

13 March 2020

To The Manager
Market Announcements Office
ASX Limited

Dear Sir/Madam

Takeover bid for Australian Unity Office Fund (ASX:AOF) – Service of Bidder’s Statement

We act for Legs Bid Co Services Pty Ltd (ACN 639 422 576) in its capacity as trustee for Legs Bid Trust (ABN 80 197 164 617) (“**Starwood**”), an indirect wholly owned subsidiary of Starwood Capital Group LLC in respect of its off-market takeover bid for all of the units in Australian Unity Office Fund (ARSN 113 369 627) (ASX:AOF) (“**AOF**”) (“**Takeover Bid**”).

In accordance with section 633(1) item 5 of the Corporations Act 2001 (Cth) (“**Corporations Act**”), we attach by way of service a copy of the bidder’s statement in relation to the Takeover Bid, which contains the terms of the offers made under the Takeover Bid (“**Bidder’s Statement**”).

A copy of the Bidder’s Statement was lodged with the Australian Securities & Investments Commission and sent to AOF earlier today.

For the purposes of section 633(4)(a) of the Corporations Act, Starwood gives notice that it has set 5.00pm (Sydney time) on Monday, 16 March 2020 as the time and date for determining the persons to whom information is to be sent under items 6 and 12 of subsection 633(1) of the Corporations Act in the Bidder’s Statement.

Yours faithfully



King & Wood Mallesons



BIDDER'S STATEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with it, you should consult your broker or your professional adviser as soon as possible.

Cash Offer by Legs Bid Co Services Pty Ltd (ACN 639 422 576) in its capacity as trustee for Legs Bid Trust (ABN 80 197 164 617) to purchase all your units in Australian Unity Office Fund (ARSN 113 369 627)

For each AOF Unit you will receive A\$2.98 cash
subject to the terms and conditions of the Offer

If you have any questions about the Offer please call the Starwood Bidder Information Line on 1300 140 303 (callers in Australia) or +61 3 9415 4320 (callers outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days.

Further information relating to the Offer can be obtained from the Offer website at www.aoffer.com.au.

The Offer is dated **27 March 2020** and will close at 7.00pm (Sydney time) on **27 April 2020**, unless extended.

Legal Adviser:

KING & WOOD
MALLESONS
金杜律师事务所

Financial Adviser:

The logo for Rothschild & Co, featuring a stylized blue starburst icon to the left of the text "Rothschild & Co" in a bold, blue, sans-serif font.

Important Information

Bidder's Statement

YOU SHOULD READ THIS BIDDER'S STATEMENT IN ITS ENTIRETY.

This Bidder's Statement is given by Legs Bid Co Services Pty Ltd (ACN 639 422 576) in its capacity as trustee for Legs Bid Trust (ABN 80 197 164 617) ("**Starwood Bidder**") (an indirect wholly owned Subsidiary of SOF-11 International SCSp) ("**Starwood**") which forms part of the Starwood Global Opportunity Fund XI and which is managed by the Starwood Capital Group ("**SCG**"), to Australian Unity Office Fund (ARSN 113 369 627) ("**AOF**") under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act together with the terms of the Offer to acquire your AOF Units.

This Bidder's Statement is dated 13 March 2020. It includes an Offer dated 27 March 2020 on the terms and conditions set out in Appendices 1 and 2 of this Bidder's Statement.

Australian Securities and Investment Commission.

A copy of this Bidder's Statement was lodged with ASIC on 13 March 2020. ASIC takes no responsibility for the content of this Bidder's Statement.

Defined Terms

Capitalised terms used in this Bidder's Statement are defined in the Glossary in section 11 along with certain rules of interpretation which apply to this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in the Glossary, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless otherwise indicated, all references to sections are references to sections of this Bidder's Statement, references to clauses are references to clauses of Appendix 1 to this Bidder's Statement and references to paragraphs and subparagraphs are references to paragraphs and subparagraphs of Appendix 2 to this Bidder's Statement.

Investment advice

The information in this Bidder's Statement is general information only and does not take into account your individual investment objectives, financial situation or needs. You should consider whether the information in this Bidder's Statement is appropriate for you in light of your objectives, financial situation and needs. Accordingly before making a decision as to whether or not to accept the Offer, please contact your professional adviser.

Information on AOF

The information on AOF and AOF Units contained in this Bidder's Statement has been prepared based on a review of publicly available information and should not be considered to be comprehensive. Information in this Bidder's Statement concerning AOF has not been independently verified by Starwood Bidder. Subject to the Corporations Act, none of Starwood Bidder, Starwood Bidder directors, nor any Starwood Bidder Group Member or their respective officers or employees make any representation or warranty (express or implied) as to the accuracy or completeness of this information.

Further information regarding AOF may be included in the Target's Statement which AOF must provide to AOF Unitholders in response to this Bidder's Statement.

Notice to non-resident AOF Unitholders

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Privacy

Starwood Bidder has collected your information from the register of AOF Unitholders for the purposes of making the Offer and, if you accept the Offer, administering your holding of AOF Units. The Corporations Act requires the names and addresses of AOF Unitholders to be held in a public register. Your information may be disclosed on a confidential basis to Starwood Bidder and its Related Bodies Corporate, and holders of securities in Starwood Bidder or its Related Bodies Corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. If you would like details of information held about you by Starwood Bidder, please contact Starwood Bidder directly at the registered office address which is:

C/- King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place,
Sydney NSW 2000.

Updated information

Information contained in this Bidder's Statement is subject to change from time to time. Please refer to any ASX announcements of AOF regarding the Offer.

Enquiries

If you are in any doubt as to how to deal with this booklet, you should consult your broker or your professional adviser as soon as possible.

Starwood Bidder Information Line

Should you have any questions about the Offer or how to accept it, please call the Starwood Bidder Information Line on 1300 140 303 (callers in Australia) or +61 3 9415 4320 (callers outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days.

Further information relating to the Offer can be obtained from the Offer website at www.afoffer.com.au.

Important Dates

Announcement of the Offer	29 January 2020
Date of this Bidder's Statement	13 March 2020
Date of the Offer	27 March 2020
Closing Date (unless extended or withdrawn)	27 April 2020

Table of Contents

Important Information

Table of Contents

Bidder's Letter

1. Features of the Offer
2. How to accept the Offer
3. Reasons to accept the Offer
4. Frequently asked questions
5. Information regarding Starwood Bidder
6. Information on AOF
7. Starwood Bidder's intentions
8. Starwood Bidder Funding
9. Taxation considerations
10. Additional Information
11. Glossary
12. Approval of Bidder's Statement

Appendix 1 – Formal Terms of the Offer

Appendix 2 – Conditions of the Offer

Bidder's Letter

Dear AOF Unitholder,

On behalf of Starwood and Starwood Bidder, I am pleased to present you with an all cash offer to acquire all of your units in AOF.

Starwood Bidder is offering you A\$2.98¹ in cash for each AOF Unit you own.

Certain value at an attractive price

The all cash Offer represents an opportunity for AOF Unitholders to access liquidity in AOF at a certain value and at a premium to AOF's recent trading price and its NTA backing.

The cash consideration of A\$2.98 per AOF Unit represents a premium of:

- 4.6% to AOF's NTA per unit of A\$2.85 as at 31 December 2019; and
- 3.6% to the VWAP of AOF Units between the date of the CHAB Scheme vote and the day prior to the Announcement Date.²

AOF is a small A-REIT with a market capitalisation less than A\$500m. As at the date of this Bidder's Statement, it has a number of large minority unitholders. As a result, Starwood Bidder views the liquidity of AOF Units to be generally poor whereas the Offer provides AOF Unitholders with the opportunity to sell all of their AOF Units for cash consideration of A\$2.98 per AOF Unit.

The Offer is subject to a 90% minimum acceptance condition, material adverse effect condition and other conditions set out in Appendix 2.

Starwood Bidder will not declare the Offer free of the 90% minimum acceptance condition. In these circumstances, it is Starwood Bidder's belief that the 90% minimum acceptance condition is not likely to be met based on the announcement by AOF that Hume Partners and its associates, which hold 14.61% of AOF units on issue, have indicated they will not accept the Offer.

Starwood Bidder will not declare the Offer free of the material adverse effect condition. It is Starwood Bidder's belief that the material adverse effect condition may not be capable of being met as a material adverse effect may have occurred, is occurring or will occur during the Offer Period in light of the COVID-19 pandemic and global crisis.

Timing of receipt of cash

You will receive your cash payment within one month of the later of the date that the Offer becomes unconditional and the date that you accept the Offer (provided that in all cases you will receive your cash payment within 21 days of the end of the Offer Period).

¹ The value of the cash consideration under the Offer will be reduced by the amount of or value of any distributions or other Rights which arise or accrue after the Announcement Date.

² The CHAB Scheme vote took place on 18 November 2019. The VWAP between 19 November 2019 and 28 January 2020 (the day prior to the announcement of the Offer) was \$2.88. VWAP is calculated based on cumulative value traded on ASX and Chi-X divided by cumulative volume traded on the ASX and Chi-X. Source: IRESS

Support of major investors

A Starwood Bidder Group Member has entered into pre-bid agreements with certain institutional investors³ pursuant to which they have collectively agreed to accept, or procure the acceptance of, 16.7% of AOF Units, in aggregate, into the Offer and granted a call option over these units, subject to certain conditions being met including receipt of Foreign Investment Review Board approval.

Starwood and its intentions

SCG is a private investment firm founded in 1991 with a core focus on global real estate (including opportunistic real estate, debt and core/core + real estate), energy infrastructure and oil and gas.

The acquisition of AOF is in line with Starwood's strategy of deploying capital into attractive markets around the world, such as Australia, and managing real estate assets on a total return basis. Refer to section 7 for further detail regarding Starwood's intentions in relation to AOF.

Next steps

Details of the Offer, including its terms, are set out in this Bidder's Statement. I encourage you to read this Bidder's Statement carefully and in its entirety.

The Offer is open for your acceptance until 7.00pm (Sydney time) on 27 April 2020, unless extended in accordance with the Corporations Act.

To accept the Offer, please follow the instructions in this Bidder's Statement and on the accompanying Acceptance Form.

Should you have any questions about the Offer, or how to accept it, please call the Starwood Bidder Information Line on 1300 140 303 (callers in Australia) or +61 3 9415 4320 (callers outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days. Further information relating to the Offer can be obtained from the Offer website at www.afoffer.com.au.

Thank you for your consideration of the Offer.

Yours sincerely,

Jeffrey Dishner

Senior Managing Director and Global Head of Real Estate Acquisitions

Starwood Capital Group

³ This includes AOF Unitholders holding relevant interests in aggregate in 16.66% of AOF units. This is subject to certain conditions.

1 Features of the Offer

The following is a summary only of the Offer and is qualified by the detailed information contained in the rest of this Bidder's Statement. You should read this Bidder's Statement in full before deciding how to deal with your AOF Units.

The terms and conditions of the Offer are contained in Appendices 1 and 2.

1.1 Summary of the Offer terms

The Offer

Starwood Bidder offers to acquire all of your AOF Units for **A\$2.98 cash** per AOF Unit on the Offer Terms set out in Appendix 1 and subject to the conditions in Appendix 2.

The Offer relates to AOF Units that exist or will exist as at the Register Date.

Offer Period

The Offer is scheduled to close at 7.00pm (Sydney time) on **27 April 2020** (but it may be extended).

Payment Date

If you accept the Offer, you will be paid within one month of the later of receipt of your acceptance and the date on which the Offer becomes unconditional and in any event before 21 days after the end of the Offer Period.

Conditions

The Offer is subject to a number of conditions as set out in Appendix 2, and which relate to the following matters:

- (a) 90% minimum acceptance;
- (b) FIRB approval;
- (c) regulatory approvals;
- (d) no restraining orders;
- (e) no material adverse effect;
- (f) distributions;
- (g) no persons exercising rights under certain agreements or instruments;
- (h) no net benefit under any Facilitation Agreement;
- (i) no prescribed occurrences;
- (j) no material acquisitions, disposals, new commitments or Property transactions;
- (k) no change in responsible entity;
- (l) no tax election;
- (m) no new financing; and

(n) no material claim or litigation on foot or pending.

This is not intended to be a summary of the conditions. The conditions themselves are set out in full in Appendix 2.

1.2 How to accept the Offer

Acceptances for the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer you should follow the instructions set out in clause 4 of Appendix 1 and the relevant Acceptance Form.

1.3 Distributions

AOF Unitholders will be entitled to retain the right to receive distributions on AOF Units up to the date the sale of your AOF Units has completed.

