ASX Announcement – Australian Unity Office Fund

4 December 2020

General Meeting Presentations

Australian Unity Investment Real Estate Limited (**AUIREL**), as Responsible Entity of Australian Unity Office Fund (**ASX: AOF**) is pleased to provide the following as part of the General Meeting of AOF to be held at 10:00am on Friday 4 December 2020:

- General Meeting Presentation
- Chairman and Fund Manager Address

Authorised by:

AUIREL Disclosure Committee

Contact information

James Freeman
Fund Manager – AOF
Phone: +61 458 286 250

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 equally by subsidiaries of Australian Unity Limited ABN 23 087 648 888 and Keppel Capital Holdings Pte Ltd CRN 201302079N, the asset management arm of Singapore-based Keppel Capital Limited CRN 196800351N.

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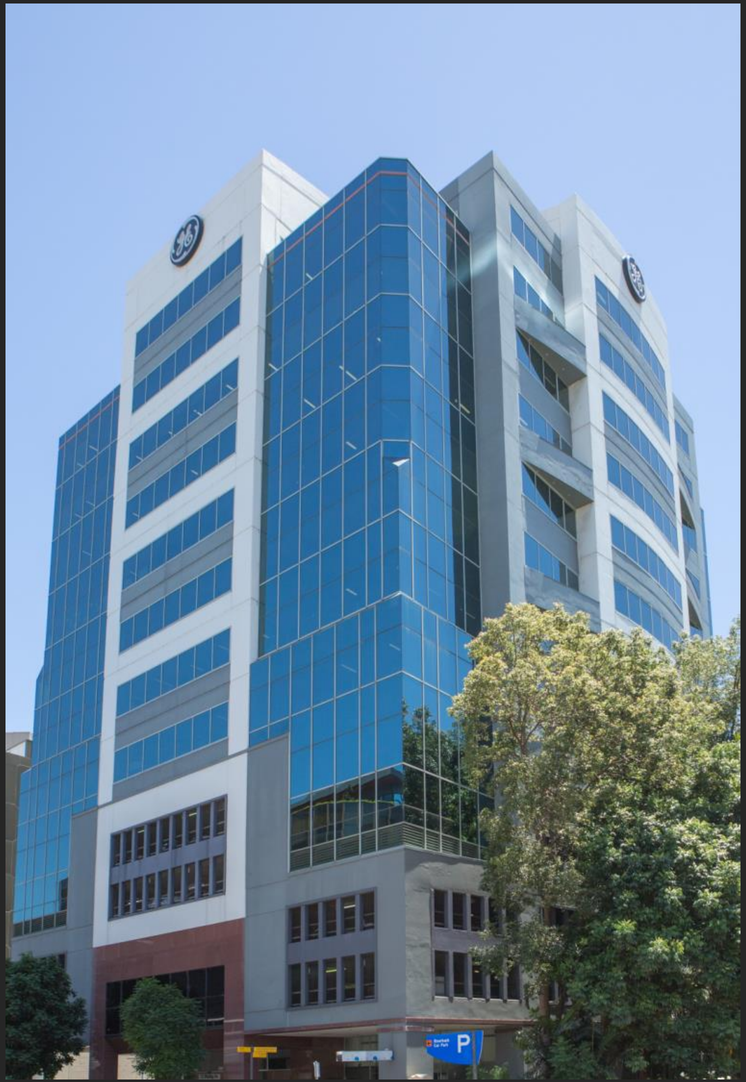
4 December 2020

Australian Unity Office Fund

2020 General Meeting

Webcast: https://web.lumiagm.com/383799988



32 Phillip St, Parramatta

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The information provided is general information only. It is to be read in conjunction with the Australian Unity Office Fund financial report for the year ended 30 June 2020 lodged with the Australian Stock Exchange on 24 August 2020. It is not intended to be investment or financial product advice and should not be relied upon as such. It does not take into consideration any persons individual needs, objectives or financial circumstances and investors or potential investors should make their own assessment of, or obtain professional advice to determine whether it is appropriate for them. The presentation is not an offer or invitation for subscription or purchase of units in AOF and has been prepared to comply with the requirements and laws of Australia only.

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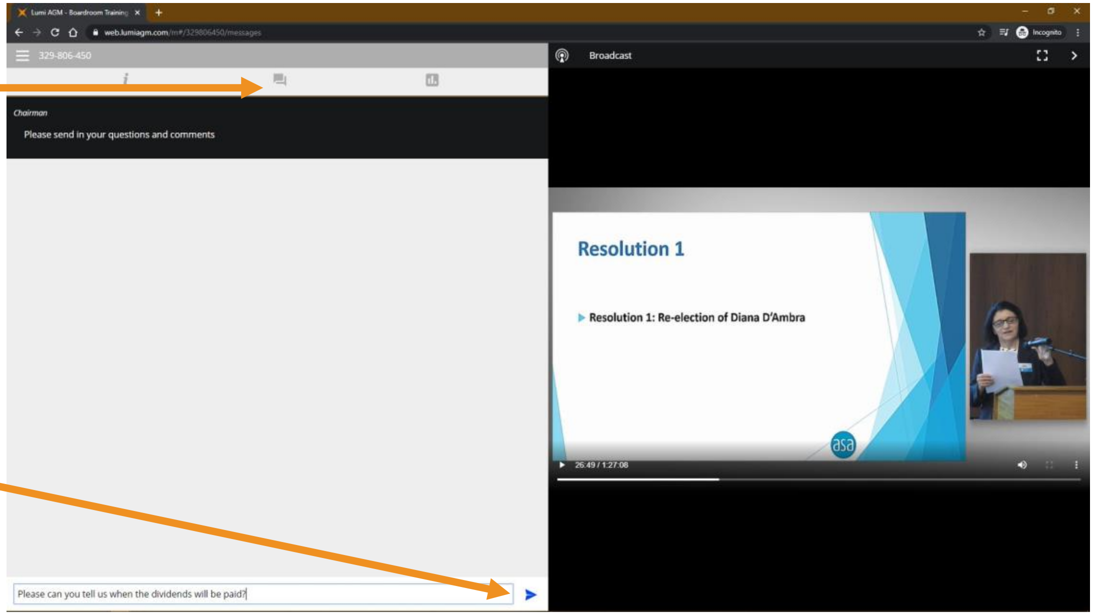
All information in the presentation is current as at 30 June 2020 unless otherwise stated. All figures and amounts are in Australian dollars unless otherwise stated. Roundings of any figures may result in some discrepancies between the sum of components and the totals outlined within this document including any tables and percentage calculations.

