

Australian Unity Office Fund

(ASX: AOF)

Annual General Meeting, 11 November 2016

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Agenda

1	Chairman's Welcome
2	Chairman's Address
3	Fund Manager's Address
4	Questions

Presenters



(William) Peter Day
Chairman



Grant Nichols
Fund Manager



Chairman's address

Peter Day



The Board

Australian Unity Investment Real Estate Limited (AUIRE)

The Board



(William) Peter Day
Independent Chairman;
Member - Audit & Risk
Committee



Don Marples
Independent Non-executive
Director;
Chairman – Audit & Risk
Committee



Eve Crestani
Non-executive Director;
Member – Audit & Risk
Committee



Greg Willcock
Non-executive Director



Kirsty Dullahide
Executive Director

Management

Australian Unity Office Fund (AOF)

Management of AOF



Grant Nichols
Fund Manager



Simon Beake
Portfolio Manager



Giovanna Reale
Asset Manager



Mark Pratt
General Manager,
Australian Unity
Real Estate Investment



Mark Lumby
Head of Commercial
Property, Australian Unity
Real Estate Investment



Emma Rodgers
Company Secretary
AUIRE
Head of Legal and
Business Governance

Activity since listing

Listed 20 June 2016

Activity (20 June 2016 onwards)	
1	Preparation and lodgement of the 2016 Annual Report
2	Post listing investor engagement
3	Payment of June and September 2016 distributions in line with the Product Disclosure Statement forecast
4	Board engagement on Fund and property strategies



Clear well defined investment objective and strategy

Fund objective

To provide Unitholders with sustainable income returns via quarterly distributions and the potential for capital growth over the long term by investing in a diversified portfolio of Australian office properties.

Fund strategy

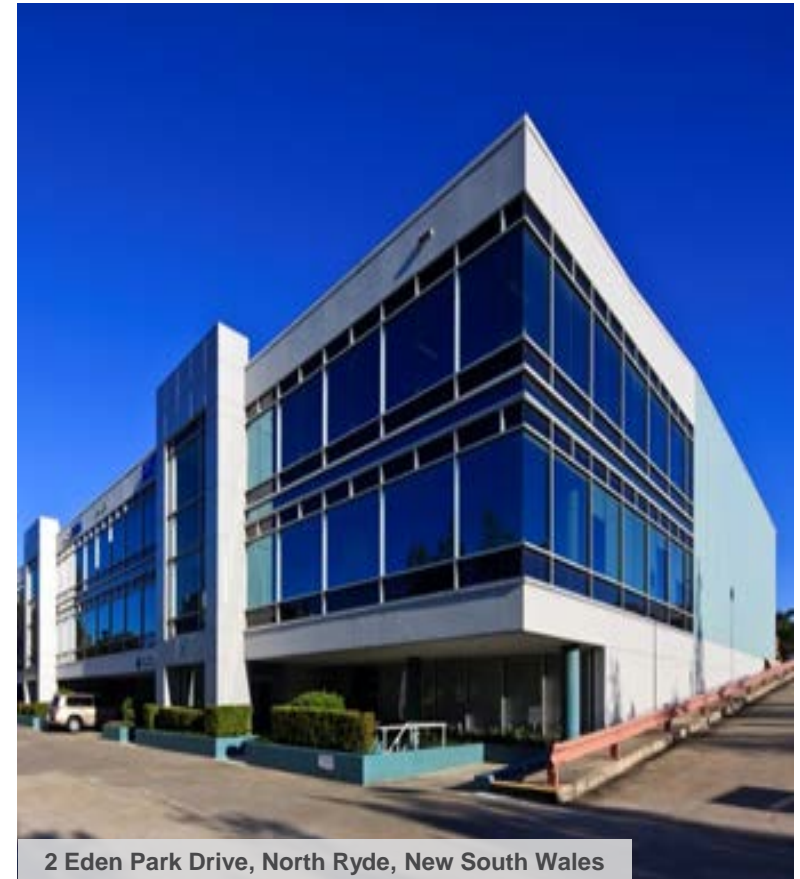
- 1 Invest in quality Australian office properties located in metropolitan and CBD markets
- 2 Grow net property income (NPI)
- 3 Enhance capital values
- 4 Deliver sustainable and growing income returns via quarterly distributions
- 5 Target gearing below 40%
- 6 Maintain diversification through investment into existing properties or acquisitions

