

ASX Announcement – Australian Unity Office Fund

19 February 2025

Appendix 4D

Australian Unity Office Fund ('AOF') Preliminary Final Report For the Half-Year Ended 31 December 2024

Results for announcement to the market

1.0	Reporting period				
	Current reporting period	6 months to 31 December 2024			
	Prior reporting period	6 months to 31 December 2023			
2.0	Results for announcement to the market	31 December 2024	31 December 2023	Movement \$'000	Movement %
		\$'000	\$'000		
2.1	Total revenues and other income (Note 1)	5,466	10,841	(5,375)	(49.58)%
2.2	Profit from ordinary activities after tax attributable to unitholders	(26,832)	(26,392)	(440)	(1.67)%
2.3	Net profit for the period attributable to unitholders	(26,832)	(26,392)	(440)	(1.67)%
2.3A	Directors' assessment of Funds From Operations (Note 2)	945	6,513	(5,568)	(85.49)%
2.4	Distributions	Amount per unit	Record date		
	Distribution for 1 July 2024 to 30 September 2024	0.40 cents	30 September 2024		
	Distribution for 1 October 2024 to 22 November 2024	9.00 cents	22 November 2024		
2.5	Record date for determining entitlement to the distributions	Refer section 2.4			
2.6	Brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood.	Refer to the Annual financial report and directors' report for the year ended 31 December 2024 attached to this Appendix 4D for further information.			
3	Net tangible assets per security	31 December 2024	31 December 2023		
		\$1.14	\$1.72		

ASX Announcement – Australian Unity Office Fund

4	Details of entities over which control has been gained or lost during the period, including the following.	Not applicable.		
5	Details of individual and total distributions and distribution payments. Distribution for 1 July 2024 to 30 September 2024 Distribution for 1 October 2024 to 22 November 2024	Date Paid	Amount per unit	Foreign sourced income
		25 October 2024	0.40 cents	n/a
		6 December 2024	9.00 cents	n/a
6	Details of any distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any distribution reinvestment plan.	Not applicable.		
7	Details of associates and joint venture entities including the following.	Not applicable.		
8	For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards).	Not applicable.		
9	If the accounts have not yet been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph	Not applicable.		

Note (1): Total revenues and other income comprises rental income and interest income

Note (2): The Scheme uses the Property Council of Australia' definition of Funds From Operations (FFO) as a key determinant of the underlying operating profit of the Scheme. FFO is a Property Council of Australia definition which adjusts statutory Australian Accounting Standards profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives and leasing costs, rental straight-line adjustments and other unrealised or one-off items. When assessing FFO, Directors also add back rental abatement incentives to ensure consistency with the treatment of rent free incentives and fitout incentives.

This announcement is issued by Australian Unity Investment Real Estate Limited
ABN 86 606 414 368 AFSL 477434 (AUIREL) as responsible entity of Australian Unity Office
Fund. AUIREL is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

Issuer:

Australian Unity Investment Real Estate Limited
271 Spring Street
Melbourne VIC 3000
ABN 86 606 414 368
AFSL: 477434

Registry Enquiries:

Australian Unity Office Fund Investor Services
1300 737 760 or
+61 2 9290 9600
(outside Australia)

Australian Unity Office Fund

ARSN 113 369 627

Interim report for the half-year ended 31 December 2024

Australian Unity Office Fund

ARSN 113 369 627

Interim report for the half-year ended 31 December 2024

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Directors' report

The directors of Australian Unity Investment Real Estate Limited (ABN 86 606 414 368), the Responsible Entity of Australian Unity Office Fund (the "Scheme"), present their report together with the interim financial statements of the Scheme for the half-year ended 31 December 2024 and the auditor's review report thereon.

Directors

The following persons were directors of the Responsible Entity and members of the Audit & Risk Committee during the half-year and up to the date of this report:

W Peter Day	Independent Non-Executive Director and Chairman
Eve Crestani	Independent Non-Executive Director and Chairman of the Audit & Risk Committee
Greg Willcock	Non-Executive Director

Company secretary

The company secretary of the Responsible Entity during the half-year and up to the date of this report is Liesl Petterd.