Online Attendees – Question Process

- When the Question function is available, the Q&A icon will appear at the top of the app.
- To send in a question, simply click in the ‘Ask a question’ box, type your question and the press the send arrow
- Your question will be sent immediately for review



AUIREL DIRECTORS & AOF MANAGEMENT TEAM

AURIEL directors

(William) Peter Day
Independent Non-Executive Director and Chairman, Member of the Audit and Risk Committee

Don Marples
Independent Non-Executive Director, Chairman of the Audit and Risk Committee

Eve Crestani
Independent Non-Executive Director, Member of the Audit and Risk Committee

Greg Willcock
Non-Executive Director

Erle Spratt
Non-Executive Director

AOF management team

James Freeman
Fund Manager

Simon Beake
Portfolio Manager

Giovanna Reale
Senior Asset Manager

Tim Kemp-Bishop
Senior Asset and Capital Transaction Manager

AGENDA

1. Chairman’s welcome
2. Chairman’s address
3. Fund Manager’s address
4. Questions

Presenters:

(William) Peter Day
Independent Non-Executive Director and Chairman

James Freeman
Fund Manager

CHAIRMAN'S ADDRESS

PETER DAY

64 Northbourne Ave, Canberra

CHAIRMAN'S ADDRESS

- AOF portfolio has demonstrated strength and resilience during the COVID-19 pandemic
- FY20 distribution of 15.0 cents per unit paid to AOF unitholders
- FY21 distribution guidance of 15.0 cents to be paid to AOF unitholders in quarterly instalments
- Board and management continue to explore a number of initiatives to create value for unitholders, including:
  - the potential development at 2 Valentine Avenue, Parramatta
  - the potential divestment of 241 Adelaide Street, Brisbane
  - value add opportunities at 32 Phillip Street, Parramatta and 2 Eden Park Drive, Macquarie Park
- Board and management remain focused on delivering the best possible returns for unitholders

Fund Manager's Address

James Freeman

468 St Kilda Rd, Melbourne

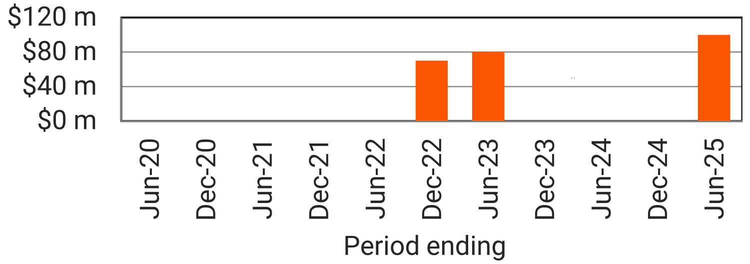
FINANCIAL RESULTS
Maintaining collections and strong capital structure

Key financial metric	FY20	FY19
Distribution per unit	15.0 cents	15.8 cents
FFO per unit(1)	18.2 cents	18.5 cents
NTA per unit	$2.72	$2.79
Gearing (2) (LVR covenant 50%)	31.2%	29.7%
Interest Cover Ratio (Covenant 2.0x)	4.1x	4.6x
Debt facility limit	$250m	$220m
Debt facility headroom	$34.2m	$15.2m

1. FFO means Directors assessment of Funds From Operations. To ensure consistency of disclosure, rental abatements as well as rent free amortisation and fitout amortisation has been added back to FFO. Excluding the add back of rental abatement incentives, the FFO per unit was 17.0 cpu for FY20 and 17.5 cpu for FY19.
2. Gearing is interest bearing liabilities (excluding unamortised establishment costs) less cash divided by total tangible assets less cash

- FY21 distribution guidance maintained at 15.0 cents per unit; representing a 7.0% yield on the 30 November 2020 closing price
- Rent collections (including payment of arrears) were 97% in the September 2020 quarter (93% excluding payment of arrears)
- No debt maturities until October 2022 with gearing at ~31%
- Significant debt facility and debt covenant headroom
- DRP turned on with ~22% of unitholders by value participating for September quarter
- All properties revalued at 30 June 2020 and all will be revalued at 31 December 2020

Debt facility expiry profile as at 30 September 2020



STRONG LEASING RESULTS
Increasing occupancy and limited FY21 expiries

- **Leasing activity of ~18,300 sqm since July 2019:**
  - comprising ~16,500 sqm (or ~15.3% of the portfolio[1]) of completed leases across FY20 & Q1 FY21 (32 transactions)
  - and a further ~1,800 sqm (or ~1.6 % of the portfolio[1]) under signed heads of agreement
- **Vacancy**: 5.0%[1] of portfolio
  - Reduced by 1.3% since June 2020
- **FY21 expiries**: 3.2%[1] of portfolio
  - Reduced by 1.1% since June 2020
  - Only 1 tenancy remaining over 400 sqm to renew/release
- **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 30 September 2020)
  - $4 million increase in independent valuation

5 Eden Park Drive, North Ryde

1. By Net Lettable Area as at 30 September 2020
2. By Gross Property Income

COVID-19

Tenant Interactions	• Ensuring safe working environment for tenants, visitors, contractors and staff is the priority • Actively assisting tenants through this period; including establishing rent relief entitlements under the relevant State Governments' mandatory code of conduct legislation ("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 30 September 2020 • Each tenant is a case by case negotiation based on their circumstances and impact to turnover
Valuations	• All properties revalued as at 30 June 2020 • Valuation metrics updated to account for current environment • All properties to be revalued as at 31 December 2020
Collections / Financial	• Rental collections Increasing: June quarter 92%, September quarter 97%(1) • FY21 distribution guidance – reconfirmed at 15.0 cpu(2)
Operations	• Building occupancy increasing across most markets as lock-downs and restrictions ease • Operations modified: additional cleaning, hand sanitisers, signage
Capital Expenditure	• Existing portfolio: refurbishment of office floors around lease expiry to reduce touch points (sensor taps and soap dispensers), lift enhancements to reduce touch • 2 Valentine Avenue design: reduced touch points via sensor tapware and soap dispensers, lifts calling via Bluetooth, high quality air conditioning filtration.

1. Including payment of arrears, 93% if arrears excluded.
2. For the 12 months to 30 June 2021 and subject to no material change in market conditions, no material change to the portfolio and no unforeseen events.

MAJOR LEASE EXPIRIES (FY22+)

Focus on de-risking major lease expiries well in advance with regular discussions with major tenants regarding their future occupancy requirements and solutions AOF can provide

- **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 lease direct to current sub-tenants
- **32 Phillip St, Parramatta** (6% of NLA, June 2023)
  - Investigating ground floor options to improve amenity and integrate with Powerhouse Museum precinct
  - 6 floors sub-let – provides opportunity to lease direct to current sub-tenants
- **150 Charlotte St, Brisbane** (8% of NLA, June 2024)
  - Targeted capital expenditure to enhance tenant experience

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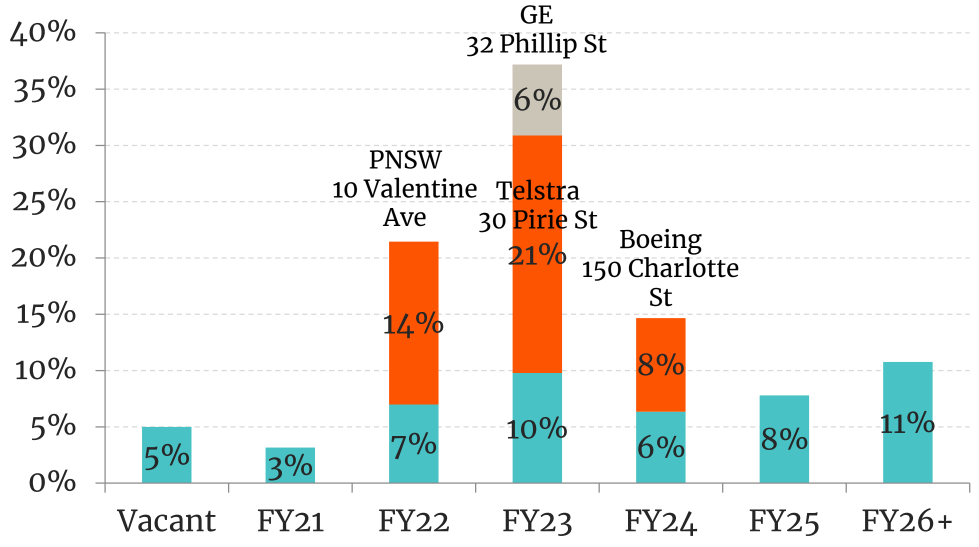
Lease expiry profile (1)



