

8 August 2017

## Australian Unity Office Fund exceeds PDS financial forecasts with strong first full year results

Australian Unity Investment Real Estate Limited, as the Responsible Entity for the Australian Unity Office Fund (ASX: AOF), today announced strong results delivering a **22.1 percent total return\*** to AOF unitholders for the financial year to 30 June 2017.

In its first full year of operations, AOF exceeded the financial forecasts in the initial Product Disclosure Statement. This included Funds from Operations (FFO) of \$24.0 million, which was approximately \$900,000 greater than initially forecasted, and total distributions of \$21.1 million, or 15 cents per unit (cpu). The Fund also secured an increase in net tangible assets (NTA) to \$2.23 per unit, from \$1.95 per unit at 30 June 2016.

Grant Nichols, Fund Manager AOF, said the strong first full-year result was due primarily to the Fund's active approach to leasing, with approximately 17,400sqm of new leases completed in the 2017 financial year via 26 transactions, representing around 18% of the portfolio by area.

"In today's low-yield investment environment, AOF is successfully delivering sustainable income returns for investors with a forecast distribution of 15.6 cpu for the 2018 financial year, which equates to an approximate 7% yield on the current unit price of \$2.22 (7 August 2017).

"Importantly, AOF is well positioned for the future, with strong portfolio fundamentals and a favourable commercial property outlook. Gearing is relatively low at 27.0%, and the portfolio is underpinned by 93.5% occupancy, with no significant single lease expiry until 2022. Further to this, more than 50% of the portfolio is leased to investment-grade tenants, such as Telstra, Government and GE", he said.

Mr Nichols said the Fund would continue to remain disciplined and mindful of the cost of capital in its approach moving forward.

"We will continue to assess new acquisitions and the development of existing assets that complement both the current portfolio and AOF's investment strategy."

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## Media Release

Barring unforeseen changes to operating conditions, AOF's FFO guidance for full year 2018 is 17.1 to 17.3 cpu, and the Fund's distribution guidance for full year 2018 is 15.6 cpu.

### Portfolio Update at 30 June 2017

Portfolio Value	\$441.1 million
Weighted average capitalisation rate	7.5%
Portfolio net lettable area	97,580sqm
WALE	4.6 years
Occupancy	93.5%

More information about AOF's full-year results to 30 June 2017 is available at <http://www.asx.com.au/asx/share-price-research/company/AOF>

\* Total return for the period from 1 July 2016 to 30 June 2017 is calculated as the movement in AOF's net asset value plus distributions for the period  $((\$2.23 + \$0.15) / \$1.95) - 1 = 22.1\%$ .

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### About the Australian Unity Office Fund (AOF).

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of eight office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.

### About Australian Unity

Australian Unity is a national health, wealth and living mutual company providing services to almost one million Australians, including 300,000 members. Australian Unity's history as a trusted mutual organisation dates back to 1840. It has grown organically — by continually evolving to provide the services and products needed by the communities it serves — as well as through successful strategic mergers and diversification in to new business activities.

AOF is issued by Australian Unity Investment Real Estate Limited (AUIRE), ABN 86 606 414 368, AFS Licence No. 477434. This information is general information only and is not based on the financial objectives, situations or needs of any particular investor. Past performance is not a reliable indicator of future performance.