Operating and financial review

Principal activities

The Scheme is an ASX-listed Real Estate Investment Trust.

Investment objective and strategy

On 17 December 2024 unitholders approved the disposal of the Scheme's main undertaking and subsequent delisting of the Scheme from ASX. The Responsible Entity is now proceeding with the disposal of the Scheme's main undertaking and associated steps with respect to the cessation of its real estate investment business, including settlement of the Scheme's three remaining properties and returning net proceeds of property sales to unitholders (after providing for current and future liabilities of the Scheme) and ultimately delisting and winding up the Scheme.

The appointed Investment Manager of the Scheme's assets is Australian Unity Funds Management Limited (ABN 60 071 497 115).

Australian Unity Property Management Pty Ltd (ABN 76 073 590 600) has been appointed to provide a number of property related services to the Scheme.

Review of operations

Results

The Scheme incurred a statutory loss for the half-year ended 31 December 2024 of \$26,832,000 (31 December 2023: \$26,392,000) driven primarily by a net fair value decrement of investment properties of \$23,072,000.

The Scheme's Net Tangible Assets (NTA) per unit was \$1.14 per unit at 31 December 2024 (30 June 2024: \$1.39 per unit).

64 Northbourne Avenue, Canberra, ACT sale and settlement

On 21 August 2024, the Responsible Entity of the Scheme entered into a contract for the sale of 64 Northbourne Avenue, Canberra, ACT. Settlement of the asset for net proceeds of \$21,200,000, excluding disposal costs, occurred on 15 November 2024. A special distribution of 9.0 cents per unit was paid to unitholders on 6 December 2024 from the net sale proceeds. Following settlement the Scheme's debt facility was terminated.

468 St Kilda Road sale

On 13 December, the Responsible Entity of the Scheme entered into a contract to sell 468 St Kilda Road, Melbourne, VIC for expected net sale proceeds, excluding disposal costs, of \$41,500,000. Settlement is expected to occur by March 2025.

Financial result

The following table summarises the statutory profit for the half-year ended 31 December 2024 and provides a comparison to the statutory profit for the half-year ended 31 December 2023.

\$'000	Half-year ended 31 December 2024	Half-year ended 31 December 2023
Rental income *	5,736	11,887
Property expenses	(4,020)	(4,056)
Straight lining of rental income and amortisation of leasing commissions and tenant incentives	(509)	(1,151)
Net property income	1,207	6,680
Interest income	239	105
Net losses on financial instruments held at fair value	-	(249)
Net fair value decrement of investment properties	(23,072)	(30,830)
Disposal costs	(3,662)	-
Management fees	(687)	(947)
Borrowing costs	(67)	(426)
Other expenses	(790)	(725)
Loss attributable to unitholders	(26,832)	(26,392)

* Rental income excludes the impact of straight lining of rental income and amortisation of leasing commissions and amortisation of tenant incentives.

As at 31 December 2024, the Scheme's net assets per unit attributable to unitholders was \$1.14 (30 June 2024: \$1.39).

Funds From Operations

The Scheme uses the Property Council of Australia's definition of Funds From Operations (FFO) as a key determinant of the underlying operating profit of the Scheme.

FFO adjusts statutory Australian Accounting Standards profit for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives and leasing costs, rental straight-line adjustments and other unrealised or one-off items.

When assessing FFO, Directors also add back rental abatement incentives to ensure consistency with the treatment of rent free incentives and fitout incentives.

Directors also add back disposal costs as these costs are one off in nature and not part of the underlying and recurring earnings of the Scheme.

A reconciliation of the statutory result to FFO and distributions is set out below for the half-year ended 31 December 2024 and 31 December 2023.

\$'000	Half-year ended 31 December 2024	Half-year ended 31 December 2023
Loss attributable to unitholders	(26,832)	(26,392)
Adjusted for:		
Straight lining of rental income and amortisation of leasing commissions and tenant incentives	509	1,151
Net losses on financial instruments held at fair value	-	249
Net fair value decrement of investment properties	23,072	30,830
Amortisation of borrowing costs	-	69
Disposal costs	3,662	-
Rental abatement incentives	534	606
Directors' assessment of Funds From Operations	945	6,513
Distributions declared	15,452	4,603

Funds From Operations (continued)

Cents per unit	Half-year ended 31 December 2024	Half-year ended 31 December 2023
Directors' assessment of Funds From Operations	0.6	4.0
Special distributions declared	9.0	-
Ordinary distributions declared	0.4	2.8

Property portfolio

As of 31 December 2024, the Scheme owned three properties (30 June 2024: four properties), which were all held for sale. The properties have been valued adopting the expected net sale proceeds, excluding disposal costs, as documented in the executed sales contracts.