1. By Net Lettable Area at 30 September 2020

PORTFOLIO WELL POSITIONED

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AOF markets:

- 9 assets weighted 59% by book value to metro markets and 41% to capital city CBDs (excluding Sydney and Melbourne CBDs)(1)
- Expected to outperform major CBDs due to tenants focusing on:
  - ***Affordability***
  - ***Amenity***
  - ***Accessibility***
- COVID-19 likely to accelerate this trend as companies look to reduce costs and employees seek to minimise travel time
- AOF's **gross effective market rents** are between 31.5% - 47.9% of Sydney CBD gross effective rents(2)
- AOF's **rental growth** driven by fixed rental increases in leases: >95% of future rent increases between 3.0 and 4.0% per annum

Market	Prime Gross Effective Rent ($/sqm)	Market Gross Effective Rent % of Sydney CBD
Sydney CBD	946	-
North Sydney	729	77.1%
Parramatta	**453**	**47.9%**
Macquarie Park	**377**	**39.8%**
Melbourne CBD	553	58.5%
Melbourne Fringe	**448**	**47.4%**
Brisbane CBD	**411**	**43.4%**
Adelaide CBD	**298**	**31.5%**
Perth CBD	444	47.0%
Canberra CBD	**351**	**37.1%**

1. As at 30 June 2020
2. Source: JLL data as at 30 September 2020

AOF markets in bold

Source: Australian Unity and JLL data as at 30 September 2020

VALUE ADD OPPORTUNITIES
Development opportunity well advanced

2 Valentine Avenue:

Progress

- Site Specific Planning Approval obtained & Development Approval received for ~28,000 sqm
- Construction tender process completed – Buildcorp appointed with early works commenced
- 2-10 Valentine Avenue: valuation increased $14.5 million since 30 June 2019

Immediate focus and outlook

- Complete early works to reduce delivery risks
- Obtain tenant pre-commitment
- Investigating opportunity to link new and existing buildings to enhance amenity and access

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%.

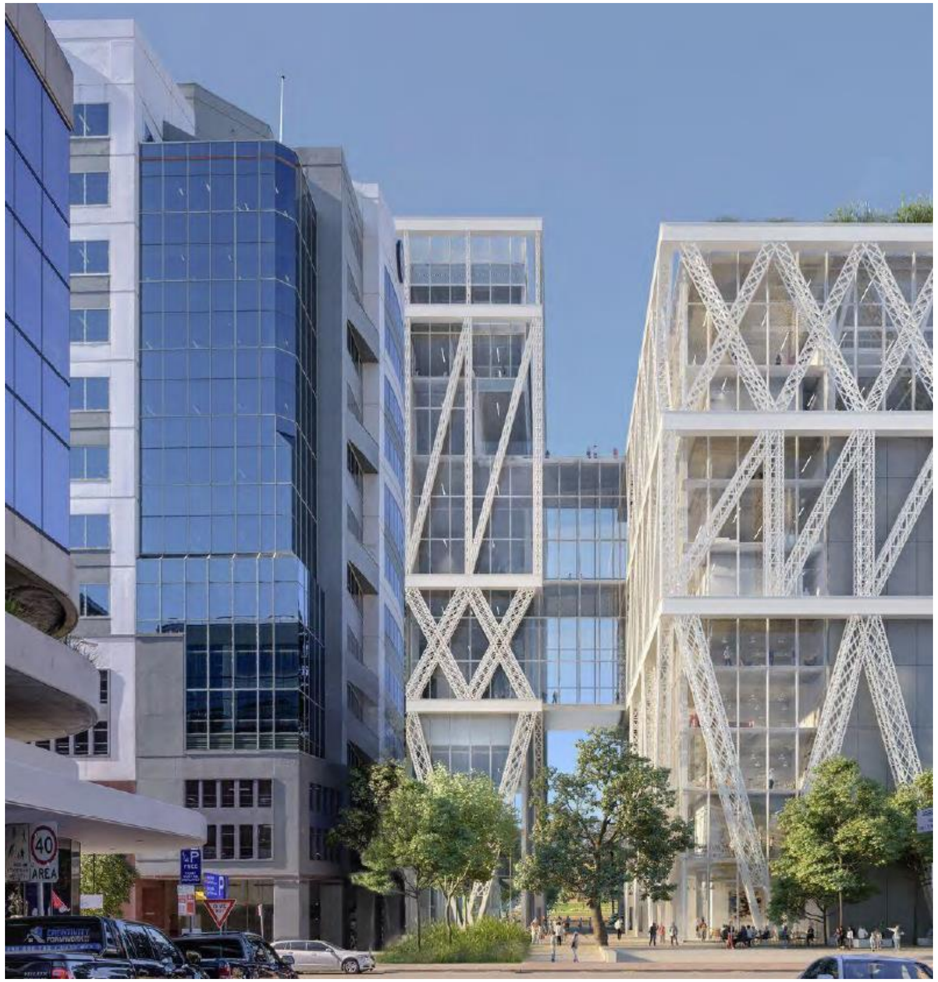
VALUE ADD OPPORTUNITIES
Investigating opportunities

32 Phillip St, Parramatta

- Area transforming with proposed Powerhouse Museum, Light Rail and Civic Walk (pedestrian access to Parramatta Station)
- Investigating options to improve amenity and integrate with Powerhouse Museum precinct

2 Eden Park Drive, Macquarie Park

- Area benefitting from Macquarie Park metro
- Building is currently developed to ~1:1 FSR
- Looking at long term future development opportunities given area enhancement



Artists impression of Powerhouse Museum and Civic Link next to 32 Phillip St, Parramatta (subject to change)

OUTLOOK
Economic indicators improving

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NAB business survey – positive outlook:

- confidence and conditions bounced back strongly and now both positive
- subsequent positive news that three COVID vaccines have claimed efficiency rates of around 90% during trials further increasing positive sentiment

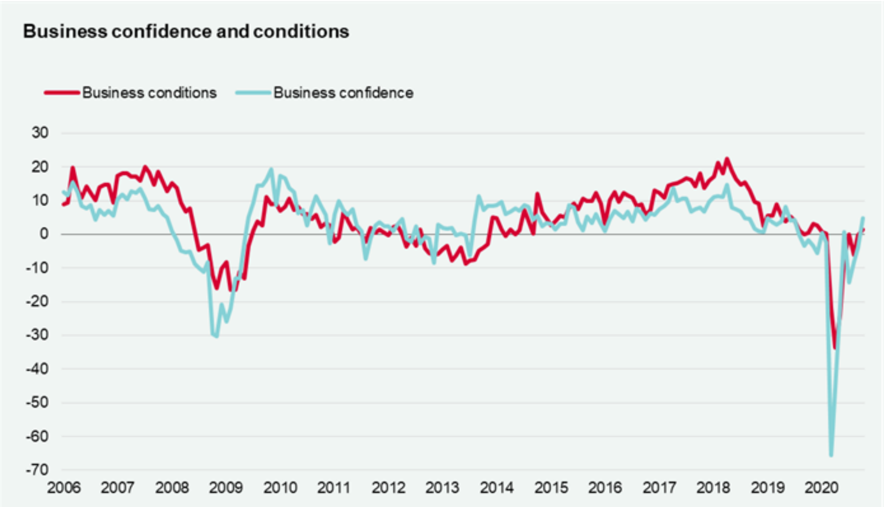
Real GDP forecast to bounce in FY21 (+3.0% vs -3.6% for FY20)[1]

