

# ASX Announcement – Australian Unity Office Fund

29 August 2022

## FY22 financial results

Australian Unity Investment Real Estate Limited (AUIREL), as Responsible Entity of Australian Unity Office Fund (ASX: AOF), today announced AOF's full year 2022 financial results (FY22).

FY22 financial and operational overview:

- Funds from Operations (FFO<sup>1</sup>) of \$30.8 million, or 18.8 cents per unit, above guidance of 18.0 – 18.5 cents per unit
- Distributions of \$25.0 million, or 15.2 cents per unit in line with full year guidance
- 32 Phillip Street, Parramatta sold for \$66.0 million, a 5% premium to the 30 June 2021 independent valuation of \$62.75 million
- Net statutory loss for the year of \$48.4 million, with independent property valuations negatively impacted by AOF's three largest tenants confirming they would not renew their leases upon the expiry of the current term of their respective leases
- Net tangible assets of \$2.26 per unit
- Occupancy of 84.4% as at 30 June 2022, reflecting the major tenant at 10 Valentine Avenue, Parramatta not renewing their lease at the 30 June 2022 expiry
- Refinancing of AOF's debt facilities, with the next debt expiry in March 2025
- Gearing of 30.4%<sup>2</sup>, with \$170.3 million of debt drawn at 30 June 2022 against a \$250 million facility
- A refined strategy and investment objective

### Asset Valuations

All properties were independently revalued as at 30 June 2022 with the exception of 96 York Street, Beenleigh which was independently valued as at 31 March 2022. AOF's portfolio was valued at \$539.82 million reflecting a weighted average capitalisation rate of 5.69% and a value per square metre of \$5,629.

AOF's properties at 468 St Kilda Road, Melbourne, 5 Eden Park Drive, Macquarie Park and 64 Northbourne Avenue, Canberra increased in value as a result of strong leasing outcomes, improved occupancy and capitalisation rate compression.

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<sup>1</sup> FFO is a Property Council of Australia definition which adjusts statutory Australian Accounting Standards net 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 to financial instruments and other unrealised or one-off items

<sup>2</sup> Gearing is interest bearing liabilities (excluding unamortised establishment costs) less cash divided by total tangible assets less cash

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AOF's properties at 2-10 Valentine Avenue, Parramatta, 150 Charlotte Street, Brisbane and 30 Pirie Street, Adelaide decreased in value as a result of the major tenant at each of these properties advising that they would not be renewing their respective leases upon expiry of the current term.

### Leasing

Approximately 14,100 square metres of leasing was completed in FY22. Leasing success at 5 Eden Park Drive, Macquarie Park and 64 Northbourne Avenue, Canberra has resulted in these two properties having 100% occupancy.

### Refined Strategy

AOF's investment objective is to maximise returns for unitholders through:

- owning Australian real estate assets in metropolitan and CBD markets;
- generating income by delivering and maintain sustainable occupancy levels;
- divesting assets to make capital available;
- as appropriate, recycle available capital to refurbish and reposition assets; and
- exploring other value maximisation initiatives.

### Expression of Interest Campaign

AOF has commenced an expression of interest campaign to divest the following three assets:

- 150 Charlotte Street, Brisbane
- 64 Northbourne Avenue, Canberra
- 96 York Street, Beenleigh

All three assets currently benefit from high occupancy, strong tenant covenants, good amenity and are exceptionally well located and should appeal to a wide range of potential buyers. Colliers and Knight Frank have been jointly appointed to investigate the sale of these properties.

Proceeds from the sales will initially be used to repay debt and, as appropriate, recycled into the repositioning and refurbishment strategies at 10 Valentine Avenue, Parramatta and 30 Pirie Street, Adelaide.

### Outlook

Distribution guidance of 2.50 cents per unit is provided for the September 2022 quarter<sup>3</sup>. Distribution guidance will be provided on a quarterly basis until further notice.

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<sup>3</sup> Distribution guidance is subject to no material change in AOF's portfolio, no material change in current market conditions and no unforeseen events

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Nikki Panagopoulos, AOF Fund Manager said:

“AOF’s near term priorities are to maintain active management to deliver leasing and occupancy outcomes, progress refurbishment and repositioning opportunities and divest assets to make capital available for recycling into other assets or other value maximisation initiatives.”

**END**

**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) as Responsible Entity of Australian Unity Office Fund. 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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