However, the value of the consideration under the Offer will be reduced by the amount of or value of any distributions or other Rights which arise or accrue after the Announcement Date.

1.4 Further Information

If you have any questions in relation to the Offer or how to accept it, or if you have lost your personalised Acceptance Form and require a replacement, please call the Starwood Bidder Information Line on 1300 140 303 (callers in Australia) or +61 3 9415 4320 (callers outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days.

Further information relating to the Offer can be obtained from the Offer website at www.afoffer.com.au.

2 Reasons to accept the Offer

The offer provides significant benefits to you as an AOF Unitholder. The key reasons why you should accept the Offer are as follows:

2.1 The all cash Offer provides an immediate liquidity event at an attractive and certain price

Starwood Bidder is offering you all cash consideration for your AOF Units. Subject to the satisfaction of the conditions set out in Appendix 2, this provides you with immediate liquidity and an opportunity to realise certain value for your AOF Units. If you accept the Offer and the Offer becomes unconditional, you will:

- be paid A\$2.98 cash for each of your AOF Units;
- receive that value without undertaking any additional transactions or incurring any brokerage (other than as set out in section 4); and
- receive your cash payment within one month after the later of the date that the Offer becomes unconditional and the date that you accept the Offer (provided that in all cases you will receive your cash payment within 21 days of the end of the Offer Period).

Full details of the payment of the cash consideration are set out in clause 5 of Appendix 1.

2.2 The Offer provides a premium for your AOF Units compared to recent trading levels and AOF's NTA backing

The all cash consideration of A\$2.98 per AOF Unit represents a premium of:

- 4.6% to AOF's NTA as at 31 December 2019 of \$2.85 per unit; and
- 3.6% to the VWAP of AOF Units between the date of the CHAB Scheme vote and the day prior to the Announcement Date.

2.3 The AOF Unit price may fall if the Offer does not succeed and no other alternative offer or proposal emerges

While there are many factors that influence the market price of AOF Units, there is a real risk that the trading price of AOF Units on ASX will fall to levels experienced prior to 29 January 2020, at least in the short term, if the Offer does not succeed and no other alternative offer or proposal emerges. This is particularly the case given the recent and widespread decline in the prices of listed market securities.

2.4 There may be a reduction in liquidity if Starwood Bidder further increases its interest in AOF and if AOF is removed from the official list of the ASX

At the date of this Bidder's Statement, Starwood Bidder has a relevant interest in 16.7% of the AOF Units on issue. If Starwood Bidder gains Control of AOF, but Starwood Bidder is not entitled to, or otherwise does not compulsorily acquire the remaining AOF Units⁴ and you continue to hold AOF Units, Starwood Bidder believes that there is likely to be reduced liquidity in AOF Units which may make it difficult for you to sell your AOF Units outside the Offer at the current trading price on ASX. Furthermore, in Starwood Bidder's view, AOF's free float and trading liquidity would be further reduced.

⁴ Starwood Bidder reserves its right to declare the Offer free of the 90% minimum acceptance condition (or any other condition to the Offer), although it has no present intention to do so.

While the decision to apply for a removal of AOF from the official list of the ASX lies with the responsible entity of AOF, where Starwood Bidder gains Control of AOF, it will actively encourage the responsible entity of AOF to apply for removal from the official list of ASX in accordance with ASX Listing Rules and guidance where AOF is entitled to do so. If AOF is removed from the official list of ASX, AOF Units will not be able to be bought or sold on ASX.

Further information in relation to the potential delisting of AOF is set out below in section 7.3(e).

2.5 If you do not accept the Offer you risk becoming a minority AOF Unitholder in circumstances where Starwood Bidder will Control AOF and a change in strategy for AOF is implemented

If Starwood Bidder gains Control of AOF, but Starwood Bidder is not entitled to or otherwise does not compulsorily acquire the remaining AOF Units,⁵ those AOF Unitholders who have not accepted the Offer will become minority AOF Unitholders with less influence over the future direction of AOF.

Starwood Bidder will support the responsible entity of AOF implementing a change in strategy for AOF, as noted in section 7.3(c).

Further information in relation to Starwood Bidder's intentions is set out below in section 7.

2.6 You may not pay brokerage in connection with your acceptance of the Offer

If your AOF Units are registered on an Issuer Sponsored Holding in your name and you deliver them directly to Starwood Bidder, you will not incur brokerage fees in connection with your acceptance of the Offer.

You may incur brokerage fees if you choose to sell your AOF Units on market or if you instruct your Broker to accept the Offer on your behalf. See section 4 of this Bidder's Statement for more information regarding payment of brokerage fees.

2.7 No competing offer has emerged for your AOF Units

As far as Starwood Bidder is aware, the Offer is the only proposal that has been publicly announced that provides you with an opportunity to sell your AOF Units.

Since 8 October 2018, when the Starwood Bidder Group initially announced its interest in acquiring all of the AOF Units, other groups have made offers for the AOF Units that have ultimately failed. As at the date of this Bidder's Statement, Starwood Bidder is not aware of any other party intending to make a competing proposal that includes an offer for AOF Units and there is no certainty that any such offer will be made.

⁵ Starwood Bidder reserves its right to declare the Offer free of the 90% minimum acceptance condition (or any other condition to the Offer), although it has no present intention to do so.

3 How to accept the Offer

The Offer may only be accepted for all of your AOF Units. You may accept the Offer during the Offer Period in the manner specified below. How you accept the Offer depends on whether your AOF Units are in an Issuer Sponsored Holding or a CHESSE Holding. Your personalised Acceptance Form outlines which type of holding you have.

- **If you hold your AOF Units in an Issuer Sponsored Holding** (your Security holder Reference Number (“SRN”) starts with an “I”), to accept the Offer you must complete, sign and return the enclosed personalised Acceptance Form in accordance with the instructions on it and return it to the address indicated on the form (and set out below) before the end of the Offer Period.
- **If you hold your AOF Units in a CHESSE Holding** (your Holder Identification Number (“HIN”) starts with an “X”), to accept the Offer you must either:
 - (a) instruct your Controlling Participant (usually your broker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for the Offer to be accepted before the end of the Offer Period. Acceptances must be received by 7.00pm (Sydney time) on the last day of the Offer Period, unless the Offer Period is extended; or
 - (b) complete and sign the accompanying personalised Acceptance Form and send it (together with all other documents required by the instructions on the form) directly to your broker or other Controlling Participant (usually your broker) in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. Acceptances must be received by 7.00pm (Sydney time) on the last day of the Offer Period, unless the Offer Period is extended; or
 - (c) complete and sign your personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it to the address indicated on the Acceptance Form (and set out below) so that your acceptance is received before 7.00pm on the second last Business Day of the Offer Period. This will authorise Starwood Bidder to instruct your broker or other Controlling Participant to initiate acceptance of the Offer on your behalf.
- **If you are a Broker or an ASX Settlement Participant**, to accept the Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period. Acceptances must be received by 7.00pm (Sydney time) on the last day of the Offer Period, unless the Offer Period is extended.
- **If some of your AOF Units are in an Issuer Sponsored Holding and some in a CHESSE Holding**, please read clause 4.3(d) of Appendix 1 for how to accept the Offer.

The postal address for completed Acceptance Forms is:

Computershare Investor Services Pty Limited
GPO Box 52, Melbourne VIC 3001, Australia

The transmission of the Acceptance Form and other documents is at your own risk.

For full details see clause 4 of Appendix 1.

4 Frequently asked questions

You may have questions in relation to the Offer. The following set of questions and answers is intended to assist in your understanding of the Offer. They are qualified by, and should be read in conjunction with, the detailed information contained in this Bidder's Statement. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

If you have further questions, call the Starwood Bidder Information Line on 1300 140 303 (callers in Australia) or +61 3 9415 4320 (callers outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days.

Further information relating to the Offer can be obtained from the Offer website at www.afoffer.com.au.

THE OFFER

What is the Offer	<p>Starwood Bidder is offering to buy all of your AOF Units by way of an off-market takeover.</p> <p>The consideration offered for each AOF Unit is A\$2.98 cash.</p> <p>You may only accept the Offer for all of your AOF Units.</p> <p>The value of the consideration under the Offer will be reduced by the amount of or value of any distributions or other Rights which arise or accrue after the Announcement Date.</p>
Who is making the Offer?	<p>The Offer is being made by Starwood Bidder. Starwood Bidder is an indirect wholly owned Subsidiary of Starwood.</p>
Who is SCG?	<p>SCG is a private investment firm with a core focus on global real estate, energy infrastructure and oil and gas. Since its inception in 1991, SCG has raised over \$45 billion of equity capital, and currently has in excess of \$60 billion of assets under management. The firm has invested in virtually every category of real estate on a global basis, opportunistically shifting asset classes, geographies and positions in the capital stack as it perceives risk/reward dynamics to be evolving. Over the past 28 years, SCG and its affiliates have successfully executed an investment strategy that involves building enterprises in both the private and public markets. Please refer to section 5 of this Bidder's Statement for further information on Starwood.</p>
How will Starwood Bidder fund the consideration?	<p>Starwood Bidder intends to finance the Offer from the committed funds of Starwood Global Opportunity Fund XI which is managed by SCG.</p> <p>Undrawn capital in excess of the amount payable by Starwood Bidder if acceptances are received for all AOF Units is available and can</p>

	<p>be drawn from Starwood Global Opportunity Fund XI by Starwood to meet any obligations of Starwood Bidder to fund the Offer.</p> <p>Please refer to section 8 of this Bidder's Statement for further information on funding.</p>
<p>What is Starwood Bidder's current interest in AOF?</p>	<p>Starwood Bidder has a relevant interest in 16.7% of the securities of the AOF as at the date of this Bidder's Statement.</p> <p>Please refer to section 6.8 of this Bidder's Statement for further information about Starwood Bidder's current interests in AOF.</p>
<p>What are the tax consequences if I accept the Offer?</p>	<p>A general summary of the likely Australian tax consequences of accepting the Offer is set out in section 9 of this Bidder's Statement. In addition, Starwood Bidder recommends that each AOF Unitholder should consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their AOF Units.</p>
<p>What if I am a non-resident AOF Unitholder?</p>	<p>Non-resident AOF Unitholders will be paid the same cash consideration in Australian currency for their AOF Units as all Australian resident AOF Unitholders under the Offer, which will be paid via cheque (or as otherwise determined by Starwood Bidder). However, the tax consequences under the Offer may be different for those non-resident AOF Unitholders than for those who are Australian residents. Accordingly, AOF Unitholders should seek advice in relation to the tax implications of accepting the Offer in their jurisdiction.</p>

REASONS TO ACCEPT THE OFFER

<p>Why should I accept the Offer?</p>	<p>Starwood Bidder believes that AOF Unitholders should accept the Offer for the following key reasons:</p> <ul style="list-style-type: none"> • the all cash Offer provides, subject to the conditions set out in Appendix 2, an immediate liquidity event at an attractive and certain price; • the Offer provides a premium for your AOF Units compared to recent trading levels and AOF's NTA backing; • the AOF Unit price may fall if the Offer lapses; • there may be a reduction in liquidity if Starwood Bidder further increases its interest in AOF and if AOF is removed from the official list of ASX; • if you do not accept the Offer you risk becoming a minority AOF Unitholder in circumstances where Starwood Bidder will Control AOF and Starwood will
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encourage implementation of a change in strategy for AOF;

- you may not be required to pay any brokerage in connection with your acceptance of the Offer; and
- no competing offer has emerged for your AOF Units.

Refer to section 2 for further information on the benefits of the Offer summarised above.

OFFER TERMS & CONDITIONS

How do I accept the Offer?

To accept the Offer, you should follow the instructions set out in section 1.2 of this Bidder's Statement and on the enclosed Acceptance Form. Further details on how to accept the Offer are set out in clause 4 of Appendix 1.

What choices do I have as an AOF Unitholder?

As an AOF Unitholder, you have the following choices in respect of your AOF Units:

- accept the Offer for all of the AOF Units you hold;
- sell some or all of your AOF Units on ASX (unless you have previously accepted the Offer and have not validly withdrawn your acceptance). If you sell some of your AOF Units you can accept the Offer for the balance of your AOF Units; or
- do nothing.

Under the Corporations Act, Starwood Bidder may, at the end of the Offer Period, and depending on the level of offer acceptances, become entitled to exercise its rights to compulsorily acquire your AOF Units for the consideration under the Offer, even if you do not accept the Offer. In such case, the same value will be available to you for your AOF Units but you will be paid later in time.

