

# ASX Announcement – Australian Unity Office Fund

18 November 2019

## Chairman's address at AOF's Scheme Meeting

Good morning ladies and gentlemen and thank you for attending today.

My name is Peter Day and I am the Chairman of Australian Unity Investment Real Estate Limited (**AUIREL**), the responsible entity of Australian Unity Office Fund (**AOF**). In attendance with me today are:

- Directors of AUIREL; Eve Crestani, Don Marples, Greg Willcock and Kirsty Dullahide;
- Company secretaries; Emma Rodgers and Liesl Petterd; and
- Members of the management team, including AOF's Fund Manager Mark Lumby.

I have been appointed by AUIREL to chair this meeting. On behalf of us all, I am pleased to welcome you to today's meeting of AOF unitholders.

As it is 11.00am and a quorum is present, I declare the meeting open. If you have not registered your attendance with the registry in the foyer outside this room, could you please do so now. May I also ask that everyone please turn off their mobile phone or ensure it is switched to silent.

This meeting has been convened to ask unitholders to vote on resolutions which, if approved by the requisite majorities, will result in CHAB Office Pty Limited as trustee for the CHAB Office Trust (**CHAB**), an entity associated with Abacus Property Group and Charter Hall Group (the **Consortium**), acquiring all the units of AOF that it does not already hold by way of a trust scheme (**Scheme**). I take the Notice of Meeting issued to unitholders in relation to these resolutions as read.

## Outline of the meeting

Firstly, I will present a short address on the proposal and resolutions being considered at this morning's meeting before going through some procedural matters.

We will then move to the formal business of the meeting, which relates firstly to the amendments to AOF's constitution and, secondly, approval of the Scheme.

## Background to the proposal

On 4 June 2019, AUIREL announced that CHAB had acquired 19.9% of the units in AOF and submitted an unsolicited, indicative and non-binding proposal to acquire all the units in AOF it did not already hold for \$2.95 cash per unit.

Following receipt of this initial proposal, the Board established an independent board committee (**IBC**) comprising the AUIREL independent directors, Eve Crestani, Don Marples and myself, to ensure that consideration of the proposal was undertaken free from any actual or perceived influence from Australian Unity and its related bodies corporate.

On 3 July 2019, AUIREL announced the receipt of an improved, indicative and non-binding proposal from CHAB to acquire all the units in AOF that it did not already hold for \$3.04 cash per unit, reduced by any distributions announced or paid in respect of AOF other than the 3.95 cent distribution announced on 21 June 2019. CHAB

### ASX code:

AOF

### Issuer:

Australian Unity Investment Real Estate Limited

ABN 86 606 414 368

AFSL 477434

### Enquiries:

Australian Unity Office Fund Investor Services

1300 721 637 or

+61 2 8016 2890

(outside Australia)

### Contact details:

271 Spring Street

Melbourne VIC 3000

Tel: 13 29 39

## ASX Announcement – Australian Unity Office Fund

indicated that this improved proposal was best and final and that, in the absence of a competing proposal, it would not increase the offer price above \$3.04 cash per unit. This was confirmed again by CHAB on 11 November 2019.

On 17 July 2019, AUIREL announced that the IBC had determined to engage further with CHAB, providing due diligence access on a non-exclusive basis. Following completion of due diligence, on 2 September 2019, AUIREL announced it had entered into a binding Scheme Implementation Agreement with CHAB in relation to the acquisition of AOF by way of a trust scheme.

On 31 October 2019, CHAB announced that it had divested its entire 19.9% interest in AOF for \$2.95 per unit, but noted the Consortium remained fully committed to pursuing the Scheme. Following this announcement and with support from my fellow directors, and consistent with judicial advice received from the Supreme Court of Victoria, I adjourned the Scheme Meeting on 7 November 2019 until today to ensure unitholders had adequate time to consider CHAB's divestment.

### Reasons for the Independent Directors' recommendation

I would now like to take some time to discuss the process by which the IBC considered CHAB's proposal and how we arrived at our unanimous recommendation that unitholders vote in favour of the scheme resolutions, in the absence of a 'superior proposal'<sup>1</sup>.

Following the receipt of the initial proposal, the IBC commissioned updated independent valuations for all of AOF's nine properties and engaged legal and financial advisers. The IBC also commissioned Deloitte Corporate Finance to prepare an Independent Expert's Report to consider the proposal.

