ASX Announcement – Australian Unity Office Fund

15 November 2021

Product Disclosure Statement

Australian Unity Investment Real Estate Limited (**AUIREL**), as responsible entity of Australian Unity Office Fund (**ASX: AOF**) refers to its announcement dated 4 October 2021 regarding the signing of the Merger Implementation Deed with Australian Unity Property Limited (**AUPL**), as responsible entity of Australian Unity Diversified Property Fund (**DPF**) to create 'Australian Unity Property Fund' (**AUPF**).

In accordance with ASX Listing Rule 3.10.4, AUIREL as responsible entity of AOF announces the issue of a Product Disclosure Statement (**PDS**). The PDS is contained within the attached Unitholder Booklet issued by AUPL as responsible entity for DPF dated 15 November 2021 in connection with the merger proposal of AOF and DPF.

Authorised by:

AUIREL Sub-Committee

Contact information

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About AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of 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 owned equally by subsidiaries of Australian Unity Limited ABN 23 087 648 888 and Keppel Capital Holdings Pte Ltd CRN 201302079N, the asset management arm of Singapore-based Keppel Corporation Limited CRN 196800351N.

Unitholder Booklet

180 YEARS | Australian Unity Real Wellbeing

Australian Unity Diversified Property Fund

ARSN 106 724 038

In relation to the proposed acquisition by Australian Unity Investment Real Estate Limited (ABN 86 606 414 368) (**AOF RE**) as responsible entity of the Australian Unity Office Fund (**AOF**) of all of the issued securities of the Australian Unity Diversified Property Fund (**DPF**).

VOTE IN FAVOUR

of AOF acquiring DPF to form the Australian Unity Property Fund

The DPF RE Directors unanimously recommend that you **vote in favour** of the DPF Unitholder Resolution, in the absence of a Superior Proposal.

The Independent Expert has concluded that the Proposal is in the best interests of DPF Unitholders, in the absence of a Superior Proposal.

Notice of Meeting and Explanatory Memorandum

Notice of Meeting and Explanatory Memorandum issued by Australian Unity Property Limited (ABN 58 079 538 499) (**DPF RE**) as responsible entity of Australian Unity Diversified Property Fund.

Details of Meeting

Time: 10:00am (Sydney time)

Date: 10 December 2021

This is an important document and requires your immediate attention. It explains the Proposal, and is a product disclosure statement for the securities that may be issued by Australian Unity Investment Real Estate Limited (ABN 86 606 414 368) as responsible entity of the Australian Unity Office Fund (ARSN 113 369 627). You should read the whole document in its entirety before deciding how to vote. If you are in any doubt about how to deal with this document, you should consult your legal, investment or other professional adviser.

Important notices

General

This DPF Booklet is important and requires your immediate attention. You should read this DPF Booklet in full before making any decision as to how to vote at the Meeting. If you have sold all of your DPF Units, please ignore this DPF Booklet.

If you have any questions about this DPF Booklet, please contact the DPF Unitholder Information Line on 1300 671 080 (within Australia) or +61 2 9066 4084 (outside Australia), between 8.30am and 5.00pm Monday to Friday (Sydney time).

If you are in doubt as to what you should do, you should consult your legal, investment, financial or other professional adviser.

Purpose of this document

This DPF Booklet has been prepared for DPF Unitholders in connection with the extraordinary general meeting to be held at 10.00am (Sydney time) on 10 December 2021 in relation to the trust scheme under which all of the DPF Units on issue will be transferred to AOF RE (the **Proposal**).

The purpose of this DPF Booklet is to provide DPF Unitholders with information about the Proposal and with information that is prescribed by law or which the DPF RE Directors believe to be material to deciding whether or not to approve the DPF Unitholder Resolution detailed in the Notice of Meeting included as Annexure A to this DPF Booklet.

AOF RE is offering AUPF Units as consideration under the Proposal as part of the implementation of the Proposal. Accordingly, this DPF Booklet is also a product disclosure statement issued by AOF RE under Part 7.9 of the Corporations Act in respect of the AUPF Units. Before making any decision about whether to vote in favour of the DPF Unitholder Resolution, you should read this DPF Booklet in full.

ASIC

A copy of this DPF Booklet was lodged with ASIC.

Neither ASIC nor any of its officers take responsibility for the contents of this DPF Booklet.

Court involvement

The Court provided the First Judicial Advice on 11 November 2021. The Court's provision of the First Judicial Advice is not and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Proposal. In particular, the Court's provision of the First Judicial Advice does not mean that the Court:

- has formed any view as to the merits of the Proposal or as to how DPF Unitholders should vote (on these matters DPF Unitholders must reach their own decision); or
- has prepared, or is responsible for, the content of this DPF Booklet.

Notice of Second Judicial Advice hearing

On the Second Judicial Advice Date, the Court will consider whether to give the Second Judicial Advice following the vote at the Meeting.

Any DPF Unitholder may appear at the Second Judicial Advice hearing, expected to be held on 15 December 2021 at the Supreme Court of New South Wales (or virtually, as required in accordance with any COVID-19 related requirements or recommendations).

It is possible, due to restrictions imposed in response to the COVID-19 pandemic, that the hearing will be conducted by remote access technology or telephone conferencing. A DPF Unitholder seeking to view the hearing should review the Supreme Court list (available at www.supremecourt.justice.nsw.gov.au) for details of the hearing and how to view it. The Court's list is usually available by 3.30pm the day before the hearing. Alternatively, you may wish to contact the Supreme Court registry on 1300 679 272 to obtain the details of the hearing.

Any DPF Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on DPF RE a notice of appearance in the prescribed form together with any affidavit that the DPF Unitholder proposes to rely on.

The address for service is: King & Wood Mallesons, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Attention: Alexander Morris.

Glossary

Capitalised terms and certain abbreviations used in this DPF Booklet have the meanings set out in the Glossary at the back of this DPF Booklet. The documents reproduced in the annexures to this DPF Booklet may have their own defined terms, which are sometimes different from those in the Glossary.

No investment advice

This DPF Booklet contains general financial product advice only and has been prepared without taking account of the investment objectives, financial situation, tax position or particular needs of any DPF Unitholder or any other person. The information and recommendations contained in this DPF Booklet and the Taxation Information in Section 10 of this DPF Booklet do not constitute, and should not be taken as, financial product advice.

Before acting on any of the matters described in this DPF Booklet, you should have regard to your investment objectives, financial situation, tax position or particular needs and obtain your own advice by contacting your legal, investment, financial or other professional adviser.

An investment in AUPF is subject to investment and other risks, including possible loss of income and principal invested. AOF RE gives no guarantee or assurance as to the performance of AOF, AUPF, the AUPF Units or the repayment of capital.

Forward looking statements

Some of the statements appearing in this DPF Booklet may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this DPF Booklet (including in the Independent Expert's Report) should not be taken to be a forecast or prediction that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words.

Similarly, statements that describe the objectives, plans, goals or expectations of DPF, AOF or AUPF (as the case may be) are or may be forward looking statements. You should be aware that such statements are subject to inherent risks and uncertainties.

Those risks and uncertainties include factors and risks specific to the circumstances in which DPF, AOF or AUPF (as the case may be) operates, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected.

Neither DPF RE, AOF RE nor their respective officers, agents or advisers, or any person named in this DPF Booklet or involved in the preparation of this DPF Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

This DPF Booklet also contains forward looking statements based on the current expectations of DPF RE and AOF RE about future events. The prospective information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective information.

Factors which may affect future financial performance and financial position include those matters identified in Section 8, the assumptions underlying any forecast or forward looking statement, financial information not proving correct and other matters not currently known to, or considered by, DPF RE or AOF RE. DPF Unitholders should note that the historical financial performance of DPF or AOF is no assurance or indicator of future financial performance of DPF, AOF or AUPF (whether or not the Proposal proceeds).

Neither DPF RE nor AOF RE guarantee any particular rate of return or the performance of DPF, AOF or AUPF nor do they guarantee the repayment of capital or any particular tax treatment in respect of any investment in DPF, AOF or AUPF. The pro forma historical financial information provided in this DPF Booklet is for illustrative purposes only and is not represented as being indicative of DPF RE's or AOF RE's views on future financial conditions and/or performance.

The forward looking statements in this DPF Booklet reflect facts, circumstances and views held only at the date of this DPF Booklet. Subject to any continuing obligations under the Corporations Act, DPF RE, AOF RE and their respective officers, employees, agents and advisers disclaim any obligation or undertaking to distribute after the date of this DPF Booklet any updates or revisions to any forward-looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Except as outlined below, the information contained in this DPF Booklet other than the AOF Information, the Taxation Information, the Investigating Accountant's Reports and the Independent Expert's Report has been prepared by DPF RE and is its responsibility alone. Except as outlined below, neither AOF RE nor any of its Controlled Entities, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

AOF RE has prepared and provided the AOF Information and is responsible for that information. Neither DPF RE, nor any of its respective Controlled Entities, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the AOF Information.

Deloitte Corporate Finance Pty Limited has prepared the Independent Expert's Report (as set out in Annexure B to this DPF Booklet) and takes responsibility for that report.

King & Wood Mallesons has prepared the Taxation Information (as set out in Section 10 of this DPF Booklet) and takes responsibility for that report.

PricewaterhouseCoopers Securities Ltd has prepared the Investigating Accountant's Reports (as set out in Annexure E of this DPF Booklet) and takes responsibility for that report.

No consenting party has withdrawn their consent to be named before the date of this DPF Booklet.

Foreign jurisdictions

The release, publication or distribution of this DPF Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this DPF Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This DPF Booklet and the Proposal does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

DPF Unitholders who are nominees, trustees or custodians should seek independent advice as to how they should proceed.

This DPF Booklet has been prepared in accordance with laws of the Commonwealth of Australia and the information contained in this DPF Booklet may not be the same as that which would have been disclosed if this DPF Booklet had been prepared in accordance with the laws and regulations of jurisdictions outside Australia.

This DPF Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, the AUPF Units in the United States or in any jurisdiction in which such an offer would be illegal. None of the AUPF Units have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction of the United States, and none of such AUPF Units may be offered or sold, directly or indirectly, in the United States.

Privacy

DPF RE may collect personal information in the process of implementing the Proposal. The type of information that DPF RE may collect about you includes your name, contact details and information on your unitholding in DPF and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Meeting, as relevant to you. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist DPF RE to conduct the Meeting and to implement the Proposal. Without this information, DPF RE may be hindered in its ability to issue this DPF Booklet and implement the Proposal. Personal information of the type described above may be disclosed to the Unit Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of DPF RE, Government Agencies, and also where disclosure is otherwise required or allowed by law.

DPF Unitholders who are individuals and other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of information about you held by DPF RE, please contact the DPF Unitholder Information Line on 1300 671 080 (within Australia) or +61 2 9066 4084 (outside Australia), between 8.30am and 5.00pm Monday to Friday (Sydney time).

DPF Unitholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should ensure that they inform that person of the matters relating to the collection and use of personal information outlined above.

Currency and financial information

Unless otherwise specified, all references to $, A$, AUD and cents in this DPF Booklet are references to Australian currency.

Unless otherwise specified, references to dates or years are financial year ending 30 June references. All financial and operational information contained in this DPF Booklet is current as at the date of this DPF Booklet unless otherwise specified.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this DPF Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as to 30 June 2021.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this DPF Booklet are subject to the effect of rounding.

Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this DPF Booklet.

As a result, any calculations you make based on the figures, amounts, percentages, prices, estimates, calculations of value and fractions in this DPF Booklet may differ from the correct answers to those calculations.

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Timetable and dates

All times and dates referred to in this DPF Booklet are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Proposal referred to in this DPF Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

AOF Booklet

A separate unitholder booklet has been prepared for AOF Unitholders comprising an explanatory statement and notice of meeting for AOF Unitholders in relation to the AOF Unitholder Resolutions required to implement the Proposal. The AOF Booklet is available at www.australianunityofficefund.com.au.

Additional information

If, after reading this DPF Booklet, you have any questions regarding the Proposal, please call the DPF Unitholder Information Line on 1300 671 080 (within Australia) or +61 2 9066 4084 (outside Australia), between 8.30am and 5.00pm Monday to Friday (Sydney time), or consult your legal, investment, financial or other professional adviser.

Date of DPF Booklet

This DPF Booklet is dated 15 November 2021.

This DPF Booklet may be updated. Any updates will be available for inspection on the website at www.australianunity.com.au/wealth/dpf. If you access an electronic version of the DPF Booklet you should ensure you download and read the entire DPF Booklet.

Contents

What to do next

This is an important document and requires your immediate attention. You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Proposal. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

1. Are you supportive of AOF acquiring DPF to form the Australian Unity Property Fund?

This Proposal, if approved, will be implemented by way of amendments to the DPF Constitution (see Section 11.11 for summary of these amendments) which must be approved by DPF Unitholders at the Meeting.

If you are supportive of the Proposal you should vote **FOR** the DPF Unitholder Resolution. See Section 2.3 for details on 'How to Vote'.

A summary of the reasons to vote for or against the Proposal is set out below and discussed in further detail in Section 3.

Reasons to vote in **FAVOUR** of the Proposal	Reasons to vote **AGAINST** the Proposal
Exposure to a larger and more diversified portfolio, with enhanced ability to execute upon value-add opportunities	The change in the nature of an investment in a DPF Unit compared to an investment in an AUPF Unit (including the move to the listed environment and changed asset mix) may not align with DPF Unitholders' preferences
Potentially increased distributions	The Proposal is not at a premium and is expected to be slightly NTA dilutive for DPF Unitholders
Materially reduced and simplified fee structure for DPF Unitholders	Potential variability in the implied offer value for movements in the AUPF unit price
Reduced gearing and improved access to capital	
Greater immediate and ongoing liquidity	
Continued access to an experienced management team and board	

2. Do you wish to withdraw your investment from DPF at this time? – You can apply to withdraw under the Capped Withdrawal Facility

If you wish to redeem your investment in DPF for cash, you may elect to participate in DPF's quarterly Capped Withdrawal Facility.

If the Proposal is **approved** and proceeds, there will be a once-off increase to DPF's quarterly Capped Withdrawal Facility to a minimum of $24.8 million, through which you can apply for redemption of your DPF Units. If your application under the Capped Withdrawal Facility is accepted, your DPF Units will be redeemed prior to implementation of, and you will not participate in, the Proposal. Applications for the Capped Withdrawal Facility will be subject to pro-rata scale back and are expected to close at 3.00pm on 8 December 2021.

DPF Unitholders should note that DPF RE has the discretion to increase the amount of the Capped Withdrawal Facility above $24.8 million should it consider this to be appropriate. DPF RE will consider whether to exercise this discretion after close of applications under the Capped Withdrawal Facility having regard to a number of factors including the level of demand and whether applications would otherwise be subject to scale back, as well as access to appropriate funding.

If the Proposal is **not approved**, DPF's standard quarterly Capped Withdrawal Facility of 2.5% of net asset value of DPF (a minimum of approximately $8.6 million) will continue to be made available to DPF Unitholders.

Accordingly, DPF Unitholders who wish to withdraw their investment in DPF are encouraged to vote in FAVOUR of the Proposal in order to enhance the likelihood of receiving the benefit of the enlarged Capped Withdrawal Facility of a minimum of $24.8 million.

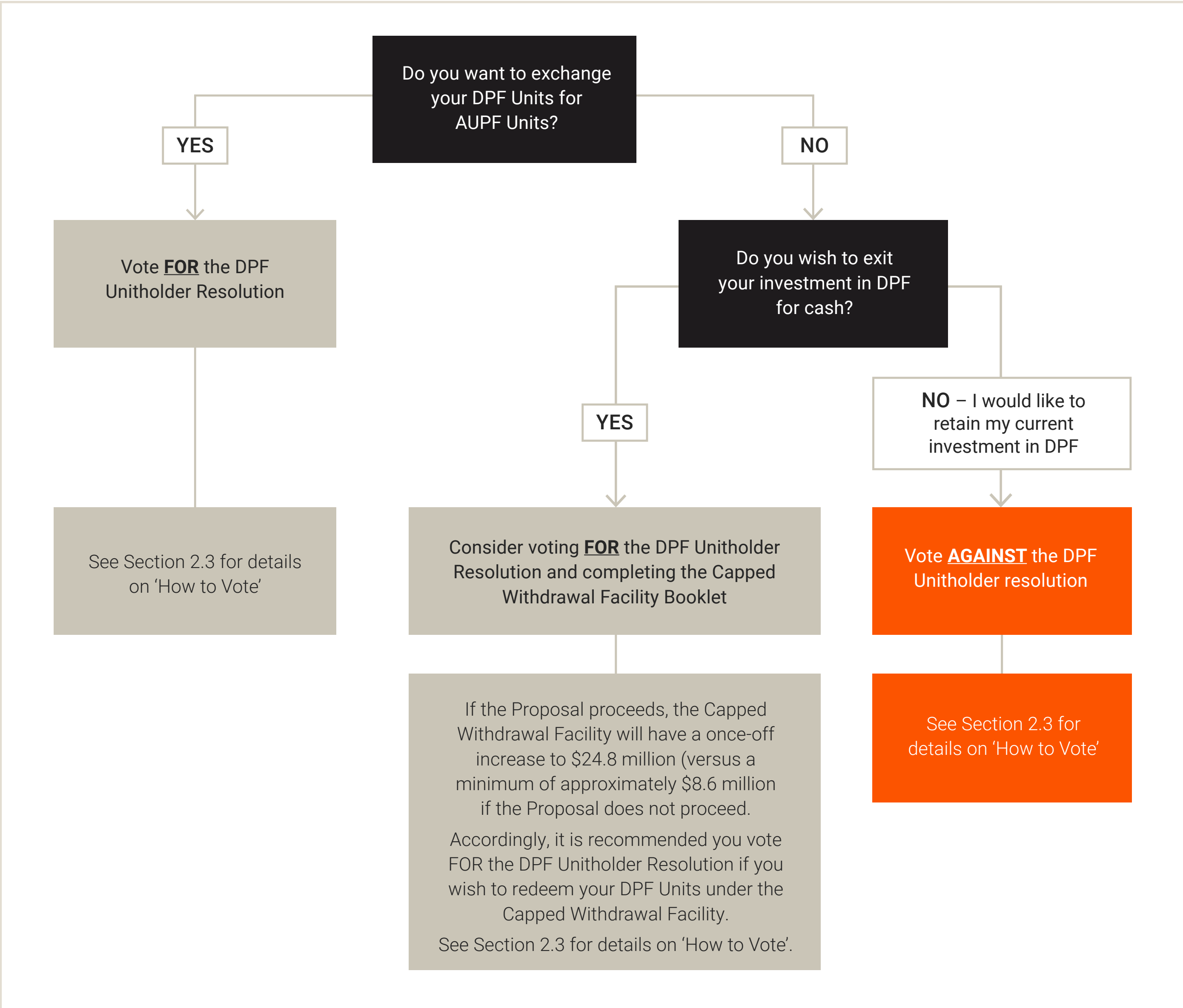
Further details on the Capped Withdrawal Facility, including how to apply for the Capped Withdrawal Facility, are set out in Section 3.12.

3. Do you wish to retain your investment in a standalone DPF?

If you wish to retain your holding in the standalone, unlisted DPF, you should vote **AGAINST** the DPF Unitholder Resolution. See Section 2.3 for details on 'How to Vote'.

However, the DPF RE Board unanimously recommends that DPF Unitholders vote in FAVOUR of the Proposal, and DPF Unitholders are encouraged to read this DPF Booklet carefully prior to making a decision.

What are my choices?



DPF Unitholders should be aware that they will be bound by the outcome of the DPF Unitholder vote on the DPF Unitholder Resolution, regardless of their individual vote on the DPF Unitholder Resolution.

Important information on why you may vote for or against the Proposal is contained in the Chairman's Letter, summarised in Section 1, set out in detail in Section 3 and provided elsewhere in this DPF Booklet. You should read this DPF Booklet in full before making any decision on how to vote. It is important that you consider the information disclosed in light of your own particular investment needs, objectives and financial circumstances. You can vote by participating in the virtual Meeting or by proxy, by attorney or by corporate representative (in the case of a body corporate) in accordance with the instructions as set out in Section 2 and the Notice of Meeting.

If, after reading this DPF Booklet, you have any questions regarding the Proposal, the DPF Unitholder Resolution, the Capped Withdrawal Facility or any of the other information contained within this DPF Booklet you can contact the DPF Unitholder Information Line on 1300 671 080 (within Australia) or +61 2 9066 4084 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday, or consult an independent, appropriately licensed and authorised professional financial adviser without delay.

Chairman's Letter

Dear DPF Unitholders

On 4 October 2021, Australian Unity Property Limited (**DPF RE**) as responsible entity of the Australian Unity Diversified Property Fund (**DPF**) announced the proposed merger of DPF with the Australian Unity Office Fund (**AOF**) to create the Australian Unity Property Fund (**AUPF**) (the **Proposal**).

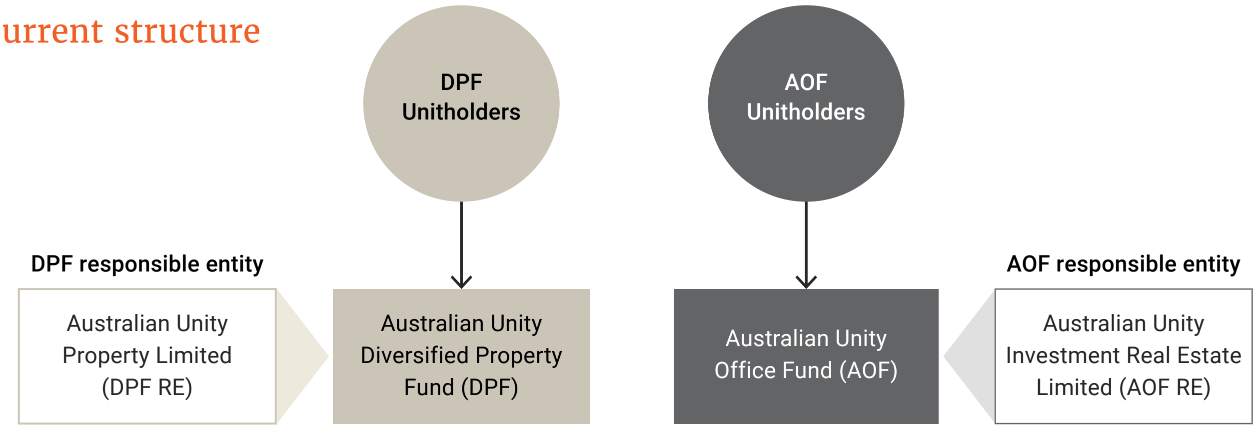
On behalf of the Board of DPF RE (**DPF RE Board**), I am pleased to provide you with this DPF Booklet which contains details about the Proposal and its implications for you as an existing unitholder in DPF.

The Proposal is to be implemented by way of a trust scheme of DPF under which AOF will acquire all of the units in DPF in consideration for the issue of AUPF Units (being units in the renamed AOF) at a merger ratio of 0.4550 AUPF Units for every 1 DPF Unit (**Merger Ratio**).

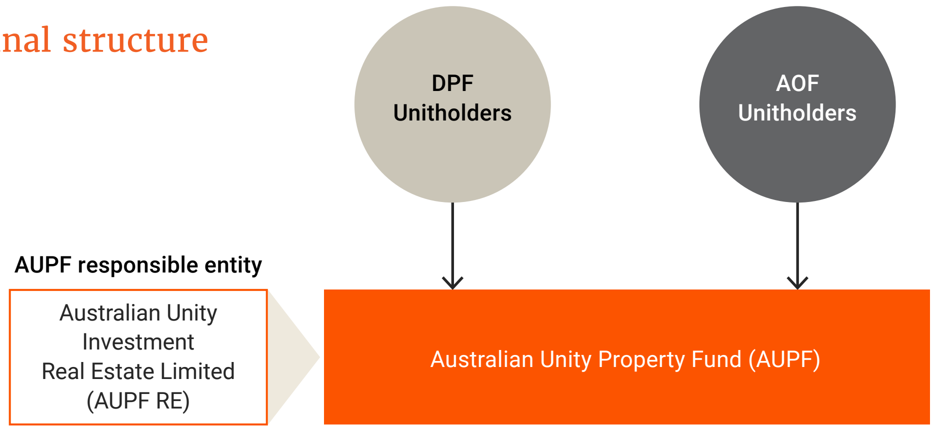
Concurrently with implementation of the Proposal, AOF will be renamed AUPF with DPF Unitholders owning approximately 46% of AUPF and current AOF Unitholders owning approximately 54%.[1]

A summary of the structure of the two funds before and after the Proposal is shown below.

Current structure



Final structure



1. Pro forma DPF Unitholder ownership includes AUL's acquisition of 9.7m AOF Units from DPF, and assumes full take-up of the $24.8m Capped Withdrawal Facility.

The DPF RE Board considers that the Proposal will deliver a number of benefits to DPF Unitholders including:

- exposure to a larger and more diversified portfolio of property assets, with an enhanced ability to implement value-add opportunities;
- the potential for increased distributions;
- a materially reduced and simplified fee structure;
- reduced gearing and improved access to capital;
- greater immediate and ongoing liquidity; and
- continued access to an experienced management team and board.

DPF has had strong performance historically and, notably, a very successful FY21 having completed a number of strategic acquisitions and divestments, advanced two key developments and delivered DPF Unitholders a 19.6% total return for the year. However, DPF's gearing has also increased during FY21 and significant capital is still required to fund DPF's development pipeline going forward, and to pursue value-add opportunities.

Available funding options for DPF in the absence of the Proposal, include raising additional equity, pursuing further asset sales or delaying development opportunities. Depending on which alternative funding option is utilised, it could have a significant impact on DPF Unitholders' per unit distributions.

Overall, the DPF RE Board believes that the Proposal to create AUPF has strong strategic rationale and provides DPF unitholders with a superior investment proposition and enhanced sustainability of income returns, relative to DPF on a standalone basis.

Accordingly, the DPF RE Board unanimously recommends that DPF Unitholders vote in favour of the Proposal, in the absence of a Superior Proposal.

DPF Unitholders should consider both the advantages and disadvantages of the Proposal in deciding whether or not to vote in favour of the Proposal. Section 3.4 of this DPF Booklet provides a further explanation of the key benefits and disadvantages of the Proposal, and Section 3.5 provides a further explanation of the alternative options to the Proposal that have been considered by the DPF RE Board.

This DPF Booklet is intended to assist DPF Unitholders to consider all aspects of the Proposal and to decide whether to vote for or against the Proposal at the Meeting of DPF Unitholders to be held at 10.00am on 10 December 2021. I recommend that you read the DPF Booklet carefully. In this DPF Booklet, you will find:

- a Q&A section that will answer many of the common questions that DPF Unitholders may have (Section 1);
- a detailed description of the steps for implementing the Proposal (Section 3);
- an overview of AUPF and how it differs as an investment proposition to DPF (Section 7);
- a summary of the key risks associated with the Proposal (Section 8);
- a discussion of the implications for DPF Unitholders if the Proposal is not implemented (Section 3.10);
- a summary of the tax implications of the Proposal (see Section 10);
- a summary of the changes to the DPF Constitution that are required to implement the Proposal (Section 11.11);
- reports from the Investigating Accountant regarding the Financial Information included in this DPF Booklet (Annexure E); and
- a report from the Independent Expert that concludes that the Proposal is in the best interests of DPF Unitholders (Annexure B).

The Proposal is subject to a number of conditions, including approvals by DPF Unitholders and AOF Unitholders, regulatory approvals and receipt of judicial advice from the Court.

Another important aspect of the Proposal is the Capped Withdrawal Facility that is being made available to DPF Unitholders that wish to redeem all or some of their DPF Units prior to the implementation of the Proposal. Further details on the Capped Withdrawal Facility can be found at Section 3.12.

I look forward to your participation at the Meeting on 10 December 2021 and on behalf of DPF RE, I thank you for your ongoing investment in DPF.

If you have any questions regarding the Proposal, please call the DPF Unitholder Information Line on 1300 671 080 (within Australia) or +61 2 9066 4084 (outside Australia) or your financial adviser.

Yours faithfully

Rohan Mead
Chairman

Important dates

Monday, 15 November 2021	Date of this DPF Booklet
10.00am on Wednesday, 8 December 2021	Time and date by which Proxy Forms must be received
3.00pm on Wednesday, 8 December 2021	Capped Withdrawal Facility closes
7.00pm on Wednesday, 8 December 2021	Voting Record Date
10.00am on Friday, 10 December 2021	Time and date of the Meeting of DPF Unitholders
1.00pm on Friday, 10 December 2021	Time and date of the meeting of AOF Unitholders

If the Proposal is approved by DPF Unitholders and all other Conditions Precedent in connection with the Proposal are fulfilled or waived, the following key dates apply:

Wednesday, 15 December 2021	Second Judicial Advice Date
Thursday, 16 December 2021	Effective Date
Friday, 17 December 2021	Redemptions under the Capped Withdrawal Facility become effective and occur
10.00am on Friday, 17 December 2021	AUPF Units commence trading on the ASX on a deferred settlement basis
6.00pm on Friday, 17 December 2021	Proposal Record Date
Wednesday, 22 December 2021	Implementation Date
Thursday, 23 December 2021	Normal trading in AUPF Units commences
Friday, 24 December 2021	Redemption price paid under Capped Withdrawal Facility

All dates and times are indicative only. DPF RE reserves the right to vary these dates and times in its absolute discretion. Any changes to the above timetable will be made available on the website at www.australianunity.com.au/wealth/dpf.

1. Q&A

This Section 1 answers some frequently asked questions about the Proposal. It is not intended to address all relevant issues for DPF Unitholders. This Section 1 should be read together with all other parts of this DPF Booklet.

1.1 Details of the proposal

Topic	Summary	Reference
Why have I received this document?	On 4 October 2021, DPF RE and AOF RE entered into the Merger Implementation Deed to pursue a proposal to merge DPF and AOF, by AOF acquiring all the units in DPF to create the Australian Unity Property Fund or AUPF. As a DPF Unitholder, you will be asked to vote on the DPF Unitholder Resolution required to implement the Proposal at the Meeting to be held on 10 December 2021. This DPF Booklet contains information that is prescribed by law or which the DPF RE Board considers is material to DPF Unitholders in making a decision whether or not to vote in favour of the Proposal.	N/A
What is the Proposal?	The Proposal involves AOF RE acquiring all of the units in DPF by way of a trust scheme of arrangement. If the DPF Unitholder Resolution is approved by DPF Unitholders, the Proposal will be facilitated by amendments to the DPF Constitution in the form as provided in the Supplemental Deed Poll. If the Proposal proceeds, DPF Unitholder Participants will be issued AUPF Units (being units in the renamed AOF) in exchange for their DPF Units. The DPF RE Board considers the Proposal to be superior to the other alternatives considered.	Sections 3.1 and 3.3
What are the benefits of the Proposal?	The Proposal is expected to deliver the following benefits to DPF Unitholders: • exposure to a larger and more diversified portfolio of property assets, with enhanced ability to execute upon value-add opportunities; • potentially increased distributions; • materially reduced and simplified fee structure for DPF Unitholders; • reduced gearing and improved access to capital; • greater immediate and ongoing liquidity; and • continued access to an experienced management team and board. In particular, DPF Unitholders should take into consideration DPF's current situation and standalone forecast performance, should the Proposal not be implemented. As a consequence of DPF's current gearing profile, and with significant capital required to fund DPF's development pipeline and to pursue value-add opportunities, DPF will require additional funding in the near term. In the absence of pursuing the Proposal, DPF RE considered a number of alternatives to enable DPF to meet its strategic objectives, including asset sales, raising additional equity as well as the deferral of key development opportunities. Section 3.4 of this DPF Booklet provides a further explanation of the key benefits and disadvantages of the Proposal, and Section 3.5 provides a further explanation of the alternative options to the Proposal considered by DPF RE.	Section 3.4

Topic	Summary	Reference
What are the potential disadvantages and risks of the Proposal?	The potential disadvantages and risks from implementing the Proposal include: • the change in the nature of investment in a DPF Unit compared to an investment in an AUPF Unit (including a move to the listed environment and changed asset mix) may not align with DPF Unitholders' preferences; • the Proposal is not at a premium and is expected to be slightly NTA dilutive for DPF Unitholders; and • potential variability in the implied offer value for movements in the AUPF Unit price as a listed investment. Section 3.4 of this DPF Booklet provides a further explanation of the key benefits and disadvantages of the Proposal, and Section 3.5 provides a further explanation of the alternative options to the Proposal considered by DPF RE.	Section 3.4
Has DPF RE considered alternatives to the Proposal?	Before arriving at the Proposal, DPF RE considered three alternative ways that DPF could meet its strategic objectives: • asset sales; • raising additional equity; and • delaying potential growth opportunities. The DPF RE Board considers the Proposal to be superior to the above alternatives considered, with asset sales and the delay of growth opportunities potentially being dilutive to DPF Unitholders.	Section 3.5
What is the role of the Court?	DPF RE has obtained judicial advice from the Court that DPF RE, as responsible entity of DPF, is justified in convening the Meeting for DPF Unitholders to vote on the Proposal. If the DPF Unitholder Resolution is approved by DPF Unitholders at the Meeting, the Second Court Hearing will then be held to obtain judicial advice to approve the implementation of the Proposal.	Section 11.14
What will I receive if the Proposal becomes Effective and is implemented?	If the Proposal is implemented: • DPF Unitholder Participants will be entitled to receive 0.4550 AUPF Units for each DPF Unit held on the Proposal Record Date. • DPF Unitholder Participants, other than Foreign DPF Unitholders, will be issued the AUPF Units to which they are entitled on the Implementation Date. • Foreign DPF Unitholders will not be issued any AUPF Units but will receive the net proceeds from the sale by the Sale Agent of the AUPF Units to which the Foreign DPF Unitholder would otherwise be entitled.	Section 3.3
What is an AUPF Unit?	Concurrently with implementation of the Proposal, AOF will be renamed AUPF. An AUPF Unit is a new fully paid ordinary unit in AUPF to be issued by AOF RE to DPF Unitholders under the Proposal. AOF will apply to the ASX for official quotation of the AUPF Units on the ASX. Subject to the ASX approving quotation of the AUPF Units, the AUPF Units are expected to commence trading on the ASX, initially on a deferred settlement basis from the first Business Day following the Effective Date, and on a normal settlement basis from the first Business Day after the Implementation Date.	Section 7

Topic	Summary	Reference
What are the changes to management and performance fees if the Proposal proceeds?	Please see Sections 1.4 and 3.4 for a discussion of the comparative fee structure of DPF and AUPF.	Section 3.4
What will happen to DPF if the Proposal becomes Effective and is implemented?	If the Proposal becomes Effective and is implemented, all of the units in DPF will be transferred to AOF RE and the assets of DPF will form part of the broader assets of AUPF. AOF RE will procure that DPF ceases to be a registered managed investment scheme with ASIC.	Sections 4.3 and 4.12
Who is entitled to participate in the Proposal?	If the Proposal becomes Effective and is implemented, all DPF Unitholders on the Register at the Proposal Record Date will become entitled to be issued AUPF Units in respect of the DPF Units they hold at that time. However, Foreign DPF Unitholders will not be issued AUPF Units as these will be sold through the Foreign Sale Facility.	Sections 4.3 and 4.9
Who is a Foreign DPF Unitholder?	A Foreign DPF Unitholder is a DPF Unitholder whose address as shown in the Register (on the Proposal Record Date) is a place not located in: • Australia (or its external territories); or • New Zealand. If the Proposal is implemented, Foreign DPF Unitholders will direct that the AUPF Units that they are entitled to receive be issued instead to AUIREL and sold on their behalf under the Foreign Sale Facility. As a result, Foreign DPF Unitholders will be paid the cash they are entitled to receive under the Foreign Sale Facility.	Sections 4.9 and 4.10
What if I do not support the Proposal and wish to be cashed out of my DPF investment?	If you do not wish to participate in the Proposal and wish to be cashed out of your investment in DPF, you may consider: • electing to participate in the Capped Withdrawal Facility as described in Section 3.12; or • selling your DPF Units by way of off-market transfer at any time up to and including the Effective Date. If the Proposal is approved, there will be a once-off increase to DPF's quarterly Capped Withdrawal Facility to a minimum of $24.8 million, through which you can apply for redemption of your DPF Units. Accordingly, DPF Unitholders who wish to withdraw their investment in DPF are encouraged to vote in FAVOUR of the Proposal in order to enhance the likelihood of receiving the benefit of the enlarged Capped Withdrawal Facility of a minimum of $24.8 million. All applications under the Capped Withdrawal Facility will, however, remain subject to scale back in accordance with the terms of the Capped Withdrawal Facility.	Section 2 and 3.12
What if I do not support the Proposal and wish to maintain my investment in DPF in its current unlisted form?	If you do not support the Proposal and wish to maintain your investment in its current form, you may consider voting against the DPF Unitholder Resolution. However, if the DPF Unitholder Resolution is approved by the requisite majority of DPF Unitholders (and the other Conditions Precedent are satisfied or waived), then the Proposal will become Effective and be implemented and you will participate in the Proposal regardless of whether you voted against the DPF Unitholder Resolution.	*What to do Next* and Section 4.4

Topic	Summary	Reference
What are the Conditions Precedent to the Proposal proceeding?	The Proposal might not proceed where one of the Conditions Precedent has not been satisfied (or waived, if applicable) or a termination event in the Merger Implementation Deed has occurred. These circumstances include (amongst other things): • regulatory approvals required to implement the Proposal are not granted or obtained; • DPF Unitholders and AOF Unitholders do not provide the requisite approvals; • a Government Agency restrains the completion of the Proposal; • the Court declines to grant the Second Judicial Advice; • ASX does not approve the quotation of the AUPF Units; or • the AUPF Refinancing does not proceed.	Sections 3.8 and 11.9
What happens if the Proposal does not proceed?	If the Proposal is not implemented, DPF will continue to operate under its current strategy. However, DPF may need to undertake one or a combination of actions to ensure it meets its strategic objectives. These actions include the sale of portfolio assets, the raising of additional equity and / or the delaying of potential growth opportunities, the last two of which may be dilutive to DPF Unitholders.. In the case where the Proposal is not implemented, additional equity cannot be raised, asset sales cannot be executed and projects cannot be delayed, DPF may potentially breach its LVR covenant of 55% or exceed its debt facility limit. There is a draw-stop at 50% LVR imposed by DPF's financiers which provide them with the ability to freeze DPF Unitholder redemptions.	Sections 3.4(f) and 3.10
Will distributions be paid prior to implementation of the Proposal?	DPF may make monthly distributions of income to DPF Unitholders for the period from 1 July 2021 until the earlier of the Effective Date or 31 December 2021. However, the total amount of all such distributions will not exceed 3 cents per DPF Unit. If the Implementation Date does not occur on or prior to 31 December 2021, DPF RE and AOF RE will consult in good faith to permit the payment of additional distributions by DPF RE to DPF Unitholders prior to the Implementation Date.	Section 3.16
What are the tax and stamp duty consequences of participating in the Proposal and the Withdrawal Facility?	It is anticipated that the Proposal will be implemented in a way that is eligible for capital gains tax scrip-for-scrip rollover relief, and that a liability to GST and stamp duty should not arise for DPF Unitholders who participate in the Proposal or Capped Withdrawal Facility. Further details regarding the tax and stamp duty treatment of the Proposal and the Capped Withdrawal Facility are set out in the letter from King & Wood Mallesons in Section 10 of this DPF Booklet. Each DPF Unitholder's tax position is different and DPF Unitholders are urged to consult their own tax advisers as to the specific tax consequences of the Proposal.	Section 10

1.2 Independent Expert's opinion and the DPF RE Directors' recommendation

Topic	Summary	Reference
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Proposal is fair and reasonable to, and therefore in the best interests of, DPF Unitholders in the absence of a Superior Proposal. The Independent Expert's estimate of the market value of a DPF Unit, having regard to DPF's NTA as well as a number of adjustments, is between $1.02-1.15, while its estimated market value of the consideration (i.e. a DPF equivalent AUPF Unit) is between $1.06–1.18. The Independent Expert has noted that any comparison of the value of a DPF Unit to the value of the consideration should be made on a like-for-like basis in order to ensure congruence of the inputs in the valuation meaning that the low end of the value range of a DPF Unit should be compared to the low end of the value range of the consideration, and equally, the high end of the value range of a DPF Unit should be compared to the high end of the value range of the consideration. At the mid-point, the value of a DPF Unit is $1.09 as compared to the value of the consideration at the mid-point which is $1.12. The complete reasons as to why the Independent Expert reached its conclusions are set out in the Independent Expert's Report, a copy of which is included at Annexure B of this DPF Booklet, and the DPF RE Directors strongly encourage you to read this report in its entirety.	Annexure B
Do the DPF RE Directors recommend the Proposal?	The DPF RE Directors consider that the Proposal is in the best interests of DPF Unitholders and the DPF RE Directors unanimously recommend that DPF Unitholders vote in favour of the Proposal in the absence of a Superior Proposal.	Section 3.6

1.3 Capped Withdrawal Facility

Topic	Summary	Reference
What is the Capped Withdrawal Facility?	In connection with the Proposal and subject to the DPF Unitholder Resolution being passed and all other Conditions Precedent of the Proposal being met, DPF will make a once-off increase to its quarterly Capped Withdrawal Facility which will aim to allow DPF Unitholders, at their election, to reduce or exit their investment in DPF prior to the implementation of the Proposal. If the Proposal is approved, the amount made available under the Capped Withdrawal Facility will increase from a minimum of approximately $8.6 million to a minimum of $24.8 million reflecting the once-off increase. DPF RE also has the discretion to increase the amount of the Capped Withdrawal Facility above $24.8 million should it consider this to be appropriate. DPF RE will consider whether to exercise this discretion after close of applications under the Capped Withdrawal Facility having regard to a number of factors including the level of demand and whether applications would otherwise be subject to scale back, as well as access to appropriate funding. If the Proposal proceeds and the total amount of withdrawal requests for DPF exceeds the amount made available under the Capped Withdrawal Facility, withdrawal requests will be met on a pro-rata basis. This means that DPF RE will calculate the percentage of the amount available to the total withdrawal requests received, and then apply this to each DPF Unitholder request. In such a case, you will continue to hold some DPF Units which will be exchanged for AUPF Units or, if you are a Foreign DPF Unitholder, for cash under the Foreign Sale Facility described in Section 4.10..	Section 3.12
When do I have to apply for the Capped Withdrawal Facility?	If the Proposal proceeds, the cut off time for receiving applications to redeem DPF Units under the Capped Withdrawal Facility will be 3.00pm on 8 December 2021. Applications which are accepted under the Capped Withdrawal Facility will become effective and the relevant DPF Units will be redeemed on 17 December 2021.	Section 3.12
How do I participate in the Capped Withdrawal Facility?	DPF Unitholders must elect to participate in the Capped Withdrawal Facility if DPF Unitholders wish to redeem all or part of their investment in DPF. You may elect to participate in the Capped Withdrawal Facility by completing the Capped Withdrawal Facility Booklet accompanying this DPF Booklet. DPF Unitholders who wish to withdraw their investment in DPF may consider voting in FAVOUR of the Proposal in order to receive the benefit of the enlarged Capped Withdrawal Facility of a minimum of $24.8 million.	Section 3.12
When will I get paid under the Capped Withdrawal Facility?	If the Proposal proceeds, DPF Unitholders that participate in the Capped Withdrawal Facility will be paid by 24 December 2021.	Section 3.12
What if the Proposal does not proceed?	If the Proposal does not proceed: • the amount made available under the Capped Withdrawal Facility will be a minimum of approximately $8.6[2] million, reflecting the existing terms and conditions of the Capped Withdrawal Facility as described in DPF's Capped Withdrawal Facility Booklet; • unless you have elected to withdraw only in the event that the Proposal proceeds, applications which have been received under the Capped Withdrawal Facility will be applied to the usual Capped Withdrawal Facility; and • the Capped Withdrawal Facility will be subject to pro rata scale back in accordance with its usual terms.	Section 3.12

2. Estimate only, with actual figure subject to NAV as at time of Capped Withdrawal Facility close.

1.4 Australian Unity Office Fund / Australian Unity Property Fund

Topic	Summary	Reference
What is AOF?	The Australian Unity Office Fund (ASX:AOF) is an ASX listed A-REIT that owns a portfolio of properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra. The portfolio was independently valued at $610 million as at 30 June 2021, has an occupancy rate of 95.6% and WALE of 2.7 years[3]. As at the close of trading on 8 November 2021, AOF had a market capitalisation of approximately $372 million (based on a closing price of $2.26 per unit). AOF's key objectives are to provide sustainable income returns via quarterly distributions and the potential for capital growth over the long-term by investing in a diversified portfolio of Australian properties. AOF's strategy is to focus on owning Australian office properties in metropolitan and CBD markets, complemented by a targeted and diversified portfolio of Australian real estate assets with the key asset attributes of affordability, accessibility and amenity. If the Proposal is implemented, AOF will be renamed to AUPF prior to the Implementation Date.	Section 6
Who is the responsible entity, investment manager and property manager of AOF?	Australian Unity Investment Real Estate Limited (ABN 86 606 414 368, AFSL 477434) is the responsible entity of AOF. The investment management of AOF is provided by Australian Unity Funds Management Limited (ABN 60 071 497 115) (**AUFML**). The property management of AOF is provided by Australian Unity Property Management Pty Ltd (ABN 76 073 590 600) (**AUPM**). AUPM is also the property manager for DPF which will ensure consistency of asset management and property management services.	Section 6.2 and 6.3(f)
When can AUPF Units be traded on the ASX?	The AUPF Units are expected to commence trading on the ASX initially on a deferred settlement basis from Friday 17 December 2021.	N/A
What are the differences between the investment objectives or investment strategy of AOF and DPF?	The investment objectives and investment strategy of AOF is consistent with DPF.	Sections 5.4 and 6.4

3. As at 30 June 2021, adjusted for the acquisition of 96 York Street, Beenleigh which is expected to settle in January 2022 and proposed divestment of 32 Phillip Street, Parramatta.

<table>
<tr><th>Topic</th><th>Summary</th><th>Reference</th></tr>
<tr><td>What are the fees for AUPF and how do these differ to DPF?[4]</td><td>
If the Proposal is implemented, DPF Unitholders will benefit with each respective fee currently payable by DPF Unitholders either reduced or eliminated.
The following table shows a summary of AUPF's fee structure compared to DPF's fee structure:[5]
<table>
<tr><th>Fee type</th><th>Gross asset value</th><th>DPF standalone</th><th>AUPF</th></tr>
<tr><td rowspan="2">Base management fee</td><td>Amount up to $750 million</td><td>0.65%</td><td>0.60%</td></tr>
<tr><td>Amount above $750 million</td><td>0.65%</td><td>0.55%</td></tr>
<tr><td>Performance fee</td><td></td><td>20% of DPF's outperformance in excess of an Internal Rate of Return (IRR) of 10% p.a. calculated with reference to DPF's average net asset value and is subject to earning back any underperformance</td><td>Nil</td></tr>
<tr><td>Acquisition fee</td><td></td><td>Up to 1.00% of the purchase price of a real property asset</td><td>Nil</td></tr>
<tr><td>Retirement/ removal fee[6]</td><td></td><td>Up to 1.00% of the gross asset value of DPF</td><td>Nil</td></tr>
<tr><td>Buy-sell spread</td><td></td><td>Buy: 0.50%
Sell: 0.50%</td><td>AUPF does not charge a buy-sell spread. Any AUPF Unitholder standard brokerage fees will apply.</td></tr>
</table>
Recoverable expenses are accrued as and when incurred by the funds and therefore the amount recovered each month may vary. DPF's recoverable expenses are estimated to be 0.20% p.a. of the average gross asset value (GAV) of DPF. AUPF's recoverable expenses are estimated to be 0.16% of GAV.
</td><td>Sections 3.4 and 9</td></tr>
<tr><td>What distributions will I receive?</td><td>AUPF expects to pay quarterly distributions to unitholders and expects these distributions to be between 80% and 100% of the AOF RE Board's determination of funds from operations (FFO). In FY22, DPF-equivalent statutory AUPF distributions are expected to be 6.5 cents per unit, representing accretion of 14% compared to DPF standalone.[7]</td><td>Sections 3.4, 6.8 and 7.7</td></tr>
<tr><td>When will AOF's name be changed to AUPF?</td><td>If the Proposal proceeds, AOF RE will change the name of AOF to Australian Unity Property Fund on or about the Implementation Date.</td><td>Section 3.1</td></tr>
</table>

4. The percentages noted above are exclusive of income tax and GST and exclusive of the effect of any reduced input tax credits or tax deduction available to the responsible entity, or the extent to which any tax deduction may be passed on to product holders.
5. The percentages noted are exclusive of income tax and GST and exclusive of the effect of any reduced input tax credits or tax deduction available to the responsible entity, or the extent to which any tax deduction may be passed on to product holders. For GST inclusive figures, please refer to section 9 of this document.
6. DPF will not charge the retirement/removal fee as a result of the Proposal.
7. DPF first half FY22 distribution per unit (DPU) of 3.0c plus forecast second half FY22 AUPF DPU of 3.5c (calculated as half of DPF equivalent annualised statutory AUPF FY22 forecast). Totals may not add up due to rounding. This forecast is subject to no material change in current market conditions and no unforeseen events.

Topic	Summary	Reference
Will AUPF be a complying fund for the purposes of the Significant Investor Visa program?	DPF is a 'complying' fund for investment in 'Balancing investments' under the Significant Investor Visa framework. AUPF is not expected to be a compliant investment under legislative Instrument 'IMMI 15/100: Complying Investments.' DPF Unitholders for which this is relevant should consider any individual impact for them of this change, including seeking financial and legal advice.	Section 8.2
What are the key risks associated with an investment in AUPF?	If the Proposal proceeds, DPF Unitholders who participate in the Proposal and receive AUPF Units will be exposed to the following risks specific to AUPF which they are not currentcurrently exposed to as DPF Unitholders. • DPF Unitholders will gain exposure to AOF's property portfolio in addition to DPF's property portfolio. Risks and returns to investors may increase or reduce as a result of these changes. • AOF invests in Australian office and mixed-use properties, while DPF invests in Australian office properties, plus convenience retail shopping centres and industrial properties. For DPF Unitholders, this means that after implementation of the Proposal, their investment exposure will change in that the proportion of their investment in DPF exposed to the Australian office property sector will increase from approximately 26% to 53%.[8] Due to the high exposure to office properties, AUPF's performance depends, in part, on the performance of the Australian office property sector.. • DPF Unitholders that invest in AUPF will now hold an investment in a listed fund that is publicly traded on the ASX. The price at which AUPF Units may trade on the ASX may differ materially from AUPF's NTA per unit. This will likely lead to increased fluctuations in the value of DPF Unitholders' investments compared to DPF standalone, as an unlisted fund. In addition, DPF Unitholders will continue to be exposed to a number of risks which are common to investments in both DPF and AUPF as real estate investment trusts. These are discussed further in Section 8.5.	Section 8.4

1.5 Meeting details, voting and approval thresholds

Topic	Summary	Reference
When and where will the Meeting be held?	The Meeting will be held on 10 December 2021, commencing at 10.00am (Sydney time). DPF RE is closely monitoring, planning and responding to the impact of the COVID-19 pandemic in Australia and is following the guidance issued by the federal and state governments. In light of recent health guidance, the Meeting will be held as a virtual meeting using an online platform which allows attendees to vote, ask questions and participate electronically in real-time, rather than attending the meeting at a physical venue. Please refer to the Notice of Meeting (Annexure A of this DPF Booklet) for information on how to participate in the Meeting online.	Section 2 and Annexure A
Who is eligible to vote at the Meeting?	All DPF Unitholders on the Register as at 7.00pm (Sydney time) on 8 December 2021 (the **Voting Record Date**) are entitled to participate and vote at the Meeting except that, in accordance with section 253E of the Corporations Act, AOF RE and its Associates are not entitled to vote their interests if they have an interest in the DPF Unitholder Resolution other than as a member of DPF.	Section 2.2 and Annexure A

8. As at 30 June 2021, adjusted for the acquisition of 96 York Street, Beenleigh which is expected to settle in January 2022 and proposed divestment of 32 Phillip Street, Parramatta and 19 Corporate Avenue, Rowville. Totals may not add up due to rounding.

Topic	Summary	Reference
Why should I vote?	Voting is not compulsory. However, your vote will be important in determining whether or not the Proposal will proceed. The DPF RE Directors recommend that you read this DPF Booklet carefully, including the Independent Expert's Report, and vote in favour of the Proposal, in the absence of a Superior Proposal.	N/A
What is the DPF Unitholder Resolution?	The DPF Unitholder Resolution is a special resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the DPF Constitution, as set out in the Supplemental Deed Poll. These amendments are necessary to effect the Proposal and authorise DPF RE to implement the Proposal, including the transfer of DPF Units to AOF RE in exchange for AUPF Units.	Section 2.1
What voting majority is required for the DPF Unitholder Resolution?	As a special resolution, for the DPF Unitholder Resolution to be approved, it must be passed by at least 75% of the total number of votes cast on the resolution by DPF Unitholders entitled to vote on the resolution at the Meeting.	Section 2.2
How do I vote?	The Meeting will be held as a virtual meeting using an online platform which allows participants to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue. You can participate in the Meeting online on the day of the meeting by visiting web.lumiagm.com/317892635 on your smartphone, tablet or computer. You will need the latest of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. Please ensure you have your Voting Access Code (refer to the proxy form or your Notice of Meeting email), as you will need this to log in and vote. A Virtual Meeting User Guide is available at www.australianunity.com.au/wealth/dpf. All DPF Unitholders participating virtually will be taken to be present at the meeting. You may vote by participating in the virtual Meeting (via a webcast or an online voting facility). Alternatively, if you do not want to, or cannot, participate in the Meeting in this way, you can vote by proxy, by attorney or by corporate representative (in the case of a body corporate) in accordance with the instructions in the Notice of Meeting.	Section 2.3
What happens if I vote against the DPF Unitholder Resolution or do not vote?	If you do not vote, or if you vote against the DPF Unitholder Resolution, then the Proposal may or may not be approved. The Proposal cannot be implemented unless the DPF Unitholder Resolution is passed by the requisite majority of DPF Unitholders at the Meeting. However, even if you do not vote or vote against the DPF Unitholder Resolution, this does not mean the Proposal will not be approved. If you vote against the DPF Unitholder Resolution and it is approved and the Conditions Precedent are satisfied or waived (if applicable) and the Proposal becomes Effective, the Proposal will be implemented.	N/A
Can I keep my DPF Units if the Proposal is approved, becomes Effective and is implemented?	If the Proposal becomes Effective and is implemented, you will be bound by the Proposal and all of your DPF Units will be transferred to AOF RE. DPF Unitholder Participants will receive 0.4550 AUPF Units for each DPF Unit they hold on the Proposal Record Date. Foreign DPF Unitholders will direct for their AUPF Units to be sold under the Foreign Sale Facility and will receive cash under the Foreign Sale Facility.	Section 3.3

Topic	Summary	Reference
What happens if the DPF Unitholder Resolution is not approved?	If the DPF Unitholder Resolution is not approved by the requisite majority of DPF Unitholders at the Meeting or any other Conditions Precedent are not satisfied or waived (if applicable), the Proposal will not be implemented and the DPF Unitholders will continue to hold DPF Units. The Capped Withdrawal Facility will revert to the existing terms and conditions of the periodicquarterly Withdrawal Facility.	Sections 3.10 and 3.12

1.6 Implementation and other matters

Topic	Summary	Reference
What needs to happen for the Proposal to proceed?	For the Proposal to proceed, the Conditions Precedent must be satisfied or waived (if applicable).	Sections 3.8 and 3.15
When will the Proposal be completed and implemented?	If the DPF Unitholder Resolution is passed, the Conditions Precedent are satisfied or waived (if applicable) and the Proposal becomes Effective, the Proposal will be implemented on the Implementation Date, which is expected to be 22 December 2021.	Important Dates
When will I be issued AUPF Units?	AOF RE must transfer AUPF Units to the DPF Unitholder Participants on the Implementation Date, which is expected to be 22 December 2021.	Section 4.6
Prior to implementation, can I transfer DPF Units?	Yes. You can buy or sell DPF Units, as an off-market transfer, up to and including the Effective Date.	N/A
What are the transaction costs associated with the Proposal?	If the Proposal is implemented, AUPF will incur one-off costs of approximately $24.5 million (inclusive of non-recoverable GST, if applicable); comprising $22.2 million of transaction costs, primarily in relation to stamp duty and advisor costs, and net costs of $2.3 million relating to the establishment of AUPF's new debt facility. DPF Unitholders should also take into consideration that if the Proposal is not implemented, DPF will incur transaction costs of approximately $2.7 million (inclusive of non-recoverable GST, if applicable) without realising any of the benefits garnered by successful implementation of the Proposal.	Sections 3.4 and 3.10

Topic	Summary	Reference
What will happen with the Limited Base Management fee rebate?	A discount to DPF's base management fee has previously been offered to DPF Unitholders who applied for DPF Units under DPF's Product Disclosure Statement dated 8 October 2020 (**BMF Discount**). If the Proposal is implemented, all DPF Unitholders will benefit from a materially improved and simplified fee structure, with each respective fee currently payable by DPF Unitholders either reduced or eliminated. In particular, AUPF's base management fees are expected to reduce by 5-10 basis points (or 8-15%), relative to DPF standalone[9], and there will also be no performance fees, acquisition fees or retirement / removal fees associated with AUPF. In light of the improvements in the AUPF fees (relative to DPF), and the terms of the BMF Discount which provide that the BMF Discount will terminate in the event of transfer of DPF Units prior to 31 December, the BMF Discount will be discontinued should the Proposal become Effective. However, a one-off payment will be made (**BMF Termination Payment**) to those DPF Unitholders who: • hold DPF Units which are eligible for the BMF Discount as at the Proposal Record Date; and • do not participate in the Capped Withdrawal Facility in respect of those participating DPF Units. The BMF Termination Payment is expected to be paid in the quarter ending 31 March 2022 to those eligible DPF Unitholders. Further details about the BMF Termination Payment, including the basis of calculation, are set out in Section 11.8.	Section 11.8
Do I have to pay brokerage fees or stamp duty to participate in the Proposal?	No brokerage or stamp duty will be payable by DPF Unitholder Participants on the transfer of their DPF Units to AOF RE or on the issue of AUPF Units under the Proposal. Further details regarding the stamp duty and tax treatment of participating in the Proposal and the Withdrawal Facility are set out in the letter from King & Wood Mallesons that is included in Section 10 of this DPF Booklet. If you subsequently sell your AUPF Units, brokerage may be payable to your executing stockbroker or financial adviser.	Section 3.17
What are the Australian tax and stamp duty implications of the Proposal for DPF Unitholders?	The Proposal may give rise to Australian taxation and stamp duty consequences for DPF Unitholders. A summary of the general tax consequences is set out in Section 10.	Section 10
Further questions	If you have any further questions about the Proposal please call the DPF Unitholder Information Line on 1300 671 080 (within Australia) or +61 2 9066 4084 (outside Australia) between 8.30am to 5.00pm (Sydney time) Monday to Friday, or visit the website www.australianunity.com.au/wealth/dpf. If you are in any doubt as to whether to vote in favour of or against the DPF Unitholder Resolution, you should consult your investment, financial, tax, legal or other professional adviser.	N/A

9. Depending on gross asset value.

2. Meeting details and How to vote

DPF RE is closely monitoring and responding to the impact of the COVID-19 pandemic in Australia and is following guidance issued by the federal and state governments. In light of government restrictions and public health recommendations with respect to large gatherings in public venues, the Meeting will be held virtually and there will not be a physical meeting where DPF Unitholders can attend.

Under this arrangement, DPF Unitholders will be provided with alternative ways to participate in the Meeting, including the ability to ask questions online.

If it becomes necessary to make further alternative arrangements for the Meeting, DPF Unitholders will be given as much notice as possible. For information on how to vote and participate at the Meeting online, refer to the Notice of Meeting at Annexure A.

2.1 DPF Unitholder approvals

DPF Unitholders will be asked to consider, and if thought fit, pass a special resolution for the purposes of section 601GC(1) of the Corporations Act to approve amendments to the DPF Constitution as set out in the Supplemental Deed Poll (**the DPF Unitholder Resolution**).

The amendments to the DPF Constitution, as set out in the Supplemental Deed Poll, insert the mechanics required to facilitate the Proposal into the DPF Constitution. Please refer to Section 11.11 for further details on the amendments to the DPF Constitution to facilitate the Proposal.

The Proposal will only proceed if the DPF Unitholder Resolution is passed at the Meeting by the requisite majority.

2.2 Required voting majority, eligibility to vote and voting exclusions

(a) Persons eligible to vote at the Meeting

Subject to the voting exclusions set out in Section 2.2(b) of this DPF Booklet, each DPF Unitholder who is on the Register at the Voting Record Date is entitled to participate and vote at the Meeting either in person (via an online platform), by proxy, by attorney, or in the case of a body corporate, by its corporate representative appointed in accordance with section 253B of the Corporations Act.

In a resolution of DPF determined by poll, each DPF Unitholder present in person (via an online platform) or by proxy, by attorney, or in the case of a body corporate, by its corporate representative appointed in accordance with section 253B of the Corporations Act, has one vote for every dollar of its total interest held in DPF (held via DPF Units). The value of a DPF Unitholder's total interest in DPF will be calculated by reference to the dollar value of their DPF Units based on the amount that would be paid for the interest under the withdrawal provision in the DPF Constitution on the business day immediately before the day on which the poll is taken.

(b) Required voting majority

For the DPF Unitholder Resolution to be approved, the DPF Unitholder Resolution must be passed by at least 75% of the total number of votes cast on the resolution by DPF Unitholders entitled to vote on the resolution at the Meeting.

(c) Voting exclusions

For the purposes of the DPF Unitholder Resolution, in accordance with section 253E of the Corporations Act, DPF RE and its Associates are not entitled to vote their interests if they have an interest in the resolution other than as a member of DPF.

2.3 How to vote

The Meeting will be held as a virtual meeting using an online platform which will allow DPF Unitholders to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue. All DPF Unitholders participating virtually will be deemed to be present at the Meeting. You may vote by participating in the Meeting this way. A Virtual Meeting User Guide is available at australianunity.com.au/wealth/dpf.

DPF Unitholders entitled to participate and vote at the virtual Meeting may vote:

(a) **by direct voting online during the Meeting** – you can participate in the Meeting online on the day of the Meeting by visiting web.lumiagm.com/317892635 on your smartphone, tablet or computer. You will need the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. Please ensure you have your Voting Access Code (refer to the proxy form or your Notice of Meeting email), as you will need this to log in;

(b) **by appointing a proxy to participate in the Meeting and vote on their behalf** – in order to be valid, a completed Proxy Form should be submitted and received no later than 10.00am on 8 December 2021 using one of the following methods:

(i) **Online** via the portal:
www.votingonline.com.au/dpfgm2021

(ii) **Email** the Proxy Form to:
proxy@boardroomlimited.com.au

(iii) **Mail** the Proxy Form to:
Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

(iv) **Deliver** the Proxy Form to:
Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

(c) **by appointing an attorney to participate in the Meeting and vote on their behalf** – DPF Unitholders may appoint an attorney to participate and vote at the Meeting on their behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by the Unit Registry by 10.00am (Sydney time) on 8 December 2021, unless it has been previously provided to the Unit Registry; or

(d) **by appointing a corporate representative to participate in the Meeting and vote on their behalf** – DPF Unitholders who are bodies corporate may have a corporate representative attend and vote at the Meeting on their behalf. The appointment must comply with section 253B of the Corporations Act. Persons participating in the Meeting as a corporate representative should provide to the Unit Registry evidence of their appointment, including any authority under which the document appointing them as corporate representative was signed.

