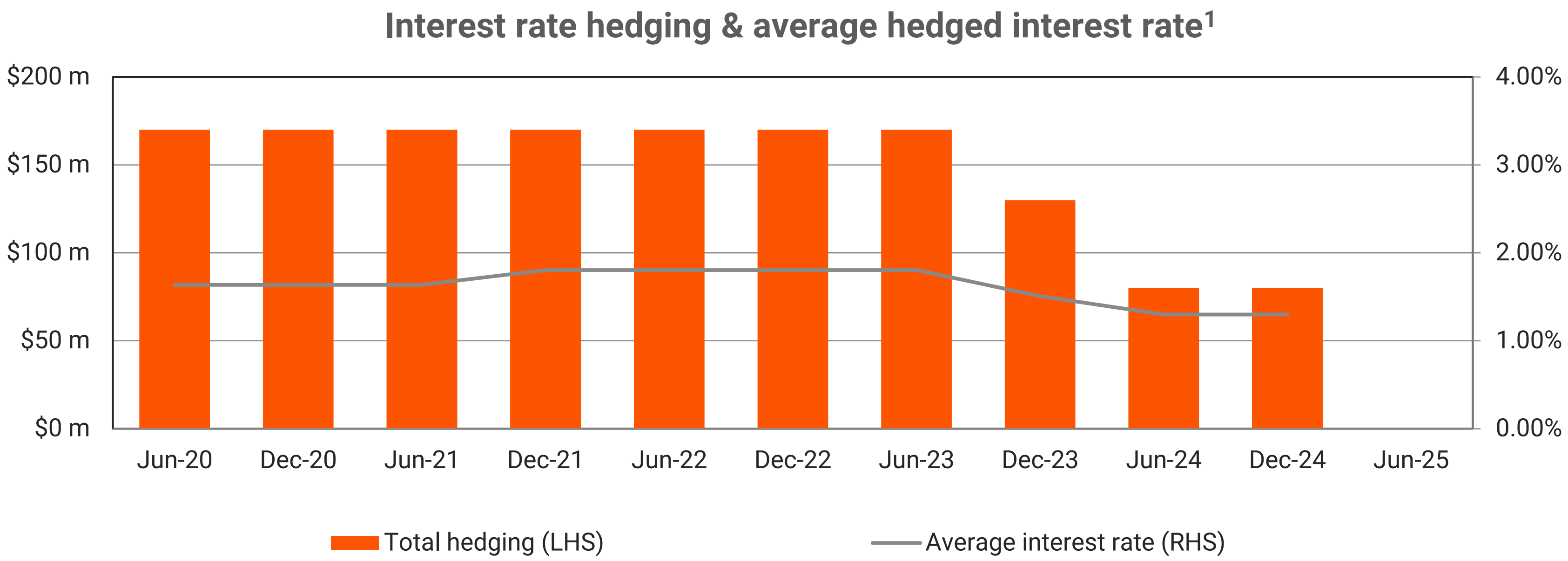
1. During FY20, the Scheme incurred costs in relation to the CHAB transaction, Starwood transaction and a potential acquisition did not proceed due to the impact of COVID-19 pandemic. FY19 costs relate to the Starwood transaction that did not proceed. As these costs are one off in nature, and not part of the underlying and recurring expenses of the Scheme, the directors have excluded them from the FFO calculation.

Balance Sheet

	30 June 2020 ($'000)	30 June 2019 ($'000)	Change ($'000)
Assets			
Cash and cash equivalents	5,798	7,481	(1,683)
Receivables	1,818	1,117	701
Other assets	784	458	326
Investment properties	669,650	668,400	1,250
Total Assets	**678,050**	**677,456**	**594**
Liabilities			
Distributions payable	4,885	6,432	(1,547)
Payables	6,225	6,932	(707)
Financial liabilities held at fair value	9,221	6,143	3,078
Borrowings	214,889	203,940	10,949
Total Liabilities	**235,220**	**223,447**	**11,773**
Net Assets	**442,830**	**454,009**	**(11,179)**
Number of units on issue (million)	162.8	162.8	-
Net Tangible Assets per unit	$2.72	$2.79	($0.07)
Gearing	31.2%	29.5%	1.7%

