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ASX Announcement – Australian Unity Office Fund

21 July 2021

Acquisition of band new A-grade office building with 10-year local government lease

Australian Unity Investment Real Estate Limited (**AUIREL**), as Responsible Entity of Australian Unity Office Fund (**ASX: AOF**) is pleased to announce the acquisition of a brand new, A-Grade office building at 96 York Street, Beenleigh, Queensland for $33.52 million (excluding acquisition costs), representing a capitalisation rate of 5.75%.

Key asset highlights:

- Total net lettable area of 4,661sqm, 7 levels of commercial accommodation with adaptable floor plates, excellent natural light and a side core to promote an open plan interactive environment
- 4,009sqm of office space leased to Logan City Council for 10-years with two 5-year options and annual rental increases of the greater of 3.0% or CPI
- The balance of the asset offers 174sqm of ground level retail space and 478sqm of flexible office space and is covered by a two-year rental guarantee
- 50 car parks of which 33 are leased to Logan City Council
- Sustainability initiatives have been imbedded into the building, including solar panels and rainwater harvesting, to deliver a 4.5-star Green Star Design Rating and a 4.5-star NABERS energy rating

Location

The asset is located in Beenleigh, which is in the heart of Logan, an affordable southeast location in Queensland with significant growth opportunity and improved transportation planned. Beenleigh is one of Logan City Council's preferred hubs for government services. The commercial centre of Beenleigh has continued to attract A-Grade commercial office tenants, with sustainable income growth expected over the medium to long term.

The asset is located in a government tenant hub, with the Department of Resources, Magistrates Court and Department of Corrective Services all within 600 metres, making the asset ideally located to serve as a long-term home to Logan City Council.

The Beenleigh train station is approximately 550 meters south west of the property providing easy connections to Brisbane and the Gold Coast, with a planned upgrade shortly which will add a second rail line enabling express access directly to Brisbane.

The broader Logan area is fast becoming a core metropolitan market that is expected to experience significant population and economic growth over the next 15 years and is forecast to outperform Brisbane, Moreton Bay and Redland Bay as the second fastest growing region in South East Queensland.

Issuer:
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AOF Fund Manager, Nikki Panagopoulos, said:

"The acquisition supports AOF's refined strategy of owning commercial real estate that aligns with the key asset attributes of affordability, accessibility and amenity."

"In undertaking this acquisition, we have been able to recycle capital from the sale of 241 Adelaide Street, Brisbane, an ageing leasehold asset requiring significant capital expenditure into 96 York Street, Beenleigh, a brand new purpose-built freehold building that provides long term income certainty with minimal capital expenditure requirements and sustainable initiatives."

"Management will continue to execute on its active asset management strategies, including refurbishments and developments while assessing further capital recycling opportunities. These opportunities will be investigated in parallel with the assessment of the proposed merger with the Australian Unity Diversified Property Fund".

The asset will be funded with existing debt facilities and settlement is expected in December 2021.

Authorised by:

AUIREL Disclosure Committee

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About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of office 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 Corporation Limited CRN 196800351N.

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