The scheme consideration of \$3.04 is all cash, delivering certainty and value for AOF unitholders and representing a:

- 9.4% premium to AOF's closing price of \$2.78 on 3 June 2019, the day prior to announcement of the initial proposal;
- 11.8% premium to the 30 day VWAP of \$2.72 up until 3 June 2019;
- 12.5% premium to the 3 month VWAP of \$2.70 up until 3 June 2019; and
- 9.0% premium to AOF's net tangible assets per unit of \$2.79 as at 30 June 2019.

Prior to the announcement of the initial proposal from the Consortium, AOF units had not traded above \$3.04.

Although AUIREL approached, and was approached by, a number of potentially interested parties to discuss alternative proposals following the receipt of the initial proposal, no superior proposal has emerged.

The Independent Expert has also concluded that the proposal is fair and reasonable and in the best interests of AOF unitholders. The Independent Expert assessed the value of a unit in AOF to be in the range of \$2.76 to \$3.06, with the scheme consideration of \$3.04 at the upper end of this range. The Independent Expert has confirmed that the divestment by CHAB of its 19.9% interest in AOF does not change its opinion.

<sup>1</sup> As defined in the Scheme Implementation Agreement dated 2 September 2019.

#### ASX code:

AOF

#### Issuer:

Australian Unity Investment Real Estate Limited

ABN 86 606 414 368

AFSL 477434

#### Enquiries:

Australian Unity Office Fund Investor Services

1300 721 637 or

+61 2 8016 2890

(outside Australia)

#### Contact details:

271 Spring Street

Melbourne VIC 3000

Tel: 13 29 39

## ASX Announcement – Australian Unity Office Fund

With consideration to each of the points I have discussed, advice from legal and financial advisers, the Independent Expert's conclusion, and after carefully considering the terms of the proposal, the Independent Directors unanimously recommended that AOF unitholders vote in favour of the resolutions put forward at today's meeting. We have also carefully considered the implications of CHAB selling its 19.9% interest in AOF and our recommendation has not changed.

Each Independent Director also intends to vote their entire AOF holdings in favour of the resolutions.

### Comments on recent developments

Before moving to the formal part of the meeting, I'd like to address two recent developments.

Firstly, I note the media speculation last week in relation to a potential association between Hume Partners and Australian Unity Limited and the eligibility of Hume Partners to vote at today's unitholder meeting.

AUIREL has sought and obtained confirmation from both Hume Partners and Australian Unity Limited that there is no agreement, understanding or arrangement between them in relation to voting on the resolutions to approve the Scheme or the conduct of AOF's affairs, and that Hume Partners and Australian Unity Limited are not acting or proposing to act in concert in relation to the affairs of AOF.

As Chair of the meeting, I am not aware of any reason why Hume Partners would not be entitled to vote on the resolutions to approve the Scheme.

Secondly, I note the media release on 14 November 2019 regarding an application to the Takeovers Panel made by ASIC in relation to the affairs of AOF, specifically in relation to the conduct of CHAB divesting its interest in AOF.

I will not comment on the application itself, but note that on Friday 15 November, the Takeovers Panel issued a further media release that it has declined to make the interim order sought by ASIC to adjourn this meeting and, as a result, today's meeting will proceed.

The Takeovers Panel is still considering the matter and has not yet confirmed whether or not it will conduct proceedings in relation to the application.

If the Scheme resolutions are passed today, AUIREL has agreed with the Takeovers Panel that it will not proceed with the second court hearing or implementation of the Scheme until after the Panel's determination of ASIC's application. This means that, if the Scheme resolutions are passed, there will be a delay in implementation of the Scheme and the payment of any consideration under the Scheme.

### Process of Implementation and satisfaction of conditions

For the proposal to be successfully implemented, a number of conditions must be satisfied. The key outstanding conditions include, among other things:

1. Approval of the proposal by the requisite majorities of AOF unitholders, which is to be finalised at this meeting;
2. Receipt of the second judicial advice from the Court in relation to implementation of the Scheme;
3. Consent from The Brisbane Club under the head lease for the property at 241 Adelaide Street, Brisbane; and

**ASX code:**

AOF

**Issuer:**

Australian Unity Investment Real Estate Limited

ABN 86 606 414 368

AFSL 477434

**Enquiries:**

Australian Unity Office Fund Investor Services

1300 721 637 or

+61 2 8016 2890

(outside Australia)

**Contact details:**

271 Spring Street

Melbourne VIC 3000

Tel: 13 29 39

## ASX Announcement – Australian Unity Office Fund

4. Entry into restructure agreements in relation to certain subtrusts of AOF and entry into agreements to effect the change of trustee of each of the AOF subtrusts.

