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Unlisted Property Fund Report

# Australian Unity Diversified Property Fund

November 2021

Review of Proposed Merger
with the Australian Unity Office Fund (ASX: AOF)

This report is for existing and eligible investors in the Australian Unity Diversified Property Fund.

# Australian Unity Diversified Property Fund

## Contents



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# Review of Proposed Merger

November 2021

Unitholders in the Australian Unity Diversified Property Fund ("DPF") have been invited to vote on a proposed merger of DPF with the Australian Unity Office Fund (ASX: AOF), at an online meeting at 10.00am on 10 December 2021. This report provides a review of the issues for unitholders to consider for voting, and the implications for unitholders thereafter.

The proposed merger would involve all of the units in the Diversified Property Fund to be acquired by the Australian Unity Office Fund (ASX: AOF). The new, combined entity would be renamed as the Australian Unity Property Fund ("AUPF") and continue to be listed on the ASX. In order for the merger to proceed, the proposal will need to be approved by a Special Resolution by DPF investors (where 75% of all votes cast must be in favour of the proposal), an Ordinary Resolution by AOF investors (where 50% of all votes cast must be in favour of the proposal), as well as regulatory and court approvals. All investors will be bound by the outcome of the votes. As such, investors are encouraged to vote to ensure their interests are appropriately represented. Investors may wish to appoint the Chairman or Directors of DPF as a proxy to vote on their behalf at the meeting. Investors who do this should expect their votes will be cast in favour of the proposal on the basis that the Directors have unanimously recommended that investors votes in favour of the proposal, in the absence of a superior proposal.

**Investors who wish to vote in favour of the Proposed Merger** are likely to do so for the following reasons:

- The new entity is expected to have greater scale for investors, with the portfolio increasing to $1.2B of assets (from $0.6B currently). The Manager is forecasting improved distributions for investors with reduced gearing. The combined entity is expected to have greater access to resources to facilitate a faster execution of its strategy.
- DPF unitholders will receive 0.4550 units in the new ASX listed entity AUPL, in exchange for every unit held in DPF. Based on DPF's 30 June 2021 position, this equates to an effective offer price of $1.1648 per unit, which is in line with the NTA of $1.171 per unit adjusted for costs. An independent expert report by Deloitte considers the proposed merger to be fair and reasonable, and in the best interests of DPF securityholders.
- Investors should recognise that the Exit Price of their investment will be determined by the prevailing trading price of AUPF on the ASX. This may be below or above the pro-forma NTA of $2.56 per unit, however the Manager considers the combined entity will be in a better position to deliver on its strategic initiatives in the long term.
- The larger listed entity is expected to have greater access to capital markets to provide funding for growth and development opportunities. DPF has previously been capital constrained with limited access to capital, and the merger is expected to provide a more efficient access to capital via the listed equities market.
- Investors may wish to sell their units in a one-off Capped Withdrawal Facility. The Capped Withdrawal Facility will only occur if the merger proceeds, with a minimum of $24.8M (which may be increased by the RE should this be considered appropriate). The unit price under the Facility is estimated at $1.165 per unit (based on the 30 June 2021 position) and will be adjusted for the final NTA prior to the merger.

**Investors who vote against the Proposed Merger** are likely to do so for the following reasons:

- They wish DPF to remain as an unlisted property fund under its current existing structure.
- They do not wish DPF to be subject to volatile pricing as an ASX-listed entity.
- DPF will incur $2.7M of costs related to the transaction, which is estimated to reduce DPF's NTA by around $0.01 per unit.
- The Capped Withdrawal Facility ($24.8M) will not be offered and DPF will revert to its existing quarterly withdrawal facility (2.5% of NAV, or ~$8.6M per quarter).

The Directors of AUPL, the Manager of DPF, have unanimously recommended investors vote in favour of the proposal, in the absence of a superior proposal. The Directors have also recommended that investors who wish to redeem their units in DPF to vote in favour of the transaction in order to access the Capped Withdrawal Facility. However it should be noted that the Capped Withdrawal Facility may be subject to a pro rata allocation if more than $24.8M of applications are received. Any remaining units may then be sold on the ASX.

| Key Times / Dates | |
|---|---|
| Date of Explanatory Memorandum: | 15 November 2021 |
| Proxy Forms to be received by: | 10:00 am 8 December 2021 |
| Application for Capped Withdrawal Facility Closes: | 3:00 pm 8 December 2021 |
| Voting Record Date: | 7:00 pm 8 December 2021 |
| DPF Meeting Date / Time | 10:00 am 10 December 2021 |
| **Voting Hurdle for Merger** | |
| DPF: | Special Resolution (75% of all votes cast) |
| AOF | Ordinary Resolution (50% of all votes cast) |
| **If Approved** | |
| Estimated Effective Date: | 16 December 2021 |
| AUPF Units commence trading on ASX: | 17 December 2021 |
| Implementation Date: | 22 December 2021 |
| Normal trading of AUPF Units on ASX: | 23 December 2021 |
| Capped Withdrawal Facility paid: | 24 December 2021 |

**Fund Contact Details**

DPF Unitholder Information Line

1300 671 080 (within Australia)
+61 2 9066 4084 (outside Australia)

Note: This report is based on the Australian Unity Diversified Property Fund Explanatory Memorandum dated 15 October 2021, together with other information provided by Australian Unity.

# Key Considerations

The following is a comparison of the key impacts for investors if the proposed merger is passed or not passed.

Figure 1: Impact on DPF Unitholders

| Impact on DPF | The Merger is Passed | The Merger is Not Passed |
|---|---|---|
| **Structure** | Units in DPF will convert to units in AUPF, an ASX-listed entity. | DPF will remain an unlisted property fund. |
| | *The Proposed Merger will combine the unlisted DPF with the listed AOF, to create a larger listed entity. This will provide the new entity, AUPF, with access to additional equity and capital markets as part of the ASX.* | |
| **Strategy** | Focus on office properties, complemented by diversified portfolio. | Diversified investment in direct property, unlisted property and listed A-REITs |
| | *The new entity, AUPF, will have a strategy which combines the individual strategies of DPF with AOF into a new strategy.* | |
| **Access to capital** | Will have access to the listed market for capital. | DPF may not be able to raise sufficient capital to execute its strategy and may consider selling assets or delaying value-add opportunities. |
| | *The new entity is expected to have greater access to capital in order to deliver on developments.* | |
| **Distributions** | FY22 forecast – 15.8 cpu (annualised)<br>(equivalent to 6.5 cpu. pro rata, per existing DPF unit) | Forecast FY22 - 5.7 cpu (annual)<br>(5.7 cpu per existing DPF unit) |
| | *The new entity is expected to deliver an estimated 14% increase in distributions for the remainder of FY22, on a pro rata basis.* | |
| **Capital Return** | Based on security price of AUPF. | Based on Exit Price of DPF (Unit Price less Sell Spread) |
| | *As a listed entity, capital gains will be dependent on the security price of AUPF which may be above or below the NTA. If the merger does not proceed, then capital gains will be dependent on the exit price of the unlisted DPF (which is based on the Unit Price less a Sell Spread (currently 0.5%).* | |
| **Liquidity** | Daily liquidity on ASX, based on prevailing market price.<br>On-off Capped Withdrawal Facility (min $24.8M) to be offered as part of the merger process for DPF unitholders, subject to pro rata scale back if oversubscribed. | Quarterly Withdrawal Facility equal to 2.5% of NAV (~$8.6M per quarter) |
| | *The Proposed Merger will provide enhanced liquidity for investors. Investors will be able to sell their units on the ASX on a daily basis, based on the prevailing market price (which may be above or below the NTA).* | |
| **Fees** | Base Management Fee of 0.55% of GAV<br>(where GAV >$750M, otherwise 0.60%) | Base Management Fee of 0.65% of GAV, Performance Fee, Acquisition Fee, Disposal Fee, Buy/Sell Spread. |
| | *The listed entity will have a simplified fee structure, with a lower base management fee as well the removal of the Performance Fee, Acquisition Fee, Disposal Fee and Buy/Sell Spread.* | |
| **Gearing** | LVR = 41.4%<br>Gearing = 38.6% (Target under 40%) | LVR= 46.3%<br>Gearing = 39.9% (target range 30 – 40%) |
| | *The listed entity will have a lower LVR and gearing, as well as greater access to capital.* | |
| **Portfolio** | $1.2B of properties<br>Office (52%), Retail (29%), Industrial (19%) | $544M of properties<br>Office (24%), Retail (60%), Industrial (15%) |
| | *The merged entity will have a $1.2B portfolio with a higher weighting to office and industrial and lower weighting to retail, providing increased scale and efficiency for investors.* | |
| **Management** | Combination of existing DPF and AOF senior management. | Existing management of DPF will remain the same. |
| | *Core Property considers the combined management team will provide greater resources and experience for the management of the portfolio.* | |

