

ASX Release

4 June 2019

Acquisition of 19.9% strategic interest in AOF and entry into Framework Agreement

Abacus Property Group ("Abacus") and Charter Hall Group ("Charter Hall") (together "the Consortium"), today announce that they have:

- acquired a 19.9% strategic interest in Australian Unity Office Fund (ASX:AOF) for a total consideration of \$95.6 million, equivalent to \$2.95 per AOF unit;
- established a special purpose entity for the purposes of the acquisition and holding their interest in AOF (the "Consortium Entity"). Abacus and Charter Hall each own 50% of the Consortium Entity; and
- entered into a framework agreement pursuant to which it is proposed that the parties co-operate for the purposes of pursuing a transaction involving the acquisition of all of the AOF units not currently held by the Consortium Entity.

AOF owns a portfolio of 9 office properties located in 5 Australian capital cities that is consistent with Abacus' and Charter Hall's investment objectives. Both Abacus and Charter Hall are very familiar with AOF's property portfolio, and the sub-markets that these properties are located in.

The attached substantial holder notice has been lodged on behalf of the Consortium in relation to the acquisition of its interest in AOF.

The Consortium will seek to initiate discussions with AOF's Responsible Entity regarding a potential transaction.

About Abacus

Abacus is a leading Australian diversified property group that specialises in investing in real estate opportunities that deliver enhanced returns. Abacus was established in 1996 and listed on the ASX in 2002. It is included in the S&P/ASX 200 index and has a market capitalisation of \$2.3 billion.

Abacus has established a successful track record of acquiring real estate assets across a range of sectors, and through active management, delivered strong income and capital growth. An enhancement to this strategy will focus the Group's investment, asset and development management capabilities on opportunities in the commercial office and self storage sectors which have delivered the Group's best total returns. Abacus will continue to expand partnership collaborations with like-minded and complimentary skilled groups. As at 31 December 2018, Abacus owned a \$2.2 billion portfolio of office, self-storage, retail and industrial properties in addition to a portfolio of legacy non-core investments valued at approximately \$385m.

About Charter Hall

Charter Hall Group (ASX:CHC) is one of Australia's leading fully integrated property groups, with \$28.4 billion of high quality, long leased property across the office, retail, industrial and social infrastructure sectors. The Group has offices in Sydney, Melbourne, Brisbane, Adelaide and Perth and oversees a portfolio of 820 properties that is more than 6.3 million square metres in size. The ASX100 Group has over 27 years' experience managing and investing in high quality property on behalf of institutional, wholesale and retail clients.

Charter Hall's success is driven by our focus on our tenant and investor customers. We look to partner with our tenants, growing with them and helping meet their property needs. We invest alongside our capital partners, creating value and generating superior investment returns together. Our \$5.3 billion development pipeline creates new assets for our investors, improving future returns, while creating opportunities for our tenant partners to expand and adapt their businesses. Sustainability and innovation are key elements of our approach. By ensuring our actions are innovative, commercially sound and make a difference to our people, customers and the environment, Charter Hall makes a positive impact for its investors, the community and the Group.

Abacus Property Group

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Attachment



Form 603

Corporations Act 2001

Section 671B

Notice of initial substantial holder

To Company Name/Scheme Australian Unity Office Fund (**AOF**)

ACN/ARSN ACN 113 369 627

1. Details of substantial holder (1)

Name Charter Hall Limited ACN 113 531 150 (and its related bodies corporate) (**Charter Hall**)

ACN/ARSN (if applicable) Abacus Group Holdings Limited ACN 080 604 619 and Calculator Australia Pty Limited ACN 135 249 848 (and their related bodies corporate) (**Abacus**)

The holder became a substantial holder on (d/m/y) CHAB Office Pty Limited ACN 633 833 566 in its capacity as trustee of CHAB Office Trust (**CHAB**)
4 June 2019

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Units	32,403,558	32,403,558	19.90%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
CHAB	Relevant interest under s608(1) of the Corporations Act pursuant to acquisition of units at \$2.95. CHAB's power to vote or dispose of AOF units is restricted by the Framework Agreement between CHAB, Charter Hall and Abacus dated 4 June 2019 (the Framework Agreement). A copy is attached as Annexure "A".	32,403,558 units
Charter Hall	Relevant interest under s 608(1)(b) and (c) of the Corporations Act pursuant to the Framework Agreement and s608(3)(a) of the Corporations Act as its voting power in CHAB is above 20%.	32,403,558 units
Abacus	Relevant interest under s 608(1)(b) and (c) of the Corporations Act pursuant to the Framework Agreement and s608(3)(a) of the Corporations Act as its voting power in CHAB is above 20%.	32,403,558 units