CAPITAL MANAGEMENT





1. As at 30 June 2020

INVESTMENT PORTFOLIO
As at 30 June 2020

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Market	Property	State	Book Value ($m)	Cap Rate (%)	NLA (sqm)	WALE (years)[1]	Occupancy (by NLA)
Parramatta	2 - 10 Valentine Ave, Parramatta	NSW	134.50	5.50%	16,020	2.0	97.3%
Parramatta	32 Phillip Street, Parramatta	NSW	65.50	5.50%	6,759	3.0	100.0%
Macquarie Park	5 Eden Park Drive, Macquarie Park	NSW	66.00	6.00%	11,029	4.2	92.8%
Macquarie Park	2 Eden Park Drive, Macquarie Park	NSW	50.00	6.25%	10,345	3.0	95.4%
Brisbane CBD	150 Charlotte St, Brisbane	QLD	100.00	6.00%	11,081	3.6	97.8%
Brisbane CBD	241 Adelaide Street, Brisbane	QLD	36.75	7.25%	10,075	2.3	85.7%
Adelaide CBD	30 Pirie Street, Adelaide	SA	112.00	7.125%	24,665	2.7	96.1%
Melbourne Fringe	468 St Kilda Road, Melbourne	VIC	79.00	5.25%	11,211	2.7	91.6%
Canberra CBD	64 Northbourne Ave, Canberra	ACT	25.90	7.25%	6,429	3.6	77.3%
Total (T) / Weighted Average (W)			**669.65 (T)**	**6.09% (W)**	**107,614 (T)**	**2.9 (W)**	**93.7% (W)**

1. WALE is by Gross Property Income. This excludes The Brisbane Club at 241 Adelaide Street, Brisbane as the tenant has approximately 43 years remaining on the lease and would thus distort the metric.

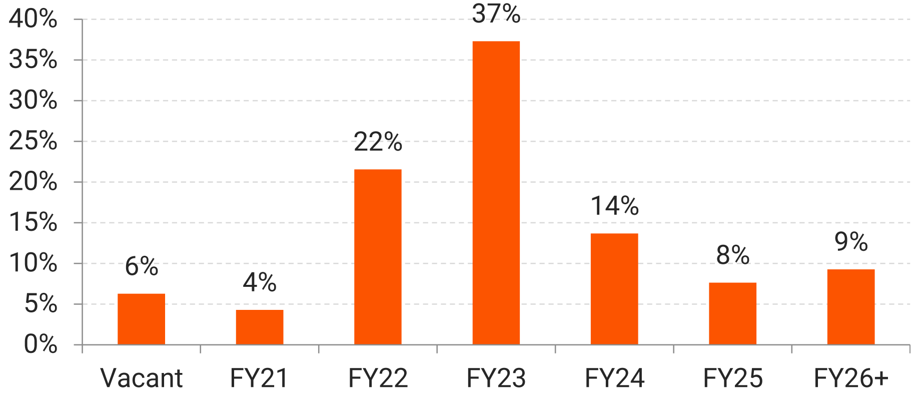
KEY PORTFOLIO METRICS
As at 30 June 2020

180 YEARS Australian Unity Real Wellbeing

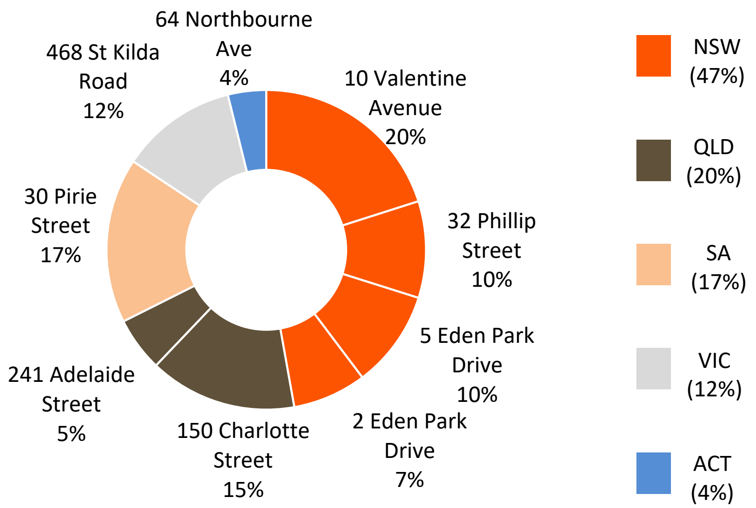
Key portfolio metrics

Number of properties	9
Occupancy(1)	93.7%
Portfolio Value	$669.65m
Weighted Average Capitalisation Rate	6.09%
WALE(2)	2.9 years
Net Lettable Area	107,614 sqm