Office occupancy rates (October) – typically trending up

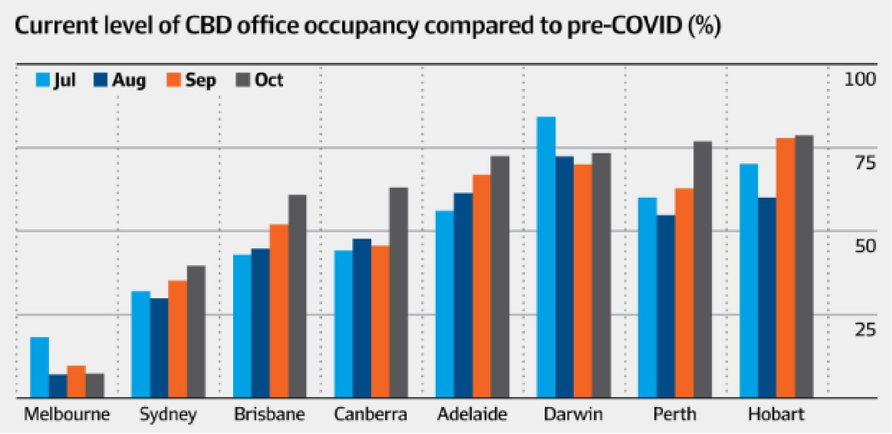
- Adelaide & Perth: 70%
- Canberra: 63%
- Brisbane: 60%
- Sydney: 40%
- Melbourne remains low due to lock-down

Low interest rate environment supporting income and asset valuations

- Official Cash Rate 0.1%
- 10 year bond yield ~0.88%
- AOF Market Prime Mid-point yields range from 5.26% - 6.25% (refer Appendix)[2]



Source: Knight Frank Research, Macrobond



Source: Property Council of Australia, Australian Financial Review

1. Source: Bloomberg Consensus – 20 Nov 2020
2. Source: JLL Research, Bloomberg, Australian Unity

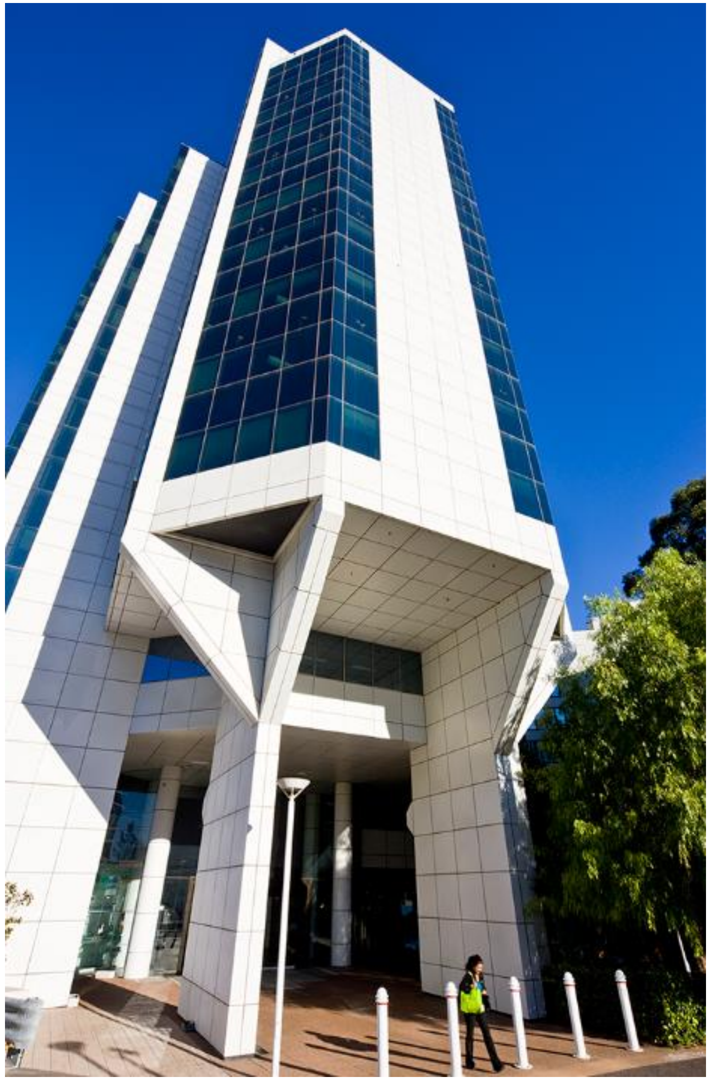
OUTLOOK

Guidance

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

Immediate focus and outlook

- COVID-19 – tenant, visitors contractors and staff safety. Maintain active dialogue with tenants and position for future recovery
- Deal early on upcoming major lease expiries and renew major tenants, lease direct to sub-tenants
- Continue to address current vacancy and pending lease expiry risk
- Potential sale of 241 Adelaide St, Brisbane
- Complete early works and seek tenant pre-commitment for 2 Valentine Avenue, Parramatta
- Investigate other value add opportunities across the portfolio
- Board and management remain focussed on delivering the best possible return for AOF unitholders

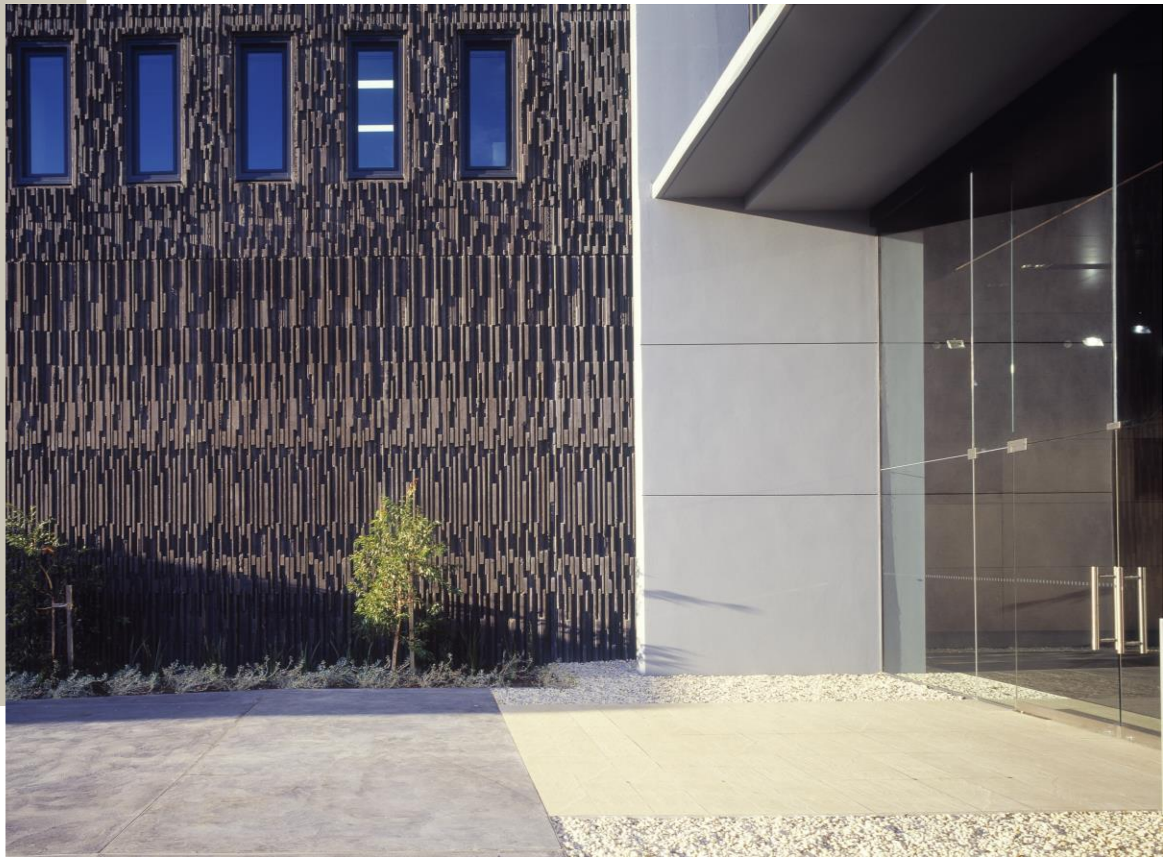


10 Valentine Avenue, Parramatta

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

QUESTIONS?