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Charter Hall Abacus CHAB	CHAB	CHAB	32,403,558 units

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition (d/m/y)	Consideration (9)		Class and number of securities
		Cash	Non-cash	
CHAB	4 June 2019	\$2.95 per unit	N/A	32,403,558 units
Charter Hall Abacus	4 June 2019	N/A	N/A – Acquisition of relevant interest pursuant to s608(3) of the Corporations Act and the Framework Agreement.	32,403,558 units

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Charter Hall Abacus CHAB	Associates pursuant to the Framework Agreement

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Charter Hall	Level 20, No.1 Martin Place, Sydney, NSW, 2000
Abacus	Level 34, Australia Square, 264 - 278 George Street, Sydney NSW 2000
CHAB	Level 20, No.1 Martin Place, Sydney, NSW, 2000

Signature

print name MARK BRYANT

capacity Director/Secretary/Local agent for CHAB Office Pty Limited

sign here

Date 4 June 2019

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg, a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of 'associate' in section 9 of the Corporations Act 2001.
- (3) See the definition of 'relevant interest' in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of 'relevant agreement' in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg, if the relevant interest arises because of an option) write 'unknown'.
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure "A" to Form 603

This is Annexure "A" of 17 pages referred to in Form 603 signed by me and dated 4 June 2019.



Director/**Secretary**/Local agent for CHAB Office Pty Limited

Charter Hall Holdings Pty Ltd
Abacus Funds Management Limited
CHAB Office Pty Limited

Framework Agreement

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This Agreement is made on

4 June

2019

Parties

- 1 **Charter Hall Holdings Pty Ltd** (ACN 051 363 547) of Level 20, 1 Martin Place, Sydney, NSW, 2000 (**Charter Hall**).
- 2 **Abacus Funds Management Limited** (ACN 007 415 590) of Level 34, Australia Square, 264 - 278 George Street, Sydney NSW 2000 (**Abacus**).
- 3 **CHAB Office Pty Limited** (ACN 633 833 566) in its capacity as trustee of CHAB Office Trust of Level 20, 1 Martin Place, Sydney, NSW, 2000 (**CHAB**).

Recitals

- A Charter Hall and Abacus have established CHAB and the CHAB Trust for the purposes of the Proposal. CHAB holds approximately 19.90 % of the issued units in AUOF.
- B The parties intend to pursue and implement the Proposal, involving a transaction pursuant to which CHAB would acquire all of the issued units in AUOF.
- C This Agreement governs the relationship between the parties for the purposes of making, pursuing and implementing the Proposal.

It is agreed as follows.

1 Definitions and interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

Associate has the meaning given in sections 12 and 16 of the Corporations Act.

AUOF means Australian Unity Office Fund.

AUOF Group means AUOF and each of its Subsidiaries.

AUOF Units means fully paid ordinary units in the capital of AUOF.

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

Breaching Party has the meaning given in clause 8.3.

Business Day is a day other than a Saturday, or Sunday, or a public or bank holiday in Sydney, Australia.

Cessation Event has the meaning given in clause 8.2.

CHAB Security means:

- (a) an ordinary unit in the capital of CHAB Trust; and
- (b) an ordinary share in the capital of CHAB.

CHAB Security Price at any time, in respect of CHAB Securities held by an Exiting Party, means the total amount of capital contributed by the Exiting Party in respect of the subscription for the CHAB Securities.

Competing Proposal means an offer, proposal, expression of interest, transaction or arrangement which is proposed by a Third Party pursuant to which a Third Party (together with its Associates, if any) will, if the offer, proposal, expression of interest, proposed transaction or

arrangement is implemented:

- (a) acquire control of the AUOF or the AUOF Group within the meaning of section 50AA of the Corporations Act;
- (b) directly or indirectly acquire, merge with, or acquire (or have the right to so merge with or acquire) a significant economic interest in the AUOF or all or a significant part of the business of the AUOF Group, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, sale or purchase of significant part of assets, joint venture or any other transaction or arrangement;
- (c) otherwise cause the Proposal not to proceed or become incapable of being implemented; or
- (d) have a Relevant Interest in 10% or more of the AUOF Units.

Confidential Information means this Agreement, the Transaction Documents, the status of negotiations (and any other agreements) with AUIREL and between the parties and any confidential information provided by one party to another or to any person, but excludes any information that:

- (a) at the time it was provided to the party, was lawfully in the possession of the party and without breach of any duty or obligation; or
- (b) has been provided to the party but subsequently, through no act or omission of the party (or any person to whom it discloses that information) becomes available from another source and is not subject to any duty or obligation as to confidence.