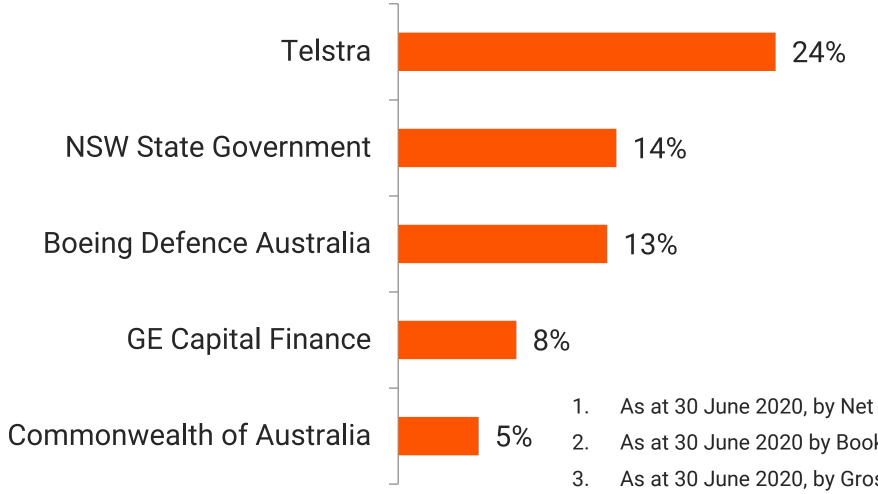
Lease expiry profile(1)



Geographic diversification(2)



Top 5 tenants(3)



1. As at 30 June 2020, by Net Lettable Area
2. As at 30 June 2020 by Book Value
3. As at 30 June 2020, by Gross Property Income

ENVIRONMENTAL

Property	NABERS Energy	NABERS Water
5 Eden Park Drive	4.0	2.5
10 Valentine Ave	5.0	4.0
32 Phillip St	4.0	3.0
64 Northbourne Ave	4.5	3.5
468 St Kilda Rd	4.0	3.0
30 Pirie St	3.5	3.5
150 Charlotte St	5.0	3.5
241 Adelaide St	3.0	5.5
2 Eden Park Drive	N/A	N/A
Average:	4.1	3.6

Notes:

- 2 Eden Park is not rated due to significant warehouse component
- 241 Adelaide is a leasehold asset with Brisbane Club as a major occupier
- Average is for properties which have a rating

- Portfolio focus on improving NABERS credentials
- Solar installation being investigated for several assets
- 2 Valentine design[(1)] has leading Environmental credentials
  - 6 Star Green Star
  - 5.5 Star NABERS Energy
  - Gold Well Rating (base building)
  - Electric charging for cars and bicycles

1. Current design, subject to change

2 Valentine Ave, Parramatta

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Design(1) – wellness at its core

6-STAR
GREEN STAR RATING

5.5-STAR
NABERS ENERGY RATING

4-STAR
NABERS WATER RATING

GOLD WELL
RATING READY (BASE BUILD)

