

ASX Announcement – Australian Unity Office Fund

4 May 2022

Market update

Australian Unity Investment Real Estate Limited (AUIREL) as responsible entity of Australian Unity Office Fund (ASX: AOF) provides this market update.

2-10 Valentine Avenue, Parramatta revaluation

AOF has been informed by Property NSW (PNSW), the major tenant at 10 Valentine Avenue, Parramatta, that it will not renew its lease upon expiry of the current term on 30 June 2022. As previously disclosed, AOF and PNSW have been in discussions regarding PNSW's future occupancy requirements at 10 Valentine Avenue, including a potential shorter-term lease extension. From 1 July 2022 PNSW have requested to hold-over for up to three levels of the 14-level building and vacate the balance of the building.

Considering this new information, AOF commissioned an independent valuation for 2-10 Valentine Avenue, Parramatta. The independent valuer has updated its assumptions with respect to probability of renewal, tenant incentives and capital expenditure. The revised valuation for 2-10 Valentine Avenue, Parramatta is \$120.55 million, representing a \$28.95 million reduction from the prior 31 December 2021 independent valuation of \$149.50 million.

2-10 Valentine Avenue is located in the core of the Parramatta CBD and directly adjacent to the Parramatta Bus and Railway Interchange. 10 Valentine Avenue currently offers over 16,000 sqm of lettable area. Connected to 10 Valentine Avenue and on the same title is 2 Valentine Avenue, a six-level freestanding carpark.

Confirmation of PNSW's future occupation of 10 Valentine Avenue allows AOF to further progress the repositioning and development strategies for the site. 2-10 Valentine Avenue is an island site with no adjacent properties and AOF has in place a number of strategies for the future development of 2-10 Valentine Avenue, including:

- **Valentine Place:** development approval to join 2 and 10 Valentine Avenue together into a campus style office offering over 40,000 sqm of office accommodation;
- **2 Valentine Avenue:** development approval for a 28,000 sqm office tower over 24 levels; and
- **10 Valentine Avenue:** development application is underway to allow for a repositioning at 10 Valentine Avenue including the potential for a new façade which would provide the opportunity to increase the floor plates to ~1,500 sqm, increasing the existing building lettable area to ~20,000sqm from ~16,000sqm.

AOF will keep the market updated as the repositioning and development strategies for 2-10 Valentine Avenue, Parramatta progress.

Value maximisation initiatives

AOF has previously outlined its focus on three options to maximise value for unitholders:

1. the delivery of asset refurbishments and repositioning opportunities, while maintaining strong occupancy from multi-tenanted assets;
2. divesting some or all properties and returning capital to unitholders; and
3. considering a portfolio sale via a corporate transaction.

Issuer:

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AOF continues to progress these three options concurrently and engagement with various parties is on-going. There is no certainty that any proposals for AOF or its assets will be received, and the Board will keep the market updated.

FY22 guidance

AOF confirms the previously provided full year 2022 funds from operations guidance of 18.0 – 18.5 cents per unit and distribution guidance of 15.2 cents per unit¹.

Authorised by:

AUIREL Disclosure Committee

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About AOF

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

¹ Subject to no material change in market conditions, no material change to the portfolio and no unforeseen events

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