FY16 Highlights

Fund highlights	
1	28,916 sqm leased ~30% of the Fund's portfolio
2	>99% existing unitholder support for initial public offering
3	~30% gearing
4	100% of withdrawal requests met
5	\$14.4 million valuation uplift
6	\$140 million debt refinancing
7	~8.6% average distribution yield on net tangible assets

Fund Manager's address

Grant Nichols



Continue to deliver post listing

Fund achievements	
1	3.7 CPU September distribution
2	~4,400 sqm of leases executed (~5% of portfolio)
3	~4,300 sqm subject to signed heads of agreement (~4% of portfolio)
4	100% leased 2 Eden Park Drive

Asset level strategy

- Single or dominant tenant buildings provide opportunity to obtain long term leases which underpin sustainable income returns.
- Multi-tenant buildings provide continual exposure to market conditions, without significant lease expiry risk, and are suited to attracting sub-1,000 sqm tenants.

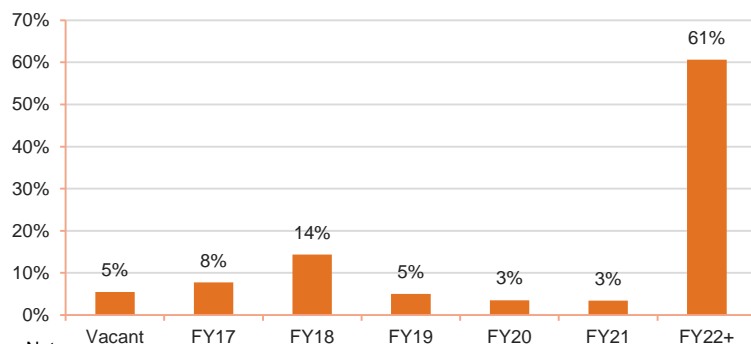
Fund metrics

As at 31 October 2016

Key portfolio metrics

Number of properties	8
Independent valuation ⁽¹⁾	\$391.1 million
Capitalisation Rate ⁽²⁾	8.0%
Passing Yield ⁽²⁾	8.1%
Occupancy ⁽³⁾	94.6%
WALE ⁽⁴⁾	4.6 years
Net Lettable Area	97,615 sqm

Lease expiry profile (by NLA)⁽³⁾



Notes:

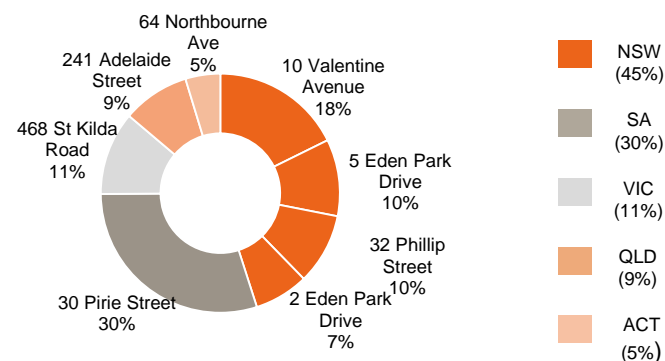
(1) As at 30 April 2016.

(2) As at 30 April 2016, weighted by independent valuation.

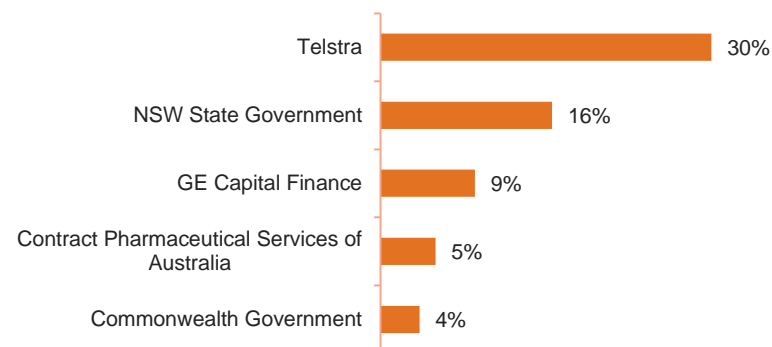
(3) As at 31 October 2016, by NLA.

(4) As at 31 October 2016, by Gross Property Income.