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

Decision has the meaning given in clause 3(a).

Exclusivity Period means the period from the date of this Agreement until the earlier of:

- (a) the date that is 9 months after the date of this Agreement;
- (b) if an Implementation Deed is entered into with AUIREL, the date of:
 - (i) implementation of the Proposal; or
 - (ii) termination of the Implementation Deed, in accordance with that Implementation Deed; or
- (c) the date the parties otherwise agree to cease to pursue the Proposal.

Foreign Investment Approval means, with respect to a party, either:

- (a) the Treasurer of the Commonwealth of Australia (or his delegate) providing written notice that there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) to any acquisition of interests in AUOF Units pursuant to the Proposal; or
- (b) the Treasurer of the Commonwealth of Australia becoming precluded by passage of time from making any order under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of any acquisition of interests in AUOF Units pursuant to the Proposal.

Implementation Deed means an agreement or deed (as the case may be) between AUIREL and CHAB (among any others) in relation to the implementation of the Proposal.

Joint Costs means the out of pocket costs, fees and expenses incurred by a party or any of its Related Entities in respect of external advisers of any of the parties (as agreed to in writing between the parties), for work that has been undertaken on or from 22 April 2019, or will be undertaken, for the benefit of all parties in connection with the making or pursuit of the Proposal and the Transaction Documents. For the avoidance of doubt, Joint Costs will not include any Own

Costs or the cost, fees and expenses relating to Foreign Investment Approval, and all costs, fees and expenses incurred by CHAB will be Joint Costs.

Own Costs means the costs, fees and expenses of Charter Hall or Abacus which:

- (a) relate predominantly to:
 - (i) the structuring, arranging or formation of the specific manner in which a party will participate or contribute to the Proposal; or
 - (ii) a party's funding arrangements for the Proposal;
- (b) do not relate to proposing, negotiating or implementing the Proposal or the Transaction Documents;
- (c) are related to internal resources and personnel (including travel costs, accommodation costs and personnel time); or
- (d) relate to matters where the party requires separate representation or advice in connection with specific issues arising out of the Proposal or the Transaction Documents.

For the avoidance of doubt, all costs, fees and expenses relating to Foreign Investment Approval in respect of the Proposal are Own Costs of Abacus.

Proposal means the proposal to be made by Charter Hall and Abacus pursuant to which CHAB would acquire all of the issued units in AUOF on terms agreed by Charter Hall and Abacus in accordance with this Agreement or otherwise.

Related Body Corporate has the meaning given in section 50 the Corporations Act.

Related Entity means, in respect of Charter Hall and Abacus respectively, any Related Body Corporate of Charter Hall and Abacus respectively to whom Confidential Information is disclosed. For the purposes of this Agreement, CHAB is not a Related Entity of Charter Hall or Abacus.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Relevant Party has the meaning given in clause 8.2.

Representative means, in relation to a party:

- (a) any director, officer or employee of that party or any of its Related Entities; and
- (b) any adviser, consultant or agent of that party or any of its Related Entities engaged in connection with the Proposal,

in each case, to whom Confidential Information is disclosed.

Subsidiary has the meaning given in section 46 of the Corporations Act, amended as necessary such that:

- (a) a body corporate or a trust will also be taken to be a subsidiary of an entity if it is controlled by that entity (as defined in section 50AA of the Corporations Act);
- (b) a trust, partnership or fund may be a subsidiary, for the purpose of which a unit, partnership interest or other beneficial interest in the trust, partnership or fund will be regarded as a share (ignoring the operation of section 48(2) of the Corporations Act); and
- (c) an entity may be a subsidiary of a trust, partnership or fund if it would have been a subsidiary if that trust, partnership or fund were a body corporate.

Third Party means a person other than:

- (a) a party or any of its Related Entities;
- (b) a consortium, partnership, limited partnership, syndicate or other group in which either a party or any of its Related Entities has agreed in writing to be a participant.

Transaction Committee has the meaning given in clause 3(a).

Transaction Document means an Implementation Deed any securityholders or similar agreement among the parties (and/or any of their respective Related Entities) in relation to AOUP and any other document that Charter Hall and Abacus agree is a Transaction Document.