3. Overview of the Proposal

3.1 Overview of the Proposal

The Proposal involves all of the units in DPF being transferred to AOF by way of a trust scheme facilitated by amendments to the DPF Constitution.

If the Proposal is implemented, DPF Unitholder Participants will be entitled to be issued AUPF Units (being units in the renamed AOF). Concurrently with implementation of the Proposal, AOF will be renamed AUPF with DPF Unitholders (on the Register on the Proposal Record Date) owning approximately 46% of AUPF and current AOF Unitholders owning approximately 54% of AUPF[10].

One of the steps that must be completed to implement the Proposal is for DPF Unitholders to consider, and if thought fit, pass the DPF Unitholder Resolution.

If the DPF Unitholder Resolution is approved by the requisite majority of DPF Unitholders at the Meeting and the AOF Unitholder Resolutions are also approved, DPF RE will apply to the Court for a confirmation that DPF RE is, amongst other things, justified in proceeding to implement the Proposal. This Court hearing is currently scheduled for 15 December 2021 (**the Second Judicial Advice Date**).

3.2 Background to the Proposal

A significant process of assessment and consideration by the DPF RE Board has led to the Proposal and DPF Unitholder Resolution outlined in this DPF Booklet being brought to DPF Unitholders for consideration. The key steps in the process that have led to the formulation of the Proposal as outlined in this DPF Booklet are summarised as follows:

- DPF RE was approached by AOF RE with a conditional, unsolicited and non-binding proposal to explore a potential merger to create AUPF and the parties announced their intent to investigate this proposal on 7 July 2021.
- From this point, DPF RE commenced an assessment of this non-binding, indicative proposal. Despite a level of common ownership of DPF RE and AOF RE, the boards of DPF RE and AOF RE do not have any common directors. Throughout its assessment of the proposal put forward by AOF RE, DPF RE has ensured that it maintains all appropriate related-party protocols, including the appointment of its own financial and legal advisors and ultimately engaging the Independent Expert to opine on the Proposal.
- Following a period of mutual due diligence, a review of independent property valuations and stakeholder engagement between the parties, an announcement was made on 20 September 2021 that DPF RE and AOF RE had reached an in-principle agreement on a merger ratio. The in-principle agreement was non-binding and DPF RE Board approval was subject to a review of final merger terms.
- On 4 October 2021, AOF RE and DPF RE entered into the Merger Implementation Deed in relation to the Proposal under which, among other things, DPF RE agreed to put the DPF Unitholder Resolution to DPF Unitholders at the Meeting. This was a result of DPF RE weighing the advantages of the Proposal against the disadvantages as described in Section 3.4 and having regard to the alternatives to the Proposal described in Section 3.5. The agreed terms of the Proposal were consistent with previous disclosures made to unitholders by DPF RE and AOF RE, respectively.

While no alternative bidders have been actively solicited by DPF RE during the assessment period, the DPF RE Board considers that the public announcement of the potential merger as early as 7 July 2021 has provided ample time for any interested third party to make a Competing Proposal. Further, the Merger Implementation Deed signed on 4 October 2021 did not require any break fee to be paid by DPF RE in the event of a Superior Proposal, ensuring that this could not act as a potential barrier to the emergence of a third party Competing Proposal. The DPF RE Board's recommendation of the Proposal remains subject to the emergence of a Superior Proposal. However, as at the date of this DPF Booklet, the DPF RE Board has not received any such proposal, nor any Competing Proposal that it considers reasonably capable of becoming a Superior Proposal.

10. Pro forma DPF Unitholder ownership includes AUL's acquisition of 9.7m AOF Units from DPF, and assumes full take-up of the $24.8m Capped Withdrawal Facility.

3.3 Proposal consideration

If the Proposal is implemented, DPF Unitholder Participants will be entitled to receive 0.4550 AUPF Units for each DPF Unit they hold on the Proposal Record Date (being 6.00pm (Sydney time) on 17 December 2021).

If the Proposal becomes Effective, DPF RE will, on behalf of Foreign DPF Unitholders, direct that the entitlement of those Foreign DPF Unitholders to AUPF Units be satisfied through having their AUPF Units issued to AUIREL and then sold by the Sale Agent on the ASX. As a result, Foreign DPF Unitholders will not be issued AUPF Units and will instead receive cash through the Foreign Sale Facility. Further details of the Foreign Sale Facility are set out in Section 4.10.

3.4 Summary of the key benefits and disadvantages of the Proposal

Reasons to vote in **FAVOUR** of the Proposal	Reasons to vote **AGAINST** the Proposal
Exposure to a larger and more diversified portfolio, with enhanced ability to execute upon value-add opportunities Potentially increased distributions Materially reduced and simplified fee structure for DPF Unitholders Reduced gearing and improved access to capital Greater immediate and ongoing liquidity Continued access to an experienced management team and board	Change in the nature of an investment in a DPF Unit compared to an investment in an AUPF Unit (including the move to a listed environment and changed asset mix) may not align with DPF Unitholders' preferences The Proposal is not at a premium and is expected to be slightly NTA dilutive for DPF Unitholders Potential variability in the implied offer value for movements in the AUPF unit price

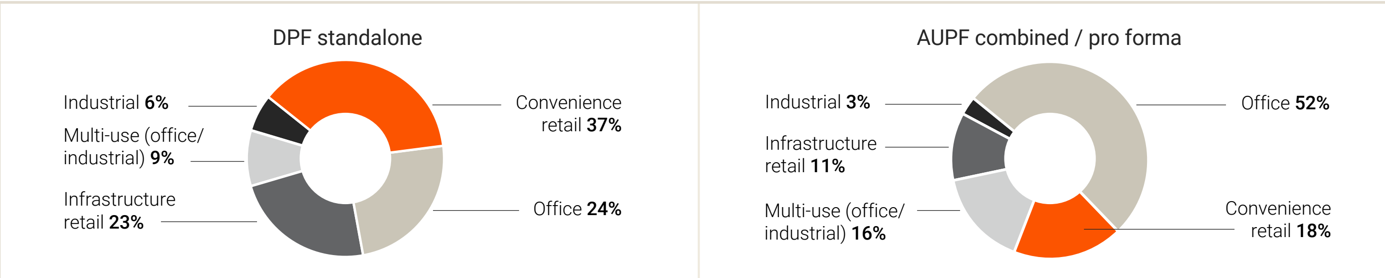
Reasons to vote in FAVOUR of the Proposal

(a) Exposure to a larger and more diversified portfolio of property assets, with enhanced ability to execute value-add opportunities[11]

If the Proposal is implemented, DPF Unitholders will gain exposure to an enlarged portfolio of 18 real estate assets with a valuation of approximately $1.2 billion across office, multi-use office and industrial, convenience retail, infrastructure retail and industrial sectors throughout Australia. This increased asset value for AUPF compares well with DPF's current asset value of $544 million (+112%).

A summary of AUPF's combined portfolio compared to DPF's standalone portfolio is set out below:

Figure 1: Portfolio asset mix (by valuation)[12]



11. Based on 30 June 2021 book values and portfolio metrics, adjusted for acquisition of 96 York Street, Beenleigh and proposed divestment of 32 Phillip Street, Parramatta and 19 Corporate Avenue, Rowville. Totals may not add up due to rounding.

12. Based on independent valuation as at 30 June 2021.

Figure 2: Portfolio geographic diversification (by valuation)[13]

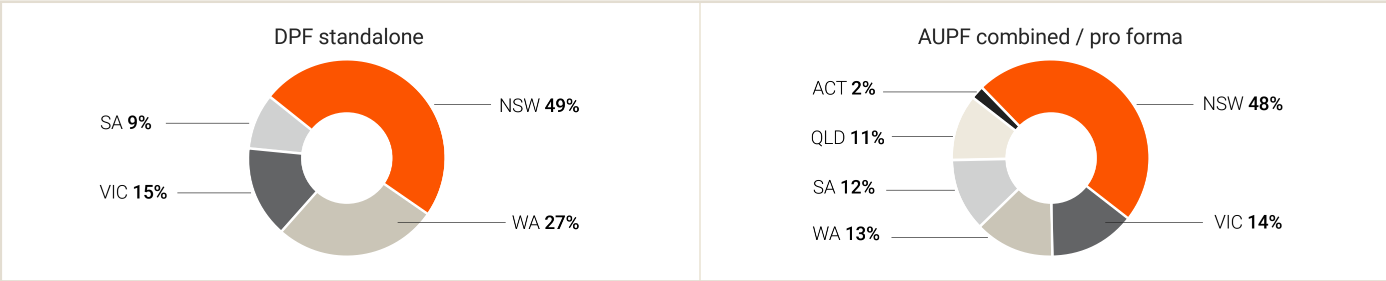
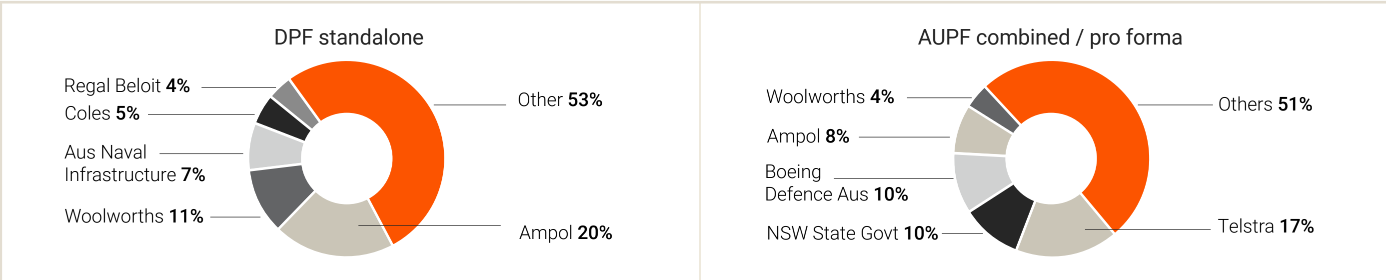


Figure 3: Portfolio top tenants (by income)



The increased portfolio scale, improved level of geographic and tenant diversification, and greater access to capital markets will also enhance AUPF's ability to deliver upon the consolidated portfolio's growth opportunities. Growth opportunities currently within the AUPF portfolio include:

- 2 Valentine Avenue, Parramatta;
- 10 Valentine Avenue, Parramatta;
- 30 Pirie Street, Adelaide;
- Busselton Central Shopping Centre, Western Australia; and
- North Blackburn Shopping Centre, Victoria.

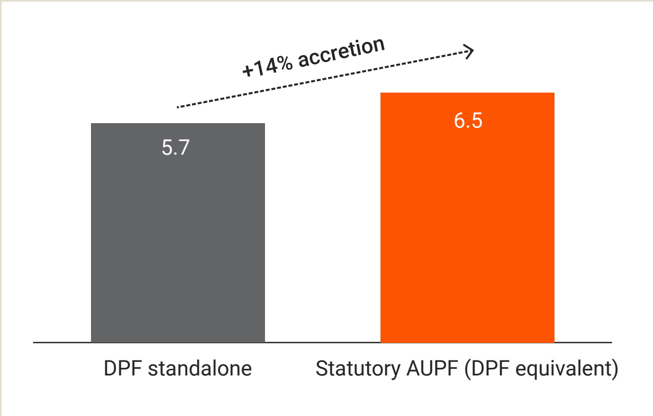
(b) Potentially increased distributions

DPF seeks to pay out up to 100% of FFO as distributions to DPF Unitholders. Based on DPF's standalone forecasts, this implies an FY22 distribution of 5.7 cents per DPF Unit. If the Proposal is implemented, DPF Unitholders will receive DPF standalone distributions for the period up to the earlier of the Effective Date or 31 December 2021, and AUPF distributions thereafter[14]. Based on AUPF's current statutory forecast, this assumes DPF Unitholders will receive FY22 distributions equivalent to 6.5 cents per DPF Unit[15], representing a 14% distribution accretion. This accretion to FY22 distributions on a DPF Unit basis is achieved despite AUPF forecasting to pay out only approximately 86% of its FFO as distributions in FY22.

By way of example, for every 100,000 DPF Units held, the amount of distributions received by the DPF Unitholder in FY22 would increase by $826[16] if the Proposal was implemented.

13. Based on independent valuation as at 30 June 2021.
14. Assumes the Proposal is implemented prior to 31 December 2021.
15. DPF first half FY22 distribution per unit (DPU) of 3.0c plus forecast second half FY22 AUPF DPU of 3.5c (calculated as half of DPF-equivalent annualised statutory AUPF FY22 forecast). Totals may not add up due to rounding. This forecast is subject to no material change in current market conditions and no unforeseen events.
16. Calculated using DPF standalone FY22 DPU of 5.7c and DPF equivalent AUPF FY22 DPU of 6.5c (per above footnote).

Figure 4: FY22 distributions (DPU)



Beyond FY22, DPF RE expects that AUPF's increased scale, diversity, defensive tenant base, balance sheet and value-add opportunities will provide greater sustainability of income and upside potential, relative to DPF standalone.

(c) Materially reduced and simplified fee structure for DPF Unitholders

If the Proposal is implemented, DPF Unitholders will benefit with each respective fee currently payable by DPF Unitholders either reduced or eliminated. AUPF's base management fees are expected to reduce by approximately 5-10 basis points (or 8-15%), relative to DPF standalone[17]. In addition, there will also be no performance fees, acquisition fees or retirement / removal fees associated with AUPF.

By way of example, DPF Unitholders paid 4.0 cents per DPF Unit in FY21 in total fees. Under the proposed AUPF fee structure, assuming the Proposal was implemented on 30 June 2021, actual fees paid would have reduced to the equivalent of approximately 1.3 cents per DPF Unit[18], equating to a reduction of approximately 68%.

Figure 5: Summary of fees[19]

Fee type	Gross asset value	DPF standalone	AUPF
Base management fee	Amount up to $750 million	0.65%	0.60%
	Amount above $750 million	0.65%	0.55%
Performance fee		20% of DPF's outperformance in excess of an Internal Rate of Return (IRR) of 10% p.a. calculated with reference to DPF's average net asset value and is subject to earning back any underperformance	Nil
Acquisition fee		Up to 1.00% of the purchase price of a real property asset	Nil
Retirement/ removal fee[20]		Up to 1.00% of the gross asset value of DPF	Nil
Buy-sell spread		Buy: 0.50% Sell: 0.50%	AUPF does not charge a buy-sell spread. Any AUPF Unitholder standard brokerage fees will apply.

17. Depending on gross asset value.
18. DPF FY21 fee per unit calculated as Responsible Entity's fees of $11.5m (consisting of $3.6m of base management fees, $6.9m of performance fees and $1.1m of acquisition fees) divided by 287.8m number of DPF Units as at 30 June 2021. Proposed AUPF fee per unit calculated as $622.4m gross asset value of DPF as at 30 June 2021 multiplied by the base management fee rate of 0.60%, assuming no performance or acquisition fees, divided by 287.8m number of DPF Units as at 30 June 2021.
19. The percentages noted above are exclusive of income tax and GST and exclusive of the effect of any reduced input tax credits or tax deduction available to the responsible entity, or the extent to which any tax deduction may be passed on to product holders. For GST inclusive figures, please refer to section 9 of this document.
20. DPF will not charge the retirement/removal fee as a result of the Proposal.

(d) Reduced gearing and improved access to capital

As at 30 June 2021, DPF had an elevated gearing of 39.9%. Following implementation of the Proposal, AUPF is expected to have gearing of 38.6%, reflecting a slight decrease compared to DPF standalone. AUPF's gearing is expected to fall further to 34.2% over the next 12 months following anticipated asset sales of 32 Phillip St, Parramatta and 19 Corporate Avenue, Rowville with AUPF having a strategy to maintain conservative gearing going forward.[21]

It is also anticipated that AUPF will have improved access to capital, with a larger and more diversified fund likely to be more attractive to new equity and debt investors under normal market conditions. This is demonstrated by the intended AUPF Refinancing which will be undertaken on pricing terms better than those currently paid under the DPF existing debt facilities (see Section 3.14 for more information).

Going forward, this improved access to capital may translate to a greater ability for AUPF to take advantage of growth opportunities, refinance debt facilities or achieve more favourable funding terms.

Figure 6: Gearing[22]

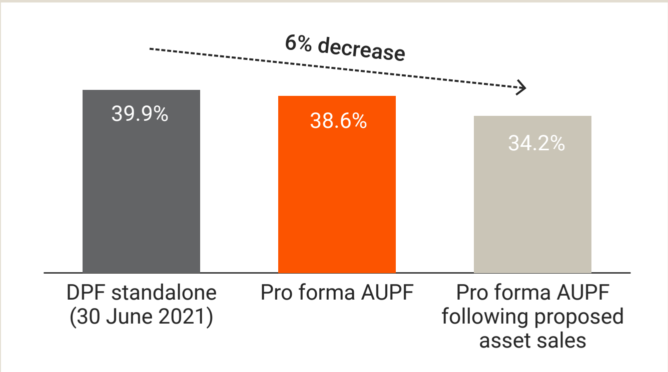
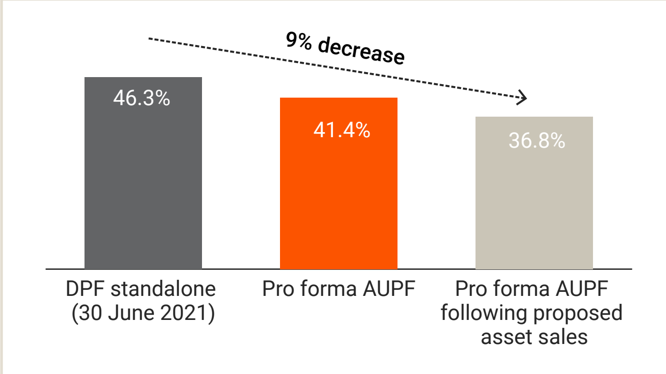


Figure 7: Loan-to-Value Ratio (LVR)[23]



(e) Greater immediate and ongoing liquidity

On implementation of the Proposal, AUPF will be listed on the ASX as a publicly traded entity, allowing DPF Unitholders to freely enter and exit their investment at prevailing market prices.

AUPF is expected to commence trading on the ASX with a market capitalisation of approximately $730 million[24] with a broad unitholder base presenting the opportunity for future index inclusion such as the ASX/S&P 300 Index and FTSE EPRA Nareit Global Developed Index. ASX index inclusion may further increase the liquidity of AUPF Units.

(f) The Proposal provides a superior proposal to alternative options for DPF

DPF's current strategy is to deliver consistent distributions to DPF Unitholders with the potential for capital growth. DPF currently has two key development opportunities namely Busselton Central and North Blackburn. These opportunities however have a capital requirement of $85 million to complete. DPF also continues to identify and pursue further development and value-add opportunities which, if executed upon, would require approximately $60 million p.a. of capital to implement.

21. Properties assumed to be sold at their carrying amount resulting in no gain or loss on the sale, nil transaction costs and sale proceeds are used to repay borrowings.
22. Gearing is calculated as interest bearing liabilities, excluding unamortised borrowing costs, less cash, divided by total tangible assets less cash.
23. DPF standalone (30 June 2021) LVR calculated as interest bearing liabilities, excluding unamortised borrowing costs, divided by independent property valuations. Pro forma AUPF LVR calculated using total book value of investment properties.
24. Assumes AUPF trades at implied AUPF pro forma NTA, as noted in pro forma balance sheet in Section 7.5.

As a consequence of DPF's gearing and LVR uptick over the past year and with the further capital needed to fund the development pipeline, DPF will require additional funding in the near term to continue delivering superior returns to DPF Unitholders and progressing its key growth initiatives.

If the Proposal is not implemented, DPF would need to undertake either one or a combination of the following three alternative options to meet its strategic objectives (all of which have been previously considered by DPF RE):

Asset sales

DPF RE has considered the option of conducting asset sales to release capital. However, this option may result in lower income (from a smaller portfolio of assets) and potentially lower distributions per unit for DPF Unitholders. There is also additional timing and execution risk associated with the disposal of DPF's investment properties, which may result in DPF delaying the commencement of potential growth opportunities. It may also result in capital gains tax arising on these disposals, the cost of which will be passed through to DPF Unitholders.

While AUPF will continue to consider asset sales as part of its overall strategy, DPF RE believes the requirement for asset sales on a standalone basis to raise capital is likely to be higher than in the pro forma AUPF entity.

Raising additional equity

DPF RE has considered the option of raising additional equity from external sources to meet its ongoing operational and development funding requirements. Any issuance of equity will result in an increase in the number of new DPF Units on issue and lead to decreased income per DPF Unit and distributions per DPF Unit in the near term, particularly until new development or growth opportunities are delivered.

There is also execution risk associated with raising additional equity, with DPF RE noting that DPF has historically faced challenges raising capital with the most recent equity raising in October 2020 falling approximately 20% short of expectations.

Delaying potential growth opportunities

DPF RE has considered the option of delaying significant future growth opportunities until there are sufficient funds available to execute on these initiatives. This will likely result in earnings and distribution dilution as DPF is unable to continue its projected growth trajectory.

If the Proposal is not implemented, asset sales cannot be executed, additional equity cannot be raised and projects are not able to be delayed, DPF may potentially breach its LVR covenant of 55% or exceed its debt facility limit. There is a draw-stop threshold at 50% LVR imposed by DPF's financiers which, if exceeded, provides the financiers with the ability to freeze DPF Unitholder redemptions.

The DPF RE Board considers the Proposal to be a superior proposal to each of the above alternatives considered.

In addition, the Independent Expert has opined that the Proposal is in the best interests of DPF Unitholders, having considered the merits and risks of the Proposal.

(g) Continued access to an experienced management team and board

AUPF will be governed by an experienced board of directors (as outlined in Section 7.8) and managed by Australian Unity. Importantly for DPF Unitholders, there will be continuity of asset management and tenant relationships with the AUPF management team comprising persons from both the existing AOF and DPF management teams. The property manager, AUPM, of both DPF and AOF will remain the same for AUPF.

Reasons to vote AGAINST the Proposal

(a) Change in the nature of investment (including move to the listed environment and changed asset mix) may not align with DPF Unitholders' preferences

If the Proposal is implemented, DPF Unitholders that become AUPF Unitholders will hold an investment in a listed entity that will be publicly traded on the ASX, compared to their current DPF investment which is unlisted.

Further, following the implementation of the Proposal, DPF Unitholders that become AUPF Unitholders will be invested in a property portfolio that possess different characteristics to DPF's current investment portfolio. This includes an increase in scale, a different sector exposure mix, a different geographical exposure mix and a portfolio which has a WALE of 4.9 years, compared to DPF's current WALE of 8.2 years[25].

While these changes may not necessarily signify a disadvantage to DPF Unitholders that invest in AUPF, we note that there may be different benefits and risks that would need to be considered around the AUPF property portfolio for DPF Unitholders.

(b) The Proposal is not at a premium and is expected to be slightly NTA dilutive for DPF Unitholders

The proposed Merger Ratio has been derived using the relative NTA of each of DPF and AOF as at 30 June 2021 and is not intended to involve the provision of a premium to DPF Unitholders for the acquisition of their DPF Units.

In addition, the proposed transaction structure under which AOF acquires 100% of the DPF Units and subsequently issues AUPF Units at the Merger Ratio, gives rise to a number of one-off costs, which are expected to total $24.5 million[26]. These costs largely consist of advisory fees, stamp duty and costs associated with the establishment of AUPF's new debt facility.

As DPF Unitholders will be receiving AUPF Units as the consideration under the Proposal, DPF Unitholders will bear a share of these additional costs. The payment of these additional costs (as well as other pro forma adjustments) by AUPF are therefore expected to result in an AUPF pro forma NTA of $2.56 per unit, which translates to a DPF equivalent NTA of $1.164 per unit. This represents an NTA dilution of 0.6% relative to DPF's NTA of $1.17 per unit as at 30 June 2021.[27]

A DPF Unitholder that currently holds 50,000 DPF Units with a total implied valuation of $58,500 at DPF NTA of $1.17 per DPF Unit would receive 22,750 AUPF Units as part of the Proposal. At AUPF's pro forma NTA of $2.56 per unit, the total implied value of the AUPF Units would be $58,240, representing a $260 reduction in the total implied value of the AUPF Unitholder's investment.

Figure 8: Illustrative example of the change in the value of DPF Units

	Reference	
AS AT 30 JUNE 2021		
No. of DPF Units held	A	50,000
DPF NTA	B	$1.17 per unit
Implied value of DPF holding	C = A * B	$58,500
Merger Ratio	***D***	***0.4550x***
POST-IMPLEMENTATION		
No. of AUPF Units issued	E = D * A	22,750
AUPF pro forma NTA	F	$2.56 per unit
Implied value of AUPF holding	G = F * E	$58,240
Implied unrealised profit/(loss)	**H = G - C**	**($260)**

Note: Calculation of implied profit / loss assumes value of DPF holding at DPF NTA as at 30 June 2021 and excludes DPF sell-spread of 0.50% of NTA, which is currently charged for DPF Unitholders that wish to exit their DPF investment.

DPF Unitholders should also be aware that the value of AUPF will be subject to listed market volatility, which may result in AUPF's unit price in the listed market differing from its NTA per unit, which is further discussed in point (c) below. As profit or loss is only realised when an AUPF Unitholder sells their holding in AUPF, this may result in the AUPF Unitholder receiving a DPF equivalent sale price that may be higher or lower than DPF's NTA. AUPF Unitholders will continue to receive the ongoing distributions prior to the sale of their AUPF Units.

25. As at 30 June 2021, adjusted for the acquisition of 96 York Street, Beenleigh which is expected to settle in January 2022 and proposed divestment of 32 Phillip Street Parramatta and 19 Corporate Avenue, Rowville. Totals may not add up due to rounding. WALE means weighted average lease expiry in years, by gross property income as at 30 June 2021.
26. Comprised of $2.7m of costs incurred by DPF and $2.0m of costs incurred by AOF regardless of the implementation of the Proposal (largely consisting of advisory fees), $17.5m of costs which are subject to the implementation of the Proposal (which includes stamp duty of $9.7m), and net costs of $2.3m relating to the establishment of AUPF's new debt facility.
27. Refer to pro forma balance sheet in Section 7.5.

DPF RE notes that the above analysis is derived using the NTA of each of DPF and AOF as at 30 June 2021 as a basis. This differs slightly to the approach taken by the Independent Expert which estimates the market value range of a DPF Unit, having regard to DPF's NTA as well as a number of adjustments including capitalised costs, revaluations, transaction costs, market movements in investments and premium to net asset value.

The Independent Expert has estimated that the market value of one DPF Unit is between $1.02–1.15, while the estimated market value of the consideration (i.e. a DPF equivalent AUPF Unit) is between $1.06–1.18. The Independent Expert has also noted that any comparison of the value of a DPF Unit to the value of the consideration should be made on a like-for-like basis in order to ensure congruence of the inputs in the valuation meaning that the low end of the value range of a DPF Unit should be compared to the low end of the value range of the consideration, and equally, the high end of the value range of a DPF Unit should be compared to the high end of the value range of the consideration. At the mid-point, the value of a DPF Unit is $1.09 as compared to the value of the consideration at the mid-point which is $1.12.

You are encouraged to read the Independent Expert Report in full for further information and the basis for the Independent Expert's opinions.

(c) Potential variability in the implied offer value for movements in the AOF Unit price as a listed investment

AUPF will trade freely as a listed entity on the ASX. The price at which AUPF Units may trade on the ASX may differ materially from AUPF's NTA per unit as it will now be affected by the financial performance of AUPF along with varied and often unpredictable factors influencing equity and credit markets generally. This means DPF Unitholders may experience ongoing fluctuations in the value of their investment in AUPF compared to their investment in DPF today, which are unlisted and therefore not subject to listed market movements.

From July 2019 to October 2021, AOF Units have traded between approximately $1.50 and $3.00 per unit, while AOF's NTA per unit during that period ranged from $2.70 to $2.90. Since the first announcement regarding the potential Proposal on 7 July 2021, AOF's Unit price has traded between $2.29 and $2.53[28], which is at a discount to its NTA of $2.71 per AOF Unit as at 30 June 2021.

Accordingly, the future value of AUPF Units may fall as well as rise, which will cause the value of consideration under the Proposal to correspondingly fall and rise.

Figure 9: Illustrative example of implied profit / loss at various AUPF trading prices

	Reference	
AS AT 30 JUNE 2021		
No. of DPF Units held	A	50,000
DPF NTA	B	$1.17 per unit
Implied value of DPF holding	C = A * B	$58,500
Merger Ratio	***D***	***0.4550x***
POST-IMPLEMENTATION		
No. of AUPF Units issued	E = D * A	22,750
AUPF pro forma NTA	F	$2.56 per unit
Implied value of AUPF holding	G = F * E	$58,240
Implied unrealised profit/(loss)	**H = G - C**	**($260)**
SCENARIO 1: AUPF trading price is 10% higher than AUPF pro forma NTA		
Assumed AUPF trading price (AUPF NTA plus 10%)	I = F * (1.10)	$2.82 per unit
Implied value of AUPF holding	J = I * E	$64,064
Implied unrealised profit/(loss)	**K = J - C**	**$5,564**
SCENARIO 2: AUPF trading price is 10% lower than AUPF pro forma NTA		
Assumed AUPF trading price (AUPF NTA less 10%)	L = F * (0.90)	$2.30 per unit
Implied AUPF holding	M = L * E	$52,416
Implied unrealised profit/(loss)	**N = M - C**	**($6,084)**

Note: Calculation of implied profit / loss assumes value of DPF holding at DPF NTA as at 30 June 2021 and excludes DPF sell-spread of 0.50% of NTA, which is currently charged for DPF Unitholders that wish to exit their DPF investment.

28. Based on the closing price of an AOF Unit between 7 July 2021 and 29 October 2021.

3.5 Alternatives to the Proposal

DPF's current strategy is to deliver consistent distributions to DPF Unitholders with the potential for capital growth, which will require significant additional capital to execute. As noted in Section 3.4(f), before arriving at this Proposal and having regard to DPF's current gearing and LVR profile, the DPF RE Board has considered three alternative options including asset sales, raising additional equity and the deferral of key development opportunities. Asset sales and deferring key development opportunities may be dilutive to DPF Unitholders and may result in additional tax and other transaction costs being incurred. .

The DPF RE Board considers the Proposal to be a superior proposal to each of the above alternatives considered. In addition, as noted in Section 3.7, the Independent Expert has opined that the Proposal is in the best interests of DPF Unitholders, having considered the merits and risks of the Proposal. As noted in section 3.2, the DPF RE Board has also not received any relevant Competing Proposal for DPF since announcement of the Proposal.

In the case where the Proposal is not implemented, asset sales cannot be executed, additional equity cannot be raised and projects cannot be delayed, DPF may potentially breach its LVR covenant of 55% or exceed its debt facility limit. There is a draw-stop at 50% LVR imposed by DPF's financiers which provide them with the ability to freeze DPF Unitholder redemptions.

3.6 Recommendations of the DPF RE Directors

The DPF RE Directors unanimously recommend that DPF Unitholders vote in favour of the resolutions to be considered at the Meeting, in the absence of a Superior Proposal.

3.7 Independent Expert's conclusion

DPF RE appointed the Independent Expert to prepare the Independent Expert's Report to opine on whether the Proposal is fair and reasonable and in the best interests of DPF Unitholders.

The Independent Expert has concluded that the Proposal is fair and reasonable to, and therefore in the best interest of, DPF Unitholders in the absence of a Superior Proposal.

The Independent Expert's estimate of the market value of a DPF Unit, having regard to DPF's NTA as well as a number of adjustments, is between $1.02-1.15, while its estimated market value of the consideration (i.e. a DPF equivalent AUPF Unit) is between $1.06-1.18.

The Independent Expert has noted that any comparison of the value of a DPF Unit to the value of the consideration should be made on a like-for-like basis in order to ensure congruence of the inputs in the valuation meaning that the low end of the value range of a DPF Unit should be compared to the low end of the value range of the consideration, and equally, the high end of the value range of a DPF Unit should be compared to the high end of the value range of the consideration. At the mid-point, the value of a DPF Unit is $1.09 as compared to the value of the consideration at the mid-point which is $1.12.

The complete reasons as to why the Independent Expert has reached its conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure B of this DPF Booklet, and the DPF RE Directors strongly encourage you to read this report in its entirety.

3.8 Conditions Precedent

The Proposal is subject to a number of other Conditions Precedent in addition to approval of the DPF Unitholder Resolution, including:

(a) no objection to the Proposal by the Foreign Investment Review Board (FIRB);

(b) the ASIC relief required to give effect to the Proposal being granted;

(c) the ASX waivers required to give effect to the Proposal being granted;

(d) approval of the AOF Unitholder Resolutions by the requisite majorities of AOF Unitholders (as described further in Section 3.13 below);

(e) the Court granting the Second Judicial Advice (as described further in Section 3.14 below);

(f) no restraints on the Proposal being enacted, enforced or issued by a Government Agency;

(g) no prescribed occurrence occurring (including insolvency, capital reductions and unit conversions) with respect to DPF or AOF; and

(h) the AUPF Units being approved by ASX for official quotation on the ASX.

Further details regarding the Conditions Precedent and the status of their satisfaction is set out in Section 11.9 of this DPF Booklet.

In addition to the Conditions Precedent above, the parties have agreed in connection with the Merger Implementation Deed that they will not proceed with the Proposal if the AUPF Refinancing is not complete prior to the Meeting. A summary of the status of the AUPF Refinancing is provided in Section 3.15.

3.9 Tax and stamp duty implications of the Proposal

For more detailed information regarding the tax and stamp duty implications of the Proposal, refer to the Taxation Information in Section 10 of this DPF Booklet which contains a letter from King & Wood Mallesons that sets out the general Australian taxation and stamp duty implications for DPF Unitholders in respect of the Proposal and the Capped Withdrawal Facility.

3.10 Implications if the Proposal is not approved

If the Proposal is not approved by DPF Unitholders at the Meeting:

(a) the Proposal will not be implemented;

(b) the DPF Constitution will not be amended;

(c) DPF will continue to operate as it does currently as an unlisted property fund managed by DPF RE;

(d) DPF's fee structure will remain unchanged, and DPF Unitholders will not benefit from the cost savings associated with the reduction in base management fees and elimination of performance, acquisition and retirement / removal fees in AUPF; and

(e) DPF will incur transaction costs of approximately $2.7 million which relate primarily to anticipated advisor costs up to the date of the Meeting, filing fees and Meeting costs without realising any of the benefits garnered by successful implementation of the Proposal.

Separately, as noted at Section 3.4 above, DPF has a number of key development projects in its pipeline and continues to identify and pursue additional value-add opportunities that it cannot fund on a standalone basis without further capital being injected into DPF. If the Proposal is not implemented, this means DPF would require the raising of additional equity, the sale of portfolio assets, noting that DPF has received unsolicited, conditional offers in relation to and is proposing to sell 19 Corporate Avenue, Rowville in the short term, and / or the delaying of potential growth opportunities, the last two of which may be dilutive to DPF Unitholders and may result in additional tax and other transaction costs being incurred.

3.11 Foreign DPF Unitholders

The entitlement of Foreign DPF Unitholders to AUPF Units under the Proposal will, under a direction that is given on their behalf by DPF RE, have the AUPF Units that they are entitled to be issued to AUIREL and sold on-market on their behalf under the Foreign Sale Facility. The proceeds of the sale (net transaction costs) will be paid to the Foreign DPF Unitholders. Please refer to Section 4.10 for more details on the treatment of Foreign DPF Unitholders.

3.12 Capped Withdrawal Facility

In connection with the Proposal and subject to the DPF Unitholder Resolution being passed and all other Conditions Precedent of the Proposal being satisfied or waived (if applicable), DPF will make a once-off increase to its quarterly Capped Withdrawal Facility which aims to allow DPF Unitholders, at their election, to reduce or exit their investment in DPF prior to the implementation of the Proposal.

The key terms of this Capped Withdrawal Facility are summarised below.

(a) Size of the Capped Withdrawal Facility if the Proposal proceeds

The Capped Withdrawal Facility will be a once-off increase to the capacity of DPF's existing Withdrawal Facility conditional on each of the Conditions Precedent to the Proposal being satisfied or waived (if applicable).

If the Proposal is approved, the amount made available under the Capped Withdrawal Facility will be a minimum of $24.8 million reflecting a once-off increase. This amount compares to a minimum of approximately $8.6 million under the Capped Withdrawal Facility if the Proposal is not approved.[29]

The redemption price per DPF Unit payable under the Capped Withdrawal Facility will be the price prescribed under the DPF Constitution, determined by applying a 50bps discount to net asset value which reflects DPF RE's estimate of the transaction cost per DPF Unit of making the redemption.

DPF Unitholders should note that DPF RE has the discretion to increase the amount of the Capped Withdrawal Facility above $24.8 million should it consider this to be appropriate. The DPF RE will consider whether to exercise this discretion after close of applications under the Capped Withdrawal Facility having regard to a number of factors including the level of demand and whether applications would otherwise be subject to scale back, as well as access to appropriate funding.

29. Estimate only, with actual figure subject to NAV as at time of Capped Withdrawal Facility close.

If the total amount of withdrawal requests for DPF exceeds the amount made available under the Capped Withdrawal Facility, withdrawal requests will be met on a pro-rata basis.

This means that DPF RE will calculate the percentage of the amount available to the total withdrawal requests received, and then apply this to each DPF Unitholder withdrawal request.

In such a case, you will continue to hold some DPF Units which will be exchanged for AUPF Units or, if you are a Foreign DPF Unitholder, for cash under the Foreign Sale Facility described in Section 4.10.

(b) Key dates for the Capped Withdrawal Facility if the Proposal proceeds

If the Proposal proceeds, the cut off time for receiving applications to redeem DPF Units under the Capped Withdrawal Facility will be 3.00pm on 8 December 2021. Applications which have been accepted under the Capped Withdrawal Facility will become effective and relevant DPF Units will be redeemed on 17 December 2021.

DPF Unitholders that participate in the Capped Withdrawal Facility will be paid on or around 24 December 2021.

(c) Funding of the Capped Withdrawal Facility and tax consequences for DPF Unitholders if the Proposal proceeds

DPF currently holds AOF Units, representing approximately 5.9% of the AOF Units currently on issue.

If the Proposal becomes Effective, DPF intends to sell the AOF Units that it holds to AUSH, an entity wholly owned within the AUL Group, and use the proceeds of that sale to fund the Capped Withdrawal Facility. The price at which those units will be sold will be a price of $2.56 per AOF Unit, which is equal to the expected AUPF pro forma NTA.

As DPF is expected to realise significant capital gains for Australian income tax purposes as a result of this sale, the DPF RE intends to attribute these capital gains to DPF unitholders on the units that are redeemed under the Capped Withdrawal Facility, on a proportionate basis. The DPF RE has the power under the Constitution to attribute these capital gains in this way on the basis that DPF is an "attribution managed investment trust" or AMIT for tax purposes.

DPF also expects that this attribution should not cause a tax detriment to DPF unitholders on the basis that DPF unitholders should, in calculating the capital gain or loss that they make on the redemption of their DPF units under the Capped Withdrawal Facility, recognise an increase in the cost base of their units in DPF under the AMIT regime on account of the capital gains that have been attributed to them.

See Section 10 for further details around the tax consequences of participating in the Capped Withdrawal Facility.

(d) Participating in the Capped Withdrawal Facility

DPF Unitholders must elect to participate in the Capped Withdrawal Facility if DPF Unitholders wish to redeem all or part of their investment in DPF. You may elect to participate in the Capped Withdrawal Facility by completing the Capped Withdrawal Facility Booklet accompanying this DPF Booklet.

Some DPF Unitholders' desire to participate in the Capped Withdrawal Facility may depend on whether the Proposal proceeds.

Accordingly, Section 2 of the Capped Withdrawal Facility Booklet allows you to:

- elect to withdraw only if the Proposal proceeds, in which case you should complete only Row 1; or
- elect to withdraw only if the Proposal does not proceed, in which case you should complete only Row 2; or
- elect to withdraw regardless of whether the Proposal proceeds, in which case you should complete both Row 1 and Row 2 (in which case you retain the ability to nominate different withdrawal amounts for each circumstance).

(e) No "carry forward facility" if the Proposal proceeds

DPF Unitholders who make withdrawal requests are currently able to elect to utilise DPF's "carry forward facility" under which any unfulfilled part of a withdrawal request (due to the application of scale back) will continue to be automatically carried forward to the next withdrawal date under the Capped Withdrawal Facility and treated as a new withdrawal request for any unfulfilled amount.

If the Proposal proceeds, the carry forward facility will not apply to AUPF Units issued.

(f) What if the Proposal does not proceed?

In order to provide DPF Unitholders with further time to consider the Proposal and this DPF Booklet, the November 2021 closing date for DPF's usual Capped Withdrawal Facility has been extended to 8 December 2021.

If the Proposal does not proceed, the amount made available under the Capped Withdrawal Facility will be a minimum of approximately $8.6 million, reflecting the existing terms and conditions of the Capped Withdrawal Facility as described in DPF's Withdrawal Facility Booklet. However, DPF RE has the discretion to increase the amount of the Capped Withdrawal Facility above this amount should it consider this to be appropriate.

Unless you have elected to withdraw only if the Proposal proceeds (i.e. completed only Row 1 of Section 2 of the Capped Withdrawal Facility Booklet), then if the Proposal does not proceed:

- your application under the Capped Withdrawal Facility will be applied to the usual Capped Withdrawal Facility and will be subject to pro rata scale back in accordance with its usual terms set out in the DPF Product Disclosure Statement dated 17 May 2021; and
- your request will be processed with an effective date of 17 December 2021, with payment expected to occur on or by 24 December 2021.

Funding for the Capped Withdrawal Facility, if the Proposal does not proceed, will be in accordance with usual practice and funded by existing DPF cash and available debt capacity.

3.13 AOF Unitholder approval

A condition of the Proposal proceeding is that the following AOF Unitholder Resolutions are approved by the requisite majorities of AOF Unitholders:

(a) an ordinary resolution of AOF Unitholders approving the proposed issue of AUPF Units to DPF Unitholders for the purposes of ASX Listing Rule 7.1;

(b) an ordinary resolution of AOF Unitholders approving the proposed issue of AUPF Units to certain DPF Unitholders for the purposes of ASX Listing Rule 10.11; and

(c) any other resolutions of AOF Unitholders that are necessary to give effect to the Proposal.

The AOF Unitholder Resolutions will be considered and voted on by AOF Unitholders at a meeting of AOF Unitholders also scheduled to be held on 10 December 2021.

3.14 Court approval

If the DPF Unitholder Resolution is approved by the requisite majority of DPF Unitholders at the Meeting and the AOF Unitholder Resolutions are also approved, DPF RE will apply to the Court for the Second Judicial Advice in respect of the Proposal.

Each DPF Unitholder has the right to appear and make submissions at the Court on the Second Judicial Advice Date on 15 December 2021 at the Supreme Court of New South Wales (or virtually, as required in accordance with any COVID-19 related requirements or recommendations). See the 'Important Notices' section of this DPF Booklet for further information.

Any DPF Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on DPF a notice of appearance in the prescribed form together with any affidavit that the DPF Unitholder proposes to rely on.

The address for service is: King & Wood Mallesons, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Attention: Alexander Morris.

3.15 AUPF refinancing

In connection with the Proposal and subject to the DPF Unitholder Resolution being passed and all other Conditions Precedent of the Proposal being satisfied or waived (if applicable), the AOF debt facility is intended to be refinanced to form a $600 million debt facility for AUPF.

The preferred banking group have confirmed their commitment to provide this level of debt to AUPF on pricing terms similar to those currently paid under the AOF debt facility on a standalone basis and with the same financial covenant package including an LVR covenant of 50% and interest cover ratio of 2.0 times. This commitment is subject to a number of conditions that, other than the Proposal proceeding, are anticipated to be satisfied prior to the Meeting.

The AUPF debt facility pricing will be better than the DPF debt facility pricing on a standalone basis.

3.16 Distributions

DPF may make monthly distributions of income to DPF Unitholders up until the earlier of the Effective Date or 31 December 2021. These arrangements are subject to the total amount of all such distributions not exceeding 3.0 cents per DPF Unit.

If the Implementation Date does not occur on or prior to 31 December 2021, DPF RE and AOF RE will consult in good faith to permit the payment of additional distributions by DPF to DPF Unitholders prior to the Implementation Date. Any such additional distributions made by DPF will be in accordance with the DPF Constitution and DPF's historical practice for distributions.

3.17 No brokerage and stamp duty

No brokerage or stamp duty will be payable by DPF Unitholder Participants on the transfer of their DPF Units to AOF RE under the Proposal or the issuance to DPF Unitholder Participants of AUPF Units. Further information regarding the taxation and stamp duty implications of participating in the Proposal and the Capped Withdrawal Facility is set out in Section 10 below.

If you subsequently sell your AUPF Units, brokerage may be payable to your executing stockbroker or financial adviser.

4. Implementation of the Proposal

4.1 Merger Implementation Deed

On 4 October 2021, DPF RE and AOF RE entered into the Merger Implementation Deed in relation to the Proposal under which DPF RE agreed to put the DPF Unitholder Resolution to DPF Unitholders at the Meeting. The implementation of the Proposal is subject to a number of Conditions Precedent which are summarised in Sections 3.8 and 11.9 of this DPF Booklet. The Proposal will not proceed unless all of these conditions are satisfied or waived (if applicable) in accordance with the Merger Implementation Deed.

DPF RE and AOF RE have agreed to use reasonable endeavours to procure the satisfaction of the Conditions Precedent.

4.2 Deed Poll

On 8 November 2021, AOF RE executed the Deed Poll, pursuant to which AOF RE has agreed, in favour of all DPF Unitholders, to fulfil all obligations contemplated of AOF RE under the Proposal, including the obligation to issue AUPF Units to DPF Unitholder Participants and AUIREL, subject to the Proposal becoming Effective.

4.3 Steps to implement the Proposal

The implementation of the Proposal involves two steps. The steps are:

(a) DPF RE amending the DPF Constitution to facilitate the Proposal; and

(b) AOF RE acquiring all DPF Units from DPF Unitholder Participants in exchange for issuing to the DPF Unitholder Participants (or AUIREL at the direction of the DPF Unitholder Participants) a number of AUPF Units equal to 0.4550 AUPF Units multiplied by the number of DPF Units that DPF Unitholder Participants hold at 6.00pm (Sydney time) on the Proposal Record Date.

DPF RE will also be making the Capped Withdrawal Facility available to DPF Unitholders in connection with the Proposal to allow them to redeem part or all of their DPF Units prior to the Proposal Record Date. The Capped Withdrawal Facility is available to all DPF Unitholders. The cut off time for receiving applications to redeem DPF Units under the Capped Withdrawal Facility will be 3.00pm on 8 December 2021.

Those DPF Unitholders whose DPF Units are all redeemed under the Capped Withdrawal Facility will not be DPF Unitholder Participants and will not participate in the Proposal.

4.4 Effective Date

The Proposal will, subject to the DPF Unitholder Resolution being passed at the Meeting and receipt of the Second Judicial Advice and all other Conditions Precedent being satisfied or waived (if applicable), become Effective when the Supplemental Deed Poll is lodged with ASIC (**Effective Date**).

4.5 Determination of persons entitled to AUPF Units

(a) Proposal Record Date

Persons who are recorded as DPF Unitholders on the Register on the Proposal Record Date (expected to be 6.00pm on 17 December 2021) will become entitled to AUPF Units in respect of the DPF Units they hold at that time.

Upon becoming entitled to AUPF Units, DPF RE will then, on behalf of those DPF Unitholders who are Foreign DPF Unitholders on the Register on the Proposal Record Date (expected to be 6.00pm on 17 December 2021), direct that the AUPF Units to which they are entitled be issued to AUIREL and sold on their behalf under the Foreign Sale Facility as described in Section 4.10. This direction will be given under the powers given to DPF RE under the amendments made to the DPF Constitution in the Supplemental Deed Poll.

(b) Dealings on or prior to the Effective Date

For the purposes of calculating entitlements under the Proposal, any dealing in DPF Units will only be recognised if registrable transmission applications or transfers in registrable form in respect of those dealings are received on or by the Effective Date.

Subject to the Corporations Act and the DPF Constitution, DPF RE must register registrable transmission applications or transfers of the kind recognised above which are effected on or by the Effective Date.

DPF RE will not recognise for any purpose any transfer or transmission application in respect of DPF Units received after the Effective Date even if received before the Proposal Record Date (other than as contemplated by the Proposal in relation to the transfer of DPF Units to AOF RE) or received prior to that time but not in registrable form.

(c) Dealings after the Proposal Record Date

For the purposes of determining the entitlement to AUPF Units, DPF RE will, until (i) AUPF Units have been issued to the DPF Unitholder Participants and AUIREL; and (ii) AOF RE has been registered as the holder of the DPF Units, maintain the Register (subject to the comments in Section 4.5(b) of this DPF Booklet) in its form as at the Proposal Record Date. The Register in this form will solely determine entitlements to AUPF Units.

From the Proposal Record Date, except as evidence of entitlement to AUPF Units in respect of the DPF Units relating to that entry, all statements of holding in respect of the DPF Units cease to have effect as documents of title in respect of such DPF Units and each entry on the Register will cease to be of any effect.

4.6 Issue of AUPF Units

If the Proposal becomes Effective and is implemented:

(a) all of the DPF Units will be transferred to AOF RE, without the need for any further act by a DPF Unitholder, by DPF RE:

  (i) by virtue of its appointment as attorney for each DPF Unitholder, procuring the delivery to AOF RE of a duly completed and executed transfer form on behalf of each DPF Unitholder to transfer all of the DPF Units to AOF RE; and

  (ii) entering the name of AOF RE in the Register as the holder of the DPF Units.

(b) DPF Unitholders (other than Foreign DPF Unitholders) will be issued AUPF Units. Foreign DPF Unitholders will receive the net proceeds from the sale by the Sale Agent of the AUPF Units which would otherwise have been issued to them if DPF RE had not, on their behalf, directed those AUPF Units to be issued to AUIREL and sold on their behalf under the Foreign Sale Facility (see Section 4.10).

4.7 Deemed warranty on transfer of DPF Units to AOF RE

Under the changes to the DPF Constitution to be effected through the Supplemental Deed Poll, DPF Unitholders are taken to have warranted to AOF RE that:

(a) all of their DPF Units (including any rights and entitlements attaching to those securities) will, at the date of transfer to AOF RE, be fully paid and free from encumbrances; and

(b) they have full power and capacity to transfer their DPF Units (including any rights and entitlements attaching to those securities) to AOF RE under the Proposal.

4.8 Appointment of DPF RE as attorney and agent for DPF Unitholders

Under the changes to the DPF Constitution to be effected through the Supplemental Deed Poll:

(a) DPF RE will have the power to do all things which it considers are necessary or desirable to effect the Proposal, including completing and signing a transfer form for the transfer of DPF Units to AOF RE and completing and signing an application form for AUPF Units; and

(b) subject to the issuance of AUPF Units, on and from the Implementation Date and until DPF RE registers AOF RE as the holder of the DPF Units in the Register, each DPF Unitholder is deemed to have appointed AOF RE as attorney and agent to appoint any director, officer, secretary or agent nominated by AOF RE as its sole proxy, and where applicable or appropriate, corporate representative, to attend unitholder meetings, exercise the votes attaching to DPF Units registered in their name, and sign any unitholder resolution.

4.9 Foreign unitholders

All DPF Unitholders on the Register on the Proposal Record Date will be eligible to participate in the Proposal and become entitled to be issued AUPF Units. However, those DPF Unitholders who do not have a registered address in Australia (including its external territories) and New Zealand (i.e. Foreign DPF Unitholders) will direct that the AUPF Units to which they are entitled under the Proposal be issued to AUIREL and sold under the Foreign Sale Facility by the Sale Agent on the ASX.

Warning statement for New Zealand Investors

The Proposal is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is Subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of this DPF Booklet are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (http://www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether the Proposal is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Currency exchange risk

The Proposal may involve a currency exchange risk. The currency for the financial products the subject of the Proposal is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

As the financial products the subject of the Proposal (being AUPF Units) may pay amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Trading on financial product market

As the financial products the subject of the Proposal (being AUPF Units) will, if the Proposal is implemented, be able to be traded on a financial product market, if you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market on which AUPF Units are traded does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Dispute resolution process

The dispute resolution process described in this DPF Booklet is available only in Australia and is not available in New Zealand.

4.10 Treatment of Foreign DPF Unitholders – Foreign Sale Facility

If you are a Foreign DPF Unitholder, DPF RE will, on your behalf, direct that the AUPF Units that you are entitled to receive be issued to AUIREL and sold on your behalf under the Foreign Sale Facility.

These arrangements are being implemented due to restrictions on certain foreign countries that make it impractical or unlawful for AOF RE to offer, or for DPF Unitholders to receive, AUPF Units in those countries.

Foreign DPF Unitholders will participate in the Foreign Sale Facility which operates as follows:

(a) AOF RE will issue the aggregate number of AUPF Units to which Foreign DPF Unitholders would otherwise have been entitled to, to AUIREL to be disposed of on behalf of the Foreign DPF Unitholders. The net proceeds of the sale will be paid to the Foreign DPF Unitholders. The sale proceeds will depend upon the market price of the AUPF Units after deduction of any applicable brokerage, taxes, duty and other costs and expenses associated with the sale.

(b) AUIREL will be the legal unitholder of those AUPF Units and the Sale Agent will sell the AUPF Units within 30 Business Days after the Implementation Date (the **Foreign DPF Unitholder Sale Period**).

(c) All AUPF Units to be sold by the Sale Agent will be sold in the ordinary course of trading on the ASX, with the objective of achieving the best price on the ASX for the Foreign DPF Unitholder's AUPF Units that is reasonably available at the time of sale bearing in mind a number of factors, including the prevailing market conditions. None of AOF RE, AUIREL, DPF RE or the Sale Agent gives any assurance as to the price that will be achieved for the sale of AUPF Units and the sale of the AUPF Units will be at the risk of the Foreign DPF Unitholder.

(d) The prices at which Foreign DPF Unitholder's AUPF Units are sold may be adversely affected by the requirement that the sales be conducted within the Foreign DPF Unitholder Sale Period.

(e) The cash amount which each Foreign DPF Unitholder will receive for their AUPF Units sold by the Sale Agent, is equivalent to an amount equal to the net proceeds of sale of all Foreign DPF Unitholder AUPF Units sold (after deduction of any applicable brokerage, taxes, duty and other costs and expenses associated with the sale) multiplied by the proportion that the AUPF Units attributable to that Foreign DPF Unitholder that are sold by the Sale Agent bears to the total number of AUPF Units sold by the Sale Agent referable to all Foreign DPF Unitholders.

(f) Cash proceeds from the sale of the Foreign DPF Unitholder AUPF Units will be dispatched to Foreign DPF Unitholders within 5 Business Days after the Foreign DPF Unitholder Sale Period to either the bank account nominated by the relevant Foreign DPF Unitholder to the Unit Registry for the payment of distributions, or by cheque posted to its address shown on the Register as at the Proposal Record Date.

Foreign DPF Unitholders who participate in the Foreign Sale Facility should note that the sale proceeds resulting from the Foreign Sale Facility are not fixed and are dependent on fluctuations in the trading price of AUPF Units. No assurances are given as to the price that will be achieved for the sale of the AUPF Units under the Foreign Sale Facility. The cash amount Foreign DPF Unitholders will ultimately receive under the Foreign Sale Facility may be lower than the issue price of the AUPF Units on the Implementation Date.

As noted in Section 11.13, DPF RE has applied to ASIC for relief in respect of certain provisions of the Corporations Act to enable Foreign DPF Unitholders to be treated in the manner set out in this Section 4.10.

4.11 Trading in AUPF Units

If the Proposal becomes Effective, each DPF Unitholder Participant (other than Foreign DPF Unitholders) will receive their Proposal Consideration in the form of new AUPF Units.

The AUPF Units to be issued under the Proposal will be fully paid and rank equally with existing AOF Units.

AOF RE will apply to ASX for quotation of the new AUPF Units on the ASX within seven days after the date of this DPF Booklet. The new AUPF Units are expected to commence trading on the ASX initially on a deferred settlement basis from the Business Day after the Effective Date and, from the Business Day after the Implementation Date, on a normal settlement basis under the existing ticker symbol AOF.

It is the responsibility of each DPF Unitholder to confirm their entitlement to new AUPF Units before trading those units to avoid the risk of selling units that they do not own. DPF Unitholders who sell their new AUPF Units before they receive their holding statements or confirm their holdings of new AUPF Units do so at their own risk.

4.12 Deregistration of DPF

AOF RE will apply for deregistration of DPF as a managed investment scheme under Chapter 5C of the Corporations Act following the Implementation Date.

5. Information about the Australian Unity Diversified Property Fund

5.1 Overview of DPF

DPF is an unlisted property trust that aims to provide investors with monthly tax-effective income and the opportunity for capital growth over the medium to long term. DPF aims to achieve this by investing in a diversified property portfolio of quality Australian commercial properties including offices, multi-use (office/industrial) properties, convenience retail shopping centres and industrial properties.

This section of this DPF Booklet describes DPF. Section 6 describes AOF on a standalone basis and Section 7 describes AUPF, being the combination of DPF and AOF if the Proposal proceeds.

5.2 Responsible entity

DPF RE is a wholly owned subsidiary of AUL. DPF RE holds an AFSL (number 234455) issued by ASIC, which allows it to administer property and financial asset funds at a retail and wholesale level, prepare product disclosure statements and raise funds for property investment purposes.

As the responsible entity, DPF RE is bound by the DPF Constitution and the Corporations Act. DPF RE has lodged a compliance plan with ASIC which sets out the key measures which DPF RE will apply to comply with the DPF Constitution and the Corporations Act.

DPF RE is responsible for overseeing the operations of DPF. DPF RE has the power to delegate certain aspects of its duties.

5.3 Portfolio overview

(a) Key portfolio metrics[30]

Portfolio metrics	DPF
Number of properties[31]	10
Occupancy (by NLA)	98.5%
Portfolio value ($m)	543.8
Weighted average cap rate (%)	5.6%
WALE (years)[32]	8.2
Net lettable area (sqm)	67,038

30. As at 30 June 2021, adjusted for the proposed divestment of 19 Corporate Avenue, Rowville.

31. Certain properties consolidated for reporting purposes; refer to section 7.3.

32. WALE means weighted average lease expiry in years, by gross property income as at 30 June 2021.

(b) Property portfolio[33]

A summary of DPF's property portfolio (including valuation and market capitalisation rate as at 30 June 2021) is shown below (adjusted for the proposed divestment of 19 Corporate Avenue, Rowville).

Market	Property	State	Independent valuation ($m)	Capitalisation rate[34]	NLA (sqm)	WALE (years)[35]	Occupancy (by NLA)
Wyong	Wyong Services Centres[36]	NSW	130.0	5.00%	4,286	17.0	100.0%
Parramatta	20 Smith St	NSW	83.5	5.38%	7,392	2.3	97.3%
Balcatta	6-8 Geddes St[37]	WA	14.3	6.00%	9,992	2.4	100.0%
North Blackburn	North Blackburn Square Shopping Centre	VIC	79.0	6.00%	6,329	8.4	100.0%
Yokine	Dog Swamp Shopping Centre	WA	52.8	6.00%	8,036	8.4	96.5%
Busselton	Busselton Central Shopping Centre[38]	WA	46.6	6.25%	9,062	7.7	96.9%
Osborne	620 Mersey Rd	SA	49.3	5.00%	8,006	9.0	100.0%
Woodvale	Woodvale Boulevard Shopping Centre	WA	33.5	6.50%	6,378	4.5	96.4%
Williamtown	Williamtown Aerospace Centre	NSW	54.9	6.00%	7,557	3.4	100.0%
Total (T) / Weighted Average (W)			**543.8 (T)**	**5.63% (W)**	**67,038 (T)**	**8.2 (W)**	**98.5% (W)**

33. Valuation Policy – Regular valuation of underlying property assets is an important aspect of managing DPF. Valuations are conducted by qualified independent valuers in accordance with industry standards. We have a policy of generally obtaining independent valuations on DPF direct properties each year and, for assets under development, within an 18-month period. Additionally, as part of our active management approach, we may test asset values on market. At times we may enter arrangements at arm's length with third parties which may impact the value of assets within the portfolio including, but not limited to, put and call options in respect of all or part of an asset within the portfolio. If the value of an asset is impacted in this way, the value may replace the last independent valuation obtained.
34. A market capitalisation rate is the rate, expressed as a percentage, that reflects the likely market yield a property will generate over the medium term. It has regard to a property's unique characteristics and is a measure of the property's risk/return profile with higher rates reflecting higher risk and its function is to convert a property's income into value. The market capitalisation rate is assessed by the independent valuer by dividing the stabilised net market property income of the property or a portfolio of properties by the assessed valuation of the property or portfolio, excluding costs of acquisitions and fees.
35. WALE means weighted average lease expiry in years, by gross property income as at 30 June 2021. Vacancies are valued at market income.
36. Includes Wyong Service Centre (Southbound) and Wyong Service Centre (Northbound), Wyong, NSW, consolidated for reporting purposes.
37. Includes 6-8 Geddes Street, Balcatta and 5 Kenhelm Street Balcatta, WA, consolidated for reporting purposes.
38. Includes Busselton Central Shopping Centre, 21 Prince Street, Busselton and vacant lots 121 & 122 Kent Street and lot 309 Prince Street.

(c) Management of DPF assets

DPF RE is the investment manager of DPF.

DPF RE has appointed AUPM as property manager of DPF. AUPM is part of the Australian Unity property business unit which is an established, well regarded investment manager of commercial and health care property with approximately $4.1 billion of real estate funds under management as at 30 June 2021.

(d) Sale of DPF assets

DPF is continuing to be managed on a business as usual basis and is actively considering potential asset sales to fund the development opportunities at its Busselton Central and North Blackburn properties. The property located at 19 Corporate Avenue, Rowville has been subject to, unsolicited, conditional offers and DPF RE proposes to take advantage of current property market conditions to sell the property in the short term.

5.4 Strategy and investment objectives

The investment strategy of DPF is to acquire, manage and grow a diversified property portfolio of offices, multi-use (office/industrial) properties, convenience retail shopping centres and industrial properties in Australia.

DPF's diversification strategy aims to provide stability of income through periods of change in the economic environment and enables DPF RE to actively manage the portfolio to achieve DPF's strategy.

DPF typically holds 70-100%[39] of its assets in direct property.

DPF may hold up to 20%[40] of its assets in unlisted property investments.

DPF may hold between 0-15%[41] of its assets in listed securities in the Australian REITs sector.

The properties held in unlisted or listed investments include (but are not limited to):

- office;
- multi-use (office/industrial);
- convenience retail; and
- industrial.

DPF's investment objectives[42] are:

- a stable income stream that is at least 1% p.a. above the average Commonwealth Government 10-year bond yield, calculated on a rolling basis over the previous five-year period; and
- a total return (income and capital growth) above the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index, while providing a consistent level of income.