Starwood Bidder intends to exercise its rights to compulsory acquire your AOF Units if it is entitled to do so. Further information on Starwood Bidder's intentions is set out in section 7.

Can I accept the Offer for part of my holding in AOF?

No. You cannot accept the Offer for part of your holding. You may only accept the Offer for all of your AOF Units.

However, if you hold one or more parcels of AOF Units as trustee, nominee or otherwise on account of another person, you may accept as if a separate and distinct offer had been made in relation to each of those parcels and any parcel you hold in your own right. A person holding AOF Units on trust for, as nominee for,

	<p>or on account of, another person should refer to clauses 10.1(b) and 10.3 of Appendix 1.</p>
<p>Can I withdraw my acceptance?</p>	<p>Once you accept the Offer, you will be unable to revoke your acceptance or otherwise dispose of your AOF Units, unless:</p> <ul style="list-style-type: none"> • if, by the times specified in clause 7.2 of Appendix 1 to this Bidder's Statement, the conditions in Appendix 2 have not all been fulfilled or waived, then this Offer will automatically terminate and your AOF Units will be returned to you; or • the Offer Period is varied in a way that postpones, for more than one month, the time when Starwood Bidder has to meet its obligations under the Offer (refer to clause 7 of Appendix 1).
<p>What happens if I do not accept the Offer?</p>	<p>If you do not accept the Offer, you will remain an AOF Unitholder unless Starwood Bidder becomes entitled to acquire your AOF Units under the compulsory acquisition provisions in the Corporations Act and proceeds to do so. Further information on Starwood Bidder's intentions is set out in section 7.</p> <p>If Starwood Bidder gains Control of AOF but is not entitled to or does not otherwise compulsorily acquire the remaining AOF Units, those AOF Unitholders who do not accept the Offer will become minority AOF Unitholders with possibly less influence over the future direction of AOF.</p>
<p>What are the conditions to the Offer?</p>	<p>The Offer is subject to the conditions in Appendix 2, which relate to the matters set out in section 1.1.</p> <p>Full details of all of the conditions are set out in the Appendix 2.</p> <p>Starwood Bidder may choose to waive any of the conditions in accordance with Appendix 1. The effect of such a waiver on your acceptance of the Offer is described in clause 7.1 of Appendix 1.</p> <p>Starwood Bidder will not declare the Offer free from the 90% minimum acceptance condition. In these circumstances, it is Starwood Bidder's belief that the 90% minimum acceptance condition is not likely to be met based on the announcement by AOF that Hume Partners and its associates, which hold 14.61% of the AOF units on issue, have indicated that they will not accept the Offer.</p> <p>Starwood Bidder will not declare the Offer free of the material adverse effect condition. It is Starwood Bidder's belief that the material adverse effect condition may not be capable of</p>

	being met as a material adverse effect may have occurred, is occurring or will occur during the Offer Period in light of the COVID-19 pandemic and global crisis.
When will I be notified of the status of the conditions?	If a condition is satisfied or waived, Starwood Bidder will, as soon as practicable, give ASX and AOF a notice that states that the particular condition has been satisfied or waived. Starwood Bidder will also give a notice of status of conditions to ASX and AOF on 20 April 2020 (although this date may be deferred if the Offer Period is extended). Refer to clause 6.7 of Appendix 1 for more information.
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions to the Offer are not satisfied or waived by the end of the Offer Period, the Offer will lapse. In this case, if you have accepted the Offer, your AOF Units will not be acquired by Starwood Bidder and you will not be paid the consideration.
Can I sell my AOF Units on ASX?	Yes, but you may incur brokerage costs if you do. If you have already accepted the Offer, you will be unable to settle any subsequent sale of your AOF Units, subject to you being entitled to withdraw your acceptance – see FAQ ‘Can I withdraw my acceptance?’ in this section 4.
When does the Offer close?	The Offer is currently scheduled to close at 7.00pm (Sydney time) on 27 April 2020 unless extended or withdrawn in accordance with the Corporations Act.
What if I accept the Offer and Starwood Bidder increases the consideration?	If Starwood Bidder increases the consideration under the Offer, all AOF Unitholders who accept the Offer (whether or not they have accepted the Offer before or after the increase) will be entitled to the benefit of the increased consideration, should the Offer become unconditional. If you have already received payment in respect of the Offer at the time the consideration under the offer is increased, you will be paid the difference between the amount you have received and the higher consideration under the Offer.
Can Starwood Bidder extend the Offer Period?	Yes, the Offer Period can be extended at the election of Starwood Bidder (subject to the Corporations Act). See clause 3 of Appendix 1 for further details.
If I accept the Offer, when will I receive payment?	If you accept the Offer, and the Offer is or becomes unconditional, Starwood Bidder will generally pay you the consideration on or before the earlier of: <ul style="list-style-type: none"> • one month after the date this Offer is validly accepted by you or, if this Offer

is subject to a defeating condition when accepted, within one month after the Offer becomes unconditional; and

- 21 days after the end of the Offer Period.

See clause 5.2 of Appendix 1 for further details.

What happens if AOF declares a distribution (or if any Rights arise) during the Offer Period?

If you accept the Offer and AOF declares a further distribution (or if any Rights arise) the value of the consideration under the Offer will be reduced by the amount of or value of the distributions or other Rights which arise or accrue after the Announcement Date.

See clause 5.5 of Appendix 1 for further details.

Will I need to pay brokerage or stamp duty if I accept the Offer?

If your AOF Units are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you deliver them directly to Starwood Bidder, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

If your AOF Units are registered in a CHES Holding (your HIN starts with an "X"), or if you are a beneficial owner whose AOF Units are registered in the name of a broker, bank, custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer but you should ask your 'Controlling Participant' (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

You may incur brokerage costs if you choose to sell your AOF Units on ASX.

FURTHER QUESTIONS

Is there a number that I can call if I have further queries in relation to the Offer?

If you have any questions about the Offer please call the Starwood Bidder Information Line on 1300 140 303 (callers in Australia) or +61 3 9415 4320 (callers outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days.

Further information relating to the Offer can be obtained from the Offer website at www.afoffer.com.au.

5 Information regarding Starwood Bidder

5.1 Structure of the Starwood Bidder Group

Starwood Bidder is Legs Bid Co Services Pty Ltd (ACN 639 422 576) (“**Legs Bid Co**”) in its capacity as trustee for Legs Bid Trust (ABN 80 197 164 617).

Starwood Bidder is a special purpose vehicle which is being used by Starwood for the sole purpose of making this Offer and holding AOF Units.

Other than its nominal capital, and rights and obligations under the Bid Financing Agreement and pursuant to the Offer, Starwood Bidder has no other assets or liabilities. Starwood Bidder’s funding arrangements in relation to the Offer are set out in section 8.

Profiles of the directors of Legs Bid Co are set out below:

Barry John McWilliams

Barry was appointed director on 27 February 2020. Barry was formerly a senior Partner in the Sydney office of Mallesons Stephen Jaques (now King & Wood Mallesons) where he specialised in corporate and commercial advisory work with an emphasis on securities markets and funds management for over 25 years.

Barry has extensive experience in general corporate and commercial law, funds management, securities markets, prospectuses, stock exchange listings and the property trust industry. Prior to joining Mallesons Stephen Jaques, Barry specialised in commercial, banking and finance law as a partner at Russell McVeagh McKenzie Bartleet (now Russell McVeagh) in Auckland, New Zealand.

Barry is the Chairman of Lendlease IMT (OITST) Limited which owns Tower 1 at Barangaroo and is a director of a range of unlisted companies. Barry is also a Fellow of the Australian Institute of Company Directors.

James Fogarty

James was appointed director on 27 February 2020. James is a Vice President in Acquisitions for Asia, at SCG. In this role, James’ focus is on real estate acquisitions across sectors in various markets across the Asia Pacific region, but with a primary focus on Australia. Prior to this role in the APAC team, James was with SCG in London. Over his nine years at SCG, James has been responsible for over US\$3 billion of acquisitions with a strong focus on office and student housing assets.

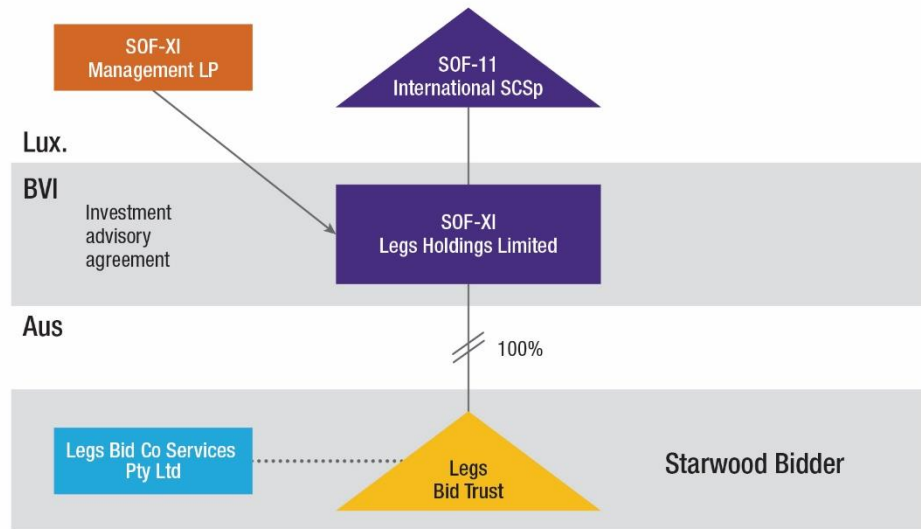
Before joining SCG in 2011, James worked for three years in acquisition, development, and asset management of commercial office buildings in the United States.

James graduated Cum Laude from the University of Pennsylvania with a concentration in Real Estate.

5.2 Starwood Bidder Group Overview

As at the date of this Bidder’s Statement, Starwood Bidder is indirectly wholly owned by Starwood which forms part of the Starwood Global Opportunity Fund XI and which is managed by SCG.

The diagram below depicts the ultimate ownership of Starwood Bidder:



SCG is a private investment firm with a core focus on global real estate, energy infrastructure and oil and gas. Since its inception in 1991, SCG has raised over \$45 billion of equity capital, and currently has in excess of \$60 billion of assets under management. The firm has invested in virtually every category of real estate on a global basis, opportunistically shifting asset classes, geographies and positions in the capital stack as it perceives risk/reward dynamics to be evolving. Over the past 28 years, SCG and its affiliates have successfully executed an investment strategy that involves building enterprises in both the private and public markets. SCG has created eight public companies including one of the world's largest public hotel companies.

The firm and its affiliates maintain 16 offices in seven countries and currently have approximately 4,000 employees.

The acquisition of AOF is in line with SCG's strategy of deploying capital into attractive markets around the world, such as Australia, and managing real estate assets on a total return basis.

6 Information on AOF

6.1 Disclaimer

The following information on AOF has been prepared by Starwood Bidder using publicly available information, and has not been independently verified. Accordingly, subject to the Corporations Act, none of Starwood Bidder, Starwood Bidder directors or any Starwood Bidder Group Member or their respective officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on AOF in this Bidder's Statement should not be considered comprehensive. You should refer to AOF's website and AOF's Target Statement which will be sent to you by AOF soon in response to this Bidder's Statement.

6.2 Overview of AOF and its principal activities

AOF is an ASX-listed A-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. The portfolio was independently valued at \$685.8 million as at 31 December 2019, has an occupancy rate of 95.2% (by net lettable area) and WALE of 3.3 years (by book value).⁶

AUIREL is the responsible entity of AOF.

On 31 January 2020, AUIREL announced to ASX that Australian Unity had entered into a conditional agreement to transfer all of the issued capital in AUIREL to a joint venture company owned equally by wholly owned subsidiaries of Australian Unity and Keppel Capital. On 28 February 2020, AUIREL announced to ASX that the transfer had been completed and that AUIREL was now owned 50% by Australian Unity and 50% by Keppel Capital.

Australian Unity is a health, wealth and living organisation providing products and services to more than one million Australians. Australian Unity's businesses span operations providing healthcare, financial services, and retirement and living services, employing more than 7,500 people across Australia.

Keppel Capital is the asset management arm of Keppel Corporation Limited, a multi-business company providing solutions for sustainable urbanisation, to meet the need for energy, infrastructure, clean environments, high quality homes and offices, and connectivity. Keppel Capital has assets under management of approximately S\$33 billion as at 31 December 2019 with a portfolio that includes real estate, infrastructure and data centre assets in key global markets.⁷

AUIREL has appointed AUFML as investment manager and AUPM as property manager of AOF.