Source: Core Property, Australian Unity

**Tax Implications** – The Manager has received legal advice that if the merger is implemented, investors who receive units in AUPL in exchange for DPF units may be eligible to elect for capital gains tax scrip-for-scrip rollover relief. If applied, the scrip-for-scrip rollover relief would mean that a sale has not occurred for capital gains tax purposes. Investors should expect to receive a statement that sets out the new cost base of their investment for capital gains tax purposes.

**Units acquired units with the Limited Base Management Fee Rebate** – If the merger proceeds, units issued with a Base Management Fee (BMF) Rebate will no longer be entitled to the BMF Rebate under the new structure. To compensate, the RE will make a one-off payment in March 2022 to take into account the estimated rebate that would be received through to the end of the rebate period on 31 December 2021. The one-off payment is calculated on a 30% discount to the base management fee and will be applied using the Gross Asset Value (GAV) of DPF as at 30 June 2021. Core Property considers this one-off payment to be appropriate.

**Foreign Investors** – Foreign investors in DPF will be able to vote on the Proposed Merger and participate in the Capped Withdrawal Facility. However, if the merger is implemented, foreign investors will not be able to hold units in AUPF and will be required to sell their holding either through the Capped Withdrawal Facility, or on-market via a Foreign Sale Facility set up by the Manager.

# Overview of Transaction

DPF unitholders have been asked to vote on the DPF Unitholder Resolution required to proceed with the proposal at a unitholder meeting at 10.00am on 10 December 2021. The unitholder meeting will be held online.

**Background:** On 7 July 2021 Australian Unity Property Limited (AUPL), as RE Australian Unity Diversified Property Fund (DPF) announced that it had received an unsolicited, non-binding, indicative merger proposal from Australian Unity Investment Real Estate Limited (AUIREL) as responsible entity of Australian Unity Office Fund (AOF) to merge AOF and DPF (Merger Proposal). On 4 October 2021, AUIREL released an ASX announcement stating that AUIREL and AUPL has entered a Merger Implementation Deed (MID) to create the Australian Unity Property Fund (AUPF).

**Strategic Rationale for the proposed merger:** The strategic objective of DPF is to deliver consistent distributions to Unitholders with the potential for capital growth, by owning a diverse portfolio of Australian assets. To fulfil this without increasing the debt risk of the Fund, the merger with AOF will provide access to a larger balance sheet to carry out the development opportunities in the short term, as well as potential value add opportunities in the long term. After an under subscription in DPF's most recent capital raise, the only other two options for the fund would be to sell assets or delay development opportunities, both of which would be dilutive to Unitholders returns.

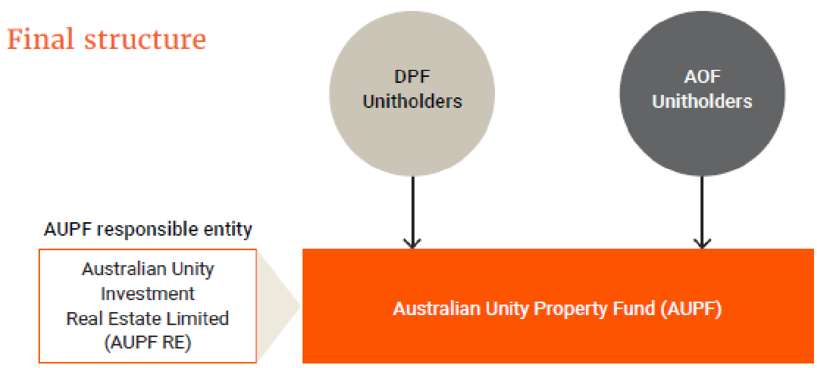
If approved, the merged entity (AUPF) will expose DPF Unitholders to a larger portfolio of investment properties, estimated at $1.2B, diversified across the office, convenience retail and industrial sectors with majority of rental income sourced from national retailers and blue-chip office tenants. For DPF Unitholders who wish to be invested in AUPF, they will receive greater ongoing liquidity, possibility of enhanced FY22 distributions, lower management fees and potential upside from any improvement in AOF trading prices.

**Proposed Structure:** The Proposal is to be implemented by a way of a trust scheme of DPF, whereby AOF will acquire all the units in DPF and issue new AOF units to DPF unitholders at the ratio of 0.445 new units in AOF for every 1 DPF unit currently held (Merger Ratio). The ratio has been calculated using the relative NTA of both DPF and AOF as at 30 June 2021 and will be adjusted for the final NTA prior to the merger. As the ratio is based on the NTA of both entities, the merger is considered to be a "merger of equals", with DPF unitholders expected to own approximately 46% of AUPF and AOF unitholders expected to own approximately 54%.

DPF unitholders who do not wish to hold units in the proposed new entity will be offered a one-off Capped Withdrawal Facility. Unitholders may apply to redeem their units at an estimated exit price of $1.1648 per unit, being equivalent to the NTA of $1.171 per unit, less a 0.5% Sell Spread, based on the 30 June 2021 position. The Capped Withdrawal Facility will have a minimum amount of $24.8M. If there are more than $24.8M in applications, applications may be subject to a pro-rata scale back. The RE may also increase the size of the Capped Withdrawal Facility above $24.8M at its discretion.

Under the proposed structure, DPF Unitholders will bear a share of the estimated $24.5M of one-off costs such as advisory fees, stamp duty and debt establishment fees. As a result, the equivalent NTA for DPF is likely to be $1.1648 per unit, a slight reduction of 0.5% to DPF's NTA of $1.171 per unit as at 30 June 2021. The RE anticipates that the proposal will be implemented in a manner that allows DPF unitholders to apply for scrip-for-scrip rollover relief, allowing investors to hold units in the new entity AUPF without triggering a sale of units for the purposes of capital gains tax. In addition, unitholders who sell their units as part of the one-off Capped Withdrawal Facility are not expected to be liable for GST and stamp duty as part of the sale of units. Investors should obtain specific advice in relation to their individual tax situations.