5.5 DPF Financial information

(a) Introduction

The DPF financial information in this DPF Booklet has been prepared by the DPF RE Directors and comprises:

- The DPF historical financial information, as set out in Section 5.5(b), which comprises:
  - the summarised historical income statements of DPF for the years ended 30 June 2021 (**FY21**), 30 June 2020 (**FY20**) and 30 June 2019 (**FY19**);
  - the summarised historical distribution statements of DPF for FY21, FY20, FY19; and
  - the summarised forecast distribution statement of DPF for **FY22**,

  (together referred to in the DPF Booklet as the '**DPF Historical Financial Information**')
- The DPF forecast financial information on a standalone basis, as set out in Section 5.5(c), which comprises:
  - the summarised forecast income statement of DPF for the year ending 30 June 2022 (**FY22**); and
  - the summarised forecast distribution statement of DPF for FY22,

  (together referred to in the DPF Booklet as the '**DPF Forecast Financial Information**')

The DPF Historical Financial Information and DPF Forecast Financial Information are together referred to as the DPF Financial Information.

Also summarised in this Section 5.5 are:

- the basis of preparation and presentation of the DPF Financial Information; and
- the assumptions underlying the DPF Forecast Financial Information.

39. The target allocation thresholds may change over time and represent a percentage of the DPF's total assets.

40. The target allocation thresholds may change over time and represent a percentage of the DPF's total assets.

41. Cash is held by Australian ADIs (including certificates of deposit, bank bills and other cash-like instruments) and will be no more than 20% of DPF's net assets.

42. The investment objective that we aim to deliver to investors is a statement of intent, and we cannot guarantee that DPF will achieve this.

(b) DPF Historical Financial Information

Basis of presentation of historical financial information

The DPF Historical Financial Information in this Section 5.5(b) relates to DPF on an as reported basis and accordingly does not reflect any pro forma impact of the Proposal proceeding.

The DPF summarised historical income statements have been derived from the audited statutory financial statements of DPF for FY21, FY20 and FY19 which were prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards (**AAS**). The DPF summarised historical statement of financial position is derived from the statutory financial statements of DPF for FY21. The financial information also complies with the recognition and measurement requirements of International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**). These statutory financial statements were audited by PwC who issued unqualified audit opinions thereon.

This historical financial information is a summary only and the full financial statements for DPF for the above periods, which includes the accounting policies of DPF and other notes to the financial statements, can be found in DPF's financial reports for those periods. This historical financial information does not include all of the presentation disclosures, statements and comparative information as required by the AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The preparation of financial statements requires management to make critical judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results may differ from these estimates.

DPF's audited financial statements are available from DPF's website at **https://www.australianunity.com.au/wealth/investment-options/property/diversified-property-fund#announcements**. Past performance is not indicative of future performance.

Historically DPF has not presented a distribution statement in its annual financial report. The summarised historical distribution statements presented below are presented solely for inclusion in this DPF Booklet and have been prepared and presented on a basis consistent with that used by AOF. The distribution statement includes Funds From Operations (**FFO**) as a key measure based on the definition of FFO used by the Property Council of Australia. FFO differs to statutory profit for the year primarily due to the exclusion of non-cash items and other unrealised or one-off items. Non-cash items primarily include changes in the value of investment properties, impairment of goodwill, fair value adjustments to financial instruments, amortisation of leasing commissions and tenant incentives and straight-lining of rental income. FFO is reconciled to statutory profit for the year below.

Historical income statements

DPF historical income statement – FY19 to FY21

$million	FY21	FY20	FY19
Rental income	36.7	36.9	28.7
Property expenses	(10.9)	(11.6)	(10.7)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives[1]	(1.7)	(2.0)	(1.3)
Net property income	**24.1**	**23.3**	**16.7**
Interest income	-	-	0.1
Distribution income	1.4	1.8	3.5
Net gain/(loss) on financial instruments held at fair value through profit or loss	6.2	(15.0)	(3.2)
Net gain on disposal of investment property	17.0	12.0	-
Net fair value increment of investment properties	26.7	25.7	15.7
Other operating income	0.2	0.2	0.2
Responsible Entity's fees	(11.2)	(7.3)	(5.4)
Borrowing costs	(8.8)	(7.4)	(6.0)
Other expenses	(0.1)	(1.4)	(0.4)
Profit for the year	**55.6**	**32.0**	**21.3**

1. In DPF's audited financial statements the straight-lining of rental income and the amortisation of rental abatements are recorded as a reduction of rental income. Amortisation of leasing commissions and tenant incentives are recorded in property expenses. Solely for the purpose of presentation of the DPF Historical Financial Information, all of these non-cash items have been presented as a total in the above table, in order for unitholders to see the add-back of these items in determining FFO in the table below.

Historical distribution statements

DPF historical distribution statements – FY19 to FY21

$million	FY21	FY20	FY19
Profit for the year	55.6	32.0	21.3
Adjusted for:			
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	1.7	2.0	1.3
Net (gain)/loss on financial instruments held at fair value	(6.2)	15.0	3.2
Realised loss on disposal of investment property	(17.0)	(12.0)	-
Net fair value (increment)/decrement of investment properties	(26.7)	(25.7)	(15.7)
Amortisation of borrowing costs	0.6	0.6	0.3
Responsible Entity's Performance Fees	6.9	3.7	3.7
Non-recurring items[1]	0.4	1.2	-
Funds From Operations (FFO)	**15.2**	**16.7**	**14.0**
Distributions declared	27.7	22.8	13.5

Cents per unit	FY21	FY20	FY19
FFO	5.6	6.5	7.1
Ordinary distribution declared	5.6	6.4	6.8
Special distributions declared[2]	4.5	2.5	-
Payout ratio (ordinary distributions declared/ FFO)	99.0%	98.7%	96.2%

1. Non-recurring items in FY21 relate to rental guarantee payments from the sale of 278 Orchard Road, Richlands that were capitalised and in FY20 relate to the transaction costs associated with the acquisition of Australian Unity Retail Property Fund.
2. FY21 distribution includes a special distribution of 4.45cpu following a gain realised on the sale of 278 Orchards Road, Richlands. FY20 distribution includes a special distribution of 2.48cpu following a gain realised on the sale of 200 Victoria St, Carlton.

Statement of financial position as at 30 June 2021

DPF statement of financial position as at 30 June 2021

$million	As at 30 June 2021
Assets	
Cash and cash equivalents	22.5
Receivables and prepaid expenses[1]	4.7
Financial assets[2]	25.3
Investment properties	569.9
Total assets	**622.4**
Liabilities	
Distributions payable	13.0
Payables	11.7
Financial liabilities held at fair value through profit and loss	-
Borrowings	260.7
Total liabilities	**285.4**
Net assets	**337.0**
Contributed equity	299.0
Undistributed income	38.0
Net assets attributable to unitholders – equity	**337.0**

	As at 30 June 2021
Statement of financial position metrics:	
Number of units on issue (m)	287.8
Net Tangible assets $ per unit	1.17
Gearing[3]	39.9%

1. Receivables at 30 June 2021 included $0.4m distribution receivable from AOF.
2. Financial assets comprise solely units held by DPF in AOF.
3. Gearing is calculated as interest bearing liabilities, excluding unamortised borrowing costs, less cash, divided by total tangible assets less cash.

(c) DPF Forecast Financial Information

Basis of preparation

DPF has prepared the forecast income statement and distribution statement for the year ending 30 June 2022 on a stand-alone basis, unadjusted for items of revenue or expense that are expected to change if the Proposal is implemented.

The forecast financial information has been prepared applying the same accounting policies and methodologies as applied to the historical financial information. The forecast income statement comprises the actual results for the three months ended 30 September 2021 based on unaudited management accounts and forecast results for the nine months to 30 June 2022.

The forecast has been prepared using assumptions as detailed below.

The assumptions reflect the assessment of DPF based on present circumstances, anticipated economic and market conditions and the implementation of DPF's business strategies. While these assumptions are considered to be appropriate and reasonable at the time of preparing the forecast financial information, DPF unitholders should appreciate there are many factors which may affect the results which are outside the control of DPF or may not be capable of being foreseen or accurately predicted.

Accordingly, actual results may vary materially from the forecast results. DPF Unitholders are advised to review the assumptions described in this Section 5.5(c), and the risk factors in Section 8, and make their own assessment of the future performance and prospects of DPF in the event the Proposal does not proceed. DPF Unitholders should note past performance is not an indicator of future performance.

General assumptions

DPF's general assumptions underlying the stand-alone forecast financial information include:

- no material changes from current market expectations of economic and trading conditions in Australia;
- no material changes in legislation (including tax legislation), regulatory requirements or government policy that have a material impact on DPF's financial performance, cash flows, financial position, accounting policies, financial reporting or disclosure;
- no material changes in AAS, the Corporations Act or other mandatory professional reporting requirement that have a material impact on DPF's financial performance, cash flows, financial position, accounting policies, financial reporting and disclosure;
- no business or property acquisitions, divestments, investments, partnerships, restructures or joint ventures are undertaken, other than those set out in the specific assumptions below;
- no material legal claims that have a material impact on DPF;
- no material interruptions, disruptions, disturbances, cyber security attacks or departures from normal operating conditions in relation to information and technology systems;
- no material contingent liabilities arise that are to the detriment of DPF;
- all tenants continue to meet their contractual obligations under lease agreements; and
- none of the risks set out in Section 8 occur, or if they do, none of them has a material adverse effect on DPF's operations, financial performance, financial position or cash flows.

Specific assumptions

DPF's specific assumptions for the FY22 stand-alone forecast financial information include:

- forecast net property income for existing leases based on independent third-party property managers who provide DPF with detailed rental income, outgoings expenses and recoveries by tenant by property; which are then reviewed and approved by the management of DPF. Forecast net property income also considers contractual indexation, future occupancy rates, tenant turnover or renewals, and market rentals;
- property management and services fees are based on an agreement with an entity related to DPF RE;
- lease commissions, fitout incentives, cash incentives and rent-free incentives that are expected to be paid are capitalised and amortised in accordance with DPF's accounting policies;
- distribution income from financial investments is based on published guidance provided by AOF;
- no change in the fair values of the investment properties or other financial assets from their carrying amounts as at 30 June 2021, other than additions for actual and forecast capital expenditure, capitalised leasing commission and capitalised incentives;
- DPF on a standalone basis would need to consider a range of asset sale alternatives to meet its future funding obligations. For the purpose of the DPF forecast income statement, 19 Corporate Avenue, Rowville is assumed to be sold and settled in January 2022 at the carrying amount of approximately $22 million, resulting in no gain or loss on sale. While the final sale value will not be known until binding contracts are exchanged, DPF has assumed the asset is disposed of at its current carrying value;

- DPF RE is entitled to management fees of 0.65% p.a. of the gross asset value and reimbursement of administration expenses (such as audit and registry fees) consistent with DPF's Constitution;
- DPF RE's performance fee is assumed to be nil;
- borrowing costs are based on DPF's forecast debt balances and existing facility fees. It is assumed that $200m of new interest rate swap derivatives will be entered into on 1 January 2022 at a rate of 1.0%. Forecast BBSY rates which apply for that portion of debt that is at a floating rate is assumed to be 0.10%;
- other expenses include $2.7m of transaction costs in relation to the Proposal (regardless of whether it does proceed or not);
- no impairment losses on receivables;
- capital expenditure on existing properties is forecast based on independent property manager recommendations for improvements, replacements, etc and approved by the DPF RE Board; and
- new equity inflows of $37.5m (inclusive of DRP proceeds) and equity redemptions of $26.5m for the period of 1 October 2021 to 30 June 2022 based on recent historical experience.

Taxation

DPF is an Attribution Managed Investment Trust (**AMIT**). As a result, DPF should be treated as a fixed trust for Australian tax purposes and should generally be taxed on a "flow through" basis on the basis that it will attribute the taxable trust components to investors each financial year on a fair and reasonable basis.

Forecast income statement (on a DPF standalone basis)

DPF forecast income statement – FY22

$million	Forecast FY22
Rental income	39.3
Property expenses	(11.8)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	(1.3)
Net property income	**26.2**
Interest income	-
Distribution income	1.5
Net gain/(loss) on financial instruments held at fair value through profit or loss	-
Net gain/(loss) on disposal of investment property	-
Net fair value increment/(decrement) of investment properties	-
Other operating income	0.2
Responsible Entity's fees	(4.0)
Borrowing costs	(7.7)
Other expenses[1]	(4.2)
Profit for the year	**12.0**

1. Other expenses include $2.7m of transaction costs in relation to the Proposal, fund administration expenses of $1.0m and one-off legal costs of $0.5m.

Forecast distribution statement

DPF forecast distribution statement – FY22

$million	Forecast FY22
Profit for the year	12.0
Adjusted for:	
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	1.3
Net (gain)/loss on financial instruments held at fair value	-
Realised loss on disposal of investment property	-
Net fair value (increment)/decrement of investment properties	-
Amortisation of borrowing costs	0.5
One off adjustment[1]	3.2
Add back: rental abatement incentives	0.1
FFO	**17.1**
Distributions declared	16.9

Cents per unit	Forecast FY22
FFO	5.8
Distributions declared	5.7
Payout ratio (distributions declared/FFO)	99%

1. DPF is forecast to incur $2.7m of transaction costs in relation to the Proposal, if it does not proceed. Other one off legal costs, expected to total, $0.5m are also added back. As these costs are one off in nature, the DPF RE Directors intend to add them back when calculating FFO.

5.6 Material changes in DPF's financial position since last accounts published

As far as the DPF RE Board is aware, other than for the net of accrued earnings less any distributions declared following 1 July 2021, there has been no material change in the financial position of DPF since 30 June 2021, being the date of the last audited financial statements released by DPF RE to ASIC.

5.7 Capital structure and debt

Capital

As at 30 September 2021, DPF had net assets of $339.3 million, 292.3 million units on issue and a net asset value of $1.17 per unit.

Debt

DPFs interest cover ratio for the 12 months to 30 June 2021 was 4.17 times[43] based on DPF's latest audited financial statements.

DPF borrows to finance new and existing assets, to develop, refurbish and maintain those assets, and to provide liquidity for operating purposes and managing working capital. Generally, interest costs relating to the borrowings will be met from the earnings of DPF prior to the payment of distributions to investors.

DPF's borrowing facility is secured by DPF's direct property assets and is summarised in the table below:

Borrowing details as at 30 June 2021	
Borrowing facility drawn amount	$261.89 million
Borrowing facility limit	$300 million
Borrowing facility maturity	Tranche A: 25 October 2022 Tranches B & C: by 25 October 2024
Borrowing facility Loan to Valuation Ratio covenant limit	55.00%
Fund Loan to Valuation Ratio calculated in accordance with borrowing facility definition	46.29%
Borrowing facility Interest Cover Ratio covenant limit	2.00 times
Fund Interest Cover Ratio calculated in accordance with borrowing facility definition	2.04 times
Borrowing facility interest rate (inclusive of borrowing margin, line fees and interest rate hedges)	2.47% p.a.
% of borrowings hedged	0%
Weighted hedge expiry	- years

DPF is required to refinance Tranche A of its borrowings by 25 October 2022 and Tranches B & C by 25 October 2024. DPF is compliant with the current lenders' covenant and facility limit requirements. We anticipate that the borrowing facility will be refinanced prior to maturity.

43. *The interest cover ratio as shown calculated under the ASIC RG46 formula is different to that calculated under the borrowing facility covenant which is set out in the following table under the heading 'Borrowing facility'.

5.8 Corporate governance

(a) DPF RE Board

The DPF RE Directors are:

Director / Position	Experience, qualifications and expertise
Rohan Mead	Mr Mead was appointed Group Managing Director of AUL on 1 July 2004. As Group Managing Director, he is a member of subsidiary boards and most committees. Mr Mead is chairman of the Business Council of Australia's Healthy Australia task force and a member of its Indigenous Engagement task force. He is also a director of the Business Council of Co-Operatives and Mutuals Limited (BCCM) and the Centre for Independent Studies. Prior to joining Australian Unity, Mr Mead was employed by Perpetual Trustees Australia Limited (1996-2003) in a range of senior roles.
Esther Kerr-Smith	Ms Kerr-Smith joined Australian Unity in September 2017. Ms Kerr-Smith is Chief Executive Officer for Wealth & Capital Markets for the AUL Group. Ms Kerr-Smith is responsible for all of Australian Unity's financial services and investment activities, spanning investment management, advice, trustee services, life and superannuation, as well as Australian Unity's property, development and capital management activities. Ms Kerr-Smith is also a board member of many of its operating entities. Prior to joining Australian Unity in 2017, Ms Kerr-Smith's previous experience covers financial services, infrastructure and human services design and delivery. Ms Kerr-Smith was a senior executive with the National Disability Insurance Agency, leading the market stewardship and commissioning functions, and has held senior roles at strategy consulting firm Boston Consulting Group and within Macquarie Group's infrastructure division.
Darren Mann	Mr Mann joined Australian Unity in April 2012. Mr Mann is currently the Group Executive – Finance & Strategy and Chief Financial Officer, having previously been the Deputy Head of Finance and Group Treasurer. Mr Mann has oversight of Australian Unity's statutory, management and tax reporting along with strategy, treasury and capital management. Prior to joining Australian Unity, Mr Mann worked in the United Kingdom for ten years on large scale migration projects for Lloyds TSB, Royal Bank of Scotland and Merrill Lynch Investment Managers. Mr Mann commenced his professional career becoming a Chartered Accountant while working at KPMG Melbourne and also Foster's Group Limited.

(b) Management of DPF

The key people responsible for managing DPF are Victoria Padey, Jonathan Senior, Anna Flavell and Matthew Mitchell. Please refer to Section 7.8 for details about these key people.

6. Information about the Australian Unity Office Fund

6.1 Overview of AOF

AOF is an ASX-listed REIT that wholly owns a diversified portfolio of properties located across Australian metropolitan and CBD markets in Sydney, Adelaide, Melbourne, Brisbane and Canberra. Its key objective is to provide sustainable income returns via quarterly distributions and the potential for capital growth over the long-term by investing in a diversified portfolio of Australian properties. AOF targets assets offering affordability, accessibility and amenity.

6.2 Responsible Entity

AOF RE is the responsible entity of AOF. AOF RE holds an AFSL (number 477434) issued by ASIC, which allows it to administer property and financial asset funds at a retail and wholesale level, prepare product disclosure statements and raise funds for property investment purposes.

AOF RE's investment approach is based on independent decision making to ensure high level of expertise across each investment discipline. AOF's management delivers economies of scale and consistent systems that are aligned with unitholder performance expectations.

AOF RE is a wholly owned subsidiary of Australian Unity Keppel Capital Pty Ltd, a joint venture company owned equally by subsidiaries of AUL and Keppel Capital Holdings Pte Ltd CRN 201302079N, the asset management arm of Singapore-based Keppel Corporation Limited CRN 196800351N.

6.3 Portfolio overview

A summary of AOF's portfolio metrics is shown below:[44]

(a) Key portfolio metrics

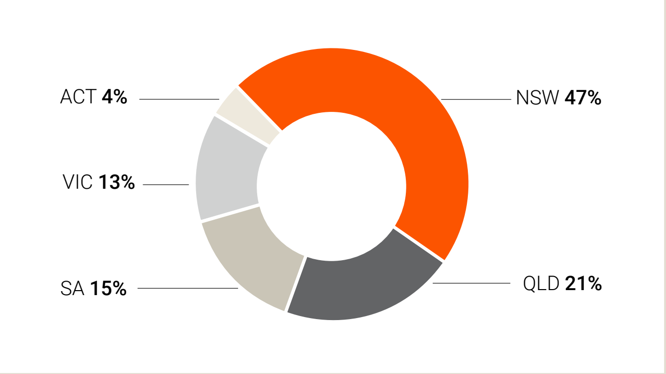
Portfolio metrics	AOF
Number of properties	8
Occupancy (by NLA)	95.6%
Portfolio value ($m)	609.6
Weighted average cap rate (%)	5.9%
WALE (years)	2.7
Net lettable area (sqm)	95,969

44. All metrics shown are as at 30 June 2021, adjusted for the acquisition of 96 York Street, Beenleigh which is expected to settle in January 2022 and proposed divestment of 32 Phillip Street, Parramatta.

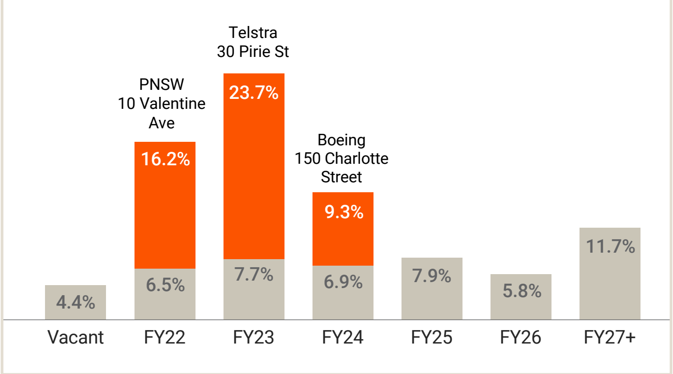
(b) Property portfolio

Market	Property	State	Independent valuation ($m)	Capitalisation rate	NLA (sqm)	WALE (years)	Occupancy (by NLA)
Parramatta	2 – 10 Valentine Ave	NSW	147.8	5.50%	16,020	1.0	97.3%
Macquarie Park	5 Eden Park Drive	NSW	73.5	5.50%	11,556	4.0	96.3%
Macquarie Park	2 Eden Park Drive	NSW	62.5	5.50%	10,346	2.7	100.0%
Beenleigh[45]	96 York Street	QLD	33.5	5.63%	4,661	10.0[46]	100.0%[47]
Brisbane CBD	150 Charlotte Street	QLD	97.0	6.00%	11,081	2.6	97.4%
Adelaide CBD	30 Pirie Street	SA	90.0	7.25%	24,665	1.7	96.1%
Melbourne Fringe	468 St Kilda Road	VIC	79.0	5.25%	11,211	3.9	92.7%
Canberra CBD	64 Northbourne Ave	ACT	26.3	7.00%	6,429	3.0	80.2%
Total (T) / Weighted Average (W)			**609.6 (T)**	**5.88% (W)**	**95,969 (T)**	**2.7 (W)**	**95.6% (W)**

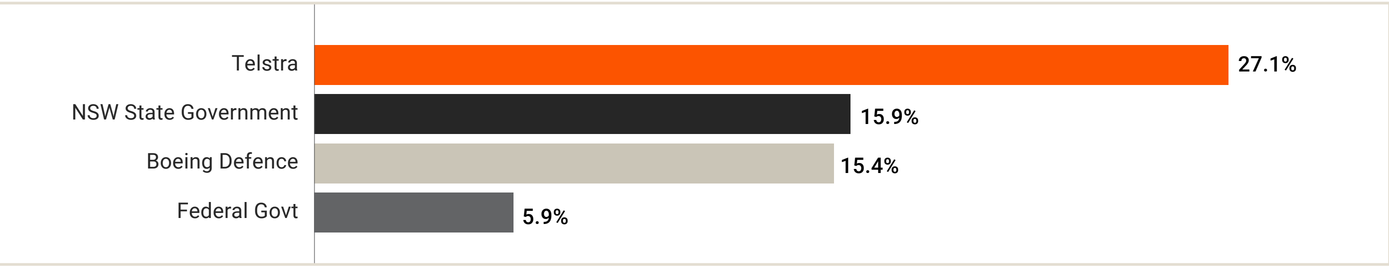
(c) Geographic diversification (by book value)



(d) Lease expiry profile (by Net Lettable Area)



(e) Top tenants (by gross property income)



For further details of AOF's portfolio, see Section 7.3.

45. AOF RE has entered into a contract for the acquisition of the property which remains subject to conditions. Settlement of the acquisition is scheduled in January 2022, subject to the satisfaction of the conditions under the acquisition contract.
46. 86% of the NLA is leased to City of Logan on a 10-year lease, with a 2-year rental guarantee, over remaining 14% of NLA.
47. 86% of the NLA is leased to City of Logan on a 10-year lease, with a 2-year rental guarantee, over remaining 14% of NLA.

(f) Management of AOF assets

AOF RE 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, well regarded investment manager of commercial and health care property with approximately $4.1 billion of real estate funds under management as at 30 June 2021. The property business has a development pipeline of $1.25 billion as at 30 June 2021, with lending and debt facilities on behalf of investors (through property funds and its commercial lending activities) of $1.57 billion.

6.4 Strategy and investment objectives

AOF announced that it was conducting a strategic assessment in February 2021. The outcome of the comprehensive strategic assessment was a refining of AOF's existing strategy, with an expanded asset ownership mandate allowing AOF to own commercial properties that align with the key asset attributes of affordability, accessibility and amenity.

AOF's investment objective is to provide unitholders with sustainable income returns via quarterly distributions and the potential for capital growth over the long-term by investing in a diversified portfolio of Australian properties. AOF's strategy is to:

(a) focus on owning Australian office properties in metropolitan and CBD markets, complemented by a targeted and diversified portfolio of Australian real estate assets;

(b) deliver unitholders sustainable and growing income returns via quarterly distributions;

(c) maximise returns to unitholders through value-add initiatives including developments, asset repositioning strategies, divestments and acquisitions;

(d) target inclusion in additional ASX and global indices; and

(e) maintain a capital structure which has target gearing level below 40%.

AOF RE will review this strategy from time to time when it considers it in the best interests of unitholders to do so.

6.5 AOF Financial information

(a) Introduction

The AOF financial information in this DPF Booklet has been prepared by the AOF Directors and comprises:

- The AOF historical financial information, as set out in Section 6.5(b), comprises:
  - the summarised historical income statements of AOF for the years ended 30 June 2021 (**FY21**), 30 June 2020 (**FY20**) and 30 June 2019 (**FY19**);
  - the summarised historical distribution statements of AOF for FY21, FY20 and FY19; and
  - the summarised historical statement of financial position of AOF as at 30 June 2021,

  (together referred to in this DPF Booklet as the '**AOF Historical Financial Information**').
- The forecast financial information of AOF on a stand-alone basis, as set out in Section 6.5(c), comprises:
  - the summarised forecast income statement of AOF for FY22; and
  - the summarised forecast distribution statement of AOF for FY22,

  (together referred to in this DPF Booklet as the '**AOF Forecast Financial Information**').

The AOF Historical Financial Information and AOF Forecast Financial Information are together referred to as the AOF Financial Information.

Also summarised in this Section 6.5 are:

- the basis of preparation and presentation of the AOF Financial Information; and
- the assumptions underlying the AOF Forecast Financial Information.

(b) AOF Historical Financial Information

Basis of presentation of historical financial information

The AOF Historical Financial Information in this Section 6.5(b) relates to AOF on an as reported basis and accordingly does not reflect any pro forma impact of the Proposal proceeding.

The AOF summarised historical income statements have been derived from the audited statutory financial statements of AOF for FY21, FY20 and FY19 which were prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards (**AAS**). The AOF summarised historical statement of financial position is derived from the statutory financial statements of AOF for FY21. The financial information also complies with the recognition and measurement requirements of International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**). These statutory financial statements were audited by PwC who issued unqualified audit opinions thereon.

This Historical Financial Information is a summary only and the full financial statements for AOF for the above periods, which includes the accounting policies of AOF and other notes to the financial statements, can be found in AOF's financial reports for those periods. This Historical Financial Information does not include all of the presentation disclosures, statements and comparative information as required by the AAS applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The preparation of financial statements requires management to make critical judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results may differ from these estimates.

AOF's audited financial statements are available from AOF's website at **https://www.australianunityofficefund.com.au/news-and-announcements**. Past performance is not indicative of future performance.

AOF's annual report to unitholders includes AOF's distribution statement presented as FFO. The summarised historical distribution statements presented in this Section are derived from the distribution statements presented in the annual reports for FY19 to FY21 (and which can be found at the above website).

Historical income statements

AOF historical income statement – FY19 to FY21

$million	FY21	FY20	FY19
Rental income	56.8	57.8	55.9
Property expenses	(16.4)	(17.4)	(15.0)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives[1]	(5.9)	(5.0)	(1.6)
Net property income	**34.5**	**35.4**	**39.4**
Interest income	-	-	-
Net gain/(loss) on financial instruments held at fair value through profit or loss	3.1	(3.1)	(5.8)
Net (loss) on disposal of investment property	(0.5)	-	-
Net fair value increment/(decrement) of investment properties	(1.7)	(2.9)	24.3
Responsible Entity's fees	(4.1)	(4.2)	(3.9)
Borrowing costs	(6.6)	(7.8)	(7.9)
Other expenses[2]	(1.5)	(4.2)	(1.2)
Profit for the year	**23.3**	**13.2**	**44.8**

Notes

1. In AOF's audited financial statements the straight-lining of rental income and the amortisation of rental abatements are recorded as a reduction of rental income. Amortisation of leasing commissions and tenant incentives are recorded in property expenses. Solely for purposes of presentation of the AOF Historical Financial Information, all of these non-cash items have been presented as a total in the above table, in order for unitholders to see the add-back of these items in determining FFO in the table below.
2 FY20 other expenses include $2.9m of expenses in relation to offers from CHAB Office Trust and SOF-XI Legs Holdings Limited (Starwood) to purchase all the outstanding units of AOF, and a potential asset acquisition. These proposals did not proceed. FY19 other expenses include $0.2m of expenses in relation to the Starwood transaction.

Historical distribution statement

AOF historical distribution statements – FY19 to FY21

$million	FY21	FY20	FY19
Profit for the year	23.3	13.2	44.8
Adjusted for:			
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	5.9	5.0	1.6
Net (gain)/loss on financial instruments held at fair value	(3.1)	3.1	5.8
Realised loss on disposal of investment property	0.5	-	-
Net fair value (increment)/decrement of investment properties	1.7	2.9	(24.3)
Amortisation of borrowing costs	0.3	0.4	0.3
One off adjustment[1]	-	2.9	0.2
Add back: rental abatement incentives[2]	2.1	2.0	1.6
FFO	**30.6**	**29.6**	**30.1**
Distributions declared	24.6	24.4	25.7

Cents per unit	FY21	FY20	FY19
FFO	18.7	18.2	18.5
Distributions declared	15.0	15.0	15.8
Payout ratio (distributions declared/ FFO)	80.3%	82.4%	85.4%

Notes

1. FY20 one off adjustments relate to the CHAB transaction, Starwood transaction and a potential acquisition as noted above. As these costs are one off in nature, and not part of the underlying and recurring expenses of AOF, they are excluded from the calculation of FFO.
2. When assessing FFO, Directors also add back rental abatement incentives to ensure consistency with the treatment of rent-free incentives and fitout incentives.

Consolidated statement of financial position as at 30 June 2021

AOF statement of financial position as at 30 June 2021

$million	As at 30 June 2021
Assets	
Cash and cash equivalents	8.9
Receivables	0.6
Other assets	1.0
Investment properties	638.9
Total assets	**649.4**
Liabilities	
Distributions payable	6.2
Payables	7.2
Financial liabilities held at fair value through profit and loss	1.0
Borrowings	190.2
Total liabilities	**204.5**
Net assets	**444.8**
Contributed equity	374.0
Undistributed income	70.8
Net assets attributable to unitholders	**444.8**

	As at 30 June 2021
Statement of financial position metrics:	
Number of units on issue (m)	164.4
Net tangible assets $ per unit	2.71
Gearing[1]	28.4%

Notes

1. Gearing is calculated as interest bearing liabilities, excluding unamortised borrowing costs, less cash, divided by total tangible assets less cash.

(c) AOF Forecast Financial Information

Basis of preparation

AOF has prepared the forecast income statement and distribution statement for the year ending 30 June 2022 on a stand-alone basis. A statutory forecast income statement and distribution statement for the year ending 30 June 2022 is presented in Section 7.5(b) which assumes the Proposal is implemented.

The forecast financial information has been prepared applying the same accounting policies and methodologies as applied to the historical financial information. The forecast income statement comprises the actual results for the three months ended 30 September 2021 based on unaudited management accounts and forecast results for the nine months to 30 June 2022.

The forecast has been prepared using the assumptions as detailed below.

The assumptions reflect the assessment of AOF, based on present circumstances, of anticipated economic and market conditions and the implementation of AOF's business strategies. While these assumptions are considered to be appropriate and reasonable at the time of preparing the forecast financial information, DPF unitholders should appreciate there are many factors which may affect the results which are outside the control of AOF directors or may not be capable of being foreseen or accurately predicted.

Accordingly, actual results may vary materially from the forecast financial information. DPF unitholders are advised to review the assumptions described in this Section 6.5(c), and the risk factors in Section 8, and make their own assessment of the future performance and prospects of AOF in the event the Proposal does not proceed. DPF Unitholders should note past performance is not an indicator of future performance.

General assumptions

AOF's general assumptions underlying the stand-alone forecast financial information include:

- no material changes from current market expectations of economic and trading conditions in Australia;
- no material changes in legislation (including tax legislation), regulatory requirements or government policy that have a material impact on AOF's financial performance, cash flows, financial position, accounting policies, financial reporting or disclosure;
- no material changes in AAS, the Corporations Act or other mandatory professional reporting requirement that have a material impact on AOF's financial performance, cash flows, financial position, accounting policies, financial reporting and disclosure;
- no business or property acquisitions, divestments, investments, partnerships, restructures or joint ventures are undertaken, other than those set out in the specific assumptions below;
- no material legal claims that have a material impact on AOF;
- no material interruptions, disruptions, disturbances, cyber security attacks or departures from normal operating conditions in relation to information and technology systems;
- no material contingent liabilities arise that are to the detriment of AOF;
- all tenants continue to meet their contractual obligations under lease agreements; and
- none of the risks set out in Section 8 occur, or if they do, none of them has a material adverse effect on AOF's operations, financial performance, financial position or cash flows.

Specific assumptions

AOF's specific assumptions for the stand-alone forecast financial information include:

- forecast net property income for existing leases based on independent third-party property managers who provide AOF with detailed rental income, outgoings expenses and recoveries by tenant by property; which are then reviewed and approved by the management of AOF. Forecast net property income also considers contractual indexation, future occupancy rates, tenant turnover or renewals, and market rentals;
- property management and services fees are based on an agreement with an entity related to AOF RE;
- lease commissions, fitout incentives, cash incentives and rent-free incentives that are expected to be paid are capitalised and amortised in accordance with AOF's accounting policies;
- no change in the fair values of the investment properties or other financial assets from their carrying amounts as at 30 June 2021, other than additions for actual and forecast capital expenditure, capitalised leasing commission and capitalised incentives;
- the acquisition of 96 York St, Beenleigh for $33.52m plus costs for which contracts have been executed is assumed to settle in January 2022;
- the proposed sale of 32 Phillip St, Parramatta for which agents have recently been appointed is assumed to be sold in April 2022 at its carrying amount as at 30 June 2021 resulting in no gain or loss on the sale;
- AOF RE is entitled to management fees of 0.60% p.a. of the gross asset value up to $750 million and 0.55% p.a. thereafter, consistent with AOF's Constitution;

- borrowing costs are based on AOF's forecast debt balances, existing facility fees and interest rate swap derivatives. Forecast BBSY rates which apply for that portion of debt that is at a floating rate is assumed to be 0.10%;
- other expenses include $2.0m of transaction costs in relation to the Proposal (regardless of whether it does proceed or not);
- no impairment losses on receivables;
- no equity inflows or outflows; and
- capital expenditure on existing properties is forecast based on recommendations for improvements, replacements, etc by the property asset managers.

Taxation

AOF is an AMIT. AOF should therefore be treated as a fixed trust for Australian tax purposes and should generally be taxed on a "flow through" basis on the basis that it will attribute the taxable trust components to investors each financial year on a fair and reasonable basis.

Forecast income statement

AOF forecast income statement – FY22

$million	Forecast FY22
Rental income	55.0
Property expenses	(15.1)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	(5.8)
Net property income	**34.1**
Interest income	-
Responsible Entity's fees	(3.9)
Borrowing costs	(5.6)
Other expenses	(3.8)
Profit for the year	**20.8**

Forecast distribution statement

AOF forecast distribution statement – FY22

$million	Forecast FY22
Profit for the year	20.8
Adjusted for:	
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	5.8
Amortisation of borrowing costs	0.3
One off adjustment[1]	2.0
Add back: rental abatement incentives	1.3
FFO	**30.2**
Distributions declared	25.0

Cents per unit	Forecast FY22
FFO	18.4
Distributions declared	15.2
Payout ratio (distributions declared/ FFO)	82.6%

Notes

1. AOF is forecast to incur $2.0m of transaction costs in relation to the Proposal if it does not proceed. As these costs are one off in nature, the AOF Directors intend to add them back when calculating FFO.

(d) Guidance for FY22

As announced to ASX on 25 August 2021, subject to no material change in current market conditions and no unforeseen events, AOF provided FFO guidance for financial year 2022 of between 18.0 and 18.5 cents per AOF Unit, and distribution guidance for financial year 2022 of 15.2 cents per AOF Unit.

(e) Material changes in financial position

AOF announced on 21 July 2021 the acquisition of 96 York Street, Beenleigh, Queensland for $33,520,000 excluding acquisition costs. The building has a net lettable area of 4,661 sqm, with 4,009 sqm of office space leased to Logan City Council for 10 years with two 5 year options and annual rent increases of the greater of 3.0% or CPI. The acquisition will be funded from undrawn debt facilities which increased following the sale of 241 Adelaide Street, Brisbane, Queensland. Settlement is expected to be in January 2022.

As far as the AOF RE Board is aware, other than for the net of accrued earnings less any distributions declared following 1 July 2021, and the above matters, there has been no material change in the financial position of AOF since 30 June 2021, being the date of the last audited financial statements released by AOF RE to the ASX.

6.6 Capital structure

(a) Units on issue

As at the date of this DPF Booklet, AOF has 164,383,437 AOF Units on issue.

(b) Substantial AOF Unitholders

The substantial AOF Unitholders as at the date of this DPF Booklet are as follows:

Unitholder	Number of securities	% of issued securities
Hume Partners Pty Ltd and other entities[48]	32,831,199	19.97%
Australian Unity Property Limited and related entities[49]	24,237,925	14.74%
Maso Capital Investments Limited and affiliates[50]	14,830,000	9.02%
Valtellina Properties Pty Ltd	9,976,564	6.07%
Salvatore Tarascio (Salta Group)	8,379,244	5.10%

Keppel Capital Two Pte Ltd lodged a substantial holder notice on 3 February 2020 in respect of 21,904,000 units in AOF as a result of it forming a joint venture with Australian Unity Investments Strategic Holdings Pty Ltd, which does not reflect an acquisition of units in AOF by Keppel. Keppel does not have any economic interest in the 21,904,000 units in AOF.

AOF RE has relied on substantial holder notices provided to it up to the date of this DPF Booklet, which are available on the ASX website, to compile the above information. Information in relation to changes in substantial holdings before this time or in respect of which the relevant announcement is not available to AOF RE has not been taken into consideration.

6.7 Capital management

AOF has maintained a disciplined and conservative approach to capital management. Key debt terms are listed below:

Metric	As at 30 June 2021
Weighted average cost of debt	2.9%[1]
Weighted average debt term to maturity	2.5 years
Facility limit	$250.0m
Undrawn capacity	$59.2m[2]
Hedge ratio	89.1%
Interest coverage ratio	5.2x
Weighted average term of interest rate hedging	2.5 years

Notes:

1. As at 24 August 2021, and incorporates the impact of the restructuring of interest rate swaps.
2. $33,52 million of undrawn debt capacity allocated to the purchase of 96 York Street, Beenleigh.

48. Details of substantial holders listed in its Notice of change of interests of substantial holder dated 22 February 2021.
49. Interests in the AOF Units held for various funds. Details of substantial holders listed in its Notice of change of interests of substantial holder dated 26 February 2020.
50. Details of substantial holders listed in its Notice of change of interests of substantial holder dated 1 November 2019.

6.8 Distribution policy

AOF has a policy to distribute between 80% and 100% of its FFO each financial year. Distributions by AOF are intended to be paid quarterly, with AOF Unitholders to receive distributions within two months following the end of each distribution period, being the quarters ending 31 March, 30 June, 30 September and 31 December each year.

6.9 Distribution reinvestment plan

AOF RE has established rules for the participation by AOF Unitholders in a distribution reinvestment plan, pursuant to which eligible AOF Unitholders may elect to reinvest distributions and receive additional AOF Units in AOF.

The operation, suspension and termination of the Distribution Reinvestment Plan is at the discretion of AOF RE. The Distribution Reinvestment Plan was suspended from the quarter ended 31 March 2021. As at the date of this DPF Booklet, the Distribution Reinvestment Plan is not active.

Under the rules of the Distribution Reinvestment Plan, participation by AOF Unitholders is optional and not transferrable and is limited to AOF Unitholders (or, where AOF Units are beneficially held, the beneficial owner) whose registered address is in Australia or New Zealand, unless AOF RE otherwise determines in its absolute discretion in accordance with the rules of the Distribution Reinvestment Plan.

If AOF RE elects to operate the Distribution Reinvestment Plan, full details will be available on the governance section of AOF's website (www.australianunityofficefund.com.au), including the distributions if any in respect of which the Distribution Reinvestment Plan is available.

6.10 Valuation policy

AOF has adopted a real property valuation policy under which investment properties are initially measured at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition. Subsequent to initial recognition, investment properties are stated at fair value and revalued on a regular basis to ensure the carrying amount of each property does not differ materially from its fair value at the balance date. A full independent valuation of each fully constructed property is carried out at least once every 12 months. In line with this policy, all properties were independently revalued as at 30 June 2021.

Notwithstanding the above, the directors of AOF RE determine the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

6.11 Corporate governance

(a) Overview

The AOF RE Board comprises a majority of independent directors, including an independent Chair.

The AOF RE Board is committed to high standards of corporate governance and a high level of transparency, disclosure and interaction with the investment market. AOF RE's corporate governance framework complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to the extent that they are applicable to AOF (as an externally managed trust) and AOF RE.

Copies of the Charters and Policies adopted by AOF RE can be found on AOF's website, www.australianunityofficefund.com.au.

(b) Board charter

The primary function of the AOF RE Board is to ensure that AOF is managed in the best interests of AOF Unitholders. This involves monitoring the decisions and actions of the management team who are responsible for the day-to-day management of AOF. The AOF RE Board has formalised its roles and responsibilities into the AOF RE Board Charter. The key functions of the AOF RE Board include:

(i) approving of the AOF strategy and overseeing its implementation;

(ii) overseeing the integrity of financial reporting systems (including external audit);

(iii) approving and monitoring the risk management strategy applicable to the AOF (including determining its risk tolerance);

(iv) approving major investments and material capital commitments;

(v) reviewing the performance of the Investment Manager and Property Manager appointed under an investment management agreement and property management agreement respectively;

(vi) reviewing and overseeing the AOF's corporate governance policies and practices, risk management framework and internal controls and compliance;

(vii) determining the terms of reference, membership and composition of any committee of the AOF RE Board; and

(viii) overseeing, directing and monitoring compliance with the Corporations Act, ASX Listing Rules, conditions of AOF RE's AFSL and other statutory duties and obligations imposed by law.

The AOF RE Board collectively, and each AOF RE Director individually, has the right to seek independent professional advice in the performance of their duties as an AOF RE Director.

(c) AOF RE Board and Company Secretary

Director / Position	Experience, qualifications and expertise
(William) Peter Day Independent Non-Executive Director and Chairman, member of Audit & Risk Committee	Mr Day was appointed as a director to the AOF RE Board and Chairman in October 2015. Mr Day's professional career includes senior executive roles in finance and general management in mining, manufacturing, food and financial services industries at companies including Bonlac Foods, Rio Tinto, CRA Limited and Comalco. He was Chief Financial Officer for Amcor for seven years until 2007. Mr Day currently holds a number of non-executive director roles including Ansell Ltd and is the non-executive chairman of Alumina Limited. He is a former non-executive director of Federation Centres Limited (2009–2014), Orbital Corporation Limited (2007–2014), Boart Longyear Limited, SAI Global, former Chairman of the Australian Accounting Standards Board and was Deputy Chairman of the ASIC and has been a member of the Takeovers Panel. Mr Day holds a Bachelor of Laws LLB (Hons) from Queen Victoria University in Manchester, England, and a Master of Administration from Monash University in Melbourne. He is a Chartered Accountant (FCA) and an FCPA.
Don Marples Independent Non-Executive Director, Chair of Audit & Risk Committee	Mr Marples was appointed as a director to the AOF RE Board in October 2015. Mr Marples is an experienced director in both the public and private sectors, with more than 30 years' experience in senior management positions working in real estate funds management, infrastructure, construction, banking and investment banking. Mr Marples is currently a non-executive director of several companies, including MPC Funding Limited. Previously, Mr Marples held senior executive positions at Lend Lease Group, Fortius Funds Management and Commonwealth Bank, and was a non-executive director of Murray Irrigation Limited. Mr Marples is a Fellow of the Australian Institute of Company Directors and a Senior Fellow of the Financial Services Institute of Australia (FINSIA). He holds a Masters of Commerce from the University of New South Wales.

Director / Position	Experience, qualifications and expertise
Eve Crestani Independent Non-Executive Director and member of Audit & Risk Committee	Ms Crestani was appointed as a director to the AOF RE Board in October 2015. Ms Crestani is a professional director and business consultant with a background in law and management. Her career spans over 35 years with her primary focus being financial services and professional services industries. Ms Crestani is a non-executive director of booking.com Pty Limited (Australia & New Zealand) and Soils for Life Ltd, and non-executive chair of Acorn Capital Limited. Previously Ms Crestani was a non-executive director of Australian Unity Limited (1996 – 29 February 2016), a former Chairman of Mercer Superannuation Australia Limited, and Mercer Outsourcing (Australia) Pty Limited, and Zurich Australia Limited. Ms Crestani is a member of the ASX Appeal Tribunal, has a Diploma of Law and is a founding fellow of the Australian Institute of Company Directors. She is a business strategist, with 25 years' experience consulting to large organisations on enterprise transformation and strategic change programs. She is highly regarded for her expertise in property strategies and specifically in the future of work and workplace concepts.
Greg Willcock Non-Executive Director	Mr Willcock was appointed as a director to the AOF RE Board in October 2015, and is the director nominated by Australian Unity as a shareholder of AOF RE. Mr Willcock has over 33 years' experience in banking and financial services in Australia, United States of America and the United Kingdom including seven years in general management roles at National Australia Bank in the areas of risk management, strategy and change management. Mr Willcock has been a director of Australian Unity since March 2012 and is a director of a number of AUL subsidiaries and a member of the Risk & Compliance Committee and the Audit Committee. He was formerly the chairman of Big Sky Building Society Limited (now Australian Unity Bank Limited), and a director of the Customer Owned Banking Association (COBA). Mr Willcock holds a Bachelor of Commerce and is a Fellow of the Australian Institute of Company Directors.
Erle Spratt Non-Executive Director	Mr Spratt was appointed as a director to the AOF RE Board in June 2020, and is the director nominated by Keppel Corporation as a shareholder of AOF RE. Mr Spratt is currently the Australian head of Keppel Capital, a property and infrastructure manager. Mr Spratt has extensive property development and funds management experience across Australia and Asia, including roles with M&G Real Estate and Lend Lease. Mr Spratt holds a Bachelor of Economics.
Liesl Petterd Company Secretary	Ms Petterd was appointed as company secretary in October 2016. Ms Petterd joined Australian Unity in 2013 and is currently Head of Governance and Business Services, Wealth & Capital Markets. Ms Petterd has over 20 years of experience in finance, taxation, funds management operations and governance including roles at PricewaterhouseCoopers and Bell Asset Management Limited. Ms Petterd holds combined Bachelors of Commerce and Laws from the University of Tasmania and a graduate diploma in corporate governance, and is a member of the Governance Institute of Australia.

(d) Management of AOF

The key people responsible for managing AOF are Nikki Panagopoulos, Simon Beake, Giovanna Reale, Tim Kemp-Bishop, Michael Carabetta and Peter Hugh. Please refer to Section 7.8 for further details.

AOF is supported by the broader AUL Group including debt capital markets, development management, capital transactions, valuation research and advisory, and Wealth & Capital Markets support services.

(e) D&O insurance

AOF RE Directors are indemnified by AOF RE in accordance with the constitution of AOF RE and will have the benefit of appropriate directors' and officers' insurance cover at the cost of AOF RE.

(f) Audit and Risk Committee Charter

The AOF RE Board has established an Audit & Risk Committee (**ARC**) and implemented an Audit & Risk Committee Charter (**ARC Charter**). The ARC Charter states the main purposes of the ARC are to:

- oversee the risk management framework for identifying, assessing, mitigating and monitoring material risks arising from the activities of AOF and AOF RE;
- evaluate on an ongoing basis, the effectiveness of AOF and AOF RE's risk management framework and identify opportunities for its enhancement or change;
- assist the AOF RE Board in discharging its responsibilities relating to the preparation and integrity of the Company and AOF financial accounts and statements;
- monitor compliance with legal, regulatory requirements and compliance policies; and
- ensure adequacy and independence of external audit functions.

Operational responsibility for identification and management of risk is vested in senior management.

The Audit & Risk Committee's members are appointed by the AOF RE Board and must comprise at least three members, each of whom are non-executive Directors, the majority of whom are independent. Independent non-executive Director Don Marples has been appointed by the AOF RE Board to chair the Audit and Risk Committee, with independent non-executive Directors Peter Day and Eve Crestani members of the Audit and Risk Committee.

(g) Code of Conduct

A code of conduct applies to all executives and directors of AOF RE, together with all officers and employees of AUL who are involved in the management or provision of services to AOF. The Code of Conduct sets out the standards of ethical behaviour required of the AOF RE Board, executives, senior management and employees associated with AOF and aims to ensure that the highest standards of honesty, integrity and ethical behaviour are observed by all. The Code of Conduct also sets out the AOF RE Board's view on conflicts of interest and related party transactions involving the AOF RE Board and employees and other legal and compliance obligations (including compliance with the ASX Corporate Governance Principles).

(h) Continuous Disclosure Policy

AOF RE is committed to fair and open disclosure and its policy has been adopted to ensure AOF meets its disclosure obligations under the Corporations Act and the ASX Listing Rules. The overriding principle of AOF's Continuous Disclosure Policy is to ensure that it complies with the ASX Listing Rules and provides equal access to information and promotes quality communication between AOF and third parties, such as AOF Unitholders, the investment community, the media and the ASX. AOF RE's Company Secretary is responsible for ensuring AOF complies with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. AOF's website **www.australianunityofficefund.com.au**, also provides information accessible to all AOF Unitholders and interested parties.

(i) Communication Policy

AOF RE has adopted a Communication Policy in order to ensure that there is effective communication between AOF and AOF Unitholders and to encourage AOF Unitholders to participate at general meetings. In accordance with the Communication Policy, AOF's website (**www.australianunityofficefund.com.au**) is continually updated and contains recent announcements, annual report and results announcements, disclosure documents, and market information and is a significant component of the communications strategy.

(j) Securities Trading Policy

AOF RE has adopted a Securities Trading Policy that applies to all directors and employees of each member of the AUL Group who are involved in the management or provision of services to AOF, together with the AOF RE Directors and associates of such persons (**Restricted Persons**). The policy sets out the procedures for permission and disclosure of trading in AOF Units by certain key personnel, including the AOF RE Directors. It also makes it clear that dealing or trading on insider information is illegal and sets out what is insider information and what is information which is generally available.

Restricted Persons are at all times prohibited from dealing in Units during the following prescribed blackout periods:

- during the six week period immediately leading up to and including the day the half year financial results of AOF are announced, plus the day after;
- during the six week period immediately leading up to and including the day the full year financial results of AOF are announced, plus the day after; and
- any other period as advised to Restricted Employees by the AOF RE Company Secretary.

The policy is designed to ensure fair and transparent trading in accordance with both the law and best practice.

(k) Whistleblower Policy

AOF RE has adopted a Whistleblower Policy which supports and encourages internal stakeholders of AOF to speak up against actual or suspected improper conduct, as follows:

(i) facilitating the AOF RE Board to manage and reduce risk of improper conduct within or by AOF RE or AOF;

(ii) supporting AOF RE Directors and executives to freely raise concerns about actual or suspected improper conduct without fear of repercussions; and

(iii) reinforcing and protecting the values of AOF RE and the principles of the Code of Conduct (described in Section 6.11(g)).

The Whistleblower Policy includes details of what conduct is covered, how complaints can be made, including to an independent external alert service and identifying who the whistleblower protection officers within AOF RE are.

(l) Anti-Bribery Policy

AOF RE has a zero tolerance approach to bribery, fraud and corruption. Each of these acts are serious criminal offences and are inconsistent with the values of AOF RE. AOF's Anti-Bribery Policy sets out a framework, in conjunction with the Whistleblower Policy, for employees to report suspected fraud, bribery or corruption. Any reports made under this policy are investigated by AOF RE's Audit & Risk Committee (see Section 6.11(f)).

6.12 Summary of AOF's Constitution

(a) Overview

AOF is a managed investment scheme registered under the Corporations Act. The AOF Constitution contains the main rules governing the operation of AOF. The AOF Constitution sets out, among other things, the rights and obligations attaching to AOF Units. Those rights are, in certain circumstances, also regulated by the Corporations Act, the ASX Listing Rules and general law.

(b) Rights and obligations of unitholders

The AOF constitution provides that AOF Units confer on its holders an undivided absolute, vested and indefeasible beneficial interest in the property of AOF, but no unit in AOF confers an interest in a particular asset. The liability of each AOF Unitholder is limited to its investment in AOF. An AOF Unitholder is not required to indemnify AOF RE or a creditor of AOF RE against any liability of AOF RE in respect of AOF. The AOF Constitution contemplates the issue of different classes of units.

(c) Powers, duties and liabilities of the responsible entity

AOF RE is appointed to manage AOF and its assets and liabilities. AOF RE has the exclusive right to manage and control AOF property as it may deem for the best interests of AOF Unitholders as fully and to the same extent as though AOF RE was the sole legal and equitable owner of AOF's assets and may, without limitation, exercise a number of powers, including:

(i) to invest any monies held by it, including acquiring assets and to sell any part thereof including to itself on terms as it thinks fit;

(ii) to commence, purchase, acquire or carry on one or more businesses or enterprises either alone or in conjunction with any other person, persons or bodies corporate;

(iii) to employ or engage any agents or employees in connection with all or any such businesses or enterprises carried upon by AOF;

(iv) to grant a security interest over the property of AOF;

(v) to borrow or raise money and secure the repayment thereof in such manner at AOF RE thinks fit;

(vi) to fetter its own discretion; and

(vii) to distribute any part of AOF's assets in kind.

AOF RE may determine whether to exercise, and the manner, mode and time of exercise of its powers in its absolute discretion.

(d) Remuneration of the responsible entity

AOF RE is entitled to receive fees (calculated in accordance with the AOF Constitution) for acting as the responsible entity in accordance with the AOF Constitution and to be paid or reimbursed for certain expenses incurred in the performance of its duties in relation to AOF. The right of AOF RE to be paid fees out of assets of AOF, or to be indemnified out of the assets of AOF for any liabilities or expenses incurred in relation to the performance of its duties is available only in relation to the proper performance of those duties.

(e) Limitation of liability and indemnity

Subject to the Corporations Act, the liability of AOF RE to an AOF Unitholder is limited to the extent to which AOF RE is entitled to be and is in fact indemnified out of the assets of AOF actually vested in AOF RE in respect of AOF. AOF RE is entitled to be indemnified out of the assets of AOF for any liability incurred by AOF RE in properly performing or exercising any of its powers or duties in relation to AOF. AOF RE is not required to do anything for which it does not have a full right of indemnity out of AOF's assets available for that purpose. This indemnity applies both while it is the responsible entity of AOF and upon its retirement or removal and is in addition to any other indemnity it may have at law.

(f) Termination of AOF

Subject to the Corporations Act and ASX Listing Rules, AOF may be terminated by:

(i) a meeting of the members duly convened where a resolution is carried by a majority of not less than 75% of the total votes entitled to vote on the resolution to terminate AOF;

(ii) AOF Unitholders in accordance with the Corporations Act; or

(iii) written notice by AOF RE to all AOF Unitholders.

(g) Entitlement to distributions

Each AOF Unitholder is entitled to a share of distributable income in proportion to the total amount paid up on the units it holds relative to the total amount paid up on all the units on issue on the distribution calculation date. One or more distributions may be made each year and will only be made to persons who hold units as at the last day of the income distribution period.

(h) Unitholder meetings and voting

Unitholder meetings are to be held in accordance with the AOF Constitution, the Corporations Act and the ASX Listing Rules. Under the Corporations Act and the AOF Constitution, AOF RE may convene and conduct a meeting at any time and must do so if required under the Corporations Act, including by giving the requisite notice to AOF Unitholders. AOF Unitholders also have rights under the Corporations Act to call and hold members' meetings. Votes are by show of hands, unless a poll is validly demanded or required under the Corporations Act or the ASX Listing Rules.

(i) Rights on winding up

On a winding up of AOF, the net proceeds of realisation of the assets of AOF, after paying all costs of winding up, the liabilities of AOF (including the remuneration of AOF RE) and any preferential payments, must be distributed pro rata to AOF Unitholders according to the total amount paid up on the units they hold, subject to any special rights attaching to any class of units. There are currently no classes of units with these special rights or preferential payment rights.

(j) Issue of units

Application for the issuance of AOF Units must be in a form approved by AOF RE and accompanied with the requisite subscription funds. The issue price of new AOF Units is determined in accordance with a formula set out in the AOF Constitution. AOF RE may deduct and transaction costs and taxes arising in relation to any issuance of AOF Units.

(k) Transfers of units

AOF Unitholders may transfer AOF Units in a form approved by AOF RE. AOF RE may refuse to register any transfer of AOF Units if permitted to do so under the AOF Constitution or under the ASX Listing Rules.

(l) Compliance with listing rules

For so long as the AOF Units are listed on the ASX, AOF RE is required under the terms of the AOF Constitution to comply with the ASX Listing Rules.

6.13 Environmental, social and ethical considerations

AOF RE and its related bodies corporate involved in investment decisions relating to AOF take into account labour standards, and environmental, social and ethical considerations when selecting, retaining or realising investments. For this purpose, AUFM as investment manager of AOF, and AUPM as property manager of AOF, have regard to the AUL Group's *Responsible Investment Management Policy for Direct Property* which includes relevant labour standards and the environmental, social and ethical considerations. **In addition, AOF's asset management strategy maintains a sustainability framework incorporating green initiatives, in design and services when repositioning, developing, refurbishing and acquiring assets.**

6.14 Disclosing entity

AOF is a disclosing entity and is required to meet the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. Copies of documents lodged in compliance with such requirements that are lodged with ASIC in relation to AOF may be obtained from or inspected at, an ASIC office. AOF Unitholders may obtain a copy of AOF's most recently lodged annual financial report and half year financial report and any continuous disclosure notices before the date of this document from AOF RE upon request.

7. Overview of AUPF

7.1 Strategy and investment objectives

AUPF's objective will be to provide AUPF Unitholders with sustainable income returns via quarterly distributions and the potential for capital growth over the long-term by investing in a diversified portfolio of Australian properties.

AUPF's strategy will be to:

- focus on owning Australian office properties in metropolitan and CBD markets, complemented by a targeted and diversified portfolio of Australian real estate assets, and offering affordability, accessibility and amenity;
- deliver unitholders sustainable and growing income returns via quarterly distributions;
- maximise returns to AUPF Unitholders through value-add initiatives including developments, asset repositioning strategies, divestments and acquisitions;
- target inclusion in additional ASX and global indices; and
- maintain a capital structure which has target gearing below 40%.

AOF RE will review this strategy from time to time when it considers it in the best interests of AUPF Unitholders to do so.

7.2 Investment strategy

AUPF, to be created as a result of the Proposal, will be an ASX-listed REIT holding approximately $1.2 billion of diversified assets.

A summary of AUPF's portfolio is set out below:[51]

(a) Key portfolio metrics

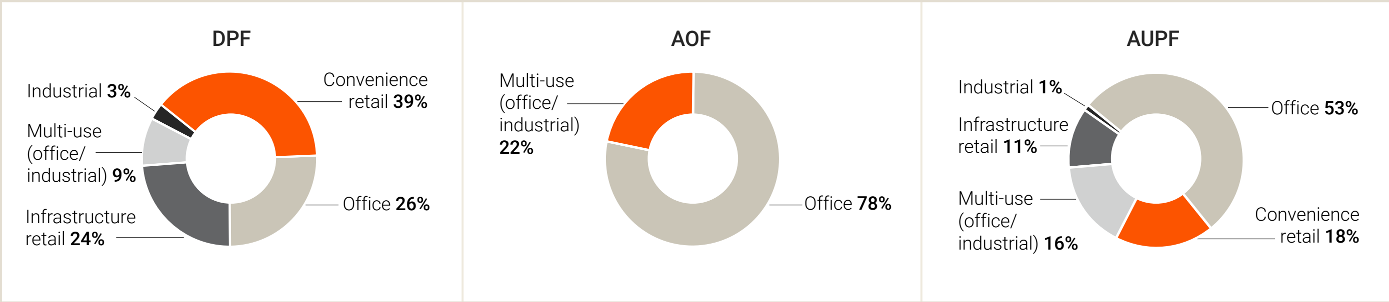
Portfolio metrics	AOF	DPF	AUPF
Number of properties[52]	8	10	18
Occupancy (by NLA)	95.6%	98.5%	96.8%
Portfolio value ($m)	609.6	543.8	1,153.4
Weighted average cap rate (%)	5.9%	5.6%	5.8%
WALE (years)	2.7	8.2	4.9
Net lettable area (sqm)	95,969	67,038	163,007

AOF RE will be the responsible entity of AUPF. AOF RE will continue to use the services of AUFML as investment manager and AUPM as property manager for AUPF. AUFML and AUPM are part of the Australian Unity property business unit which is an established, well regarded investment manager of commercial and health care property with approximately $4.1 billion of real estate funds under management as at 30 June 2021. The property business has a development pipeline of $1.25 billion as at 30 June 2021, with lending and debt facilities on behalf of investors (through property funds and its commercial lending activities) of $1.57 billion.

51. All metrics shown are as at 30 June 2021, adjusted for the acquisition of 96 York Street, Beenleigh and proposed divestment of both 32 Phillip Street, Parramatta and 19 Corporate Avenue, Rowville.

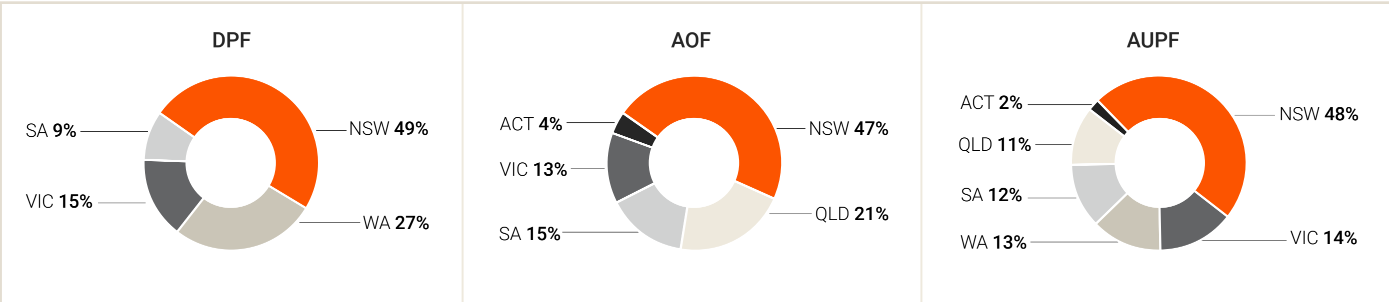
52. Certain properties consolidated for reporting purposes; refer to section 7.3.