AUFML and AUPM are part of the Australian Unity property business unit which is an established investment manager of commercial and health care property with approximately \$3.7 billion of real estate funds under management as at 30 June 2019 (including AOF).⁸

6.3 Strategy and investment objectives

AUIREL's objective is to deliver AOF Unitholders sustainable income returns via quarterly distributions and the potential for capital growth over the long term by

⁶ AOF ASX announcement dated 5 February 2020: 2020 Half Year Results Presentation.

⁷ AOF ASX announcement dated 31 January 2020: Responsible Entity Ownership Change.

⁸ AOF ASX announcement dated 4 October 2019: Notice of Meeting and Explanatory Memorandum.

investing in a diversified portfolio of Australian office properties. AOF's strategy is to:

- (a) focus predominantly on owning Australian office properties in metropolitan and CBD markets;
- (b) grow net property income and enhance capital values through active asset management;
- (c) deliver investors sustainable and growing income returns via quarterly distributions;
- (d) maintain a capital structure that has a target gearing below 40%; and
- (e) construct a portfolio that maintains diversification of geography, tenants and lease expiry profile through:
 - (i) investments in existing properties (that may include undertaking refurbishment and alterations to meet changing tenant requirements and where income risk can be suitably mitigated, undertaking redevelopment of a property); and
 - (ii) potential future acquisition.⁹

6.4 Portfolio overview

A summary of AOF's portfolio as at 31 December 2019 is set out below.¹⁰

Key portfolio statistics	As at 31 December 2019
Number of properties	9
Independent valuation	\$685.8 million
Weighted average capitalisation rate	6.13%
Net lettable area (NLA)	107,614 sqm
Occupancy (by NLA)	95.2%
Weighted average lease expiry (WALE) (by book value)	3.3 years

6.5 Publicly available information

AOF is a REIT listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX. AOF's annual report for the year ended 30 June 2019 was given to ASX on 23 September 2019 and its interim report for the half year ended 31 December 2019 was given to ASX on 5 February 2020.

6.6 Capital structure

According to documents lodged by AOF with ASX and ASIC, the total number of securities in AOF as at the date of this Bidder's Statement is 162,831,952 AOF Units.¹¹

⁹ AOF ASX announcement dated 4 October 2019: Notice of Meeting and Explanatory Memorandum.

¹⁰ AOF ASX announcement dated 5 February 2020: 2020 Half Year Results Presentation.

¹¹ AOF 2019 Annual Report.

6.7 Substantial holders

Based on materials lodged with ASX as at the Last Practical Date, each of the following persons (on behalf of itself and its related bodies corporate) had the following substantial holdings in the issued units of AOF.

Substantial holder	Number of AOF Units	% of issued units of AOF
SOF-XI Legs Holding Limited	27,135,128	16.66%
Australian Unity Property Limited	24,237,925	14.89%
Keppel Capital Two Pte Ltd	24,237,925	14.89% ¹²
Hume Partners Pty Ltd	23,786,465	14.61%
Maso Capital Investments Limited	14,830,000	9.11%
Samson Rock Capital LLP	13,394,257	8.23%
Athos Capital Limited	8,864,671	5.44%

6.8 Details of relevant interests in AOF securities

Details of Starwood Bidder's relevant interests in the securities of AOF are set out in the table below:

Class of securities	Total number in class	Relevant interest of Starwood Bidder at the date of this Bidder's Statement	Relevant interest of Starwood Bidder immediately before the first Offer was sent
AOF Units	162,831,952	27,135,128 (16.66%)	[•] ([•]%)

6.9 Details of voting power in AOF

Starwood Bidder's voting power in AOF at the date of this Bidder's Statement is **16.66%**.

Starwood Bidder's voting power in AOF immediately before the first Offer was sent was [•]%

¹² Keppel Capital has a relevant interest in the 14.89% of AOF Units which Related Bodies Corporate of Australian Unity hold as a result of its 50% interest in the joint venture company that owns AUIREL, the responsible entity of AOF.

6.10 Consideration provided for AOF securities during previous four months

Starwood Bidder and its associates have not acquired or disposed of AOF Units during the period of four months including on the day immediately before the date of the Offer.

On 29 January 2020, SOF-XI Legs Holding Limited entered into pre-bid option arrangements (“**Pre Bid Agreements**”) with the following AOF Unitholders in relation to the following number of AOF Units.

AOF Unitholders	AOF Units
Maso Capital Investments Limited, Blackwell Partners LLC – Series A, Star V Partners LLC and Maso Capital Arbitrage Fund	15,901,502
Glazer Capital LLC in its capacity as investment manager of each of Glazer Capital Management, LP, Glazer Enhanced Fund, LP, Glazer Enhanced Offshore Fund, Ltd and Highmark Limited in respect of its Segregated Account Highmark Multi-Strategy 2	2,368,955
FMAP ACL Limited	3,155,178
Athos Capital Limited in its capacity as investment manager of the Athos Asia Event Driven Master Fund	5,709,493

A summary of certain terms of the Pre Bid Agreements is set out in section 10.3 and a copy of each Pre Bid Agreement is annexed to AOF’s ASX announcement dated 29 January 2020.¹³

6.11 No collateral benefits

Neither Starwood Bidder nor any of its associates have, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit which is not being offered to all holders of AOF Units under the Offer to another person which was likely to induce the other person, or an associate, to accept the Offer or dispose of AOF Units.

¹³ AOF ASX Announcement dated 29 January 2020: Becoming a substantial holder.

7 Starwood Bidder's intentions

7.1 Introduction

This section 7 sets out Starwood Bidder's intentions, in relation to:

- the continuation of AOF's business and assets; and
- any major changes to be made to the business of AOF, including any redeployment of assets of AOF and changes in its governance.

The intentions are based on the information concerning AOF, its business and the general business environment which is known to Starwood Bidder at the time of preparation of this Bidder's Statement.

7.2 Review

Starwood Bidder and its advisers have reviewed information that has been publicly released on AOF, its current activities and its plans for the future. However, Starwood Bidder does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, Starwood Bidder will, to the extent that information is available to it, conduct a broad-based operational and strategic review of the portfolio and management of AOF. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 7 should be read in this context.

7.3 Intentions upon acquisition of 90% or more of AOF Units

This section sets out Starwood Bidder's current intentions if it acquires 90% or more of the AOF Units and is entitled to proceed to compulsory acquisition of the outstanding AOF Units.

(a) Compulsory acquisition

If it becomes entitled to do so under the Corporations Act, Starwood Bidder intends to:

- (i) give notices to compulsorily acquire any outstanding AOF Units in accordance with section 661B of the Corporations Act;
- (ii) give notices to AOF Unitholders to compulsorily acquire any outstanding AOF Units in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A of the Corporations Act, Starwood Bidder intends to give notices to AOF Unitholders offering to acquire their AOF Units in accordance with section 662B of the Corporations Act.

(b) Responsible entity and managers

Following completion of the compulsory acquisition of the outstanding AOF Units, all of the AOF Units will be held by or on behalf of Starwood Bidder. At this point, AOF will cease to be a "managed investment scheme" (as defined in the Corporations Act); however, it will still be a "registered scheme" (as defined in the Corporations Act).

Following completion of the compulsory acquisition of the outstanding AOF units, Starwood Bidder intends to:

- cause an application to be made to ASIC to seek to cause AOF to be deregistered so that it would cease being a “registered scheme”;
- cause AUIREL to retire and be replaced as responsible entity of AOF (or as trustee of AOF, if AOF has ceased to be a “registered scheme”) by a person nominated by Starwood Bidder. The identity of the person will depend on whether or not AOF is a registered management investment scheme and an analysis of the licensing requirements (if any) that would be imposed on a successor trustee;
- nominate a new person to be appointed as investment manager for AOF; and
- if, following the appointment of a new person as responsible entity of AOF, AUPM has a right to elect and elects to terminate the property management agreement, support a new person (or persons) to be appointed as property manager and commence a process of orderly transition of property management to that new property manager (or managers).

(c) General operational review

Following the close of the Offer, Starwood Bidder will, to the extent that information is available to it, conduct a broad-based review of AOF’s portfolio and management on both a strategic and financial level to:

- evaluate the AOF Group’s and each of the Properties’ performance, profitability and prospects; and
- ensure that the management of AOF’s portfolio is consistent with Starwood’s general management policy and strategy.

This may lead to further acquisitions, disposals or developments in due course.

Based on publicly released information, Starwood Bidder’s current intention is to support a change in asset management strategy and in particular:

- a change to the return profile of AOF from income-yielding to one that maximizes IRR for AOF Unitholders;
- a change to the AOF Group’s leverage to increase it from approximately 30% to approximately 75% of AOF’s asset value (which may result in a higher overall cost of debt);
- the divestment of assets of the AOF Group over time in keeping with optimising the overall return profile. Starwood Bidder plans a liquidation of all of the assets in the portfolio over time including indicatively seeking to sell more than half of the portfolio assets within a year of the current responsible entity being replaced;
- an amendment to the distribution policy, such that all excess cash is distributed to equity holders (for example, on the sale of

assets or re-leveraging). As a result of this change in strategy, the distribution profile of AOF would change significantly going forward compared to how this is managed today. Currently, AOF pays out a stable level of distributions and in the future these capital distributions would become lumpy in nature;

- exploration of the redevelopment potential of all assets across the portfolio;
- monetisation of the development potential of 2 Valentine Avenue asset in a way that enhances IRR for AOF Unitholders; and
- optimisation of the leasing strategy across the portfolio,

(“**Starwood Proposed Asset Management Strategy**”).

(d) Financing arrangements

Certain financing arrangements for AOF are subject to review events and defaults triggered by change of control. Failure to obtain applicable consents or waivers could lead to the relevant financing arrangements becoming repayable earlier than they would otherwise be repayable.

It is a condition of the Offer that no person exercises, or purports to exercise or states an intention to exercise any rights which result or could result, to an extent which is material in the context of the AOF Group as a whole, in monies borrowed being or becoming repayable, or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument.

Starwood Bidder will support the responsible entity seeking required consents and waivers to any change of control arising from the Offer from the financiers to the AOF Group itself.

If relevant consents cannot be obtained, Starwood Bidder may draw on existing sources within the Starwood Bidder Group or external third party debt to refinance existing financing arrangements.

(e) ASX Listing

At the conclusion of the compulsory acquisition process, Starwood Bidder intends to actively encourage the responsible entity of AOF to apply for the removal of AOF from the official list of ASX.

7.4 No intentions to acquire less than 90% of AOF Units

Starwood Bidder will not declare the Offer free from the 90% minimum acceptance condition. In these circumstances, it is not possible for Starwood Bidder to acquire AOF Units under the Offer without becoming entitled to compulsorily acquire the outstanding AOF Units.

7.5 Intentions generally

Except for the changes and intentions set out in this section 7, Starwood Bidder intends, based on the information presently known to it, to continue the business of AOF.

8 Starwood Bidder Funding

8.1 Overview

The consideration for the acquisition of AOF Units to which the Offer relates will be satisfied wholly in cash.

8.2 Consideration

Based on the number of AOF Units on issue at the date of this Bidder's Statement, the maximum amount of cash that would be payable by Starwood Bidder under the Offer if acceptances were received for all AOF Units, is approximately \$485 million.

On 13 March 2020, Starwood Bidder and Starwood entered into the Bid Funding Agreement. Pursuant to the Bid Funding Agreement, Starwood has agreed to provide Starwood Bidder with all amounts Starwood Bidder requires to make payment of the consideration pursuant to the Offer as and when those payments are due to be made.

8.3 Sources of Cash Consideration

Starwood Bidder intends to finance the Offer from the available and committed capital of Starwood Global Opportunity Fund XI which is managed by SCG.

Starwood Bidder has also had discussions with various lenders in relation to funding the Offer, however, undrawn capital in excess of the amount payable by Starwood Bidder if acceptances are received for all AOF Units is available and can be drawn from Starwood Global Opportunity Fund XI by Starwood to meet any obligations of Starwood Bidder to fund the Offer.

8.4 Provision of Cash Consideration

On the basis of the arrangements described in this section, Starwood Bidder is of the opinion that it has a reasonable basis for holding the view, and holds the view, that Starwood Bidder will be able to provide 100% of the consideration offered under the Offer.