Figure 2: Proposed structure of AUPF




Source: Australian Unity

# Options for Unitholders

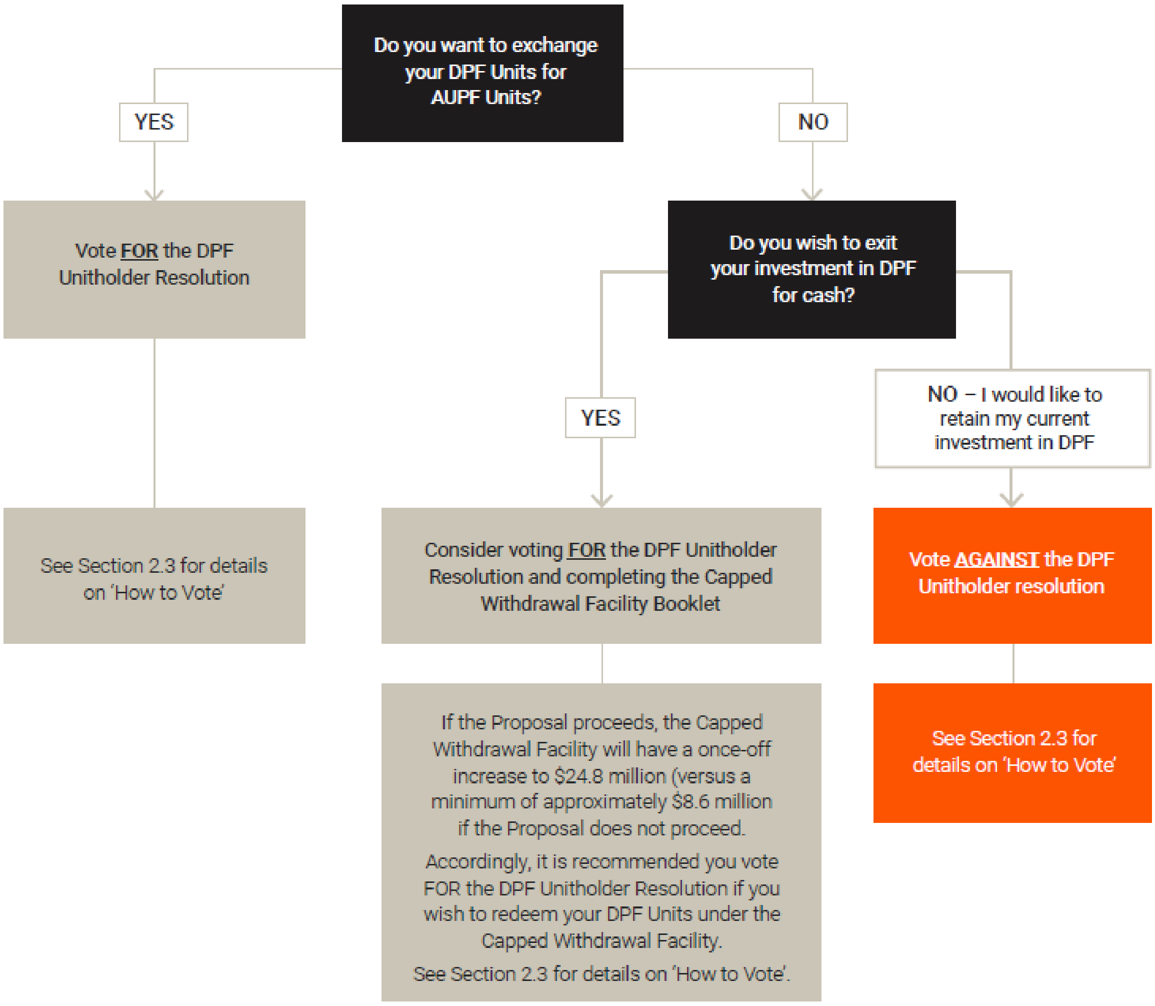
Unitholders in DPF are invited to vote on the proposed merger. The options for unitholders are:

1. Vote in favour of the proposed merger
2. Vote against the proposed merger
3. Appoint a proxy to vote on behalf of your interests.
4. Abstain from voting

Unitholders also have the option to apply to redeem their units via the Capped Withdrawal Facility. The Capped Withdrawal Facility will be enhanced to a minimum $24.8M if the Merger Proposal is successful. If the Merger Proposal does not proceed, the Capped Withdrawal Facility will continue to operate in its current form, which is in the order of ~$8.6M per quarter

Investors should be aware that the merger proposal is likely to proceed if more than 75% of votes cast by DPF unitholders vote in favour (by way of a Special Resolution vote), and more than 50% of votes cast by AOF unitholders vote in favour (by way of an Ordinary Resolution vote), and the necessary regulatory and court approvals are obtained. Investors should consider casting their vote to ensure their interests are represented. Investors should note that if the resolutions are passed and the merger proceeds then all investors in DPF and AOF will be bound by the result.

Figure 3: Options of DPF Unitholders




Source: Australian Unity

# Impact on DPF

Core Property has reviewed the impact of the proposed merger for DPF unitholders. Investors are encouraged to consider the impact of the proposed merger in conjunction with their own individual circumstances, as part of their decision making process for the vote.

## Unit Price / Exit Price

- **If the Proposed Merger proceeds**, the Unit Price of AUPF will be dependent upon the prevailing trading price of AUPF, which may be above or below the estimated pro-forma NTA of $2.56 per unit. The trading price will be affected by the financial performance of the merged entity as well as overall equity market conditions.

- **If the Proposed Merger does not proceed**, the Unit Price of DPF will continue to be calculated based on the NTA of DPF, adjusted for a sell spread of 0.50%. This is estimated at $1.16 per unit, based on 30 June 2021 accounts.

  *Core Property considers the merger to provide increased liquidity for investors via an ASX-listed entity. The market price may trade above or below the NTA of the fund, based on market conditions and the Manager's ability to execute on its strategy.*

## Distributions

- **If the Proposed Merger proceeds**, DPF Unitholders will be entitled to receive monthly DPF standalone distributions for the period up to 31 December 2021, or the Effective Date (16 December 2021), whichever is earlier. These arrangements are subject to the total amount of all such distributions not exceeding 3.0 cpu. Following this, distributions are expected to be paid quarterly by the AUPF and will be dependent on the performance of the merged AUPF property portfolio, with the intention of having a payout ratio between 80% - 100% of Funds From Operations (FFO). Based on the Manager's assumptions of the merged portfolio, DPF Unitholders are expected to receive a total FY22 distribution of 6.5 cpu (consisting of 3.0 cpu for the six months to 31 December 2021 and 3.5 cpu for the six months to 30 June 2022), representing a 14% accretion to DPF's standalone FY22 distribution of 5.7 cpu.

- **If the Proposed Merger does not proceed,** the Manager expects that distributions are estimated to return to the existing level of ~5.7 cpu per annum.

  *Core Property notes the merger is estimated to deliver a higher forecast distribution yield for investors from the inclusion of the AOF portfolio.*

## Total Returns

- **If the Proposed Merger proceeds**, the total return for DPF Unitholders will largely be dependent on the prevailing market price of AUPF. For DPF unitholders, the total return has been dependent upon the price at which DPF units were acquired plus the distributions received and capital appreciation of their investment (NTA). As an unlisted fund DPF has not been exposed to the market fluctuations listed investments are exposed to which can heavily impact total returns, rather DPF has been exposed to valuation movements of the underlying assets. As such, over a five-year period to October 2021, DPF has provided a total return of 14.5% p.a. As a listed investment, the total returns of AUPF will be highly influenced by the prevailing trading price when investors wish to sell their investment. Over the same five-year period to October 2021, AOF has provided a similar return of approximately 13.0%, excluding distributions.

- **If the Proposed Merger does not proceed**, the total returns will remain dependent on the DPF portfolio and unit price. However, if the Merger does not proceed the RE intends to explore the alternatives of raising additional capital or selling assets to fund the value-add developments, which are likely to reduce the NTA of the Fund. This is likely to reduce the total return of investors.