Capital management

Following settlement of the sale of 64 Northbourne Avenue, Canberra, ACT on 15 November 2024, the Scheme terminated its debt facility.

The Scheme had no borrowings at 31 December 2024 (30 June 2024 \$nil).

Outlook and guidance

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

On 17 December 2024 unitholders approved the disposal of the Scheme's main undertaking and subsequent delisting of the Scheme from ASX. The Responsible Entity is now proceeding with the disposal of the Scheme's main undertaking and associated steps with respect to the cessation of its real estate investment business, including settlement of the Scheme's three remaining properties and returning net proceeds of property sales to unitholders (after providing for current and future liabilities of the Scheme) and ultimately delisting and winding up the Scheme.

The Responsible Entity expects to return aggregate proceeds from these properties to unitholders of between \$1.11 to \$1.14 per unit.

Matters subsequent to the end of the half-year

The Directors of the Responsible Entity are not aware of any other matter or circumstance arising since 31 December 2024 which has significantly affected or may significantly affect the financial position of the Scheme disclosed in the consolidated statement of financial position as at 31 December 2024 or on the results and cash flows of the Scheme for the half-year ended on that date.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Scheme that occurred during the half-year, except those mentioned elsewhere in the report.

Indemnification and insurance of officers and auditors

While insurance cover is in place, no insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of Australian Unity Investment Real Estate Limited or the auditors of the Scheme. So long as the officers of Australian Unity Investment Real Estate Limited act in accordance with the Scheme's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Environmental regulation

The property operations within the Scheme are subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations.

Rounding of amounts

The Scheme is an entity of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand dollars.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors of Australian Unity Investment Real Estate Limited.



Eve Crestani
Independent Non-Executive Director and Chairman of the Audit & Risk Committee



W Peter Day
Independent Non-Executive Director and Chairman

19 February 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Unity Investment Real Estate Limited, as
Responsible Entity for Australian Unity Office Fund

I declare that, to the best of my knowledge and belief, in relation to the review of Australian Unity Office Fund for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

David Kells

Partner

Sydney

19 February 2025

Australian Unity Office Fund
Consolidated statement of comprehensive income
For the half-year ended 31 December 2024

Consolidated statement of comprehensive income

	Notes	Half-year 2024 \$'000	2023 \$'000
Income			
Rental income	4	5,227	10,736
Property expenses	5	(4,020)	(4,056)
Net property income		1,207	6,680
Interest income		239	105
Net loss on financial instruments held at fair value through profit or loss		-	(249)
Net fair value loss of investment properties		(23,072)	(30,830)
Total income net of property expenses		(21,626)	(24,294)
Expenses			
Management fees		687	947
Borrowing costs and other related costs		67	426
Disposal costs		3,662	-
Other expenses	6	790	725
Total expenses, excluding property expenses		5,206	2,098
Loss attributable to unitholders		(26,832)	(26,392)
Other comprehensive income		-	-
Total comprehensive loss attributable to unitholders		(26,832)	(26,392)
Basic and diluted earnings per unit attributable to unitholders (cents per unit)		(16.32)	(16.06)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Australian Unity Office Fund
Consolidated statement of financial position
As at 31 December 2024

Consolidated statement of financial position

	Notes	31 December 2024 \$'000	30 June 2024 \$'000
Assets			
Cash and cash equivalents		13,380	25,201
Receivables		273	1,262
Other assets	9	181	1,308
Properties held for sale	10	183,500	163,200
Investment properties	11	-	62,000
Total assets		197,334	252,971
Liabilities			
Distributions payable	8	-	15,945
Payables		10,386	7,794
Total liabilities		10,386	23,739
Net assets attributable to unitholders	7	186,948	229,232