APPENDICES



5 Eden Park Drive, Macquarie Park

OFFICE MARKETS @ 30 SEPTEMBER 2020

Key market statistics

	Size of market (sqm)	Total Vacancy (%) 30 Sep 20	Total Vacancy (%) 30 Sep 19	Net Absorption (sqm) (12 mths)	Prime Gross Face Rent ($ per sqm)	Face Rent Change from 30 Sep 19	Prime Gross Effective Rent ($ per sqm)	Effective Rent Change from 30 Sep 19	Under Construction to 2022 (sqm)	Under Construction to 2022 (Pre-committed)
Sydney CBD[1]	5,069,4258	10.2%	4.6%	-267,195	1,426	3.0%	946	-9.1%	300,602	62.1%
Parramatta	832,002	10.2%	4.4%	40,438	707	9.9%	453	-11.0%	183,940	57.3%
Macquarie Park	750,016	11.7%	6.9%	10,204	497	2.4%	377	-3.1%	0	N/A
Brisbane CBD	2,261,224	13.6%	10.9%	-12,046	762	2.8%	411	1.1%	104,743	60.5%
Adelaide CBD	1,436,089	15.4%	13.5%	-1,905	525	2.4%	298	2.7%	25,089	0.0%
Melbourne Fringe	1,638,182	12.3%	6.2%	-28,041	598	3.9%	448	2.7%	251,735	37.7%
Canberra CBD	2,118,348	8.4%	10.6%	29,408	468	3.0%	351	3.5%	53,550	59.6%

Source: Australian Unity and JLL Research

1. Sydney CBD market shown as a reference point

Metro Markets @ 30 September 2020

Major metro markets competitively priced vs Sydney CBD

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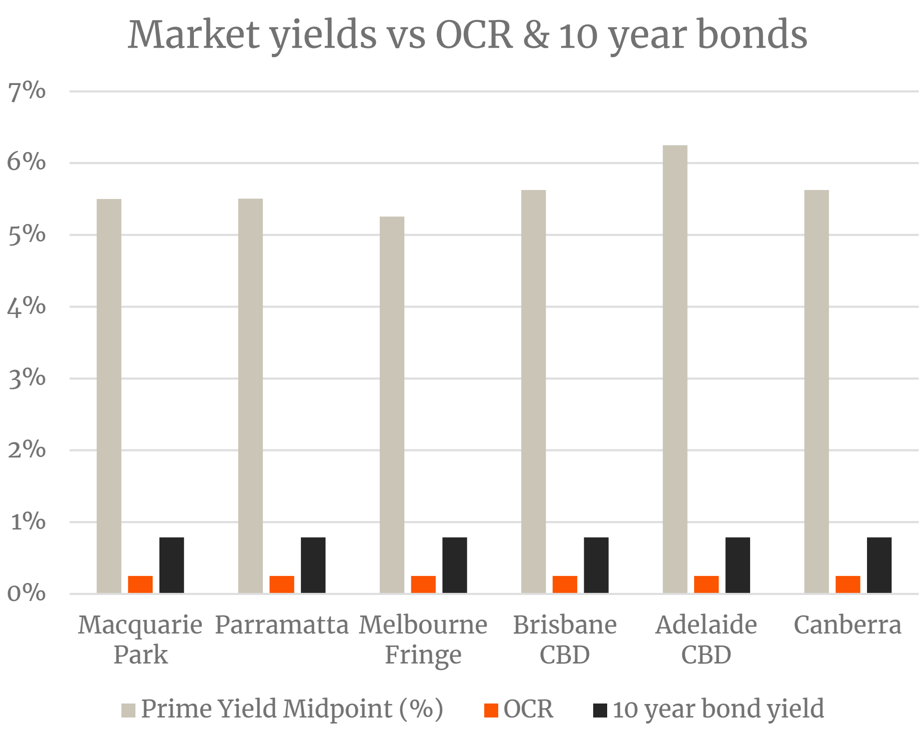
Market	Prime Gross Effective Rent ($/sqm)	Market Gross Effective Rent % of Sydney CBD	Growth in Market Gross Effect. Rent (from Sep 2015 to Sep 2020)
Sydney CBD	946	-	44.6%
North Sydney	729	77.1%	41.5%
Parramatta	**453**	**47.9%**	**25.1%**
Macquarie Park	**377**	**39.8%**	**24.8%**
Melbourne CBD	553	58.5%	36.5%
Melbourne Fringe	**448**	**47.4%**	**37.1%**
Brisbane CBD	**411**	**43.4%**	**3.0%**
Adelaide CBD	**298**	**31.5%**	**-1.6%**
Perth CBD	444	47.0%	-12.8%
Canberra CBD	**351**	**37.1%**	**16.4%**

AOF markets in bold

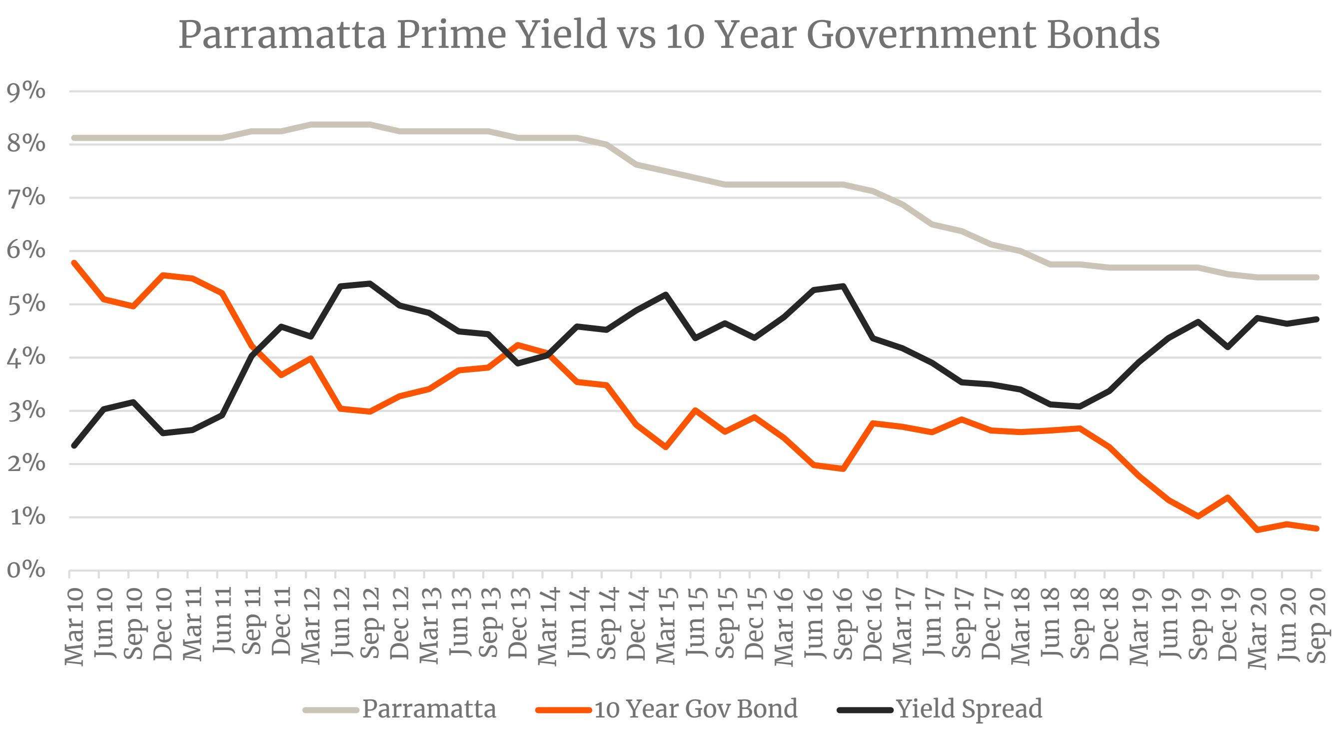
Source: Australian Unity and JLL Research