If the resolutions are approved, a further announcement will be made by AOF regarding the implementation timetable once the Takeovers Panel has determined whether to conduct proceedings in relation to the application made by ASIC. This includes the timing of the second court date, the date that AOF will be suspended from trading on the ASX and the implementation date, being the date on which the Scheme consideration will be paid to Scheme participants.

With this background, I will now turn to the formal part of today's meeting.

**ASX code:**

AOF

**Issuer:**

Australian Unity Investment Real  
Estate Limited

ABN 86 606 414 368

AFSL 477434

**Enquiries:**

Australian Unity Office Fund  
Investor Services

1300 721 637 or

+61 2 8016 2890

(outside Australia)

**Contact details:**

271 Spring Street

Melbourne VIC 3000

Tel: 13 29 39

# Australian Unity Office Fund

(ASX:AOF)

Scheme Meeting Presentation  
18 November 2019

5 Eden Park Drive, North Ryde, NSW

# Agenda

- **Chairman's address – Peter Day**
  
- **Business of the meeting and voting**
  - Resolution 1: Amendments to Constitution
  - Resolution 2: Approval of the Scheme

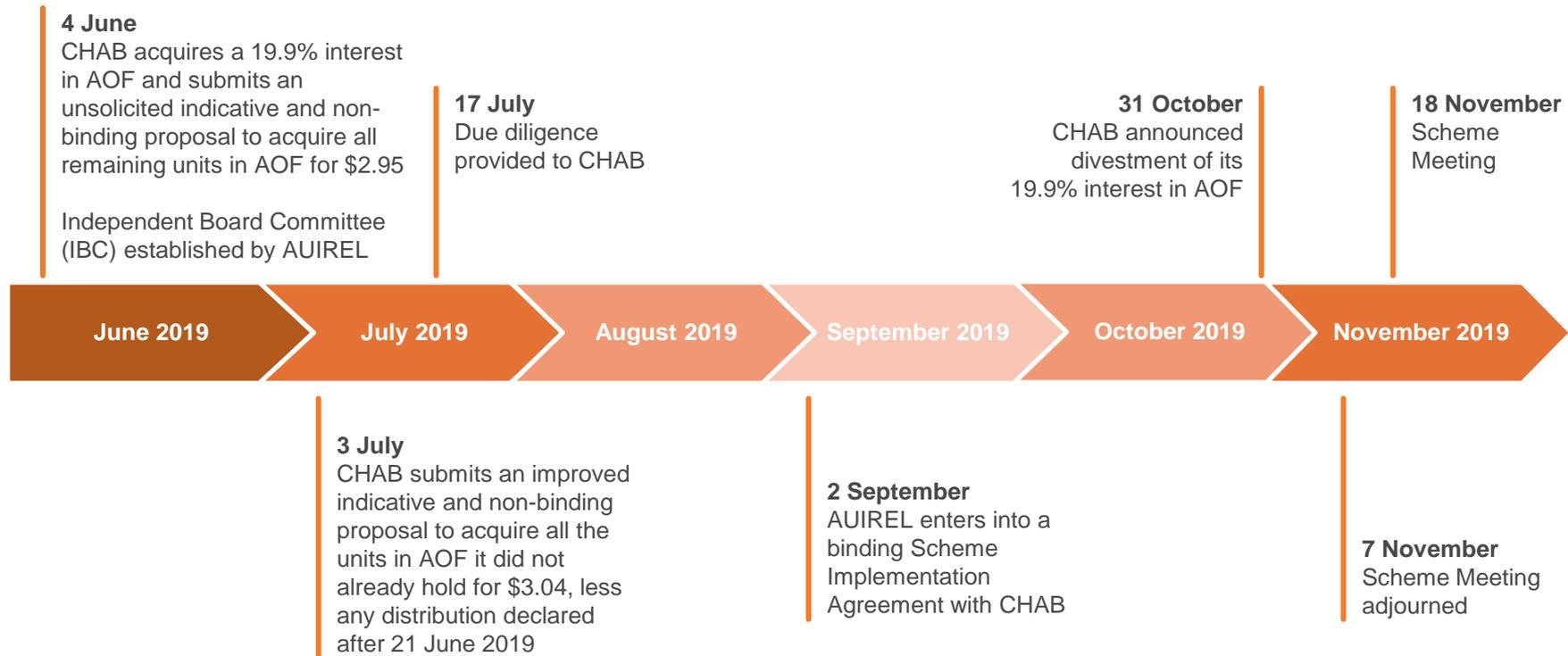
# Chairman's Address

W Peter Day  
Independent Non-Executive Chairman

5 Eden Park Drive, North Ryde, NSW

# Meeting background

## Timeline of key announcements



# Independent Directors' recommendation

**The AUIREL Independent Directors unanimously recommend that you vote in favour of the Scheme**

- ✓ The scheme consideration of \$3.04 represents an attractive price for AOF units relative to historical trading price performance and a premium to NTA per unit
  - 9.4% premium to AOF's closing price of \$2.78 on 3 June 2019, the day prior to announcement of the initial proposal
  - 11.8% premium to the 30 day VWAP of \$2.72 up until 3 June 2019