1.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) Mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included.
- (c) Nothing in this Agreement is to be interpreted against a party solely on the ground that the party put forward this Agreement or a relevant part of it.
- (d) The following rules apply unless the context requires otherwise:
 - (i) The singular includes the plural, and the converse also applies.
 - (ii) A gender includes all genders.
 - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
 - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
 - (v) A reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Agreement or that other agreement or document.
 - (vi) A reference to writing includes any method of representing or reproducing words, figures, drawings, or symbols in a visible and tangible form.
 - (vii) A reference to a party to this Agreement or another agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
 - (viii) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
 - (ix) A reference to *dollars* or \$ is to Australian currency.

2 Proposal

The parties agree to work together on an exclusive basis to pursue and implement the Proposal on the terms of this Agreement.

3 Transaction Committee

- (a) The parties agree to establish a committee (the **Transaction Committee**) comprising at all times no more than one individual appointed (and replaceable) by Charter Hall and one individual appointed (and replaceable) by Abacus, and that will meet on a regular basis, for the purposes of deciding any matter in connection with the Proposal (including any change to the terms of the Proposal and other commercial, legal, financial or strategic matters relating to the Proposal) (each, a **Decision**).
- (b) Each member of the Transaction Committee may appoint (and replace) one alternate from time to time.

- (c) The replacement by Charter Hall or Abacus of any member of the Transaction Committee, or their alternate, will be effective on and from the time at which notice of the replacement is provided to the other parties.
- (d) Any Decision of the Transaction Committee requires unanimous approval of members.
- (e) The Transaction Committee will meet (by any means, including by telephone) or correspond (by any means, including by email) to make Decisions as its members consider appropriate. No notice or notice period will be required or apply in relation to any meeting, or proposed Decision, of the Transaction Committee.
- (f) Each party undertakes to (and undertakes to procure that each of its Related Entities and Representatives) take all necessary or reasonably desirable actions to implement any Decision except to the extent that such action would result in a breach of the party's, or relevant Related Entity's or Representative's (or its or their respective directors') obligations under applicable law.
- (g) Each party undertakes not to (and to procure that each of its Related Entities and Representatives does not) take any action in connection with the Proposal that is inconsistent, or not in accordance, with any Decision or the implementation of any Decision.
- (h) Each party agrees that it must, and Charter Hall and Abacus will procure that its appointed member of the Transaction Committee must (as the context requires):
 - (i) use reasonable endeavours to cooperate with each other party or member (as the context requires) for the purposes of negotiating acceptable terms for the purposes of implementing the Proposal; and
 - (ii) not unreasonably delay any action, decision or Decision (as the context requires), including seeking internal and external approvals, that is required in order to enable the parties to progress the Proposal.

4 Conduct of the Proposal

4.1 Conduct of the Proposal

- (a) Charter Hall and Abacus agree to devote appropriate resources as required to progress the Proposal in an expeditious manner.
- (b) The parties will make all decisions in relation to the Proposal jointly through the Transaction Committee.
- (c) Except to the extent otherwise agreed, the parties will regularly update and consult with each other in respect of the status and content of all communications (other than those of a purely administrative nature) with AUIREL and its Representatives and offer the other parties the opportunity to participate (either directly or through external legal counsel as appropriate) in such communications.
- (d) No party may legally bind any other party. The content of any binding agreement (including an Implementation Deed) in relation to the Proposal is to be agreed in writing by all parties.

4.2 Foreign Investment Approval

The parties agree to use reasonable endeavours to ensure that CHAB obtains Foreign Investment Approval in respect of the Proposal as soon as practicable and in any event prior to any date anticipated for such approval in an Implementation Deed.

4.3 Disclosure

The parties will provide each other with sufficient and timely information, and otherwise co-operate with each other, to enable them to make the disclosures required by, and within the time limits prescribed by, Part 6C.1 of the Corporations Act, and any other disclosure required by law.