- Metro markets and other capital cities CBDs rentals at significant discount to Sydney CBD
- AOF markets rents range from 31.5% to 47.9% of Sydney CBD on a gross effective rental basis
- 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



Source: JLL Research, Australian Unity



Source: JLL Research, Bloomberg, Australian Unity

- Prime Market yields show a premium to the:
  - Official Cash Rate (OCR) of 5.2% - 6.2%
  - 10 year bond yield of 4.5% - 5.5%

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

180
YEARS

Australian Unity

Real Wellbeing

Australian Unity Office Fund

General Meeting

4 December 2020

Peter Day: Chairman's Address

Good morning everyone and welcome to the General Meeting of unitholders of the Australian Unity Office Fund. My name is Peter Day and I am the Chairman of Australian Unity Real Estate Investment Limited which is the Responsible Entity of the Australian Unity Office Fund.

In particular I would like to welcome all unitholders who have joined us online to participate in this virtual meeting.

It is 10am and I have been informed that a quorum is present, so I am pleased to declare the General Meeting of the Australian Unity Office Fund open.

We pay our respects to and acknowledge the traditional custodians of the lands on which this meeting takes place, wherever you may be, and pay respect to Elders both past, present and emerging.

Today's meeting is being held online. This allows Unitholders, Proxyholders and Guests to attend the meeting virtually. All attendees can watch a live webcast of the meeting. In addition, unitholders and proxyholders have the ability to ask questions and submit votes.

Questions can be submitted at any time. To ask a question press on the speech bubble icon. This will open a new screen. At the bottom of that screen there is a section for you to type your question. Once you have finished typing please hit the arrow symbol to send.

Please note that while you can submit questions from now on, I will not address them until after the presentations for the meeting have occurred. Please also note that your questions may be amalgamated together if we receive multiple questions on the same topic. If we run out of time to answer all unitholder questions, we aim to answer them in due course by contacting the unitholder or by posting responses on our website.

You will note from the Notice of Meeting that there are no formal items of business to be voted on at this General Meeting. While the Australian Unity Office Fund, or AOF for short, is not required to have an Annual General Meeting; we believe that hosting a meeting of unitholders at this time of year is an important opportunity for unitholders to hear from and speak with directors and management.

I will begin by introducing you to the Board of Directors and the management team of AOF. My fellow directors are Non-Executive and independent Directors Eve Crestani and Don Marples who are also both members of the Audit & Risk Committee, with Don being chair of that Committee. Greg Willcock and Erle Spratt are both Non-Executive directors.

Emma Rodgers and Liesl Petterd, the company secretaries of AUIREL, are also in attendance.

With us today from the management team are James Freeman, AOF's Fund Manager, Simon Beake, AOF's Portfolio Manager, Giovanna Reale AOF's Senior Asset Manager and Tim Kemp-Bishop Senior Asset and Capital Transaction Manager. James will shortly present the Fund Manager's address.

I would also like to acknowledge the broader management team within Australian Unity who also support the Fund's activities. The strong performance AOF has experienced to date is a function in large part due to their dedication and commitment in delivering AOF's strategy.

Our financial auditor, PricewaterhouseCoopers is also in attendance, represented by George Sagonas. George is the PriceWaterhouseCoopers partner responsible for the audit of the financial statements of AOF for the year ended 30 June 2020 and is available to answer questions regarding the audit.

Before we proceed further, it is important to note that the information in this presentation is general information only and should be read in conjunction with AOF's Annual Financial Report lodged with the ASX and other announcements made by AOF.

I would like to highlight that all reports and announcements are also available on the AOF website, australianunityofficefund.com.au

Turning to the agenda for today:

I will provide some high-level comments on AOF's portfolio and on some events that have impacted AOF over the last twelve months or so.

James Freeman, AOF's Fund Manager will then provide you with further details on the FY20 performance, along with an update on activities that have occurred since 30 June 2020 and AOF's outlook.

After the formal presentation, we will respond to any questions received from unitholders during the meeting and invite unitholders to ask any further questions.

Turning to my presentation.

Firstly, I would like to thank unitholders for your ongoing support in what has been a difficult year for many. The Board and Management are focussed on delivering the best possible returns for AOF unitholders

I am pleased to report that despite the unexpected and challenging operating environment that the COVID-19 pandemic presented, we were able to pay a strong distribution to unitholders for FY20 of 15 cents per unit, representing a yield of over 7% based on the 30 June 2020 closing unit price.

This demonstrates the resilience of the AOF portfolio during the COVID-19 pandemic with the defensive characteristics of the portfolio centred on well located assets with a high-quality tenant base and conservative capital structure.

Pleasingly, the resilience of the portfolio means that we have been able to provide FY21 distribution guidance of 15 cents per unit, delivering distributions in line with FY20.

During FY20 AOF experienced significant corporate activity. The last meeting of AOF unitholders was held in November 2019, which was to consider the unsolicited proposal from a consortium comprised of Charter Hall and Abacus entities to acquire all units in AOF under a scheme of arrangement. The scheme was not approved by the requisite majority of AOF's unitholders. An off-market takeover bid was subsequently made by Starwood Capital Group in January 2020, however this bid lapsed in March.

While this corporate activity, together with the impact of the COVID-19 pandemic, consumed significant board and management time, it is pleasing to note that AOF and the portfolio continued to perform well on a number of fronts.

These include:

- obtaining development approval for a commercial office building of approximately 28,000 square metres at 2-10 Valentine Avenue Parramatta. This drove a $14.5m increase in the independent valuation as at 30 June 2020 to $134.5 million. A suitable tenant pre-commitment is currently being actively sought;
- strengthening the balance sheet during the year with total debt facilities increasing to $250 million and no debt expiring until October 2022;
- actively managing the portfolio to deliver strong leasing outcomes during FY20 with approximately 6.6% of the portfolio by net lettable area leased. Subsequent to 30 June 2020 further leasing activity has occurred, including a restructure of the CPSA lease at 5 Eden Park Drive of approximately 7,000 sqm, which increased the weighted average lease term for that property from 4.2 years as at 30 June 2020 to 4.6 years as at August 2020; and
- modifying operations at AOF's buildings to ensure tenant safety in response to COVID-19.