  - 12.5% premium to the 3 month VWAP of \$2.70 up until 3 June 2019
  - 9.0% premium to AOF's net tangible assets per unit of \$2.79 as at 30 June 2019
- ✓ The scheme consideration is all cash, delivering certainty and immediate value for AOF unitholders
- ✓ Since receipt of the initial proposal from CHAB, no superior proposal has emerged
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of AOF Unitholders
- ✓ If the Scheme does not proceed, and no superior proposal emerges, the price of AOF units quoted on the ASX may fall

**Each AUIREL Independent Director intends to vote all AOF units they own or control in favour of the Scheme at today's meeting**

# Process of implementation

## Key outstanding conditions

- Approval of the proposal by the requisite majorities of AOF unitholders, which is to be finalised at this meeting
- Receipt of the second judicial advice from the Court in relation to implementation of the Scheme
- Consent from The Brisbane Club under the head lease for the property at 241 Adelaide Street, Brisbane
- Entry into restructure agreements in relation to certain subtrusts of AOF and entry into agreements to effect the change of trustee of each of the AOF subtrusts

# Resolutions

5 Eden Park Drive, North Ryde, NSW

# Resolution 1

## Amendments to Constitution

Subject to Resolution 2 being passed, that the constitution of Australian Unity Office Fund (Constitution) be amended in accordance with the provisions of the supplemental deed poll in the form tabled at the meeting and initialled by the Chair for the purposes of identification (Supplemental Deed Poll), and that Australian Unity Investment Real Estate Limited be authorised to execute the Supplemental Deed Poll and lodge it with Australian Securities and Investments Commission to give effect to the amendments to the Constitution.