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Unity Office Fund
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

Consolidated statement of changes in equity

	Half-year	
	2024	2023
	\$'000	\$'000
Balance at the beginning of the half-year	229,232	313,622
Comprehensive loss for the half-year		
Loss attributable to unitholders	<u>(26,832)</u>	<u>(26,392)</u>
Total comprehensive loss attributable to unitholders	(26,832)	(26,392)
Transactions with unitholders		
Distributions paid and payable	<u>(15,452)</u>	<u>(4,603)</u>
Total transactions with unitholders	(15,452)	(4,603)
Balance at the end of the half-year	<u>186,948</u>	<u>282,627</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Australian Unity Office Fund
Consolidated statement of cash flows
For the half-year ended 31 December 2024

Consolidated statement of cash flows

	Half-year	
	2024	2023
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Rental income received	6,506	11,967
Payments to suppliers	(4,715)	(6,226)
Interest received	239	105
Net cash inflow from operating activities	2,030	5,846
<i>Cash flows from investing activities</i>		
Payments for additions to investment properties	(4,800)	(6,873)
Proceeds from sale of property, plant and equipment	21,200	-
Disposal costs paid from sale of investment properties	1,213	-
Net cash inflow/(outflow) from investing activities	17,613	(6,873)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	-	5,000
Borrowings costs and other related costs paid	(67)	(426)
Distributions paid	(31,397)	(43,232)
Net cash outflow from financing activities	(31,464)	(38,658)
Net decrease in cash and cash equivalents	(11,821)	(39,685)
Cash and cash equivalents at the beginning of the year	25,201	43,864
Cash and cash equivalents at the end of the half-year	13,380	4,179

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

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1 General information

These condensed consolidated interim financial statements (interim financial statements) cover Australian Unity Office Fund and its subsidiaries (the "Scheme"). The Scheme was constituted on 23 March 2005. The Scheme is expected to commence deregistration procedures within 12 months following the issue of these financial statements but not earlier than 30 June 2025.

The Responsible Entity of the Scheme is Australian Unity Investment Real Estate Limited ("AUIREL") (ABN 86 606 414 368) (the "Responsible Entity"), a wholly owned subsidiary of Australian Unity Limited (ABN 23 087 648 888). The Responsible Entity's registered office is Level 15, 271 Spring Street, Melbourne, VIC 3000.

The Responsible Entity is incorporated and domiciled in Australia.

These interim financial statements are for the period 1 July 2024 to 31 December 2024.

These interim financial statements were authorised for issue by the directors of the Responsible Entity on 19 February 2025. The directors of the Responsible Entity have the power to amend and reissue the interim financial statements.

The Scheme's investment manager is Australian Unity Funds Management Limited (ABN 60 071 497 115) ("the Investment Manager"), a related party of the Responsible Entity.

The Scheme's property manager is Australian Unity Property Management Pty Ltd (ABN 76 073 590 600), a related party of the Responsible Entity.

2 Basis of preparation

These interim financial statements for the half-year ended 31 December 2024 have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Scheme is a for-profit unit trust for the purpose of preparing the financial statements.

These interim financial statements do not include all the notes of the type normally included in a set of annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2024 and any public announcements made in respect of the Scheme during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied in the current financial period and the comparative period, unless otherwise stated.

The consolidated statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within 12 months.

The Scheme is an entity of a kind referred to in *ASIC Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the interim financial statements. Amounts in the interim financial statements have been rounded to the nearest thousand dollars.

Going concern - Unitholder vote to dispose of main undertaking and wind-up of the Scheme

On 17 December 2024 unitholders approved the disposal of the Scheme's main undertaking and the delisting of the Scheme. The Responsible Entity is now proceeding with the disposal of the Scheme's main undertaking and associated steps with respect to the cessation of its real estate investment business, including settlement of the Scheme's three remaining properties and returning net proceeds of property sales to unitholders and ultimately delisting and winding up the Scheme. As a result, these consolidated financial statements have been prepared on a basis other than going concern.