9 Taxation considerations

9.1 Introduction

The following is an outline of the principal Australian income tax consequences generally applicable to an AOF Unitholder who disposes of AOF Units by accepting the Offer. The comments set out below are also relevant to those AOF Unitholders who do not accept the Offer if Starwood Bidder proceeds to compulsorily acquire their AOF Units following Starwood Bidder having a relevant interest in at least 90% of AOF Units on issue at any time during the Offer Period.

This summary does not consider the Australian tax considerations that may be relevant for:

- (a) AOF Unitholders who hold (or will hold) units in AOF as trading stock or on revenue account, or who are exempt from Australian income tax, or are subject to the Taxation of Financial Arrangements rules in Division 230 of the *Income Tax Assessment Act 1997*;
- (b) financial institutions, insurance/life insurance companies, partnerships, tax exempt organisations or temporary residents;
- (c) dealers in the Units;
- (d) Australian residents who hold their Units as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- (e) AOF Unitholders who change their tax residence while holding Units; or
- (f) AOF Unitholders who invest indirectly into AOF through directed portfolio services, master funds or other portfolio administration services.

This outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the regulations made under those acts, taking into account Starwood Bidder's understanding of the current administrative practices of the Australian Taxation Office. This outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to particular AOF Unitholders.

This outline does not constitute tax advice. It is recommended that each AOF Unitholder consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their AOF Units in light of current tax laws and their particular circumstances.

9.2 Taxation on the disposal of AOF Units

If you accept the Offer, or if Starwood Bidder proceeds to compulsorily acquire your AOF Units, the disposal of your AOF Units will be a CGT event.

For AOF Unitholders who accept the Offer, the date of the CGT event will be the date the contract to dispose of your AOF Units is formed, being the date the Offer is accepted and becomes unconditional. If your AOF Units are compulsorily acquired, the date of the CGT event will be the date when Starwood Bidder becomes the owner of your AOF Units.

9.3 Australian resident AOF Unitholders

AOF Unitholders may make a capital gain or loss on the transfer of the AOF Units. You should realise a capital gain on an AOF Unit to the extent that the amount you receive for the disposal of that AOF Unit is more than the cost base of that AOF Unit. You should realise a capital loss on an AOF Unit to the extent that the amount you receive for the disposal of that AOF Unit is less than the reduced cost base of that AOF Unit. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

Broadly, the cost base of an AOF Unit is the total of the amount you paid for the AOF Unit and certain acquisition and disposal costs in respect of that AOF Unit. However, there are circumstances where this may not be the case and we recommend that you speak to your tax adviser to confirm the cost base of your AOF Units. The reduced cost base of an AOF Unit is usually determined in a similar, but not identical, manner.

Any net capital gain in respect of an income year would be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year would be calculated by aggregating all of your capital gains realised in respect of that income year and reducing that amount by your capital losses realised in that income year and any net capital losses from prior years that can be utilised. That amount may be further reduced by other concessions, particularly under the discount CGT rules.

AOF Unitholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of AOF Units held for at least 12 months at the time they are taken to have disposed of their AOF Unit, meaning only 50% (in the case of individuals and trusts) or 66.6% (in the case of complying superannuation funds) of the capital gain will be included in the net capital gains. Companies are not eligible for discount capital gains treatment.

The above comments do not apply to you if you buy and sell securities in the course of a business, or if you acquired the AOF Units for resale at a profit. In those cases, any gain will generally be taxed as ordinary income. You should seek your own advice.

AOF Unitholders should seek their own advice as to the tax consequences of disposing of their AOF Units, in particular as to the availability of the discount capital gains tax concession.

9.4 Non-resident AOF Unitholders

If you are not a resident of Australia for tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your AOF Units if (1) you do not hold a “non-portfolio interest” in AOF; and (2) the AOF Units have not been used at any time in carrying on business in Australia through an Australian permanent establishment.

Very broadly, you hold a “non-portfolio interest” in AOF if you (together with your associates) own, or owned, throughout a 12 month period during the 2 years preceding the disposal of your AOF Units, 10% or more of the AOF Units in AOF.

If you do hold a “non-portfolio interest” in AOF you will generally only have to pay Australian tax on any capital gain when you dispose of your AOF Units if the AOF Units pass the “principal asset test”.

Broadly, the AOF Units would pass the “principal asset test” if the market value of AOF’s direct and indirect interests in Australian real property (as defined) is more than the market value of its other assets at the time of disposal.

Detailed calculations are necessary to determine the results of the “principal asset test”. However, based on the profile of AOF, it is expected that the ‘principal asset test’ should be satisfied.

If you hold a “non-portfolio interest” in AOF or have carried on business in Australia at any time through a permanent establishment, you should contact your taxation adviser to determine if any capital gain on the disposal of the AOF Units is taxable.

If you buy and sell securities in the course of a business, or acquired the AOF Units for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own advice.

You should seek advice from your taxation adviser as to the taxation implications of accepting the Offer in your country of residence.

9.5 Foreign resident CGT withholding obligations

Starwood Bidder may have obligations to pay to the Commissioner of Taxation an amount equal to 12.5% of the consideration under section 14-200(3) of schedule 1 to the *Taxation Administration Act 1953* (Cth) in relation to foreign resident capital gains withholding, subject to certain exceptions.

These rules may apply to the Offer if Starwood Bidder:

- (a) knows or reasonably believes that the AOF Unitholder is a foreign resident; or
- (b) does not reasonably believe that the AOF Unitholder is an Australian resident, and either:
 - (i) the AOF Unitholder has an address outside Australia; or
 - (ii) Starwood Bidder is authorised to provide a related financial benefit to a place outside Australia (whether to the AOF Unitholder or to anyone else).

If Starwood Bidder determines that it has an obligation to make a payment as described above, then a liability to foreign resident capital gains withholding tax (“**FRCGWHT**”) will be expected to arise if:

- (a) that AOF Unitholder together with its associates held 10% or more of the AOF Units at the time of disposal or for any continuous 12 month period within 2 years preceding the disposal; and
- (b) the principal asset test is satisfied.

Where the principal asset test is satisfied for AOF, Starwood Bidder must withhold the relevant amount from the consideration and pay that amount to the Commissioner. You will only receive the net proceeds and will be taken to receive the full consideration for the purposes of this Offer.

Relevant foreign resident

As noted above, the FRCGWHT rules are intended to apply to AOF Unitholders that are foreign residents.

Starwood Bidder will look at a number of factors in determining whether it considers, or reasonably believes, that an AOF Unitholder will be a 'relevant foreign resident' for the purpose of Subdivision 14-D including circumstances in which the AOF Unitholder:

- (a) is classified as a non-resident in the register of AOF or has non-Australian domicile per the register of AOF;
- (b) has a foreign registered address;
- (c) is not incorporated in Australia; or
- (d) is a corporate securityholder and otherwise has a registered name that leads the bidder to reasonably believe that the corporate securityholder is not an Australian incorporated corporate entity.

If Starwood Bidder considers, or reasonably believes, that you are a 'relevant foreign resident' and you hold an interest of 8% or more in AOF, you should refer to the section in the Acceptance Form titled "Non-Withholding Declaration". In this section, you may declare that you are an Australian tax resident or that your holding in AOF is not an indirect Australian real property interest because you, together with your associates, have not held 10% or more of the AOF Units for any continuous 12 month period within 2 years. Where such a declaration has been made, no amount of the consideration will be withheld for FRCGWHT purposes.

If you are unsure of how to complete this section of the Acceptance Form, you should consult your tax advisor. If this section is not completed, 12.5% of the consideration may be withheld and remitted to the Commissioner.

9.6 GST and Stamp Duty

You should not be liable for stamp duty or GST on a disposal of your AOF Units.

10 Additional information

10.1 ASIC modifications

ASIC has published various “class order” instruments providing for modifications and exemptions that apply generally to all persons, including Starwood Bidder, in relation to the operation of Chapter 6 of the Corporations Act.

Among others, Starwood Bidder has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 5(d) of ASIC Class Order 13/521 “Takeover bids” to include in this Bidder’s Statement, without obtaining specific consents, statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX.

If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge), please call the Starwood Bidder Information Line on 1300 140 303 (callers in Australia) or +61 3 9415 4320 (callers outside Australia) between 8.30am and 5.00pm (Sydney time) on Business Days.

10.2 Other regulatory matters

Starwood Bidder is a “foreign government investor” for the purposes of the FIRB Act as greater than 20% of its investors are foreign government investors from a single country. If Starwood Bidder acquires more than 20% of AOF, AOF will similarly be treated as a foreign person / foreign government investor for purposes of the FIRB Act.

Starwood Bidder has sought approval for the Offer under the FIRB Act and expects to receive this approval in due course.

10.3 Pre Bid Agreements

On 29 January 2020, SOF-XI Legs Holding Limited entered into a Pre Bid Agreement with each of:

- (a) Maso Capital Investments Limited, Blackwell Partners LLC Series A, Star V Partners LLC and Maso Capital Arbitrage Fund;
- (b) Glazer Capital LLC in its capacity as investment manager of each of Glazer Capital Management, LP, Glazer Enhanced Fund, LP, Glazer Enhanced Offshore Fund, Ltd and Highmark Limited in respect of its Segregated Account Highmark Multi- Strategy 2;
- (c) FMAP ACL Limited; and
- (d) Athos Capital Limited in its capacity as investment manager of the Athos Asia Event Driven Master Fund,

(each a “**Pre Bid AOF Unitholder**”).

Under each Pre Bid Agreement, each Pre Bid AOF Unitholder has agreed not to dispose of its AOF Units (subject to certain exceptions), to grant SOF-XI Legs Holding Limited (or its nominee) an option to acquire its AOF Units and to accept a takeover by SOF-XI Legs Holding Limited (or its nominee) in respect of its AOF Units.

10.4 Consents

This Bidder’s Statement includes statements which are made in, or based on statements made in, documents announced on the company announcements platform of ASX by AOF. No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder’s Statement in the form and context in which it is included.

A copy of these documents or publications can be obtained from ASX.

This Bidder's Statement contains statements made by, or statements based on statements made by, each of:

- SOF-11 International SCSp (on its own behalf and on behalf of Starwood Global Opportunity Fund XI);
- Starwood Capital Group;
- Rothschild & Co, named as financial adviser to Starwood Bidder;
- King & Wood Mallesons, named as legal adviser to Starwood Bidder; and
- Computershare Investor Services Pty Limited (ABN 48 078 279 277), named as Starwood Bidder's securities registry for the Offer.

Each person named in this section has consented to be named in this Bidder's Statement and, to the extent applicable, to the inclusion of:

- (a) each statement it has made; and
- (b) each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear.

10.5 Other material information

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by an AOF Unitholder whether or not to accept an Offer; and
- (b) known to Starwood Bidder,

and has not previously been disclosed to the AOF Unitholders.

11 Glossary

11.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

Acceptance Form means the form of acceptance and transfer accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of Starwood Bidder.

Announcement Date means 29 January 2020, being the date of announcement of the Offer.

AOF means Australian Unity Office Fund (ARSN 113 369 627) and includes where applicable the Australian Unity Office Fund acting through its responsible entity.

AOF Group means AOF and each of its Subsidiaries and **AOF Group Member** means any member of the AOF Group.

AOF Unitholders means holders of AOF Units.

AOF Units means ordinary units in the issued capital of AOF.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited or the market operated by it, as the context requires.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

ASX Settlement Participant means a participant under the ASX Settlement Operating Rules.

AUFML means Australian Unity Funds Management Limited (ABN 60 071 497 115).

AUIREL means Australian Unity Investment Real Estate Limited (ABN 86 606 414 368) in its capacity as responsible entity of AOF.

AUIREL Group means AUIREL and each of its Related Bodies Corporate and **AUIREL Group Member** means any member of the AUIREL Group.

AUPM means Australian Unity Property Management Pty Ltd (ABN 76 073 590 600).

Australian Unity means Australian Unity Limited (ABN 23 087 648 888).

Bidder's Statement means this document, being the statement of Starwood Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Broker means a person who is a share broker and a participant in CHESS.

Business Day means a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).

CHAB Scheme means the proposed acquisition of all AOF Units by Abacus Property Group and Charter Hall Group for \$2.95 per AOF Unit, by way of a trust scheme, announced on 4 June 2019.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.

CHESS Holding means a holding of AOF Units on the CHESS subregister of AOF.

Control has the meaning given in section 50AA of the Corporations Act.

Controlling Participant means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the PPSA, or any agreement to create any of them or allow them to exist.

Facilitation Agreement means any agreement entered into between Starwood Bidder or its nominee and an AUIREL Group Member in connection with the role of that AUIREL Group Member in the management of the AOF Group.

