

8 October 2018

All cash proposal from Starwood to acquire Australian Unity Office Fund

Australian Unity Investment Real Estate Limited (**AUIREL**) as Responsible Entity of Australian Unity Office Fund (ASX: **AOF**), announces that it received an unsolicited, indicative and non-binding proposal from Starwood Capital Asia Limited, on behalf of funds managed or advised by Starwood Capital Group or its affiliates (collectively, **Starwood**) to acquire all of the issued units in AOF for \$2.95 cash per AOF unit, by way of a trust scheme (the **Proposal**).

An independent board committee (**IBC**) has been established by AUIREL.

Overview of the Proposal

AOF unitholders to be entitled to \$2.95 cash per unit, plus accrued ordinary course distributions up to the date of scheme implementation. The Proposal consideration represents a:

- 9.7% premium to AOF's closing price of \$2.69 on 5 October 2018;
- 13.5% premium to AOF's 3 month VWAP of \$2.60 up until 5 October 2018; and
- 10.5% premium to AOF's last reported NTA per unit of \$2.67 as at 30 June 2018.

The Proposal is subject to a number of conditions including AUIREL and Starwood entering into a Scheme Implementation Agreement, AOF unitholder approval and Starwood obtaining Foreign Investment Review Board approval.

Background to the Proposal

The Proposal follows an initial unsolicited proposal from Starwood on 29 March 2018 which represented \$2.43 cash per AOF unit¹. Subsequent to this initial proposal, Starwood submitted two further unsolicited proposals in May 2018 (\$2.56 cash per AOF unit²) and July 2018 (\$2.72 cash per AOF unit³).

The IBC carefully considered these prior proposals and determined not to progress the proposals with Starwood.

Position of the IBC

The IBC considers that, based on the Proposal price of \$2.95 per AOF unit plus accrued distributions up to the date of scheme implementation, it is in the interests of AOF unitholders to engage further with Starwood.

The Proposal represents a 21.4% premium to the initial unsolicited, indicative and non-binding proposal from Starwood to acquire AOF received on 29 March 2018,

¹ 29 March 2018 proposal value \$2.47 cash per AOF unit less AOF's June 2018 distribution of 3.9 cents per AOF unit

² 17 May 2018 proposal value \$2.64 cash per AOF unit less a range of deducting AOF's June 2018 distribution of 3.9 cents per AOF unit and an estimate for the September 2018 distribution of 3.9 cents per AOF unit

³ Plus accrued ordinary course distributions up to the date of scheme implementation

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reflecting an increase of \$0.52 per AOF unit. Furthermore the Proposal represents a 10.5% premium to 30 June 2018 NTA per unit where the entire AOF portfolio was independently revalued.

In addition, the Proposal represents an opportunity for AOF unitholders to receive fair value and certain cash proceeds for their investment, with unitholders who supported the initial public offering (**IPO**) of AOF in June 2016 recognising approximately a:

- 67% total unitholder return;
- 48% premium to the IPO price; and
- 23% per annum internal rate of return.

Next steps

AUIREL intends to grant Starwood a period of up to four weeks to complete its due diligence and finalise the Proposal, once the parties have agreed a Confidentiality Agreement.

Intention to recommend the Proposal

If a Scheme Implementation Agreement is entered into, documentation in relation to the Proposal will then be provided to AOF unitholders with a meeting of AOF unitholders to consider and vote on the Proposal to follow.

Should a Scheme Implementation Agreement be entered into, the Directors of AUIREL currently intend to unanimously recommend that AOF unitholders vote in favour of the Proposal, subject to an Independent Expert opinion that the Proposal is in the best interests of AOF unitholders, and in the absence of a superior proposal.

No action is required by AOF unitholders at this time and AUIREL will keep AOF unitholders fully informed as required.

AUIREL is being advised by UBS AG, Australia Branch as financial adviser and Ashurst Australia as legal adviser.

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About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine 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 a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

Australian Unity is a health, wealth and living organisation providing products and services designed to help people thrive. More than one million Australians have created a bright future with us. Our businesses span operations providing healthcare, financial services, and retirement and living services, employing more than 7,500 people across Australia.

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