Following settlement of the final property sale and return of sale proceeds to unitholders, the Responsible Entity intends to formally apply to the ASX to delist the Scheme. Once the Scheme is delisted, the process of winding up will commence. The Responsible Entity is expected to commence deregistration procedures within 12 months following the issue of these financial statements but not earlier than 30 June 2025, and once all assets have been realised, liabilities have been discharged and final distributions made, the Scheme will cease to exist.

2 Basis of preparation (continued)

In preparing the consolidated financial statements on an alternate basis, the Scheme has continued to apply the requirements of Australian Accounting Standards and the *Corporations Act 2001*. The use of a basis of preparation other than going concern has resulted in no impact on classification and measurement of the assets or liabilities of the Scheme.

Compliance with International Financial Reporting Standards

As a for-profit entity, compliance with AASB 134 ensures that the interim financial report of the Scheme, comprising the interim financial statements and notes thereto, complies with the International Accounting Standard IAS 34 *Interim Financial Reporting*.

New accounting standards and amendments adopted by the Scheme

No new accounting standards that are applicable to the Scheme became mandatory for the first time during the reporting period.

3 Segment Reporting

The Scheme operates in one business segment being investment in real estate, and in one geographic segment being Australia. The Scheme's segments are based on the Scheme's operating activities being investing into real property.

The Scheme derives its income from investment in properties located in Australia and is deemed to have one operating segment which is consistent with the reporting reviewed by the chief operating decision makers, being the Directors of the Responsible Entity.

The Directors consider net assets attributable to unitholders (NTA) per unit, distributions per unit and the Directors' assessment of Property Council of Australia's definition of Funds from Operations (FFO) per unit to be key measures that reflect the underlying performance of the Scheme. A reconciliation of assets and liabilities to NTA per unit and the Scheme's net loss to FFO per unit for the period are tabled below:

\$'000	31 December 2024	31 December 2023
Total assets	197,334	292,905
Total liabilities	10,386	10,278
Net assets attributable to unitholders (NTA)	186,948	282,627
Units on issue ('000)	164,383	164,383
NTA per unit	\$1.14	\$1.72

\$'000	Half-year ended 31 December 2024	Half-year ended 31 December 2023
Loss attributable to unitholders	(26,832)	(26,392)
Adjusted for:		
Straight lining of rental income and amortisation of leasing commissions and tenant incentives	509	1,151
Net loss on financial instruments held at fair value	-	249
Net fair value decrement of investment properties	23,072	30,830
Disposal costs	3,662	-
Amortisation of borrowing costs	-	69
Rental abatement incentives	534	606
Directors' assessment of Funds from Operations	945	6,513
Distributions declared	15,452	4,603
Units on issue ('000)	164,383	164,383
Special distributions declared (Cents per unit)	9.0	-
Ordinary distributions declared (Cents per unit)	0.4	2.8
Directors' assessment of FFO (Cents per unit)	0.6	4.0

4 Rental income

	Half-year	
	2024	2023
	\$'000	\$'000
Rental income	4,434	9,418
Outgoings income	1,220	1,828
Amortisation of lease commissions & lease incentives	(427)	(510)
Total rental income	5,227	10,736

Rental income includes an adjustment for the straight lining of rental income of (\$81,940) (2023: (\$641,206)).

5 Property expense

	Half-year	
	2024	2023
	\$'000	\$'000
Recoverable outgoings	3,375	3,290
Non recoverable outgoings	427	398
Impairment loss/(reversal) on receivables	218	368
Total property expenses	4,020	4,056

6 Other operating expenses

	Half-year	
	2024	2023
	\$'000	\$'000
Directors fees	141	137
Sundry	447	412
Other expenses	202	176
Total other expenses	790	725

7 Net assets attributable to unitholders

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme.