FIRB Act means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Funds from Operations means, in respect of AOF, "funds from operations" calculated in a manner that is consistent with the methodology for the calculation of underlying and recurring "funds from operations" in the financial statements for AOF for the 12 month period ending 30 June 2019. For the avoidance of doubt, in respect of AOF, "funds from operations" is calculated by reference to the Property Council of Australia's definition of "funds from operations" pursuant to which the statutory Australian Accounting Standards net profit is adjusted for non-cash changes in investment properties, non-cash impairment of goodwill, non-cash fair value adjustments to financial instruments, amortisation of incentives and leasing costs, rental straight-line adjustments and other unrealised or one-off items (including any costs incurred in connection with the Offer).

HIN means a Holder Identification Number, which is the number that starts with an "X", allocated by your Controlling Participant, to identify an AOF Unitholder with a CHESS Holding.

Hume Partners means Hume Partners Pty Ltd (ABN 72 167 864 511).

Insolvent means, in relation to a person:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property;

- (c) it is subject to any arrangement (including a deed of company arrangement or scheme of arrangement), assignment, moratorium, compromise or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this document);
- (d) an application or order has been made (and in the case of an application which is disputed by the person, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in any of the above paragraphs;
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this document reasonably deduces it is so subject);
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to any of the things described in the above paragraphs happens in connection with that person under the law of any jurisdiction.

IRR means internal rate of return.

Issuer Sponsored Holding means a holding of AOF Units on AOF's issuer sponsored subregister.

Keppel Capital means Keppel Capital Two Pte Ltd, a wholly-owned Subsidiary of Keppel Capital Holdings Pte Ltd.

Last Practical Date means 11 March 2020.

Legs Bid Co means Legs Bid Co Services Pty Ltd (ACN 639 422 576).

Material Lease means any lease for premises on, or right to occupy, any Property under which the rent or occupancy fee or charge (as applicable) payable by the tenant or occupier (as applicable) is greater than \$250,000 per annum.

NTA means net tangible assets.

Offer means the offer by Starwood Bidder under an off-market takeover bid to acquire AOF Units (and for the avoidance of doubt includes each such offer made to an individual AOF Unitholder pursuant to that offer).

Offer Period means the period during which the Offer is open for acceptance.

Offer Terms means the terms of the Offer set out in Appendix 1 to this Bidder's Statement.

Properties means:

- (a) 2 Eden Park Drive (and also referred to as 3 Eden Park Drive), North Ryde, New South Wales (Lot 3 on DP1020108);

- (b) 5 Eden Park Drive, Macquarie Park, New South Wales (Lot 15 on DP1148612);
- (c) 10 Valentine Avenue, Parramatta, New South Wales (Lot 2 on DP1119257);
- (d) 30 Pirie Street, Adelaide, South Australia (Volume 6177 Folio 723);
- (e) 150 Charlotte Street, Brisbane, Queensland (Lot 1 on Registered Plan 189266, title reference 50151983);
- (f) 32 Phillip Street, Parramatta, New South Wales (Lot 12 on DP790350);
- (g) 64 Northbourne Avenue, Canberra, Australian Capital Territory (Block 6 Section 26 City, Volume 1538 Folio 99);
- (h) 241 Adelaide Street (and also referred to as 243 Adelaide Street), Brisbane, Queensland (Lot 1 on Registered Plan 948 title reference 17132167 and Lot 695 on CP SL12260, title reference 40006547 and tenure reference SL 0/207463); and
- (i) 468 St Kilda Road, Melbourne, Victoria (Volume 10460 Folio 746),

and any land that is adjacent to any of the above properties that is owned by the AOF Group, and **Property** means any one of them.

Public Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Register Date means 7.00pm on the date set by Starwood Bidder under section 633(2) of the Corporations Act.

Related Body Corporate has the meaning given in section 50 of the Corporations Act but as if all references in that section to "subsidiary" were replaced with references to "Subsidiary" as defined in this Glossary.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from AOF Units directly or indirectly after the date of this Bidder's Statement, including but not limited to all distributions and all rights to receive any distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by an AOF Group Member.

SCG means Starwood Capital Group.

Security Interest has the meaning given in section 51A of the Corporations Act.

SRN means a Security holder Reference Number, which is the number which starts with an "I", allocated by AOF to identify an AOF Unitholder with an Issuer Sponsored Holding.

Starwood means SOF-11 International SCSp, a Luxembourg limited partnership which forms part of the Starwood Global Opportunity Fund XI.

Starwood Bidder means Legs Bid Co in its capacity as trustee for Legs Bid Trust (ABN 80 197 164 617).

Starwood Bidder Group means Starwood Bidder and each of its Related Bodies Corporate and **Starwood Bidder Group Member** means any member of the Starwood Bidder Group.

Starwood Bidder's Takeover Transferee Holding means the holding of AOF Units on the CHES subregister of Starwood Bidder established for the purposes of the Offer.

Subsidiary of an entity means another entity which is a subsidiary of the first entity within the meaning of the Corporations Act but as if all references to "body corporate" and "body" were replaced with references to "entity" and, without limitation: (i) a trust may be a subsidiary of an entity, for the purposes of which a unit or other beneficial interest will be regarded as a share; (ii) an entity may be a subsidiary of a trust if it would have been a subsidiary if that trust were a body corporate; (iii) where a trust is a subsidiary of an entity, the trustee of that trust (acting in that capacity) will also be a subsidiary of that entity; and where the relevant entity is a trust, a reference to controlling the composition of the entity's board is taken to be a reference to controlling the appointment of the trustee or responsible entity of the trust.

Treasurer means the Treasurer of the Commonwealth of Australia.

VWAP means volume weighted average price.

11.2 General Interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) a reference to "**person**" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Sydney time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to "**law**" includes common law, principles of equity and legislation (including regulations);
- (j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (k) a reference to "**regulations**" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);

- (l) a reference to any thing (including an amount) is a reference to the whole and each part of it;

11.3 Terms defined in the Corporations Act or the ASX Settlement Operating Rules

Unless the contrary intention appears, a term not specifically defined in this document has the meaning given to it (if any) in the Corporations Act or ASX Settlement Operating Rules when used in this document.

12 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Starwood Bidder on 13 March 2020.

Signed by James Fogarty of Legs Bid Co Services Pty Ltd (ACN 639 422 576) in its capacity as trustee for Legs Bid Trust (ABN 80 197 164 617) in accordance with section 351 of the Corporations Act.



James Fogarty

Director

Date: 13 March 2020

Appendix 1 - Formal terms of the offer

1 Offer

Starwood Bidder offers to acquire all of your AOF Units, together with all Rights attaching to them, on the following terms and conditions. This Offer relates to AOF Units that exist or will exist at the Register Date.

You may only accept this Offer for all of your AOF Units.

By accepting this Offer, you undertake to transfer to Starwood Bidder not only the AOF Units to which this Offer relates but also all Rights attached to those AOF Units (see clauses 5.4 and 5.5).

2 Consideration

The consideration offered for each AOF Unit is A\$2.98 cash.

3 Offer Period

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being **27 March 2020**, and ending at 7.00pm (Sydney time) on:

- (a) **27 April 2020**; or
- (b) any date to which the period of this Offer is extended in accordance with the Corporations Act,

whichever is the later.

4 How to accept this Offer

4.1 Acceptance Forms

Acceptances must be received in the manner specified below prior to the close of the Offer Period at 7.00pm Sydney time on 27 April 2020, unless extended (and in the case of any acceptance in respect of a CHESS Holding, lodged at or sent to an addresses as indicated under clause 4.3(e) before 7.00pm on the second last business day of the Offer Period in accordance with clause 4.3(a)(iii)).

4.2 All of your holding

This Offer is for all of your AOF Units.

4.3 Acceptance procedure for AOF Unitholders

How you accept this Offer depends on whether your AOF Units are held in a CHESS Holding or an Issuer Sponsored Holding (the Acceptance Form outlines which type of holding you have):

- (a) **If you hold your AOF Units in a CHESS Holding** (your HIN starts with an "X") you must comply with the ASX Settlement Operating Rules.

If you hold your AOF Units in a CHESS Holding, to accept this Offer you must either:

- (i) instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or
 - (ii) complete and sign the Acceptance Form and send the completed Acceptance Form (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your broker) in sufficient time for this Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
 - (iii) complete and sign the Acceptance Form and lodge it by returning it to an address as indicated under clause 4.3(e) so that your acceptance is received before 7.00pm on the second last Business Day of the Offer Period. This will authorise Starwood Bidder to instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf.
- (b) **If you are a Broker or an ASX Settlement Participant**, to accept this Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.
- (c) **If you hold your AOF Units in an Issuer Sponsored Holding** (your SRN starts with an "I")

If your AOF Units are in an Issuer Sponsored Holding, to accept this Offer you must **complete and sign** the Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Acceptance Form) to an address as indicated under clause 4.3(e) so that your acceptance is received before the end of the Offer Period.

- (d) **If some of your AOF Units are held in a number of forms**

If some of your AOF Units are in different holdings, your acceptance of this Offer will require action under clauses 4.3(a) and 4.3(c) in relation to the separate portions of your AOF Units.

- (e) **Postal and delivery addresses**

The postal address for completed Acceptance Forms is:

Computershare Investor Services Pty Limited
GPO Box 52, Melbourne VIC 3001, Australia

If you hold your AOF Units in an Issuer Sponsored Holding, a reply paid envelope is enclosed for your convenience. AOF Unitholders outside Australia will need to affix postage.

The transmission of the Acceptance Form and other documents is at your own risk.

(f) **Acceptance Form**

The Acceptance Form which accompanies this Offer forms part of it. Subject to clause 4.5, the requirements on the Acceptance Form must be observed in accepting this Offer in respect of your AOF Units.

4.4 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased AOF Unitholder, a certified copy of the relevant grant of probate or letters of administration.

4.5 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.3(e) and the requirements of clause 4 have otherwise been met, provided that:

- (a) Starwood Bidder may in its sole discretion and without notice to you waive any or all of those requirements at any time (including but not limited to requirements in relation to the manner or method of acceptance, or the deadline for receipt of acceptances specified under clause 4.3(a)(iii)); and
- (b) where such requirements have been complied with in respect of some but not all of your AOF Units, Starwood Bidder may, in its sole discretion, deem your acceptance of this Offer complete in respect of those AOF Units for which the requirements have been complied with but not in respect of the remainder (unless Starwood Bidder waives those requirements in accordance with clause 4.5(a)).

Where Starwood Bidder elects to waive any requirement of clause 4, your acceptance of this Offer will be complete regardless of any failure by you to comply with the waived requirement.

5 Payment for your units

5.1 How payment for your units will be made

The consideration payable by Starwood Bidder to you in respect of your AOF Units will be paid to you by cheque in Australian currency.

5.2 When consideration is paid

Subject to clause 5.3, if the contract resulting from your acceptance of this Offer becomes unconditional, Starwood Bidder will provide the consideration to which you are entitled on acceptance of this Offer on or before the earlier of:

- (a) one month after the date this Offer is validly accepted by you or, if this Offer is subject to a defeating condition when accepted, within one month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

5.3 Where additional documents are required

Where the Acceptance Form or any subsequent request from Starwood Bidder requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document reasonably requested by Starwood Bidder to give better effect to your acceptance):

- (a) if the documents are given with your acceptance, Starwood Bidder will provide the consideration in accordance with clause 5.2; or
- (b) if the documents are given after acceptance and before the end of the Offer Period and this Offer is subject to a defeating condition at the time that Starwood Bidder is given the documents, Starwood Bidder will provide the consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after the contract resulting from your acceptance of this Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period; or
- (c) if the documents are given after acceptance and before the end of the Offer Period and this Offer is unconditional at the time that Starwood Bidder is given the documents, Starwood Bidder will provide the consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after Starwood Bidder is given the documents; and
 - (ii) 21 days after the end of the Offer Period; or
- (d) if the documents are given after the end of the Offer Period, Starwood Bidder will provide the consideration within 21 days after the documents are given; but if at the time Starwood Bidder is given the documents, the contract resulting from your acceptance of this Offer is still subject to one or more of the conditions referred to in paragraph (i) of Appendix 2, Starwood Bidder will provide the consideration within 21 days after that contract becomes unconditional.