  *Core Property notes the merger offers the potential for the Manager to deliver higher returns for investors as a result of scale and access to capital markets in order to fund development opportunities. Total Returns are expected to be dependent on the Manager's ability to execute on its strategy as well as the market price for the listed entity.*

## Liquidity

- **If the Proposed Merger proceeds**, DPF will provide a one-off increase to its quarterly Capped Withdrawal Facility (estimated at a minimum of $24.8M) to allow DPF unitholders who do not wish to have units in AUPF, to redeem their investment prior to the implementation of the Proposal. The Capped Withdrawal Facility may be increased by the RE, depending on the level of redemption enquiry. If the amount exceeds the Capped Withdrawal Facility, withdrawal requests will be met on a pro-rata basis. If the proposal is approved, DPF unitholders who applied for withdrawal of all or some of their units will be paid by 24 December 2021. Investors may elect to participate in Capped Withdrawal Facility by completing the Capped Withdrawal Facility Booklet accompanying the DPF Unitholder Booklet. The Capped Withdrawal Facility is expected to be funded via DPF's current investment in AOF, which is approximately 5.9% of AOF units currently on issue. DPF intends to sell the AOF units to AUSH, an entity wholly owned within the AUL Group and use the proceeds of the sale to fund the Capped Withdrawal Facility. The units will be sold at $2.56 per AOF unit, being the estimated NTA of the merged entity on completion. DPF Unitholders who do not sell their units in the Capped Withdrawal Facility, will receive new units in AUPF, the listed entity. Investors will then be able to sell these units on the ASX thereafter.

- **If the Proposed Merger does not proceed**, the Capped Withdrawal Facility will remain at 2.5% of DPF's NAV per quarter, estimated to be around $8.6M per quarter. Investors will continue to be able to redeem their investment via this existing quarterly facility.

  *Core Property considers the merger to provide enhanced liquidity for investors, which is subject to the daily security price of AUPF. Core Property notes that investors who wish to sell their existing DPF investment are incentivised to do so if the merger proceeds, which will allow the enhanced Capped Withdrawal Facility of $24.8M to be implemented, subject to any potential scale back.*

## Fees

- **If the Proposed Merger proceeds**, DPF Unitholders will benefit from a simplified fee structure, with each respective fee currently payable by DPF Unitholders either reduced or eliminated. The base management fee of AUPF is expected to reduce by approximately 5 – 10 basis points relative to DPF on a standalone basis, based on the GAV of the fund. As a listed entity, AUPF will not charge any Performance Fees, Acquisition Fees, Disposal Fees, or any fee for the Retirement or Removal of the RE.

  *Core Property considers the proposed merger to offer a more attractive fee structure for investors than the existing DPF fee structure.*

Figure 4: AUPF proposed fee structure

| Fee Type | Gross Asset Value | DPF Standalone | AUPF |
|---|---|---|---|
| **Base Management Fee** | Amount up to $750M | 0.65% | 0.60% |
| | Amount above $750M | 0.65% | 0.55% |
| Performance Fee | | 20% of the Fund's outperformance over the Fund's benchmark NTA with a highwater mark. The benchmark NTA is required to make an IRR equal to 10% p.a | Nil |
| Acquisition Fee: | | Up to 1.0% of the purchase price of a property | Nil |
| Retirement / Removal of the RE: | | Up to 1.0% of the GAV | Nil |
| Buy / Sell Spread: | | Buy: 0.5%<br>Sell: 0.5% | Subject to market spread and transaction costs |
| Recoverable Expenses: | | ~0.20% of GAV | ~0.16% of GAV |

Source: Australian Unity

## Debt metrics

- **If the Merger Proposal proceeds**, the existing AOF debt facility is intended to be refinanced to establish a $600.0M debt facility under AUPF. The Merged entity is estimated to have $498.0M of drawn debt with a Loan To Valuation Ratio (LVR) of 41.4%. This represents a 4.9% reduction from DPF's current LVR of 46.3%. Net gearing is estimated to reduce to 38.6% in the new entity, from the current 39.9% in DPF as at 30 June 2021. The debt facility terms have been confirmed for the proposed merger, with bank covenants to remain the same (LVR covenant of 55%, ICR covenant of 2.0x).

- **If the Merger does not proceed,** the LVR of DPF is expected to remain around 46.3%, against an LVR covenant of 55.0%. DPF has $38.1M of undrawn debt of its current facility as at 30 June 2021. Net gearing is expected to remain at around 39.9%, which is at the top of DPF's target gearing range of 30% - 40%. As such, the Manager expects that if the Proposed Merger does not proceed, then DPF may have to consider assets sales in order to reduce gearing, and/or delay any proposed development opportunities.

  *Core Property considers the lower gearing under the Proposed Merger will provide more opportunity for the Manager to access capital markets to fund its strategy and/or further pay down debt. With greater financing ability, AUPF will likely be able to accelerate its growth initiatives for the Fund.*

## Independent Expert's Report

The Directors of DPF have appointed Deloitte to provide an independent expert's report to assist DPF security holders in their consideration of the Proposed Merger. The independent expert's report by Deloitte has considered the Proposed Merger to be "fair and reasonable to, and therefore in the best interests of DPF security holders."

Separately, the Directors of AOF have appointed KPMG to provide an independent expert's report for AOF security holders. The independent expert's report by KPMG has concluded the Merger Proposal to be "fair and reasonable for AOF unitholders…. (and) in the best interests of AOF unitholders"

*Core Property considers the Proposed Merger to be undertaken on a fair basis, with both DPF and AOF units being priced at their respective NTA's as at 30 June 2021. Current DPF unitholders are expected to hold approximately 46% of AUPF and current AOF unitholders owning approximately 54%.*

*Core Property notes the Manager has advised that any units in DPF or AOF that are owned by Australian Unity or its related entities will not be entitled to vote on the Proposed Merger. This is in accordance with the Conflicts of Interest Policies of both DPF and AOF.*

## Financials

The following is a summary of the estimated impact of the Proposed Merger as provided by the Manager in the Explanatory Memorandum. Core Property notes the following:

- FY22 DPF equivalent statutory AUPF distributions are expected to be 6.5 cpu, consisting of 3.0cpu paid for the six months to 31 December 2021 and an estimated 3.5 cpu paid for the six months to 30 June 2022 (under AUPF). This represents a 14% increase to the distributions of 5.7 cpu that are currently being paid by DPF on a standalone basis.
- AUPF will have a distribution payout ratio of 80% - 100% of Funds From Operations (FFO). The FY22 forecast is based on a 91.9% payout ratio.
- Financial Assets of DPF are expected to reduce by $25.3M relating to the sale of AOF securities currently owned by DPF (sale of AOF units to related party AUSH).

Figure 5: Pro forma income statement & balance sheet

| Pro Forma Income Statement ($M) | AOF Forecast FY22 | DPF Forecast FY22 | Pro Forma Adjustments | Pro Forma AUPF Forecast FY22 |
|---|---|---|---|---|
| **Net Property Income** | **34.1** | **26.2** | **0.7** | **61.0** |
| Distribution & other income | | 1.7 | (1.5) | 0.2 |
| Responsible Entity Fees | (3.9) | (4.0) | 0.6 | (7.3) |
| Borrowing costs & other expenses | (9.4) | (11.9) | 6.8 | (14.5) |
| **Net Profit** | **20.8** | **12.0** | **6.6** | **39.4** |
| Adjusted for: Straight lining of rental income, amortisation of leasing commissions and tenant incentives | 5.8 | 1.3 | | 7.1 |
| Amortisation of borrowing costs | 0.3 | 0.5 | | 0.6 |
| One-off legal costs | 2.0 | 3.2 | | 0.5 |
| Rental abatement incentives | 1.3 | 0.1 | | 1.4 |
| **FFO** | **30.2** | **17.1** | | **49.0** |
| Distributions declared | 25.0 | 16.9 | | 45.1 |
| **FFO Cents per Unit** | **18.4** | **5.8** | | **17.2** |
| **Distributions per Unit** | **15.2** | **5.7** | | **15.8** |
| Payout ratio | 82.6% | 99% | | 91.9% |
| Distribution Yield on NTA | 5.6% | 4.9% | | 6.2% |