# Resolution 2

## Approval of the Scheme

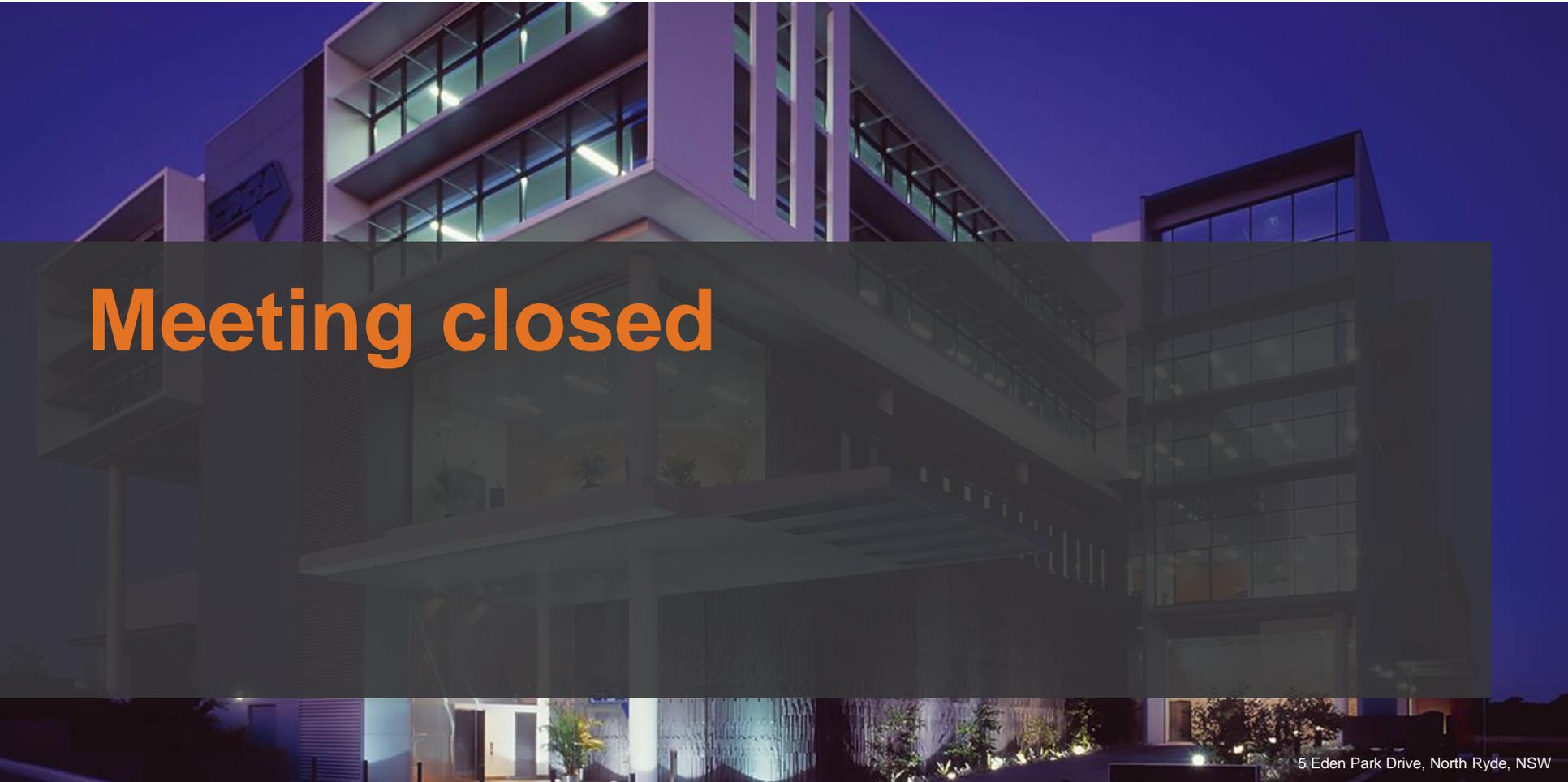
Subject to Resolution 1 being passed, that for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) and for all other purposes, the Scheme under which CHAB Office Pty Ltd as trustee for the CHAB Office Trust will acquire all of the units in AOF that it does not already own, as described in the Explanatory Memorandum accompanying this Notice of Meeting (with or without such modifications as are approved at the Scheme Meeting), be approved and Australian Unity Investment Real Estate Limited be authorised to do all things which it considers necessary, desirable or reasonably incidental to give effect to the Scheme.

# Questions

5 Eden Park Drive, North Ryde, NSW

# Voting

5 Eden Park Drive, North Ryde, NSW



**Meeting closed**

5 Eden Park Drive, North Ryde, NSW

# Important notice and disclaimer

The information provided in this presentation has been prepared by Australian Unity Investment Real Estate Limited ABN 86 606 414 368 AFS Licence 477434 (AUIREL), as responsible entity of the Australian Unity Office Fund ARSN 113 369 627 (Fund).

The information provided in this presentation is general information only. It is to be read in conjunction with the Explanatory Memorandum in respect of the Scheme that was released to the ASX on 4 October 2019. It is not intended to be investment or financial product advice and should not be relied upon as such. Investors or potential investors should make their own assessment of, or obtain professional advice about, the information contained in this presentation to determine whether it is appropriate for them. The presentation is not an offer or invitation for subscription or purchase of units in the Fund.

Certain statements in this presentation may constitute forward-looking statements or statements about future matters (including forecast financial information) that are based upon information known and assumptions made as of the date of this presentation. These statements are subject to internal and external risks and uncertainties that may have a material effect on future business. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this presentation. As such, undue reliance should not be placed on any forward looking statement. Past performance is no guarantee to future performance. Nothing contained in this presentation nor any information made available to investors or potential investors is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future by the Fund, AUIREL or any other person (including any director, officer or any related body corporate of AUIREL), except as required by law.

All information in the presentation is current as at 30 June 2019 unless otherwise stated. Any dollar (\$) reference is Australian dollars unless otherwise stated.

© 2019 Property of Australian Unity Investment Real Estate Limited. All rights reserved. Not to be reproduced without permission.