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Movement in no. of units		Movement in net assets	
	Half-year		Half-year	
	2024	2023	2024	2023
	No. '000	No. '000	\$'000	\$'000
Contributed equity				
Opening balances	164,383	164,383	374,067	374,067
Closing balance	164,383	164,383	374,067	374,067
Undistributed income				
Opening balance			(144,835)	(60,445)
Increase/(decrease) in net assets attributable to unitholders			(42,284)	(30,995)
Closing balance			(187,119)	(91,440)
Total net assets attributable to unitholders			186,948	282,627

8 Distributions to unitholders

The distributions declared for the half-year were as follows:

	Half-year			
	2024	2024	2023	2023
	\$'000	CPU	\$'000	CPU
30 September	658	0.4000	2,137	1.3000
22 November special distribution	14,794	9.0000	-	-
31 December (payable)	-	-	2,466	1.5000
	15,452	9.4000	4,603	2.8000

9 Other assets

	31 December 2024 \$'000	30 June 2024 \$'000
Disposal costs	-	453
Prepaid expenses	<u>181</u>	<u>855</u>
Total Prepaid expenses	<u>181</u>	<u>1,308</u>

10 Properties held for sale

	Type	Ownership (%)	Acquisition date	Carrying Value	
				31 December 2024 \$'000	30 June 2024
2-10 Valentine Ave, Parramatta, NSW	Held for sale	100%	07/12/2007	80,500	80,500
468 St Kilda Rd, Melbourne, VIC	Held for sale	100%	03/07/2007	41,500	-
150 Charlotte Street, Brisbane, QLD	Held for sale	100%	20/10/2017	61,500	61,500
64 Northbourne Avenue, Canberra, ACT	Sold	100%	01/06/2005	-	21,200
Total properties held for sale				183,500	163,200

Movements in properties held for sale

	31 December 2024 \$'000	30 June 2024 \$'000
Opening balance	163,200	-
Additions	1,403	-
Disposal of property	(21,200)	-
Lease commissions and incentives amortisation	(74)	-
Straight-lining of rental income	(75)	-
Reclassified from investment properties	41,500	163,200
Revaluation movements	<u>(1,254)</u>	-
Properties held for sale	<u>183,500</u>	<u>163,200</u>

11 Investment properties

(a) Property details

	Type	Ownership (%)	Acquisition date	Independent Valuation date	Independent Valuation amount \$'000	Valuer	Carrying Value	
							31 December 2024	30 June 2024
							\$'000	
468 St Kilda Rd, Melbourne, VIC	Held for sale	100%	03/07/2007	-	-	-	-	62,000
Total investment properties							-	62,000

On 13 December, the Responsible Entity of the Scheme executed a contract to sell 468 St Kilda Road, Melbourne, VIC for expected net sale proceeds, excluding disposal costs, of \$41,500,000. Settlement is expected to occur by March 2025. At 31 December 2024, this asset has been classified as held for sale. Refer to Note 10.

(b) Movements in carrying amount

Reconciliations of the carrying amounts of investment properties for the reporting period are set out below:

	31 December 2024	30 June 2024
	\$'000	\$'000
Opening balance	62,000	310,400
Additions	1,678	20,526
Disposals	-	(29,700)
Lease commissions and incentives amortisation	(353)	(1,108)
Straight-lining of rental income	(7)	(1,282)
Reclassified to assets held for sale	(41,500)	(163,200)
Revaluation movements	(21,818)	(73,636)
Investment properties	-	62,000

(c) Leasing arrangements

	31 December 2024	30 June 2024
	\$'000	\$'000
Within one year	4,546	8,397
Later than one year but not later than 5 years	7,198	10,577
Later than 5 years	738	1,188
	12,482	20,162

12 Borrowings

The Scheme had no borrowings at 31 December 2024 (30 June 2024 \$nil).

At 30 June 2024, the Scheme had an undrawn debt facility with a limit of \$30,000,000. In November 2024, following settlement of 64 Northbourne Ave, Canberra, ACT the Scheme terminated the debt facility.

13 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made in determining the fair values of the financial instruments since the last annual financial report. The Scheme measures and recognises financial assets/(liabilities) held at fair value through profit or loss on a recurring basis.

(a) Fair value hierarchy

The Scheme is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

All fair value measurements disclosed are recurring fair value measurements.