We also activated the Distribution Reinvestment Plan effective from the September 2020 distribution, with a pleasing take up rate of 22% for the September 2020 distribution. The Board believes the Distribution Reinvestment Plan provides an efficient way to enhance the balance sheet position through incremental equity, it provides an effective way for unitholders to increase their investment in AOF without incurring brokerage costs, and through increasing the overall capital base and AOF units on issue the Distribution Reinvestment Plan may facilitate an increase in AOF's trading liquidity.

In February 2020 a change in the ownership of AOF's responsible entity, Australian Unity Investment Real Estate Limited (AUIREL) was announced with AUIREL no longer being wholly owned by the Australian Unity Group. AUIREL is now owned by Australian Unity Keppel Corporation which is a joint venture equally owned by subsidiaries of Australian Unity Limited and Singapore-based Keppel Capital Limited.

As part of this change Keppel Capital is entitled to appoint a non-executive director to the board of AUIREL with Erle Spratt being appointed in June 2020. Mr Spratt is the Australian Head of Keppel Capital and has extensive experience in property development and funds management across

Australian and Asia. My fellow directors and I look forward to working with Erle on the board and I feel sure that AOF will benefit from Erle's extensive property experience and insights.

At the same time Kirsty Dullahide, a director appointed by Australian Unity resigned from the AUIREL board and I would like to acknowledge and thank Kirsty for her contribution and service to the board. Greg Willcock remains on the board as the Australian Unity appointed non-executive director.

Importantly the change in ownership did not impact the investment management and property management agreements with the Australian Unity Group with the existing agreements remaining in place. AOF and the board of AUIREL continue to be able to draw on the resources, infrastructure and expertise of the broader Australian Unity Group including the dedicated management team of James, Simon and Giovanna.

In closing, while COVID has caused changes to our daily lives and economic disruption across all sectors, including the office market, your Board and management team is focussed on delivering the best possible returns for AOF unitholders. At all times your board evaluates the optimal strategy for both individual properties and the overall portfolio positioning. The recent divergence between the traded market price of AOF's units and the reported net tangible asset value reflects, we think, both overall market sentiments generally plus the impact of lower liquidity in AOF units. Given this current dynamic we are actively exploring a number of initiatives with a focus on delivering the best possible returns for AOF unitholders. James will shortly touch on a number of the initiatives we are continuing to progress including the potential development at 2 Valentine Avenue in Parramatta, the potential divestment of 241 Adelaide Street in Brisbane and potential value add opportunities at 32 Phillip Street in Parramatta and 2 Eden Park Drive in Macquarie Park.

AOF's portfolio has demonstrated its resilience during a global pandemic and the Board is pleased it was able to continue to provide investors with stable distribution returns throughout FY20 as we understand the importance of paying sustainable distributions to our unitholders. We look forward to continuing to deliver attractive returns to investors in FY21 and beyond. The portfolio is well positioned supported by strong management to continue to create value for AOF unitholders.

I would now like to invite James Freeman, the Fund Manager of AOF, to provide an update on the Fund's performance for Financial Year 2020 and provide an update on activities that have occurred since 30 June 2020.

James was appointed AOF's Fund Manager in February 2020 and he and the rest of the management team have done an excellent job in managing AOF to deliver on the Fund's strategy during this time and to optimise returns for unitholders.

James Freeman: Fund Manager's Address

Thank you, Peter, and good morning everyone. I am pleased to present a summary of AOF's full year results to 30 June 2020 and provide an outlook for the year ahead.

AOF continues to perform well. The underlying portfolio has been resilient, despite the impacts of the COVID pandemic, with rental collections remaining strong, at 92% for the June quarter and steadily improving since, to be 97% of the full rent roll for the September quarter.

This, combined with the Fund's robust capital structure, including significant debt covenant headroom and no debt maturing until October 2022, enabled the Fund to pay a distribution of 15 cents per unit for FY20 and provide distribution guidance of 15 cents per unit for FY21. Based on the 30 November 2020 closing price of $2.15, this represents a yield of approximately 7.0%, attractive in the current low rate environment.

During the quarter we activated the Distribution Reinvestment Plan, allowing unitholders to reinvest their distributions with new units issued at a 1% discount to unit price over the pricing period. Pleasingly we had approximately 22% of unitholders by value participate in the DRP.

Since July 2019, it has been a particularly busy period for leasing. Approximately 18,300 sqm, equivalent to over 15% of the portfolio by area, has been leased or is now under offer.

Since June 2020, excellent progress has been made on our vacancies and FY21 expiries, with portfolio vacancy reduced by 1.3% to 5.0% and expiries in FY21 reducing from 4.3% to 3.2%.

One market which has performed particularly well is Macquarie Park which has:

1) An attractive price point, with gross effective rents of approximately 40% of Sydney CBD, and
2) A high concentration of firms in the pharmaceutical, logistics and technology industries which are typically performing well in the current environment.

At 30 June 2020 the Fund had four FY21 expiries over 400 sqm. We have now leased or have under offer three of these, leaving just one tenancy over 400 sqm expiring in FY21.

One of our Macquarie Park assets, 2 Eden Park Drive, is now 100% occupied.

At our other Macquarie Park asset, 5 Eden Park Drive, an existing lease with CPSA was restructured, with Saluda Medical leasing level 1, while Aegros, who acquired CPSA, leased the production and warehouse facilities, representing over 7,000 sqm of leasing. As part of the transaction, Saluda extended the lease by 3 years to June 2029. Through de-risking a larger expiry and extending the term on level 1, the independent valuer increased the valuation of the property by $4 million to $70 million.

Elsewhere in the portfolio, 241 Adelaide St, Brisbane has been particularly active with 5 agreements reached during the September quarter totalling over 1,500 sqm.

The Fund has not been immune to the current economic uncertainty and disruption that the COVID pandemic has created.

At the onset of the COVID pandemic our first priority was to ensure the safety of our tenants, visitors, contractors and staff at our buildings, and putting in place measures to address this.

We have been proactive in supporting our tenants, mitigating the impact for our unitholders and positioning the Fund to start to emerge from the pandemic in a strong position.

As at 30 June, approximately 11% of the portfolio by gross monthly income had requested proportionate rental relief under the relevant state's Mandatory Code of Conduct legislation or the Code. This increased to approximately 15% as at September as the second wave impacted Victoria in particular.

Management is working with each tenant on a case by case basis to assess their entitlement under the Code and will provide further information at the half year results.

Positively, throughout the period, collections have remained strong, sitting at 92% for the June quarter and are beginning to improve further, sitting at 97% for the September quarter.

The outlook is improving with Government imposed movement restrictions easing, state borders reopening and positive news around potential COVID vaccines. This is translating into higher occupancy rates within our buildings as tenants gain confidence to return to the office.

Capital expenditure during office floor refurbishments is being targeted to reduce touch points with initiatives such as touchless tapware and soap dispensers and lift applications.

To ensure our valuations fully reflect the current environment, all properties were revalued as at 30 June 2020. Whilst capitalisation rates were broadly in line with the prior year, external valuers adjusted key metrics such as growth rates, downtime and incentives assumptions to account for the current environment.

We are in the process of revaluing the full portfolio as at 31 December 2020.

While there has been some great progress on vacancy and FY21 expiries, management are also focussed on the major upcoming expiries across the portfolio.