If you do not provide Starwood Bidder with the required additional documents within one month after the end of the Offer Period, Starwood Bidder may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

5.4 Where Starwood Bidder is entitled to any Rights

If Starwood Bidder becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Starwood Bidder all documents necessary to vest those Rights in Starwood Bidder or otherwise to give Starwood Bidder the benefit or value of those Rights. If you do not give those documents to Starwood Bidder, or if you have received the benefit of those Rights, then Starwood Bidder may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Starwood Bidder) of those Rights in accordance with clause 5.5.

5.5 Rights generally

If:

- (a) you have (or any previous holder of your AOF Units has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or

- (b) you are (or any previous holder of your AOF Units is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a distribution, if you are (or any previous holder of your AOF Units is) the registered holder of the unit at the specified time for determining those entitled to the distribution); or
- (c) your AOF Units were issued (or otherwise came into existence) on or after the specified time for determining entitlements in respect of any Rights to AOF Unitholders,

then:

- (d) in the case of Rights to non-cash benefits, Starwood Bidder may deduct the value (as reasonably assessed by Starwood Bidder) of such Rights from any consideration otherwise payable to you; or
- (e) in the case of Rights to cash benefits, Starwood Bidder may deduct the amount of such Rights from any consideration otherwise payable to you.

If Starwood Bidder does not, or cannot, make such a deduction, you must pay such value or amount to Starwood Bidder.

5.6 Manner of payment

Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as determined by Starwood Bidder) in Australian currency. Cheques will be sent to the address on the AOF Unitholder register, by standard mail or, if you have an overseas address, by pre-paid airmail.

5.7 Clearances for offshore residents

If, at the time of acceptance of this Offer, any consent, authority or clearance is required for you to receive any consideration under this Offer including, but not limited to consent, authority or clearance:

- (a) of the Minister for Foreign Affairs under:
 - (i) the *Charter of the United Nations Act 1945 (Cth)* or the *Charter of the United Nations (Dealing with Assets) Regulations 2008*; or
 - (ii) the *Autonomous Sanctions Regulations 2011*; or
- (b) of the Australian Taxation Office; or
- (c) under any other law of Australia or regulation under the *Charter of the United Nations Act 1945 (Cth)*,

then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all such consents, authorities or clearances have been obtained by Starwood Bidder.

6 Conditions of this Offer

6.1 Conditions

This Offer and the contract that results from acceptance of this Offer are subject to fulfilment of the conditions set out in Appendix 2.

6.2 Nature of conditions

Each of the conditions set out in each paragraph and subparagraph of Appendix 2:

- (a) constitutes and will be construed as a separate, several and distinct condition;
- (b) is a condition subsequent with the exception of the condition specified in paragraph (b) of Appendix 2, which is a condition precedent - any contract resulting from acceptance of this Offer will not become binding unless and until the condition in paragraph (b) of Appendix 2 is fulfilled; and
- (c) until the expiration of the Offer Period (or in the case of the conditions referred to in paragraph (i) of Appendix 2, until three Business Days after the end of the Offer Period) will be for the benefit of Starwood Bidder alone and may be relied upon only by Starwood Bidder.

6.3 FIRB Act

The condition specified in paragraph (b) of Appendix 2 is a condition precedent. Any contract resulting from acceptance of this Offer will not become binding unless and until the condition in paragraph (b) of Appendix 2 is fulfilled. Starwood Bidder intends not to waive this condition.

6.4 Effect of breach or non-fulfilment

The breach or non-fulfilment of any of the conditions subsequent set out in Appendix 2 does not, until the end of the Offer Period, prevent a contract arising to acquire your AOF Units resulting from your acceptance of this Offer but, if at the end of the Offer Period (or, in the case of the conditions in paragraph (i) of Appendix 2 at the end of three business days after the end of the Offer Period), in respect of any condition in Appendix 2:

- (a) Starwood Bidder has not declared this Offer (and it has not become) free from that condition; and
- (b) that condition has not been fulfilled,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such a case, Starwood Bidder will notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19 of the ASX Settlement Operating Rules.

6.5 Best endeavours in relation to conditions

- (a) Starwood Bidder will:
 - (i) use its best endeavours to procure that the conditions in paragraphs (b) and (c) of Appendix 2 are satisfied; and
 - (ii) not do or omit to do anything for the purpose of causing a breach of any such condition.

6.6 Starwood Bidder may decide Offer is free from all or any of the conditions

Apart from the condition specified in paragraph (b) of Appendix 2 (which Starwood Bidder will not waive unless the necessary approval has already been obtained), Starwood Bidder may at any time at its sole discretion, but in compliance with the Corporations Act, declare the Offer free from all or any of the conditions set out in each paragraph and subparagraph of Appendix 2 by notice in writing to AOF:

- (a) in the case of the conditions referred to in paragraph (i) of Appendix 2 - not later than three Business Days after the end of the Offer Period; or
- (b) in any other case - not later than seven days before the end of the Offer Period.

6.7 Date for giving notice on status of conditions

The date for giving a notice on the status of the conditions as required by section 630(1) of the Corporations Act is 20 April 2020, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

7 Effect of Acceptance

7.1 Revocation of acceptance

Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your AOF Units, except as follows:

- (a) if, by the times specified in clause 7.2, the conditions in Appendix 2 have not all been fulfilled or waived, then this Offer will automatically terminate and your AOF Units will be returned to you; or
- (b) if the Offer Period is varied in a way that postpones for more than one month the time when Starwood Bidder has to meet its obligations under the Offer and, at that time, this Offer is subject to one or more of the conditions in Appendix 2, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.

7.2 Times

The relevant times for the purposes of clause 7.1(a) are:

- (a) in the case of the defeating conditions referred to in paragraph (i) of Appendix 2 - three Business Days after the end of the Offer Period; and
- (b) in the case of all other defeating conditions in Appendix 2 - the end of the Offer Period.

7.3 Your agreement

By signing and returning the Acceptance Form, or otherwise accepting this Offer you will be deemed to have:

- (a) irrevocably authorised Starwood Bidder to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your AOF Units (including details of a parcel of AOF Units required by clause 10.4(b));
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your AOF Units to Bidder, and agreed to provide any document reasonably requested by Starwood Bidder to make the Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance; and

- (b) if any of your AOF Units are in a CHESS Holding, irrevocably authorised Starwood Bidder to:
- (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such AOF Units in accordance with the ASX Settlement Operating Rules; and
 - (ii) give any other instructions in relation to those AOF Units to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and
- (c) agreed to indemnify Starwood Bidder in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your AOF Units to Starwood Bidder being registered by AOF without production of your HIN or SRN; and
- (d) irrevocably accepted this Offer in respect of all your AOF Units despite any difference between that number and the number of AOF Units shown on the Acceptance Form; and
- (e) agreed to the terms and conditions of this Offer and, subject to the conditions contained in Appendix 2 being fulfilled or waived, agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to Starwood Bidder of your AOF Units; and
- (f) represented and warranted to Starwood Bidder, as a fundamental condition of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer of your AOF Units to Bidder:
- (i) you have paid to AOF all amounts which are due for payment in respect of your AOF Units; and
 - (ii) all of your AOF Units are fully paid and free from all Encumbrances and restrictions on transfer of any nature; and
 - (iii) you have full power and capacity to sell and transfer those AOF Units; and
- (g) on this Offer or any takeover contract becoming unconditional:
- (i) irrevocably appointed Starwood Bidder as attorney and agent (and directed Starwood Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Starwood Bidder as its sole proxy and, where applicable or appropriate, corporate representative to:
 - (A) call a unitholders' meeting, attend unitholders' meetings, exercise the votes attaching to the relevant AOF units registered in your name and sign any unitholders' resolution or document on your behalf
 - (B) receive from AOF or any other party, and retain, any unit certificates which were held by AOF, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee incentive scheme) or otherwise; and
 - (C) sign all documents (including an instrument appointing one of Starwood Bidder's directors as a proxy in

respect of any or all of your AOF Units and any application to AOF for a replacement certificate in respect of any unit certificate which has been lost or destroyed) and resolutions relating to your AOF Units, and generally to exercise all powers and rights which you may have as an AOF Unitholder and perform such actions as may be appropriate in order to vest good title in your AOF Units in Starwood Bidder, and to have agreed that, in exercising such powers, any such director is entitled to act in Starwood Bidder's interests as the beneficial owner and intended registered holder of your AOF Units; and

- (ii) agreed not to attend or vote at any unitholders' meetings or sign any resolutions, whether in person, by proxy or by corporate representative or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred to Starwood Bidder by 7.3(g)(i); and
- (iii) agreed to take all other actions in the capacity of a registered holder of AOF Units as Starwood Bidder reasonably directs; and
- (iv) irrevocably authorised and directed Starwood Bidder to direct AOF to pay to Starwood Bidder, or to account to Starwood Bidder for, all Rights in respect of your AOF Units, subject to Starwood Bidder accounting to you for any such Rights received by Starwood Bidder if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void; and
- (v) in accordance with clause 5.5, irrevocably authorised Starwood Bidder to adjust the consideration payable to you by the amount (or value, as reasonably assessed by Starwood Bidder) of all Rights in respect of your AOF Units; and
- (vi) irrevocably authorised Starwood Bidder to notify AOF on your behalf that your place of address for the purposes of serving notices upon you in respect of your AOF Units is the address specified by Starwood Bidder in the notification; and
- (vii) where, at that time, you have a right to be registered as a holder of the AOF Units the subject of your acceptance as the result of an on-market purchase (but are not an AOF Unitholder):
 - (A) agreed to use best endeavours to procure the delivery of the AOF Units the subject of your acceptance to Starwood Bidder in accordance with your acceptance (including giving Starwood Bidder all documents necessary to vest those AOF Units in Starwood Bidder or otherwise to give Starwood Bidder the benefit or value of those AOF Units);
 - (B) agreed not do or omit to do anything which may frustrate your acceptance of this Offer, or otherwise obstruct registration of the transfer of the AOF Units the subject of your acceptance to Starwood Bidder;
 - (C) irrevocably assigned to Starwood Bidder all contractual rights and recourse against the vendor in respect of your on-market purchase which contractual rights and

recourse may arise by reason of that person's failure to complete that trade;

- (D) agreed to assign to Starwood Bidder (without any further action being required) all rights in respect of your on-market purchase immediately on any failure by you to complete that trade, including irrevocably assigning to Starwood Bidder the right to (at Starwood Bidder's ultimate discretion) complete that trade on your behalf, and agreed that Starwood Bidder may deduct from the consideration otherwise payable to you (pursuant to a valid acceptance of this Offer and the delivery of the AOF Units the subject of that acceptance) any amount paid by Starwood Bidder in order to settle that on-market purchase on your behalf. If Starwood Bidder does not, or cannot, make such a deduction, you must pay such amount to Starwood Bidder; and
- (E) agreed that if you are unable to assign to Starwood Bidder any of the rights and recourse specified under clause 7.3(g)(vii)(C) and (D), you will assign such rights and recourse as soon as you are legally able to; and
- (viii) acknowledge and agree that in exercising the powers referred to in clause 7.3(g), Starwood Bidder and any director, officer, secretary or agent nominated by Starwood Bidder under 7.3(g)(i) may act in the best interests of Starwood Bidder as the intended registered holder of the relevant AOF Units; and
- (h) if at the time of acceptance of this Offer your AOF Units are in a CHES Holding, authorised, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free from all its conditions or those conditions are satisfied, Starwood Bidder to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to transfer all of your AOF Units to Starwood Bidder's Takeover Transferee Holding. Starwood Bidder will be so authorised even though at the time of such transfer it has not provided the consideration due to you under this Offer.

By accepting this Offer you will be deemed to have agreed to the matters set out in clauses 7.3(a) to (h), notwithstanding where this Offer has been caused to be accepted in accordance with the ASX Settlement Operating Rules.

Except in relation to AOF Units in a CHES Holding, Starwood Bidder may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your unit certificate(s) (if any) or there is non-compliance with any one or more of the other requirements for acceptance but, if Starwood Bidder does so, Starwood Bidder is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

8 Withdrawal

Starwood Bidder may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9 Variation

Starwood Bidder may vary this Offer in accordance with the Corporations Act.

10 Acceptances by transferees and nominees

10.1 Who may accept this Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your AOF Units may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and
- (b) any person who holds one or more parcels of AOF Units as trustee, nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

10.2 Holding units

- (a) A person is taken to hold AOF Units if the person is, or has a right to be registered as, the holder of those AOF Units.
- (b) A person who has a right to be registered as a holder of AOF Units may accept this Offer by completing and signing the Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on the Acceptance Form) to an address indicated under clause 4.3(e) so that the acceptance is received before the end of the Offer Period.

