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Nick Bolton's new target is Australian Unity Office Property Fund

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Nick Bolton, a long-time activist investor backed by media mogul Antony Catalano, has been buying shares in Australia Unity Office Fund, the subject of a protracted wind-down process, Street Talk can reveal.

Bolton, fresh off [scoring a win at Magellan Global Fund](#)

[<https://www.afr.com/companies/financial-services/activist-investor-triumphs-as-magellan-pays-out-option-holders-20231207-p5eps0>], was among buyers behind the office property REIT's heightened trading volumes this week. Nearly 730,000 shares changed hands on Wednesday alone, or six times the average volume over the past 90 days. Barrenjoey's desk was active in the trading.

Sources said Bolton commenced scooping up AOF shares last year, and has been active as recently as this week. However, he remains under the 5 per cent mark, as evidenced by the lack of a substantial shareholder notice.

Naturally, Bolton is not a buy-and-hold investor. In fact, history shows he has a penchant for getting into inefficiently priced (or run) stocks, and is often pugilistic with the management or board in charge. He is also not afraid of complexity; just look at the Magellan options trade. Meanwhile, Keybridge Capital vehicle has been suspended since the March 1, as it faces ASX queries on December 31 accounts.



Nick Bolton's Keybridge Capital has been increasing its stake in AOF. **Danielle Smith**

It's easy to see what's attractive about the Australian Unity Office Fund to Bolton. The REIT is trading at a 37 per cent discount to its December 31 underlying asset value, has been seeking buyers for the portfolio or individual assets for several years, and has marked down book values significantly.

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It is tougher, however, to get a read on what Bolton plans to do next. Sources told Street Talk he could pull three levers: force the board to speed up the wind down – and the special dividends or distributions to investors like him; push for the REIT to rejig its capital structure – it has almost no debt, which is highly unusual for a property fund; or try to line up a buyer himself.

Long-time readers of this column will recall most property bankers, including Highbury Partnership and Morgan Stanley, as well as property agents like JLL have been all over AOF for years. It has had several failed takeover bids, including from Aliro Group in 2022 [<https://www.afr.com/street-talk/deal-off-australian-unity-office-fund-talks-collapse-20220724-p5b445>],

from US investment giant Starwood Capital in 2020 and 2019, and a joint proposal from Charter Hall and Abacus Property Group also in 2019.



The Australian Unity Office Fund's portfolio includes this office block on Melbourne's St Kilda Road. **Michele Ferguson**

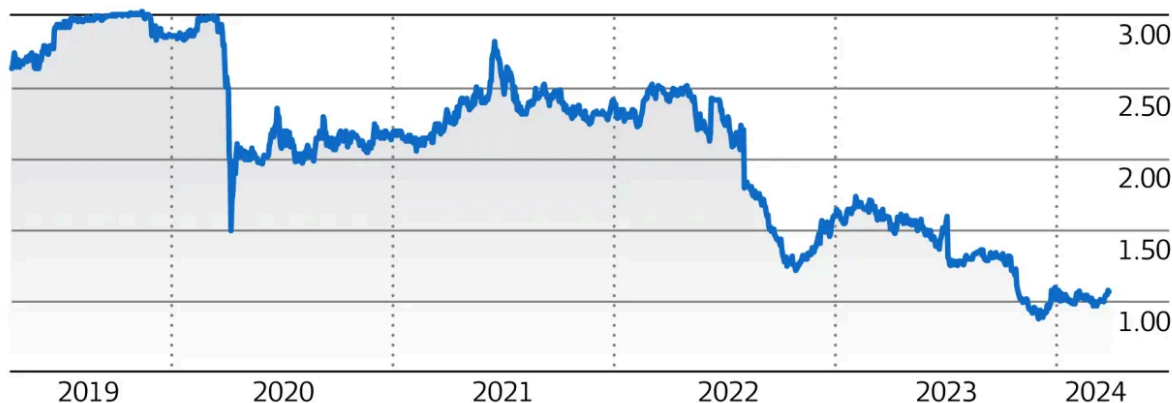
[<https://www.afr.com/property/commercial/australian-unity-fund-opens-the-door-to-charter-hall-abacus-20190717-p52847>]

There is also the possibility that AOF is not really a gloves-off situation for Bolton, but more a play where he can sit back and relax, trusting the cheque to hit the bank.

Property portfolio

Location	Value (\$m)	Cap rate (%)	NLA* (sqm)	WALE** (years)	Occupancy (%)	June 30, 2023	
						Value (\$m)	Cap rate (%)
2 & 10 Valentine Ave, Parramatta	95.5	7.0	15,594	0.0	0.0	104.7	6.25
468 St Kilda Rd, Melbourne	70.0	6.5	11,211	3.6	83.5	78.0	6.13
150 Charlotte St, Brisbane^^	62.0	8.0	11,109	0.7	99.3	66.2	7.13
64 Northbourne Ave, Canberra	27.4	7.5	6,375	1.5	98.5	29.5	7.00
Total	254.9	7.13^	44,289	1.7^	60.2/93.0	278.5	6.50

Australian Unity Office Fund share price, daily (\$)



*Net lettable area **Weighted average lease expiry
 ^ Average ^^In exclusive DD to sell

SOURCE: AOF, BLOOMBERG

AOF's portfolio is down to just four properties, with Queensland's 96 York Street, Beenleigh, sold in January. The number is expected to dwindle further soon.

Street Talk understands AOF in exclusive due diligence with a bidder to sell Brisbane's 150 Charlotte Street. Sources said the buyer is a relatively unknown Australia group. It has offered close to the property's \$62 million book value, and plans to convert the office tower into a residential building.

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