31 December 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-financial assets				
Properties held for sale	-	183,500	-	183,500
Total non-financial assets	-	183,500	-	183,500
Non-financial Liabilities				
Non-financial liabilities				
Payables	10,386	-	-	10,386
Total non-financial liabilities	10,386	-	-	10,386

13 Fair value measurement of financial instruments (continued)

	Level 1	Level 2	Level 3	Total
30 June 2024	\$'000	\$'000	\$'000	\$'000
Non-financial assets				
Properties held for sale	-	163,200	-	163,200
Investment properties	-	-	62,000	62,000
Total non-financial assets	-	163,200	62,000	225,200
Non-financial Liabilities				
Non-financial liabilities				
Distributions payable	15,945	-	-	15,945
Payables	7,794	-	-	7,794
Total non-financial liabilities	23,739	-	-	23,739

The Scheme's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During the half-year ended 31 December 2024, 468 St Kilda Rd, Melbourne, VIC was transferred from Level 3 to Level 2 in the fair value hierarchy when it was reclassified from investment properties to properties held for sale.

(b) Valuation techniques

(i) Investment properties

The investment property valuation policy is to have independent valuations conducted regularly, typically annually, to aid with the determination of the assets fair value. In determining the fair value of an investment property, the primary appropriate method of assessment is considered to be via reconciliation between the discounted cash flow and income capitalisation methods. Direct comparison may also be used as a secondary assessment method.

- Discounted cash flow method - this methodology involves formulating a projection of net income over a specified time horizon, normally 10 years, and discounting this cash flow including the projected terminal value at the end of the projection period at an appropriate market-derived discount rate. The present value of this discounted cash flow provides a guide to the fair value of the property;
- Income capitalisation method - this methodology involves the assessment of a net market income for the various components of the subject property. The net market income is capitalised at a rate derived from the analysis of comparable sales evidence to derive a capital value. Appropriate capital adjustments are then made where necessary to reflect the adopted cash flow profile and the general risk characteristic of the property; and
- Direct comparison method - this methodology identifies comparable sales on a dollar per square metre of lettable area and compares the equivalent rates to the subject property to establish the property's market value. This approach is somewhat subjective given the fact that specific items of income and expenditure are difficult to directly reflect and compare when adopting a rate per metre.

At each reporting date the appropriateness of those valuations is assessed by the Responsible Entity.

All three properties of the Scheme held for sale at 31 December 2024 have been valued adopting the expected net sale proceeds, as documented in the executed sales contracts.

(c) Fair value of other financial instruments

Due to their short-term nature, the carrying amounts of the receivables and payables are assumed to approximate their fair values.

Borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. The fair value of borrowings approximates the carrying amount.

14 Events occurring after end of the half-year

The Directors of the Responsible Entity are not aware of any other matter or circumstance arising since 31 December 2024 which has significantly affected or may significantly affect the financial position of the Scheme disclosed in the consolidated statement of financial position as at 31 December 2024 or on the results and cash flows of the Scheme for the half-year ended on that date.

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2024 (30 June 2024: \$nil).

Commitments arising from contracts principally relating to capital expenditure on properties held for sale which are contracted for at reporting date but not recognised on the interim financial statements are \$nil (30 June 2024: \$1,398,000).

Directors' declaration

In the opinion of the directors of Australian Unity Investment Real Estate Limited, the Responsible Entity of Australian Unity Office Fund (the Scheme):

- (a) The condensed consolidated interim financial statements and notes set out on pages 7 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated Scheme's financial position as at 31 December 2024 and of its performance, as represented by the results of its operations and cash flows for the financial reporting period ended on that date.
 - (ii) complying with Australian Accounting Standards as it relates to AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and
- (b) There are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable, and
- (c) The consolidated financial statements are in accordance with the Scheme's Constitution.

This declaration is made in accordance with a resolution of the directors.



Eve Crestani
Independent Non-Executive Director and Chairman of the Audit & Risk Committee



W Peter Day
Independent Non-Executive Director and Chairman

19 February 2025



Independent Auditor's Review Report

To the unitholders of Australian Unity Office Fund

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Australian Unity Office Fund.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Australian Unity Office Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2024
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 15 including selected explanatory notes
- The Directors' Declaration.

The **Group** comprises Australian Unity Office Fund (the Scheme) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation

We draw attention to Note 2 to the Half-year Financial Report, which describes that the Financial Report has been prepared on a basis other than going concern as the unitholders of the Scheme approved on 17 December 2024 the disposal of the Scheme’s main undertaking. The Group is no longer considered as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Australian Unity Investment Real Estate Limited, are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2024 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



David Kells

Partner

Sydney

19 February 2025