(b) Asset type (by book value)



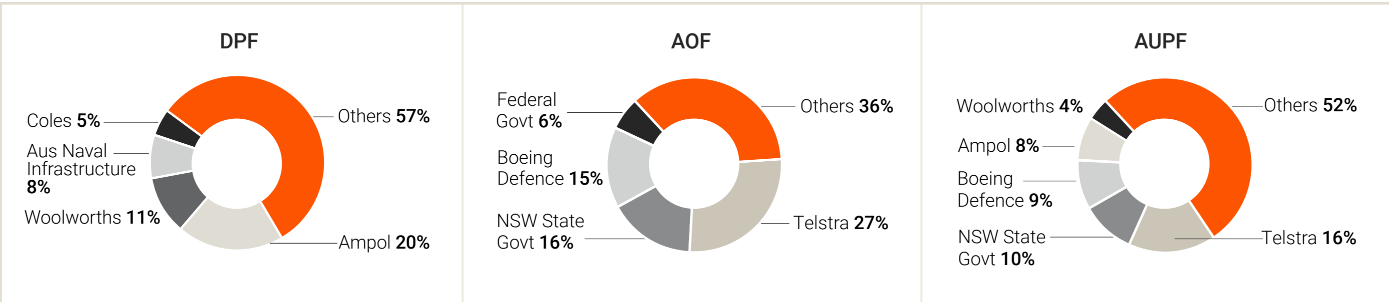
(c) Location of properties (by book value)

AUPF maintains a geographically diverse portfolio of assets. The graph below outlines the change in geographic contribution of direct properties as a result of the Proposal.



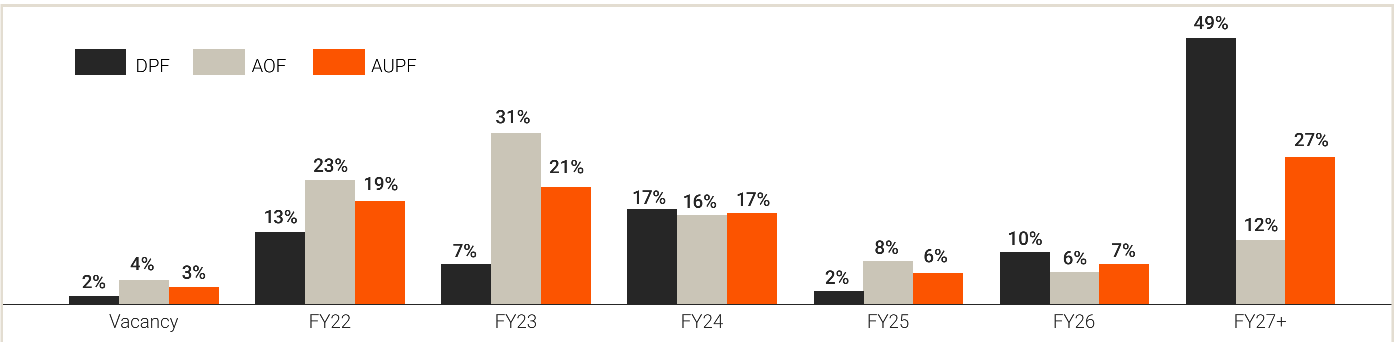
(d) Tenant diversification (by income)

The combination of two complementary portfolios will reduce tenant concentration while maintaining the quality of its largest blue-chip tenants including Telstra, NSW State Government, Ampol and Woolworths. The graph below shows the reduced contribution of existing tenants as a result of the Proposal.



(e) Lease expiry profile (by Net Lettable Area)

AUPF's portfolio has a lease expiry profile spread across a number of years.



7.3 Portfolio and asset overview

Set out below are summaries of the individual properties in the AOF and DPF direct property portfolios as at 30 June 2021.

(a) DPF portfolio of assets

20 Smith Street Parramatta, NSW

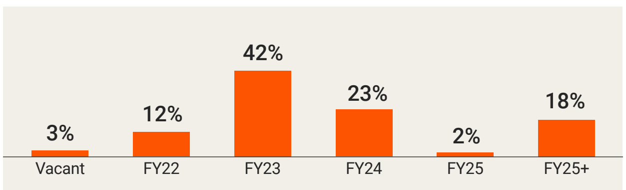
- $83.5m modern eight level office building in Parramatta
- Contains a three-level carpark with capacity for 182 vehicles and ground level retail
- $5m capital invested: NABERS Energy 4.5 stars, end of trip constructed 2015, full lift upgrade 2016, foyer upgrade 2017

Strategy:

- Maintain active leasing strategy and ensure high occupancy and vacant space is leased
- Engage early with GHD to renew their lease prior to expiry in FY23
- Explore the development opportunity to increase the gross floor area to 19,000sqm from 8,628sqm by adding an additional 7 floors

Ownership interest	100% freehold interest
Sector	Office
Zoning	B3 Commercial Core
Site Area	2,017m^2
Net Lettable Area	7,392m^2
Occupancy (% by NLA)	97%
Independent valuation	$83.5m[53]
Capitalisation rate	5.38%
WALE by income	2.3 years
Major tenant (% by NLA)	GHD (23.5%)

Lease expiry profile (by NLA)



53. Book value was $83.5 million at 30 June 2021.

1 and 2 Technology Place Williamtown, NSW

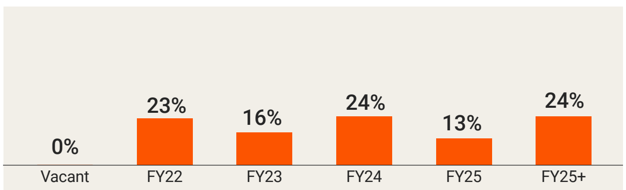
- $54.9m campus-style commercial office park, adjacent to Newcastle Airport and the Williamtown Royal Australian Air Force (RAAF) Base, known as Williamtown Aerospace Centre
- Includes a decked car park for RAAF and site employees of 479 bays
- Designed to service as a premier Defence office park precinct
- Acquired 31 May 2021

Strategy:

- Actively engage with Boeing to renew lease term and increase weighted average lease expiry
- Explore the feasibility of re-developing existing decked parking to provide additional office space
- Explore the acquisition of adjacent vacant land to extend the campus

Ownership interest	100% freehold interest
Sector	Multi-use (office/industrial)
Zoning	B7 Business Park
Site Area	17,825m^2
Net Lettable Area	7,557m^2
Occupancy (% by NLA)	100.0%
Independent valuation	$54.9m[54]
Capitalisation rate	6.00%
WALE by income	3.4 years
Major tenant (% by NLA)	Boeing Defence Australia (24.7%)

Lease expiry profile (by NLA)



54. Book value was $58.6 million at 30 June 2021.

620 Mersey Road Osborne, SA

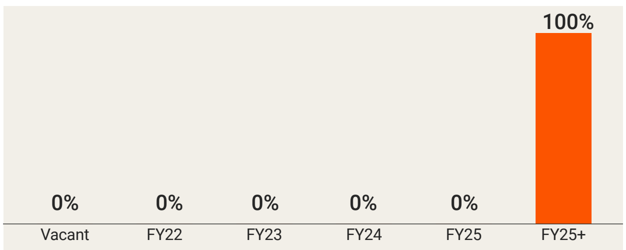
- $49.3m two level office and industrial warehouse, 330 carparks, located 21 km north-west of the Adelaide CBD
- Leased to Australian Naval Infrastructure (Commonwealth Government) until 2030
- Includes two vacant pad sites earmarked for future development

Strategy:

- Explore the development opportunity of adding an additional two office/multi use buildings on the two 3,000m^2 vacant pad sites

Ownership interest	100% freehold interest
Sector	Multi-use (office/industrial)
Zoning	Strategic Employment Zone (National Naval Shipbuilding Zone) – City of Port Adelaide Enfield
Site Area	25,140m^2
Net Lettable Area	8,006m^2
Occupancy (% by NLA)	100.0%
Independent valuation	$49.3m[55]
Capitalisation rate	5.00%
WALE by income	9.0 years
Major tenant (% by NLA)	Australian Naval Infrastructure (100.0%)

Lease expiry profile (by NLA)



19 Corporate Avenue Rowville, VIC[56]

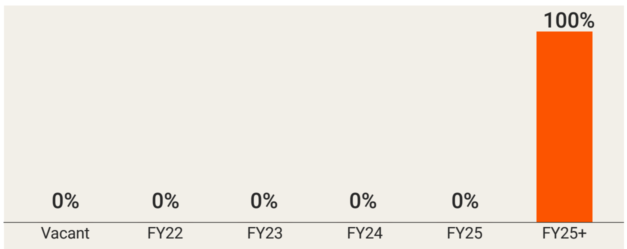
- $22.0m semi-modern industrial office and warehouse facility located in one of Melbourne's premier eastern industrial precincts ~26 km from the Melbourne CBD
- The two-level office and adjoining high clearance warehouse is on ~21,000m^2
- The tenant has occupied the site since 1996, with a new 7-year lease commencing 29 July 2021

Strategy:

- DPF proposes to sell 19 Corporate Avenue, Rowville in the short term to take advantage of supporting market conditions

Ownership interest	100% freehold interest
Sector	Industrial
Zoning	C2Z Commercial 2 Zone
Site Area	20,950m^2
Net Lettable Area	12,398m^2
Occupancy (% by NLA)	100.0%
Independent valuation	$22.0m[57]
Capitalisation rate	4.75%
WALE by income	7.0 years
Major tenant (% by NLA)	Regal Beloit Australia (100.0%)

Lease expiry profile (by NLA)



55. Book value was $49.3 million at 30 June 2021.

56. DPF has received conditional offers and is proposing to sell 19 Corporate Ave, Rowville in the short term.

57. Book value was $22.0 million at 30 June 2021.

6-8 Geddes Street Balcatta, WA

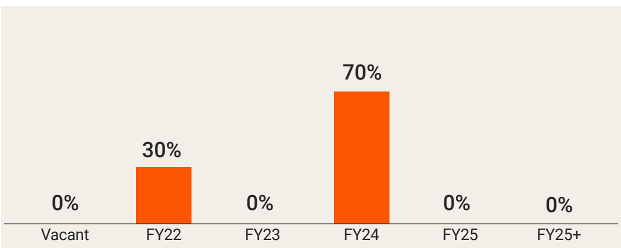
- $14.3m industrial warehouse and distribution facility in the City of Stirling ~11 km north of Perth's CBD
- Includes a 3000m² adjacent parcel of land (5 Kenhelm Street, site area), providing opportunities for expansion of the facility

Strategy:

- Ongoing tenant discussions with IGA to understand their future requirements to explore the possibility of an IGA-led development and extend their existing term
- Consolidation of the Geddes Street and Kenhelm Street sites to enable development
- Explore potential divestment opportunity in short to medium term

Ownership interest	100% freehold interest
Sector	Industrial
Zoning	Industry TPS 3
Site Area	19,794m²
Net Lettable Area	9,992m²
Occupancy (% by NLA)	100.0%
Independent valuation	$14.3m[58]
Capitalisation rate	6.00%
WALE by income	2.4 years
Major tenant (% by NLA)	IGA Distribution (70.0%)

Lease expiry profile (by NLA)



Note: Geddes Street, Balcatta consolidated for reporting purposes with Kenhelm Street, Balcatta.

58. Book value was $14.3 million at 30 June 2021.

Ampol (Caltex) Twin Service Stations Wyong, NSW

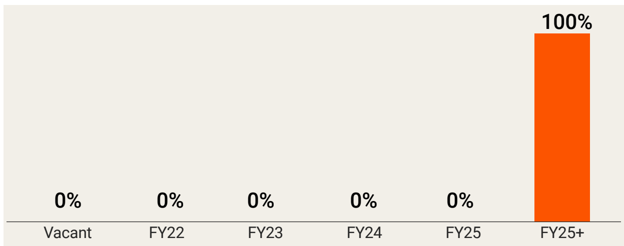
- Twin service centres positioned northbound and southbound on the M1 Pacific Motorway at Wyong between Sydney and Newcastle
- Ampol (formerly Caltex) has leased the premises since the 1990s with a new 20-year lease agreed in 2018
- Each service centre includes 4 sub-tenants, including McDonalds, the Foodary and Cafés
- The total site area of 42 hectare includes significant unused vacant land, with development opportunity

Strategy:

- Ongoing active engagement with Ampol to upgrade their existing facilities with an opportunity to introduce electronic-vehicle charging stations
- Masterplan a development opportunity to capture value add from the unused vacant land to maximise site utilisation and income

Ownership interest	100% freehold interest
Sector	Infrastructure retail
Zoning	Lot 32: SP2 Infrastructure: Road & Traffic Facility, E2 Environmental Conservation, E3 Environmental Management Lot 41: SP2 Infrastructure: Road & Traffic Facility
Site Area	420,380m²
Net Lettable Area	4,286m²
Occupancy (% by NLA)	100.0%
Independent valuation	$130.0m[59]
Capitalisation rate	5.00%
WALE by income	17.0 years
Major tenant (% by NLA)	Ampol (formerly Caltex) (100.0%)

Lease expiry profile (by NLA)



59. Book value was $130.0 million at 30 June 2021.

North Blackburn Shopping Centre, VIC

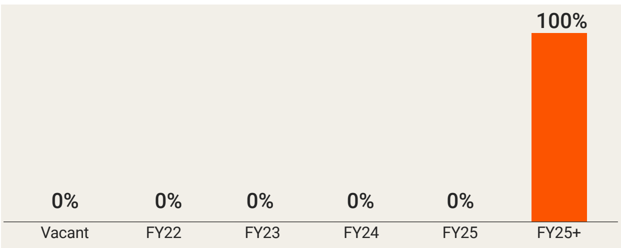
- Supermarket anchored convenience retail centre located ~16 km east of the Melbourne CBD
- Current major tenant is Woolworths
- 5 hectare site area with a development opportunity to increase the gross lettable area to ~18,000m^2 on completion over a 2 stage development. Gross lettable area will be approximately 13,400m^2 on completion of Stage 1 which is underway, introducing a new line 4,000m^2 Coles supermarket and 11 non-discretionary specialty retailers to the northern end of the centre

Strategy:

- Complete Stage 1 re-development in early-2022
- Progress Stage 2 of the development post Stage 1 to introduce a unique triple-supermarket convenience retail centre, including a childcare facility, medical and a food and beverage precinct

Ownership interest	100% freehold interest
Sector	Convenience retail
Zoning	Commercial 1
Site Area	49,510m^2
Net Lettable Area	6,329m^2
Occupancy (% by NLA)	100.0%
Independent valuation	$79.0m[60]
Capitalisation rate	6.00%
WALE by income	8.4 years
Major tenant (% by NLA)	Woolworths (58.4%)

Lease expiry profile (by NLA)



Dog Swamp Shopping Centre, WA

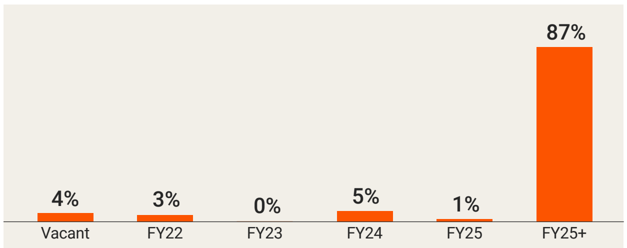
- Convenience retail centre in Yokine ~5 km north of Perth CBD anchored by Woolworths and ALDI with 36 specialties
- Recent centre development and capital investment of $9m, introducing ALDI and 7 specialty retailers including a food and beverage precinct and end of trip amenities has resulted in an increase in WALE from 3.0 to 8.4 years and repositioned the centre

Strategy:

- Actively manage the lease expiry profile to ensure the optimum non-discretionary tenancy mix
- Implement the rooftop solar strategy to improve net return and improve ESG credentials

Ownership interest	100% freehold interest
Sector	Convenience retail
Zoning	District Centre
Site Area	23,862m^2
Net Lettable Area	8,036m^2
Occupancy (% by NLA)	96%
Independent valuation	$52.8m[61]
Capitalisation rate	6.00%
WALE by income	8.4 years
Major tenant (% by NLA)	Woolworths (41.6%)

Lease expiry profile (by NLA)



60. Book value was $79.0 million at 30 June 2021.

61. Book value was $52.8 million at 30 June 2021.

Woodvale Boulevard Shopping Centre, WA

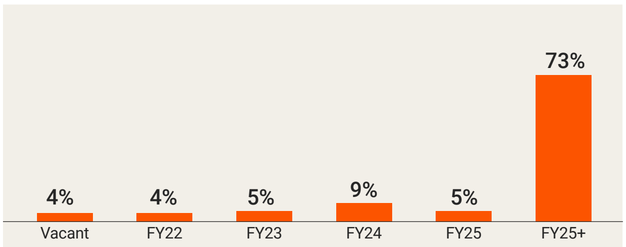
- Convenience retail of on a site area of ~2.5 hectares of land in the City of Joondalup ~17 km north of Perth CBD
- Anchored by Woolworths with 27 specialties
- An internal mall refurbishment was completed in 2015-2016, introducing the opportunity for casual mall leasing and a skylight drawing in natural light

Strategy:

- Actively manage expiry profile to optimise income and tenancy mix
- An active masterplan strategy is underway to further enhance the centre with the opportunity of future redevelopment

Ownership interest	100% freehold interest
Sector	Convenience retail
Zoning	Business
Site Area	27,200m²
Net Lettable Area	6,378m²
Occupancy (% by NLA)	96%
Independent valuation	\$33.5m[62]
Capitalisation rate	6.50%
WALE by income	4.5 years
Major tenant (% by NLA)	Woolworths (55.5%)

Lease expiry profile (by NLA)



62. Book value was \$33.5 million at 30 June 2021.

Busselton Central Shopping Centre, WA

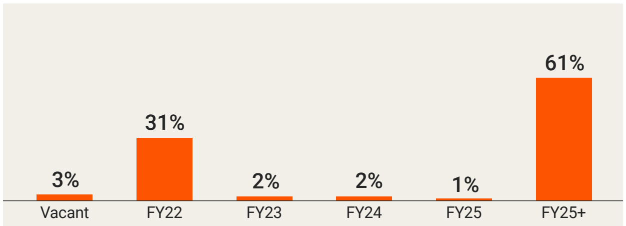
- Convenience retail centre in Busselton, WA anchored by a 4,000m² Coles supermarket with a 15-year lease that commenced in November 2019, including 20 specialties
- Value-add development strategy underway for a 3-stage development with stages 1 and 2 complete as at February 2020, introducing Coles, Best and Less and a link mall for the opportunity to integrate the centre with the adjoining vacant land (stage 3)
- Repositioning strategy commenced in 2018 due to be completed November 2022

Strategy:

- Maintain an active leasing campaign
- Progress Stage 3 of the development masterplan, including creation of a 5-screen cinema, dining precinct and two mini-majors

Ownership interest	100% freehold interest
Sector	Convenience retail
Zoning	Regional Centre
Site Area	30,790m²
Net Lettable Area	9,062m² [63]
Occupancy (% by NLA)	96%
Independent valuation	\$46.6m[64]
Capitalisation rate	6.25%
WALE by income	7.7 years
Major tenant (% by NLA)	Coles (43.1%)

Lease expiry profile (by NLA)



Note: Busselton Central Shopping Centre is consolidated for reporting purposes with adjoining 21 Prince Street Busselton and vacant Lots 121, 122 and 309. WALE, occupancy and lease expiry profile excludes 21 Prince St as site held for development.

63. Includes Busselton Central Shopping Centre and 21 Prince Street.

64. Book value was \$46.9 million at 30 June 2021.

(b) AOF portfolio of assets

10 Valentine Avenue Parramatta, NSW*

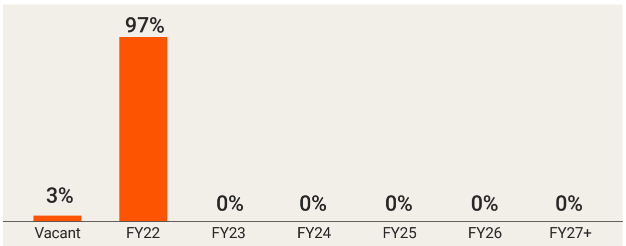
- A-grade office property comprising 14 levels of office space, located approximately 100 metres from the Parramatta Bus and Railway Interchange and Westfield Parramatta
- Leased to the NSW State Government (PNSW) who have occupied the property since construction in 1987

Strategy:

- Active management repositioning and refurbishment strategy is underway to deliver sustainable base building initiatives and superior tenant amenity, including energy efficient base building facilities, smart lifts, touchless, sensor best in class end-of-trip with bike racks for visitors
- Active leasing campaign to negotiate new lease agreements with prospective tenants including the NSW Stage Government for current and future accommodation

Ownership interest	100% freehold interest
Sector	Office
Zoning	B3 Commercial Core
Site Area	3,935m^2
Net Lettable Area	16,020m^2
Occupancy (% by NLA)	97%
Independent valuation	$147.8m[65]
Capitalisation rate	5.50%
WALE by income	1.0 year
Major tenant (% by NLA)	Property NSW (97.3%)

Lease expiry profile (by NLA)



2 Valentine Avenue Parramatta, NSW*


Artist's Impression

- A development approved office tower opportunity will provide approximately 28,000m^2 of A grade accommodation over 24 office levels with two outdoor terraces
- A development application to join 2 and 10 Valentine Avenue together into a campus style office accommodation, providing further flexibility and integrating the lobby and podium is underway
- Design incorporates excellent sustainability credentials, 5.5 star NABER Energy, 6 Star Green Star and a Gold Well rating from the base building for occupancy comfort and wellness

Strategy:

- Active leasing campaign seeking pre-commitment to enable approvals to commence construction
- Opportunity to develop as a single property and split the title to increase flexibility (2-10 Valentine all on one title)

* Note that 2–10 Valentine Avenue are all on one title.

65. Includes 2 Valentine Avenue, Parramatta.

32 Phillip Street Parramatta, NSW[66]

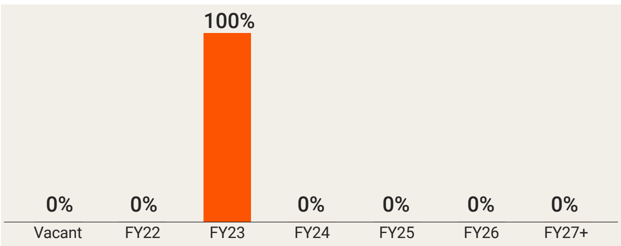
- B grade office building, comprising 8 levels of office accommodation and 104 car parking bays on levels 1–4, located within the northern portion of the Parramatta commercial precinct in close proximity to the Church Street retail strip

Strategy:

- AOF is investigating the potential sale of 32 Phillip Street, Parramatta to take advantage of supportive market conditions

Ownership interest	100% freehold interest
Sector	Office
Zoning	B4 Mixed Use in accordance with the Parramatta Local Environmental Plan 2011
Site Area	1,151m²
Net Lettable Area	6,759m²
Occupancy (% by NLA)	100%
Independent valuation	$62.8m
Capitalisation rate	5.38%
WALE by income	2.0 years
Major tenant (% by NLA)	GE Capital Finance (100.0%)

Lease expiry profile (by NLA)



5 Eden Park Drive Macquarie Park, NSW

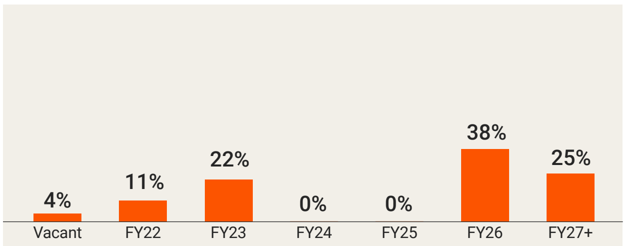
- A-grade modern office and warehouse property comprising three levels of office accommodation and a hi-tech production and warehouse area, in close proximity to the Macquarie Park railway station on the Sydney Metro Northwest railway link
- Saluda has leased Level 1, while Aegros has acquired CPSA and leases the warehouse and production facilities
- Both tenants are in growth industries which may result in further expansion into the building

Strategy:

- Active asset management leasing strategy targeted at addressing tenant retention and vacancy
- Explore value add redevelopment strategy following updated Macquarie Park planning regulations

Ownership interest	100% freehold interest
Sector	Multi-use (office / industrial)
Zoning	Part B3 Commercial Core and Part B7 Business Park
Site Area	9,731m²
Net Lettable Area	11,556m²
Occupancy (% by NLA)	96%
Independent valuation	$73.5m
Capitalisation rate	5.50%
WALE by income	4.0 years
Major tenant (% by NLA)	Aegros (formerly Contract Pharmaceutical Services of Australia) (38.4%)

Lease expiry profile (by NLA)



66. AOF is investigating the potential sale of 32 Phillip Street, Parramatta.

2 Eden Park Drive Macquarie Park, NSW

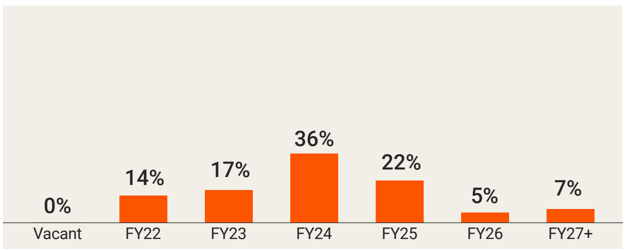
- Multi use complex comprising 16 attached office and warehouse units. The three level office areas are at the front of the property with the warehouse at the rear, split over two levels
- The unique nature of the property, being predominantly small quality offices attached to high clearance warehouse, provides for sustained and long term occupancy

Strategy:

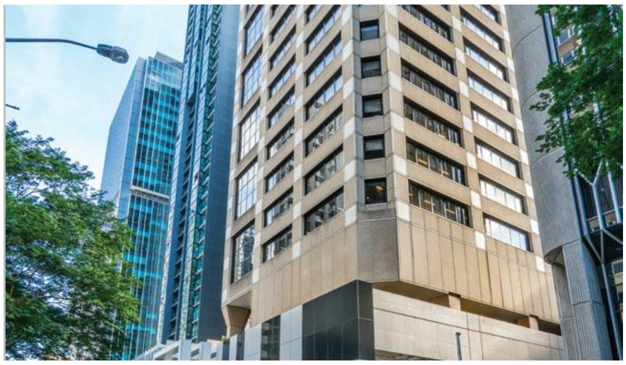
- Active asset management leasing strategy targeted at addressing tenant retention and vacancy
- Explore value add redevelopment strategy following updated Macquarie Park planning regulations

Ownership interest	100% freehold interest
Sector	Multi-use (office / industrial)
Zoning	B3 Commercial Core
Site Area	10,340m²
Net Lettable Area	10,346m²
Occupancy (% by NLA)	100%
Independent valuation	$62.5m
Capitalisation rate	5.50%
WALE by income	2.7 years
Major tenant (% by NLA)	NuSkin Australia (15.7%)

Lease expiry profile (by NLA)



150 Charlotte Street Brisbane, QLD



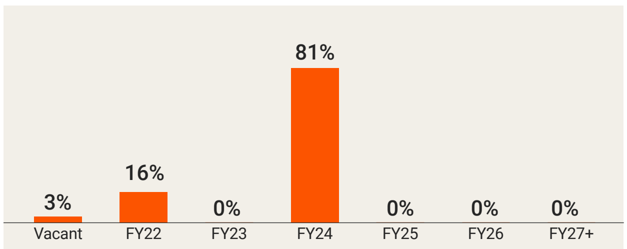
- A-grade office building centrally located in Brisbane's CBD, with 16 levels of office space and the midtown precinct location with construction of a new train station 200 metres from the asset
- Boeing, the major tenant, has reinvested by upgrading and installing an integrated security system, and new services creating efficient connectivity within the Boeing tenancies

Strategy:

- Maintain strong and active tenant relationship with Boeing Defence Australia and the Commonwealth of Australia to understand changes to their ongoing and future occupancy requirements. Seek to negotiate long term lease extensions
- Exploring the opportunity for ground floor amenity enhancements and base building lift upgrade

Ownership interest	100% freehold interest
Sector	Office
Zoning	PC1 Principal Centre – City Centre
Site Area	1,679m²
Net Lettable Area	11,081m²
Occupancy (% by NLA)	97%
Independent valuation	$97m
Capitalisation rate	6.00%
WALE by income	2.6 years
Major tenant (% by NLA)	Boeing Defence Australia (80.7%)

Lease expiry profile (by NLA)



30 Pirie Street Adelaide, SA

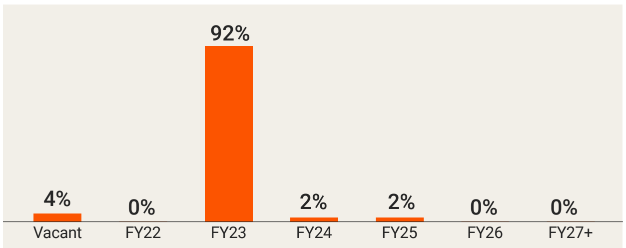
- A-grade office property that is centrally located in Adelaide's CBD, comprising 23 levels of office space
- Building predominantly leased to Telstra, who have occupied the property since its construction in 1987

Strategy:

- Active asset management strategy including maintaining an active dialogue with Telstra aiming to renew their occupancy requirement. Telstra have reviewed their occupancy needs and issued a brief to the Adelaide market for 4,500–7,000m²
- Active leasing campaign for the current vacant space which has been fully refurbished / spec fitted
- Refurbishment strategy underway to create a vibrant forecourt and ground floor introducing state-of-the-art touchless end-of-trip facilities and amenities, including base building lift services upgrade

Ownership interest	100% freehold interest
Sector	Office
Zoning	Capital City zone – City of Adelaide
Site Area	3,040m²
Net Lettable Area	24,665m²
Occupancy (% by NLA)	96%
Independent valuation	$90.0m
Capitalisation rate	7.25%
WALE by income	1.7 years
Major tenant (% by NLA)	Telstra (92.0%)

Lease expiry profile (by NLA)



468 St Kilda Road Melbourne, VIC

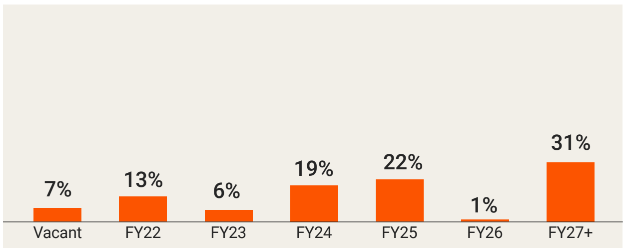
- B-grade office building comprising 13 levels, with refurbishments carried out progressively since 2010
- Well located and the property will benefit from the Government's metro rail project due for completion in 2025, with ANZAC station located circa 500 metres from the property

Strategy:

- Continue with an active asset management strategy, addressing tenant retention and improving WALE
- Active subdivision of floors to attract smaller tenants and reduce vacancy downtimes
- While the existing commercial use is the highest and best use, AOF will continue to monitor this as residential development may present future opportunities

Ownership interest	100% freehold interest
Sector	Office
Zoning	Commercial 1 Zone
Site Area	2,357m²
Net Lettable Area	11,211m²
Occupancy (% by NLA)	93%
Independent valuation	$79.0m
Capitalisation rate	5.25%
WALE by income	3.9 years
Major tenant (% by NLA)	TLC Aged Care (16.1%)

Lease expiry profile (by NLA)



64 Northbourne Avenue Canberra, ACT

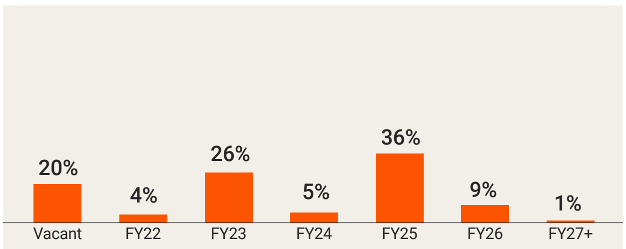
- B-grade property comprising six levels of office accommodation
- Located on a prominent corner in the Canberra CBD within close proximity of the prime retail precinct, the City Bus Interchange and the main station of the Canberra Light Rail Network
- The façade has been repainted to improve the asset's appearance

Strategy:

- Active leasing strategy to maintain and increase occupancy
- Active asset management strategy includes subdividing vacant floors with speculatively fit outs
- Actively pursue a diversified mix of smaller tenants to mitigate future lumpy expiry profile

Ownership interest	100% freehold interest
Sector	Office
Zoning	CZ1 Core Zone subject to ACT Territory Plan 2008
Site Area	1,583m^2
Net Lettable Area	6,429m^2
Occupancy (% by NLA)	80%
Independent valuation	$26.3m
Capitalisation rate	7.00%
WALE by income	3.0 years
Major tenant (% by NLA)	Manpower Services (26.8%)

Lease expiry profile (by NLA)



96 York Street Beenleigh, QLD*


Artist's Impression

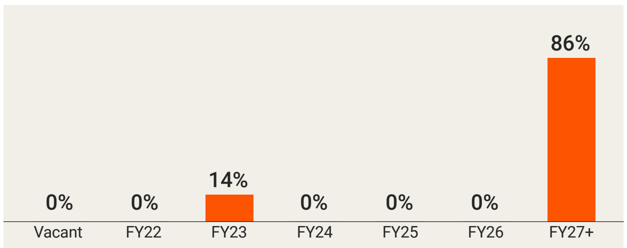
- Modern newly constructed A-grade office property, with sustainability initiatives including solar panels and rainwater harvesting
- Located in a central government hub in Beenleigh, within 550 meters of the train station and easy connections to Brisbane and the Gold Coast
- Comprises seven floors of office accommodation, 4,009sqm leased to the Logan City Council for 10-years with two 5-year options
- The property also benefits from a 2 year rental guarantee on the vacant space

Strategy:

- Actively manage the relationship with the City of Logan and Department of Water
- Actively manage leasing opportunities for the small office suites and retail space on the ground floor

Ownership interest	100% freehold interest
Sector	Office
Zoning	Centre Zone
Site Area	1,022m^2
Net Lettable Area	4,661m^2
Occupancy (% by NLA)	100%
Independent valuation	$33.5m
Capitalisation rate	5.63%
WALE by income	10.0 years
Major tenant (% by NLA)	Logan City Council (86.0%)

Lease expiry profile (by NLA)



AOF RE has entered into a contract for the acquisition of the property which remains subject to conditions. Settlement of the acquisition is scheduled in January 2022, subject to the satisfaction of the conditions under the acquisition contract.

7.4 Current and future portfolio value-add opportunities

North Blackburn Shopping Centre, VIC

North Blackburn Shopping Centre is a convenience retail centre located in the suburb of North Blackburn approximately 16 kilometres east of Melbourne CBD. A repositioning strategy was undertaken to enhance the centre, including a two-stage development. Total development cost for stages 1 and 2 will be approximately $70 million.

Stage 1 (Current)


Stage 1 – Before

Stage 1 – Artist's Impression

- Commenced in May 2020 comprising a new Coles Supermarket, 11 new specialties with fresh food mini major, upgraded tenant amenities and re graded parking facilities
- Practical completion for this stage is anticipated in February 2022, which will see the new Coles Supermarket commence with a new 15-year lease
- 100% pre leased (by income), which will provide a substantial uplift to the WALE at completion

Stage 2 (Future)


Stage 2 – Artist's Impression

- Proposed stage 2 will see the remainder of the North Blackburn Shopping Centre refurbished and expanded with additional specialty retailers, childcare, a gymnasium and mini major tenancies to complete the repositioning of the asset
- 70% of the stage 2 income is pre-committed with 10 or more year lease terms to childcare, medical, and the ALDI and Woolworths supermarkets
- This stage is set to commence in during 2022.

Busselton Central Shopping Centre, WA

Busselton Central Shopping Centre is a convenience retail centre of approximately 9,000sqm located in the Geographe Bay region, 230 kilometres southwest of the Perth CBD. A repositioning strategy commenced in 2018, including a four-stage development to enhance future income and capital value. The total development costs for stages 1 to 3 have been estimated at $50 million

Stages 1 & 2 (Complete)

Stage 1 – Before

Stages 1 & 2 – After

- Stages 1 & 2 were completed February 2020, including the integration of Coles, Liquorland, Best and Less mini major, a new link mall and 6 new specialties, as well as the commencement of adjacent land acquisitions for Stage 3
- Since Stage 2 was completed, there has been 25% growth to Moving Annual Turnover (at approximately $52 million)
- The centre currently has a valuation of $47.0 million with a 6.25% cap rate

Stage 3 (Future)

Stage 3 – Artist's Impression

- The proposed Stage 3 links the existing centre to include an interactive entertainment, food and beverage precinct, with a unique CBD and community amenity adjoining Mitchell Park
- 70% of the Stage 3 income is pre-committed, including a 5 Screen Cinema on level 1, Cotton On Mega, a dining precinct including local operators and a Tavern, Café and Restaurants opening onto Mitchell Park
- Works for stage 3 are anticipated to commence in November 2021, with completion anticipated for November 2022

2 and 10 Valentine Avenue Parramatta, NSW

10 Valentine Avenue is an A-grade office property comprising 14 levels of office space of approximately 16,000sqm located approximately 100 metres from the Parramatta Bus and Railway Interchange and Westfield Parramatta. A repositioning strategy is currently underway for the office building at 10 Valentine Avenue.

2 Valentine Avenue is a development approved office tower providing an opportunity for 28,000sqm over 24 levels to progress providing a 50% lease pre-commitment.

A development application is underway for a podium and lobby upgrade to join 2 and 10 Valentine Avenue together via an interactive lobby, with a podium offering campus style office accommodation of circa 40,000sqm and providing further flexibility to the existing 2 Valentine Avenue development application.

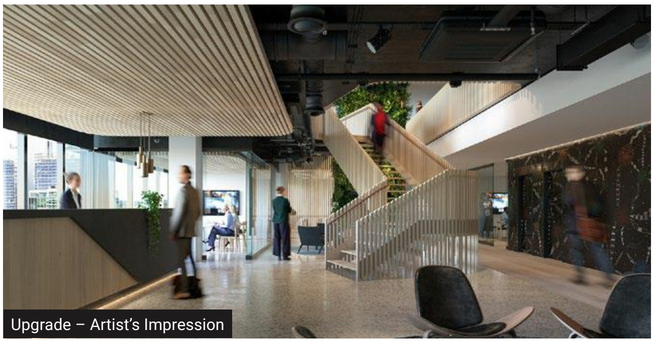
2 Valentine Avenue (Future)

Artist's Impression

- This property is an opportunity to develop approximately 28,000m² of A grade accommodation over 24 office levels with two outdoor terraces
- The design incorporates:
  - excellent sustainability credentials
  - 5.5 star NABER Energy
  - 6 Star Green Star
  - a Gold Well rating from the base building for occupancy comfort
- Superior natural light delivered from the island site

10 Valentine Avenue (Future)

Typical floor – Artist's Impression



Upgrade – Artist's Impression

- There is a strong focus on base building refurbishment, delivered with sustainability initiatives, offering A Grade office accommodation with superior tenant amenities including:
  - state of the art, A+ energy efficient air conditioning;
  - zero touch and sensor taps & soap dimensions for optimal hygiene;
  - smart lifts with mobile enabling call functionality; and
  - end of trip facilities that are best in class, with bike racks for visitors and tenants exceeding local planning requirement

30 Pirie Street Adelaide, SA

Artist's Impression

An A-grade office property that is centrally located in the heart of Adelaide's CBD, comprising 23 levels of office space spanning circa 24,665sqm. The building is predominantly leased to Telstra, who have occupied the property since its construction in 1987.

A repositioning and refurbishment strategy is currently being master planned with a focus to create an activated vibrant forecourt and ground floor lobby introducing a concierge and creating connectivity to the open space adjoining the site.

Additionally, hub style meeting rooms with state-of-the-art third space amenity, base building and typical floor are being designed to maximise the occupancy experience and wellness in the office building. A state-of-the-art touchless end-of-trip facility, exceeding PCA A-grade requirements will also be included.

7.5 AUPF Financial information

(a) Introduction

Concurrently with implementation of the Proposal, the combined DPF and AOF will be renamed Australian Unity Property Fund (**AUPF**). The combination will be accounted for as an acquisition of DPF by AOF and accordingly the financial information for AUPF will reflect the consolidation of DPF by AUPF. This section provides financial information in relation to AUPF to assist DPF unitholders in understanding the impact the implementation of the Proposal will have on them (**AUPF Financial Information**).

The following pro forma financial information has been prepared by the AOF Directors (who will also become the AUPF Directors) and is presented in this Section 7.5:

- the pro forma historical Statement of Financial Position of AUPF as at 30 June 2021, as set out in Section 7.5(b), which assumes the effects of completion of the Proposal as if it occurred on that date (**AUPF Pro Forma Historical Statement of Financial Position**);
- AUPF pro forma forecast income statement and distribution statement for the year ending 30 June 2022, as set out in Section 7.5(c), which assumes consolidation of DPF as if its acquisition by AOF occurred on 1 July 2021 (**AUPF Pro Forma Forecast**); and
- the statutory forecast AUPF income statement and distribution statement for the year ending June 2022, as set out in Section 7.5(d), which assumes consolidation of DPF by AOF from the effective date of control, being the date of completion of the Proposal on 22 December 2021 (**AUPF Statutory Forecast**).

The AUPF Pro Forma Forecast, AUPF Statutory Forecast and the AUPF Pro Forma Historical Statement of Financial Position are together referred to in this DPF Booklet as the **AUPF Pro Forma Financial Information**.

The AUPF Pro Forma Financial Information has been prepared by and is the responsibility of AOF (except to the extent that the AUPF Financial Information is based on information provided by DPF, for which DPF takes responsibility). DPF does not assume any responsibility for the accuracy and completeness of the AUPF Financial Information (except to the extent that the AUPF Financial Information is based on information provided by DPF, for which DPF takes responsibility). This section 7.5 should be read in conjunction with the limitations contained in the Important Notices section of this DPF Booklet under the heading "Responsibility statement".

Basis of preparation of, and assumptions underlying, the AUPF Pro Forma Financial Information

Accounting policies

The AUPF Pro Forma Financial Information contained in this Section 7.5 is prepared in accordance with the recognition and measurement principles of AAS, although it is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

The accounting policies used to prepare the Pro Forma Financial Information are based on the accounting policies of AOF. Following a review by AOF of DPF's accounting policies, the accounting policies of DPF and AOF are not materially different.

Acquisition accounting

The AUPF Financial Information is prepared with AOF treated as the acquiring entity. Accordingly, the historical consolidated financial information has been adjusted to give effect to the impact of the consideration issued in connection with the Proposal. In the AUPF Pro Forma Historical Statement of Financial Position, AOF's purchase price has been allocated to DPF's assets acquired and liabilities assumed based upon the AOF Directors' preliminary estimate of their respective fair values. Any differences between the fair value of the consideration issued, and the fair value of the assets acquired and liabilities assumed will be recognised as goodwill, a discount on acquisition, or an expense.

Accordingly, the purchase price allocation adjustments reflected in the AUPF Pro Forma Financial Information have been made solely for the purpose of preparing the AUPF Pro Forma Financial Information and will differ to a final determination of fair value upon or subsequent to the implementation of the Proposal.

Under AAS3, Business Combinations the acquirer is allowed a period of 12 months from the acquisition date to finalise the identification and valuation process and any resultant accounting adjustments. For the purposes of preparing the AUPF Historical Pro Forma Statement of Financial Position, it has been assumed that the carrying value of DPF assets and liabilities as at 30 June 2021 are equal to their fair value and the balance allocated to an expense on acquisition.

Assumptions underlying the AUPF forecast financial information

The assumptions underlying the AUPF Pro Forma Financial information are those used by AOF and DPF as set out in Sections 5.5(c) and 6.5(c), adjusted as applicable on a pro forma and statutory basis to reflect consolidation adjustments and the effect of the Proposal. Details of these adjustments are discussed in the relevant sections below.

The assumptions reflect the assessment of AUPF, based on present circumstances, of anticipated economic and market conditions and the implementation of AUPF's business strategies. While these assumptions are considered to be appropriate and reasonable at the time of preparing the forecast financial information, DPF unitholders should appreciate there are many factors which may affect the results which are outside the control of AUPF directors or may not be capable of being foreseen or accurately predicted.

Accordingly, actual results may vary materially from the forecast financial information. DPF Unitholders are advised to review the assumptions, sensitivities and risk factors described in Sections 5.5, 6.5, 7.5 and 8 and make their own assessment of the future performance and prospects of AUPF in the event the Proposal proceeds. DPF Unitholders should note past performance is not an indicator of future performance.

(b) AUPF Pro Forma Historical Statement of Financial Position

Basis of preparation

This section outlines the AUPF Pro Forma Historical Statement of Financial Position as though the Proposal was implemented on 30 June 2021.

For the purpose of preparing the AUPF Pro Forma Historical Statement of Financial Position as at 30 June 2021, the preliminary estimate of the purchase price for the acquisition of DPF was calculated as follows:

Number of DPF units on issue (at 30 June 2021)	287.8 million
Merger Ratio	0.4550
Theoretical Number of AUPF (AOF) Units to be issued	130.9 million
AOF Unit price at 30 June 2021	$2.61
Pro forma fair value of consideration	$341.8 million (assumed to be comprised of $24.8 million under the Capped Withdrawal Facility and $317.0 million issued AOF Units)
Net tangible assets of DPF at 30 June 2021	$337.1 million
DiscountPro forma expense (non-cash) on acquisition at 30 June 2021	$4.7 million

The estimated purchase price reflected in the AUPF Pro Forma Financial Information does not purport to represent what the actual purchase price will be when the Proposal is implemented. In accordance with the AASB 3 Business Combinations, the fair value of equity securities issued as part of the consideration transferred will be measured on the Implementation Date at the then current market price. This requirement will likely result in an equity component different from the $317.0 million (based on 30 June 2021 market price) assumed in the AUPF Pro Forma Financial Information and that difference may be material. If the actual purchase price at the date of acquisition is higher than the net assets acquired, the difference will either be allocated to identifiable assets and liabilities, or recorded as goodwill, or as an expense in AUPF's consolidated financial statements once the identification and valuation process of the net assets acquired is determined. If the actual purchase price at the date of acquisition is lower than the determined fair value of the net assets acquired, the difference will be recognised as a discount on acquisition. For purposes of the Pro Forma Historical Statement of Financial Position and the Statutory Forecast Income Statement presented below, the difference has been recognised as an expense of $4.7 million.

Pro Forma Historical Statement of Financial Position as at 30 June 2021

30 June 2021 ($m)	AOF audited	DPF audited	Pro Forma Adjustments prior to implementation[1]	Impact of the Proposal[2]	Subsequent events[3]	Pro forma AUPF
Assets						
Cash and cash equivalents	8.9	22.5	24.8	(24.8)		31.4
Receivables	0.6	4.3	(0.4)	-		4.5
Prepaid expenses and other assets	1.0	0.4	-	-		1.4
Financial assets	-	25.3	(25.3)	-		-
Investment properties	638.9	569.9	-	-	33.5	1,242.3
Total assets	**649.4**	**622.4**	**(0.9)**	**(24.8)**	**33.5**	**1,279.6**
Liabilities						
Distributions payable	6.2	13.0	(0.4)	-		18.8
Payables	7.2	11.7	-	-		18.9
Financial liabilities held at fair value	1.0	-	-	(1.0)		-
Borrowings	190.2	260.7	-	24.5	35.8	511.2
Total liabilities	**204.5**	**285.4**	**(0.4)**	**23.5**	**35.8**	**548.9**
Net assets	**444.8**	**337.1**	**(0.5)**	**(48.3)**	**(2.3)**	**730.7**
Contributed equity	374.0		-	317.0	-	691.0
Undistributed income	70.8		(0.5)	(28.3)	(2.3)	39.7
Net assets attributable to unitholders	**444.8**		**(0.5)**	**288.7**	**(2.3)**	**730.7**

30 June 2021		Impact of the Proposal	Pro forma AUPF
Statement of financial position metrics			
Number of units on issue (thousand)	164.4	121.2	285.6
Net Tangible assets $ per unit	2.71		2.56
Gearing	28.4%		38.6%

1. The following transactions occur prior to completion of the Proposal:
   a. the divestment of DPF's holding in AOF to AUSH, an entity related to both AOF and DPF. The sale price for these units is assumed to be AUPF's pro forma NTA of $2.56. This reduces financial assets by $25.3 million, and increases cash by $24.8 million and recognises a loss on sale of $0.5 million; and
   b. elimination of the dividend payable by AOF to DPF of $0.4 million.
2. The effect completion of the Proposal being:
   a. the net increase in borrowings of $24.5 million reflecting:
      i. the establishment and drawdown of the AUPF Refinancing at an amount equivalent to the existing borrowings drawn down by AOF and DPF, payout of existing swaps of $1.0 million, the write-offs of unamortised borrowing costs on the existing borrowings of $1.8 million and net of the capitalisation of the new debt establishment costs of $2.7 million;
      ii. additional drawdown to pay expected transaction costs of $22.2 million, which include stamp duty of approximately $9.7 million and other transaction costs of approximately $12.5 million; and
   b. based on the Merger Ratio, the fair value of the consideration of $341.8 million comprised of the issue of 121.2 million of AUPF Units (based on the AOF Unit price at 30 June 2021 of $2.61) equating to $317.0 million, and cash payment of the Capped Withdrawal Facility of $24.8 million to DPF Unitholders opting to cash out their holdings; and
   c. the decrease in undistributed income of $28.3 million from the expensing of costs noted above amounting to net $23.6 million, and the non-cash expense on acquisition of $4.7 million.
3. Following implementation of the Proposal, the acquisition of 96 York Street, Beenleigh, Queensland is expected to settle for $33.5 million (as previously announced to AOF Unitholders), increasing investment properties by that amount, increasing borrowings by $35.8 million and reducing undistributed income by $2.3 million representing acquisition costs.

(c) AUPF Pro Forma Forecast Income Statement and Distribution Statement

The AUPF pro forma forecast income statement and distribution statement for FY22 is presented as if the Proposal completed on 1 July 2021. For pro forma forecast purposes, AUPF will include the forecast income statement and distribution statement of DPF and AOF for FY22 adjusted on a pro forma basis to reflect forecast changes to borrowing costs, Responsible Entity fees and trust expenses on merger.

Set out below is the pro forma forecast income statement and distribution statement of AUPF for FY22.

Pro forma forecast income statement and distribution statement

AUPF pro forma forecast income statement – FY22

$million	AOF forecast FY22	DPF forecast FY22	Pro Forma Adjustments	Pro Forma AUPF forecast FY22
Rental income	55.0	39.3		94.3
Property expenses[4]	(15.1)	(11.8)	0.7	(26.2)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	(5.8)	(1.3)		(7.1)
Net property income	**34.1**	**26.2**	**0.7**	**61.0**
Interest income	-	-		-
Other operating income	-	0.2		0.2
Distribution income[1]	-	1.5	(1.5)	-
Responsible Entity's fees[2]	(3.9)	(4.0)	0.6	(7.3)
Borrowing costs[3]	(5.6)	(7.7)	1.3	(12.0)
Other expenses[5]	(3.8)	(4.2)	5.5	(2.5)
Profit for the year	**20.8**	**12.0**	**6.6**	**39.4**

The pro forma adjustments and assumptions underlying them include:

1. The elimination of distribution income forecast to be received by DPF from AOF;
2. The alignment of Responsible Entity fees to the basis set out in AOF's Constitution;
3. Restating borrowing costs to reflect the terms under the AUPF Refinancing as set out in Section 3.15, as if this new facility was in place from 1 July 2021, taking into account the effect of existing and proposed interest rate hedging agreements, forecast property acquisitions and disposals, and capital expenditures on debt levels;
4. Adjusting property management fees and administration expenses to reflect the expected costs of these services (including synergies from the removal of duplicate services) to AUPF post completion of the Proposal under agreements with the Responsible Entity and related parties; and
5. The removal of transaction costs relating to the Proposal included in the stand-alone forecasts of AOF and DPF of $2.0 million and $2.7 million respectively.

AUPF pro forma forecast distribution statement – FY22

$million	Pro Forma AUPF forecast FY22
Profit for the year	39.4
Adjusted for:	
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	7.1
Amortisation of borrowing costs	0.6
One off adjustment[1]	0.5
Add back: rental abatement incentives	1.4
FFO	**49.0**
Distributions declared	45.1

Cents per unit	Pro Forma AUPF forecast FY22
FFO	17.2
Distributions declared	15.8
Payout ratio (distributions declared/ FFO)	91.9%

Notes

1. One off adjustment relates to one off legal costs of $0.5 million which would be added-back when calculating FFO.

(d) AUPF Statutory Forecast Income Statement and Distribution Statement

The Proposal implementation date (completion of the Proposal) is expected to be 22 December 2021. The AUPF statutory forecast consolidated income statement and distribution statement is presented as if the Proposal completed on 22 December 2021. AOF's existing borrowings and administration expenses will continue until 22 December 2021 under existing arrangements when they will be replaced by the AUPF Refinancing and the property management and administration services noted above.

AUPF will consolidate the financial performance of DPF on a statutory basis from 22 December 2021. AUPF's statutory financial performance will also include costs and expenses arising from completion of the Proposal.

Set out below is the statutory forecast consolidated income statement and distribution statement of AUPF reconciled to the pro forma forecast income statement and distribution statement of AUPF.

AUPF statutory forecast income statement – FY22

$million	Pro Forma AUPF forecast FY22	Statutory Adjustments	Statutory AUPF forecast FY22
Rental income[1]	94.3	(19.6)	74.7
Property expenses[1,4]	(26.2)	6.3	(19.9)
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives[1]	(7.1)	0.2	(6.9)
Net property income	**61.0**	**(13.1)**	**47.9**
Interest income	-	-	-
Net fair value increment/(decrement) of investment properties[5]		(9.7)	(9.7)
Other operating income	0.2	(0.2)	-
Responsible Entity's fees[2]	(7.3)	1.7	(5.6)
Borrowing costs[3]	(12.0)	1.7	(10.3)
Expense on acquisition[7]	-	(4.7)	(4.7)
Other expenses[4,6]	(2.5)	(11.7)	(14.2)
Profit for the year	**39.4**	**(36.0)**	**3.4**

Statutory adjustments include:

1. The removal of DPF's pre-acquisition forecast financial performance from 1 July 2021 to 22 December 2021;
2. Responsible Entity fees applicable to AUPF from 22 December 2021;
3. Borrowing costs based on existing borrowing agreements, debt levels and hedging arrangements until 22 December 2021 and thereafter based on the AUPF Refinancing, debt levels and proposed hedging arrangements, including the amortisation of establishment costs on the AUPF Refinancing from that date (see further section 7.6 below). Further, borrowing costs will include the write-off of unamortised borrowing costs on existing borrowings as at 22 December 2021 amounting to $1.4 million;
4. Property management and administration costs applicable to AUPF from 23 December 2021;
5. Estimated stamp duty of $9.7 million which will be fair valued on implementation of the Proposal;
6. The inclusion in other expenses of transactions costs of $12.5 million based on the successful completion of the Proposal; and
7. The inclusion of the expense arising on the acquisition of DPF, using the pro forma expense of $4.7 million (noting that this is subject to the final determination of the fair value of net assets acquired as discussed above).

AUPF statutory forecast distribution statement – FY22

$million	**Pro Forma AUPF forecast FY22**	**Statutory Adjustments**	**Statutory AUPF forecast FY22**
Profit for the year	39.4	(36.0)	3.4
Adjusted for:			
Straight-lining of rental income and amortisation of leasing commissions and tenant incentives	7.1	(0.2)	6.9
Net loss/(gain) on financial instruments held at fair value			
Realised loss/(gain) on disposal of investment property			
Net fair value (decrement)/increment of investment properties	-	**9.7**	9.7
Amortisation of borrowing costs	0.6	1.2	1.8
Expense on acquisition	-	**4.7**	4.7
One off adjustments	0.5	12.0	12.5
Add back: rental abatement incentives	1.4	(0.1)	1.3
FFO	**49.0**	**(8.7)**	**40.3**
Distributions declared	45.1		35.2

Cents per unit	**Pro Forma AUPF forecast FY22**	**Statutory Adjustments**	**Statutory AUPF forecast FY22**
FFO	17.2		18.0
Distributions declared	15.8		15.5
Payout ratio (distributions declared/ FFO)	91.9%		86.1%

(e) Sensitivity analysis

The AUPF Pro Forma Financial Information is based on a number of general and specific assumptions set out above and subject to significant estimates and judgements. These judgements, estimates and assumptions are subject to business, economic and competitive uncertainties, many of which are beyond the control of AUPF (including AOF and DPF). The judgements and estimates are based on assumptions in relation to future business developments that could significantly change.

DPF Unitholders should be aware that future events cannot be predicted with certainty and, as a result, deviations from the figures forecast in this DPF Booklet are to be expected. To assist DPF Unitholders in assessing the impact of these judgements, estimates and assumptions on the forecasts, set out below is a summary of certain forecast financial information to changes in a number of key variables. The changes in key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

		Statutory AUPF forecast FY22	
		($m)	**(cents per unit)**
FFO		40.3	18.0
Impact of change from assumption			
0.5% change in CPI	+/-	0.1	0.1
5% change in AUPF's rental income	+/-	3.7	1.4
5% change in AUPF's property expenses	+/-	1.0	0.4
5% change in AUPF's other expenses	+/-	0.1	0.0
50 basis point change in interest rates	+/-	1.3	0.4
No DPF unitholders subscribe for the cash out facility	–	0.0	0.3

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely isolated impact on the statutory forecasts. In practice, changes in variables may offset each other or be additive, and it is likely that AUPF would respond to any adverse change in one variable by seeking to minimise the net effect on AUPF's net loss for the year.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown.

AUPF considers that it has sufficient working capital to carry out its objectives.

7.6 Capital structure

(a) Units on issue

As at the date of this DPF Booklet:

(i) AOF has approximately 164.4 million AOF Units on issue; and

(ii) DPF has approximately 292.3 million DPF Units on issue.

If the Proposal is implemented, AOF will acquire all of the DPF Units on issue in consideration for the issue of 0.4550 AUPF Units for every DPF Unit held by DPF Unitholders as at the Proposal Record Date.

Fractional entitlements will be rounded down to the nearest whole number of units.

(b) Rights attaching to AUPF units to be issued under the Proposal

The AUPF Units to be issued under the Proposal will rank equally with existing AOF Units.

(c) Capital management

AUPF will maintain a disciplined and conservative approach to capital management.

In connection with the Proposal and subject to all Conditions Precedent of the Proposal being satisfied or waived (if applicable), the AOF debt facility is intended to be refinanced to form the AUPF Refinancing.

The preferred banking group have confirmed their commitment to provide this level of debt to AUPF on pricing terms similar to those currently paid under the AOF debt facility on a standalone basis and with the same financial covenant package of LVR covenant of 50% and interest cover ratio of 2.0 times. This commitment is subject to a number of conditions that, other than the Proposal proceeding, are anticipated to be satisfied prior to the Meeting.

The AUPF debt facility pricing will be on better terms than the current DPF debt facility pricing on a standalone basis.

Key expected AUPF Refinancing terms are listed below:

Metric	As at the Implementation Date
Weighted average cost of debt*	2.4% per annum
Weighted average debt term to maturity	4.5 years
Facility limit	$600 million
Undrawn capacity	$102 million
Hedge ratio	70%
Assumed interest rate swap rate	0.9%
Assumed weighted average term of interest rate hedging	3.5 years
Key financial covenants	• LVR not greater than 50% • ICR less than 2.0 on a rolling 12 month basis

* Based on the combined effect of assumed base rate and interest rate hedges, plus specified margins and line fees under the AUPF Refinancing, and the amortisation of borrowing costs.

7.7 Distribution policy

AUPF's distribution policy will be to distribute between 80% and 100% of its funds from operations each year. AUPF distributions are intended to be paid quarterly, with AUPF Unitholders to receive distributions within two months following the end of each distribution period, being the quarters ending 31 March, 30 June, 30 September and 31 December each year.

The AOF RE Board will have regard to cash available when determining the distributions. AUPF can provide no guarantees as to the extent of future distributions. The first distribution from AUPF is expected to be for the period ending 31 March 2022. AUPF RE will continue to monitor the appropriateness of this proposed distribution policy to ensure that it meets the ongoing objectives of AUPF and is in the best interests of AUPF Unitholders.

7.8 Board and management

The AOF RE Board will continue to comprise the board of directors for AOF RE following implementation of the Proposal. The AOF RE Board comprises a majority of independent directors, including an independent Chair (see Section 6.10 for current AOF RE Board members). The AOF RE Board will seek to ensure there is an appropriate mix of skill sets and diversity amongst the board. Upon implementation of the Proposal and to take into consideration the expansion of the portfolio and the addition of new asset classes and geographies, further consideration of these matters and other governance practices will be undertaken in line with market expectations.

AOF RE has appointed AUFML as investment manager and AUPM as property manager of AOF. AUFML and AUPM are part of the Australian Unity property business.

AUPF's management team will draw on the existing management of AOF and DPF providing continuity of asset focus and tenant relationships. Nikki Panagopoulos will be the Fund Manager of AUPF and will be supported by a team of experienced property professionals covering asset management, development management, transaction management and leasing and portfolio management. Additional resources focussing on development and sustainability (as well as administration and leasing services) are planned to be added to the management team.

The dedicated team is further supported by the broader services of Australian Unity including legal, compliance, development management, debt capital markets, valuation research and advisory and Wealth & Capital Markets support services.

Details of the management team is set out below (with "*" denoting current management of AOF).

Director / Position	Experience, qualifications and expertise
Nikki Panagopoulos* Fund Manager	Nikki joined Australian Unity in 2004. Nikki will be responsible for the strategy, growth and commercial management of AUPF. Nikki is currently Fund Manager of AOF. Prior to AOF Nikki was Fund Manager of DPF from 2010 to July 2021. As DPF Fund Manager for over a decade Nikki was responsible for implementing strategic growth and repositioning strategies, resulting in DPF's outperformance of the benchmark and peers over the 10-year period. Nikki has more than 25 years' experience in unlisted and listed property markets with a key focus on investor relations, setting and implementing strategy (including acquisitions, disposals, new and existing lease negotiations), project and development management as well as people leadership. Prior to joining Australian Unity, Nikki was an Investment Analyst for Deutsche Bank's $1.5 billion listed Deutsche Diversified Trust. Nikki also spent 12 years in Property Funds Management at AXA (formerly National Mutual. Nikki holds a Bachelor of Business (Accounting) from the Royal Melbourne Institute of Technology. Nikki is also an Associate with a Funds Manager Certification from the Australian Property Institute, holds a Real Estate of Victoria Licence and is a Member of the Australian Institute of Management.
Simon Beake* Deputy Fund Manager	Simon joined Australian Unity in 2011 and has over 25 years of funds management, asset management and investment experience in the property and infrastructure sectors. Simon is a Member of the Chartered Institute of Management Accountants (UK) and holds a Masters of Applied Finance and a Bachelor of Arts (Accounting and Finance). Simon will be responsible for the capital and financial management of AUPF.
Victoria Padey Senior Asset and Transactions Manager	Victoria joined Australian Unity in 2019 and is a corporate real estate specialist with over 20 years extensive property experience in both the Australian and New Zealand property industries. Victoria has a Bachelor of Business (Property) from RMIT and currently holds a Victorian Real Estate License. Victoria will be responsible for the management and delivery of strategic asset plans for AUPF's assets and capital transactions.