| Pro Forma balance Sheet ($M) | AOF | DPF | Pro Forma adjustments prior to implementation | Impact of the Proposal | Subsequent Events | AUPF |
|---|---|---|---|---|---|---|
| Cash and Receivables | 9.5 | 26.8 | 24.4 | (24.4) | | 35.9 |
| Prepaid expenses/other assets | 1.0 | 0.4 | - | - | | 1.4 |
| Financial assets | - | 25.3 | (25.3) | - | | - |
| Investment Properties | 638.9 | 569.9 | - | - | 33.5[1] | 1,242.3 |
| **Total Assets** | **649.4** | **622.4** | **(0.9)** | **(24.8)** | **33.5** | **1,279.6** |
| Distributions payable | 6.2 | 13.0 | (0.4) | - | | 18.8 |
| Payables & Financial liabilities | 8.2 | 11.7 | - | - | | 19.9 |
| Borrowings | 190.2 | 260.7 | | 24.5 | 35.8 | 511.2 |
| **Total Liabilities** | **204.5** | **337.1** | **(0.4)** | **23.5** | **35.8** | **548.9** |
| Net Assets | 444.8 | 337.1 | (0.5) | (48.3) | (2.3) | 730.7 |
| Units on issue (M) | 164.4 | | | 121.2 | | 285.6 |
| NTA ($) | $2.71 | $1.17 | | | | $2.56 |

Note 1: Includes the settlement of recent acquisition of 96 York St, Beenleigh QLD. Source: Australian Unity, Core Property

## Property Portfolio

- **If the Proposed Merger proceeds**, the AUPF portfolio will comprise 18 properties valued at ~$1.2, diversified across multiple property sectors with weightings to Office (53%), Convenience Retail (18%), Infrastructure Retail (11%) and Office/Industrial (17%). The merged portfolio is expected to be 96.1% occupied with a Weighted Average Lease Expiry (WALE) of 5.1 years (by income) – based on 30 June 2021 valuations.
- **If the Proposed Merger does not proceed,** the DPF portfolio will comprise the existing 10 properties valued at $543.8M with weightings to the Convenience Retail (39%) Office (26%), Infrastructure Retail (24%) and Office/Industrial (12%).

  *The proposed merger will create a blended portfolio consisting of DPF's diversified portfolio combined with AOF's metropolitan/CBD office portfolio. The combined portfolio will have significant scale, valued at ~$1.2B, across 18 properties.*

Figure 6: AUPF proposed property portfolio[1]

| Proposed AUPF Property Portfolio | DPF | AOF | AUPF |
|---|---|---|---|
| Number of Properties | 10 | 8 | 18 |
| Portfolio value | $543.8M | $609.6M | $1,153.4M |
| Weighted Average Capitalisation Rate | 5.59% | 5.88% | 5.8% |
| WALE (by income) | 8.2 years | 2.7 years | 4.9 years |
| Occupancy (by NLA) | 98.5% | 95.6% | 96.8% |
| **Portfolio Weightings** | | | |
| Office | 26% | 78% | 53% |
| Convenience Retail | 39% | | 18% |
| Infrastructure Retail | 24% | | 11% |
| Office/Industrial | 9% | 22% | 16% |
| Industrial | 3% | | 1% |

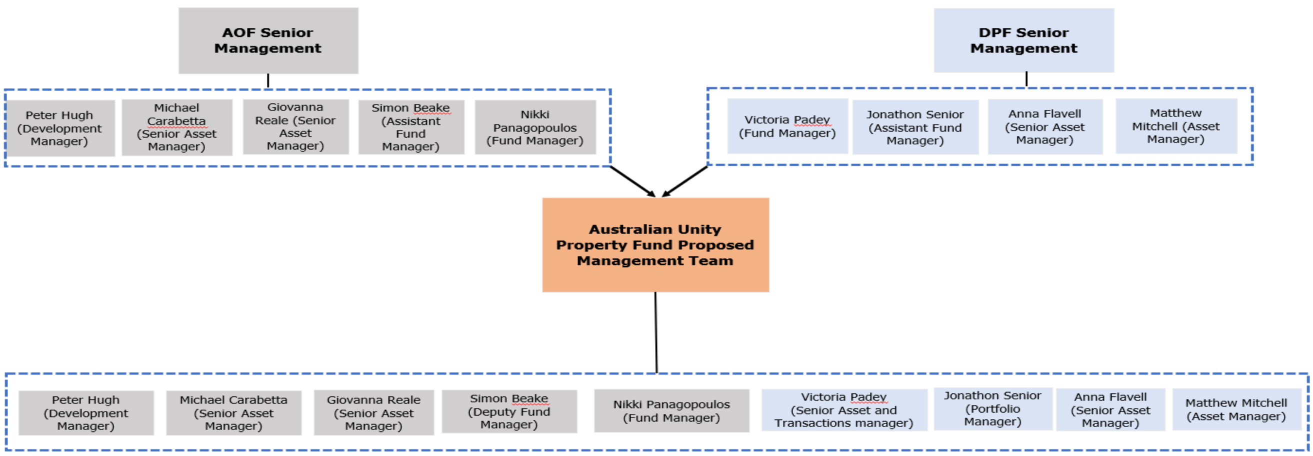
Source: Australian Unity. Note 1: All metrics based on 30 June 2021 valuations, adjusted for acquisition of 96 York Street Beenleigh and proposed divestment of 31 Phillip Street Parramatta and 19 Corporate Avenue, Rowville.

## Management

- **If the Proposed Merger proceeds,** the AUPF Board will be the same as the existing AOF Board. The Board is mostly independent, comprised from a group of individuals with a great deal of experience across property and investment management. The proposed AUPF Management team will include senior members of the existing AOF and DPF management teams, who have developed extensive property expertise across both the unlisted and listed property markets. A description of each member can be found in the appendix of the report.

  *Core Property considers the Proposed Merger will provide the Board and Management with the opportunity to combine their experience and skill within a single combined structure. This is likely to deliver scale and efficiency benefits for the Manager in the delivery of this strategy.*