116
CAR SPOTS AVAILABLE

ELECTRIC
BICYCLE CHARGING POINTS

STAND BY
POWER AVAILABLE

ELECTRIC
CAR CHARGING POINTS

BEST IN CLASS
END-OF-TRIP FACILITIES, LOCATED ON LEVEL 6

OPTIMISED
DAYLIGHT PENETRATION

24 LEVELS
OF PCA A-GRADE 2019 COMMERCIAL SPACE WITH INTERCONNECTED VILLAGES

1,000SQM
ROOFTOP SOLAR FARM PROVIDING MARKET-LEADING ENERGY SAVINGS

Design(1) – occupant health front of mind

ZERO TOUCH
TAPS & SOAP DISPENSERS FOR OPTIMAL HYGIENE

365 DAYS
YEAR ROUND NATURAL LIGHT WITH SWEEPING OPEN FLOORPLATES

SMART LIFT
WITH MOBILE ENABLING CALL FUNCTIONALITY, MINIMISES WAIT TIME AND PRACTICES SAFE HYGIENE

A+
STATE-OF-THE-ART AIR CONDITIONING SYSTEMS CREATE THE IDEAL WORKING ENVIRONMENT

153
BIKE RACKS AVAILABLE +18 VISITOR RACKS

1. Current design, subject to change

OFFICE MARKETS
Key market statistics

	Size of market (sqm)	Total Vacancy (%) 30 June 20	Total Vacancy (%) 30 June 19	Net Absorption (sqm) (12 mths)	Prime Gross Face Rent ($ per sqm)	Face Rent Change from 30 June 19	Prime Gross Effective Rent ($ per sqm)	Effective Rent Change from 30 June 19	Under Construction to 2022 (sqm)	Under Construction (Pre-comm)
Sydney CBD[1]	5,024,238	7.5%	4.1%	-164,082	1,418	4.6%	1028	-1.2%	345,789	49.6%
Parramatta	832,002	9.7%	4.0%	41,861	712	13.5%	500	0.9%	173,940	57.9%
Macquarie Park	735,579	7.1%	7.2%	33,094	497	3.6%	386	0.1%	14,437	66.7%
Brisbane CBD	2,264,974	12.8%	11.0%	13,819	762	3.8%	417	3.5%	104,743	54.5%
Adelaide CBD	1,436,089	14.7%	14.0%	15,318	525	2.8%	298	3.5%	14,880	0.0%
Melbourne Fringe	1,616,031	9.7%	6.5%	-2,929	588	3.3%	452	-0.8%	78,784	51.9%
Canberra CBD	2,105,812	8.2%	11.0%	26,161	468	3.9%	351	4.4%	66,550	67.4%

Source: JLL Research

1. Sydney CBD market shown as a reference point

METRO MARKETS

Major metro markets competitively priced vs Sydney CBD

Market	Prime Gross Effective Rent ($/sqm)	Effective Rent Discount to Sydney CBD	Growth in Market Gross Effect. Rent (from June 2015 to June 2020)
Sydney CBD	1,028	-	61.6%
North Sydney	740	28.1%	45.0%
Parramatta	**500**	**51.4%**	**39.1%**
Macquarie Park	**386**	**62.4%**	**29.5%**
Melbourne CBD	559	45.6%	38.5%
Melbourne Fringe	**452**	**56.1%**	**40.8%**
Brisbane CBD	**417**	**59.5%**	**4.0%**
Adelaide CBD	**298**	**71.1%**	**-1.2%**
Perth CBD	456	55.7%	-13.0%
Canberra CBD	**351**	**65.9%**	**16.4%**