Director / Position	Experience, qualifications and expertise
Tim Kemp-Bishop* Major Leasing and Capital Transactions Manager	Tim joined Australian Unity in 2008 and is responsible for major leasing and capital transactions. Prior to joining Australian Unity, Tim was employed in a variety of property and asset management roles with ANZ and AMP Capital Investors. Tim holds a Bachelor of Communications from Canberra University and Diplomas in Commercial Property Asset Management and Property Investment Finance from the Property Council of Australia. Tim is a licenced real estate agent and is the Officer in Effective Control of Australian Unity Property Management Pty Ltd.
Jonathon Senior Portfolio Manager	Jonathon has over 20 years' experience in property research and investment management. He holds Bachelor of Commerce and Science degrees from the University of Melbourne and has completed the CPA program and a Graduate Certificate of Applied Finance and Investment from FINSIA. Jonathon will be responsible for the fund investment analysis including actual and forecast performance.
Giovanna Reale* Senior Asset Manager	Giovanna joined Australian Unity in 2006 and is responsible for the asset management. Giovanna has 20 years' property experience, including in management and leasing gained with leading real estate agencies and owner managers. Giovanna has a Bachelor of Business in Property from RMIT. Giovanna will be responsible for maximising AUPF's properties' capital value and income via an active asset management strategy, including leasing, refurbishments and developments.
Michael Carabetta* Senior Asset Manager	Michael has over 25 years' experience in asset and property management, focusing on commercial, industrial and mixed-use asset classes in Australia and overseas. Michael holds a Bachelor of Commerce majoring in Land Economics and a Diploma of Facilities Management. Michael will be responsible for maximising AUPF's properties' capital value and income via an active asset management strategy, including leasing, refurbishments and developments.
Anna Flavell Senior Asset Manager	Anna joined Australian Unity in 2017 and has over 15 years' experience working in the retail sector across operations, property and leasing. Anna holds a Bachelor of Science from La Trobe University, a Masters in Business Management and a certificate in Project Management from Swinburne University. Anna will be responsible for maximising AUPF's properties' capital value and income via an active asset management strategy, including leasing, refurbishments and developments.
Matthew Mitchell Asset Manager	Matthew has 11 years' experience managing Commercial, Industrial and more particularly Retail Assets. He has a Masters Degree in Property Valuation and Management and qualified as a Member of the Royal Institution of Chartered Surveyors (Commercial Property) in 2011. Matthew will be responsible for maximising AUPF's properties' capital value and income via an active asset management strategy, including leasing, refurbishments and developments.
Peter Hugh* Senior Development Manager	Peter has over 25 years' experience in mixed-use development and asset management in Australia and overseas, covering all stages of development. Peter holds an MBA from the AGSM and is a member of the Royal Institution of Chartered Surveyors. Peter will be responsible for the delivery of the proposed refurbishments and developments.

7.9 AUL Group interests in DPF and AOF

AU Group Managed Entities including DPF (held by AUPL as the responsible entity for DPF), currently own approximately 24.7 million AOF Units, representing 15.0% of total AOF Units on issue at the date of this DPF Booklet. Of that interest, DPF holds approximately 9.7 million AOF Units, representing 5.9% of total AOF Units on issue at the date of this DPF Booklet (**Cross Holding**).

AU Group Managed Entities (being AUPL and LAFS, as at the date of this DPF Booklet) currently own approximately 13.6 million DPF Units, representing 4.6% of total DPF Units on issue at 30 September 2021. If the Proposal is implemented, AU Group Managed Entities will be issued with approximately 6.2 million AUPF Units under the Merger Ratio, in exchange for AU Group Managed Entities' approximately 13.6 million DPF Units.

If the Proposal is implemented, DPF intends to sell the Cross Holding to AUSH, an entity wholly owned within the AUL Group, at a price of $2.56 per unit, reflecting the expected AUPF pro forma NTA. The sale of the Cross Holding if it proceeds will generate proceeds of a minimum of $24.8 million and DPF will apply these proceeds to fund the DPF Capped Withdrawal Facility.

The total holding of the AU Group Managed Entities in AUPF on implementation of the Proposal is expected to be approximately 30.8 million AUPF Units, representing approximately 10.7% of the expected total AUPF Units on issue immediately following implementation of the Proposal. This holding is the sum of the existing AOF Units held by AU Group Managed Entities (including the Cross Holding) and the AUPF Units to be issued pursuant to the Proposal in exchange for the DPF Units held by AU Group Managed Entities. Australian Unity has indicated an intention for the AU Group Managed Entities to initially target a holding in AUPF of approximately 12% of total AUPF Units on issue, subject to funding being made available from the AUL Group's parent company, the Proposal proceeding and market conditions. To achieve this approximate holding AUL Group entities may acquire further AUPF Units, including by way of on market acquisitions, following implementation of the Proposal.

7.10 AOF RE's intentions for AUPF

Refer to Section 6.4 for details of AOF's strategy and investment objectives.

7.11 Target Market Determination applicable in relation to AOF

AOF RE has created a Target Market Determination (TMD) in relation to AOF. The TMD is available at **https://www.australianunityofficefund.com.au/**.

On written request to AOF, AOF RE will send a printed copy of this DPF Booklet to that DPF Unitholder or that DPF Unitholder's agent at any other address nominated by that DPF Unitholder or that DPF Unitholder's agent. Alternatively, you can request a printed copy of this DPF Booklet by contacting AUL Group's client services information line on 1300 997 774 between 8.30am to 5.00pm (Sydney time) Monday to Friday.

8. Risk factors

8.1 Introduction

There are a number of risks and uncertainties in relation to the Proposal, DPF and AUPF and the real estate investment trust sector more generally in which AUPF will operate. DPF Unitholders should take all of these risks into account when considering how to vote on the DPF Unitholder Resolution. These risks include:

(a) risks specific to the Proposal;

(b) risks specific to an investment in DPF;

(c) risks specific to an investment in AUPF; and

(d) risks common to an investment in DPF and AUPF.

All investments carry risk. The likely investment return and the risk of losing money is different for each investment strategy as different investment strategies carry different levels of risk depending on the underlying mix of assets that makes up each fund. Those assets with potentially the highest long-term return (such as equities) may also have the highest risk of losing money in the shorter term.

Risks can be managed but they cannot be completely eliminated. DPF Unitholders should note that, in relation to an investment in AUPF:

- the value of your investment will rise and fall;
- investment returns will vary and future returns may differ from past returns;
- returns are not guaranteed and there is a risk that you may lose some money on any investment you make; and
- laws affecting your investment in a managed investment scheme such as AUPF may change over time.

The appropriate level of risk for you will depend on various factors and may include your age, investment timeframe, where other parts of your wealth are invested and your overall tolerance to risk. You may wish to consult a licensed financial adviser to better understand the risks involved with the Proposal or an investment in AUPF.

The risks identified in this Section 8 are not exhaustive and do not take into account individual DPF Unitholders' investment objectives, financial situation, tax position or particular needs.

8.2 Risks specific to the Proposal

(a) Implementation and execution risk

DPF Unitholders may be subject to execution risk if the Proposal is approved by DPF Unitholders and is subsequently implemented. There is a risk that there are inadequacies with systems and procedures or the skill of the personnel managing implementation of the Proposal, which could lead to some or all of the expected benefits of the Proposal not being achieved.

(b) Tax consequences for DPF Unitholders

If the Proposal is implemented, there may be tax and stamp duty consequences for DPF Unitholders. DPF Unitholders should seek their own professional advice regarding the individual tax consequences of the Proposal applicable to them. Further details regarding the tax and stamp duty treatment of the Proposal and the Capped Withdrawal Facility are set out in the letter from King & Wood Mallesons in Section 10 of this DPF Booklet.

(c) Foreign DPF Unitholders – Proceeds for sale of AUPF Units by the Sale Agent is not certain

AUIREL will be issued AUPF Units attributable to Foreign DPF Unitholders to be sold by the Sale Agent. There is no guarantee regarding the market price that will be realised by the Sale Agent or the future market price of AUPF Units.

(d) Significant Investor Visa – AUPF is not expected to be a 'complying' fund

Under the Department of Immigration and Border Protection Significant Investor Visa (188 – Significant Investor Stream and 888 – Significant investor stream) program, DPF is a 'complying' fund for investment in 'Balancing investments' under the Significant Investor framework, in accordance with the requirements set out in Section 10, and the 'General requirements' set out in Section 11 of the legislative Instrument 'IMMI 15/100: Complying Investments.' AUPF, however, is not expected to be a compliant investment under legislative Instrument 'IMMI 15/100: Complying Investments.' DPF Unitholders for which this is relevant should consider any individual impact for them of this change, including seeking financial and legal advice.

8.3 Risks specific to an investment in DPF

If the Proposal is not implemented, DPF Unitholders will remain exposed to the existing risks associated with being a DPF Unitholder, as outlined on pages 15-16 of DPF's Product Disclosure Statement dated 17 May 2021, as well as general risks related to being a property investor in a real estate investment trust (a number of which are outlined in Section 8.5).

In addition, should the Proposal not be implemented, it is expected that DPF Unitholders will face an increased exposure to the following risks:

(a) DPF will require additional capital to continue delivering on its strategic objectives

DPF's current strategy is to deliver consistent distributions to DPF Unitholders with the potential for capital growth, which will require significant additional capital to execute.

If the Proposal is not implemented, DPF will be required to implement alternative capital management strategies to reduce gearing, fund existing developments and provide sustainable income distributions in the near term. The funding options available to DPF include:

Raising additional equity

DPF may need to raise additional equity from external sources to meet its ongoing operational and development funding requirements. Any issuance of equity will result in an increase in the number of new DPF Units on issue and lead to decreased income per DPF Unit and distributions per DPF Unit in the near term, particularly until new development or growth opportunities are delivered which would generate additional income.

There is also execution risk associated with raising additional equity, with the DPF RE noting that DPF has historically faced challenges raising capital with the most recent equity raising in October 2020 falling approximately 20% short of expectations.

Asset sales

DPF is highly likely to conduct asset sales to release capital. However, this option may result in lower income (from a smaller portfolio of assets) and potentially lower distributions per unit for DPF Unitholders. There is also additional timing and execution risk associated with the disposal of DPF's investment properties, which may result in DPF delaying the commencement of potential growth opportunities. It may also result in capital gains tax arising on these disposals, which will be passed through to DPF Unitholders.

While AUPF will continue to consider asset sales as part of its overall strategy, DPF RE believes the requirement for asset sales on a standalone basis to raise capital is likely to be higher than in the pro forma AUPF.

Ceasing distributions

In order for DPF to preserve capital to be deployed for its key developments, DPF may elect to cease distributions to DPF Unitholders. This option may also be required should gearing become further elevated. This may give rise to "dry" income and unfunded tax liabilities arising for DPF Unitholders, to the extent that taxable income still arises on the assets of DPF.

(b) Significant potential growth opportunities may be delayed

If a funding solution cannot be implemented, then development projects delivering sustainable income and the sourcing of new earnings accretive acquisitions with strong strategic merit will need to be delayed until there are sufficient funds available to execute on these initiatives. This will likely result in earnings and distribution dilution as DPF is unable to continue its projected growth trajectory. There is also the risk that these opportunities will be undertaken by another party in the meantime and will no longer be available when DPF eventually has the means to revisit them.

(c) Potential adverse impacts on distributions and liquidity

In the case where the Proposal is not implemented, asset sales cannot be executed, additional equity cannot be raised and projects cannot be delayed, DPF would have to cease paying distributions, may potentially breach its LVR covenant of 55% or exceed its debt facility limit. A high gearing ratio with potentially no additional debt headroom available will adversely impact DPF's ability to continue its day-to-day operations and fund existing and future growth opportunities. Additionally, there is a draw-stop at 50% LVR imposed by DPF's financiers which provide them with the ability to freeze DPF Unitholder redemptions.

8.4 Risks specific to an investment in AUPF

If the Proposal proceeds, DPF Unitholders will be exposed to the following risks specific to AUPF which they are not currently exposed to as DPF Unitholders.

(a) Incremental risk from exposure to AOF's property portfolio

If the Proposal is implemented, DPF Unitholders that hold AUPF Units will gain exposure to AOF's property portfolio in addition to DPF's property portfolio. This will include, but is not limited to changes in:

- exposure to particular assets;
- exposure to various asset classes, tenants, markets and geographies;
- economic factors impacting their investment;
- the capital structure of the investment;
- the policies and fee structure of AUPF; and
- the applicable laws and regulations.

Risks and returns to DPF Unitholders that hold AUPF Units may increase or reduce as a result of these changes.

(b) Sector risk

AOF invests in Australian office and mixed-use properties, while DPF invests in Australian office and mixed-use properties, plus convenience retail shopping centres and industrial properties.

For AOF Unitholders, this means that after implementation of the Proposal, their investment exposure will continue to be to the Australian office and mixed-use sector, but also to the additional sectors of Australian convenience retail shopping centres and industrial property. These additional sectors provide AUPF Unitholders with potential diversification benefits, but also expose them to convenience retail shopping centre and industrial property sectors' risks. The value of such an AUPF Unitholder's investment may be adversely affected by circumstances affecting those sectors.

For DPF Unitholders, this means that after implementation of the Proposal, their investment exposure will change in that the proportion of their investment exposed to the Australian office property sector will increase from approximately 26% to 53%. Due to the high exposure to office properties, AUPF's performance depends, in part, on the performance of the Australian office property sector.

In addition, AOF and DPF have different geographical weightings, if any of the sub-sectors in New South Wales, Victoria, Western Australia, South Australia, Queensland or Australian Capital Territory experience a downturn in activity, AUPF's financial performance may be adversely impacted.

(c) Risk arising from a listed investment

If the Proposal is implemented, DPF Unitholders that acquire AUPF Units will now hold an investment in a listed fund that is publicly traded on the ASX. The price at which AUPF Units may trade on the ASX may differ materially from AUPF's NTA per unit as it will now be affected by the financial performance of AUPF along with varied and often unpredictable factors influencing equity and credit markets generally. These factors include international stock markets, interest rates, domestic and international economic conditions, domestic and international political stability, investor sentiment, and the demand for equities generally. This will likely lead to increased fluctuations in the value of DPF Unitholders' investments compared to DPF standalone, as an unlisted fund.

(d) Capital gains tax implications

AOF RE has estimated the unrealised capital gain of AOF's portfolio as at 30 June 2021 at between approximately $241 million and approximately $341 million, based on the AOF portfolio valuation at 30 June 2021 of $639 million.

DPF RE has estimated the unrealised capital gain of DPF's portfolio as at 30 June 2021 at between approximately $163 million and approximately $272 million, based on the DPF portfolio valuation at 30 June 2021 of $565.8 million.

If the Proposal is implemented, the estimated unrealised capital gain of AUPF's portfolio as at 30 June 2021 is between approximately $241 million and approximately $613 million based on the equivalent AUPF portfolio valuation at 30 June 2021 of $1,205 million.

The lower end of the ranges stated above is on the basis that AOF, DPF or AUPF, as applicable, is able to access the cost base in the units in the relevant sub-trust(s) following disposal of the property during the same corresponding financial year; and in the case of AUPF that it obtains a cost base in the units in DPF that it acquires under the Proposal based on the market value of DPF at the time of the Proposal.

The upper end of the ranges is based on the unrealised capital gains for the individual properties within the AOF, DPF or AUPF portfolio, as applicable, and ignores any ability to access the cost base in the units in the relevant sub-trusts which may be available to reduce this amount.

The unrealised capital gains of AOF, DPF or AUPF, as applicable, may become realised for tax purposes if any of the properties are sold. Any net capital gains that arise after any available capital losses are applied may end up being attributed to the relevant unitholders.

8.5 Risks common to an investment in DPF and AUPF

If the Proposal proceeds, DPF Unitholders will be exposed to the following risks associated with an investment in AUPF which are also common to DPF. DPF Unitholders should note that their investment in DPF already exposes them to a number of these risks and that they will continue to be exposed to these risks, to a greater or lesser degree, if the Proposal does not proceed and they maintain their investment in DPF.

(a) Returns from investment

Returns from property investment assets largely depend on the rental income generated from the property and the expense incurred in the operation, including the management and maintenance of the property as well as changes in the market value of property. Factors which may adversely impact these returns include:

(i) the overall conditions in the national and local economy, such as changes to growth in gross domestic product, employment, inflation and interest rates;

(ii) local real estate conditions, such as changes in the demand and supply for retail, office, industrial and/or tourism assets or rental space;

(iii) the perception of prospective tenants regarding attractiveness and convenience of assets;

(iv) the convenience and quality of property;

(v) changes in tenancy laws;

(vi) external factors, including war, terrorist or force majeure events (including, for example, COVID-19 and subsequent lockdowns or restrictions on tenants to occupy office space);

(vii) unforeseen capital expenditure; and

(viii) investor demand/liquidity in investments.

(b) Tenant default, non-renewal and occupancy risk

The future financial performance of AUPF will depend on its ability to continue to lease existing property space that is currently vacant, or that becomes vacant on expiry of leases, on economically favourable terms. In addition, the ability to lease new asset space in line with expected terms will impact on the financial performance of AUPF. The ability of AUPF to secure lease renewals or to obtain replacement tenants may be influenced by any leasing incentives granted to prospective tenants and increased competition in the sector, which in turn may increase the cost and time required to let vacant space. The leasing profile for each of the AUPF properties is set out in Section 7.3.

In the post-COVID environment, risks with respect to lease renewals and replacement tenants may be exacerbated in AUPF relative to DPF due to the AUPF portfolio having greater exposure to office properties than the DPF standalone portfolio.

Insolvency or financial distress of AUPF's tenants may reduce income received from its assets. There is a risk that tenants may default on their rental or other obligations under leases with AUPF, leading to a reduction in income received and cashflow available for distribution to AUPF Unitholders.

(c) Reputational risk

Due to the scale and breadth of operations, AUPF will be a prominent A-REIT, landlord and business in the Australian market. Various issues may give rise to reputational risk and subject AUPF to the risk of enforcement action, fines or penalties. The quality and consistency of how AUPF interacts and engages with all its key stakeholders will impact the reputation of AUPF.

(d) Acquisition risk

A key element of AUPF's future strategy will involve the acquisition of assets to add to AUPF's property investment portfolio. There are inherent risks in such acquisitions. These risks could include unexpected problems or other latent liabilities such as the existence of asbestos or other hazardous materials or environmental liabilities. There are also risks associated with integration of businesses, including financial and operation issues as well as employee related issues.

(e) Cash flow risk

AUPF's ability to service its debt and other obligations depends on the future performance and cash flow of its business which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond its control. AUPF's historical financial results (on a pro forma basis) have been, and it is anticipated that AUPF's future financial results will continue to be, subject to fluctuations. Cash flows can vary and AUPF's business may not generate sufficient cash flow from operations to enable it to satisfy its debt and other obligations. Significant expenditures associated with each property investment, such as maintenance costs, property rates and taxes, are generally not reduced when circumstances cause a reduction in revenue from the investment. Under these circumstances, cash flow of AUPF may be adversely affected.

(f) Funding and refinancing risk

To fund new acquisitions, capital expenditure and other material capital events, AUPF intends to rely on a combination of funding options including equity and the proposed debt facility – AUPF Refinancing. Gearing magnifies gains and losses in AUPF.

An inability to attract funding may adversely affect AUPF's ability to make future acquisitions or to meet future capital expenditure needs, which in turn could adversely affect the growth prospects of AUPF, the AUPF Unit price or even AUPF's ability to maintain its properties to the requisite standard (which in turn may affect its ability to retain existing, or to attract new, tenants). An inability to refinance any debt (either on acceptable terms or at all) or any increase in the cost of such funding, may also adversely impact the performance and the financial position of AUPF.

(g) Impact on financing covenants

The proposed debt facility – AUPF Refinancing will contain financial covenants as described in Section 7, which are based on the principal amount of debt outstanding, the properties' valuations and net income tests. A breach of these covenants may be caused by many factors including a material and adverse event relating to a property (such as the loss of a key tenant), reduced valuations or by market conditions including interest rate increases. A covenant breach may result in AUPF paying higher interest rates or the lender choosing to enforce their security over one or a number of properties and/or requiring AUPF to pay down the proposed debt facility immediately or on short notice. Alternative financing may not be available or may only be available on less favourable terms. AUPF may be required to sell properties or reduce or suspend distributions in order to repay debt. The consequence of a breach of such a covenant may require the sale of one or more properties to reduce debt. If a forced sale occurs, it could result in a less than optimal price or capital loss, dilution through further equity raising, or suspension of distributions to repay the proposed debt facility.

(h) Access to capital

Real estate investment is highly capital intensive. AUPF's ability to raise funds in the future on favourable terms depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of the AUPF's business. Many of these factors are outside of AUPF's control and may increase the cost and reduce the availability of capital.

(i) Asset value risk

Asset values are affected by many factors including prevailing market conditions, risk appetite, volume of sales, the ability to procure tenants, contracted rental returns, operating, maintenance and refurbishment expenses and the funding environment. Asset value declines may increase gearing levels and their proximity to covenant limits.

(j) Key personnel

AUPF will be reliant on a number of personnel to manage the day-to-day requirements of the business. Loss of such personnel, or inability to attract suitably qualified personnel, may have a material adverse impact on AUPFs performance.

(k) Real estate property prices and illiquid investments

Downward market pressure on real estate prices could impact the value of AUPF's direct portfolio and would have a negative impact on AUPF's net tangible assets, gearing and its ability to generate revenue. Investments in property are relatively illiquid, and some of the AUPF's properties are subject to contractual limitations on transfer. This illiquidity limits AUPF's ability to vary its portfolio promptly in response to changes in economic or other conditions. In times of low economic growth or disruption in financial markets, there is likely to be fewer potential buyers of real estate assets, and it may be difficult for potential buyers to obtain financing on acceptable terms, or at all. There is no assurance that AUPF will be able to dispose of a property at the desired time or at a price in line with AUPF's book value for the property.

(l) Interest rate risk

AUPF's interest cost on floating rate debt will increase if benchmark interest rates increase. This would reduce earnings and cashflow available for distribution to AUPF Unitholders.

AUPF will manage the risks to its income associated with the fluctuation of interest rates by using derivative financial instruments, in the form of interest rate swaps, to convert floating interest rate borrowings to fixed interest rates. Such interest rates swaps hedge the risk of interest rate fluctuations in respect of underlying borrowing for a limited period of time. AUPF intends to fix interest rates in respect of 40% to 100% of drawn borrowings over a range of maturity dates. Following implementation of the Proposal, AUPF intends to hedge approximately 60% of drawn debt with interest rate swaps maturing between December 2024 and December 2026.

(m) Impact of COVID-19 and macroeconomic risks

The COVID-19 pandemic has resulted in significant national and global market turbulence and has created, and will potentially continue to create, substantial volatility in the prices of securities trading on the ASX, including the potential trading price of units in AUPF. The uncertainty associated with the pandemic means that the broader impacts of it and how long they will occur are unknown. Among other things, this relates to the state and federal response to mitigate Covid-19, the closure of many businesses across the country, affiliated unemployment and travel restrictions, all of which may have some impact on the performance of AUPF, tenants of AUPF, the Australian share market and the broader economy.

Uncertainty remains regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic and impact on AUPF's operations and financial performance. Accordingly, it is not currently possible to assess the full impact of COVID-19 on DPF's and AOF's existing businesses. The economic and operating environment is subject to rapid change and will continue to be closely monitored by AUPF. While AOF expects it will have cash and headroom under the debt facility following the AUPF Refinancing to deal with the circumstances relating to COVID-19, there is a risk that if the duration of events surrounding COVID-19 are prolonged, AUPF may need to take additional measures in order to respond appropriately.

There are also other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that will be beyond the control of AUPF in the future and may be exacerbated in an economic recession or downturn.

(n) Competition

AUPF will face competition from within the A-REIT sector, and will also operate with the threat of new competition entering the market. The existence of such competition may have an adverse impact on AUPF's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis, or the pricing of construction projects or development opportunities, which in turn may negatively affect AUPF's financial performance and returns to its investors.

9. Fees and other costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Taxes are set out in Section 10 'Taxation Information' of this document.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Australian Unity Property Fund

Australian Unity Property Fund		
Type of fee or cost[1]	**Amount**	**How and when paid**
Ongoing annual fees and costs[3]		
Management fees and costs The fees and costs for managing your investment[1, 2]	Estimated to be 0.74%[3] p.a. of the Gross Asset Value (**GAV**) of AUPF, comprised of: 1. A management fee of 0.60% p.a. of the GAV of AUPF (to GAV of $750M) and 0.55% p.a. of GAV in excess of $750M; and 2. Estimated recoverable expenses, comprised of 0.16% p.a. of the GAV of AUPF[4].	1. The management fee is calculated and accrued daily in the net tangible assets of AUPF, and paid monthly in arrears. This fee is payable from the assets of AUPF on the last Business Day of each calendar month. 2. Recoverable expenses are paid out of AUPF's assets as and when incurred.
Performance fees Amounts deducted from your investment in relation to the performance of the product	**Nil**	Not applicable

Australian Unity Property Fund		
Type of fee or cost[1]	**Amount**	**How and when paid**
Transaction costs[3, 5] The costs incurred by the scheme when buying or selling assets	Estimated transaction costs of 0.35% p.a. (inclusive of GST) of the GAV of AUPF. One off transaction cost in relation to the merger of AOF and DPF of 1.78% p.a. (inclusive of GST) of the GAV of AUPF[4].	Transaction costs generally arise when AUPF buys and sells investment properties are paid out of the assets of AUPF as and when incurred.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)[3]		
Establishment fee The fee to open your investment	**Nil**	AUPF does not charge an establishment fee
Contribution fee The fee on each amount contributed to your investment	**Nil**	AUPF does not charge a contribution fee
Buy-sell spread[3] An amount deducted from your investment representing costs incurred in transactions by the scheme	**Nil**	AUPF does not charge a buy-sell spread
Withdrawal fee The fee on each amount you take out of your investment	**Nil**	AUPF does not charge a withdrawal fee
Exit fee The fee to close your investment	**Nil**	AUPF does not charge an exit fee
Switching fee The fee for changing investment options	**Nil**	AUPF does not charge switching fees

1. See "Additional explanation of fees and costs" below for further details on fees and costs that may be payable. All fees and costs set out in this section are inclusive of GST and any applicable stamp duty, net any applicable input tax credits and reduced input tax credits and are shown without any other adjustment in relation to any tax deduction available to AUIREL.
2. All estimates of fees and costs in this section are based on information available as at the date of this document. All fees reflect AUIREL's reasonable estimates of the typical fees for AUPF having regard to figures for AOF for the current financial year. All costs have regard to the actual amount incurred by AOF for previous financial year and may include AUIREL's reasonable estimates where information was not available as at the date of this document or where AUIREL was unable to determine the exact amount. The management fees and costs for AOF for the financial year ending 30 June 2021 were 0.82% p.a of the GAV of AOF, comprised of a management fee of 0.60% of the GAV of AOF and recoverable expenses of 0.22% p.a. of the GAV of AOF. Transaction costs of 0.07% p.a. of the GAV of AOF were also incurred by AOF for the financial year ending 30 June 2021. Please refer to the "Additional explanation of fees and costs" section for more information on fees and costs that may be payable. AUIREL may change fees or introduce fees without your consent if permitted by the constitution of AUPF. At least 30 days' prior notice will be given to unitholders before any management fee increase.
3. This assumes a total GAV of AUPF immediately after implementation of the Trust Scheme of $1,250,000.
4. This figure includes the one-off transaction costs of implementing the Trust Scheme, being approximately $22.2m, funded from the assets of AUPF. These one-off transaction costs are only incurred in FY 2022 and in connection with the Trust Scheme. They will not be incurred on an ongoing basis.
5. Units in AUPF will be quoted on market. Investors will transact in AUPF units on market in the ordinary course, and AUPF units will not be issued or redeemed in the ordinary course and so a buy-sell spread will not apply.

Estimated and/or historical fees and costs may not be an accurate indicator of the fees and costs you may pay in the future.

Example of annual fees and costs

This table gives an example of how the ongoing annual fees and costs for AUPF can affect your investment over a one-year period. You should use this table to compare the product with other products offered by managed investment schemes.

EXAMPLE – Australian Unity Property Fund		Balance of $50,000 with a contribution of $5,000 during year[1]
Contribution Fees	**Nil**	For every additional $5,000 you put in, you will be charged $0.
PLUS Management fees and costs[3, 4]	0.74% p.a (inclusive of GST) of the gross asset value (GAV) of AUPF	And, for every $50,000 you have in AUPF, you will be charged or have deducted from your investment $633.56 each year.
PLUS Performance fees[4]	**Nil**	And, you will be charged or have deducted from your investment $0 in performance fees each year.
PLUS Transaction costs[3,5, 6]	0.35% p.a. of the GAV of AUPF	And, you will be charged or have deducted from your investment $299.66 in transaction costs.
EQUALS Cost of the Fund		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 on the last day of that year, you would be charged fees and costs of: **$933.22**[2,3,4 ,5] **What it costs you will depend on the investment option you choose and the fees you negotiate.**

1. The additional management fees and costs will be on a pro-rata basis and will vary depending on when you have made the additional investment during the year. This example is prescribed by the Corporations Act, and the example assumes that the $50,000 is invested for the entire year and that the $5,000 contribution occurs on the last day of the year, so that the management fees and costs are calculated using the $50,000 balance only. This example also assumes that the value of your investment remains the same during the year. Please note that this is just an example. In practice, an investors actual investment amount will vary daily and the actual fees and costs we charge are based on the value of AUPF which also fluctuates daily.
2. Additional fees and costs may apply. Please refer to the 'Additional explanation of fees and costs' for further details.
3. All estimates of fees and costs in this section are based on information available as at the date of this document. All fees reflect AUIREL's reasonable estimates of the typical fees for AUPF having regard to figures for AOF for the current financial year. All costs have regard to the actual amount incurred by AOF for previous financial year and may include AUIREL's reasonable estimates where information was not available as at the date of this document or where AUIREL was unable to determine the exact amount. The management fees and costs for AOF for the financial year ending 30 June 2021 were 0.82% p.a of the GAV of AOF, comprised of a management fee of 0.60% of the GAV of AOF and recoverable expenses of 0.22% p.a. of the GAV of AOF. Transaction costs of 0.07% p.a. of the GAV of AOF were also incurred by AOF for the financial year ending 30 June 2021. Please refer to the "Additional explanation of fees and costs" section for more information on fees and costs that may be payable. AUIREL may change fees or introduce fees without your consent if permitted by the constitution of AUPF. At least 30 days prior notice will be given to unitholders before any management fee increase.
4. All fees and costs are inclusive of GST and any applicable stamp duty, less any applicable input tax credits and reduced input tax credits and are shown without any other adjustment in relation to any tax deduction available to the AUIREL.
5. This figure excludes the once off operating expenses of implementing the Trust Scheme, being approximately 1.78% of the GAV of AUPF, funded from the assets of AUPF.
6. AUPF Units will be quoted on market. Investors will transact in AUPF Units on market in the ordinary course, and AUPF Units will not be issued or redeemed in the ordinary course and so a buy-sell spread will not apply.

Additional explanation of fees and costs

Management fees and costs

The management fees and costs of AUPF are composed of a management fee component and a recoverable expense component as set out in the table above. The management fees and costs do not include transaction costs. The management fees are paid to AUIREL for managing AUPF. Management fees are not negotiable.

Management fee and recoverable expenses

The management fee for AUPF is 0.60% p.a. of GAV of AUPF (to GAV of $750 Million) and 0.55% p.a. of GAV in excess of $750 Million. The management fee is accrued daily and paid monthly from the assets of AUPF. The management fee includes Goods and Services Tax (GST) after taking into account any expected input tax credits.

AUPF also incurs costs, in the form of recoverable operating expenses, which are estimated at 0.16% p.a. of the GAV of AUPF.

The total management fees and costs, in the form of recoverable expenses, for AUPF are estimated at 0.74% p.a. of the GAV of AUPF.

The management fees and costs, in the form of recoverable expenses, for AOF for the financial year ending 30 June 2021 were 0.82% of the GAV of AOF, comprised of a management fee of 0.60% of the GAV of AOF and recoverable expenses of 0.22% p.a. of the GAV of AOF.

Indirect costs

Indirect costs are any amounts that we know or reasonably ought to know, or where this is not the case, reasonably estimate has or will reduce, whether directly or indirectly, the return of AUPF or the amount or value of the income of, or assets attributable to AUPF, other than the management fee and recoverable expenses (other than property operating costs).

The indirect costs include (a) the indirect costs that we know or ought to know for the previous financial year and (b) where we do not know or ought to know the indirect costs, a reasonable estimate of those indirect costs based on the information available to us as at the date of this document.

The management costs noted above have been prepared on the basis that there were no indirect costs component for AOF for the previous financial year for AOF and AUIREL's reasonable estimate of such costs where information was not available as at the date of this document or where AUIREL was unable to determine the exact amount.

Whilst no indirect costs are expected, it is important to note that any indirect costs are reflected in the AUPF Net Tangible Assets as and when incurred and are not charged separately to investors. Indirect costs are not an additional fee paid to the AUPF RE. Indirect costs may vary from year to year, including to the extent that they rely on estimates. These amounts are not an indication or guarantee of the amount that may be charged in the future.

Transaction costs

AUPF may incur transaction costs directly or indirectly via its investment in the real estate assets that comprise the underlying fund. Transaction costs are costs associated with the buying and selling of AUPF's assets and are charged directly to AUPF. These costs include stamp duty, brokerage, settlement costs, clearing costs, GST and other taxes. Transaction costs may also be incurred in the issue of new units, for example through underwriting fees.

Transaction costs are an additional cost to investors and are not included in the 'management fee and costs'. Instead they are recovered as incurred and reflected in the AUPF Net Tangible Assets and are borne indirectly by investors as they reduce the returns generated by AUPF, and consequently, your investment.

The estimated transaction costs figure set out in the fees and costs summary above for AUPF reflects AUIREL's reasonable estimates of the typical fees and costs for AUPF having regard to fees and costs for AOF for the current financial year. All fees and costs have regard to the actual amount incurred by AOF for previous financial year and may include AUIREL's reasonable estimates where information was not available as at the date of this document or where AUIREL was unable to determine the exact amount. AUIREL's estimate of the total gross estimated transaction costs of AUPF as at the date of this document, that will apply for the financial year following implementation of the Transaction (adjusted to reflect a 12 month period) is 0.35% of the GAV of AUPF. Transaction costs of 0.07% p.a. of the GAV of AOF were incurred by AOF for the financial year ending 30 June 2021.

Around the end of each financial year, where new transaction and operational costs information is not materially adverse, the updated information will be posted on our website www.australianunityofficefund.com.au and we will advise you in the next regular communication after the change. If there is a material change to these costs we will issue a supplementary disclosure. Please refer to Section 10 of this document for further information regarding tax.

10. Taxation Information

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8 November 2021

To The Members of the Australian Unity Diversified Property Fund
c/- The Directors of Australian Unity Property Limited as Responsible Entity for the Australian Unity Diversified Property Fund
271 Spring Street
Melbourne VIC 3000

Dear Members

Income tax, GST and stamp duty consequences of proposed merger with the Australian Unity Office Fund

We act for Australian Unity Property Limited in its capacity as Responsible Entity of the Australian Unity Diversified Property Fund ("**DPF**" and "**DPF Responsible Entity**") in relation to the proposed merger ("**Merger**") of DPF with the Australian Unity Office Fund ("**AOF**").

Our role in relation to this matter has included advising on certain income tax, GST and stamp duty aspects of the Merger**,** including:

- the proposed amendments to the Constitution for DPF to allow the DPF Responsible Entity to give effect to the Merger ("**Proposed Constitutional Amendments**");
- the structuring and implementation of the capped withdrawal facility ("**Withdrawal Facility**") that will be offered to certain members of DPF to allow those members to redeem their units in DPF prior to the Merger; and
- the implementation of the Merger itself.

A more detailed description of the Merger is set out in section 2.1 below.

We have been asked to opine on the Australian tax and duty implications of the Proposed Constitutional Amendments, the Withdrawal Facility and the Merger for the members of DPF ("**DPF Members**"), for the purposes of being included in the unitholder booklet that is to be provided to DPF Members in connection with the meeting of DPF Members that is being called to approve the Proposed Constitutional Amendments, Withdrawal Facility and the Merger.

The tax information contained in this letter assumes, in relation to DPF Members, that all DPF Members:

- hold their units in DPF on capital account for tax purposes;

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- are either not eligible to make, or have not made, an election under the rules relating to the taxation of financial arrangements in Division 230 of the ITAA 1997 that affects the Australian income tax treatment of their units in DPF; and
- if the DPF Member is a foreign resident for tax purposes (**DPF Foreign Member**), all units in DPF that they hold are not "taxable Australian property" for the DPF Foreign Member. This requires, amongst other things, that the DPF Foreign Members, in relation to their units in DPF:
  - do not pass the "non-portfolio interest" test in section 960-195 of the ITAA 1997 Act at the time that the Withdrawal Facility and the Merger are implemented, and any 12 month period that began no earlier than 24 months before that time and ended no later than that time. Satisfaction of this test further requires that the "direct participation interest" that the DPF Foreign Members, together with their associates, hold in DPF is 10% or more; and
  - did not use their DPF units at any time in carrying on a business through a permanent establishment in Australia.

We note that we have made various other assumptions regarding the DPF Members and the basis upon which they hold DPF units (see section 2.2 below). Please review that section carefully for the purposes of determining whether the observations set out in this letter are likely to apply to you in conjunction with your own tax professional adviser.

References in this letter to the "**ITAA 1997**" and the "**ITAA 1936**" are references to the *Income Tax Assessment Act 1997* (Cth) and the *Income Tax Assessment Act* 1936 (Cth), respectively.

1 Opinion

Based on our understanding of the background facts and the assumptions and qualifications that are set out in section 2 of this letter:

Income tax consequences

(a) the Proposed Constitutional Amendments should not result in a resettlement of DPF (i.e. the creation of a new trust) for Australian income tax purposes. Accordingly, no capital gain or loss should arise for DPF Members as a result of making the Proposed Constitutional Amendments;

(b) for those DPF Members who are Australian residents for tax purposes and are not DPF Foreign Members ("**DPF Resident Members**"):

(i) if the DPF Members participate in the Withdrawal Facility, the DPF Members should realise a CGT event C2 upon the redemption of their units in DPF under the Withdrawal Facility.

The amount of the capital gain or loss should be based on the difference between redemption proceeds received under the Withdrawal Facility and the DPF Members' "cost base" (in relation to a capital gain) or "reduced cost base" (in relation to a capital loss) of the DPF units redeemed.

We note that DPF Members who participate in the Withdrawal Facility should, in respect of their DPF units that are redeemed under the Withdrawal Facility, be attributed with capital gains from DPF in respect of those units redeemed. These capital gains reflect the DPF Members' share of the capital gains that are realised by DPF in disposing of its units in AOF to fund the Withdrawal Facility. These capital gains will be included in the

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"AMMA Statement" that is provided by DPF to the DPF Members in respect of the year ended 30 June 2022 in respect of the units redeemed under the Withdrawal Facility.

While the receipt of this AMMA Statement means that a DPF Member whose units are redeemed under the Withdrawal Facility are taxed on the capital gains that are attributed to them under the AMMA Statement, this attribution should entitle the DPF Member to an increase in the "cost base" or "reduced cost base" of their DPF units equal to the amount of the capital gains attributed when calculating the capital gain or loss made on the redemption of their DPF units under the Withdrawal Facility. This increase in the "cost base" or "reduced cost base" should effectively off set against the capital gains that are attributed to the DPF Member, by either reducing the capital gain made by the DPF Member on the redemption of their units, or by providing for the DPF Member to make a capital loss on the redemption.

These adjustments, being both the amount of capital gains attributed to DPF Members in respect of the units redeemed and the cost base adjustments that arise from this attribution, will be set out in the AMMA Statements that are issued by DPF in respect of the units redeemed under the Withdrawal Facility for the year ended 30 June 2022. It is anticipated that these adjustments should mean that the attribution of capital gains to DPF Members on the redemption of their units in the Withdrawal Facility should have no net impact on the capital gains tax position for a DPF Member whose units are redeemed under the Withdrawal Facility; and

(ii) if the Merger proceeds and the DPF Member did not participate in the Withdrawal Facility, their DPF units will, under the Merger, be exchanged for units in AOF, which will be renamed at that time as the Australian Unity Property Fund (**AUPF**). The exchange results in a CGT event A1 in respect of each DPF unit as DPF Members will have disposed of their DPF Units to AOF.

Subject to the CGT rollover relief referred to below, DPF Members should, prima facie, make a capital gain or loss on the disposal of their units in DPF in exchange for AUPF units under the Merger based on the difference between the market value of the AUPF units that they receive under the Merger and the "cost base" or "reduced cost base" of their units in DPF.

However, certain DPF Members should be entitled to elect for scrip-for-scrip rollover relief under subdivision 124-M of the 1997 Act to apply to the transfer of their DPF units to the responsible entity of AOF ("**AOF Responsible Entity**").

DPF Members who would otherwise make a capital gain on the disposal of their units in DPF in exchange for AUPF units under the Merger should be eligible to elect for scrip-for-scrip rollover relief to apply to this exchange.

DPF Members who are eligible to elect for scrip-for-scrip rollover relief to apply to a capital gain derived on the exchange of their DPF units for AUPF units should, if they choose to apply the roll-over relief:

(A) disregard the capital gain they make on the transfer of their DPF units to the AOF Responsible Entity under the Merger;

(B) obtain a "first element" in the "cost base" or "reduced cost base" in the AUPF units that they are issued under the Merger that is equal to the "cost base" or "reduced cost

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base" in the DPF Units that they transferred to the AOF Responsible Entity under the Merger; and

(C) are taken to have acquired the AUPF units that they receive under the Merger at the time at which they acquired the DPF units that they disposed of under the Merger in order to receive the AUPF units, for the purposes of determining the DPF Members' eligibility for the capital gains tax discount on any subsequent capital gain or loss made on the AUPF units they receive under the Merger.

DPF Members who are not eligible for scrip-for-scrip rollover relief or who do not elect for scrip-for-scrip rollover relief to apply should:

(A) make a capital gain or loss on the transfer of their DPF units to AOF under the Merger, as described above;

(B) if a capital gain is made, the DPF Member may be entitled to the capital gains tax discount in respect of this capital gain, depending on their tax profile and whether they held their DPF units for at least 12 months prior to the implementation date of the Merger; and

(C) obtain a "cost base" or "reduced cost base" in the AUPF units that they are issued under the Merger equal to the "market value" of the DPF units that they transferred to the AOF Responsible Entity under the Merger at the time the Merger occurred; and

(c) for those DPF Members who are not Australian residents for tax purposes, i.e. "DPF Foreign Members, no capital gains or losses should arise in respect of their dealings in their DPF units in DPF under either the Withdrawal Facility or the Merger.

This is on the basis that any capital gains or losses made on their dealings in their DPF Units should be disregarded on the basis that their DPF Units should not be "taxable Australian property", such that the exemption from capital gains tax in Division 855 of the 1997 Act should be available to DPF Foreign Members.

GST consequences

(d) No GST consequences should arise for DPF Members in respect of the Proposed Constitutional Amendments, the Withdrawal Facility or the implementation of the Merger;

Stamp duty consequences

(e) No stamp duty consequences should arise for DPF Members in respect of the Proposed Constitutional Amendments or in respect of the Withdrawal Facility;

(f) DPF members will not incur any brokerage or stamp duty directly by transferring all of their DPF units to AOF as part of the Merger; and

(g) The implementation of the Merger is expected to give rise to stamp duty, however, this will be paid by the AOF Responsible Entity in its capacity as such.

2 Background facts, assumptions and qualifications

2.1 Background facts

Our advice, as set out in this letter, has been prepared on the basis of the following understanding of how the Proposed Constitutional Amendments, Withdrawal Facility and Merger will be undertaken:

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(a) DPF is an Australian unit trust that is an unlisted registered managed investment scheme for the purposes of the *Corporations Act* 2001 (Cth).

(b) AOF is an Australian unit trust that is registered managed investment scheme for the purposes of the *Corporations Act* 2001 (Cth). Units in AOF are currently listed for trading on the ASX.

(c) The current DPF Constitution does not provide the DPF Responsible Entity with the requisite powers to implement the Withdrawal Facility and the Merger. Accordingly, the DPF Responsible Entity is proposing that the DPF Constitution be amended to allow for the Withdrawal Facility and the Merger to be implemented.

(d) As the Withdrawal Facility and the Merger involve changes being made to the DPF Constitution, the approval of the DPF Members is required.

(e) If approved, the following will occur:

(i) first, the DPF Responsible Entity will adopt the Proposed Constitutional Amendments;

(ii) second, at some after the time at which the Proposed Constitutional Amendments are made but before the date on which the Merger is implemented, DPF will give effect to the redemptions of units that it is accepting from DPF Members under the Withdrawal Facility. This will, in relation to DPF Members, involve those units being redeemed and cancelled by the DPF Responsible Entity, and the redemption proceeds being paid out to the DPF Members.

The Withdrawal Facility will be funded through the DPF Responsible Entity selling the AOF units that it holds to Australian Unity Strategic Holdings Pty Ltd prior to the time at which the Merger is undertaken. As a result, the DPF Responsible Entity will determine for the capital gains that it will make on the sale of those units to be attributed to the DPF Members whose DPF units are redeemed under the Withdrawal Facility on a proportionate basis, based on the number of units redeemed; and

(iii) thirdly, the Merger will be given effect. Under the Merger, the DPF units held by DPF Members will be transferred to the AOF Responsible Entity. In exchange, the DPF Members will be entitled to be issued with units in AUPF (i.e. the renamed AOF) based on the agreed ratio for the Merger of 0.455 units in AOF for each DPF unit transferred (“**Merger Ratio**”).

For those DPF Members that are determined to be “foreign” for the purposes of the Merger (“**Foreign Scheme Participants**”), those Foreign Scheme Participants will, through the mechanism provided for under the Proposed Constitutional Amendments:

(A) direct the AOF Responsible Entity to issue the AUPF units which the Foreign Scheme Participants to a nominee (“**Foreign Scheme Participant Nominee**”);

(B) direct the Foreign Scheme Participant Nominee to sell the AUPF units on behalf of the Foreign Scheme Participants; and

(C) ultimately be paid the net proceeds of the sale of the AUPF units on their behalf by the Foreign Scheme Participant Nominee through the AUPF registry operator.

2.2 Assumptions

In reaching the conclusions stated in this letter, we have made the following assumptions:

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(a) DPF and AOF are both resident trusts within the meaning of section 995-1 of the ITAA 1997;

(b) DPF and AOF are not, and have never been, "public trading trusts" for the purposes of Division 6C of Part III of the ITAA 1936 prior to the Merger being implemented;

(c) both DPF and AOF will be "attribution managed investment trusts" for the year of income ending 30 June 2022, being the year of income in which the Merger will occur, such that DPF and AOF will be treated as "fixed trusts" for Australian income tax purposes (i.e. entities will be treated as having fixed entitlements to all of the income and capital of DPF and AOF) when the Merger occurs;

(d) all DPF Members acquired their DPF units on or after 20 September 1985;

(e) no DPF Members will be a "significant stakeholder" or "common stakeholder" in connection with the Merger for the purposes of the scrip-for-scrip rollover relief provisions in subdivision 124-M of the ITAA 1997. This will be the case if both DPF and AOF have more than 300 beneficiaries at the time the Merger is undertaken, and DPF and AOF do not breach the concentrated ownership provisions in section 124-810 of the ITAA 1997; and

(f) the AOF Responsible Entity will not elect, under section 124-795(4) of the ITAA 1997, for scrip-for-scrip rollover relief under subdivision 124-M of the ITAA 1997 to not apply in connection with the Merger.

2.3 Qualifications

Our advice, as set out in this letter, has been prepared based on and subject to the following qualifications:

(a) this letter is addressed to the addressees and may not, without our prior written consent, be relied on by another person;

(b) this letter has been prepared based on Australian tax and stamp duty laws and administrative practice that is publicly available as at the date of this letter;

(c) this letter is limited to the matters that are specifically considered within it, and does not apply, by implication or otherwise, to any other matters;

(d) we have not considered and this letter does not address or consider any legal, tax or duty consequences other than those specifically covered in this letter. This includes, for example, the tax or duty consequences associated with dealings in AOF units after the Merger occurs;

(e) this letter does not address or consider the potential impact of any future changes in the law on DPF Members;

(f) we do not make any statement regarding the Unitholder Booklet or the materials being provided to DPF Members more generally that this letter forms a part of;

(g) the statements made and opinions in this letter are based on the knowledge of those partners and solicitors who have prepared this letter and who have acted for the DPF Responsible Entity in relation to the matters described in this letter. We have not made any enquiries of other partners or solicitors of the firm who may have knowledge in the course of acting on other matters, the DPF Responsible Entity, entities associated with the DPF Responsible Entity or for other clients of the firm.

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Yours faithfully

King & Wood Mallesons

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11. Additional information

11.1 Relevant interests of DPF RE Directors

As at the date of this DPF Booklet:

- Darren Mann holds 2,500 AOF Units; and
- except for Darren Mann's holding of AOF Units, the DPF RE Directors do not have Relevant Interests in any DPF Units or AOF Units.

11.2 Pre-transaction benefits

(a) Benefits in connection with retirement from office

No payment or other benefit is proposed to be made or given to any director, company secretary or executive officer of DPF RE (or its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in DPF RE or any of its Related Bodies Corporate in connection with the Proposal.

(b) DPF RE Directors' interests in agreements or arrangements relating to the Proposal

Except as disclosed in this DPF Booklet:

- no member of the DPF RE Board has any other interest in a contract entered into by AOF RE;
- there are no contracts or arrangements between a member of the DPF RE Board and any person in connection with or conditional upon the outcome of the Proposal; and
- no member of the DPF RE Board has a material interest in relation to the Proposal.

11.3 Consideration provided by AOF RE and associates for DPF Units during previous four months

AOF RE and its Associates have not acquired any DPF Units during the four months before the date of this DPF Booklet.

11.4 Benefits to induce

Other than as set out in the DPF Booklet, none of AOF RE or any of its Associates have given or offered to give or agreed to give any benefit to any person during the four months before the date of this DPF Booklet where that benefit:

- was not offered to all members under the Proposal; and
- was likely to induce the person, or an Associate, to vote in favour of the Proposal or dispose of DPF Units.

11.5 AOF RE relevant interests and voting power as a result of the Proposal

As a result of the Proposal, AOF RE will acquire a relevant interest, and voting power, in 100% of the DPF Units.

11.6 Relevant interests and voting power of AOF RE's associates as a result of the Proposal

As at the date of this DPF Booklet, Associates of AOF RE had no voting power in respect of DPF.

11.7 DFF RE unitholding in AOF

At the date of this DPF Booklet, DPF RE holds a 5.9% interest in AOF.

As noted in Section 3.12, if the Proposal becomes Effective, DPF intends to sell the units in AOF that it holds to AUSH, an entity wholly owned within the AUL Group, and use the proceeds of that sale to fund the Capped Withdrawal Facility. For details of the AUL Group's expected holdings in AUPF following implementation of the Proposal see Section 7.9.

Tax implications for DPF Unitholders of this sale are set out in Section 3.12 and discussed in the letter from King & Wood Mallesons in Section 10.

11.8 Limited Base Management fee rebate

A 30% discount to DPF's base management fee (**BMF Discount**) has previously been offered by AUPL to DPF Unitholders who applied for DPF Units under DPF's Product Disclosure Statement dated 8 October 2020 (**BMF Discount Offer PDS**).

If the Proposal is implemented, all DPF Unitholders will benefit from a materially improved and simplified fee structure, with each respective fee currently payable by DPF Unitholders either reduced or eliminated. In particular, AUPF's base management fees are 5-10 basis points (or 8-15%) less than DPF standalone[67], and there will also be no performance fees or acquisitions fees. There are no retirement/removal fees associated with DPF RE if the proposal proceeds.

In light of the improvements in the AUPF fees (relative to DPF), and the terms of the BMF Discount which provide that the BMF Discount will terminate in the event of transfer of DPF Units prior to 31 December, the BMF Discount will be discontinued should the Proposal become Effective.

However, a one-off payment will be made (**BMF Termination Payment**) from AUPL to those DPF Unitholders who:

- hold DPF Units which are eligible for the BMF Discount as at the Proposal Record Date; and
- do not participate in the Capped Withdrawal Facility in respect of those participating DPF Units.

The BMF Termination Payment is expected to be paid by AUPL in the quarter ending March 2022 to those eligible DPF Unitholders, with the quantum of the BMF Termination Payment calculated having regard to:

- the date at which the DPF Unitholder acquired the relevant DPF Units for which the BMF Discount applies, and with the investment assumed to be held until 31 December 2022;
- the number of DPF Units for which the BMF Discount applies; and
- DPF's GAV as at 30 June 2021.

There may also be tax consequences associated with receiving the BMF Termination Payment. DPF Unitholders who are eligible to receive this payment are advised to seek their own independent professional tax advice regarding the tax treatment of this payment.

11.9 Summary of the Merger Implementation Deed

A summary of the key terms of the Implementation Deed is provided below:

Topic	Summary
Parties	DPF RE and AOF RE.
Conditions Precedent and status	The Proposal is subject to a number of Conditions Precedent, comprising: (a) (**FIRB**) no objections to the Proposal from FIRB at or by 8.00am on the day of hearing the application for the Second Judicial Advice. **Status:** AOF RE has applied to FIRB seeking a no objection notification in respect of the acquisition of the DPF Units pursuant to the Proposal. (b) (**Regulatory approvals**) all regulatory approvals (being ASIC relief and ASX waivers) required to implement the Proposal are granted. **Status:** AOF RE and DPF RE have applied to ASIC for ASIC relief in connection with the Proposal. Further details are set out in Section 11.13. (c) (**AOF Unitholder Resolutions**) AOF Unitholders approving the AOF Unitholder Resolutions. **Status:** The meeting of AOF Unitholders is scheduled to be held on 10 December 2021. (d) (**DPF Unitholder Resolution**) DPF Unitholders approving the DPF Unitholder Resolution. **Status:** The Meeting will be held on 10 December 2021. (e) (**AOF Independent Expert**) the independent expert appointed by AOF determines that the Proposal is in the best interests of AOF Unitholders. **Status:** Satisfied at the date of this DPF Booklet. (f) (**DPF Independent Expert**) the Independent Expert determines that the Proposal is in the best interests of DPF Unitholders. **Status:** Satisfied at the date of this DPF Booklet.

67. Depending on gross asset value.

Topic	Summary
Conditions Precedent and status (continued)	(g) (**Judicial advice**) the Court grants the Second Judicial Advice. **Status:** The Second Judicial Advice will be sought on or around 15 December 2021**.** (h) (**No restraints**) as at 8.00am on the Effective Date, no temporary restraining order, preliminary or permanent injunction or other legal restraint or prohibition restraining of prohibiting the Proposal, which has been enacted, enforced or issued by a Government Authority, is in effect. **Status:** As at the date of this DPF Booklet, neither DPF RE nor AOF RE is aware of anything that will cause this Condition Precedent not to be satisfied. (i) (**DPF material adverse change**) no material adverse change with respect to DPF occurs prior to the Effective Date. **Status:** As at the date of this DPF Booklet, neither DPF RE nor AOF RE is aware of anything that will cause this Condition Precedent not to be satisfied. (j) (**AOF material adverse change**) no material adverse change with respect to AOF occurs prior to the Effective Date. **Status:** As at the date of this DPF Booklet, neither DPF RE nor AOF RE is aware of anything that will cause this Condition Precedent not to be satisfied. (k) (**DPF prescribed occurrence**) no prescribed occurrence occurs (including conversion of units and capital reductions that are not contemplated by the Proposal) with respect to DPF. **Status:** As at the date of this DPF Booklet, neither DPF RE nor AOF RE is aware of anything that will cause this Condition Precedent not to be satisfied. (l) (**AOF prescribed occurrence**) no prescribed occurrence occurs (including conversion of units and capital reductions that are not contemplated by the Proposal) with respect to AOF. **Status:** As at the date of this DPF Booklet, neither DPF RE nor AOF RE is aware of anything that will cause this Condition Precedent not to be satisfied. (m) (**ASX quotation**) ASX approval for official quotation of the new AUPF Units on the ASX. **Status:** AOF RE will make application to the ASX for quotation of the new AUPF Units within seven days after the date of this DPF Booklet. (n) (**Change of control consent**) counterparties to specific key contracts (as agreed between DPF RE and AOF RE) providing to DPF all necessary consents, approvals, exemptions or waivers in respect of the Proposal in a form satisfactory to AOF RE. **Status:** As at the date of this DPF Booklet, neither DPF RE nor AOF RE is aware of anything that will cause this Condition Precedent not to be satisfied.
Proposal Consideration	In consideration for the transfer of all DPF Units to AOF RE pursuant to the Proposal, AOF RE will be required to issue DPF Unitholder Participants with 0.4550 AUPF Units for each DPF Unit held by the DPF Unitholder at the Proposal Record Date.
DPF RE Board recommendations and intentions	DPF RE is required to procure that the DPF RE Board maintains its recommendation that DPF Unitholders vote in favour of the Proposal resolutions in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Proposal is in the best interests of DPF Unitholders. The DPF RE Board may withdraw, modify or qualify its recommendation if the DPF RE Board no longer considers the Proposal to be in the best interests of DPF Unitholders. DPF RE is required to procure that each director of DPF RE who holds DPF Units, or has control over voting rights attaching to DPF Units, votes in favour of the Proposal, unless the director no longer considers the Proposal to be in the best interests of DPF Unitholders.

Topic	Summary
AOF RE Board recommendations and intentions	AOF RE is required to procure that the AOF RE Board maintains its recommendation that AOF Unitholders vote in favour of the AOF Unitholder Resolutions in the absence of a superior proposal and subject to the independent expert appointed by AOF RE concluding that the Proposal is in the best interests of AOF Unitholders. The AOF RE Board may withdraw, modify or qualify its recommendation if the AOF RE Board no longer considers the Proposal to be in the best interests of AOF Unitholders. AOF RE is required to procure that each director of AOF RE who holds AOF Units, or has control over voting rights attaching to AOF Units, votes in favour of the AOF Unitholder Resolutions, unless the director no longer considers the AOF Unitholder Resolutions to be in the best interests of AOF Unitholders.
Termination rights	**Mutual termination rights** Either DPF RE or AOF RE may terminate the Merger Implementation Deed if: • (**Conditions Precedent**) the Conditions Precedent are not satisfied or waived (as applicable); • (**Material breach**) the other party is in material breach of its obligations under the Merger Implementation Deed, which breach is not remedied within 5 Business Days of receiving notice of breach; • (**Not Effective**) the Proposal has not become Effective on or before the End Date; • (**No approval by DPF Unitholders**) the requisite majority of DPF Unitholders do not approve the DPF Unitholder Resolution; or • (**No approval by AOF Unitholders**) the requisite majorities of AOF Unitholders do not approve the AOF Unitholder Resolutions. **AOF RE termination rights** AOF RE may terminate the Merger Implementation Deed if: • the DPF RE Board (by majority) withdraws or adversely changes or modifies its recommendation that DPF Unitholders vote in favour of the DPF Unitholder Resolution; or • the DPF RE Board (by majority) makes a public statement to the effect that it no longer recommends that DPF Unitholders approve the DPF Unitholder Resolution or that it supports a Superior Proposal. **DPF RE termination rights** DPF RE may terminate the Merger Implementation Deed if: • the AOF RE Board (by majority) withdraws or adversely changes or modifies its recommendation that AOF Unitholders vote in favour of the AOF Unitholder Resolutions; or • the AOF RE Board (by majority) makes a public statement to the effect that it no longer recommends that AOF Unitholders approve the AOF Unitholder Resolutions or that it supports a superior proposal.
Break fee	The Merger Implementation Deed does not provide for the payment of any break fee.
Representations, warranties and indemnities	Under the Merger Implementation Deed, the parties have given certain representations and warranties which are customary for a deed of this type. The liability of each of DPF RE and AOF RE arising under or in connection with the Merger Implementation Deed is limited to the amount that DPF RE or AOF RE, as the case may be, actually receives in the exercise of its right of indemnity from trust property.

11.10 Summary of the Deed Poll

A summary of the key terms of the Deed Poll executed by AOF RE in relation to the Proposal is provided below. A copy of the Deed Poll is set out in full in Annexure C.

Topic	Summary
Executed by	AOF RE
In favour of	DPF Unitholders
Covenants	AOF RE covenants in favour of DPF Unitholders to observe and perform all obligations contemplated of it under the Proposal, including, without limitation, the obligation to provide the Proposal Consideration in accordance with the terms of the Proposal.
Conditions precedent	The obligations of AOF RE under the Deed Poll are subject to the Proposal becoming Effective.
Termination	The Deed Poll terminates automatically upon the termination of the Merger Implementation Deed or if the Proposal is not Effective on or before the End Date.

11.11 Summary of the Supplemental Deed Poll

A summary of the proposed amendments to the DPF Constitution, which would facilitate the Proposal and which are the subject of the DPF Unitholder Resolution, is provided below. A full copy of the proposed amendments to the DPF Constitution is contained in the Supplemental Deed Poll in Annexure D.

Topic	DPF Summary
Parties	DPF RE will execute the document as a deed poll.
Implementation of the Proposal	Provides for the implementation of the Proposal, including: (a) requiring all DPF Unitholder Participants and DPF RE to do all things necessary to give full effect to the Proposal (and binding them to do so); and (b) allowing DPF RE and AOF RE to do anything permitted by the Supplemental Deed Poll, including where they have an interest in the outcome (subject to the Corporations Act).
Entitlement to Proposal Consideration	DPF Unitholder Participants are entitled to consideration for the transfer of their DPF Units to AOF RE.
Amount of Proposal Consideration	The consideration to be given in exchange for DPF Units will be an entitlement to be issued AUPF Units calculated in accordance with the following formula: Number of AUPF Units = 0.4550 x Number of DPF Units held by the DPF Unitholder Participant on the Proposal Record Date. This entitlement will be satisfied in the following way: (a) for DPF Unitholder Participants that are not Foreign DPF Unitholders, the issue of AUPF Units to the DPF Unitholder Participant; and (b) for DPF Unitholder Participants that are Foreign DPF Unitholders for whom DPF RE will elect, on their behalf, for their entitlement to AUPF Units to be sold through the Foreign Sale Facility, having those AUPF Units be issued to AUIREL and sold on their behalf under the Foreign Sale Facility. The amount which will ultimately be provided to Foreign DPF Unitholders will be a proportion of the proceeds of sale under the Foreign Sale Facility, derived from the number of AUPF Units issued to AUIREL that are referable to the Foreign DPF Unitholder in accordance with the formula above. Fractional entitlements will be rounded down to the nearest whole number of units.