5 Exclusivity

- (a) During the Exclusivity Period, a party must not, and must ensure that its Related Entities and Representatives do not, directly or indirectly, except with the prior written consent of each other party:
 - (i) propose, encourage, initiate, solicit or invite any Competing Proposal or initiate discussions with any other person with a view to obtaining any expressions of interest, offer or proposal from any other person in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal;
 - (ii) participate in any negotiations or discussions with any other person in relation to a Competing Proposal or which may reasonably be expected to lead to a Competing Proposal;
 - (iii) provide any information to any other person for the purpose of enabling any other person to make a Competing Proposal; or
 - (iv) communicate its willingness, intention or desire to do any of the things listed in paragraphs (i), (ii) or (iii).
- (b) Each party must promptly notify each other party of any approach or proposal made to, or any attempt to initiate negotiations or discussions with, that party (or any of its Related Entities and Representatives) in connection with a potential Competing Proposal during the Exclusivity Period, whether unsolicited or otherwise, and must, in providing that notice, provide full details of the approach, inquiry or proposal or attempt, including:
 - (i) the identity of the person making the approach, proposal or attempt; and
 - (ii) the content and any terms disclosed in the approach, proposal or attempt.
- (c) During the Exclusivity Period, a party must not, and must ensure that its Related Entities and Representatives do not directly or indirectly, except with the prior written consent of each other party:
 - (i) enter into any agreement, arrangement or understanding (including but not limited to participating in any consortium, joint bidding structure or any other structure), whether or not binding or enforceable, in relation to an actual, proposed or potential Competing Proposal;
 - (ii) accept or vote in favour of a Competing Proposal in respect of any AUOF Units held or controlled by it, or sell or agree to sell any AUOF Units to a Third Party proposing or making a Competing Proposal; or
 - (iii) make any public announcement that it will accept or propose to accept, vote in favour of or otherwise support a Competing Proposal.
- (d) During the Exclusivity Period, each party also agrees it will and will ensure that its Related Entities and Representatives vote against any Competing Proposal in respect of any AUOF Units held or controlled by it, except with the prior written consent of each other party.

6 Standstill

- (a) Subject to clause 6(b), each party must not, and must ensure that their Related Entities do not, except with the prior written consent of each other party:
 - (i) directly or indirectly sell, or otherwise dispose of a Relevant Interest in, any AUOF Units held or controlled by that party;
 - (ii) acquire ownership or a Relevant Interest in any AUOF Units;
 - (iii) enter into any derivative, swap or synthetic agreement, deed or other arrangement under which payments may be made that are referable (in whole or part) to the trading price, or the economic value, of AUOF Units; or
 - (iv) aid, abet, counsel, assist, facilitate, encourage or induce any other person in doing, or publicly announce that it will do, any of the things mentioned in this clause 6(a).
- (b) Nothing in clause 6(a) restricts or prohibits:
 - (i) any party (or any of their Related Entities) from taking any steps to implement the Proposal or a Decision; or
 - (ii) any party (or any of their Related Entities) acquiring a Relevant Interest in AUOF Units with the prior written consent of each other party or as a result of:
 - (A) implementation of the Proposal or a Decision; or
 - (B) the terms of this Agreement or any Transaction Document.
- (c) Subject to clause 8.5, Charter Hall and Abacus must not (and must not attempt to), and must ensure that their Related Entities do not (and do not attempt to), sell, transfer, part with the benefit of or otherwise dispose of any CHAB Security (or any interest in it or any part of a CHAB Security) without the prior written consent of the other.

7 Funding and costs

7.1 Costs

- (a) Subject to clause 8.2, unless otherwise agreed by Charter Hall and Abacus, the parties agree that all Joint Costs will be borne:
 - (i) if the Proposal is successfully implemented prior to termination of this Agreement – by CHAB; and
 - (ii) otherwise – 50% by Charter Hall and 50% by Abacus.
- (b) Unless otherwise agreed by Charter Hall and Abacus, to the extent a Joint Cost has been paid by one of CHAB, Charter Hall or Abacus (the **first party**) in a manner that is not consistent with clause 7.1(a), the other parties agree that the first party is to be reimbursed:
 - (i) if the Proposal is successfully implemented prior to termination of this Agreement – by CHAB; and
 - (ii) otherwise – by Charter Hall and/or Abacus in an amount that reflects the principle in clause 7.1(a).
- (c) Each party will bear and be solely liable for its Own Costs.

7.2 Funding

The parties agree that:

- (a) Charter Hall and Abacus will each contribute to CHAB an amount equal to half of the funding necessary in order for CHAB to have sufficient funds to pay any consideration required in respect of the acquisition of any AUOF Units or the Proposal and to meet any costs allocated to it in accordance with clause 7.1.
- (b) The nature and terms of funding required to be contributed by Charter Hall and Abacus in accordance with paragraph (a) will be determined by the Transaction Committee.

8 Termination

8.1 General termination

This Agreement terminates on the earlier of:

- (a) the date on which this Agreement is terminated in accordance with clause 8.2 or 8.3;
- (b) if an Implementation Deed is entered into with AUIREL:
 - (i) the date of implementation of the Proposal; or
 - (ii) termination of the Implementation Deed, in accordance with an Implementation Deed; and
- (c) the date that is 9 months after the date of this Agreement, or such other date agreed in writing between all the parties.