10.3 Holding units on trust or as a nominee

A person is taken to hold AOF Units on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular AOF Units; and
- (b) hold their interest in the AOF Units on trust for, as nominee for, or on account of, that other person.

10.4 Effective acceptance

An acceptance of an offer under clause 10.1(b) is ineffective unless:

- (a) the person who holds on account of another person, gives Starwood Bidder a notice stating that the AOF Units consist of a separate parcel; and
- (b) the acceptance specifies the number of AOF Units in that parcel.

References in this Offer to your AOF Units will be treated to relate to that separate parcel.

10.5 Notice of acceptance

A notice under clause 10.4(a) of these terms must be made:

- (a) if it relates to AOF Units entered on an ASX Settlement subregister - in an electronic form approved by the ASX Settlement Operating Rules; or
- (b) otherwise - in writing.

A person may, at the one time, accept for two or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

11 Other matters

11.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by Starwood Bidder to you in connection with this Offer will be deemed to be duly given if it is in writing and:

- (a) is delivered at your address as recorded on the register of members of AOF or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

11.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to Starwood Bidder, but before it has been received; or
- (b) for any other reason Starwood Bidder does not acquire the AOF Units to which your Acceptance Form relates,

you may request Starwood Bidder by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you, to such address as you nominate. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary mail. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

11.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this Offer and all stamp duty payable in respect of a transfer of AOF Units in respect of which Offers are accepted, will be paid by Starwood Bidder.

11.4 Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

11.5 Governing law

This Offer and any contract resulting from acceptance of it is governed by the law in force in New South Wales.

Appendix 2 - Conditions of the offer

The Offer and any contract resulting from acceptance of the Offer is subject to fulfilment of the following conditions:

- (a) **(minimum ownership)** during, or at the end of, the Offer Period, the number of AOF Units in which Starwood Bidder and its associates together have relevant interests (disregarding any relevant interest that arise merely because of the operation of section 608(3) of the Corporations Act) is at least 90% of all the AOF Units;
- (b) **(FIRB Act)** prior to the end of the Offer Period:
 - (i) the Treasurer (or the Treasurer's delegate) has provided a written no objection notification to the proposed acquisition by Starwood Bidder of AOF either without conditions or with conditions acceptable to Starwood Bidder; or
 - (ii) following notice of the proposed acquisition by Starwood Bidder of AOF having been given by Starwood Bidder to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired;
- (c) **(regulatory approvals)** before the end of the Offer Period, all approvals, waivers, exemptions, declarations or consents that are required by law, or by or from any Public Authority, as are necessary to permit the Offer to be lawfully made to and accepted by AOF Unitholders and to be completed are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same;
- (d) **(no restraining orders)** during the period beginning on the Announcement Date and ending at the end of the Offer Period:
 - (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; and
 - (ii) no application is made to any Public Authority (other than by any Starwood Bidder Group Member), or action or investigation is announced, threatened or commenced by a Public Authority, in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:
 - (iii) restrains, prohibits or impedes (or if granted could restrain, prohibit or impede), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Starwood Bidder in respect of AOF and the AOF Units to be acquired under the Offer; or

- (iv) requires the divestiture by Starwood Bidder of any AOF Units, or the divestiture of any assets of the AOF Group, the Starwood Bidder Group or otherwise;
- (e) **(no material adverse effect)** that no specified event occurs that, whether individually or when aggregated with all such specified events, will or is reasonably likely to have:
 - (i) a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of the AOF Group; or
 - (ii) without limiting the generality of (i), the effect of:
 - (A) a diminution in value of the consolidated net tangible assets of the AOF Group by at least \$23,000,000 against what it would reasonably have been expected to be but for the specified event; or
 - (B) a diminution in recurring Funds from Operations of at least \$1,400,000,

including as a result of making the Offer or the acquisition of AOF Units pursuant to the Offer. For these purposes, a “specified event” is:

- (iii) an event or occurrence that occurs during the Offer Period;
- (iv) an event or occurrence that occurs prior to the Offer Period but is only announced or publicly disclosed on or after the Announcement Date; or
- (v) an event or occurrence that will or is likely to occur following the Offer Period and which has not been publicly announced prior to the Announcement Date;
- (f) **(distributions)** during the period commencing on the Announcement Date and ending at the end of the Offer Period, AOF does not make or declare, or announce an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) except for:
 - (i) any distribution which has been publicly announced by AOF on the ASX before the Announcement Date; or
 - (ii) any quarterly distribution made in the ordinary course of business and consistent with prior practice;
- (g) **(no persons exercising rights under certain agreements or instruments)** during the period commencing on the Announcement Date and ending at the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which an AOF Group Member is a party, or by or to which an AOF Group Member or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of the AOF Group taken as a whole, in:
 - (i) any monies borrowed by an AOF Group Member being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;

- (ii) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- (iii) the interest of an AOF Group Member in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- (iv) the business of an AOF Group Member with any other person being adversely affected,

as a result of the acquisition of AOF Units by Starwood Bidder;

(h) **(Facilitation Agreement):**

- (i) before the end of the Offer Period, AOF obtains a report from an independent expert and, in that report, the independent expert opines (and does not alter, vary or amend that opinion before the end of the Offer Period) to the effect that no AUIREL Group Member will obtain a 'net benefit' (as that term is used in the Takeovers Panel Guidance Note 21: Collateral Benefits) as a result of any of the arrangements contained in any Facilitation Agreement; and
- (ii) before the end of the Offer Period, no Public Authority makes any preliminary or final decision, order or decree to the effect that a AUIREL Group Member will obtain a 'net benefit' (as that term is used in the Takeovers Panel Guidance Note 21: Collateral Benefits) as a result of any of the arrangements contained in any Facilitation Agreement;

(i) **(prescribed occurrences)** during the period beginning on the Announcement Date and ending at the end of the Offer Period, none of the following events happen:

- (i) AOF converts all or any of its units into a larger or smaller number of units;
- (ii) any AOF Group Member resolves to reduce its capital in any way;
- (iii) any AOF Group Member:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations;
- (iv) any AOF Group Member issues securities, or grants an option over its securities, or agrees to make such an issue or grant such an option;
- (v) any AOF Group Member issues, or agrees to issue, convertible notes;
- (vi) any AOF Group Member disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) any AOF Group Member charges, or agrees to charge, the whole, or a substantial part, of its business or property;

- (viii) any AOF Group Member resolves to be wound up;
 - (ix) a liquidator or provisional liquidator of AOF or of any AOF Group Member is appointed;
 - (x) a court makes an order for the winding up of any AOF Group Member;
 - (xi) an administrator of any AOF Group Member is appointed under sections 436A, 436B or 436C of the Corporations Act;
 - (xii) any AOF Group Member executes a deed of company arrangement; or
 - (xiii) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of an AOF Group Member.
- (j) **(no material acquisitions, disposals, new commitments or property transactions)** except for any proposed transaction publicly announced by AOF before the Announcement Date, none of the following events occurs during the period beginning on the Announcement Date and ending at the end of the Offer Period:
- (i) any AOF Group Member acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$1,000,000 or makes an announcement in relation to such an acquisition, offer or agreement;
 - (ii) any AOF Group Member disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as recorded in AOF's statement of financial position as at 30 June 2019) is, in aggregate, greater than \$1,000,000 or makes an announcement in relation to such a disposition, offer or agreement;
 - (iii) any AOF Group Member enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, management agreement or commitment which would require expenditure, or the foregoing of revenue, by any AOF Group Member of an amount which is, in aggregate, more than \$1,000,000, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement; or
 - (iv) without limiting the generality of the foregoing:
 - (A) any of the Properties (or any part of, or interest in, any of them) is disposed of, sold or transferred, or is agreed to be disposed of, sold or transferred, or any of the Properties otherwise cease to be owned by the AOF Group;
 - (B) any Security Interest is created or arises over any of the Properties;

- (C) any AOF Group Member enters into any commitment (including a lease or agreement for lease) in relation to any development, redevelopment or refurbishment project for a new or existing the AOF Group asset where the total project cost exceeds \$1,000,000 (including incentives) whether or not previously contemplated;
- (D) any of the Properties are destroyed or there is any physical damage to any Property such that the amount or value of the destruction or damage exceeds or would reasonably be expected to exceed \$1,000,000 after recovery of any insured amounts;
- (E) there is a material amendment or variation of any term in any Material Lease;
- (F) any tenant under a Material Lease gives notice that it intends to terminate, or will not renew, the relevant Material Lease;
- (G) any tenant under a Material Lease surrenders or threatens to surrender the relevant Material Lease;
- (H) any party to a Material Lease is in default or potential default under the relevant Material Lease, and:
 - (aa) that default, which if remediable is not remedied within any applicable grace periods, would or would be likely to give rise to a right of termination by the non-defaulting party; or
 - in the case of any such default or potential default by the tenant party to the relevant Material Lease:
 - the default is waived where the financial impact on the AOF Group will be in excess of \$1,000,000 (individually or in aggregate); or
 - (ab) any member of the AOF Group accepts as a compromise of such matter less than the full compensation due to the relevant member of the AOF Group where the financial impact of the compromise on the AOF Group is more than \$1,000,000 (individually or in aggregate);
- (I) any tenant under a Material Lease fails to make any payment due under the applicable lease and such payment is outstanding for a period in excess of 30 days;
- (J) any tenant under a Material Lease becomes Insolvent; or
- (K) any AOF Group Member incurring or agreeing to incur an amount of capital expenditure in excess of \$1,000,000 (in aggregate across all the Properties), other than capital expenditure that has been fully and fairly announced by AOF to ASX before the

Announcement Date as intended to be incurred or committed or capital expenditure in the day to day operating activities of the business of the AOF Group conducted in the same manner as before the Announcement Date;

- (k) **(responsible entity)** except for any proposed transaction publicly announced by AOF before the Announcement Date, none of the following events occurs during the period beginning on the Announcement Date and ending at the end of the Offer Period:
- (i) AUIREL implements, or agrees or proposes to implement, any transaction or proposal under which the management of AOF is 'internalised';
 - (ii) AUIREL is removed or replaced as responsible entity of AOF or an agreement is entered into to remove or replace AUIREL as responsible entity of AOF;
 - (iii) a change of Control occurs or is agreed to occur in respect of AUIREL;
 - (iv) the AOF Unitholders resolve to remove or replace AUIREL as responsible entity of AOF;
 - (v) a meeting being convened to consider a resolution for the removal, retirement or replacement of AUIREL as responsible entity of AOF;
 - (vi) an order is made by any court, or any application being made in any court, for the appointment of a temporary responsible entity of AOF in accordance with the Corporations Act; or
 - (vii) AOF effects or facilitates the resettlement of all of the rights, property and undertaking which are the subject of the trust constituted by the AOF constitution of whatever kind and wherever situated and whether present or future;
- (l) **(tax election)** during the period beginning on the Announcement Date and ending at the end of the Offer Period, unless agreed with Starwood Bidder, no AOF Group Member makes any tax election inconsistent with the tax election in the financial year ended 30 June 2019 or adopts a taxation treatment that is different to that adopted in the financial year ended 30 June 2019;
- (m) **(new financing)** except for any proposed transaction publicly announced by AOF before the Announcement Date, during the period beginning on the Announcement Date and ending at the end of the Offer Period, no AOF Group Member raises any new debt (except under existing facilities), amends any existing debt arrangements (including to provide any additional indemnities or amend any existing indemnities), enters into any derivative contracts or issues or procures the issue of any new guarantees;
- (n) **(no claim or litigation on foot or pending)** during the period beginning on the Announcement Date and ending at the end of the Offer Period:
- (i) no claim or litigation against AUIREL or any AOF Group Member where if successful, the financial impact on the AOF Group will be \$1,000,000 or more is made, commenced, threatened in writing to be made or commenced, is announced, or is made

known to Starwood Bidder or AUIREL (whether or not becoming public), other than that which has been fully and fairly publicly disclosed to ASX by AOF prior to the Announcement Date; and

(ii) neither:

- (A) the consideration under the Offer is required to be increased from the amount stipulated in the Bidder's Statement; nor
- (B) Starwood Bidder or any of its Associates is required or reasonably likely to be required to pay any amount to any one or more AOF Unitholders in connection with the Offer,

as a result of:

- (C) any litigation that is commenced, is threatened to be commenced, announced or is made known to Starwood Bidder (whether or not becoming public); or
- (D) any preliminary or final decision or order of any Public Authority,

other than as a result of Starwood Bidder publicly undertaking to increase the consideration under the Offer or lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Offer.