Geographic diversification⁽²⁾



Top 5 tenants⁽⁴⁾



2 Eden Park Drive leasing

Case study



2 Eden Park Drive, North Ryde, New South Wales

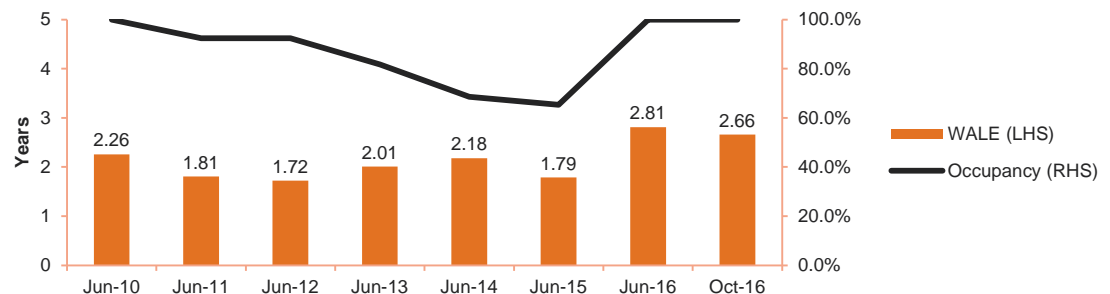


2 Eden Park Drive, North Ryde, New South Wales

Management strategy – maintaining high occupancy

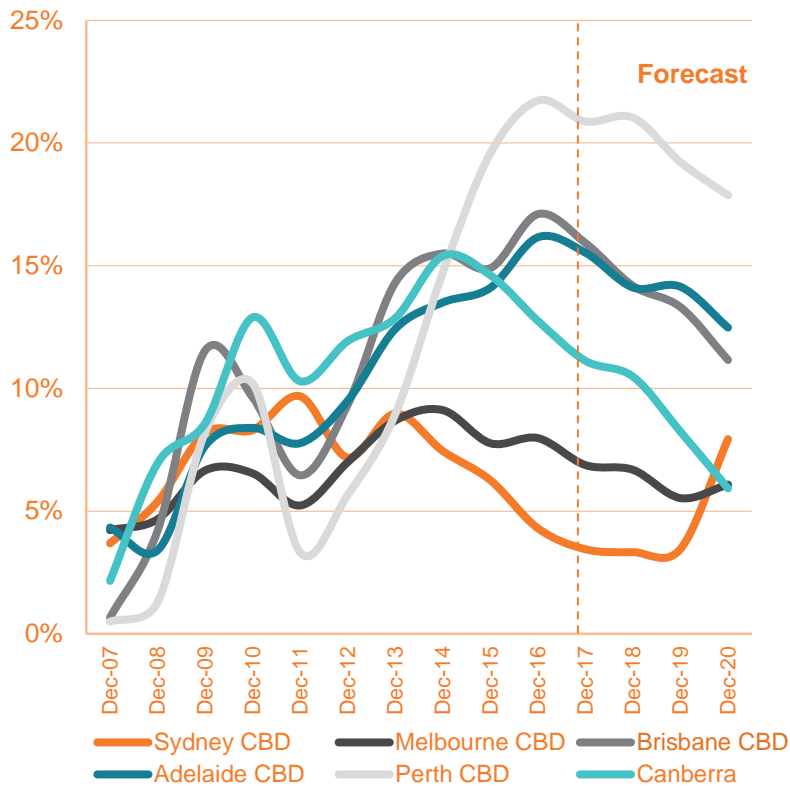
- 1 The building has **historically displayed good capacity for high occupancy** given:
 - small to medium size of the units and quality of the office combined with high clearance warehouse is not readily available elsewhere in the market despite ongoing tenant demand
- 2 **30 June 2015 vacancy of ~35%** a result of a number of tenants space requirements changing or ceasing operations (did not lose tenants to comparable space)
- 3 **Vacancy addressed through:** spec fitouts, lift upgrade and a renewed marketing campaign
- 4 **Significant leasing achievements post low point in occupancy**
 - unit 4 (701 sqm): New 3 year lease
 - unit 5 & 6 (1,123 sqm): New 5 year lease
 - unit 9 (495 sqm): New 5 year lease
 - unit 10 (472 sqm) New 3 year lease
 - unit 12 (789 sqm): New 7 year agreement
 - units 13 (787 sqm): Renewal of tenant for a further 5 year term
 - units 15 & 16 (967 sqm): Renewal of tenant for a further 3 year term