Figure 7: Proposed AUPF Management Team




Source: Australian Unity, Core Property

Figure 8: Proposed AUPF Board

| Name & Role | Experience |
|---|---|
| **Peter Day** Independent Non-Executive Director and Chairman, member of Audit & Risk | Mr Day was appointed as a Director and Chairman in October 2015. Mr Day's professional career includes senior executive roles in finance and general management in the mining, manufacturing, food and financial services industries, at companies including Bonlac Foods, Rio Tinto, CRA and Comalco. He was Chief Financial Officer for Amcor for seven years until 2007. Mr Day currently holds a number of non-executive director roles including Ansell, and is the non-executive Chairman of Alumina. He is a former non-executive director of Federation Centres, Orbital Corporation, Boart Longyear, SAI Global, former Chairman of the Australian Accounting Standards Board and was Deputy Chairman of the Australian Securities & Investments Commission (ASIC) and has been a member of the Takeovers Panel. Mr Day holds a Bachelor of Laws LLB (Hons) and a Master of Administration. He is a Chartered Accountant (FCA), a Fellow of CPA Australia (FCPA) and FAICD. |
| **Don Marples** Independent Non-Executive Director, Chair of the Audit & risk Committee | Mr Marples was appointed to the Board in October 2015. Mr Marples is an experienced director in both the public and private sectors, with more than 30 years' experience in senior management positions working in real estate funds management, infrastructure, construction, banking and investment banking. Mr Marples is currently a non-executive director of several companies including MPC Funding Limited. Previously, Mr Marples held senior executive positions at Lend Lease Group, Commonwealth Bank and Fortius Funds Management, and was a non-executive director on Murray Irrigation Limited. Mr Marples is a Fellow of the Australian Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australia (FINSIA). He holds a Masters of Commerce from the University of New South Wales. |
| **Greg Willcock** Non – Executive Director | Mr Willcock was appointed to the Board in October 2015, and is the director nominated by Australian Unity as a shareholder of AUIREL. He has been a director of Australian Unity Limited since March 2012 and is a director of a number of Australian Unity Limited subsidiaries and a member of the Risk & Compliance Committee and the Audit Committee. Mr Willcock has over 33 years' experience in banking and financial services in Australia, United States of America and the United Kingdom including seven years in general management roles at National Bank of Australia in the areas of risk management, strategy and change management. Mr Willcock was previously a director of the Customer Owned Banking Association (COBA). |
| **Eve Crestani** Independent Non-Executive Director, member of the Audit and Risk Committee | Ms Crestani was appointed to the Board in October 2015. Ms Crestani is a professional director and business consultant with a background in law and management. Her career spans over 35 years with her primary focus being financial services and professional services industries. Ms Crestani is a non-executive director of booking.com Pty Ltd (Australia & New Zealand), and Soils for Life Ltd, and non-executive chair of Acorn Capital Limited Previously, Ms Crestani was a non-executive director of Australian Unity Limited (1996 – 29 February 2016), a former Chairman of Mercer Superannuation Australia Limited, and Mercer Outsourcing (Australia) Pty Limited, and Zurich Australia Limited. Ms Crestani is a member of the ASX Appeal Tribunal, has a Diploma of Law and is a founding fellow of the Australian Institute of Company Directors. She is a business strategist, with 25 years' experience consulting to large organisations on enterprise transformation and strategic change programs. She is highly regarded for her expertise in property strategies and specifically in the future of work and workplace concepts. |
| **Erle Spratt** Non- Executive Director | Mr Spratt was appointed to the Board in June 2020, and is the director nominated by Keppel Corporation as a shareholder of AUIREL. Mr Spratt is currently the Australian Head of Keppel Capital, a property and infrastructure manager. Mr Spratt has extensive property development and funds management experience across Australia and Asia including roles with M&G Real Estate and Lend Lease. Mr Spratt holds a Bachelor of Economics. |

Source: Australian Unity

Figure 9: Proposed AUPF Management

| Name & Role | Experience |
|---|---|
| **Nikki Panagopoulos** Fund Manager | Nikki Joined Australian Unity in 2004. Responsible for the strategy growth and commercial management of the Australian Unity Office Fund since 2021. Nikki has more than 25 years' experience in unlisted and listed property markets with a key focus on investor relations, setting and implementing strategy (including acquisitions, disposals, new and existing lease negotiations), project and development management as well as people leadership. Prior to joining Australian Unity, Nikki was an Investment Analyst for Deutsche Bank's $1.5 billion listed Deutsche Diversified Trust. Nikki also spent 12 years in Property Funds Management at AXA (formerly National Mutual. Nikki holds a Bachelor of Business (Accounting) from the Royal Melbourne Institute of Technology. She is also an Associate with a Funds Manager Certification from the Australian Property Institute, holds a Real Estate of Victoria Licence and is a Member of the Australian Institute of Management. |
| **Simon Beake** Deputy Fund Manager | Simon joined Australian Unity in 2011 and has over 25 years of funds management, asset management and investment experience in the property and infrastructure sectors. Simon is a Member of the Chartered Institute of Management Accountants (UK) and holds a Masters of Applied Finance and a Bachelor of Arts (Accounting and Finance). |
| **Michael Carabetta** Senior Asset Manager | Michael has over 25 years' experience in asset and property management, focusing on commercial, industrial and mixed-use asset classes in Australia and overseas. Michael holds a Bachelor of Commerce majoring in Land Economics and a Diploma of Facilities Management. |
| **Victoria Padey** Senior Asset and Transactions Manager | Victoria joined Australian Unity in 2019 and is a corporate real estate specialist with over 20 years extensive property experience in both the Australian and New Zealand property industries. Victoria has a Bachelor of Business (Property) from RMIT and currently holds a Victorian Real Estate License. |
| **Matthew Mitchell** Asset Manager | Matthew has eleven years' experience managing Commercial, Industrial, and more particularly Retail Assets. He has a master's degree in Property Valuation and Management and qualified as a Member of the Royal Institution of Chartered Surveyors (Commercial Property) in 2011. |
| **Giovanna Reale** Senior Asset Manager | Giovanna joined Australian Unity in 2006 and is responsible for the asset management of the Fund. Giovanna has 20 years' property experience, including in management and leasing gained with leading real estate agencies and owner managers. Giovanna has a Bachelor of Business in Property from RMIT. |
| **Peter Hugh** Development Manager | Peter has over 25 years' experience in mixed use development and asset management in Australia and overseas, covering all stages of development. Peter holds an MBA from the AGSM and is a member of the Royal Institution of Chartered Surveyors. |
| **Anna Flavell** Senior Asset Manager | Anna joined Australian Unity in 2017 and has over 15 years' experience working in the retail sector across operations, property and leasing. Anna holds a Bachelor of Science from La Trobe University, a Masters in Business Management and a certificate in Project Management from Swinburne University. |
| **Jonathon Senior** Portfolio Manager | Jonathon has over 20 years' experience in property research and investment management. He holds Bachelor of Commerce and Science degrees from the University of Melbourne and has completed the CPA program and a Graduate Certificate of Applied Finance and Investment from FINSIA. |

Source: Australian Unity

# Appendix - Property Portfolio

A summary of each property within the proposed AUPF portfolio can be found in the appendix of this report. The table below shows the property metrics of the proposed portfolio.

Figure 10: Proposed AUPF Property Portfolio

| Address | Sector | Cap Rate | WALE (by income) | Occupancy | Book Value |
|---|---|---|---|---|---|
| **DPF Existing Portfolio** | | | | | |
| Caltex Twin Service Centres, Wyong, NSW | Infrastructure Retail | 5.00% | 17.0 | 100.0% | $130.0M |
| 1 & 2 Technology Place, Williamtown, NSW | Office/Industrial | 6.00% | 3.3 | 100.0% | $58.6M |
| 20 Smith Street, Parramatta, NSW | Office | 5.38% | 1.6 | 87.3% | $83.5M |
| North Blackburn Square Shopping Centre, North Blackburn, VIC | Convenience Retail | 6.00% | 4.3 | 94.3% | $79.0M |
| Dog Swamp Shopping Centre, Yokine, WA | Convenience Retail | 6.00% | 8.2 | 95.7% | $52.8M |
| Woodvale Boulevard Shopping Centre, WA | Convenience Retail | 6.50% | 4.4 | 94.9% | $33.5M |
| Busselton Central Shopping Centre, WA | Convenience Retail | 6.25% | 7.0 | 94.0% | $47.0M |
| Mersey Road North, Osborne, SA | Office/Industrial | 5.00% | 9.0 | 100.0% | $49.3M |
| 6-8 Geddes Street, Balcatta, WA[1] | Industrial | 6.00% | 2.4 | 100.0% | $14.3M |
| 19 Corporate Avenue, Rowville, VIC[2] | Industrial | 4.75% | 7.0 | 100.0% | $22.0M |
| **AOF Existing Portfolio** | | | | | |
| 2-10 Valentine Ave, Parramatta | Office | 5.50% | 1.0 | 97.3% | $147.8M |
| 5 Eden Park Dive, Macquarie Park | Office/Industrial | 5.50% | 4.0 | 96.3% | $73.5M |
| 2 Eden Park Drive, Macquarie Park | Office/Industrial | 5.50% | 2.7 | 100.0% | $62.5M |
| 150 Charlotte St, Brisbane QLD | Office | 6.00% | 2.6 | 97.4% | $97.0M |
| 30 Pirie St, Adelaide SA | Office | 7.25% | 3.9 | 96.1% | $90.0M |
| 468 St Kilda Rd, Melbourne VIC | Office | 5.25% | 3.9 | 92.7% | $79.0M |
| 64 Northbourne Ave, Canberra ACT | Office | 7.00% | 3.0 | 80.2% | $26.3M |
| 96 York Street, Beenleigh QLD | Office | 5.63% | 10.0 | 100.0% | $33.5M |
| 32 Phillip Street, Parramatta, NSW[2] | Office | 5.38% | 2.0 | 100.0% | $62.8M |
| **Total Combined Portfolio** | | **5.8%** | **4.9** | **96.8%** | **$1,153.4M** |