8.2 Termination for cessation

Charter Hall or Abacus (the **Relevant Party**) may, at any time prior to the execution of an Implementation Deed, provide written notice to the other parties that it wishes to cease pursuing the Proposal. Following the provision of such notice (or if the Relevant Party ceases pursuing the Proposal entirely, notwithstanding that it may not have provided such notice) (each, a **Cessation Event**), whichever of Charter Hall or Abacus is not the Relevant Party may, in its absolute discretion, elect to terminate this Agreement by providing written notice to the Relevant Party, with such termination to take effect on and from the date on which the written notice is provided.

Following a Cessation Event and unless and until this Agreement is terminated in accordance with its terms:

- (a) each of the parties will cease to be subject to the obligations in clauses 2 to 4, but will remain subject to the other terms of this Agreement, including the obligations in clauses 5 and 6; and
- (b) other than in circumstances where both Charter Hall and Abacus have provided written notice to the other parties that they wish to cease pursuing the Proposal, where the Relevant Party has provided written notice to the other parties that it wishes to cease pursuing the Proposal, each of Charter Hall and Abacus will be responsible for 50% of all Joint Costs incurred up to and including the date of that Cessation Event, but, a Relevant Party will not be responsible for any Joint Costs incurred on and from the date following that Cessation Event.

8.3 Termination for material breach

If Charter Hall or Abacus (the **Breaching Party**) breaches clause 5 or 6, then at any time prior to the execution of an Implementation Deed the other may, in its absolute discretion, elect to terminate this Agreement by providing written notice to the Breaching Party and CHAB, with such termination to take effect on and from the date on which the written notice is provided.

8.4 Effect of termination

- (a) Termination of this Agreement does not affect any accrued rights or remedies of any party.
- (b) Clauses 1, 5, 6(c), 7.1, 8.5, 11 and 12 survive any termination of this Agreement.

8.5 CHAB

- (a) If this Agreement is terminated by Charter Hall or Abacus (the **Continuing Party**) in accordance with clause 8.2 or 8.3:
 - (i) the Continuing Party may acquire all of the CHAB Securities of the Relevant Party or Breaching Party (as applicable) (**Exiting Party**) in accordance with this clause 8.5(a);
 - (ii) the Continuing Party may exercise its right to acquire all of the CHAB Securities of the Exiting Party by notice to the Exiting Party at any time during the period of 10 Business Days commencing on the date of termination of this Agreement;
 - (iii) a notice given under paragraph (ii) must specify a date on which completion of the acquisition of the relevant CHAB Securities shall take place (**Completion**). This date must be not be less than 5 Business Days or more than 10 Business Days after the date on which that notice is given;
 - (iv) the Exiting Party shall deliver the following documents to the Continuing Party on or before Completion:
 - (A) transfers in registrable form in favour of the Continuing Party, duly executed by the Continuing Party as transferor of the CHAB Securities; and
 - (B) the certificates in respect of the CHAB Securities; and
 - (v) on Completion, the Continuing Party shall pay the CHAB Security Price to the Exiting Party in cash or in clear funds as the Exiting Party may direct.
- (b) If this Agreement is terminated:
 - (i) other than by Charter Hall or Abacus in accordance with clause 8.2 or 8.3; or
 - (ii) by Charter Hall or Abacus in accordance with clause 8.2 or 8.3, but the Continuing Party has not exercised its right to acquire all of the CHAB Securities of the Exiting Party in accordance with this clause 8.5(a),

the parties agree to negotiate in good faith for the purposes of determining the structure and terms on which the assets of CHAB (including any AUOF Units) are distributed, or otherwise dealt with by CHAB, for the benefit of Charter Hall and Abacus in the proportion in which Charter Hall and Abacus hold CHAB Securities.

9 Warranties

- (a) Each party represents and warrants to each other party that, as at the date of this Agreement:
 - (i) it is duly incorporated under the laws of the place of its incorporation;
 - (ii) it has the power and authority to execute and deliver this Agreement and perform and observe all its terms;
 - (iii) the execution and delivery of this Agreement has been properly authorised by all necessary corporate action;