Historical WALE and Occupancy

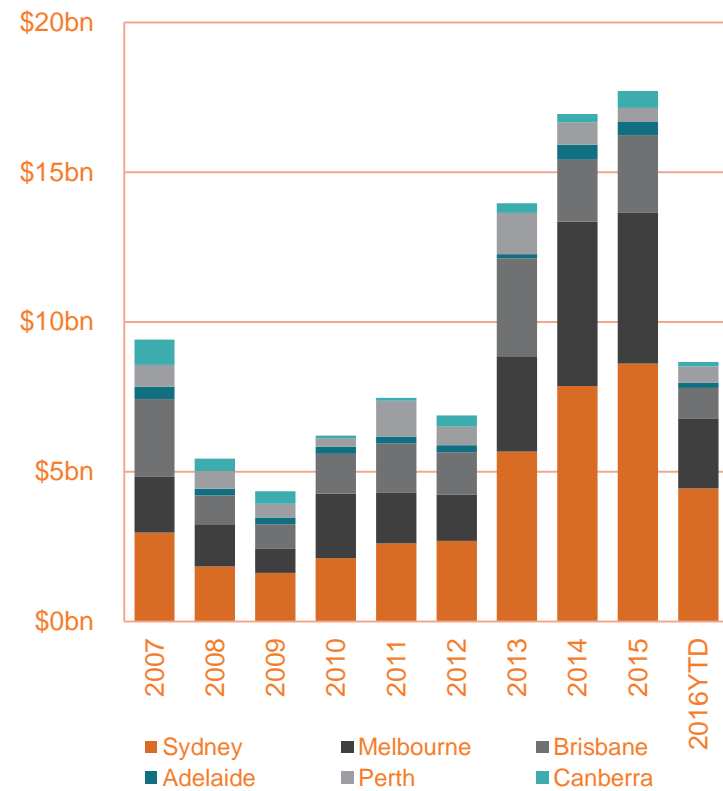


Market outlook

Historic and forecast vacancy



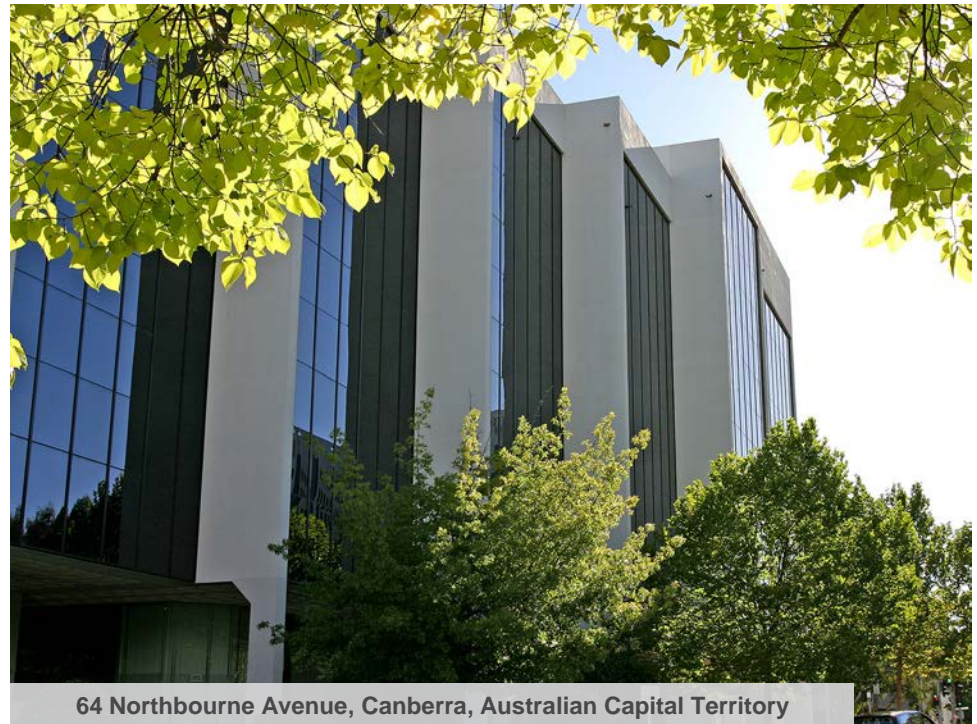
Office transactions (by state)



Source: CBRE

AOF is well positioned

- No near term single tenant lease expiry represents more than 5% of income
- Over 90% of leases have fixed increases averaging 3.5%
- Strong tenant covenants with over 50% of the income from investment grade tenants
- ~30% gearing
- **FY17 guidance maintained ⁽¹⁾**
 - FFO: 16.4 CPU
 - Distribution: 14.8 CPU



(1) Subject to no material change in market conditions

Questions?



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