Topic	DPF Summary
Provision of Proposal Consideration	On the Implementation Date, AOF RE will issue the AUPF Units, the entitlement to which is the Proposal Consideration, in accordance with the above calculations, either to each DPF Unitholder or, for Foreign DPF Unitholders, to AUIREL at their direction. AOF RE must procure a securities certificate, holding statement or allotment confirmation be issued to DPF Unitholder Participants (other than Foreign DPF Unitholders who have directed that their AUPF Units be issued to AUIREL) within 5 Business Days of the Implementation Date.
Instructions and elections to be applied to AUPF Units	To the extent permitted by law, the following binding instructions, notifications, consents or elections made by each DPF Unitholder Participant to DPF RE in relation to DPF or the DPF Units will be deemed from the Implementation Date to be made by the DPF Unitholder Participant to AOF RE in relation to any AUPF Units held: • whether distributions or dividends are to be paid by cheque or into a specific account; • currency elections; and • the method for receiving notices or other communications (including by email or other electronic platform).
Title and rights in DPF Units	AOF RE will be beneficially entitled to the DPF Units upon the payment of the Proposal Consideration, pending its registration in the Register as the holder of the DPF Units.
Transfer and registration of the DPF Units	On the Implementation Date, after the Proposal Consideration has been provided, all DPF Units will be transferred by DPF RE to AOF RE, without any further act by the DPF Unitholder Participants. After transfer forms are received from AOF RE, DPF RE must enter the name of AOF RE in the Register in respect of all DPF Units.
Transfers to be free of encumbrances	The transfer of all DPF Units is expressly required (to the extent permitted by law), to be vested in AOF RE and must be free from all encumbrances, third party interests and restrictions on transfer of any kind unless otherwise referred to in the Proposal.
Warranty given to AOF RE	Each DPF Unitholder Participant warrants to AOF RE that all their DPF Units held as at the date of the transfer will be fully paid and free from encumbrances, and that they have the full power and capacity to sell and transfer their DPF Units.
Irrevocable agreements by the DPF Unitholder Participants and the Foreign DPF Unitholders	Under the Proposal, the DPF Unitholder Participants irrevocably: • acknowledge that they and DPF RE are bound by the DPF Constitution clauses as inserted by the Supplemental Deed Poll; • agree to the transfer of their DPF Units, and to any variation, cancellation or modification of rights attached to their DPF Units resulting from the Proposal; • agree to destroy unit certificates on direction of AOF RE; • agree to provide information reasonably required for DPF RE to comply with law; and • consent to DPF RE and AOF RE doing all things necessary (including execution of transfers and other documents) to give full effect to the Proposal.
Appointment of AOF RE as sole proxy	Each DPF Unitholder Participant appoints AOF RE (and its directors from time to time) as its sole proxy or corporate representative in respect of attending and voting at DPF Unitholder meetings, and, if they remain registered holders of DPF Units, they must act as AOF RE directs and must not attend or vote at meetings or sign resolutions. The appointment is made by DPF RE as attorney and agent of each of them. This applies, subject to the provision of Proposal Consideration, from the Implementation Date until AOF RE is registered as the holder of all DPF Units.

Topic	DPF Summary
Foreign Sale Facility for Foreign DPF Unitholders	Provisions are inserted to govern and facilitate a Foreign Sale Facility in respect of DPF Units held by Foreign DPF Unitholders. AOF RE must not, at the direction of these Foreign DPF Unitholders, issue any AUPF Units to Foreign DPF Unitholders and must instead issue them to AUIREL, and procure that the Sale Agent sells them in the ordinary course of trading on the ASX at the risk of the Foreign DPF Unitholders, and pay the proceeds (net of all costs) to the Foreign DPF Unitholders proportionate to the number of AUPF Units that they would otherwise have been issued.
Unclaimed monies	Any amount payable under the Proposal which becomes 'unclaimed monies' as defined in the *Unclaimed Money Act 1995* (NSW) (**Unclaimed Money Act**), will be subject to the Unclaimed Money Act.
Withholdings	AOF RE may deduct and withhold any consideration that would otherwise be payable if it determines that it is required to do so by law, a court order or a regulatory authority. Such amounts are treated as having been paid to the DPF Unitholder Participant. AOF RE must provide a receipt of payment if requested.
Court orders and orders of a regulatory authority	If AOF RE, the Unit Registry or the AOF unit registry receive written notice, from a court or other regulatory authority, requiring any Proposal Consideration or Foreign Sale Facility proceeds to be given or paid to a person other than the relevant DPF Unitholder Participant, then AOF RE is entitled to comply with the order and, if that involves issuing Proposal Consideration to or paying money to somebody else, then doing so will discharge the obligation to the relevant DPF Unitholder Participant. If AOF RE, the Unit Registry or the AOF unit registry receives written notice of an order, direction or notice from a court or regulatory authority that prevents it from providing consideration, or if payment is prohibited by law, AOF RE is entitled to refrain from issuing AUPF Units or remitting proceeds of sale as required by the law or direction.
Determination of scheme units	The Register and any registrable transmission applications or transfers in registrable form received on or before the Effective Date will determine the persons that hold DPF Units on the Proposal Record Date (and who therefore is a DPF Unitholder Participant and a Foreign DPF Unitholder) and entitlement to the Proposal Consideration.
Maintenance of Register	DPF RE will maintain the Register until Proposal Consideration has been provided and AOF RE has been entered in the Register as the holder of all DPF Units. The Register will solely determine entitlements to Proposal Consideration.
Certificates and holding statements	Statements of holding will cease to have effect as documents of title after the Proposal Record Date unless they are in favour of AOF RE. After the Proposal Record Date, each entry on the Register, other than those for AOF RE, will have effect only as evidence of entitlement to Proposal Consideration..
No disposal after Effective Date	Any disposal by DPF Unitholders of DPF Units after the Effective Date will be void, unless disposed of in accordance with the Proposal. DPF RE will not recognise any transfers after the Effective Date except pursuant to the Proposal.
Power of attorney	Each DPF Unitholder Participant irrevocably appoints DPF RE as its attorney and agent to execute documents related to the Proposal, agree to be bound by the AOF Constitution, and to enforce the Deed Poll against AOF RE.
Joint holders	For DPF Units held in joint names, payments and documents will be sent, at the sole direction of DPF RE, to the DPF Unitholder Participant whose name appears first in the Register at the Proposal Record Date, or to the joint holders. AUPF Units will be issued to the joint holders.
Stamp duty	AOF RE will pay all stamp duty payable in respect of the Proposal.

Topic	DPF Summary
Limitation of liability	DPF RE is not liable for any loss or damage arising pursuant to the Proposal except due to its fraud, gross negligence or wilful default. AOF RE is not liable, beyond the extent to which it is indemnified out of the assets of the AOF, for any loss or damage arising pursuant to the Proposal except due to its fraud, gross negligence or wilful default.
No liability when acting in good faith	DPF and AOF REs and their directors, officers, employees or associates will not be liable for any act or omission in performance of the Proposal in good faith.

11.12 DPF Unitholder Resolution

The amendments proposed to be made to the DPF Constitution in order to implement the Proposal as contemplated by the DPF Unitholder Resolution are set out in full in Annexure D of this DPF Booklet.

11.13 Regulatory consents

ASX waivers and confirmations

AOF RE has received confirmations from the ASX in relation to the following ASX Listing Rules as they apply to AOF:

(a) confirmation that ASX does not require compliance with ASX Listing Rule 11.1.2 (to obtain AOF Unitholder approval) or ASX Listing Rule 11.1.3 (to meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if applying for admission to the official list) in connection with the Proposal; and

(b) confirmation under ASX Listing Rule 15.1 that ASX does not object to the draft AOF Booklet.

AOF Unitholder Resolutions for the purposes of ASX Listing Rules 7.1 and 10.11 will be considered and voted on by AOF Unitholders at a meeting of AOF Unitholders scheduled on 10 December 2021.

ASIC relief

DPF RE and AOF RE have applied for the following ASIC relief in connection with the Proposal. ASIC has granted the ASIC relief other than the relief referred to in the last row of the table below in respect of which ASIC has provided an in-principle decision that it will grant the relief sought.

Applicable law	Relief request
Division 5A of Part 7.9 of the Corporations Act	**Unsolicited offer** allow AOF RE to make an offer to acquire all the units in DPF.
Division 2 of Part 7.7 of the Corporations Act	**Financial services guide** does not apply so as to require DPF RE or AOF RE to provide unitholders of DPF with a financial services guide.
Subsection 1016A(2) of the Corporations Act and ASIC Corporations (Application Form Requirements) Instrument 2017/241	**Application form** allow Proposal Consideration to be issued without an application form.
Sections 1013B(1) and 1015C of the Corporations Act, and ASIC Corporations (Capital Reductions and Reconstructions—Technical Disclosure Relief) Instrument 2017/242	**PDS requirements** remove the requirement that the PDS to be issued by AOF RE as responsible entity of AOF be titled ‘Product Disclosure Statement’ and to make it clear that distribution of the PDS to a DPF Unitholder’s registered address constitutes giving the PDS to that person.

Applicable law	Relief request
Subsection 601FC(1)(d) of the Corporations Act	**Equal treatment** allow certain Foreign DPF Unitholders to be excluded from receiving Proposal Consideration.
Section 1020B of the Corporations Act as modified by ASIC Corporations (Short Selling) Instrument 2018/745	**Short selling** allow deferred settlement trading of units in AOF on the ASX.
Section 601ED, Divisions 2 to 5 of Part 7.9 and Section 911A of the Corporations Act	**Managed investment provisions, AFS licensing provisions and product disclosure provisions** Relief from: • requiring the Foreign Sale Facility to be registered as a managed investment scheme; • requiring an Australian financial services licence; and • complying with disclosure obligations.

FIRB approval

AOF RE has applied to FIRB seeking a no objection notification in respect of AOF RE's acquisition of the DPF Units pursuant to the Proposal. AOF RE will make an ASX announcement once the outcome of AOF RE's FIRB application is known.

11.14 Summary of First Judicial Advice and Second Judicial Advice hearing

At the First Judicial Advice hearing on 11 November 2021, the Court made orders that DPF RE would be justified in:

(a) convening a meeting of DPF Unitholders to consider, and if thought fit, approve the DPF Unitholder Resolution;

(b) distributing the DPF Booklet; and

(c) proceeding on the basis that the proposed amendments to the DPF Constitution would be within the powers of alteration conferred by section 601GC of the Corporations Act.

The Second Judicial Advice hearing is expected to take place on 15 December 2021 at the Supreme Court of New South Wales (or virtually, as required in accordance with any COVID-19 related requirements or recommendations). See the 'Important Notices' section of this DPF Booklet for further information. Any DPF Unitholder may appear at the Second Judicial Advice hearing.

Any DPF Unitholder who wishes to oppose the Second Judicial Advice at the Second Judicial Advice hearing may do so by filing with the Court and serving on DPF RE a notice of appearance in the prescribed form together with any affidavit that the DPF Unitholder proposed to rely on.

The address for service is: King & Wood Mallesons, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Attention: Alexander Morris.

11.15 Consents to be named

The following persons have given, and have not, before the date of issue of this DPF Booklet, withdrawn their consent to be named in this DPF Booklet in the form and the content in which they are named:

(a) AOF RE

AOF RE has given its written consent to the inclusion of the AOF RE Information, and the references to that information in the form and context in which it is included in this DPF Booklet and has not, before the date of issue of this DPF Booklet, withdrawn such consent.

(b) Deloitte Corporate Finance Pty Limited as the Independent Expert

Deloitte Corporate Finance Pty Limited, as the Independent Expert, has given its written consent to the inclusion of the Independent Expert's Report in Annexure B of this DPF Booklet, and references to the Independent Expert's Report in the form and context in which they are included in this DPF Booklet and has not, before the date of issue of this DPF Booklet, withdrawn such consent.

(c) PricewaterhouseCoopers Securities Ltd as investigating account

PricewaterhouseCoopers Securities Ltd as investigating accountant has given its written consent to the inclusion of the Investigating Accountant's Reports in Annexure E of this DPF Booklet, and references to the Investigating Accountant's Reports in the form and context in which they are included in this DPF Booklet and has not, before the date of this DPF Booklet, withdrawn such consent.

(d) King & Wood Mallesons as taxation adviser

King & Wood Mallesons as taxation adviser has given its written consent to the inclusion of the Taxation Information in Section 10 of this DPF Booklet, and references to the Taxation Information in the form and context in which they are included in this DPF Booklet and has not, before the date of issue of this DPF Booklet, withdrawn such consent.

(e) Iress as the Unit Registry

(f) King & Wood Mallesons as legal adviser to DPF RE

(g) MinterEllison as legal adviser to AOF RE

(h) Evans and Partners Pty Ltd as the Sale Agent

11.16 Discretions affecting the amount of consideration to acquire interests and payments for withdrawal

In accordance with ASIC Class Order [CO 13/657], AOF RE has prepared documents that record how AOF RE will exercise a discretion that affects either the amount of the consideration to acquire AOF Units or the terms of any payment arising from withdrawing from AOF. These documents are available from AOF RE at no charge by contacting the AOF Unitholder Information Line on 1300 158 729 (within Australia) or on +61 2 9066 4058 (outside Australia) between 9.00am and 5.00pm (AEDT) Monday to Friday.

11.17 Supplementary information to the DPF Booklet

To the extent required by the ASX Listing Rules, the Corporations Act or any other applicable law, DPF RE will issue a supplementary document to this DPF Booklet if it becomes aware of any of the following between the date of this DPF Booklet and the date of the Meeting:

(a) a material statement in this DPF Booklet is or becomes false or misleading;

(b) a material omission from this DPF Booklet;

(c) a significant change affecting a matter included in this DPF Booklet; or

(d) a significant new matter has arisen and it would have been required to be included in this DPF Booklet if it had arisen before the date of this DPF Booklet.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, DPF may circulate and publish the supplementary document by any or all of:

(a) placing an advertisement in a prominently published newspaper that is circulated in Australia;

(b) posting the supplementary document on DPF's website at www.australianunity.com.au/wealth/dpf; or

(c) issuing a supplementary document.

11.18 Changes to AOF Information

The AOF Information in this document is subject to change from time to time. Information that is not materially adverse information can be updated by AOF. Updated information can be obtained through AOF's website at www.australianunityofficefund.com.au/. Investors may request a paper copy of any updated information at any time, free of charge.

11.19 Complaints resolution

Should investors have any concerns or complaints, as a first step, please contact Australian Unity – Investor Services on 1300 997 774 and AOF RE will do its best to resolve this concern quickly and fairly. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678

In writing to: Australian Complaints Authority, GPO Box 3, Melbourne VIC 3001

11.20 Cooling off period

Cooling off rights do not apply to AUPF Units issued by AOF RE as they are (or are proposed to be) able to be traded on a financial market.

11.21 No other information

Other than as contained in this DPF Booklet, there is no information within the knowledge of any member of the DPF RE Board that is material to the making of a decision in relation to the Proposal to be voted on by DPF Unitholders, and that has not been previously disclosed to DPF Unitholders.

12. Glossary

The following is a glossary of certain terms used in this DPF Booklet.

AAS	Australian Accounting Standards.
AOF	Australian Unity Office Fund (ARSN 113 369 627).
AOF Booklet	the booklet dated 15 November 2021 prepared for AOF Unitholders, comprising a notice of meeting and explanatory memorandum for AOF Unitholders in relation to the AOF Unitholder Resolutions.
AOF Information	the information in this DPF Booklet which has been prepared by AOF RE for inclusion in this DPF Booklet and for which AOF RE is responsible, being the information in: (a) Section 1 concerning AOF, AOF RE and AUPF (comprising question 8 in Section 1.1, questions 1, 2, 3, 5 (in respect of AUPF fees only), 6 (in respect of AUPF distributions only), 7, 8 (in respect of AUPF only) and 9 (in respect of AUPF associated risks only) in Section 1.4, and question 5 in Section 1.6 in respect of AUPF transaction costs only); (b) Section 3.4 concerning AOF, AOF RE and AUPF (comprising Sections 3.4(c) (in respect of AUPF fees only), 3.13 and 3.15); (c) Section 4 concerning AOF, AOF RE and AUPF (comprising Sections 4.2, 4.10, 4.11 and 4.12); (d) Section 6; (e) Section 7 concerning AOF, AOF RE and AUPF (comprising Sections 7.1, 7.2 (in respect of AOF and AUPF information only), 7.3(b), 7.4 (to the extent it relates to 2-10 Valentine Avenue, Parramatta and 30 Pirie Street Adelaide), 7.5 (except for information provided by, or based on information provided by, DPF or DPF RE), 7.6, 7.7, 7.8, 7.9, 7.10 and 7.11); (f) Section 8 concerning AOF, AOF RE and AUPF (comprising Section 8.4 and Section 8.5 (as these relate to AOF and AUPF only)); (g) Section 9; (h) Section 11 concerning AOF, AOF RE and AUPF (comprising Sections 11.3, 11.4, 11.5, 11.6, 11.9 (in respect of the status of the conditions which relate to the responsibility or knowledge of AOF), 11.10, 11.13, 11.16, 11.18, 11.19 and 11.20); and (i) Section 12 to the extent the defined terms directly relate to AOF, AOF RE and AUPF.
AOF RE	Australian Unity Investment Real Estate Limited (ACN 606 414 368) in its capacity as responsible entity for AOF (and, in the context following implementation of the Proposal, in its capacity as responsible entity for AUPF).
AOF RE Board	the board of directors of AOF RE.
AOF RE Directors	the directors of AOF RE.
AOF Unit	a fully paid ordinary unit in AOF.
AOF Unitholder	each person who is registered as the holder of a AOF Unit in the AOF register (at the relevant time).
AOF Unitholder Resolutions	the following resolutions of AOF Unitholders: (a) an ordinary resolution of AOF Unitholders approving the proposed issue of AUPF Units to DPF Unitholders for the purposes of ASX Listing Rule 7.1; (b) an ordinary resolution of AOF Unitholders approving the proposed issue of AUPF Units to certain DPF Unitholders for the purposes of ASX Listing Rule 10.11; and (c) any other resolution of AOF Unitholders that are necessary to give effect to the Proposal.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in the Corporations Act.

ASX	ASX Limited or, as the context requires, the financial market conducted by it.
AUFML	Australian Unity Funds Management Limited (ACN 071 497 115).
AU Group Managed Entities	each member of the AUL Group and each fund, trust or other investment vehicle for which a member of the AUL Group acts as trustee or responsible entity.
AUIREL	Australian Unity Investment Real Estate Limited (ACN 606 414 368).
AUL	Australian Unity Limited (ACN 087 648 888).
AUL Group	AUL and all its subsidiaries (and a reference to "Australian Unity" in this DPF Booklet has the same meaning as AUL Group).
AUPF or Australian Unity Property Fund	the merged fund to be formed if the Proposal is implemented in accordance with this DPF Booklet.
AUPF Refinancing	the refinancing of the existing AOF debt facility to form a $600 million debt facility for AUPF.
AUPF Unit	a fully paid ordinary unit in AUPF (being the renamed AOF).
AUPF Unitholder	each person who is registered as the holder of an AUPF Unit in the AUPF register (at the relevant time).
AUPL	Australian Unity Property Limited (ACN 079 538 499).
AUPM	Australian Unity Property Management Pty Ltd (ACN 073 590 600).
AUSH	Australian Unity Strategic Holdings Pty Limited (ACN 006 803 050).
BMF Discount	has the meaning given to that term in Section 11.8 of this DPF Booklet.
BMF Discount Offer PDS	has the meaning given to that term in Section 11.8 of this DPF Booklet.
Business Day	has the meaning given in the ASX Listing Rules.
Capped Withdrawal Facility	the capped withdrawal facility with one-off increased withdrawal capacity to the Withdrawal Facility, up to a minimum of $24.8 million for redemptions prior to implementation of the Proposal, as described, and subject to the terms set out, in this DPF Booklet.
Capped Withdrawal Facility Booklet	the booklet titled 'Withdrawal Facility Booklet' that accompanies this DPF Booklet.
CBD	central business district.
Competing Proposal	any expression of interest, proposal, offer, transaction or arrangement by or with any person as a result of which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms: (a) a person other than AOF will: (i) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in, all or a substantial part of DPF; (ii) acquire a Relevant Interest in 50% or more of the DPF Units or otherwise acquire Control of DPF; or (iii) otherwise directly or indirectly acquire or merge with DPF or a substantial part of its assets or business, whether by way of takeover offer, trust scheme, unitholder approved acquisition, capital reduction, unit buy back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company or trust for DPF or other synthetic merger or any other transaction or arrangement; or (b) DPF would be required to abandon or otherwise fail to proceed with the Proposal.

Conditions Precedent	the conditions to the implementation of the Proposal summarised in Sections 3.8 and 11.9 of this DPF Booklet. For the avoidance of doubt, the Conditions Precedent include the AUPF Refinancing.
Control	has the meaning given by section 50AA of the Corporations Act.
Controlled Entity	in relation to a person, any entity which the person Controls.
Corporations Act	the *Corporations Act* 2001 (Cth).
Corporations Regulations	the *Corporations Regulations* 2001 (Cth).
Court	the Supreme Court of New South Wales or another court of competent jurisdiction agreed in writing by DPF RE and AOF RE.
Deed Poll	the deed poll in the form attached as Annexure C to this DPF Booklet.
DPF	Australian Unity Diversified Property Fund (ARSN 106 724 038).
DPF Booklet	this unitholder booklet dated 15 November 2021 prepared for DPF Unitholders, comprising: (a) a notice of meeting and explanatory memorandum (issued by DPF RE) in relation to the DPF Unitholder approvals required to implement the Proposal; and (b) a product disclosure statement (issued by AOF RE) in relation to the proposed issue of AUPF Units if the Proposal is implemented.
DPF Constitution	the constitution of DPF, as amended from time to time.
DPF RE	Australian Unity Property Limited (ACN 079 538 499) in its capacity as responsible entity for DPF.
DPF RE Board	the board of directors of DPF RE.
DPF RE Directors	the directors of DPF RE.
DPF Unit	a fully paid ordinary unit in DPF.
DPF Unitholder	each person who is registered as the holder of a DPF Unit in the Register (at the relevant time).
DPF Unitholder Participant	all DPF Unitholders as at the Proposal Record Date.
DPF Unitholder Resolution	Resolution 1 to be considered at the Meeting, as set out in the Notice of Meeting.
DPU	distribution per unit.
Effective	when the Proposal comes into effect, which will be when the Supplemental Deed Poll is executed and lodged with ASIC which will be as soon as practicable after the Second Judicial Advice Date but in any event, no later than 4.00pm on the first Business Day after that date, or such other date as DPF RE and AOF RE agree.
Effective Date	the date on which the Proposal becomes Effective (expected to be 16 December 2021).
End Date	31 March 2022 or such later date agreed by DPF RE and AOF RE in writing.
FFO	funds from operations.
FIRB	the Foreign Investment Review Board.
First Judicial Advice	the confirmation obtained by DPF RE from the Court confirming, amongst other things, that DPF RE would be justified in convening the Meeting.
First Judicial Advice Date	the date on which the First Judicial Advice was received.

Foreign DPF Unitholder	a DPF Unitholder whose address as shown on the Register as at the Proposal Record Date is in a place outside Australia and its external territories, New Zealand, and such other jurisdictions as DPF RE and AOF RE agree in writing or as may be required by ASIC.
Foreign Sale Facility	the Foreign Sale Facility described in section 4.10.
FY21	the financial year ending on 30 June 2021.
FY22	the financial year ending on 30 June 2022.
GAV	gross asset value.
Government Agency	any government or governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency or entity.
IASB	International Accounting Standards Board.
ICR	Interest Cover Ratio.
IFRS	International Financial Reporting Standards.
Implementation Date	means the date that the Proposal, is implemented, expected to be 22 December 2021.
Independent Expert	Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127).
Independent Expert's Report	the report of the Independent Expert, set out at Annexure B.
Investigating Accountant's Reports	the reports of PricewaterhouseCoopers Securities Ltd, set out at Annexure E, comprising: (a) a report to the DPF RE Directors in relation to the DPF standalone information; and (b) a report to the AOF RE Directors in relation to the AOF standalone information and the AUPF pro forma information.
LVR	loan to value ratio.
Meeting	the extraordinary meeting of DPF Unitholders convened by the Notice of Meeting attached to this DPF Booklet.
Merger Implementation Deed	the merger implementation deed dated 4 October 2021 between DPF RE and AOF RE relating to the implementation of the Proposal and summarised in Section 11.9 of this DPF Booklet.
Merger Ratio	0.4550 AUPF Units for each DPF Unit held at the Proposal Record Date.
Notice of Meeting	the notice of meeting relating to the DPF Unitholder Resolution which is contained in Annexure A.
NTA	net tangible assets.
PDS	this document, which serves as a product disclosure statement issued by AOF RE under Part 7.9 of the Corporations Act in respect of the AUPF Units.
Privacy Act	*Privacy Act 1988* (Cth).
Proposal	the proposal under which all of the units in DPF are to be transferred to AOF RE from DPF Unitholders by way of a trust scheme of arrangement to be implemented by way of amendments to the DPF Constitution.
Proposal Consideration	0.4550 AUPF Units for each DPF Unit held by a DPF Unitholder on the Proposal Record Date.
Proposal Record Date	6.00pm (Sydney time) on 17 December 2021 (or such other time and date as AOF RE and DPF RE agree in writing).
Proxy Form	the proxy form for the Meeting accompanying this DPF Booklet.

PwC	PricewaterhouseCoopers, auditor to DPF and AOF.
Register	the register of DPF Unitholders maintained by the Unit Registry in accordance with the Corporations Act.
Related Body Corporate	has the meaning given to it in the Corporations Act.
Relevant Interest	has the meaning given to it in the Corporations Act.
Sale Agent	Evans and Partners Pty Ltd (ABN 85 125 338 785).
Second Judicial Advice	the confirmation obtained by DPF RE from the Court confirming, amongst other things, that DPF RE would be justified in proceeding to implement the Proposal.
Second Judicial Advice Date	the date on which the Second Judicial Advice is obtained (expected to be 15 December 2021).
Superior Proposal	a Competing Proposal which: (a) is bona fide; (b) is proposed in writing by or on behalf of a person who the DPF RE Board considers is of reputable commercial standing; (c) in the determination of the DPF RE Board acting in good faith is reasonably capable of being valued and completed, taking into account both the nature of the Competing Proposal and the person or persons making it; and (d) in the determination of the DPF RE Board acting in good faith and in order to satisfy what the DPF RE Board considers to be its fiduciary or statutory duties (having taken appropriate legal advice) would, if completed substantially in accordance with its terms, result in a transaction more favourable to the DPF Unitholders than the merger contemplated by the Proposal.
Supplemental Deed Poll	the deed poll to be entered into by DPF RE amending the DPF Constitution pursuant to section 601GC(1) of the Corporations Act as set out in Annexure D of this DPF Booklet.
Taxation Information	the information set out in Section 10 of this DPF Booklet.
Unit Registry	Iress.
Voting Record Date	the time and date for determining eligibility to vote at the Meeting (expected to be 7.00pm on 8 December 2021).
WALE	weighted average lease expiry.

Interpretation

In this DPF Booklet (other than the Annexures):

(a) except as otherwise provided, all words and phrases used in this DPF Booklet have the meanings (if any) given to them by the Corporations Act;

(b) headings are for ease of reference only and will not affect the interpretation of this DPF Booklet;

(c) words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. A reference to a person includes a reference to a corporation;

(d) all dates and times are Sydney, Australia times;

(e) a reference to $, A$, AUD and cents is to Australian currency, unless otherwise stated; and

(f) a reference to a section or Annexure is to a section in or Annexure to this DPF Booklet, unless otherwise stated.

Annexure A – Notice of Meeting

Notice of Meeting

Australian Unity Diversified Property Fund (ARSN 106 724 038)

Australian Unity Property Limited (ACN 079 538 499) (**DPF RE**) in its capacity as responsible entity of the Australian Unity Diversified Property Fund (ARSN 106 724 038) (**DPF**) hereby gives notice that a meeting of the unitholders of DPF will be held as a virtual meeting at:

Time: 10.00am (Sydney time)

Date: 10 December 2021

In light of government restrictions on meetings in public venues, the meeting will be held by virtual means (via a webcast and live online voting facility). There will not be a physical meeting where DPF Unitholders can attend.

1. Business of the meeting

Capitalised terms used but not defined in this Notice of Meeting have the meaning given in the DPF Booklet accompanying, and forming part of, this Notice of Meeting.

The business to be considered at the meeting is to consider, and if thought fit, pass the DPF Unitholder Resolution.

2. Resolution 1 – DPF Unitholder Resolution

To consider, and if thought fit, to pass the following resolution as a special resolution of the unitholders of DPF:

"That, subject to and conditional on the passing of the AOF Unitholder Resolutions and the satisfaction or waiver (if applicable) of each of the other Conditions Precedent, each as described in this DPF Booklet:

(a) the Constitution of DPF be amended with effect on and from the Implementation Date as set out in the Supplemental Deed Poll in Annexure D of the DPF Booklet accompanying the notice convening this meeting;

(b) DPF RE be authorised to execute and lodge with ASIC the Supplemental Deed Poll."

3. Reasons for the DPF Unitholder Resolution

The DPF Unitholder Resolution should be read in conjunction with the DPF Booklet which sets out a detailed explanation of the reasons for the DPF Unitholder Resolution.

4. Eligibility to vote

Subject to the voting exclusions outlined below in Section 5, DPF Unitholders registered as holders of DPF Units as at 7.00pm (Sydney time) on 8 December 2021 will be entitled to participate and vote at the Meeting.

Accordingly, registrable transfers of DPF Units received after that time will be disregarded in determining entitlements to participate and vote at the Meeting.

5. Majority required

For the DPF Unitholder Resolution to be approved, the DPF Unitholder Resolution must be passed by at least 75% of the total number of votes cast on the relevant resolution by DPF Unitholders entitled to vote on the resolution at the Meeting. For the purposes of the DPF Unitholder Resolution, in accordance with section 253E of the Corporations Act, DPF RE and its Associates are not entitled to vote their interests if they have an interest in the resolution other than as a member of DPF.

Voting will be conducted by poll.

6. How to participate in the Meeting online

You can participate in the Meeting online on the day of the meeting by visiting web.lumiagm.com/317892635 on your smartphone, tablet or computer. You will need the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

The online platform will allow DPF Unitholders to participate in the Meeting by being able to view the meeting, vote and ask questions or make comments in real time. Those who are not DPF Unitholders or not attending as a proxy, corporate representative or attorney of a DPF Unitholder, are welcome to connect to the platform or watch the live webcast but are not able to vote or ask questions.

Please ensure you have your Voting Access Code (refer to the proxy form or your Notice of Meeting email), as you will need this to log in. Proxyholders should contact Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) to obtain their login details to participate live online. A Virtual Meeting User Guide is available at www.australianunity.com.au/wealth/dpf.

If it becomes necessary to provide updates or instructions in the lead up to the Meeting, details will be made available at www.australianunity.com.au/wealth/dpf.

7. Voting

7.1 Voting

The Meeting will be held as a virtual meeting using an online platform which will allow DPF Unitholders to vote, ask questions and participate electronically in real-time, rather than attend the meeting at a physical venue. All DPF Unitholders participating virtually will be deemed to be present at the meeting. You may vote by participating in the Meeting in this way.

DPF Unitholders entitled to participate and vote at the virtual meeting may vote:

- by direct voting online during the Meeting;
- by appointing a proxy to participate in the Meeting and vote on their behalf in accordance with Section 7.2;
- by appointing an attorney to participate in the Meeting and vote on their behalf in accordance with Section 7.3; or
- by appointing a corporate representative to participate in the Meeting and vote on their behalf in accordance with Section 7.4

If it becomes necessary to make further alternative arrangements for the Meeting, DPF Unitholders will be provided with as much notice as possible.

7.2 Voting by proxy

Each DPF Unitholder entitled to participate and vote has a right to appoint a proxy, and you may appoint the Chairman of the Meeting as your proxy.

If a DPF Unitholder appoints two proxies, the DPF Unitholder may specify the proportion or number of votes each proxy holder is entitled to exercise. Where two proxies are appointed and the appointment does not specify the proportion or number of the DPF Unitholder's votes, each proxy may exercise half of the votes.

A proxy need not be a DPF Unitholder.

The Proxy Form, which accompanies this Notice of Meeting, includes instructions on how to vote and appoint a proxy.

The Chairman intends to vote all undirected proxies in favour of the DPF Unitholder Resolution.

In order to be valid, the completed Proxy Form should be submitted and received no later than 10.00am (Sydney time) on 8 December 2021 using one of the following methods:

- **Online** via the portal:
  www.votingonline.com.au/dpfgm2021
- **Email** the Proxy Form to:
  proxy@boardroomlimited.com.au
- **Mail** the Proxy Form to:
  Boardroom Pty Limited,
  GPO Box 3993,
  Sydney NSW 2001 Australia
- **Deliver** the Proxy Form to:
  Boardroom Pty Limited,
  Level 12, 225 George Street,
  Sydney NSW 2000 Australia

Power of attorney: to sign the Proxy Form under power of attorney you must lodge the power of attorney with Boardroom Pty Limited. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to your Proxy Form when you return it.

Companies: where the company has a sole director who is also the sole company secretary, the Proxy Form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise the Proxy Form must be signed by a director with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

7.3 Voting by attorney

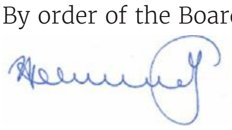
You may appoint an attorney to participate and vote at the Meeting on your behalf. Such an appointment must be made by a duly executed power of attorney, which must be received by the Unit Registry by 10.00am (Sydney time) on 8 December 2021, unless it has been previously provided to the Unit Registry.

7.4 Voting by corporate representative

DPF Unitholders who are bodies corporate may have a corporate representative participate and vote at the Meeting on their behalf. The appointment must comply with section 253B of the Corporations Act. Persons participating in the Meeting as a corporate representative should provide to the Unit Registry evidence of their appointment, including any authority under which the document appointing them as corporate representative was signed.

If a representative of the corporation is to participate in the Meeting the appropriate "Appointment of Corporate Representative" should be received by the Unit Registry prior to the Meeting. A form may be obtained from Boardroom Pty Limited. If such evidence is not received, then the representative will not be permitted to act as a representative at the Meeting.

By order of the Board of DPF RE.



Company Secretary
DPF RE
15 November 2021

Annexure B – Independent Expert's Report

Deloitte.

Australian Unity Diversified Property Fund

Independent expert's report and Financial Services Guide

8 November 2021

Deloitte.

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) has been engaged by Australian Unity Property Limited (AUPL) in its capacity as Responsible Entity of the Australian Unity Diversified Property Fund (DPF) to prepare an independent expert's report (our Report) in connection with the proposed merger between DPF and the Australian Unity Office Fund (AOF) (Proposed Merger). AUPL will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration. Our contact details are in the document that accompanies this FSG.

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We are providing general financial product advice

In our Report, we provide general financial product advice as we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

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Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9322 7000

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www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

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8 November 2021

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The Directors
Australian Unity Property Limited in its capacity as Responsible Entity of Australian Unity Diversified Property Fund
271 Spring Street
Melbourne VIC 3000

8 November 2021

Dear Directors

Re: Independent expert's report

Introduction

Australian Unity Property Limited (AUPL or the Manager) in its capacity as Responsible Entity (RE) of Australian Unity Diversified Property Fund (DPF) has announced the proposed merger of DPF with Australian Unity Office Fund (AOF) (the Proposed Merger). The consideration offered by AOF to the holders of DPF securities will be 0.4550 securities in AOF for every security in DPF held by a DPF securityholder (the Consideration). The Proposed Merger will be implemented by way of a trust scheme by DPF, which will result in AOF acquiring all of the securities in DPF to create the Australian Unity Property Fund (AUPF or the Proposed Merged Entity) and in return DPF securityholders receiving securities in the Proposed Merged Entity.

DPF and AOF are funds managed by entities associated with Australian Unity Limited. The funds are largely invested in commercial and retail property assets.

The full details of the Proposed Merger are included in a Unitholder Booklet issued by AUPL to DPF securityholders. An overview of the Proposed Merger is provided in Section 1 of our report.

Purpose of the report

The directors (the Directors) of AUPL in its capacity as RE of DPF have requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert's report advising whether or not, in our opinion, the Proposed Merger is fair and reasonable and in the best interests of DPF securityholders.

This independent expert's report has been prepared to assist DPF securityholders in their consideration of the Proposed Merger.

This report will accompany the Unitholder Booklet sent to DPF securityholders and has been prepared for the exclusive purpose of assisting DPF securityholders in their consideration of whether to accept or reject the Proposed Merger. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the DPF securityholders and AUPL, in respect of this report, including any errors or omissions however caused.

Basis of evaluation

We have prepared this report having regard to Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 in relation to the content of expert's reports.

To assess whether or not the Proposed Merger is in the best interests of DPF securityholders, we have adopted the test of whether the Proposed Merger is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

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Further information on the basis of evaluation is set out in Section 2.

Summary and conclusion

We have considered whether the Proposed Merger is fair by comparing the estimated market value of a DPF security to the estimated market value of the consideration DPF securityholders are receiving, being securities in the Proposed Merged Entity.

In our opinion, the Proposed Merger is fair and reasonable to, and therefore in the best interests of DPF securityholders. In arriving at this opinion, we have had regard to the following factors.

The Proposed Merger is fair

According to ASIC Regulatory Guide 111, in order to assess whether the Proposed Merger is fair, the independent expert is required to compare the estimated market value of a DPF security on a control basis with the estimated market value of the Consideration.

The Proposed Merger is fair if the value of the Consideration is equal to or greater than the value of a DPF security prior to the Proposed Merger.

Set out in the table below is a comparison of our assessment of the estimated market value of a DPF security before the Proposed Merger, and the value of the Consideration.

Table 1: Comparison of our valuation of a DPF security to the value of the Consideration

$	Section	Low	High
Estimated market value of one DPF security	6	1.02	1.15
Estimated market value of the Consideration	7	1.06	1.18

Source: Deloitte Corporate Finance analysis

We have estimated the market value of a DPF security using the net assets on a going concern methodology, an approach commonly used in valuing property investment trusts and other asset holding businesses. The valuation reflects the value of a DPF security on a control basis. Our valuation does not incorporate the tax impact on DPF securityholders as a result of any future disposal of their securities, or the underlying properties as the tax liability is borne directly by securityholders and the tax position of each securityholder is different.

In applying this methodology, we made certain adjustments to the net assets of DPF by taking account of revaluations of properties, deduction of certain capitalised costs included in the book value of investment properties and borrowings, inclusion of certain transaction costs and deduction of capitalised operating costs. Our valuation of a DPF security is set out in Section 6.

The Proposed Merger involves DPF securityholders receiving 0.4550 securities in the Proposed Merged Entity (which is expected to be known as Australian Unity Property Fund (AUPF)) for every security they currently own in DPF. We have estimated the market value of the Proposed Merged Entity based on the market values of DPF and AOF and made certain adjustments to the net assets of the Proposed Merged Entity, consistent with the adjustments made in the valuation of DPF. Our valuation of the Consideration is set out in Section 7.

There is significant overlap between the estimated market value range of DPF securities before the Proposed Merger and the Consideration. We consider that any comparison of the value of a DPF security to the value of the Consideration should be made on a like-for-like basis in order to ensure congruence of the inputs in the valuation. I.e. the low end of the value range of a DPF security should be compared to the low end of the value range of the Consideration, and equally, the high end of the value range of a DPF security should be compared to the high end of the value range of the Consideration. The value of the Consideration is marginally higher than the value of a DPF security prior to the Proposed Merger at both the low and high end of our valuation range. Equally, at the mid-point, the value of a DPF security is $1.09 as compared to the value of the Consideration at the mid-point which is $1.12.

Given the value of the Consideration is greater than the value of a DPF security, in our opinion, the Proposed Merger is fair to DPF securityholders.

The Proposed Merger is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Merger is reasonable. We have also identified the following considerations:

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The Proposed Merged Entity will be significantly larger and more diversified than DPF but will have lower WALE

DPF securityholders' investment will grow from 11 properties to 20 properties, and gross asset value will increase from $622m to $1,279m[1]. This means, greater diversification by number of properties. The portfolio will also be more geographically diversified with additional exposure to Queensland. The sector exposure will be more heavily weighted to the office sector, which will represent 54% of the Proposed Merged Entity's property value. Therefore, the reliance on the performance of any one asset or region will be lower, however, the exposure to the performance of the office sector will be higher. This office exposure may reduce shortly after the Proposed Merger as the Manager intends to dispose of 19 Corporate Avenue, Rowville (which has some office exposure) and 32 Phillip Street, Parramatta.

The Proposed Merger will result in a decrease in the WALE from 8.2 years to 4.8 years which may increase market risk as leases expire[1]. Higher turnover of leases may also increase management costs but provides more opportunities to increase rent or reconfigure a building (which may create value).

In the absence of the Proposed Merger, DPF may be capital constrained

DPF's two key development opportunities at North Blackburn Square Shopping Centre and Busselton Central Shopping Centre, as well as additional value add opportunities are expected to require significant amounts of capital. In the absence of the Proposed Merger, additional funding will be required to achieve DPF's growth strategy, which may require the sale of existing properties. With a larger and more diversified asset base, the Proposed Merged Entity is expected to have improved access to capital, which is likely to make it easier to raise capital for such developments, including accessing both debt and equity markets.

In respect of debt arrangements, and subject to the Proposed Merger, the AOF and DPF debt facility is intended to be refinanced on favourable terms, with the preferred banking group committing to (i) lower margins relative to those currently paid by DPF, (ii) a LVR covenant of 50% (compared to DPF's LVR covenant of 55%) and (iii) an interest cover ratio of 2 times (the same as the current DPF debt facility). In order to refinance the debt, establishment fees of c. $2.7m are expected to be incurred.

Whilst the Proposed Merged Entity will have a higher forecast distribution than DPF on a standalone basis, NTA per security will be lower

Based on the forecasts of DPF on a standalone basis, DPF is expected to distribute 5.7c per DPF security in FY2022. If the Proposed Merger proceeds, DPF securityholders are forecast to receive 6.5c[2] per DPF security in FY2022, representing a 14% increase in distributions. These forecasts have been prepared by the Directors of the RE and further information on the basis of preparation is set out in Section 7.5 of the Unitholder Booklet.

DPF had net tangible assets (NTA) of $1.171 per security as at 30 June 2021. Given the transaction costs associated with the Proposed Merger, including stamp duty and advisor fees the NTA in the Proposed Merged Entity is estimated to be $2.56 per security in the Proposed Merged Entity, which translates to a DPF NTA equivalent of $1.165 per security.

Fees will be lower in the Proposed Merged Entity

The current management fee paid by DPF securityholders is 0.65% of GAV. Under the Proposed Merged Entity this will decrease to 0.60% of GAV (for GAV up to and including $750m) and 0.55% of GAV (for GAV that exceeds $750m).

The current performance fee payable by DPF securityholders is 20% of the amount of return above an IRR of 10%. Furthermore DPF securityholders are subject to removal fees of up to 1.0% of the GAV of the Fund upon the removal of AUPL as the RE of the fund, and acquisition fees of up to 1% of the purchase price of real property acquired. The Proposed Merged Entity will be not subject to performance, removal or acquisition fees.

Securityholders in the Proposed Merged entity will benefit from additional governance requirements

The responsible entity and manager of the Proposed Merged Entity will be the same as the existing RE and manager of AOF. However, the executives of the manager of AUPF will comprise existing executives of the Manager responsible for managing AOF, along with existing executives of the Manager responsible for managing DPF. As such, they will all have pre-existing experience and knowledge of the Proposed Merged Entity's assets.

The directors of the responsible entity will comprise five non-executive directors, of which three will be independent. The RE of DPF currently does not have any independent directors.

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[1] Inclusive of 19 Corporate Avenue, Rowville, 32 Phillip Street, Parramatta and 96 York Street, Beenleigh.

[2] This represents a first half distribution per DPF unit of 3.0c plus statutory forecast second half distribution of 3.5c in the Proposed Merged Entity, on a DPF equivalent basis. Totals may not add up due to rounding.

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With the Proposed Merged Entity being listed on the ASX, securityholders will also benefit from the obligations the entity will have to observe Australian Securities Exchange (ASX) listing rules and other regulatory requirements that do not currently apply to DPF.

The Proposed Merger will result in transaction costs

If the Proposed Merger is approved, transaction costs of $22.2m (including legal, accounting and advisory costs, and stamp duty, and excluding refinancing and any swap termination costs) will be incurred. Of these costs, $2.7m will be incurred by DPF regardless of whether the Proposed Merger is approved.

The Proposed Merger appears to be the best alternative available

Executives of the Manager undertook a detailed study evaluating the alternatives available to DPF. They considered alternatives such as raising additional equity, asset sales and the deferral of key development opportunities. They consider the Proposed Merger to be the best alternative. Their discussion of these alternatives is set out in Section 3.5 of the Unitholder Booklet.

The Proposed Merger will provide additional immediate and on-going liquidity

DPF securities are not capable of being traded on an active market, and the ability of DPF securityholders to sell their securities is subject to the withdrawal mechanism which caps withdrawals at 2.5% of NTA in any quarter. Securities in the Proposed Merged Entity which DPF securityholders will receive as consideration will be capable of being traded on the ASX, and therefore an active market will exist to allow for the sale of securities.

DPF's current withdrawal mechanism allows for the sale of securities at NTA, adjusted for the 0.5% sale spread (albeit with caps as described above). However, AOF securities are currently trading at a discount to NTA. Trading on the ASX is also subject to the volatility that exists in active markets, meaning that in the future, trading could be at, below, or above NTA.

DPF securityholders that do not wish to be exposed to active security markets or the AOF portfolio will have the option to sell their holding via an enlarged withdrawal offer. The capped withdrawal offer will increase from approximately $8.6m[3] if the Proposed Merger does not proceed to approximately $24.8m if the Proposed Merger proceeds. To the extent that the total amount of withdrawal requests exceeds the capped amount made available, withdrawal requests will be met on a pro-rata basis, meaning that DPF securityholders may still hold DPF securities which will be exchanged for securities in the Proposed Merged Entity if the Proposed Merger proceeds.

Conclusion on reasonableness

Having regard to the above including our assessment that the Proposed Merger is fair, in our opinion, the Proposed Merger is reasonable.

[3] This figure is likely to fluctuate depending on the prevailing NAV at the end of the period.

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Opinion

In our opinion, the Proposed Merger is fair and reasonable to DPF securityholders. It is therefore in the best interests of DPF securityholders.

An individual securityholder's decision in relation to the Proposed Merger may be influenced by his or her particular circumstances. If in doubt the securityholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

Tapan Parekh
Authorised Representative
AR Number: 461009

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Glossary

Reference	Definition
$	Australian dollars
AOF	Australian Unity Office Fund
ASIC	The Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUFML	Australian Unity Funds Management Limited
AUIREL	Australian Unity Investment Real Estate Limited (the RE of AOF)
AUPF	Australian Unity Property Fund (the name of the Proposed Merged Entity)
AUPL	Australian Unity Property Limited (the RE of DPF)
AUPM	Australian Unity Property Management Limited
Consideration	The consideration offered by AOF to the holders of DPF securities, being 0.4550 AUPF Units for each DPF Unit held at the Implementation Date
Deloitte	Deloitte Touche Tohmatsu
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Directors	The Directors of Australian Unity Property Limited
DPF	Diversified Property Fund
FSG	Financial Services Guide
FY	Financial year
GAV	Gross asset value
Implementation Date	Anticipated date that the Proposed Merger is intended to take effect
LVR	Loan to value ratio
m	Million
Manager	Australian Unity Property Limited
NTA	Net tangible assets
Proposed Merged Entity	The entity that will be formed by the merger of DPF and AOF and anticipated to be renamed as AUPF
Proposed Merger	The proposed transaction involving the merger of DPF and AOF
REIT	Real estate investment trust
RE	Responsible entity
RPF	Retail Property Fund
Unitholder Booklet	The booklet being sent to DPF securityholders discussing the Proposed Merger and dated 15 November 2021
WACR	Weighted average capitalisation rate
WALE	Weighted average lease expiry
Withdrawal Offer	A one-off offer by DPF to buy approximately $24.8m of securities as part of the Proposed Merger at a 50bps discount to the prevailing NAV per security which is currently estimated to be $1.165

Contents

1 Overview of the Proposed Merger

1.1 Summary

AUPL as RE for DPF and AUIREL as RE for AOF, have announced a proposal to merge DPF and AOF, to form the Australian Unity Property Fund (AUPF).

If the Proposed Merger proceeds, the merger will be implemented by AOF acquiring all of the securities on issue in DPF in consideration for units in AOF, at an exchange ratio of 0.4550 AOF units for every 1 DPF unit. Following the Proposed Merger DPF securityholders are expected to hold c. 46% of AUPF.

The Proposed Merger is expected to provide the following benefits to DPF securityholders:

- increasing the size and diversification of the portfolio
- potentially increased distributions
- greater liquidity through the ownership of ASX listed units
- lower gearing levels, expected lower cost of debt funding, and greater access to incremental capital sources
- exposure to value add opportunities within the AOF portfolio
- reduced and simplified fee structure.

As part of the Proposed Merger, but immediately prior to it being implemented, DPF securityholders will be given the opportunity to sell their securities to DPF at a 50bps discount to the prevailing NAV per security which is currently estimated to be $1.165 (the Withdrawal Offer). The Withdrawal Offer will be capped at $24.8m and will be funded by proceeds from DPF's disposal of its existing interest in AOF. Further details of the Withdrawal Offer are set out in Section 1.3 of the Unitholder Booklet.

1.2 Key conditions of the Proposed Merger

The Proposed Merger is subject to various conditions, including:

- the DPF trust scheme will require the approval of 75% of DPF securityholders who vote
- the AOF unitholder meeting will required the approval of 50% of AOF securityholders who vote.

There are also certain other regulatory and procedural conditions. Please refer to Section 3.8 of the Unitholder Booklet for the full list and details of the Proposed Merger conditions.

1.3 Intentions if the Proposed Merger proceeds

If the Proposed Merger proceeds:

- **Transfer of securities**: DPF securityholders will receive units in the Proposed Merged entity in exchange for their DPF units
- **Fund name**: AOF will be renamed to the Australian Unity Property Fund (AUPF)
- **Pre-merger distribution:** DPF will continue to pay monthly distributions and intend to pay a pre-merger distribution for the period from 1 December 2021 to as soon as practical prior to the effective date (as defined in the Unitholder Booklet). AOF will also pay a pre-merger distribution to their existing securityholders
- **AOF securities owned by DPF**: DPF currently owns securities in AOF. DPF will sell the securities in AOF to a subsidiary of Australian Unity Limited and use the proceeds to fund the Withdrawal Offer. The price at which those securities will be sold will be $2.56 per security, which is based on the pro-forma net asset value of AOF at the time the Proposed Merger becomes effective
- **Withdrawal Offer**: DPF securityholders will be provided with a once-off increase to DPF's existing withdrawal facility of approximately $24.8m which will be priced at a 50bps discount to the prevailing NAV per security which is currently estimated to be $1.165

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- **Fee structure change**: AOF's base management fee structure will apply in the Proposed Merged Entity, with base management fees reducing from 0.65% p.a. of GAV, to a fee of 0.60% p.a. for amounts less than $750m of the Proposed Merged Entity's GAV, and 0.55% for amounts of more than $750m of the Proposed Merged Entity's GAV. Whilst DPF's manager is entitled to performance and acquisition fees, AOF's manager is not and as such DPF securityholders will no longer be subject to performance fees.

The resulting Proposed Merged Entity is expected to be a diversified property fund comprising 20 properties[4] located in Australia with a GAV of $1,279m[5].

Further information on the Proposed Merged Entity is provided at Section 5 of this document and Section 7 of the Unitholder Booklet.

[4] For reporting purposes, the Proposed Merged Entity consolidates co-located properties, including the three properties in Busselton and two properties in Balcatta.

[5] Inclusive of 19 Corporate Avenue, Rowville, 32 Phillip Street, Parramatta and 96 York Street, Beenleigh.

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2 Basis of evaluation

2.1 Guidance

Schemes of arrangement can include many different types of transactions, including being used as an alternative to a Chapter 6 takeover bid. The basis of evaluation selected by the expert must be appropriate for the nature of each specific transaction.

Section 640 of the Corporations Act 2001 (Section 640) requires an independent expert's report in connection with a takeover offer to state whether, in the expert's opinion, the takeover offer is fair and reasonable. Where the scheme of arrangement has the same effect as a takeover, the form of analysis used by the expert should be substantially the same as for a takeover bid, however, the opinion reached should be whether the proposed scheme is 'in the best interests of the members of the entity'. Accordingly, if an expert were to conclude that a proposal was 'reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the proposed scheme is in the best interests of the members of the entity.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed scheme. The comparison must be made assuming 100% ownership of the target entity
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, securityholders should accept the offer under the proposed scheme, in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Scheme is in the best interests of securityholders, we have adopted the tests of whether the Proposed Merger is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

ASIC Regulatory Guide 112 primarily focuses on the independence of experts and provides little guidance on evaluating transactions.

2.2 Fairness

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities subject to the offer. The comparison must be made assuming 100% ownership of the target entity.

Accordingly, we have assessed whether the Proposed Merger is fair by comparing the Consideration offered with the value of a security in DPF on a control basis.

The DPF securities have been valued at market value, which we have defined as the amount at which the securities would be expected to change hands between a knowledgeable and willing but not anxious buyer and a knowledgeable and willing but not anxious seller, neither of whom is under any compulsion to buy or sell.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation of a DPF security has not been premised on the existence of a special purchaser.

We have assessed whether the Proposed Merger is fair by comparing the value of a DPF security to the value of the Consideration to be received, being securities in the Proposed Merged Entity. We have assessed the value of each DPF security by estimating the current value of DPF on a control basis and dividing this value by the number of securities on issue.

2.3 Reasonableness

Our assessment of whether the Proposed Merger is reasonable has had regard to additional factors relevant to the securityholders. Such factors include:

- the change in the composition and attributes of the underlying assets held by DPF securityholders before and after the Proposed Merger
- the ability of DPF to fund growth in the absence of the Proposed Merger
- changes in the structure of management fee, performance fee and other remuneration arrangements
- changes in governance requirements before and after the Proposed Merger
- transaction costs that DPF securityholders will incur in the absence of the Proposed Merger, and if the Proposed Merger proceeds
- the exposure of DPF securityholders to debt before and after the Proposed Merger
- alternative options to funding development opportunities available to DPF
- the level of liquidity in DPF compared to the Proposed Merged Entity.

2.4 Limitations

We have evaluated the Proposed Merger for securityholders as a whole and have not considered the effect of the Proposed Merger on the particular circumstances of individual securityholders. Due to their particular circumstances, individual securityholders may place a different emphasis on various aspects of the Proposed Merger from the one adopted in this report. Accordingly, securityholders may reach different conclusions to ours on whether the Proposed Merger is fair and reasonable and in their best interests. If in doubt securityholders should consult an independent adviser, who should have regard to their individual circumstances.

This report should be read in conjunction with Appendix 3.

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3 Profile of DPF

3.1 DPF overview

DPF is a registered unlisted property fund that owns eleven commercial investment properties across Australia, as well as securities in AOF, collectively valued at $595m as at 30 June 2021.

DPF generates rental income from its properties and receives distributions from its property fund investments. DPF was originally established in 2003 as the unlisted Westpac-managed FAL Property Trust. AUPL assumed the role of Responsible Entity when it acquired the management rights of DPF from Westpac Funds Management Limited in October 2010. In October 2019, DPF merged with Australian Unity RPF, growing its portfolio from 8 properties to 11 properties and increasing its total assets from $337.4m to $636.4m.

3.1.1 Investment objective

DPF seeks to provide securityholders with a steady and consistent level of income through periods of change in the economic environment. In particular, it aims to return a stable income stream of at least 1% per annum above the average Commonwealth Government 10-year bond yield, calculated on a rolling five-year period. Additionally, it aims to achieve a total return, inclusive of distribution income and capital growth, above the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index.

DPF intends to achieve this objective by maintaining, actively managing and growing a diversified portfolio of Australian commercial property assets, including unlisted property trusts and listed Australian REITs, with diversity in geographic locations, tenants and lease terms, as well as developing its pipeline of development assets.

DPF typically holds 70% to 100% of its assets in direct property, may hold up to 15% in listed Australian REITs or up to 20% in unlisted property investments, with the balance invested in cash or similar investments.

3.2 Property assets

3.2.1 Overview of properties

DPF owns eleven[6] properties:

1. **Ampol Twin Service Centres, Wyong**: comprises two separate north and south bound properties (consolidated as one property for reporting purposes) on the M1 Pacific Motorway in New South Wales. Both properties are currently leased and occupied by Ampol. The property was acquired in January 2001 by a predecessor of the Australian Unity RPF, which merged with DPF in 2019
2. **20 Smith Street, Parramatta**: a modern eight-level office building in New South Wales, with a three level carpark with capacity for 182 vehicles and ground level retail accommodation. The property was acquired by DPF in 2006
3. **North Blackburn Square Shopping Centre, North Blackburn**: a neighbourhood shopping centre in Victoria, occupied by national supermarket retailers and 35 other specialty tenancies. The property was acquired in July 2000 by a predecessor of the Australian Unity RPF, which merged with DPF in 2019
4. **1 and 2 Technology Place Williamtown (Williamtown Aerospace Centre)**: a low rise business park comprising 6 freestanding buildings, and a campus-style commercial office park. The property was acquired by DPF in May 2021
5. **Dog Swamp Shopping Centre, Yokine**: a neighbourhood shopping centre in Western Australia, occupied predominantly by supermarket retailers Woolworths and ALDI, as well as 36 specialty tenancies. The property was acquired by DPF in 2003
6. **620 Mersey Road, Osborne**: a two-level office and industrial warehouse, 330 carparks, located 21 km north-west of the Adelaide CBD. The property is leased to Australian Naval Infrastructure (Commonwealth Government) until 2030 and includes two vacant pad sites earmarked for future development. The property was acquired by DPF in November 2020

[6] The Ampol Twin Service Centres are regarded as two assets.

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7. **Busselton Central Shopping Centre, Busselton**: a shopping centre located in the Busselton Central Business District in Western Australia. The Busselton properties are comprised of three separate properties, including a shopping centre, 21 Prince Street and vacant lots 121 &122 Kent Street and Lot 309 Prince St. For reporting purposes, the properties at Busselton are consolidated into one property. Major tenants include Coles as well as 21 other specialty tenancies. The shopping centre and Kent Street properties were acquired in 2003, with the Prince St property acquired in 2007 and the Rivers property (now amalgamated with the shopping centre) in 2008. The property is currently being developed in stages including the creation of a specialty mall and a food and beverage precinct
8. **Woodvale Boulevard Shopping Centre, Woodvale**: a single level shopping centre in Western Australia, occupied by major tenant Woolworths and 27 other specialty retailers. The property was acquired by DPF in 2007
9. **19 Corporate Avenue, Rowville**: an industrial warehouse facility in Victoria. The property also has a two level office building attached. The property was acquired by DPF in 2015. DPF has received offers in respect of the property and is currently evaluating the offers with the view to disposing the property shortly following the Implementation Date.
10. **6-8 Geddes Street, Balcatta**: an industrial warehouse and distribution facility in Western Australia. The property also includes an adjacent parcel of land (5 Kenhelm St, acquired in 2016), providing opportunities for expansion of the facility. The Geddes Street properties were acquired in 2003.

Key metrics of the DPF portfolio are summarised in the following table.

Table 2: DPF's property portfolio

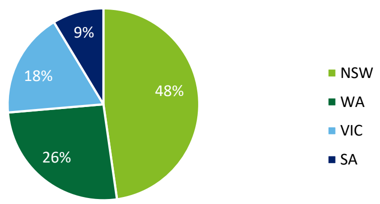
	Valuation[1] ($m)	Lettable area (sqm)	Cap. rate (%)	WALE[2] (years)	Occupancy (%)
Ampol Twin Service Centres, Wyong	130.0	4,286	5.00%	17.0	100.0%
20 Smith St, Parramatta	83.5	7,392	5.38%	2.3	97.3%
North Blackburn Square Shopping Centre, North Blackburn	79.0	6,329	6.00%	8.4	100.0%
Williamtown Aerospace Centre, Williamtown	54.9	7,557	6.00%	3.4	100.0%
Dog Swamp Shopping Centre, Yokine	52.8	8,036	6.00%	8.4	96.5%
620 Mersey Road, Osborne	49.3[3]	8,006	5.00%	9.0	100.0%
Busselton Central Shopping Centre, Busselton	46.6[3]	9,062	6.25%	7.7	96.9%
Woodvale Boulevard Shopping Centre, Woodvale	33.5	6,378	6.50%	4.5	96.4%
19 Corporate Avenue, Rowville	22.0	12,398	4.75%	7.0	100.0%
6-8 Geddes Street, Balcatta	14.3[3]	9,992	6.00%	2.4	100.0%
Total	**565.8**	**79,435**			
Weighted average[4]			**5.59%[5]**	**8.2[6]**	**98.8%[7]**

Notes:
1. Value based on latest independent property valuations available as at 30 June 2021. The value for financial reporting purposes may vary from the independent valuation of the property due to acquisition costs, capital expenditure and the accounting treatment of leasing commissions and lease incentives
2. Weighted average lease expiry by gross property income as at 30 June 2021. Vacancies are valued at market income. Assets under development are excluded
3. Includes value of vacant land currently being developed or available for development
4. Figures may not align with Unitholder Booklet as our calculations include 19 Corporate Avenue, Rowville.
5. Weighted based on valuation
6. Weighted based on gross property income as at 30 June 2021
7. Weighted based on lettable area.

Source: DPF announcements, External property valuations, Deloitte Corporate Finance analysis

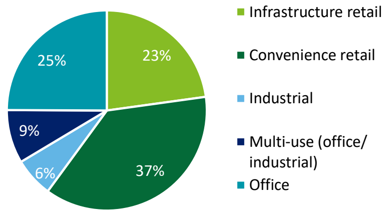
Set out in the figures below is the dispersion of DPF's portfolio by State and by type of property class:

Figure 1: DPF properties by state (by book value)



Note:
Includes 19 Corporate Avenue, Rowville
Source: DPF FY21 Fund Update

Figure 2: DPF properties by sector allocation (by value)



Note:
Includes 19 Corporate Avenue, Rowville
Source: DPF FY21 Fund Update

The portfolio is geographically diverse, with properties located in New South Wales, Western Australia, Victoria, and South Australia. Approximately 62% of the portfolio is located on the eastern seaboard. 60% of the portfolio is located in states that have had more substantial impacts as a result of COVID-19 (NSW and Victoria). DPF's portfolio also has a diverse tenant base across a range of sectors including office, retail and industrial.

3.2.2 Property valuations

DPF has a documented property valuation policy, which is applied to all DPF owned properties. This policy is reviewed on a regular basis to ensure relevance, with any changes subject to relevant approvals. The latest policy is dated May 2021. The key principles of the policy are as follows:

- other than in exceptional circumstances, an independent valuation of each property is to be carried out at least once every 18 months if the property is in a construction phase and every 12 months for other existing properties
- an independent valuation must be obtained before a property is purchased on an 'as is' and 'as if complete' basis for development properties and on an 'as is' basis for all other properties, with valuations completed no more than 3 months prior to the exchange of contracts
- independent valuers are selected based on their qualifications and experience in undertaking valuations in the relevant sector
- independent valuers must be rotated to ensure a diversity of valuers, with a new valuer required for each property every two years
- an independent valuation must be obtained within two months should the directors of DPF form the view that the value of a property has materially changed
- where a property has been contracted for sale, the contracted sale price may be adopted instead of an independent valuation.

When draft valuation reports are received, they are reviewed by the fund manager for reasonableness. This includes a review of the approach and also the assumptions and rationale adopted by the valuer. If the draft valuation differs by less than 5% from the prior independent valuation, the Fund Manager approves the valuation. If the draft valuation varies (positively or negatively) by more than 5% from the prior independent valuation, the Fund Manager, Portfolio Manager or Asset Manager must submit a summary of the valuation and a brief reconciliation with the previous valuation to the Research & Valuations Manager for their approval before adoption the valuation. The Research and Valuations Manager is an executive within the property division of Australian Unity who has qualifications and credentials in property valuations and has visibility across the Australian Unity property portfolio to offer insights on the accuracy of valuations.

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Set out below are the historical independent valuation assessments for each of the properties.