- (iv) subject to laws generally affecting creditors' rights and the principles of equity, this Agreement has been duly executed and is a legal valid and binding agreement enforceable against it in accordance with its terms;
 - (v) this Agreement does not conflict with or result in the breach of or a default under any provision of its constitution (if applicable) or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound; and
 - (vi) it and its Related Entities do not hold any AUOF Units (including through a professional nominee), rights to acquire AUOF Units or any economic interest in AUOF Units (through a cash settled equity swap, derivative or otherwise) other than as disclosed to each other party prior to the date of this Agreement.
- (b) Each party entering into this Agreement in the capacity as trustee of a trust (**Trust**) represents and warrants to the other that, as at the date of this Agreement:
 - (i) it is empowered by the trust deed pursuant to which the Trust is established (the **Trust Deed**):
 - (A) to enter into and perform this Agreement and to carry on the transactions contemplated by it; and
 - (B) to carry on its business as now conducted or contemplated and to own its assets (including any asset purported to be charged or mortgaged by it), in its capacity as trustee of the Trust. There is no restriction on or condition of its doing so.
 - (ii) All approvals and other procedural matters have been obtained or attended to as required by the Trust Deed for it to enter into and perform this Agreement.
 - (iii) It is the sole trustee of the Trust.
 - (iv) No property of the Trust has been re settled or set aside or transferred to any other trust.
 - (v) The Trust has not been terminated, nor has any event for the vesting of the assets of the Trust occurred.
 - (vi) The party's right of indemnity out of, and lien over, the assets of the Trust have not been limited in any way.
 - (vii) The Trust Deed complies with all applicable laws.

10 Relationship between the parties

10.1 No authority to bind

- (a) The parties agree that this Agreement is not to be interpreted as constituting the relationship of the parties as a partnership, quasi partnership, fiduciary, association or any other relationship in which one or more of the parties may (except as specifically provided for in this Agreement) be liable generally for the acts or omissions of any other party.
- (b) Without limitation to clause 10.1(a), no party has the authority to pledge or purport to pledge the credit of any other party or to make or give (or purport to make or give) any representations, warranties or undertakings for or on behalf of any other party.

10.2 Separate tax and accounting obligations

- (a) Each party is responsible for its own tax, accounting and record keeping obligations.

- (b) No party is responsible for the obligations of the other party under the tax laws of any relevant jurisdiction, unless otherwise specifically provided for in a Transaction Document.

10.3 Limitation of Liability

- (a) Capacity

CHAB (the **Trustee**) enters into this Agreement only in its capacity as trustee of the CHAB Office Trust (the **Trust**).

- (b) Limitation of liability

Subject to clause 10.3(c), and despite any other provisions of this Agreement, a liability arising under or in connection with this Agreement is limited and can be enforced against the Trustee only to the extent to which the Trustee, having sought indemnification, is actually indemnified in respect of that liability out of the assets of the Trust. No person will be entitled to:

- (i) claim from or commence proceedings against the Trustee in respect of any liability under this Agreement in any capacity other than as trustee for the Trust;
- (ii) seek the appointment of a receiver, receiver and manager, liquidator, an administrator or any similar office-holder to the Trustee, or prove in any liquidation, administration or arrangement of or affecting the Trustee, except in relation to the property of the Trust; or
- (iii) enforce or seek to enforce any judgment in respect of a liability under this Agreement against the Trustee in any capacity other than as trustee of the Trust.

- (c) Qualification to limitation

The limitation in clause 10.3(b) does not apply to any obligation or liability of the Trustee to the extent to which there is, in respect of that obligation or liability, whether under the Trust's trust deed or by operation of law, a reduction in the extent of the Trustee's indemnity, or a loss of the Trustee's right to indemnification, out of the assets of the Trust as a result of any fraud, breach of trust or breach of duty by the Trustee.

11 Confidentiality

11.1 Confidentiality

Each party must keep confidential and must not disclose, and must procure that its Related Entities and its Representatives keep confidential and do not disclose the Confidential Information, except:

- (a) with the prior written consent of the other party;
- (b) where the information is in or has come into the public domain other than due to a breach of any obligation of confidentiality owed by that party;
- (c) to the extent required by any applicable law, order or rule of any court or government agency or the rules of a recognised stock exchange provided that before a party makes any disclosure under this clause (c), it must, to the extent practicable having regard to the required timing of the disclosure, consult in good faith with the other party as to the need for and form of that disclosure; or
- (d) to a Representative of that party and of its Related Entities, on a need to know basis and where those persons undertake to keep information disclosed confidential or are otherwise bound by or subject to a similar confidentiality obligation.

11.2 Survival of confidentiality obligations

This clause 11 survives the termination of this Agreement.

12 General**12.1 Amendment**

This Agreement may be amended only by another deed executed by all the parties.

12.2 Assignment

No party can assign, charge, create a security interest over, encumber or otherwise deal with any of its rights or obligations under this Agreement, or attempt or purport to do so, without the prior written consent of the other party.