Source: Australian Unity. Note 1: Consolidated for reporting purposes. Note 2: Currently for sale

## DPF Value Add opportunities

- **If the Proposed Merger proceeds,** AUPF will have access to the listed capital markets for funding in order to complete targeted value-add developments, as well as development opportunities held by AOF. Value-add developments currently underway in DPF includes the repositioning of the North Blackburn and Busselton Shopping Centres, while earmarked development opportunities for AOF include the development of 2 Valentine Road Parramatta and the repositioning of 10 Valentine Road Parramatta and 30 Pirie Street Adelaide.

  *Core Property notes that if the merger was to proceed, the completion of current and proposed developments is likely to be accretive to investors in the long run. A summary of these opportunities is located in the appendix of the report.*

Figure 11: North Blackburn Shopping Centre Stage 2 – Artists Impression

Figure 12: North Blackburn Shopping Centre Stage 2 – Artists Impression


Source: Australian Unity

## AOF Development Opportunities

**2 Valentine Ave, Parramatta NSW**: AOF holds the land adjacent to 10 Valentine Ave Parramatta, NSW which has been approved for a 24-level office tower that will connect to 10 Valentine Ave to provide a campus style office accommodation. The development will not proceed until it is 100% pre-leased.

**10 Valentine Ave, Parramatta NSW**: A repositioning strategy is currently underway at 10 Valentine Ave, focused on base building refurbishments, increasing sustainability initiatives to provide high quality tenant amenity. This includes initiatives such as installing energy efficient air conditioning, zero touch sensors, smart lifts and upgraded end of trip facilities.

**30 Pirie Street, Adelaide SA:** The strategy at 30 Pirie Street is to improve the buildings offering to the market by introducing a food court and ground floor lobby that includes a concierge, hub style meeting rooms and touchless end-of trip facilities, while also upgrading the base building lift services.

The development opportunities are subject to market conditions and, as such, may take time to complete.

Figure 13: 2 Valentine Avenue, Parramatta NSW

Figure 14: 30 Pirie Street, Adelaide SA

Source: Australian Unity

# Appendix – Properties in the Proposed Portfolio

## AOF existing portfolio

### 2-10 Valentine Ave, Parramatta, NSW

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $147.8M |
| **Capitalisation Rate** | 5.50% |
| **Lettable Area (sqm)** | 16,020 sqm |
| **Occupancy-by NLA** | 97.3% |
| **WALE** | 1.0 years |
| **Major Tenants (by income)** | NSW Government |

2-10 Valentine Road is two buildings located on the same land title.
10 Valentine Ave is an A-grade office property comprising 14 levels of office space predominately leased to the NSW Government. The building is located approximately 100 metres from the Parramatta Bus and Railway Interchange.

2 valentine Ave is a six-level freestanding car park that is the proposed development site for a 24 level A grade office tower providing 28,000 sqm of net lettable area.

### 32 Phillip Street, Parramatta, NSW

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $62.8M |
| **Capitalisation Rate** | 5.38% |
| **Lettable Area (sqm)** | 6,759 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 2.0 years |
| **Major Tenants (by income):** GE Capital Finance | |

32 Phillip Street is a B-grade office building comprising 8 levels of office accommodation with 6,759 sqm of net lettable area and 104 car parking bays. The building is located in the northern portion of the Parramatta precinct and is set to benefit from the Parramatta light rail and Metro West rail. GE Capital Finance currently subleases the ground floor and levels 5-10 to various tenants.

### 5 Eden Park Drive, Macquarie Park, NSW

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $73.5M |
| **Capitalisation Rate** | 5.50% |
| **Lettable Area (sqm)** | 11,556 sqm |
| **Occupancy-by NLA** | 96.3% |
| **WALE** | 4.0 years |
| **Major Tenants (by income):** Aegros | |

5 Macquarie Park is an A-grade modern office and warehouse property comprising three levels of office accommodation and a hi-tech production and warehouse area.

The building is in close proximity to the Macquarie Park train station and is 100% occupied by leading pharmaceutical and medical companies.

### 2 Eden Park Drive, Macquarie Park, NSW

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $62.5M |
| **Capitalisation Rate** | 5.50% |
| **Lettable Area (sqm)** | 10,346 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 2.7 years |
| **Major Tenants (by income):** Nuskin Australia | |

2 Eden Park is an industrial complex comprising 16 attached office and warehouse units providing 10,346 sqm of net lettable area.

The building is in close proximity to the Macquarie Park train station. The building 100% occupied and has historically maintained high occupancy due to the small offices and high clearance warehouse configuration.

### 150 Charlotte Street, Brisbane, QLD

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $97.0M |
| **Capitalisation Rate** | 6.00% |
| **Lettable Area (sqm)** | 11,081 sqm |
| **Occupancy-by NLA** | 97.4% |
| **WALE** | 2.6 years |
| **Major Tenants (by income):** Boeing Defence Australia | |

150 Charlotte Street is an A-grade office tower comprising 16 levels of office accommodation and three levels of basement car parking in the Brisbane CBD.

The building is 97% occupied and is predominantly leased by Boeing Defence Australia.

### 30 Pirie Street, Adelaide, SA

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $90.0M |
| **Capitalisation Rate** | 7.25% |
| **Lettable Area (sqm)** | 24,665 sqm |
| **Occupancy-by NLA** | 96.1% |
| **WALE** | 1.7 years |
| **Major Tenants (by income):** Telstra | |

30 Pirie Street is an A-grade office tower located in Adelaide's CBD, comprising 23 levels of office space.

The building is 96.1% occupied and is anchored by Telstra who have occupied the building since its construction since 1987.

### 468 St Kilda Road, Melbourne, VIC

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $79.0M |
| **Capitalisation Rate** | 5.25% |
| **Lettable Area (sqm)** | 11,211 sqm |
| **Occupancy-by NLA** | 92.7% |
| **WALE** | 3.9 years |
| **Major Tenants (by income):** EGA Corporate Advisers | |

468 St Kilda is a B-grade office tower constructed in 1985. The building offers 13 levels of office accommodation, which has been progressively refurbished since 2010.

The building is 92.7% occupied and is anchored by EGA Corporate Advisers and IP Property Advisers, representing 19% of total lettable area.

### 64 Northbourne Avenue, Canberra, ACT

| As at 30 June 2021 | |
|---|---|
| Book Value | $26.3M |
| Capitalisation Rate | 7.00% |
| Lettable Area (sqm) | 6,429 sqm |
| Occupancy-by NLA | 80.2% |
| WALE | 3.0 years |
| Major Tenants (by income): Commonwealth of Australia & Defence Fore Recruiting | |

64 Northbourne Avenue is a six level B-grade office property. The building is located on a prominent corner in the Canberra CBD.