Table 3: Historical valuation summary

Portfolio	Valuation date	Valuation ($m)	Capitalisation rate	WALE[1]
Wyong Services Centres, Wyong	Jun-18	88.0	6.75%	10.1
	Oct-18	97.0	6.50%	19.7
	Oct-19	99.0	6.50%	18.7
	Jun-20	113.0	5.75%	18.0
	May-21	130.0	5.00%	17.2
20 Smith Street, Parramatta	Mar-18	63.0	6.50%	3.2
	Feb-19	71.0	6.00%	3.4
	Jun-20	83.0	5.50%	2.6
	Jun-21	83.5	5.38%	2.0
North Blackburn Square Shopping Centre, North Blackburn	Oct-18	57.0	6.50%	2.1
	Oct-19	58.0	6.00%	0.7
	May-20	61.0	6.00%	6.9
	Jun-21	79.0	6.00%	8.4
1&2 Technology Place, Williamtown	Apr-21	54.9	6.00%	3.4
Dog Swamp Shopping Centre	Dec-18	46.6	6.25%	5.9
	Oct-19	49.6	6.00%	8.6
	May-20	50.5	6.00%	8.2
	Jun-21	52.8	6.00%	8.7
620 Mersey Road, Osborne, South Australia	Oct-20	48.3	5.13%	9.7
	Jun-21	49.3	5.00%	9.0
Busselton Central Shopping Centre	Feb-18	29.5	7.00%	2.9
	Feb-19	31.7	6.75%	8.4
	May-20	38.0	6.25%	7.7
	Feb-21	46.5	6.25%	7.0
Woodvale Boulevard Shopping Centre	Dec-18	31.0	6.75%	5.2
	Oct-19	31.8	6.25%	4.2
	May-20	32.5	6.50%	4.7
	Feb-21	33.5	6.50%	2.5
19 Corporate Avenue, Rowville	Oct-18	17.0	7.00%	3.8
	Oct-19	17.5	6.75%	2.8
	May-20	17.5	6.25%	2.4
	Jun-21	22.0	4.75%	7.0
6-8 Geddes Street, Balcatta	Jun-18	14.0	7.25%	3.3
	Jun-19	12.2	7.00%	2.1
	Jun-20	12.0	6.25%	3.6
	Jun-21	14.3	6.00%	2.4

Notes:
1. As at date of valuation
Source: Independent property valuations

The portfolio has seen strong increases in valuations over the last 2 valuation reporting periods, driven predominately by decreases in capitalisation rates, which in turn have been the result of lower interest rates. Other drivers behind the capitalisation rate changes include improved leasing terms and increased WALE, property upgrades with capital investment in excess of $14m, and the addition of defensive tenants such as Australian Naval Infrastructure (Commonwealth Government).

Most of the property valuations are dated 30 June 2021 with the exception of Busselton Central Shopping Centre (February 2021), Woodvale Boulevard Shopping centre (February 2021) and Wyong Services Centres (May 2021).

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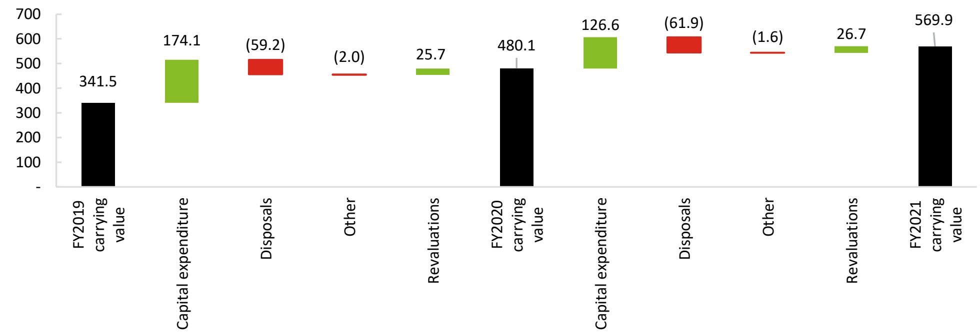
The following figure presents the movements in the value of the property portfolio over the last two years.

Figure 3: Historical movement in DPF property valuations



Source: DPF FY2020 and FY2021 audited financials

The majority of capital expenditure during FY2020 relates to the acquisition of the Australian Unity RPF assets when DPF merged with that fund. This amounted to $157m, with the balance of capital expenditure related to smaller acquisitions ($2.9m) and other additions/capital expenditure ($14.2m). Disposals in FY2020 related to the sale of 200 Victoria Street, Carlton.

During FY2021 DPF acquired two properties, 620 Mersey St, Osborne and 1&2 Technology Place, Williamtown for purchase prices of $49.2m and $58.6m (including acquisition costs), respectively. In addition, capital investments at 20 Smith Street Parramatta and Dog Swamp Shopping Centre totalled c. $14m in FY21. Disposals relate to the sale of 278 Orchard Road, Richlands.

The revaluations are predominantly driven by the decrease in capitalisation rates which is evident in the decrease in the WACR across the portfolio as set out in the table below:

Table 4: Weighted average capitalisation rate[1]

	WACR
FY2019	6.3%
FY2020	5.9%
FY2021	5.6%

Note:
1. Weighted based on valuation.
Source: DPF FY2020 and FY2021 audited financials

As at 30 June 2021, the reconciliation of the independent valuations of the portfolio as compared to that recorded on the balance sheet is set out below:

Table 5: Reconciliation of independent valuations and book value

$m	
Aggregate of all independent property valuations to 30 June 2021	565.8
Capital expenditure not factored into independent property valuation	0.4[1]
Acquisition costs	3.7[2]
Leasing commissions and incentives	-
Book value as at 30 June 2021	569.9

Notes:
1. Capital expenditure relates to Busselton Central Shopping Centre and Woodvale Boulevard Shopping Centre
2. Capitalised acquisition costs relate to the purchase of 1&2 Technology Place, Williamtown
Source: Executives of the Manager, DPF FY2021 financials, Independent property valuation reports

Executives of the Manager are of the view that, with the exceptions noted, none of the properties individually or collectively would have experienced a material change in value since the latest valuation. The exceptions have been identified as follows:

- An updated draft independent valuation in respect of North Blackburn Square Shopping Centre indicates a value of $88.0m. This value increase includes capital expenditure of $7.3m which was funded through cash and debt and therefore the increase net of capital expenditure is $1.3m
- An updated draft independent valuation in respect of Busselton Central Shopping Centre indicates a value of $40.1m. The increase net of capital expenditure is $0.1m

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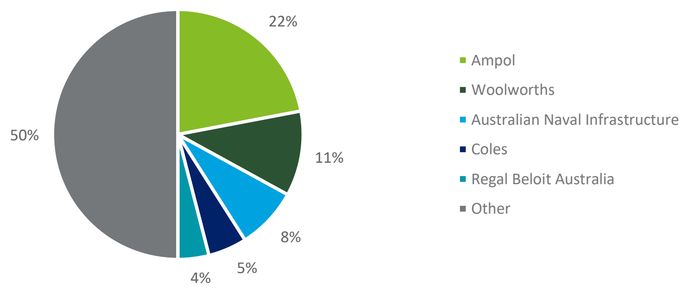
- An updated draft independent valuation in respect of Woodvale Boulevard Shopping Centre indicates a value of $34.2m. This value increase includes capital expenditure of $0.3m which was funded through cash and debt and therefore the increase net of capital expenditure is $0.4m
- 19 Corporate Avenue, Rowville: offers have been received in respect of the property which, whilst subject to conditions, suggest an increase in value of $4.3m (net of transaction costs).

3.2.3 Key tenants

As noted in Section 3.2.1, DPF's portfolio has a diverse tenant base across a range of regions and sectors. 90% of the portfolio is leased to tenants (including the tenant's parent entity) who are listed on the Australian Securities Exchange or Commonwealth government tenants.

The following figure summarises DPF's key tenants by gross passing income.

Figure 4: DPF's key tenants (by income) in FY2021



Note:
Includes 19 Corporate Avenue, Rowville
Source: DPF Fund Update June 2021

3.2.4 Development opportunities

DPF currently has two key ongoing redevelopments:

- **North Blackburn Square Shopping Centre**: is a convenience neighbourhood shopping centre located 16km east of Melbourne. The site is undergoing a two-stage repositioning strategy.

  Stage 1 commenced in May 2020 and comprises a new Coles supermarket in addition to 11 new specialty stores and regraded parking facilities. Practical completion is expected to occur in February 2022 and is fully pre-leased.

  Stage 2 will refurbish and expand the remainder of the centre with additional specialty retailers, childcare, gymnasium and other tenancies. Stage 2 is expected to commence in November 2021, with completion expected in February 2023. 70% of the tenancies have been pre-committed, including ALDI and Woolworths supermarkets.

  The total cost of stages 1 and 2 is expected to be in excess of $60m with costs incurred to 30 September 2021 of c. $25m.

- **Busselton Central Shopping Centre**: is a convenience centre located in the town of Busselton, 230km south west of the Perth CBD. The centre is in the midst of a repositioning strategy which commenced in 2018. Stages 1 and 2 were completed in February 2020 including a Coles, Liquorland, Best and Less, new link mall and various specialty stores.

  Stage 3 is the development of an interactive entertainment, food and beverage precinct, expected to commence in October 2021. 60% of stage 3 tenancies were pre-committed as at 30 June 2021, and development completion is expected in November 2022.

  The total cost of Stage 3 is estimated to be in excess of $30m with costs incurred to 30 September 2021 of c. $2m.

3.2.5 Impact of COVID-19

Since March 2020, the Australian States and Territories have taken measures to slow the spread of the COVID-19 virus. These measures which have included stay at home orders and physical distancing requirements have had economic impacts. In certain States, for example, Western Australia, the spread of the virus has been controlled and as such, the lockdown restrictions have been minimal.

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As a consequence of the COVID-19 pandemic, a number of tenants within the DPF portfolio requested rent relief, and demand for vacant spaces was impacted. In FY2020 DPF recognised $0.1m in rent abatements for rent waivers granted and made a doubtful debt provision of $0.2m. In FY2021 the doubtful debt provision was reversed, however, rent abatements for rent waivers of $0.7m were recognised.

In a relative sense, the DPF portfolio has been more resilient to the impacts of COVID-19 given its portfolio has substantial exposure to Western Australia and South Australia and industrial property and neighbourhood retail centres. This is illustrated in Figure 1 and Figure 2.

In response to the negative economic impacts of the COVID-19 measures, Governments and reserve banks around the world have provided substantial stimuli to support businesses and more broadly the economy. These stimuli have included monetary policy measures which have resulted in a decrease in interest rates. The result of the decrease in interest rates has been a decrease in the capitalisation rates being applied to assets such as property which has, in turn, increased the valuations of properties.

3.3 Management and other fees

AUPL is the RE and manager of DPF and is entitled to receive:

- **management fees**: for acting as the Manager of the fund equivalent to 0.65% of the GAV
- **performance fees**: the performance fee is equal to 20.0% of the amount of return (based on the average net assets of DPF) above an IRR of 10% p.a
- **removal fees**: up to 1% of the GAV unless the replacement is an Australian Unity related party
- **acquisition fees**: an acquisition fee of up to 1% of the purchase price of real property acquired by DPF (directly or through any subsidiary trusts or companies)
- **other fees**: other fees and costs may be payable by the fund relating to day-to-day expenses incurred by the RE in performing its duties.

3.4 Investments in listed property trusts

DPF owns 9.7m securities in AOF valued at $25.3m as at 30 June 2021.

3.5 Debt facility

The following table sets out a summary of the key characteristics of DPF's debt:

Table 6: Debt profile

	As at 30 June 2021
Total facility limit	$300.0m
Total borrowings (excluding unamortised borrowing costs)	$261.9m
Loan to value ratio	46.3%[1]
Weighted average debt expiry	2.3 years
Interest coverage ratio	4.2x[2]
Weighted average term of interest rate hedging	-[3]

Notes:
1. Per financier's definition
2. Per RG ASIC definition
3. All interest rate swap contracts were terminated during the year ended 30 June 2021.
Source: DPF audited financials, DPF Fund Update (June 2021)

As at 30 June 2021, DPF had total debt facilities of $300m, of which $38m was undrawn. The debt facilities are with Westpac and NAB and are as follows:

Table 7: Debt facilities

Facility	Limit ($m)	Maturity date	ICR Covenant	LVR Covenant
Tranche 1	150.0	Oct 2022		
Tranche 2	100.0	Oct 2024	2.0x	55.0%
Tranche 3	50.0	Oct 2024		
Total	**300.0**			

Source: DPF's Amended Syndicated Revolving Cash Advance Facility Agreement

The debt facilities are secured against the assets of DPF and are non-recourse to securityholders.

As at the date of our report, DPF is in compliance with all debt facility covenants.

Historically, DPF had used interest rate swaps to hedge interest rate risk on drawn debt. However as at 30 June 2021, all interest rate swap contracts had been terminated.

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3.6 Financial performance

We have summarised the audited statements of financial performance of DPF for the two years ended 30 June 2020 to 30 June 2021.

Table 8: DPF financial performance

$m (unless otherwise stated)	FY2020	FY2021
Rental income	36.5	36.7
Property expenses	(13.2)	(12.6)
Net property income	**23.3**	**24.1**
Distribution and other income	14.0	18.7
Total income before fair value movements	**37.3**	**42.8**
Net fair value increment of investment properties	25.7	26.7
Net fair value gains (losses)on financial instruments	(15.0)	6.2
Total income after fair value movements	**48.0**	**75.7**
Responsible Entity management fees	(2.8)	(3.6)
Responsible Entity performance fees	(3.7)	(6.9)
Other expenses	(2.1)	(0.8)
Operating earnings	**39.3**	**64.4**
Finance costs (net of interest income)	(7.3)	(8.8)
Profit attributable to securityholders	**32.0**	**55.6**
FFO (cents)	6.5	5.6
Cash distributions per unit (cents)	8.9	10.0

Source: DPF audited financials

Rental income increased marginally and reflected inflationary increases along with additional rental income from new properties acquired during the period. This increase was offset by $660k of rent waivers granted due to the COVID-19 pandemic. Property expenses decreased by 4.5%, driven by the reversal of bad debt expenses recorded in the prior year. Overall, net property income increased by 3.4% in FY2021 to $24.1m.

Distribution and other income increased in FY2021 to $18.7m, which was predominantly driven by a gain on disposal of $17.0m from the divestment of the property at Richlands, QLD in March 2021. In FY2020, distributions and other income included $11.9m of realised gains from the divestment of Victoria Street, Carlton, VIC and $1.8m of distribution from the fund's holdings of AOFs.

The positive revaluations of financial instruments contributed $21.2m to movement in total income. The fair value loss in FY2020 was driven by $5.9m loss on derivative instruments (namely interest rate swaps) and $10.3m loss on investments in property trusts (namely the investment in AOF). This was concurrent with the decrease in market values of investments and interest rate cuts due to COVID-19. The instruments were revalued in FY2021 reflecting increases in the valuation of the investments.

The positive revaluations of investment properties have grown steadily over the period, with valuation increases largely driven by a decrease in capitalisation rates and property improvements. This is discussed above in Section 3.2.2.

Responsible Entity fees comprise (i) management fees which have increased in line with the GAV of the fund (ii) reimbursable day-to-day expenses, which have remained relatively stable during this period and (iii) performance fees, which explain the majority of Responsible Entity fee variance driven by strong performance in FY2021.

Other expenses in FY2020 were higher than normal reflecting $1.2m in one-off costs incurred as a result of the merger of DPF and RPF.

Finance costs (net of interest income) increased from $7.3m in FY2020 to $8.8m in FY2021 driven by the additional $54.8m of debt drawn in FY2021. Additional financing was obtained to fund capital expenditure and purchase properties in Osborne, SA and Williamtown, NSW in the year.

3.7 Financial position

We have summarised the audited statements of financial position of DPF as at 30 June 2020 and 30 June 2021 in the table below.

Table 9: DPF financial position

$m (unless otherwise stated)	FY2020	FY2021
Receivables and prepaid expenses	5.7	4.7
Payables	(7.9)	(11.7)
Net working capital	**(2.2)**	**(7.0)**
Investment in property trusts	22.6	25.3
Investment properties	480.1	569.9
Investment in property assets	**502.7**	**595.2**
Financial liabilities held at fair value	(14.1)	-
Borrowings[1]	(218.8)	(273.6)
less: cash and cash equivalents	19.7	22.5
Net cash (debt)	**(213.2)**	**(251.1)**
Net assets attributable to securityholders	**287.3**	**337.1**
Number of securities	268.7m	287.8m
Net assets per security	$1.07	$1.17
Balance sheet gearing[2]	37.2%	39.9%

Notes:
1. Includes distributions payable
2. Calculated as net debt (excluding distributions payable) divided by total assets less cash. Approach to calculation aligns with disclosures in the Unitholder Booklet.

Source: DPF audited financials

The increase in investment properties was driven by the acquisition of two new properties (in Osborne and Williamtown) and the upward revaluation of investment properties as noted in Section 3.2.2. The increase in property values was partially offset by an increase in net debt of $37.9m, used to fund property acquisitions, capital expenditure and withdrawals. Over the same period, however the fund's gearing has been relatively stable due to the increase in value of the assets. As at 30 June 2021, the borrowings balance noted in the table above includes capitalised borrowing costs of $1.2m.

Over FY2021 the total number of securities increased by 19.1m, driven by 41.5m in new applications and 3.2m securities in reinvestments from distributions, partially offset by the redemption of 25.7m securities.

As a result of the above, net assets attributable to securityholders resulted increased by a 9.5%, to $1.17 per unit.

3.8 Securities on issue

DPF had 287.7m ordinary securities on issue as at 30 June 2021, with a further 4.7m securities being issued since then, resulting in total securities on issue of 292.5m as at 4 October 2021.

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3.8.1 Distribution yield

The cash distributions made to securityholders along with the implied distribution yields are set out in the table below:

Table 10: DPF Distribution yield

	FY2019	FY2020	FY2021
NTA as at relevant reporting date	$1.035	$1.069	$1.171
Ordinary distribution per securityholder (cents)		6.39	5.55
Special distribution per securityholder (cents)		2.48	4.45
Distribution yield[1]		8.6%	9.4%

Note:
1. Based on the unit price at the start of the financial year and assumes no reinvestment of distributions. Includes both ordinary and special distributions.
Source: DPF audited and unaudited financials

The net tangible asset value has increased over the last three years, driven by an increase in the value of its properties. Distributions increased in FY2021, due to a special distribution of capital gains realised from the sale of 278 Orchard Road, Richlands, resulting in an increase in the distribution yield. Going forward, in the absence of disposals of properties, the fund is unlikely to be able to maintain such a high distribution yield as this level of distribution exceeds the Adjusted funds from operation (AFFO).

3.8.2 Security price performance

Security prices for withdrawals are determined by reference to the net tangible assets attributable to securityholders in the fund, divided by the total number of securities. The below table compares the performance of DPF to its benchmark, the MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index.

Table 11: DPF relative performance

	FY2020	FY2021
DPF ordinary securities total return net of fees[1]	12.3%	19.6%
MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index	(2.7)%	8.3%

Note:
1. Total return includes distribution return and security growth return
Source: DPF audited financials, MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index benchmark data

DPF has outperformed relative to the benchmark over the period, driven by distribution returns and net asset growth. Asset growth outperformance was primarily driven by asset valuation uplifts and acquisitions.

3.8.3 Historical withdrawals

DPF securities are not capable of being traded on an active market. However, the RE has set up a mechanism to allow securityholders to withdraw a certain proportion of their securities at net asset value on a quarterly basis. The maximum amount per quarter is capped at 2.5% of net tangible assets. If withdrawal requests are oversubscribed in any quarter, withdrawals are met on a pro-rata basis at the discretion of the fund. The RE may alter this threshold at its discretion.

The following chart outlines the withdrawals over the last 3 years up until February 2021.

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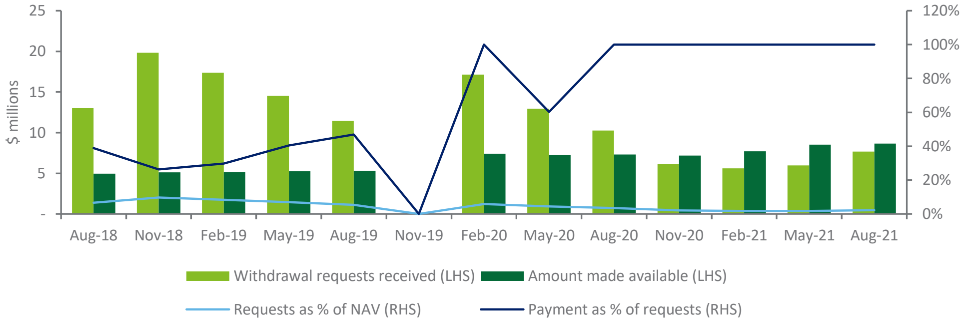
Figure 5: DPF withdrawal history



Source: Executives of the Manager

Due to the merger with RPF in November 2019, there was no withdrawal facility in that quarter. Withdrawals were caught up in the following quarter, which explains the sharp increase in withdrawal requests and payments in February 2020. 100% of withdrawal requests were met in the last 5 quarters reflecting recommendations from the executives of the Manager (August 2020) or sufficient withdrawal facility (November 2020 to August 2021). Overall, withdrawals have trended down over time whilst the facility has remained relatively consistent. All historical requests for withdrawals have been paid out at the preceding quarter end NTA.

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4 Profile of AOF

4.1 AOF overview

AOF is an ASX listed REIT which owns nine office properties across Australian metropolitan and CBD markets. The portfolio is valued at $638.9m and has a total net lettable area of 98,067 square metres as at 30 June 2021.

The responsible entity of the Fund is AUIREL, which is in effect a joint venture owned equally by subsidiaries of Australian Unity Limited and Keppel Corporation Limited. AUFML was appointed as investment manager, and AUPM as property manager of AOF. AUFML and AUPM are part of the Australian Unity Limited property business unit.

The Fund's strategy has been to focus on owning Australian office properties in metropolitan and CBD markets, complemented by a targeted and diversified portfolio of Australian real estate assets offering affordable accommodation with attractive amenity and accessibility. It aims to grow net property income and enhance capital values through active asset management and to deliver investors sustainable and growing income returns via quarterly distributions. To do so, the manager has constructed a portfolio that maintains diversification of geography, tenants and lease expiry through value-add initiatives including developments, asset repositioning strategies, divestments and acquisitions. AOF aims to achieve the strategy whilst maintaining a capital structure which has target gearing below 40%.

In 2019, AOF received a takeover offer from third parties. This offer was at a premium to net assets at the time and was recommended by the directors of the responsible entity but, following a securityholder vote, was not successful.

4.2 Property assets

4.2.1 Overview of properties

AOF owns the following nine[7] properties:

1. **2-10 Valentine Avenue, Parramatta**: A-grade 14 level office building located in the Parramatta CBD, with an adjacent six storey car park which provides parking for 286 vehicles. The property is located approximately 100 metres from the Parramatta bus and railway interchange and Westfield shopping centre. The property has been predominantly leased to the NSW State Government. AOF has a planning proposal to redevelop the adjacent carpark. Refer to Section 4.2.4 below for more detail

2. **150 Charlotte Street, Brisbane**: A-grade 16 level office building with three levels of basement parking located in Brisbane's CBD. The location in the Midtown precinct will benefit from projects including Queen's Wharf and the Cross River Rail. The base building underwent a $21m refurbishment in 2012, and currently a new train station 200m from the asset is undergoing construction

3. **30 Pirie Street, Adelaide**: A-grade office building, centrally located in Adelaide's CBD, with 23 levels of office space. The main tenant is Telstra which has occupied the property since its construction in 1987. The building underwent extensive refurbishment at a cost of $19m in 2012

4. **468 St Kilda Road, Melbourne**: B-grade office building with 13 levels, with refurbishment carried out progressively since 2010. St Kilda Road is one of the largest non-CBD office markets in Australia located approximately three kilometres to the south of the Melbourne CBD

5. **5 Eden Park Drive, Macquarie Park**: A-grade office building which comprises three levels of office space and a production and warehouse area. Both of the main tenants are in growth industries which may result in further lease expansion into the property

6. **32 Phillip Street, Parramatta**: B-grade office building located within the northern portion of the Parramatta commercial precinct within close proximity to the retail strip on Church Street. The property was refurbished in 2013 under the terms of the 10 year lease to GE Capital Finance. AOF is currently in the process of evaluating a possible disposal of this property

7. **2 Eden Park Drive, Macquarie Park**: Office and industrial complex with 16 attached units. The three level office areas are at the front of the property and the warehouse at the rear, split over two levels

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[7] Including 96 York Street, Beenleigh where AOF has made a commitment to purchase the property and settlement is due in January 2022.

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8. **96 York St, Beenleigh**: New and modern A-grade office property located in a central Government hub, within 550 metres of the train station. Includes 7 floors of office accommodation, with the majority leased to the Logan City Council on a 10 year lease. This site was acquired in July 2021 for a price of $33.5m, with settlement expected to occur in December 2021 from undrawn debt facilities

9. **64 Northbourne Avenue, Canberra**: B-grade property with six levels of office space, located within the Canberra CBD and within close proximity to the prime retail precinct, the City Bus Interchange and Canberra's new light rail.

Key metrics of the AOF portfolio are summarised in the following table.

Table 12: AOF's property portfolio

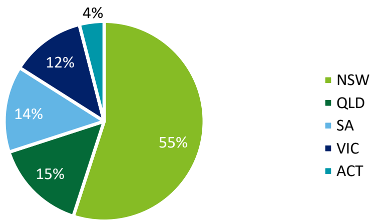
Portfolio	Valuation[1] ($m)	Lettable area (sqm)	Cap. rate (%)	WALE[2] (years)	Occupancy (%)
2-10 Valentine Avenue, Parramatta	147.8	16,020	5.50%	1.0	97.3%
150 Charlotte Street, Brisbane	97.0	11,081	6.00%	2.6	97.4%
30 Pirie Street, Adelaide	90.0	24,665	7.25%	1.7	96.1%
468 St Kilda Road, Melbourne	79.0	11,211	5.25%	3.9	92.7%
5 Eden Park Drive, Macquarie Park	73.5	11,556	5.50%	4.0	96.3%
32 Phillip Street, Paramatta	62.8	6,759	5.38%	2.0	100.0%
2 Eden Park Drive, Macquarie Park	62.5	10,346	5.50%	2.7	100.0%
96 York Street, Beenleigh[3]	33.5	4,661	5.63%	10.0[4]	100.0%
64 Northbourne Avenue, Canberra	26.3	6,429	7.00%	3.0	80.2%
Total	**672.4**	**102,498**			
Weighted average[5]			**5.93%[6]**	**2.6[7]**	**95.9%[8]**

Notes:
1. Value based on latest independent property valuations available as at 30 June 2021
2. Weighted average lease expiry, weighted by gross property income as at 30 June 2021. Vacancies are valued at market income. Assets under development are excluded
3. Acquired in July 2021, with settlement expected in December 2021
4. 86% of the NLA is leased to City of Logan on 10-year lease, with a 2-year rental guarantee, over remaining 14% of NLA
5. Figures may not align with Unitholder Booklet as our calculations include 32 Phillip Street, Parramatta
6. Weighted based on valuation
7. Weighted based on gross property income as at 30 June 2021
8. Weighted based on lettable area.

Source: AOF announcements, Independent property valuations, Deloitte Corporate Finance analysis

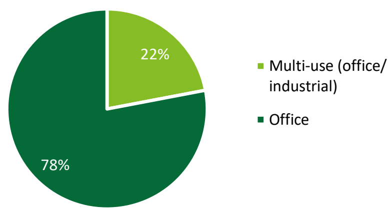
Set out in the figures below is the dispersion of AOF's portfolio by State and by type of property class:

Figure 6: AOF properties by state (by book value)



Note:
Includes 32 Phillip Street, Parramatta but excludes 96 York Street, Beenleigh
Source: AOF FY21 results presentation

Figure 7: AOF properties by sector allocation (by value)



Note:
Includes 32 Phillip Street, Parramatta but excludes 96 York Street, Beenleigh
Source: AOF FY21 results presentation

AOF's portfolio is geographically diverse, with properties located in New South Wales, Queensland, Victoria, Australian Capital Territory and South Australia. Approximately 82% of the portfolio is located on the eastern seaboard. AOF's portfolio mainly focuses on Australian office properties in metropolitan and CBD markets, with the remaining being multi-use properties (office/ industrial).

4.2.2 Property valuations

AOF has a documented property valuation policy which is applied to all AOF owned properties. This policy is identical to the policy utilised by DPF and is summarised in section 3.2.2.

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We have set out below the historical valuation outcomes for the properties.

Table 13: Historical valuations summary

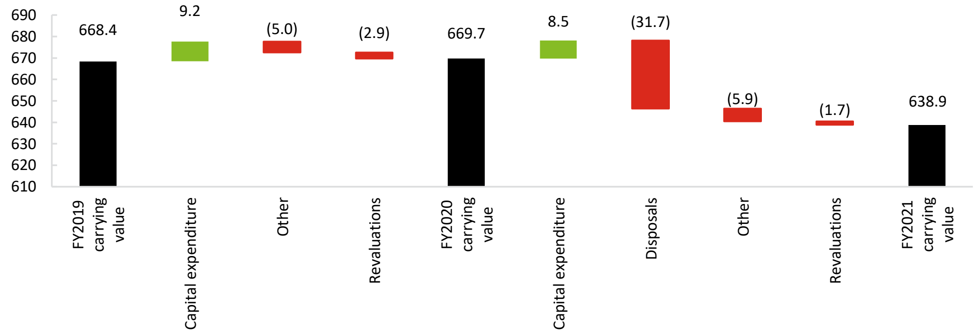
Portfolio	Valuation date	Valuation ($m)	Capitalisation rate	WALE[1]
2-10 Valentine Avenue, Parramatta	Jun-18	115.0	6.25%	3.8
	Jun-19	120.0	5.75%	2.9
	Jun-20	134.5	5.50%	1.9
	Jun-21	147.8	5.50%	1.0
150 Charlotte Street, Brisbane	Jun-18	105.8	6.00%	4.7
	Jun-19	102.0	6.00%	4.3
	Jun-20	100.0	6.00%	2.9
	Jun-21	97.0	6.00%	2.6
30 Pirie Street, Adelaide	Jun-18	121.5	7.50%	4.7
	Jun-19	124.5	7.25%	3.7
	Jun-20	112.0	7.12%	2.6
	Jun-21	90.0	7.25%	1.7
468 St Kilda Road, Melbourne	Jun-18	71.3	5.50%	3.7
	Jun-19	80.5	5.25%	3.3
	Jun-20	79.0	5.25%	2.4
	Jun-21	79.0	5.25%	4.3
5 Eden Park Drive, Macquarie Park	Jun-18	61.5	6.25%	6.0
	Jun-19	66.0	6.00%	5.0
	Jun-20	66.0	6.00%	3.5
	Jun-21	73.5	5.50%	3.4
32 Phillip Street, Parramatta, NSW	Jun-18	56.5	6.25%	5.0
	Jun-19	65.0	5.75%	4.0
	Jun-20	65.5	5.50%	3.0
	Jun-21	62.8	5.37%	2.0
2 Eden Park Drive, Macquarie Park	Jun-18	44.3	6.50%	2.1
	Jun-19	47.4	6.25%	1.9
	Jun-20	50.0	6.25%	3.2
	Jun-21	62.5	5.50%	2.9
96 York Street, Beenleigh	Jun-21	33.5	5.62%	10.0[2]
64 Northbourne Avenue, Canberra	Jun-18	22.3	7.75%	3.3
	Jun-19	24.0	7.00%	3.2
	Jun-20	25.9	7.25%	2.8
	Jun-21	26.3	7.00%	2.3

Note:
1. As at date of valuation
2. 86% of the NLA is leased to City of Logan on 10-year lease, with a 2-year rental guarantee, over remaining 14% of NLA.
Source: Independent property valuations

On a like-for-like basis (i.e. excluding the addition of 96 York Street, Beenleigh and the sale of 241 Adelaide Street, Brisbane), the portfolio has maintained its value over the last reporting period. The value of 2 and 10 Valentine Avenue, Parramatta increased by $13.3m as development activity progressed and some early works capital expenditure has been incurred. This increase was partially offset by 30 Pirie Street, Adelaide which experienced a decline in value due to an increase in capital expenditure refurbishment requirements.

2 Eden Park Drive, Macquarie Park experienced an uplift in value where the capitalisation rate decreased by 0.80% to 5.50%, following leasing transactions maintaining 100% occupancy, as well as general market strength in the Macquarie Park market. 5 Eden Park Drive, Macquarie Park also benefited from a lower capitalisation rate decreasing by 0.50% to 5.50%, again reflecting the general market strength in the Macquarie Park market. The following figure presents the movements in the value of the property portfolio over the last two years.

Figure 8: Historical movement in AOF property valuations



Source: AOF FY2020 and FY2021 audited financials, Deloitte Corporate Finance analysis

Capital expenditure during FY2020 predominantly relates to development costs at 2 and 10 Valentine Avenue, Parramatta and refurbishment at 241 Adelaide Street, Brisbane. Capital expenditure at 2 and 10 Valentine Avenue, Parramatta continued in FY2021. Furthermore, capital expenditure additions at 30 Pirie Street, Adelaide also contributed to total capital expenditure in FY2021. The acquisition of 96 York Street, Beenleigh is not reflected in the figure above, as the transaction had not settled as at 30 June 2021.

Disposals in FY2021 relate to the sale of 241 Adelaide Street, Brisbane for a consideration of $31.5m.

Revaluation adjustments are primarily the result of increases in capital expenditure allowances and incentive provision over the reporting periods, partially offset by increases in rental growth in some markets and decreases in capitalisation rates.

As at 30 June 2021, the carrying value of each investment property was identical to the independent valuation of the property.

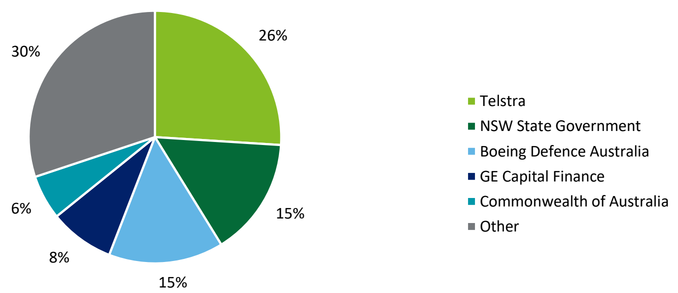
Executives of the Manager are of the view that none of the properties individually or collectively would have experienced a material change in value since the latest valuation.

4.2.3 Key tenants

A large portion of AOF's gross income is from high-quality, investment-grade tenants, including the State and Federal Government. AOF's major tenant is Telstra, which contributes approximately 25% of the gross passing income.

The following figure summarises AOF's key tenants by gross passing income.

Figure 9: AOF's key tenants (by income) in FY2021



Note:
Includes 32 Phillip Street, Parramatta but excludes 96 York Street, Beenleigh
Source: AOF 2021 Full Year Results Presentation, August 2021

4.2.4 Development opportunities

AOF is currently evaluating two value-add redevelopment opportunities:

- **2-10 Valentine Avenue, Parramatta**: An opportunity to join 2 and 10 Valentine Avenue into a campus style office accommodation. With a focus on base building refurbishment, delivered with sustainability initiatives, the repositioning strategy will offer A Grade office accommodation with superior tenant amenity. As at 30 June 2021, development costs were estimated to be in excess of $200m and are expected to be incurred over the development phase which spans from July 2021 to August 2024. Up to 31 October 2021, development costs of c. $11m have been incurred. There are ongoing discussions with existing tenants and potential other tenants who would underpin the tenancy of both buildings.
- **30 Pirie Street, Adelaide:** Redevelopment opportunity exists to create an activated vibrant forecourt and ground floor lobby. The redevelopment will introduce a concierge and hub style meeting rooms with state-of-the-art facilities and amenity, base building and typical floor designed to maximise the occupancy experience and wellness. Capital expenditure of $15m is expected to be incurred when the lease with Telstra expires in February 2023 and they downsize their tenancy. There are also ongoing discussions with existing and other potential tenants.

4.2.5 Divestments

As part of AOF's active management strategy, the divestment of 32 Phillip Street, Parramatta, NSW is being considered. The asset has been identified as non-core to AOF's long term strategy of ensuring a balanced portfolio, noting AOF's portfolio weighting to the Parramatta market. The property is in the early stages of a marketing process and there is no expectation of a disposal prior to the Implementation Date. Executives of the Manager are of the opinion that the net proceeds are likely to be in line with the current valuation of the property.

4.2.6 Acquisitions

On 21 July 2021, AOF announced the acquisition of 96 York Street, Beenleigh at a price of $33.5m. The property is a new, A-Grade office building located in the city of Logan in South East Queensland. The vast majority of the space in the building has been leased to Logan City Council for 10 years with two 5 year options. It is the current expectation of the Manager that the acquisition of the property will settle after Implementation Date.

4.2.7 Impact of COVID-19

Since the World Health Organisation declared a worldwide COVID-19 pandemic in March 2020, AOF's performance has been impacted by lockdown measures discussed in Section 3.2.5. The office sector has been particularly impacted with landlords being required to offer discounted rents and higher incentives to minimise vacancy levels. Due to increase in valuation uncertainty, AOF elected to externally revalue all of its investment properties as at 30 June 2020 and 2021 to ensure valuations reflect current market conditions.

As a consequence of the pandemic, large tenants delayed leasing decisions whilst eligible tenants requested rent relief. In FY2020. AOF recognised a doubtful debt provision of $1.1m in the year to account for the expected rent waivers to be granted. In FY2021, AOF provided rent waivers totalling $558k, being approximately 1% of rental income, and deferred $298k of tenants' rental payments.

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4.3 Management fees

Various entities are entitled to receive management fees as outlined in the table below.

Table 14: Management fees

Fee type	Description of fees
Responsible entity services	• 0.60% p.a. multiplied by the Fund's gross asset value up to and including $750m • 0.55% p.a. multiplied by the Fund's gross asset value that exceeds $750m • Reimbursement for all costs and expenses incurred in the day to day running of Fund including (but not limited to) custodian fees, independent directors' fees, auditors' fees, accounting fees, registry fees and legal fees.
Investment management services	• An annual fee for accounting services of $140,000, adjusted upwards by CPI for each year from the date at which AUFML was appointed investment manager (i.e. 17 June 2016) • Services provided include management, financial and tax reporting, investor relations and reporting, capital management including debt and equity raising and transactional services such as feasibility analysis and diligence management. The fees for these services are encompassed in the responsible entity services fees noted above.
Property management services	• Australian Unity also provides property management services connected with the buildings owned by AOF. These services range from leasing and tenancy management through to capital works management and facilities services • On 10 July 2019, the independent directors of AUIREL approved the changes in the Property Management Agreement fees as outlined as follows, with effect from 1 July 2019, in accordance with the terms of the Property Management Agreement which provides for a review of property management services fees every three years • Base Lease Fee: ○ Leasing fee for new leases with prospective tenants and renewals or increases in the leased area of leases by existing tenants. This is calculated as a percentage of the average annual gross rental income based on the number of years of the lease: (see Table 15 below) ○ The leasing fee payable for renewals of leases and relocations of existing tenants is 50% of the Base Lease Fee. However, if another property agent has been appointed to provide leasing services in respect of the relevant property, the leasing fee payable to AUPMPL will be 25% of the Base Lease Fee. • Market rent review: 10% of any increase in the average annual gross rent payable over the remainder of the lease term • Project management fee (per project): 5% of the cost of the capital works (where the cost is less than $1 million). Otherwise, $50,000 plus 1% above $1 million of the cost of capital works • Facilities services: $0.50 per square metre • Property management services and financial management services: 3% of gross operating income (subject to an 85% occupancy floor in the overall occupancy rate)

Table 15: Base Lease Fee

Lease years	% of average annual gross rental income
3 years or less	11%
Between 3 and 4 years	12%
Between 4 and 5 years	13%
More than 5 years	13% plus 0.5% for each additional year after 5 years, up to a maximum of 15%

Source: FY2021 Appendix 4E preliminary financial report, Investment Management and Property Management agreements and deed of amendments

The initial term of the Investment Management Agreement is 10 years (unless extended by agreement between the parties). Following this initial term, the Investment Management Agreement automatically extends for a further 5 years unless terminated in accordance with its termination provisions. The termination provisions are summarised as follows:[8]

- following the initial term, the Responsible Entity may terminate the agreement upon giving two years' notice to the Investment Manager
- the Investment Manager may terminate the agreement upon giving six months' notice to the Responsible Entity
- the agreement is automatically terminated if the Fund is terminated
- the agreement can be terminated if either party is the subject of an insolvency event, change of control or is in material breach of the agreement

[8] Investment Management Agreement between the Responsible Entity and the Investment Manager dated 20 May 2016.

- if the Responsible Entity is removed as the Responsible Entity and replaced by an entity which is not a related party of the Investment Manager, the agreement automatically terminates
- there are no termination fees payable under the agreement.

The initial term of the Property Management Agreement is 10 years. Following this initial term, the Property Management Agreement automatically extends for a further 5 years unless terminated in accordance with its termination provisions. The termination provisions are summarised as follows:[9]

- following the initial term, the Responsible Entity may terminate the agreement upon giving two years' notice to the Property Manager
- the Property Manager may terminate the agreement upon giving six months' notice to the Responsible Entity
- the agreement is automatically terminated if the Fund is terminated
- the agreement can be terminated if either party is the subject of a material breach of the agreement
- if the Responsible Entity is removed as the Responsible Entity and replaced by an entity which is not a related party of the Property Manager:
- the agreement automatically terminates two years after the event
- at the discretion of the Property Manager, the agreement immediately terminates, in which case, the replacement responsible entity must pay the Property Manager the equivalent of 24 months' management fees. This amount should be calculated to be the higher of:
  - the amount of fees that would have been payable based on the budgeted gross operating income and budgeted capital works for each property and budgeted fees relating to the rent review services and the leasing services for each property for the two years after the event
  - the actual fees accrued or payable in the month immediately prior to the termination multiplied by 24.

The RE's current remuneration structure only includes a base management fee with no entitlement to a performance fee.

4.4 Debt profile

The following table sets out a summary of the key characteristics of AOF's debt:

Table 16: Debt profile

	As at 30 June 2021
Total facility limit	$250.0m
Total borrowings (excluding unamortised borrowing costs)	$190.8m
Current LVR	29.9%
Weighted average debt expiry	2.5 years
Interest coverage ratio	5.2x
Weighted average term of interest rate hedging	2.5 years

Source: AOF audited financials

As at 30 June 2021, AOF had total debt facilities of $250m, of which $59.2m was undrawn. Details of the debt facilities with the Commonwealth Bank of Australia and National Bank of Australia are set out below:

Table 17: Debt facilities

Facility	Limit ($m)	Maturity date	ICR Covenant	LVR Covenant
Tranche 1	70.0	Oct 2022		
Tranche 2	80.0	Jun 2023	2.0x	50.0%
Tranche 3	100.0	Mar 2025		
Total/weighted average	**250.0**			

Source: AOF's audited financials and debt agreements

The debt facilities are secured against the assets of AOF and are non-recourse to securityholders.

[9] Property Management Agreement between the Responsible Entity and the Property Manager dated 20 May 2016.

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As at the date of our report, AOF is in compliance with all debt facility covenants.

AOF has interest rate swaps which are used to hedge the drawn debt, as summarised in the following table. As at 30 June 2021, based on current interest rate swaps (of $170m, excluding forward dated contracts), drawn borrowings were 89% hedged.

4.5 Financial performance

We have summarised the audited statements of financial performance of AOF for the two years ended 30 June 2020 to 30 June 2021.

Table 18: AOF financial performance

$m (unless otherwise stated)	FY2020	FY2021
Rental income	57.6	55.2
Property expenses	(22.2)	(20.7)
Net property income	**35.4**	**34.5**
Realised losses on disposal of investment property	-	(0.5)
Total income before fair value movements	**35.4**	**34.0**
Net fair value increment (decrement) of investment properties	(2.9)	(1.7)
Net fair value gains (losses) on financial instruments	(3.1)	3.1
Total income after fair value movements	**29.4**	**35.5**
Responsible Entity management fees	(4.2)	(4.1)
Responsible Entity performance fees	-	-
Other expenses	(4.2)	(1.5)
Operating earnings	**21.0**	**29.9**
Finance costs (net of interest income)	(7.8)	(6.6)
Profit attributable to securityholders	**13.2**	**23.3**
FFO (cents)	18.2	18.7
Cash distributions per unit (cents)	15.0	15.0

Source: AOF audited financials

Rental income decreased to $55.2m in FY2021, driven by reduced outgoings income and rent waivers of $0.5m due to the COVID-19 pandemic. Property expenses also decreased by $1.4m driven by lower bad debt expense related to COVID-19 and lower outgoings. Overall, net property income decreased by $0.9m to $34.5m in FY2021.

In FY2021, AOF recorded a realised loss of $500k related to the sale of Adelaide Street, Brisbane, QLD in June 2021. It also recorded a $1.7m fair value decrease in respect of investment properties, mainly attributable to the downward revaluation of 30 Pirie Street, Adelaide due to an increase in capital expenditure refurbishment allowances. This was offset by a fair value gain of $3.1m related to movement in the mark-to-market value of interest rate swaps.

Responsible Entity Fees comprise responsible entity and investment management fees. The fee was stable year on year which was consistent with the stable GAV.

Other expenses decreased by 65% in FY2021 driven by $2.9m in costs related to evaluation of takeover offers in FY2020. These offers did not proceed.

Finance costs decreased to $6.6m which was driven by the restructuring of interest rate swap that reduced the effective interest rate. The movement was also in line with the lower borrowing balance in FY2021.

Overall, the increase in profit in FY2021 was attributable to favourable interest swap positions and reduction in transaction costs.

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4.6 Financial position

We have summarised the audited statements of financial position of AOF as at 30 June 2020 and 30 June 2021.

Table 19: AOF financial position

$m (unless otherwise stated)	FY2020	FY2021	Adjustments[1]	Pro-forma
		(a)	(b)	(c) = (a) + (b)
Receivables and prepaid expenses	1.8	0.6		0.6
Payables	(6.2)	(7.2)		(7.2)
Net working capital	**(4.4)**	**(6.6)**		**(6.6)**
Investment properties	669.7	638.9	33.5	672.4
Investment in property assets	**669.7**	**638.9**		**672.4**
Financial liabilities held at fair value[2]	(9.2)	(1.0)		(1.0)
Borrowings[3]	(219.8)	(196.3)	(35.8)	(232.1)
Less: cash and cash equivalents	5.8	8.9		8.9
Net cash/(debt)	**(223.2)**	**(188.4)**		**(224.2)**
Other assets	0.8	1.0		1.0
Net assets attributable to securityholders	**442.8**	**444.8**	**(2.3)**	**442.6**
Number of securities (m)	162.8	164.4		164.4
Net tangible assets per security ($)	2.72	2.71		2.69
Balance sheet gearing[4]	31.8%	29.3%		32.3%

Notes:
1. Pro forma adjustments for the acquisition of 96 York Street, Beenleigh. The basis of presentation of this adjustment is different to the Unitholder Booklet but aligned with the approach we have taken to evaluation of the Proposed Merger
2. Financial liabilities held at fair value has been calculated as net, incorporating financial assets held at fair value
3. Includes distributions payable
4. Calculated as net debt (excluding distributions payable) divided by total assets less cash. Approach to calculation aligns with disclosures in the Unitholder Booklet.

Source: AOF audited financials, Deloitte Corporate Finance analysis

The decrease in investment properties in FY2021 of $30.8m was driven by the sale of Adelaide Street, Brisbane, QLD for a consideration of $31.5m in June 2021. Other movements include recognition of lease amortisations, straight-lining of rental income, and fair value revaluation are offset by additions and refurbishments to existing properties.

Financial liabilities held at fair value decreased to $1.0m as at 30 June 2021 due to the restructuring of interest rate swaps along with market movements in interest rates. As at the date of this report, the balance is estimated to be $0.4m. Borrowings decreased to $190.2m due to principal repayments, largely from the property sale noted above. As at 30 June 2021, the borrowings balance noted in the table above includes unamortised borrowing costs of $0.6m.

The pro forma adjustment relates to the settlement of the acquisition of 96 York Street, Beenleigh at a price of $33.5m. The transaction results in a decrease in net assets due to the expected stamp duty and other transaction related costs.

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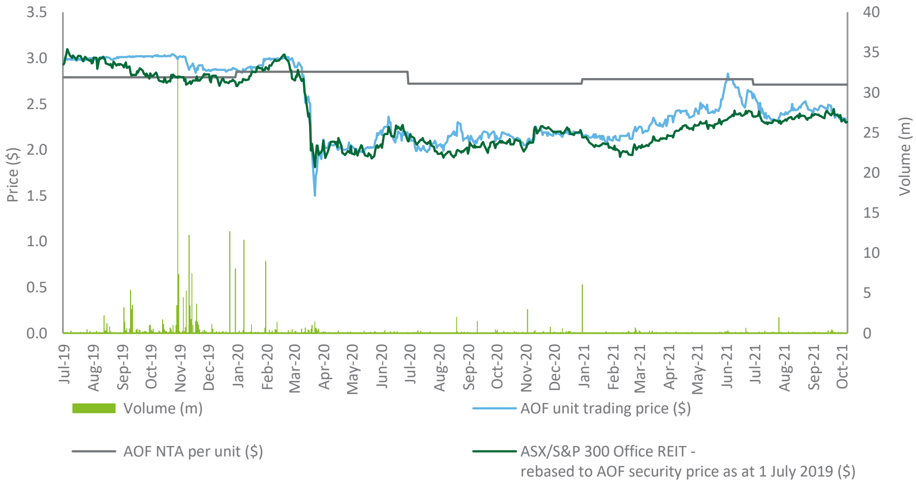
4.7 Securities on issue

4.7.1 Recent security price trading

AOF has 164.4m securities on issue, which are traded on the ASX. AOF's security trading price movements, along with the performance of ASX/ S&P 300 Office REIT as a reference, and NTA per unit since July 2019 are presented in the figure below.

Figure 10: Historical security trading price, volumes and NTA per unit since 1 July 2019



Source: Capital IQ, AOF FY20 and FY21 audited financials and half year reports, Deloitte Corporate Finance analysis

From July 2019 to October 2021, AOF securities traded between $1.50 and $3.00 while the Fund's NTA per security ranged from $2.70 to $2.90. The spike in AOF's trading volume in November 2019 was related to the divestment by the Charter Hall Group and Abacus Property Group consortium of its interest in AOF. This is followed by above average trading volume in January 2020 following public announcements of positive revaluations of properties and February 2020 following the acquisition offer from Starwood Global Opportunity Fund. The sharp decrease in the trading price of AOF securities in March 2020 coincided with lockdown restrictions being implemented in Australia due to COVID-19. This is consistent with a general drop in the property market as seen in movements of the S&P/ASX 300 Office A-REIT Index[10]. Trading prices recovered over the following 12 months and had a significant recovery in June 2021 following AOF's completion of the sale of 241 Adelaide Street, Brisbane.

On 7 July 2021, AOF announced that it was investigating the Proposed Merger with DPF, as part of its strategic assessment.

Over the assessment period since 1 July 2019, AOF's unit price has generally traded below the NTA with a range from 47.4% discount (on 23 March 2020 due to COVID-19) to a 9.0% premium (on 24 October 2019 preceding the CHAB acquisition's Scheme meeting). Over the six months prior to the announcement of the discussions regarding the Proposed Merger, the gap to NTA has been reducing. Since the announcement regarding the Proposed Merger, the security price has decreased to reflect what would appear to be the NTA of Proposed Merged Entity on a merged basis.

4.7.2 Substantial securityholders

As at 23 September 2021, approximately 68.3% of the total units on issue were held by the top 20 securityholders, of which the majority were held by the 5 most substantial securityholders, as set out in the following table.

[10] The S&P/ASX 300 Office A-REIT Index which comprises Centuria Metropolitan REIT, Cromwell Property Group, Dexus and GDI Property Group.

Table 20: Substantial securityholders

	Number of AOF securities held (million)	Percentage of total AOF securities issued (%)
Hume Partners Pty Ltd and other entities	32.8	20.0%
Australian Unity Property Limited and related entities	21.4	15.0%
Maso Capital Investments Limited and affiliates	14.8	9.1%
Valtellina Properties Pty Ltd	10.0	6.1%
Salvatore Tarascio (Salta Group)	8.4	5.1%

Source: Substantial holder notices as at 21 October 2021

4.7.3 Distribution yield

The cash distributions made to securityholders along with the implied distribution yields are set out in the table below.

Table 21: AOF distribution yield

	Unit	FY2020	FY2021
NTA per security	$	2.72	2.71
Trading price at end of period	$	2.09	2.61
Cash distributions per security	cents	15.00	15.00
Distribution yield based on NTA	%	5.5%	5.5%
Distribution yield based on security trading price	%	7.2%	5.7%

Source: AOF audited financials, Capital IQ, Deloitte Corporate Finance analysis

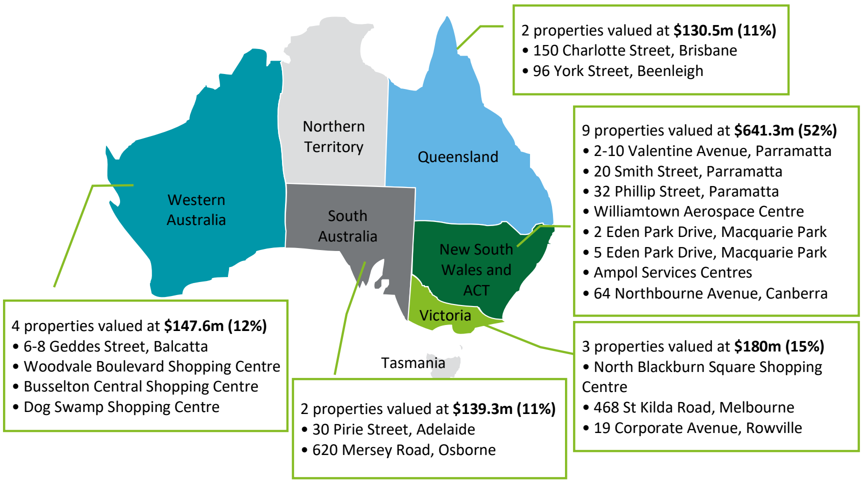
Overall, AOF's security value and distributions have been resilient despite market uncertainties around COVID-19. As such, the FY2021 distribution yield based on NTA has been stable as compared to FY2020. Whilst the securities have traded at a discount to NTA for most of FY2021, prices increased towards the end of FY2021 following the economic recovery and positive reception towards AOF's strategic proposals. As a result, distribution yield based on the trading price of securities decreased to 5.7% towards the end of FY2021.

5 Profile of the Proposed Merged Entity

5.1 Overview of the Proposed Merged Entity

The Proposed Merged Entity (which is expected to be named Australian Unity Property Fund (AUPF)) will include the 11[11] properties owned by DPF and the 9 properties owned by AOF[12]. The Proposed Merged Entity is expected to be geographically diversified between Queensland, New South Wales, Victoria, South Australia and Western Australia, as presented in the figure below.

Figure 11: AUPF portfolio summary



Notes:
Some properties are consolidated for reporting purposes
Source: Merger announcement

From the perspective of DPF securityholders, the exposure to Victoria and Western Australia is expected to decrease, whilst they will increase exposure to South Australia and also gain exposure to Queensland and ACT.

The Proposed Merged Entity is expected to benefit from additional scale, having a larger more diversified property portfolio, as presented in the key portfolio metrics and sector allocation below.

[11] For reporting purposes, DPF consolidates co-located properties, including the five properties in Busselton and two properties in Balcatta.

[12] Inclusive of 19 Corporate Avenue, Rowville, 32 Phillip Street, Parramatta and 96 York Street, Beenleigh.

Table 22: Proposed Merged Entity key metrics

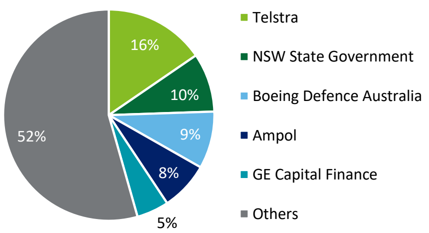
	Unit	DPF[1]	AUPF[2]
Pro-forma GAV as at 30 June 2021	$m	622.4	1,279.6
Net tangible asset value	$m	337.1	730.7
Number of assets	no.	11	20
Occupancy[3]	%	98.8	97.1
WALE[3,4]	years	8.2	4.8
Gearing ratio[5]	%	39.9	38.6

Note:
1. Includes 19 Corporate Avenue, Rowville
2. Inclusive of 19 Corporate Avenue, Rowville, 32 Phillip Street, Parramatta and 96 York Street, Beenleigh
3. Weighted based on lettable area. May not align to Unitholder Booklet as our calculations include 19 Corporate Avenue, Rowville and 32 Phillip Street, Parramatta
4. WALE – weighted average lease expiry. Weighted based on gross property income as at 30 June 2021
5. Calculated as net debt (excluding distributions payable) divided by total assets less cash. Approach to calculation aligns with disclosures in the Unitholder Booklet.

Source: Independent property valuation reports, DPF audited financials, Unitholder Booklet

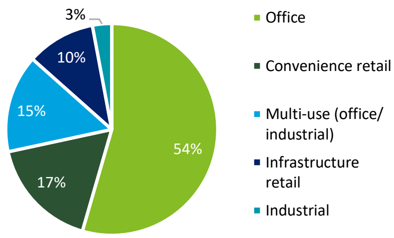
Relative to DPF, whilst the number of properties, the GAV and net tangible asset value are expected to increase, the WALE is expected to materially decrease reflecting the lower WALE within the AOF portfolio. In addition, gearing is also expected to decrease substantially reflecting the lower gearing levels within the AOF portfolio.

Figure 12: AUPF's key tenants (by income)



Note:
Presented on a pro-forma basis for year ended 30 June 2021
Includes 19 Corporate Avenue, Rowville, 32 Phillip Street, Parramatta and 96 York Street, Beenleigh
Source: Executives of the Manager

Figure 13: AUPF properties by sector allocation (by value)



Note:
Presented on a pro-forma basis as at 30 June 2021
Includes 19 Corporate Avenue, Rowville, 32 Phillip Street, Parramatta and 96 York Street, Beenleigh
Source: DPF Fund Update

Relative to DPF, the portfolio is expected to be more diversified, with Telstra, the NSW State Government and Boeing Defence Australia being larger tenants than Ampol. DPF securityholders will also have much greater exposure to the office sector.

5.2 Proposed fee structure

Should the Proposed Merger proceed, the Proposed Merged Entity will adopt the management fee arrangements currently in place in respect of AOF. The change in fee structure for DPF securityholders is summarised in the table below.

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Table 23: DPF fee structure and proposed fee structure for the merged entity

		Current DPF fee structure	Proposed Merged Entity fee structure
Management fee	Up to $750m in GAV	0.65% of the GAV	0.60% of the GAV (5bps decrease)
	Above $750m in GAV	0.65% of the GAV	0.55% of the GAV (10bps decrease)
Performance fees		20.0% of the amount of return (based on the net assets of DPF) above an IRR of 10% p.a multiplied by the GAV	nil
Removal fees		Up to 1.0% of the GAV of the Fund upon the removal of AUPL as the RE of the fund	nil
Acquisition fees		Up to 1% of the purchase price of real property acquired	nil
Other fees		Other fees and costs may be payable by the fund relating to day-to-day expenses incurred by the RE in performing its duties.	These expenses are expected to reduce, as a portion will be encompassed as part of the management fee, as a result of the change to the base management fee

Source: DPF PDS, Executives of the Manager

Removal fees that AUPL would be entitled to are not triggered when the replacing manager is a related party. Neither AUPL nor Australian Unity will be generating any other fees as a result of the Proposed Merger. On DPF's GAV of $622.4m, a 0.05% decrease in management fees would result in an annual saving of $0.3m. In FY2020 and FY2021, DPF paid performance fees of $3.7m and $6.9m respectively, which will no longer be payable by the Proposed Merged Entity. Acquisition fees, which were approximately $1.0m in FY2021, will also no longer be payable after the Proposed Merger.

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5.3 Pro-forma financial position

We have summarised the pro-forma statement of financial position of the Proposed Merged Entity in the table below.

Table 24: Proposed Merged Entity financial position

$m (unless otherwise stated)	AOF Pro-forma[1]	DPF Audited	Sale of AOF units[2]	Withdrawal Offer[2]	Other adjustments[2]	AUPF Pro-forma
	(a)	(b)	(c)	(d)	(e)	(f) = (a) + (b) + (c) + (d) + (e)
Receivables and prepaid expenses	1.6	4.7	(0.4)	-	-	5.9
Payables	(7.2)	(11.7)	-	-	-	(19.0)
Net working capital	**(5.6)**	**(7.0)**	**(0.4)**	-	**-**	**(13.1)**
Investments in property trusts	-	25.3	(25.3)	-	-	-
Investment properties	672.4	569.9	-	-	-	1,242.3
Investment in property assets	**672.4**	**595.2**	**(25.3)**	-	**-**	**1,242.3**
Financial liabilities held at fair value	(1.0)	-	-	-	1.0	-
Borrowings[3]	(232.1)	(273.6)	0.4	-	(24.5)	(529.9)
less: cash and cash equivalents	8.9	22.5	24.8	(24.8)	-	31.4
Net debt	**(224.2)**	**(251.1)**	**25.2**	**(24.8)**	**(23.6)**	**(498.5)**
Net assets attributable to securityholders	**442.6**	**337.1**	**(0.5)**	**(24.8)**	**(23.6)**	**730.7**
Number of securities (m)	164.4	287.8	-	(21.3)	121.2	285.6[4,5]
Net assets per security ($)	2.69	1.17	n.a.	n.a.	n.a.	2.56
Balance sheet gearing[6]	32.3%	39.9%	n.a.	n.a.	n.a.	38.6%

Notes:
n.a. = not applicable
1. Includes the acquisition of 96 York Street, Beenleigh
2. The basis of presentation of the adjustments is different to the Unitholder Booklet but aligned with the approach we have taken to evaluation of the Proposed Merger. In particular, these adjustments exclude the acquisition of 96 York Street, Beenleigh which has already been adjusted for the purposes of our analysis in the AOF Pro-forma column above and as set out in more detail in Table 19
3. Includes distributions payable
4. DPF existing number of units and NTA per unit will be adjusted by the merger ratio of 0.4550 AOF units for 1 DPF unit
5. Calculated as (a) + (e)
6. Calculated as net debt (excluding distributions payable) divided by total assets less cash. Approach to calculation aligns with disclosures in the Unitholder Booklet.
Source: Merger announcement, Pro forma financial statements as disclosed in the Unitholder Booklet

The table above presents the pro-forma statements of financial position of AOF and DPF as presented in Table 19 and Table 9, respectively. These are combined and transaction adjustments applied in order to present the Proposed Merged Entity pro-forma statement of financial position. The adjustments reflect:

- **Sale of AOF units owned by DPF**: the securities in AOF that are owned by DPF will be sold at the price of $2.56 per security, which is based on the pro-forma net asset value of AUPF. The proceeds from the sale will be used to fund the cash withdrawal facility described below. The related distribution receivable (DPF side) and payable (AOF side, included in borrowings) of $0.4m will be cancelled
- **Withdrawal Offer**: DPF securityholders will be provided access to a withdrawal facility of approximately $24.8m priced at a 50bps discount to the prevailing NAV per security which is currently estimated to be $1.165. It is the expectation that this facility will be fully taken up, resulting in the redemption of 21.3m in DPF securities
- **Financial liabilities held at fair value**: which comprise interest rate swaps are expected to be settled. The termination costs are expected to be funded by debt, and included in the adjustment below
- **Borrowings:** transaction and stamp duty costs of $24.5m are expected to be incurred and funded by debt. These include:
  - costs incurred by DPF up to the Implementation date regardless of the Proposed Merger is executed of $2.7m
  - costs incurred by AOF up to the Implementation date regardless of the Proposed Merger is executed of $2.0m

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- costs incurred subject to Implementation of the Proposed Merger (including stamp duty and other costs) of $17.5m
- costs associated with refinancing and swap termination that will be undertaken concurrent with the implementation of the Proposed Merger of $3.2m
- write-off of existing debt capitalised costs, and recognition of capitalised costs on the new facility, with a net impact of -$0.8m

- **Securities issued**: New AOF securities issued as consideration to DPF securityholders at the merger ratio of 0.4550 resulting in an addition of 121.2 AOF securities.