12.3 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this Agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender (or in the case of email, set out the full name and position or title of the sender or person duly authorised by the sender);
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or email to the address or email address below or the address or email address last notified by the intended recipient to the sender:

- (i) to Charter Hall: Address: Level 20, 1 Martin Place,
Sydney, NSW, 2000
Email: Mark.Bryant@charterhall.com.au
Attention: Mark Bryant
- (ii) to Abacus: Address: Level 34, Australia Square, 264 -
278 George Street, Sydney NSW 2000
Email: LCarey@abacusproperty.com.au
Attention: Lisa-Anne Carey
- (iii) to CHAB: Address: Level 20, 1 Martin Place,
Sydney, NSW, 2000
Email: Mark.Bryant@charterhall.com.au
LCarey@abacusproperty.com.au
Copy to: Kate.Towey@allens.com.au /
Chris.Blane@allens.com.au
Attention: Mark Bryant, Lisa-Anne Carey,
Kate Towey and Chris Blane

- (c) will be conclusively taken to be duly given or made and received:
 - (i) in the case of delivery in person, when delivered;
 - (ii) in the case of delivery by express post, to an address in the same country, two Business Days after the date of posting;

- (iii) in the case of delivery by any other method of post, six Business Days after the date of posting; and
- (iv) in the case of email, at the earliest of:
 - (A) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email;
 - (B) the time that the intended recipient confirms receipt of the email by reply email; and
 - (C) three hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that three hour period, an automated message that the email has not been delivered,

but if the result is that a Notice would be taken to be given or made and received:

- (v) in the case of delivery by hand or post, at a time that is later than 5pm;
- (vi) in the case of delivery by email, at a time that is later than 7pm; or
- (vii) on a day that is not a business day,

in the place specified by the intended recipient as its postal address under clause 12.3(b), it will be conclusively taken to have been duly given or made and received at the start of business on the next business day in that place.

12.4 Entire agreement

This Agreement contains the entire agreement between the parties with respect to its subject matter. It sets out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively **Conduct**) relied on by the parties and supersedes all earlier Conduct by or between the parties in connection with its subject matter. No party has relied on or is relying on any other Conduct in entering into this Agreement and completing the transactions contemplated by it.

12.5 Governing law and jurisdiction

This Agreement is governed by the laws of New South Wales. In relation to it and related non-contractual matters each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction there, and waives any right to object to the venue on any ground.

12.6 Severability of provisions

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That will not invalidate the remaining provisions of this Agreement nor affect the validity or enforceability of that provision in any other jurisdiction.

12.7 No waiver

A failure to exercise or a delay in exercising any right, power or remedy under this Agreement does not operate as a waiver. A single or partial exercise or waiver of the exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy. A waiver is not valid or binding on the party granting that waiver unless made in writing.

12.8 No merger

The rights and obligations of the parties will not merge on completion of any transaction contemplated by this Agreement. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing a transaction.

12.9 Duty

All duty (including stamp duty and any fines, penalties and interests) payable on or in connection with this Agreement and any instrument executed under or any transaction evidenced by this Agreement must be borne equally by the parties.


12.10 Counterparts

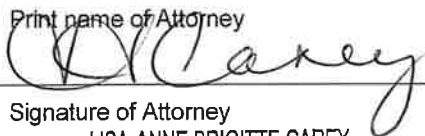
This Agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Execution Pages


Each attorney executing this Agreement states that he or she has no notice of revocation or suspension of his or her power of attorney.

Signed by **Abacus Funds Management Limited** ACN 007 415 590 by its attorneys who confirm that they have not received notice of the revocation of the power of attorney dated 20 October 2017 registered Book 4735 No 993 under which this document is signed.


 Signature of Attorney
Steven Craig Sewell

Print name of Attorney

 Signature of Attorney
LISA-ANNE BRIGITTE CAREY

Print name of Attorney


 Signature of witness
DANIEL WALKER


Print name of witness

 Signature of witness
DANIEL WALKER

Print name of witness

Executed in accordance with section 127 of the *Corporations Act 2001* by **Charter Hall Holdings Pty Ltd**:


 Director Signature
David William Harrison
 Print Name


 Director/Secretary Signature
MARK ROBERT BRYANT
 Print Name

Executed in accordance with section 127 of the *Corporations Act 2001* by **CHAB Office Pty Limited** by:


 Director Signature
David William Harrison
 Print Name


 Director/Secretary Signature
Steven Craig Sewell
 Director
 Print Name