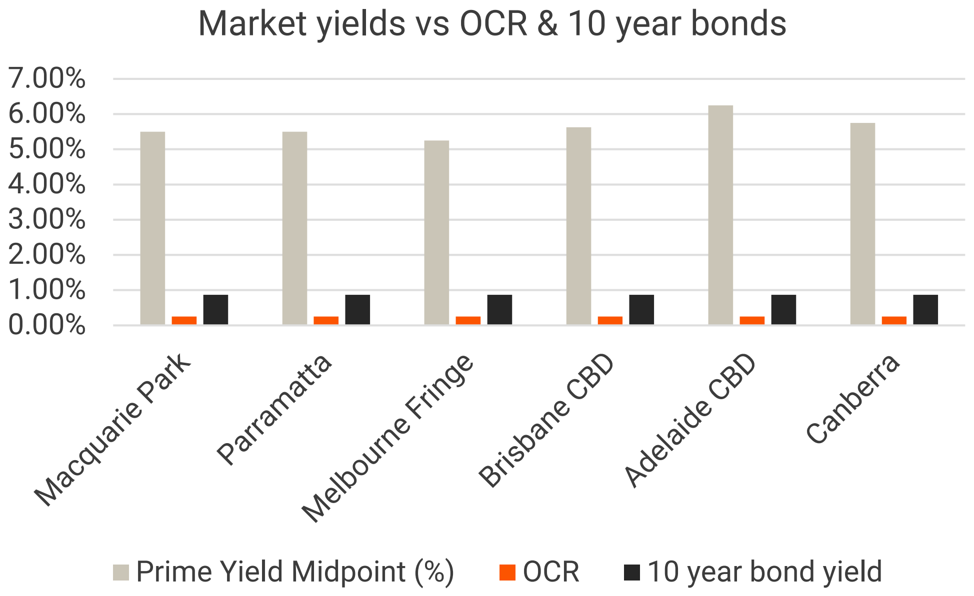
AOF markets in bold

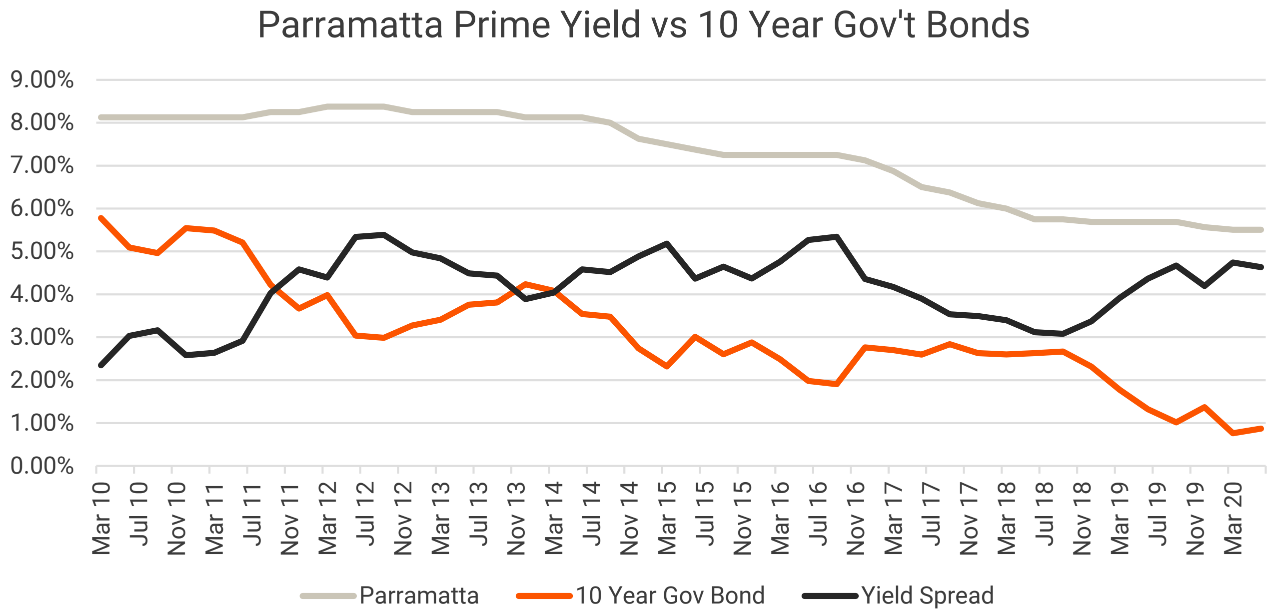
Source: JLL Research

- Metro markets and other capital cities CBDs rentals at significant discount to Sydney CBD
- AOF markets show a discount of between 51.4% & 71.1% to Sydney CBD gross effective rental
- Sydney CBD has experienced significant rental growth during the past 5 years, with rental growth in other areas more measured

Market Yields

Commercial office yields well above bond yields





- Prime Market yields show a premium to the:
  - Official Cash Rate (OCR) of 5-6%
  - 10 year bond yield of 4.38% - 5.38%

- Parramatta Prime Market yield spread to 10 Year Bonds close to record highs vs past decade

Source: JLL Research, Bloomberg, Australian Unity

OTHER SIGNIFICANT EVENTS DURING THE YEAR

Australian Unity Limited (Australian Unity) and Keppel Capital Holdings Pte Ltd (Keppel Capital) Joint Venture

Australian Unity Limited on 28 February 2020 transferred all of the issued shares in the Responsible Entity to a joint venture company owned equally by wholly owned subsidiaries of Australian Unity and Keppel Capital. The directors formed the view that while the ownership of the Responsible Entity changed, it will not impact the strategy or operations of the Scheme and note the investment and property manager will remain as per the existing arrangements. The composition of the Responsible Entity Board will continue to comprise a majority of independent directors.

Starwood

SOF-XI Legs Holdings Limited (Starwood), a member of the Starwood Capital Group, on 29 January 2020 announced its intention to make, itself or through an affiliate, an all-cash, off-market takeover offer for all outstanding units in the Scheme at $2.98 per unit less any distributions paid after 29 January 2020. The offer was subject to a number of conditions, including a condition of no new financing. After the Scheme announced the refinancing and extension of the Scheme's debt facility on 20 March 2020, Starwood confirmed that it will not declare its offer free from this condition, and so the takeover offer lapsed.

CHAB, an entity associated with Charter Hall Group and Abacus Property Group

The responsible entity of the Scheme entered into a Scheme Implementation Agreement (SIA) dated 2 September 2019 with CHAB Office Pty Limited as trustee for the CHAB Office Trust (CHAB), whereby CHAB proposed to acquire all the units in the Scheme that it did not already own for $3.04 cash per unit (Proposal). The Proposal was conditional upon a number of matters, including being approved by the requisite majority of the Scheme’s unitholders. At the Scheme meeting held on 18 November 2019, the resolution to amend the Scheme’s Constitution was not passed by the requisite majority of unitholders and therefore the Proposal did not proceed.

180
YEARS

Australian Unity

Real Wellbeing