We are in regular dialogue with each of the major tenants.

At **10 Valentine Avenue, Parramatta**, the Property NSW lease expires in June 2022. Property NSW are in the process of reviewing their various department locations and required tenancy space.

10 Valentine Ave is one of the best located assets in Parramatta. It is highly accessible being close to Parramatta Railway Station and has great amenity including the nearby Westfield Parramatta Shopping Centre. It is also very affordable with Parramatta’s gross effective rents are less than half of Sydney CBD. We believe these attributes position us well for upcoming lease negotiations.

At **30 Pirie Street, Adelaide**, Telstra's lease expires in February 2023. Like most major corporates, Telstra is reviewing their business and its office space requirements going forward.

We believe that 30 Pirie Street provides attractive accommodation for Telstra as it:

1) Is a well located, A grade asset; and
2) provides an attractive price point, particularly compared to Telstra's occupancy costs in other markets.

As Telstra do not currently need all their leased area, they have sublet five of the lower floors to three separate tenants, including to Boeing Defence, who we have an existing relationship with at 150 Charlotte Street, Brisbane.

We are seeking to retain Telstra over their future required area and convert the sub-tenants into direct tenants well ahead of the February 2023 expiry.

Turing to **32 Phillip Street, Parramatta.**

There is a lot happening in the immediate vicinity of the building. Firstly, the light rail is under construction on Church Street and Parramatta Council is proposing to build the Civic Walk, a pedestrianised walkway from 32 Phillip Street to Parramatta Railway Station both of which would improve the accessibility to the site. The NSW State Government is well advanced in their plans for the Powerhouse Museum, which will be transformational on the immediate area and I will cover this in more detail later in my presentation.

GE is the sole office tenant expiring in June 2023. We have initiated discussions with GE regarding their longer term tenancy requirements. Of note, out of the eight office floors, six are sublet which provides an opportunity to lease these floors directly to the sitting tenants, diversifying the tenancy expiry profile.

At **150 Charlotte Street**, there is still three and a half years to run on Boeing's lease so it is too early for them to engage in discussions. Our focus here has been to enhance the tenant experience, positioning the asset well for future leasing discussions. Targeted capital expenditure is being completed to enrich the overall appeal and usability of the asset for Boeing.

As we move through FY21, we believe the AOF portfolio is well positioned to capitalise on the current conditions with an allocation of 59% by book value to metro markets and 41% to the smaller capital city CBDs.

We expect these markets to outperform the major CBDs as tenants focus on accommodation that is affordable, provides solid amenity and is highly accessible to their workforce.

Nationally there has been some major infrastructure spending with AOF's markets benefitting.

Be it Macquarie Park with the recent metro rail completion;

Parramatta with major infrastructure projects under way including the light rail, metro rail and proposed Civic Walk and Powerhouse Precinct; or

St Kilda Road, which will benefit from the $11 billion metro tunnel project delivering the new ANZAC Station.

Meanwhile Brisbane will continue to benefit from projects such as the cross city rail.

AOF assets are located in markets with rentals which are a fraction of Sydney CBD's rental with gross effective rentals ranging between approximately 32% and 48% of Sydney CBD's rent.

In an environment where affordability is key, with employees wanting to work closer to home to reduce travel time, we believe the metro markets and smaller CBDs will outperform.

At 2 Valentine Avenue Parramatta, substantial progress has been made on the development opportunity. During FY20 Site Specific Panning Approval and Development Approval was received locking in development approval for approximately 28,000 sqm.

The Development Approval resulted in a $14.5 million year on year increase in the valuation for the asset, with further substantial value expected to be generated through to completion.

Following a competitive tender process, Buildcorp was selected as the preferred builder and has been appointed to complete early works to reduce future project delivery risks. Full construction works will not commence until after suitable tenant pre-commitment and financing are obtained.

We are currently investigating the ability to link 2 and 10 Valentine Avenue together as part of a campus offering, to enhance the arrival experience and create shared facilities across both assets. This would enable larger users to have a more "connected" presence across both assets. The finalised design will require a further Development Approval, but will enhance our flexibility and options as we seek pre-commitments for 2 Valentine and a renewal at 10 Valentine Avenue.

Overall, the asset is forecast to deliver a yield on cost of over 7% and would significantly enhance the overall portfolio quality and metrics.

Management have an active asset management approach and seek to add value where possible.

A few examples of value adding opportunities currently being investigated across the portfolio are:

32 Phillip Street – with the area likely to be transformed with the expected delivery of the Powerhouse Museum and Civic Walk, we are investigating the highest and best use of the asset. We are also investigating opportunities for 32 Phillip Street to integrate into the wider Powerhouse Precinct through a ground floor refurbishment. By improving the overall ground floor and tenant amenity, this should position us well to drive rental growth for the asset and assist in upcoming lease discussions.

2 Eden Park Drive - Macquarie Park is benefiting from its central location coupled with strong infrastructure and retail amenity. 2 Eden Park is a large land lot, over 10,000sqm located very close to the metro rail station and is currently only developed to a Floor Space Ratio of approximately 1:1. Current zoning is 2:1 and there are community consultation groups seeking to increase the area zoning. We are investigating long term future development opportunities to position our site well to benefit from any future uplifts in zoning.

If we turn our attention now to the current economic backdrop.

We are now nine months on from the onset of COVID-19 and positively, we appear to be emerging from the worst of the pandemic.

- Business conditions and confidence has rebounded strongly and are both now positive.
- Three COVID-19 vaccines are all progressing well in trials with a claimed efficiency rate of around 90%, fuelling positive sentiment
- Consensus for real GDP is forecast to jump in FY21 to 3% growth compared to a 3.6% contraction for FY20.
- Office occupancy rates has been increasing month on month for most major markets, excluding Melbourne due to the extended lock-down.

- The Reserve Bank of Australia recently cut the cash rate by a further 0.15% to 0.1%, a record low, driving bond yields lower and making property yields even more attractive on a relative basis. Across AOF's markets, the prime yield mid-point ranges from approximately 5.26% to 6.25%, a large premium to cash and 10-year bonds.

I would note we have included further economic and market information in the annexure of this presentation.

We are pleased to re-confirm our FY21 distribution guidance of 15 cents per unit, which on the 30 November 2020 closing price represents a yield of 7.0%. This guidance is subject to no material change in market conditions, no material change to the portfolio and no unforeseen events.

Currently earning guidance is not being provided for FY21 due to uncertainty around the impact of COVID on the Fund.

However, as market conditions continue to improve, the level of certainty for FY21 earnings also improves. Once the Board has sufficient certainty that it can provide meaningful earnings guidance, the market will be updated.

Turning to the immediate focus:

Management are working to close out the tenant rent relief to be provided to eligible tenants required under the Mandatory Code of Conduct.

Leasing up vacancy, de-risking upcoming expiries, in particularly those with major tenants remains a key focus. Where there are sub-leases in place we are aiming to turn them into direct leases where possible.

Negotiations are ongoing with interested parties for the divestment of 241 Adelaide Street and we will update the market if suitable sale terms are achieved.

We continue to seek a tenant pre-commitment for 2 Valentine Avenue in Parramatta and investigate other opportunities across the portfolio to add value for unitholders.

The board and management continue to review our strategy and remain focussed on delivering the best possible return for AOF unitholders.

That concludes the formal part of the presentation and I would like to thank you for your continued support. I look forward to continuing to work with the Board and the Australian Unity management team in delivering strong performance to AOF unitholders.