

28 November 2018

Rejection of Starwood Revised Proposal

Australian Unity Investment Real Estate Limited (**AUIREL**) as Responsible Entity of the Australian Unity Office Fund (ASX: **AOF**), refers to its announcement dated 26 November 2018 in relation to the revised proposal it received 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 an offer consideration of \$2.95 cash per AOF unit, reduced by the value of any distribution or capital return declared by AOF on and from the date of the Implementation Agreement until the implementation of the scheme (**Revised Proposal**). The net effect of this adjustment is a potential reduction of 7.9 cents per unit assuming the transaction is implemented post 31 March 2019¹. AUIREL has determined that the Revised Proposal represents approximately \$2.87 cash per AOF unit.

The independent board committee (**IBC**) formed by AUIREL has considered the Revised Proposal and has had the benefit of feedback from the majority of AOF's investors by value, including most institutional investors by number.

The IBC has recommended to the AUIREL board, and the AUIREL board has resolved, to reject the Revised Proposal as it does not represent compelling value for AOF unitholders. AUIREL confirms that it has closed the data room provided to Starwood for their due diligence period.

AUIREL reconfirms that there are no matters of which they are currently aware that would materially impact the current valuation of the assets of AOF or its FFO guidance of 17.2 – 17.4 cents per unit² that have not been previously disclosed to the market.

AUIREL notes that there has been no change to any material lease since AOF's results presentation in August 2018 and is pleased to announce positive leasing activity at:

- 468 St Kilda Road, Melbourne bringing the occupancy of the asset from 95.4% as at 30 June 2018 to 100%; and
- 30 Pirie Street, Adelaide bringing the occupancy of the asset from 91.7% as at 30 June 2018 to approximately 94%.

Contact information

Investors

Mark Pratt
Executive General Manager – Australian Unity Real Estate Investment
Phone: 03 8682 4448

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:

114 Albert Road

South Melbourne VIC 3205

Tel: 13 29 39

¹ Assumes implementation of the scheme after 31 March 2019 and a December 2018 quarter distribution of 3.95 cents per unit and March 2019 quarter distribution of 3.95 cents per unit based on AOF's guidance

² Subject to no material change in market conditions and no unforeseen events

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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