

ASX Announcement – Australian Unity Office Fund

31 January 2020

Responsible Entity ownership change following Australian Unity JV with Keppel Capital

Australian Unity Investment Real Estate Limited (**AUIREL**), as Responsible Entity of Australian Unity Office Fund (ASX: **AOF**), has been advised by Australian Unity Limited (**Australian Unity**) that Australian Unity has entered into agreements in relation to the ownership of AUIREL with Keppel Capital Two Pte Ltd, a wholly owned subsidiary of Keppel Capital Holdings Pte Ltd (**Keppel Capital**), the asset management arm of Singapore based Keppel Corporation Limited.

Australian Unity's media release is attached to this ASX announcement, which includes more detail on Keppel Capital and the joint venture.

Australian Unity currently owns all of the issued capital in AUIREL. AUIREL has been notified that subject to certain conditions being satisfied, including consent from AOF's financiers to the change in control of AUIREL, Australian Unity will 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.

The Board of AUIREL has considered the transaction and the impact on AOF, and has met with senior representatives of Keppel Capital and Australian Unity.

Peter Day, Independent Chairman of AUIREL, said, "We welcome Keppel Capital as a shareholder of AUIREL. We note that AOF will remain an ASX listed REIT, and the change in AUIREL's ownership will not change AOF's strategy, management agreements and governance structure, including the composition of the AUIREL Board which will continue to comprise a majority of independent directors, other than Keppel Capital being entitled to appoint a director to AUIREL."

"Keppel Capital's access to capital sources alongside its origination capabilities should provide further support to AOF as it seeks to grow and improve the income profile it provides to investors" Mr Day said.

The AUIREL Board has formed the view that while the ownership of AUIREL will change, it will not impact AOF's strategy of providing sustainable income returns with the potential for capital growth over the long term by investing in a diversified portfolio of Australian office assets. In particular, the AUIREL Board noted:

- Australian Unity Funds Management Limited and Australian Unity Property Management Pty Limited will remain as AOF's investment and property manager, respectively under the existing arrangements with AUIREL. The existing fee arrangements will continue.
- Each of Australian Unity and Keppel Capital will be entitled to have one director on the AUIREL board; however, the composition of AUIREL's board will continue to comprise a majority of independent directors and AOF will continue to pay the remuneration of each of the independent directors.

ASX code:

AOF

Issuer:

Australian Unity Investment Real Estate Limited

ABN 86 606 414 368

AFSL 477434

Enquiries:

Australian Unity Office Fund Investor Services

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(outside Australia)

Contact details:

271 Spring Street

Melbourne VIC 3000

Tel: 13 29 39

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- Australian Unity's existing policy dealing with potential conflicts of interest will continue to apply to this new joint venture company owned equally by wholly owned subsidiaries of Australian Unity and Keppel Capital.

As announced on 29 January 2020, SOF-XI Legs Holdings Limited (**Starwood**), a member of the Starwood Capital Group, intends to make, itself or through an affiliate, an all-cash, off-market takeover offer for all outstanding units in AOF (**Intended Offer**). Starwood announced that the Intended Offer will be subject to a number of conditions including that a change of control does not occur or is not agreed to occur in respect of AUIREL. The Board of AUIREL notes that the agreements entered into by Australian Unity in relation to the ownership of AUIREL with Keppel Capital will mean that this condition will not be satisfied.

No action is required by AOF unitholders.

Authorised by the AUIREL Disclosure Committee.

Contact information

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Fund Manager – AOF
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Attachment: Australian Unity Limited Media Release

About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra.

This announcement is issued by Australian Unity Investment Real Estate Limited ABN 86 606 414 368 AFSL 477434 (AUIREL). AUIREL is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888.

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

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Media Release

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Australian Unity forms joint venture with Keppel Capital focussing on Australian metropolitan office property

Australian Unity has formed a strategic 50:50 joint venture partnership with a wholly owned subsidiary of Keppel Capital Holdings Pte Ltd (**Keppel Capital**), the asset management arm of Singapore based Keppel Corporation Limited. Keppel Corporation Limited's purpose is to "provide solutions for sustainable urbanisation."

The joint venture will see Australian Unity and Keppel Capital work together to identify, fund, and manage investment opportunities in the Australian metropolitan office property sector.

The joint venture will expand the range of assets and funds available to investors in the Australian metropolitan office property sector. It will also, subject to satisfaction of customary conditions, become the owner of the Responsible Entity for Australian Unity's existing metropolitan office fund – Australian Unity Office Fund (**ASX:AOF**). Completion of the transfer of the ownership of the Responsible Entity to the joint venture is expected to occur on or before 28 February 2020.

Mr Mark Pratt, Executive General Manager, Property of Australian Unity's Wealth & Capital Markets business said, "Keppel Capital is a logical and compelling joint venture partner for Australian Unity. Keppel has demonstrable experience sourcing assets and capital that will supplement Australian Unity's activities in the Australian metropolitan office sector. Keppel's purpose of providing solutions for sustainable urbanisation also fits strongly with Australian Unity's focus on the health, wealth and living of Australians."

Ms Christina Tan, CEO of Keppel Capital, said, "Our partnership with Australian Unity marks a significant milestone for Keppel Capital as we seek to deepen our Australian footprint. Australian real estate continues to be an attractive asset class, generating attractive income returns in a low yield environment. Leveraging the strengths and network of Australian Unity, we are excited to commence this partnership to create investment opportunities for investors in the Australian metropolitan office markets."

Australian Unity notes the announcement released on 29 January 2020 by SOF-XI Legs Holdings Limited, a member of the Starwood Capital Group, in relation to its intention to make, itself or through an affiliate, a conditional all-cash off-market takeover offer for AOF. The formation of the joint venture with Keppel Capital is unrelated to this announcement and is the result of a number of months of confidential detailed discussion and negotiation between Australian Unity and Keppel Capital.

Australian Unity is being advised by Greenhill and Herbert Smith Freehills and Keppel Capital is being advised by Hamilton Locke.

-ENDS-

For media enquiries contact:

Penny Bold – Senior Corporate Affairs Lead

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About Keppel Capital

Keppel Capital, through Keppel REIT and funds managed by Alpha Investment Partners, the private fund management arm of Keppel Capital, has been investing in the Australian real estate sector for nearly a decade.

Keppel Capital is a premier asset manager in Asia. It is the asset management arm of Keppel Corporation Limited, a multi-business company providing solutions for sustainable urbanisation, to meet the growing need for energy, infrastructure, clean environments, high quality homes and offices, and connectivity.

With assets under management of approximately S\$33 billion as at end-2019, Keppel Capital has a diversified portfolio that includes real estate, infrastructure and data centre assets in key global markets.

Keppel Capital aims to create value and deliver sustainable returns for institutional and retail investors through a range of products including listed REITs, business trusts, private funds, separate accounts and pooled investment vehicles.

The asset managers under Keppel Capital include Keppel REIT Management Limited, Keppel Infrastructure Fund Management Pte Ltd, Keppel DC REIT Management Pte Ltd, Keppel Pacific Oak US REIT Management Pte Ltd, Alpha Investment Partners Limited, and Keppel Capital Alternative Asset Pte Ltd.

About Australian Unity Office Fund (AOF)

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of nine office properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra. As at 30 June 2019 the portfolio was valued at approximately \$668 million.