The building was constructed in 1985 and was last refurbished in 2012. The building is 80.2% occupied and is anchored by the Commonwealth of Australia and Defence Force Recruiting, representing 40% of total lettable area.

**96 York Street, Beenleigh, QLD**

| As at 30 June 2021 | |
|---|---|
| Book Value | $35.5M |
| Capitalisation Rate | 5.75% |
| Lettable Area (sqm) | 4,661 sqm |
| Occupancy-by NLA | 86.2% |
| WALE | 10.0 years |
| Major Tenants (by income): Logan City Council | |

96 Beenleigh QLD is a brand-new A-grade office property located in a central government hub in QLD. The building comprises seven floors of office accommodation leased to the Logan City Council. The building has high sustainability metrics, including solar panels and rainwater harvesting.

Currently the building is 86.2% occupied with a rental guarantee over the remaining vacant space till December 2023.

## DPF Existing Portfolio

**Wyong Service Centres, Wyong, NSW**


| As at 30 June 2021 | |
|---|---|
| **Book Value** | $130.0M |
| **Capitalisation Rate** | 5.00% |
| **Lettable Area (sqm)** | 4,286 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 17.0 years |
| **Major Tenants (by income):** Caltex | |

The property consists of two petrol stations on the north and south bound sides of the M1 Pacific Highway.

Located in Wyong on the Central Coast, NSW, these petrol stations comprise 4,286 sqm of lettable area. The sites are 100% leased to Caltex with a long WALE of 17.0 years. Caltex sub leases parts of the site to convenience food operators such as McDonalds and Oliver's.

**1 & 2 Technology Place, Williamtown, NSW**


| As at 30 June 2021 | |
|---|---|
| **Book Value** | $54.9M |
| **Capitalisation Rate** | 6.00% |
| **Lettable Area (sqm)** | 7,557 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 3.3 years |
| **Major Tenants (by income):** Boeing | |

1 & 2 Technology Place Williamtown is a campus style commercial office park adjacent to the Newcastle Airport and Williamtown Royal Australian Air Force Base, known as Williamtown Aerospace Centre.

The building was acquired by DPF in May 2021 and is 100% occupied with a WALE of 3.3 years.

**20 Smith Street, Parramatta, NSW**

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $83.5M |
| **Capitalisation Rate** | 5.38% |
| **Lettable Area (sqm)** | 7,392 sqm |
| **Occupancy-by NLA** | 97.3% |
| **WALE** | 2.3 years |
| **Major Tenants (by income):** GHD | |

20 Smith Street is an eight-level office building located in Parramatta, Sydney NSW. The building has a 4.5 NABERs Energy rating after a $5.0M capital expenditure program between 2015 – 2017.

The building is 95.3% occupied and is anchored by GHD, an international engineering group.

**620 Mersey Road, Osborne , SA**

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $49.3M |
| **Capitalisation Rate** | 5.00% |
| **Lettable Area (sqm)** | 8,006 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 9.0 years |
| **Major Tenants (by income):** Australian naval Infrastructure | |

620 Mersey Osborne is a two-level office and industrial warehouse with 330 carparks located 21 km north west of the Adelaide CBD.

The building is 100.0% occupied by the Australian Naval Infrastructure (Commonwealth Government) until 2030. The property also holds two vacant pad sites which are earmarked for future development.

**19 Coroporate Avenue, Rowville, VIC**


| As at 30 June 2021 | |
|---|---|
| **Book Value** | $22.0M |
| **Capitalisation Rate** | 4.75% |
| **Lettable Area (sqm)** | 12,398 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 7.0 years |
| **Major Tenants (by income):** Regal Beloit Australia | |

19 Corporate Avenue is a semi-modern industrial office warehouse facility located in the eastern industrial precinct of Rowville VIC.

The building has two levels of office and an adjoining high clearance warehouse. The tenant, Regal Beloit Australia has occupied the site since 1996, and has recently commenced a new seven-year lease beginning 1 July 2021.

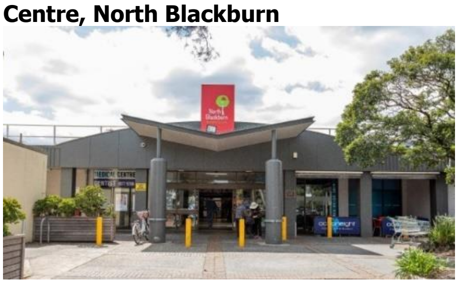
**6-8 Geddes Street, Balcatta**


| As at 30 June 2021 | |
|---|---|
| **Book Value** | $14.3M |
| **Capitalisation Rate** | 6.00% |
| **Lettable Area (sqm)** | 9,992 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 2.4 years |
| **Major Tenants (by income):** Metcash | |

6-8 Geddes Street is an industrial warehouse and distribution facility in the City of Stirling, ~11 km north of Perth's CBD.

The property includes an adjacent vacant parcel of land providing opportunities for an expansion to the facility.

**Northblackburn Square Shopping Centre, North Blackburn**



| As at 30 June 2021 | |
|---|---|
| **Book Value** | $79.0M |
| **Capitalisation Rate** | 6.00% |
| **Lettable Area (sqm)** | 6,329 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 8.4 years |
| **Major Tenants (by income):** Woolworths | |

The North Blackburn Shopping Centre is a metropolitan convenience-based shopping centre located ~16 km east of the Melbourne CBD.

The centre is anchored by Woolworths and complemented by 35 specialties. The property holds a value-add development opportunity, to reposition the asset to include more non-discretionary retailers.

### Dog Swamp Shopping Centre, Yokine


| As at 30 June 2021 | |
|---|---|
| **Book Value** | $52.8M |
| **Capitalisation Rate** | 6.00% |
| **Lettable Area (sqm)** | 8,035 sqm |
| **Occupancy-by NLA** | 100.0% |
| **WALE** | 8.7 years |
| **Major Tenants (by income):** Woolworths | |

The Dog Swamp Shopping centre is a neighbourhood shopping centre located in Yokine, ~5km north of the Perth CBD. The centre is anchored by Woolworths and Aldi supermarkets and is complemented by 36 specialties.

The building has recently undergone a $9.0M repositioning strategy, introducing the Aldi supermarket and a food and beverage precinct.

### Busselton Central Shopping Centre, Busselton

| As at 30 June 2021 | |
|---|---|
| **Book Value** | $47.0M |
| **Capitalisation Rate** | 6.25% |
| **Lettable Area (sqm)** | 9,062 sqm |
| **Occupancy-by NLA** | 96.9% |
| **WALE** | 7.7 years |
| **Major Tenants (by income):** Coles | |

Busselton Central Shopping Centre is a neighbourhood centre located in Busselton WA, ~230 kms south-west of the Perth CBD.

The building is anchored by Coles and complemented by 21 specialties. In 2018, a four-stage repositioning strategy commenced to enhance future income and capital value.

### Woodvale Boulevard Shopping Centre, Woodvale


| As at 30 June 2021 | |
|---|---|
| **Book Value** | $33.5M |
| **Capitalisation Rate** | 6.50% |
| **Lettable Area (sqm)** | 6,378 sqm |
| **Occupancy-by NLA** | 96.4% |
| **WALE** | 4.5 years |
| **Major Tenants (by income):** Woolworths | |

The Woodvale Boulevard Shopping Centre is a single level neighbourhood shopping centre located in Joondalup, approximately 17km north of the Perth CBD.

The centre is anchored by a Woolworths supermarket and includes 27 specialties.

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