5.4 Management and governance of the Proposed Merged Entity

The responsible entity and manager of the Proposed Merged Entity will be the same as the existing RE and manager of AOF. However, the executives of the manager of AUPF will comprise existing executives of the Manager responsible for managing AOF, along with existing executives of the Manager responsible for managing DPF. As such, they will all have pre-existing experience and knowledge of the Proposed Merged Entity's assets. Further information on the executives is set out in Section 7.8 of the Unitholder Booklet.

The directors of the responsible entity will comprise five non-executive directors, of which three will be independent, whose details are set out in Section 6.11 of the Unitholder Booklet.

With the Proposed Merged Entity being listed on the ASX, securityholders will also benefit from the obligations the entity will have to observe ASX listing rules and other regulatory requirements that would not necessarily apply to DPF.

5.5 Number of securities in the Proposed Merged Entity

The number of securities in the Proposed Merged Entity will be based on the existing number of AOF securities plus new AOF securities that will be issued to DPF securityholders (net of the DPF securities bought back under the Withdrawal Offer) and as set out in the following table:

Table 25: Pro-forma number of securities in Proposed Merged Entity

m	
Existing number of AOF securities	164.4
Number of AOF securities issued to DPF securityholders	121.2
Pro-forma number of securities in Proposed Merged Entity	**285.6**

Source: Unitholder Booklet, Deloitte Corporate Finance analysis

After the merger, approximately half of the total units will be held by the top 15 securityholders, of which the majority would be held by the 3 most substantial securityholders, as set out in the following table:

Table 26: Substantial securityholders

	Number of AUPF securities held (million)	Percentage of total AUPF securities issued (%)
Australian Unity Property Limited and related entities	34.4	11.9%
Hume Partners Pty Ltd and other entities	32.8	11.4%
Maso Capital Investments Limited and affiliates	15.9	5.5%

Source: Executives of the Manager

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6 Valuation of DPF

6.1 Introduction

The valuation methodologies available to value entities such as DPF are set out in Appendix 1.

To estimate the market value of a DPF security, we have:

- estimated the market value of DPF on a net assets on a going concern basis.

  The net assets on a going concern basis approach is commonly used in valuing property investment trusts and other asset holding businesses. This is because the net assets of a REIT, subject to certain adjustments, should be a reflection of the value of the underlying properties owned by the REIT, and these properties are the subject of periodic revaluations. Further discussion of these revaluations is provided Section 3.2.2. We are of the opinion that this approach is the most appropriate methodology to value DPF.

  We have made adjustment based on projected pro-forma impacts reflecting revaluations since 30 June 2021, deduction of certain capitalised costs included in the book value of investment properties and borrowings, inclusion of certain transaction costs and deduction of capitalised operating costs.
- considered whether it is appropriate to apply a portfolio premium to reflect the scale and efficiencies of a larger property portfolio
- deducted the capitalised operating costs reflecting the costs associated with the management of the properties
- divided the net asset value of DPF by the number of securities on issue to obtain the net asset value of one security in DPF.

Given the characteristics of REITs as identified above, we also consider that market based methodologies and income based methodologies would not necessarily be suitable for the purposes of a valuation of the REIT, especially when undertaking a valuation on a control basis. Given this, we do not consider that there are other methodologies available to use for the purposes of this exercise.

6.2 Valuation of DPF

In order to arrive at the estimated market value of DPF, some adjustments are required for the following:

- Changes in assets and liabilities between 30 June 2021 and the Implementation Date
- Certain amounts included in the net assets of DPF at 30 June 2021 that we consider a prospective investor in DPF would seek to adjust in assessing the market value of DPF.

Our assessment of the market value of DPF, reflecting the adjustments summarised above, is set out in the following table.

Table 27: Valuation of DPF

$m	Reference	Low value	High value
Net assets as at 30 June 2021	**6.2.1**	**337.1**	**337.1**
Adjustments			
Capitalised costs included in the book value for investment properties	6.2.2	(3.7)	(3.7)
DPF revaluations between July and October 2021	6.2.3	2.0	6.0
Income (net of distributions) July 2021 and October 2021	6.2.4	-	-
Performance fees	6.2.5	-	-
Transaction costs	6.2.6	(2.7)	(2.7)
Mark-to-market of AOF securities	6.2.7	(2.6)	(1.8)
Capitalised costs included in book value of borrowings	6.2.8	(1.2)	(1.2)
Market value of DPF (before premiums/discounts and deduction of capitalised operating costs)		**328.8**	**333.6**

Source: Deloitte Corporate Finance analysis

6.2.1 Net assets as at 30 June 2021

The value of DPF's net assets as at 30 June 2021 is based on the aggregate of the following:

- the value of DPF's property portfolio including investments in property trusts as at 30 June 2021 as recorded in the financial statements of DPF as at 30 June 2021, as presented in Section 3.7
- the market value of DPF's other balance sheet items, such as cash, borrowings, receivables, and payables. Based on discussions with the executives of the Manager and noting some of the adjustments we make below, the net assets of DPF has not changed materially in the period since 30 June 2021.

We note the financial statements of DPF as at 30 June 2021 have been subject to an audit by PwC.

6.2.2 Adjustments to investment property

DPF capitalises the transaction costs and stamp duty associated with the purchase of investment properties. Capitalised costs included in the book value for investment properties include transaction costs related to the acquisition of the Williamtown property and leasing commissions in respect of the Busselton property which aggregate to $3.7m.

6.2.3 Pro-forma adjustments for DPF revaluations between July and October 2021

Supporting the net assets of DPF are independent property valuations. Independent property experts, CBRE Valuations Pty Limited (CBRE), Savills Valuations Pty Ltd (Savills), JLL and Player Property Group, were engaged by executives of the Manager to prepare valuation reports for the assessment of the value of DPF's property portfolio.

We have undertaken a review of the independent property valuations, along with holding discussions with executives of AUPL, and have concluded that:

- the protocols that are used by the manager to commission independent property valuations are sufficiently robust and appropriately address perceived and actual conflicts of interest
- the valuations are undertaken by suitably qualified and credentialed firms and personnel who have experience in valuing similar assets and knowledge of the markets in which the assets are located
- from our review of the valuations:
  - the valuation methods used and applied are consistent with those generally applied in the industry and based on our experience. Both the discounted cash flow and capitalisation of net income approaches have been used as the primary approaches. The valuation conclusion had regard to the results of each primary methodology
  - the assumptions and valuation metrics used by the valuer are not unreasonable and not inappropriate for the purpose of estimating the market value of the property.

Accordingly, we consider that the property valuations provide a reasonable estimate of the market value of DPF's property portfolio as at the relevant date of the valuations.

As set out in Section 3.2.2, the majority of the DPF portfolio was valued as at 30 June 2021 with all of the portfolio having been valued within six months of 30 June 2021.

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We held discussions with the executives of the Manager to gain an understanding of the current status of each of the properties and any material developments since the latest available valuation. The most material activities have been related to the developments at North Blackburn where ongoing works have resulted in expenditure which could be viewed as value accretive. However, this has been funded by cash and debt and as such, from a net asset value perspective, the impact of these activities has been minimal. As set out in Section 3.2.2, independent valuers provided updated valuations for North Blackburn Square Shopping Centre, Dog Swamp Shopping Centre, Busselton Central Shopping Centre, and Woodvale Boulevard Shopping Centre. In aggregate, the increase in the valuation, excluding any value increases from capital expenditure have been in the order of $2.0m.

In addition to this, executives of the Manager also informed us that they have received offers in respect of Rowville which, whilst subject to conditions, suggest the fund will realise a value (net of costs) some $4.3m higher than the current valuation. Given the disposal of this property is not certain at this site, we have only included the value uplift in the high end of our valuation range.

We also considered the security price movements of listed REITs with similar sector exposure in the Australian market for the four month period from 1 July 2021 to October 2021. Our analysis suggested that there have been no material changes in value since June 2021.

Having regard to the above, we consider an adjustment in the range of $2.0m to $6.0m to recognise the above would not be unreasonable.

6.2.4 Income (net of distributions) between July 2021 and Implementation Date

All profits from 1 July 2021 to the Implementation Date will be paid out to DPF securityholders, as such, no adjustment to the net assets is required.

6.2.5 Pro-forma adjustment for performance fees

The RE is not expected to be entitled to a performance fee for the period from 1 July 2021 to the Implementation Date.

6.2.6 Pro-forma adjustments for transaction costs

Total costs associated with the Proposed Merger are $22.2m, including:

- $4.7m of budgeted or committed costs to be incurred regardless whether the Proposed Merger is successful. Of this, DPF and AOF are expected to incur costs of $2.7m and $2.0m, respectively
- $9.7m of costs relating to stamp duty to be paid by the Proposed Merged Entity
- $7.8m of costs to be incurred if the Proposed Merger proceeds. This largely comprises financial advisor fees, but excludes debt refinancing fees.

For the purposes of the valuation of DPF prior to the Proposed Merger, we do not consider it appropriate to take account of the financial advisor, stamp duty costs, or other costs that will only be incurred if the Proposed Merger goes ahead. As such, we have considered the costs that DPF is expected to incur, regardless of whether the Proposed Merger is successful, being $2.7m.

6.2.7 Mark-to-market of AOF securities

The AOF securities were valued at $25.3m as at 30 June 2021. Based on recent share trading, their value has reduced to between $22.7m to $23.5m, resulting in an adjustment of $(1.8)m to $(2.6)m, as set out in the table below.

Table 28: Mark-to-market adjustment of AOF securities

	Unit	Low value	High value
Book value of AOF securities owned by DPF as at 30 June 2021	$m	25.3	25.3
Number of AOF securities owned by DPF	m	9.7	9.7
Selected security price	$	2.34	2.42
Assessed market value of AOF securities owned by DPF	$m	22.7	23.5
Difference to book value	**$m**	**(2.6)**	**(1.8)**

Source: Capital IQ, Deloitte Corporate Finance analysis

The range of security prices utilised for the purposes of the calculation above represents the range of ASX trading in AOF securities in the period since 30 June 2021.

6.2.8 Capitalised costs included in book value of borrowings

The book value of the unamortised establishment cost of the debt facility of $1.2m has been deducted to reflect the actual amount of debt due.

6.3 Valuation of DPF's securities

Set out in the table below is a summary of an estimate of the value of a DPF security:

Table 29: Valuation of DPF security

	Reference	Unit	Low value	High value
Market value of DPF (before portfolio premiums and deduction of capitalised operating costs)	6	**$m**	**328.8**	**333.6**
Premium to net asset value	6.3.1	$m	-	16.7
Capitalised operating costs	6.3.2	$m	(36.0)	(18.1)
Market value of DPF (on a going concern, control basis)		**$m**	**292.8**	**332.1**
Number of DPF securities	6.3.3	m	287.8	287.8
Market value of one DPF security		**$**	**1.02**	**1.15**

Source: Deloitte Corporate Finance analysis

Our valuation of a DPF security at the top end of the range is slightly lower than the NTA per DPF security reflecting the fact that we have taken account of the ongoing operating costs associated with managing the fund but this is offset by the portfolio premium (which we discuss below).

6.3.1 Portfolio premium

Each property owned by DPF has been valued on a standalone basis. The underlying valuations of the properties represent a "control" value (i.e. assume 100% ownership of each asset). It is, therefore, not appropriate to add an additional "premium for control" in considering the value of the individual assets of DPF.

A large, diversified property portfolio can provide scale and greater efficiencies (as well as risk mitigation) that would not otherwise be available through ownership of an individual property and, as a result, a market participant may be willing to pay a premium for a portfolio of assets when compared to the aggregate market value of the same assets on a standalone basis. Set out at Appendix 2 is our analysis of recent transactions and the premium to net assets paid in those transactions. The results are mixed because the premium to net assets can also be influenced by numerous other factors which can vary over time. Such factors can include the property market cycle (for example, the premiums in transactions during the period 2009 and 2012 were influenced by global financial crisis and its impact on the property sector in Australia) along with the relative attractiveness of portfolios that provide exposure to certain sectors such as social infrastructure, healthcare, agriculture, or industrial properties.

We have adopted a portfolio premium to the net asset value of DPF in the range of nil% to 5.0%, which we consider appropriate based on the following reasons:

- DPF has a portfolio of eleven properties, with overall diversification including exposure across property sectors including office, retail, convenience, and industrial sectors
- the property portfolio is across four Australian states, including NSW, WA, VIC, and SA
- the costs avoided and the time saved with replicating a portfolio of eleven properties with a market value of $565.8m based on valuations as at 30 June 2021.

6.3.2 Capitalised operating costs

The strategy development, management, compliance function and reporting of DPF is undertaken by the Manager on behalf of the RE, for which DPF pays a base management fee (refer to Section 3.3).

We consider that any prospective buyer would incur costs associated with the management of the properties along with managing the financing of the properties (until the properties are ultimately divested) and therefore we consider it reasonable to deduct a portion of the capitalised value of such costs in assessing the value of DPF.

We have applied the following assumptions in determining the appropriate adjustment:

- ongoing expenses: we have calculated the base management fee based on the management fee arrangement for existing DPF securityholders (i.e. 0.65% p.a.) and applied this to the GAV for DPF. We have excluded performance fees paid given historical volatility in terms of timing and magnitude
- capitalisation rate: 5.60%, based on the WACR of the underlying valuations of the DPF property portfolio determined by independent valuers and as summarised in Table 2.

For the reasons noted above (namely the costs of managing the assets and the fund, which would be incurred by any prospective buyer until the assets are disposed), we consider that a market participant would include these costs when considering the acquisition of DPF.

However, noting that these costs would not accrue to securityholders without some expectation of benefits the manager brings to the fund or conversely, in the context of a buyout of the fund or its assets, some avoidance of costs on the part of a prospective buyer, we have assumed that 25.0% to 50.0% of the costs would be incurred.

6.3.3 Number of securities

The number of DPF securities has been determined based on the current number of securities on issue.

7 Valuation of the Consideration

7.1 Introduction

To estimate the market value of the Consideration, we have:

- estimated the market value of the Proposed Merged Entity on a net assets on a going concern basis

  The net assets on a going concern basis approach is commonly used in valuing property investment trusts and other asset holding businesses. This is because the net assets of a REIT, subject to certain adjustments, should be a reflection of the value of the underlying properties owned by the REIT, and these properties are the subject of periodic revaluations. Further discussion of these revaluations is provided in Section 6.2.3 above and Section 7.2.6 below
- divided the net asset value of the Proposed Merged Entity by the number of units on issue immediately after implementation to obtain the net asset value of one unit in the Proposed Merged Entity.

For the reasons stated in Section 6.1 we also do not consider other valuation methodologies to be appropriate in the context of the valuation of the Proposed Merged Entity.

7.2 Valuation of the Proposed Merged Entity

We have estimated the current market value of the net assets of the Proposed Merged Entity by aggregating the current market value of the property portfolio and other assets and liabilities, net of an estimate of the market value of ongoing operating costs and other adjustments. In our assessment of the current market value of the Proposed Merged Entity, we have also considered whether it is appropriate to apply a portfolio premium.

Our assessment of the market value of the Proposed Merged Entity is set out in the following table:

Table 30: Valuation of the Proposed Merged Entity

	Reference	Unit	Low value	High value
Market value of DPF[1]	7.2.1	$m	328.8	333.6
Adjustments in respect of market value of DPF				
Disposal of AOF securities	7.2.2	$m	2.1	1.4
Withdrawal Offer	7.2.3	$m	(24.8)	(24.8)
Market value of DPF[1]		**$m**	**306.1**	**310.1**
AOF net assets as at 30 June 2021 (proforma after York street acquisition)	7.2.4	$m	442.6	442.6
Adjustments in respect of market value of AOF				
Swaps mark-to-market	7.2.5	$m	0.6	0.6
AOF revaluations between July and October 2021	7.2.6	$m	-	-
Income (net of distributions) July 2021 and October 2021	7.2.7	$m	-	-
Performance fee	7.2.8	$m	-	-
Transaction costs	7.2.9	$m	(2.0)	(2.0)
Capitalised costs included in book value borrowings	7.2.10	$m	(0.6)	(0.6)
Market value of AOF[1]		**$m**	**440.5**	**440.5**
Aggregated market value of DPF and AOF[1]		**$m**	**746.6**	**750.6**
Refinance and debt establishment costs	7.2.11	$m	-	-
Transaction costs and stamp duty	7.2.12	$m	(17.5)	(17.5)
Premium to NTA	7.2.13	$m	-	37.5
Capitalised operating costs	7.2.14	$m	(64.7)	(32.4)
Market value of Proposed Merged Entity (on a going concern, control basis)		**$m**	**664.4**	**738.2**

Note:
1. Before premiums/discounts and capitalised operating costs.
Source: Deloitte Corporate Finance analysis

7.2.1 DPF net assets as at 30 June 2021

Our calculation of the market value of the net assets being contributed by DPF is set out in Section 6.2.

7.2.2 Disposal of securities in AOF

If the Proposed Merger is approved, DPF will sell the securities in AOF to a subsidiary of Australian Unity Limited. The price at which those securities will be sold will be $2.56 per security, which is based on the pro-forma net asset value of AUPF. The value of the proceeds relative to the adjusted book value is between $1.4m to $2.1m higher.

7.2.3 Withdrawal Offer

If the Proposed Merger is approved, DPF securityholders will be provided access to a withdrawal facility of approximately $24.8m priced at a 50bps discount to the prevailing NAV per security which is currently estimated to be $1.165 per security. It is the expectation that this facility will be fully taken up.

7.2.4 AOF net assets as at 30 June 2021

The value of AOF's net assets as at 30 June 2021 is based on the aggregate of the following:

- the value of AOF's property portfolio including investments in property trusts as at 30 June 2021 as recorded in the financial statements as at 30 June 2021, as presented in Section 4.6
- the market value of the AOF's other assets and liabilities, such as cash, borrowings, receivables, and payables. Based on discussions with the executives of AUIREL and noting some of the adjustments we make below, the net asset value of AOF has not changed materially in the period since 30 June 2021.

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We note the financial statements of AOF as at 30 June 2021 have been subject to an audit by PwC.

7.2.5 Mark-to-market of swaps

The interest rate swaps were valued as a liability of $1.0m as at 30 June 2021. With the rise in the interest rates, the swap liability has reduced to $0.4m, thereby resulting in an adjustment of $0.6m.

7.2.6 Pro-forma adjustments for AOF revaluations between July and October 2021

For the purposes of our valuation, we have considered the property valuations prepared by independent property valuers in line with AOF's valuation policy.

We have undertaken a review of the independent property valuations, along with holding discussions with executives of the AUIREL, and have concluded that:

- the protocols that are used by the manager to commission independent property valuations are sufficiently robust and appropriately address perceived and actual conflicts of interest
- the valuations are undertaken by suitably qualified and credentialed firms and personnel who have experience in valuing similar assets and knowledge of the markets in which the assets are located
- from our review of the valuations:
  - the valuation methods used and applied are consistent with those generally applied in the industry and based on our experience. Both the discounted cash flow and capitalisation of net income approaches have been used as the primary approaches. The valuation conclusion had regard to the results of each primary methodology
  - the assumptions and valuation metrics used by the valuer are not unreasonable and not inappropriate for the purpose of estimating the market value of the property.

Accordingly, we consider that the property valuations provide a reasonable estimate of the market value of AOF's property portfolio as at the relevant date of the valuations.

As set out in 4.2.2, all AOF's properties were valued as at 30 June 2021.

We held discussions with the executives of the Manager to gain an understanding of the current status of each of the properties and any material developments since the latest available valuation. The most material activities have been related to developments at Valentine Avenue where ongoing works have resulted in expenditure which could be viewed as value accretive. However, this has been funded by cash and debt and as such, from a net asset value perspective, the impact of these activities has been minimal.

As noted in Section 6.2.3, we also considered the security price movements of listed REITs with similar sector exposure in the Australian market for the 4 month period from 1 July 2021 to October 2021, which suggested that there have been no material value changes since June 2021.

As such and based on our experience, and having regard to market movements in the period since the last valuations were prepared, we do not consider any further adjustment warranted.

7.2.7 Income (net of distributions) between July 2021 and October 2021

The fund is expected to make distributions which are anticipated to result in the vast majority of the income generated between 1 July 2021 and the Implementation Date being distributed. As such, we do not consider any adjustment is warranted.

7.2.8 Performance fees

The RE is not entitled to a performance fee and thus no adjustment for performance fees is required.

7.2.9 Pro-forma adjustments for transaction costs

AOF's budgeted or committed merger costs, which will be incurred regardless of whether the Proposed Merger proceeds, are $2.0m.

7.2.10 Capitalised costs included in book value of borrowings

The book value of the unamortised establishment cost of the debt facility of $0.6m has been deducted to reflect the actual amount of debt due.

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7.2.11 Refinance and debt establishment costs

The proforma financials include refinancing costs of $2.7m, however in our view these are independent of the Proposed Merger and hence do not consider it appropriate to adjust them.

7.2.12 Transaction costs and stamp duty

The transaction costs total $22.2m and are set out in Section 6.2.6. Of these costs, DPF and AOF are expected to incur costs of $2.7m and $2.0m, respectively, in respect of the Proposed Merger (and regardless of whether it proceeds). These costs are considered in Section 6.2.6 and 7.2.9. The Proposed Merged Entity is expected to pay stamp duty of $9.7m in respect of the acquisition of DPF's properties, in addition to $7.8m in other transaction costs if the Proposed Merger proceeds.

The net impact is a decrease in net asset value of $17.5m to the Proposed Merged Entity.

7.2.13 Portfolio premium

Each property owned by DPF and AOF has been valued on a standalone basis. The underlying valuations of the properties represent a "control" value (i.e. assume 100% ownership of the assets). It is, therefore, not appropriate to add an additional "premium for control" in considering the value of the Proposed Merged Entity.

A large diversified property portfolio can provide scale and greater efficiencies (as well as risk mitigation) that would not otherwise be available through ownership of an individual property and, as a result, a market participant may be willing to pay a premium for a portfolio of assets when compared to the aggregate market value of the same assets on a standalone basis. Set out at Appendix 2 is our analysis of recent transactions of the premium to net assets paid in those transactions. The results are mixed because the premium to net assets can also be influenced by numerous other factors which can vary over time. Such factors can include the property market cycle (for example, the premiums in transactions during the period 2009 and 2012 were influenced by global financial crisis and its impact on the property sector in Australia) along with the relative attractiveness of portfolios that provide exposure to certain sectors such as social infrastructure, healthcare, agriculture, or industrial properties.

We have adopted a portfolio premium to the net asset value of the Proposed Merged Entity in the range of nil% to 5.0%, which we consider appropriate to be applied based on the following reasons:

- the Proposed Merged Entity will have a total of 20 properties, with overall diversification including exposure across a number of property sectors including office, retail, industrial and convenience sectors
- the property portfolio is diversified across five Australian states, including NSW, WA, VIC, SA, and QLD
- economies of scale and synergies are expected from a significant increase in the net tangible asset value after implementation. Examples of such benefits could include lower administration costs and an ability to attract additional funding (potential debt funders are likely to be interested in lending larger pools of their capital) and at a lower cost
- the costs avoided and the time saved with replicating a portfolio of 20 properties with a market value of $1.3bn based on valuations as at 30 June 2021.

We also highlight that the range of portfolio premium selected by us is identical to that selected in respect of DPF.

7.2.14 Capitalised operating costs

The strategy development, management, compliance function and reporting of the Proposed Merged Entity will be undertaken by the manager on behalf of the RE, for which the Proposed Merged Entity pays a base management fee (refer to Section 5.2).

We consider that any prospective buyer would incur costs associated with the management of the properties along with managing the financing of the properties (until the properties are ultimately divested) and therefore we consider it reasonable to deduct a portion of the capitalised value of such costs in assessing the value of the Proposed Merged Entity.

We have estimated this cost by capitalising the operating costs using the following assumptions:

- ongoing expenses: we have applied the pro-forma base management fee of the Proposed Merged Entity of 0.60% to the pro-forma GAV up to a GAV of $750m, and 0.55% to the GAV above $750m
- capitalisation rate: 5.58%, being the WACR of the Proposed Merged Entity as at 30 June 2021, utilised in the underlying valuations of the properties held by DPF and AOF as at 30 June 2021.

For the reasons noted above (namely the costs of managing the assets and the fund, which would be incurred by any prospective buyer until the assets are disposed), we consider that a market participant would adjust for these costs when considering the acquisition of the Proposed Merged Entity.

However, noting that these costs would not accrue to securityholders without some expectation of benefits the manager brings to the fund or conversely, in the context of a buyout of the fund or its assets, some avoidance of costs on the part of a prospective buyer, we have assumed that 25.0% to 50.0% of the capitalised value of such costs should be reflected in the market value of the Proposed Merged Entity.

7.3 Valuation of a security in Proposed Merged Entity

Set out in the table below is a summary of our calculation of the value of a security in the Proposed Merged Entity:

Table 31: Valuation of a security in the Proposed Merged Entity

	Reference	Unit	Low value	High value
Market value of Merged Entity (on a going concern, control basis)		$m	**664.4**	**738.2**
Discount for lack of control	7.3.1	%	-	-
Market value of Proposed Merged Entity from the perspective of DPF securityholders		$m	**664.4**	**738.2**
Securities on issue in Proposed Merged Entity	7.3.2	mil	285.6	285.6
Market value of one security in Proposed Merged Entity		$	**2.33**	**2.58**
Market value of 0.4550 securities in Proposed Merged Entity		$	**1.06**	**1.18**

Source: Deloitte Corporate Finance analysis

Our valuation of a AUPF security at the top end of the range is slightly higher than AUPF's pro-forma NTA per security whilst at the bottom end of the range it is broadly in line with recent trading in AOF securities (which should reflect the market's expectation of the pricing of AUPF's securities). We consider that these points of reference provide broad support for our valuation range.

7.3.1 Discount for lack of control or liquidity

Given that the values of the underlying properties that are anticipated to be owned by the Proposed Merged Entity have been determined on a control basis, we consider that our valuation of the Proposed Merged Entity represents a control value. However DPF securityholders will not have outright control of the Proposed Merged Entity (given they will represent c. 46% of the Proposed Merged Entity's securityholder base), and consequently consideration of whether a discount for lack of control should be adopted is required.

In considering a discount for lack of control, we had regard to the following:

- Australian studies indicate the premiums paid in takeovers range between 20% and 40% of the portfolio holding values. Whilst a takeover premium includes a premium for control, it also includes premiums paid to recognise other factors such as payments for synergies, competitive tension in a takeover process, and historical under-performance of the business . In addition, in respect of takeovers involving property trusts, such premiums are typically lower (for the reasons mentioned below). As such, this would represent the top end of a range of a premium for control. A minority interest discount is the inverse of a premium for control and therefore would be up to 30% but is likely to be much lower for the reasons mentioned above
- it is common in the property trusts sector for securities to trade at or close to net asset value and consequently the level of control premium (and conversely minority discount) is limited. This is due to a number of factors including the fact that property trusts are required to distribute the majority of their profits and therefore there is limited value in having control over distributions
- DPF securityholders are expected to hold a 45.5% interest in the Proposed Merged Entity, upon implementation of the Proposed Merger. The merger could, in many senses, be viewed as a "merger of equals" but in any case, the collective interest DPF securityholders will have in the Proposed Merged Entity could be considered a significant controlling interest, which could allow substantial influence over the management of the Proposed Merged Entity
- there will be limited change in operational control for DPF securityholders. The Proposed Merged Entity will continue to be managed in a similar way to how DPF is currently managed
- DPF securityholders will benefit from the fact that the AOF securities they receive will be capable of being traded on the ASX and therefore more easily capable of being liquidated into cash as compared to existing DPF securities.

Having regard to the above, we consider that any discount for lack of control is likely be offset by the premium for liquidity afforded to DPF securityholders through the Proposed Merger.

7.3.2 Number of securities in the Proposed Merged Entity

The number of securities in the Proposed Merged Entity has been calculated based on the existing number of AOF securities, plus new AOF securities that will be issued to DPF securityholders as set out in Table 25.

Appendix 1: Valuation methodologies

Common market practice and the valuation methodologies which are applicable are discussed below.

Market based methods

Market based methods estimate an entity's market value by considering the market price of transactions in its securities or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of an entity's recent share trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates market value based on an entity's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the entity's earnings are relatively stable.

The most recent share trading history provides evidence of the market value of the securities in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting an entity's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of an entity based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates market value by determining the amount that would be distributed to securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate.

The net assets on a going concern basis method estimates the market values of the net assets of an entity, does not take account of realisation costs, but has regard to ongoing costs that may be associated with maintaining the business or entity as a going concern.

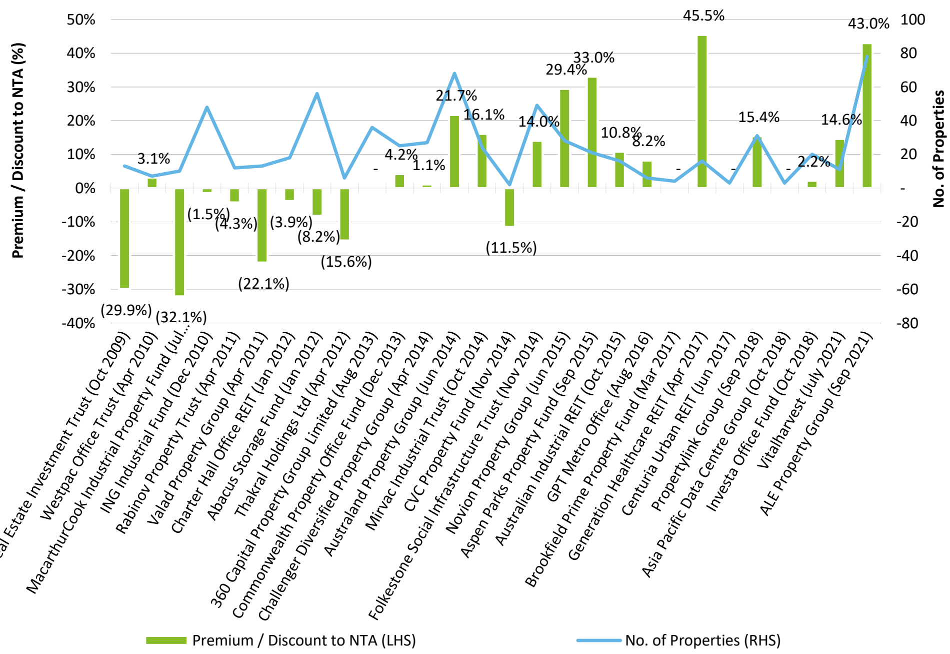
These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its tangible assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of an entity's assets are liquid, or for asset holding companies.

Appendix 2: Premiums and discounts to the market value of the properties

In considering the extent to which it is appropriate to apply a premium or discount to the aggregated value of the property portfolio of the Proposed Merged Entity, we have considered market evidence on the extent to which a market participant may be willing to pay a premium for a portfolio of investment properties as compared to the aggregate market value of the same investment properties on a standalone basis. In the absence of public information on unlisted REITs, we have had regard to comparable listed REITs which have been the subject of control transactions as a point of reference.

We considered the premium or discount to NTA observed in transactions involving ASX listed REITs, as set out in the figure below.

Figure 10: Premiums or discounts to NTA from transactions



Sources: Capital IQ and Deloitte Corporate Finance analysis

We make the following observations in relation to the above transactions:

- given the limited number of transactions that have occurred in this sector, we have looked at transactions going back a relatively long period of time
  - over the period 2009 to 2012, market conditions were more challenging than today. A number of REITs were in a deleveraging phase requiring capital injections and, therefore, the transactions reflect an element of distress which resulted in a number of transactions occurring at significant discounts to NTA
  - since 2012, market conditions have improved and most transactions during this period have taken place at a premium to NTA, albeit that some transactions have shown very small premiums to NTA, and that in a rising market, some element of the transaction premium could relate to time differences between the transaction announcement and the most recent property valuations
- over the past four years, most transactions have involved REITs owning more than 10 properties

- the higher premium to NTA implicit in the price paid in the Generation Healthcare REIT transaction is reflective of the fact that a number of properties were under development and nearing completion, yet their valuation uplift (from the development activities) was not included in the NTA figure
- the premium implicit in the Propertylink Group transaction relates primarily to the fund management activities which were not included in the NTA
- Vitalharvest's portfolio was exposed to the agriculture sector which has positive investor sentiment and together with the fact that it owned 130 property titles that were leased to high quality tenant base, we consider that the entity attracted a substantial premium
- ALE Property Group owned a portfolio of hotels (78 in total) that were leased to high quality tenants under long leases. We consider that these attributes also attracted the substantial premium. We also note that this transaction has not yet completed.

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Appendix 3: Context to the report

Individual circumstances

We have evaluated the Proposed Merger for DPF securityholders as a whole and have not considered the effect of the Proposed Merger on the particular circumstances of individual securityholders. Due to their particular circumstances, individual securityholders may place a different emphasis on various aspects of the Proposed Merger from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Merger is fair and reasonable and in the best interests of DPF securityholders. If in doubt securityholders should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations, and consents

The report has been prepared at the request of the Independent Directors of AUPL and is to be included in the Unitholder Booklet to be given to securityholders for approval of the Proposed Merger. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Unitholder Booklet in their assessment of the Proposed Merger outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the securityholders and AUPL, in respect of this report, including any errors or omissions however caused.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Merger is fair and reasonable to, and is the best interests of, DPF securityholders. Deloitte Corporate Finance consents to this report being included in the Unitholder Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by AUPL and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to the executives of AUPL for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by AUPL and its officers, employees, agents or advisors, AUPL has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which AUPL may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by AUPL and its officers, employees, agents or advisors or the failure by AUPL and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Merger.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of AUPL personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board (AUASB) or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

Based on these procedures and enquiries, Deloitte considers that there are reasonable grounds to believe that the prospective financial information for DPF, AOF and the Proposed Merged Entity included in this report has been prepared on a reasonable basis in accordance with the requirements of ASIC Regulatory Guide 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of DPF, AOF and the Proposed Merged Entity referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employee of Deloitte Corporate Finance principally involved in the preparation of this report was Tapan Parekh, Partner, B.Bus, M.Comm, CA, F.Fin. Tapan has many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- AUPL proposes to issue a Unitholder Booklet in respect of the Proposed Merger between DPF and AOF

- the Unitholder Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Unitholder Booklet for review (Draft Unitholder Booklet)
- it is named in the Unitholder Booklet as the 'independent expert' and the Unitholder Booklet includes its independent expert's report in Annexure B of the Unitholder Booklet.

On the basis that the Unitholder Booklet is consistent in all material respects with the Draft Unitholder Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Unitholder Booklet in the form and context in which it is so named, to the inclusion of its independent expert's report in Annexure B of the Unitholder Booklet and to all references to its independent expert's report in the form and context in which they are included, whether the Unitholder Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Unitholder Booklet and takes no responsibility for any part of the Unitholder Booklet, other than any references to its name and the independent expert's report as included in Annexure B.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- Unitholder Booklet to be provided to DPF securityholders
- audited financial statements for DPF and AOF for the years ending 30 June 2020 and 30 June 2021
- independent property valuation reports
- DPF Fund Updates as at 30 June 2020 and 30 June 2021
- DPF Product Disclosure Statement dated 17 May 2021
- AOF Product Disclosure Statement dated 26 May 2016
- Australian Unity Valuation Policy dated May 2021
- Other information provided by executives of DPF and AOF in respect of the assets and operations of the funds and the PME
- publicly available information, media releases and broker reports on DPF, AOF and the property industry/sectors.

In addition, we have had discussions and correspondence with executives of the Manager who are responsible for DPF and AOF, in relation to the above information and to current assets, operations and prospects of DPF, AOF and AUPF.

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Annexure C – Deed Poll

Deed Poll

—

Australian Unity Investment Real Estate Limited as responsible entity for Australian Unity Office Fund ARSN 113 369 627 (**AOF**)

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minterellison.com

EXECUTION VERSION ME_192655454_1

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Deed Poll

Details

Date	8 November 2021

Parties

Name	**Australian Unity Investment Real Estate Limited** ABN 86 606 414 368 as responsible entity for **Australian Unity Office Fund**
ARSN	113 369 627
Short form name	**AOF RE**
Notice details	Level 15 271 Spring Street Melbourne VIC 3000 Email: aof@australianunity.com.au Attention: Company Secretary
In favour of	**Each Scheme Unitholder**

Background

A Australian Unity Investment Real Estate Limited ABN 86 606 414 368 as responsible entity of Australian Unity Office Fund ARSN 113 369 627 (**AOF**) (**AOF RE**) has entered into a Merger Implementation Deed dated 4 October 2021 with Australian Unity Property Limited ABN 58 079 538 499 in its capacity as responsible entity for Australian Unity Diversified Property Fund (**DPF RE**), (**MID**).

B DPF RE has agreed in the MID to propose the Trust Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions, AOF RE will acquire all the Scheme Units from the Scheme Unitholders for the Scheme Consideration.

C In accordance with the MID, AOF RE is entering into this Deed Poll for the purposes of covenanting in favour of the Scheme Unitholders that it will observe and perform the obligations contemplated of it under and in respect of the MID and Trust Scheme.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this document:

Terms defined in the MID have the same meaning in this Deed Poll, unless the context requires otherwise.

1.2 Interpretation

The provisions of clause 1.2 of the MID form part of this Deed Poll as if set out in full in this Deed Poll, and on the basis that references to 'this document' in that clause are references to 'this Deed Poll'.

2. Nature of Deed Poll

AOR RE acknowledges and agrees that:

(a) this Deed Poll may be relied on and enforced by any Scheme Unitholder in accordance with its terms even though the Scheme Unitholders are not party to it; and

(b) under the Trust Scheme, each Scheme Unitholder appoints DPF RE as its agent and attorney to enforce this Deed Poll against AOF RE on behalf of that Scheme Unitholder.

3. Condition precedent and termination

3.1 Condition precedent

AOF RE's obligations under this Deed Poll are subject to the Supplemental Deed becoming Effective.

3.2 Termination

The obligations of AOF RE under this Deed Poll will automatically terminate on termination of the MID.

3.3 Consequences of termination

If this Deed Poll is terminated under clause 3.2 then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Unitholders:

(a) AOF RE is released from its obligations under this Deed Poll, except those obligations under clause 9.6; and

(b) each Scheme Unitholder retains any rights, powers or remedies that Scheme Unitholder has against AOF RE in respect of any breach by AOF RE of its obligations under this Deed Poll that occurred before termination of this Deed Poll.

4. Compliance with Trust Scheme Obligations

AOF RE covenants in favour of each Scheme Unitholder that it will observe and perform all obligations contemplated of it under the Trust Scheme including, without limitation, the obligation to provide the Scheme Consideration in accordance with the terms of the Trust Scheme.

5. Representations and warranties

AOF RE makes the following representations and warranties in favour of Scheme Unitholders:

(a) (**company status**) it is validly incorporated as a company limited by shares under the Corporations Act;

(b) (**MIS status**) AOF is validly established and registered as a 'registered scheme' under Chapter 5C of the Corporations Act;

(c) (**capacity**) it has full legal capacity and power to:

(i) own its property and to carry on its business; and

(ii) enter into and perform its obligations under this Deed Poll and to carry out the transactions that this Deed Poll contemplates;

(d) (**corporate authority**) it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed Poll and, subject to the satisfaction of certain conditions in the MID, has taken or will take all necessary corporate action to authorise the performance of its obligations under this Deed Poll;

(e) (**authorisations**) subject to the satisfaction of certain conditions in the MID, it holds or will hold each authorisation that is necessary or desirable to:

(i) enable it to properly execute this Deed Poll and to carry out the transactions that this Deed Poll contemplates; and

(ii) ensure that this Deed Poll is legal, valid, binding and admissible in evidence,

and will comply with any conditions to which any authorisation is subject;

(f) (**document effective**) this Deed Poll constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;

(g) (**no contravention**) neither its execution of this Deed Poll nor the carrying out by it of the transactions that this Deed Poll contemplates does or will:

(i) contravene any law to which it or any of its property is subject or any order of any Government Authority that is binding on it or any of its property;

(ii) contravene any authorisation;

(iii) contravene any undertaking or instrument binding on it or any of its property; or

(iv) contravene the constitution of AOF; and

(h) (**New AOF Units**) except as provided under the Trust Scheme, the New AOF Units issued as Scheme Consideration will, on their issue:

(i) be fully paid and free from any mortgages, charges, liens, encumbrances and other security interests;

(ii) have the rights set out in the constitution of AOF; and

(iii) rank equally in all respects with all existing AOF Units;

(i) it is not insolvent; and

(j) it is the responsible entity of Australian Unity Office Fund and no action has been taken or proposed to remove it as responsible entity of Australian Unity Office Fund.

6. Continuing obligations

This Deed Poll is irrevocable and remains in full force and effect until the earlier of:

(a) AOF RE having fully performed its obligations under this Deed Poll; and

(b) termination of this Deed Poll under clause 3.2.

7. Liability of responsible entity

(a) AOF RE enters into this Deed Poll solely in its capacity as responsible entity of Australian Unity Office Fund.

(b) A liability arising under or in connection with this Deed Poll is limited to and can be enforced against AOF RE only to the extent to which it can be and is in fact satisfied out of property of AOF out of which AOF RE is actually indemnified for the Liability. This limitation of AOF RE's Liability applies despite any other provision of this Deed Poll and extends to all Liabilities and obligations of AOF RE in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Deed Poll.

(c) No party may sue AOF RE in any capacity other than as responsible entity of AOF, including seeking the appointment of a receiver (except in relation to property of AOF) a liquidator, an administrator or any similar person to AOF or proving in any liquidation, administration or arrangement of or affecting AOF (except in relation to property of AOF). These provisions do not apply to any obligation or liability of AOF RE to the extent that it is not satisfied because under the constitution establishing AOF, or by operation of law, there is a reduction in the extent of AOF RE's indemnification out of the assets of AOF, as a result of AOF RE's failure to perform its duties as responsible entity of AOF.

(d) Nothing in clause 7 will make AOF RE liable to any claim for an amount greater than the amount which AOF RE would have been able to claim and recover from the assets of Australian Unity Office Fund in relation to the relevant liability if AOF RE's right of indemnification out of the assets of AOF had not been prejudiced by failure to properly perform its duties.

(e) AOF RE is not obliged to do or refrain from doing anything under this Deed Poll (including incur any liability) unless its liability is limited is the same manner as set out in this clause 7.

8. Further assurances

AOF RE will, on its own behalf and, to the extent authorised by the Trust Scheme, on behalf of each Scheme Unitholder, do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the provisions of this Deed Poll and the transactions contemplated by it.

9. General

9.1 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made to AOF RE under or in connection with this Deed Poll:

(a) must be in writing and signed by a person duly authorised by the sender;

(b) must be delivered to AOF RE by pre-paid post (if posted to an address in another country, by registered airmail) or by hand or email to the address below or the address last requested by AOF RE in writing to the sender:

Address: Level 15, 271 Spring Street, Melbourne, VIC 3000

Email: aof@australianunity.com.au

Attention: Company Secretary; and

(c) will be taken to be duly given or made:

(i) in the case of delivery in person, when delivered;

(ii) in the case of delivery by post, two Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country); and

(iii) in the case of email, at the time sent (as recorded on the device from which the sender sent the email), unless the sender receives 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 on a day that is not a business day in the place to which the Notice is sent or is later than 5pm (local time) it will be taken to have been duly given or made at the commencement of business on the next business day in that place.

9.2 No waiver

No failure to exercise nor any delay in exercising any right, power or remedy by AOF RE or by any Scheme Unitholder operates as a waiver. A single or partial 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 of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy. A waiver is not valid or binding on the person granting that waiver unless made in writing.

9.3 Remedies cumulative

The rights, powers and remedies of AOF RE and of each Scheme Unitholder under this Deed Poll are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or by any agreement.

9.4 Amendment

No amendment or variation of this Deed Poll is valid or binding unless:

(a) the amendment or variation is agreed to in writing by DPF RE; and

(b) AOF RE enters into a further deed poll in favour of the Scheme Unitholders giving effect to that amendment or variation.

9.5 Assignment

The rights and obligations of AOF RE and of each Scheme Unitholder under this Deed Poll are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so.

9.6 Costs and stamp duty

(a) AOF RE must bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll.

(b) All stamp duty (including any related fines, penalties and interest) payable on or in connection with this Deed Poll and any instrument executed under or any transaction evidenced by this Deed Poll must be borne by AOF RE. AOF RE must indemnify each Scheme Unitholder on demand against any liability for that stamp duty (including any related fines, penalties and interest).

9.7 Governing law and jurisdiction

This Deed Poll is governed by the laws of New South Wales, Australia. AOF RE submits to the non-exclusive jurisdiction of courts exercising jurisdiction there in connection with matters concerning this Deed Poll.

Signing page

EXECUTED and delivered as a deed in Melbourne.

Executed by **Australian Unity Investment Real Estate Limited** ABN 86 606 414 368 as responsible entity for **Australian Unity Office Fund** ARSN 113 369 627 in accordance with Section 127 of the *Corporations Act 2001*

Signature of director	Signature of ~~director~~/company secretary (Please delete as applicable)
Peter Day	Liesl Petterd
Name of director (print)	Name of ~~director~~/company secretary (print)

Annexure D – Supplemental Deed Poll

KING&WOOD
MALLESONS
金杜律师事务所

Supplemental deed

Australian Unity Diversified Property Fund (ASRN 106 724 038)
("**Fund**")

Australian Unity Property Limited (ABN 58 079 538 499)
("**Trustee**")

King & Wood Mallesons
Level 27
Collins Arch
447 Collins Street
Melbourne VIC 3000
Australia
T +61 3 9643 4000
F +61 3 9643 5999
DX 101 Melbourne
www.kwm.com

Supplemental deed

Contents

Supplemental deed

Details

Trustee	Name	Australian Unity Property Limited
	ABN	58 079 538 499
	Capacity	Responsible entity of the Australian Unity Diversified Property Fund
Date		
Governing law	New South Wales	

Recitals

A The Australian Unity Diversified Property Fund is a registered scheme and was established under the Constitution.

B The Trustee is the responsible entity of the Fund.

C Under clause 18 of the Constitution, the Trustee, subject to the *Corporations Act 2001* (Cth), may by supplemental deed modify, repeal or replace the Constitution.

D Section 601GC(1)(a) of the *Corporations Act 2001* (Cth) allows for the Constitution of a registered scheme to be modified by special resolution of the members of the scheme.

D At a meeting of members on 10 December 2021, the members voted for the Fund's Constitution to be modified in accordance with this deed poll.

E The Constitution is accordingly modified as provided in this deed poll.

Supplemental deed

General terms

1 Interpretation

1.1 Definitions

In this deed poll, these words and phrases have the following meanings and any other words and phrases have the meaning given to them in the Constitution, unless the contrary intention appears:

Constitution means the document dated 13 October 2003, and amended on 26 October 2006, 30 September 2010, 25 October 2010, 30 July 2015, 2 September 2015, 13 June 2017 and 24 October 2019, under which the Fund was established, as amended from time to time.

Fund means the registered managed investment scheme currently named Australian Unity Diversified Property Fund (ASRN 106 724 038).

Merger Implementation Deed means the merger implementation deed dated on or about 4 October 2021 between the Trustee and Australian Unity Investment Real Estate Limited in its capacity as responsible entity of the Australian Unity Office Fund.

1.2 Deed poll supplemental to Constitution

This deed poll is supplemental to the Constitution.

1.3 Headings

Headings are inserted for convenience only and do not affect the interpretation of this deed poll.

1.4 Interpretation

Clauses 1.1 and 1.2 of the Constitution apply to this deed poll as if set out in full in this deed poll.

2 Operation of this deed poll

Subject to clause 3, this deed poll takes effect on and from the later of:

(a) the date on which this deed poll is lodged with ASIC pursuant to section 601GC(2) of the Corporations Act; and

(b) the date on which ASIC amends the record of registration of the Fund to include the Form 5101B – Notification of change to managed investment scheme's constitution.

3 Conditions

Until each of the conditions precedent stipulated in clause 3 of the Merger Implementation Deed are satisfied, the parties agree that this deed poll:

(a) will have no force and effect; and

(b) will not be lodged with ASIC pursuant to section 601GC(2) of the Corporations Act.

4 Amendment to the Constitution

4.1 Amendment

The Constitution is amended on and from the date on which this deed poll takes effect by the insertion of a new clause 30:

30. DPF/AOF Trust Scheme Proposal

30.1 Defined terms

In this clause 30, these words and phrases have the following meaning unless the contrary intention appears:

AOF means Australian Unity Office Fund.

AOF Deed Poll has the same meaning as that term defined in the Merger Implementation Deed.

AOF Registry means the person appointed by AUIREL to maintain the AOF Register.

AUIREL means Australian Unity Investment Real Estate Limited in its capacity as responsible entity of AOF.

Conditions has the same meaning as that term defined in the Merger Implementation Deed.

DPF means Australian Unity Diversified Property Fund.

Effective means, in relation to the Trust Scheme, the supplemental deed poll making amendments to this Constitution to facilitate the Trust Scheme taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which the Trust Scheme becomes Effective.

Encumbrance means any mortgage, charge, lien, pledge, trust, power or title retention, flawed deposit arrangement, 'security interest' as defined in sections 12(1) or (2) of the Personal Property Securities Act 2009 (Cth), or interest of a third party of any kind, whether legal or otherwise, or any agreement to create any of them or allowing them to exist.

Explanatory Memorandum means the explanatory memorandum enclosed with the notice of meeting dated 15 November 2021 issued by the Entity to the Members in relation to the Trust Scheme.

Foreign Holder Units means New AOF Units referable to Foreign Unitholders calculated in accordance with clause 30.7.

Foreign Sale Facility means the facility provided for in clause 30.9.

Foreign Sale Proceeds has the meaning given in clause 30.9(c)(ii).

Foreign Unitholders means each of the Trust Scheme Unitholders whose address on the Register is located in a jurisdiction outside of Australia and its external territories and New Zealand.

Foreign Unitholder Sale Period means the period referred to in clause 30.9(c).

Implementation Date means the date which is three Business Days following the Record Date or such other date as is agreed in writing by AUIREL and the Entity.

Merger Implementation Deed means the Merger Implementation Deed dated on or about 4 October 2021 between the Entity and AUIREL.

New AOF Unit means an ordinary unit in AOF to be issued to Trust Scheme Unitholders by AUIREL pursuant to the Trust Scheme.

Nominee means Australian Unity Investment Real Estate Limited.

Record Date means 6:00 pm Sydney time on the date that is one Business Day after the Effective Date, or some other date after the Effective Date as may be agreed in writing between AUIREL and the Entity.

Register means the register of DPF unitholders maintained in accordance with the Corporations Act.

Registered Address means, in relation to a Trust Scheme Unitholder, the address of the Trust Scheme Unitholder shown in the Register.

Registry means the person appointed by the Entity to maintain the Register.

Regulatory Authority includes:

(a) ASX;

(b) ASIC;

(c) Australian Taxation Office;

(d) government or governmental, semi-governmental or judicial entity or authority;

(e) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

(f) any regulatory organisation established under statute.

Transfer Form means, for each Trust Scheme Unitholder, a duly completed and executed proper instrument of transfer of the Units held by that Trust Scheme Unitholder, which may be a master transfer of all Trust Scheme Units.

Trust Scheme means the proposal to transfer all of the Trust Scheme Units to AUIREL, in exchange for which the Trust Scheme Unitholders will be issued the Trust Scheme Consideration, as set out in the Explanatory Memorandum and Merger Implementation Deed.

Trust Scheme Consideration means the consideration AUIREL provides to the Trust Scheme Unitholders for the transfer to it of the Trust Scheme Units pursuant to clause 30.7 (being 0.455 New AOF Units for each Trust Scheme Unit held by a Trust Scheme Unitholder).

Trust Scheme Meeting means the meeting of Members held on 10 December 2021 for the purposes of, among other things, voting on the Trust Scheme Resolution.

Trust Scheme Resolution means the resolution of Members to approve the Trust Scheme being a special resolution to approve amendments to this constitution to facilitate the implementation of the Trust Scheme.

Trust Scheme Sale Nominee means an entity appointed by the Nominee to sell the Foreign Holder Units under the Foreign Sale Facility pursuant to clause 30.9, and/or a nominee of the entity.

Trust Scheme Unitholder means each DPF unitholder as at the Record Date.

Trust Scheme Units means the DPF units on issue as at the Record Date.

30.2 Implementation of the Trust Scheme

(a) Each Trust Scheme Unitholder and the Entity must do all things and execute all deeds, instruments, transfers or other documents as the Entity considers are necessary or desirable to give full effect to the terms of the Trust Scheme and the transactions contemplated by it. However, no agreement for the transfer of the Trust Scheme Units to AUIREL will arise until such time as the Entity, on behalf of the Trust Scheme Unitholders, determines that the Trust Scheme Units will be transferred to AUIREL pursuant to clause 30.3 below.

(b) Subject to section 601FC of the Corporations Act, the Entity is empowered to do all things which it considers necessary, desirable or reasonably incidental for the purpose of implementing or effecting the Trust Scheme, and those powers apply notwithstanding, and are not limited by any other provision of this Constitution.

(c) Each of the Entity and AUIREL may do anything that it is permitted to do under this clause 30, and may execute all deeds, instruments, transfers or other documents as the Entity or AUIREL considers necessary or desirable to do anything it is permitted to do under this clause 30.

(d) Subject to the Corporations Act, the Entity and AUIREL or any of their respective directors, officers, employees or associates, may do any act, matter or thing described in or contemplated by this clause 30 even if they have an interest (financial or otherwise) in the outcome.

(e) The Trust Scheme is intended to result in the transfer of the Trust Scheme Units to AUIREL in return for the Trust Scheme Consideration being received by the Trust Scheme Unitholders.

30.3 Transfer and registration of Trust Scheme Units

On the Implementation Date:

(a) subject to, and after, the provision of the Trust Scheme Consideration in the manner contemplated by clause 30.8, the Trust Scheme Units, together with all rights and entitlements attaching to the Trust Scheme Units, will be transferred to AUIREL without the need for any further act by any Trust Scheme Unitholder (other than acts performed by the Entity as attorney and agent for Trust Scheme Unitholders under clause 30.10) by:

(i) the delivery to AUIREL of a duly completed and executed Transfer Form(s) executed on behalf of the Trust Scheme Unitholders; and

(ii) AUIREL duly executing the Transfer Form(s) and delivering them for registration; and

(b) as soon as practicable after receipt of the duly executed Transfer Form(s) from AUIREL, the Entity must enter, or procure the entry of, the name of AUIREL in the Register in respect of all Trust Scheme Units transferred to AUIREL in accordance with the terms of the Trust Scheme.

30.4 Entitlement to receive Trust Scheme Consideration

On the Implementation Date, in consideration for the transfer to AUIREL of the Trust Scheme Units, each Trust Scheme Unitholder will, in accordance with clauses 30.7, 30.8, 30.9 and 30.11, become simultaneously entitled to the Trust Scheme Consideration for each of their Trust Scheme Units that have been transferred to AUIREL pursuant to the Trust Scheme.

30.5 Title and rights in Trust Scheme Units

Subject to the provision of the Trust Scheme Consideration for the Trust Scheme Units, AUIREL will be beneficially entitled to the Trust Scheme Units transferred to it under the Trust Scheme, pending its registration in the Register as the holder of Trust Scheme Units.

30.6 Transfer free of Encumbrances

To the extent permitted by law, all Trust Scheme Units (including any rights and entitlements attaching to those units) which are transferred to AUIREL under the Trust Scheme will, at the Implementation Date, vest in AUIREL free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in the Trust Scheme.

30.7 Trust Scheme Consideration

(a) **(Consideration to be provided)** The Trust Scheme Consideration to be provided to each Trust Scheme Unitholder will be provided to each Trust Scheme Unitholder in the following way:

(i) if paragraph (ii) does not apply, issuing the number of New AOF Units calculated in accordance with clause 30.7(b) and 30.7(c) to the Trust Scheme Unitholder directly on the Record Date; and

(ii) if the Trust Scheme Unitholder is a Foreign Unitholder, paying a proportion of the Foreign Sale

Proceeds calculated in accordance with clause 30.9, derived from the sale of the number of the Foreign Holder Units referable to the Foreign Unitholder in accordance with clause 30.7(b), in accordance with the direction given by the Foreign Unitholder under clause 30.9.

(b) **(Calculation of the number of New AOF Units)** The number of New AOF Units to be issued to a Trust Scheme Unitholder (or, in relation to Foreign Unitholders, to the Nominee) will be calculated as follows, subject to clause 30.7(c):

Number of New AOF Units = 0.455 x Number of Trust Scheme Unitholder's Trust Scheme Units at the Record Date

(c) **(Fractional entitlements)** Where the calculation of the number of New AOF Units to be issued to a Trust Scheme Unitholder would result in the issue of a fraction of a New AOF Unit then the fractional entitlement will be rounded down to the nearest whole number of New AOF Units.

30.8 Provision of Trust Scheme Consideration

(a) Subject to clauses 30.9(b) and 30.11, the obligation of AUIREL to issue or procure the issue of Trust Scheme Consideration to each Trust Scheme Unitholder (other than Foreign Unitholders) will be satisfied by AUIREL on the Implementation Date by:

(i) issuing:

A) to each Trust Scheme Unitholder (other than Foreign Unitholders) the number of New AOF Units determined in accordance with clause 30.7(b) and 30.7(c); and

B) to the Nominee, at the direction of the Foreign Unitholders under clause 30.9, the number of Foreign Holder Units referable to all Foreign Unitholders determined in accordance with clause 30.7(b) and 30.7(c);

(ii) entering each Trust Scheme Unitholder (other than Foreign Unitholders) and the Nominee as holders of those New AOF Units in the unit register of AOF; and

(iii) providing the Entity with written confirmation that it has done so.

(b) AUIREL must procure that, on or before the date 5 Business Days after the Implementation Date, a securities certificate, holding statement or allotment confirmation advice is sent to each Trust Scheme Unitholder (other than Foreign Unitholders) at their Registered Address, that sets out the number of New AOF Units issued to the Trust Scheme Unitholder pursuant to the Trust Scheme.

30.9 Foreign Sale Facility

(a) Each Foreign Unitholder:

(i) appoints the Nominee to act as the nominee for the Foreign Unitholder to, on behalf of the Foreign Unitholder, receive the Trust Scheme Consideration;

(ii) directs the Nominee to procure the Trust Scheme Sale Nominee to sell the Trust Scheme Consideration on behalf of the Foreign Unitholder and remits the net proceeds of sale to the AOF Registry or into an account nominated by the Nominee;

(iii) directs the Nominee to remit or procure the AOF Registry to remit the net proceeds of this sale to the Foreign Unitholder; and

(iv) agrees that the remission of the net proceeds of this sale to the Foreign Unitholder will be in full and final satisfaction of the Foreign Unitholder's interest in the Trust Scheme Consideration

in accordance with the provisions of this clause 30.9. Each Foreign Unitholder acknowledges that they remain, at all times, absolutely entitled to the Trust Scheme Consideration and their share of the Foreign Sale Proceeds as against the Nominee, the AOF Registry and AUIREL, and that they were able to participate in the Trust Scheme on substantially the same terms as all other Trust Scheme Unitholders, with any differences in their treatment being made based on a direction given by the Foreign Unitholder.

(b) Each Foreign Unitholder, directs that AUIREL must not issue any New AOF Units directly to a Foreign Unitholder and must satisfy the Foreign Unitholder's entitlement to be issued New AOF Units by AUIREL, on the Implementation Date, issuing the Foreign Holder Units to the Nominee to be held by the Nominee on behalf of the Foreign Unitholder, and entering the Nominee on the register of AOF accordingly.

(c) The Nominee must, on behalf of the Foreign Unitholders, procure that within 30 Business Days after the Implementation Date, the Trust Scheme Sale Nominee:

(i) sells the Foreign Holder Units issued to the Nominee on behalf of Foreign Unitholders (which may be on an aggregated or partially aggregated basis), in the ordinary course of trading on the ASX, and at the risk of the Foreign Unitholders; and

(ii) remits to AOF Registry or an account nominated by the Nominee the proceeds of the sale after deduction of any applicable brokerage, stamp duty, taxes, duty or other costs and charges (the **Foreign Sale Proceeds**), for the AOF Registry to pay those net proceeds to the Foreign Unitholders.

(d) The Nominee must, on behalf of the Foreign Unitholders, procure that no later than 5 Business Days after expiry of the Foreign Unitholder Sale Period, the AOF Registry pays (or procures payment) to each Foreign Unitholder, in full satisfaction of AUIREL's obligations to them under the Trust Scheme and the Foreign Unitholder's beneficial interest in the associated

Foreign Holder Units that were issued to the Nominee, an amount calculated as follows:

$$\textit{Amount Due} = \frac{\textit{Relevant Foreign Holder Units}}{\textit{Total Foreign Holder Units}} \times \textit{Foreign Sale Proceeds}$$

Where:

Amount Due means the amount to be paid to the Foreign Unitholder.

Relevant Foreign Holder Units means the number of Foreign Holder Units attributable to, and that would otherwise have been issued to, that Foreign Unitholder had it not been a Foreign Unitholder.

Total Foreign Holder Units means the total number of Foreign Holder Units issued to the Nominee.

Foreign Sale Proceeds is as defined in clause 30.9(c)(ii).

The Amount Due must be rounded down to the nearest cent.

(e) The obligation to pay the Amount Due to a Foreign Unitholder under clause 30.9(d) will be satisfied by (at the discretion of AUIREL):

(i) if the Foreign Unitholder has, before the Record Date, made a valid election in accordance with the requirements of the Entity and the Registry to receive distribution payments from the Entity by electronic funds transfer to a bank account nominated by the Foreign Unitholder, paying (or procuring payment) of the Amount Due in the same manner as that election;

(ii) otherwise, whether or not the Foreign Unitholder has made an election referred to in clause 30.9(e)(i), by despatching by pre-paid post a cheque for the Amount Due made out to the Foreign Unitholder to its Registered Address as at the Record Date.

(f) None of the Entity, AUIREL, the Nominee or the Trust Scheme Sale Nominee gives any assurance as to the price that will be achieved for the sale of Foreign Holder Units and the sale of those units will be at the risk of the Foreign Unitholder.

(g) Each Foreign Unitholder appoints the Nominee as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Trust Scheme Sale Nominee is required by law to provide to the Foreign Unitholder.

(h) Each Foreign Unitholder agrees that the Nominee, the Trust Scheme Sale Nominee and the AOF Registry may deduct or withhold, and directs that the Nominee, the Trust Scheme Sale Nominee and the AOF Registry so deduct or withhold, from any consideration which would otherwise be payable to the Foreign Unitholder in accordance with this clause 30.9, any amount which the Nominee, the Trust Scheme Sale Nominee or the AOF Registry determines is required to be so deducted and withheld from that consideration under any applicable law, including any order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority.

Each Foreign Unitholder agrees that the making of such a deduction or withholding, and the application of the amount so deduct or withheld under the applicable law, will be in full and final satisfaction of the obligation of the parties to pay the amount so deducted and withheld to the Foreign Unitholder.

30.10 Power of Attorney

(a) The Entity is irrevocably appointed as the agent and attorney of each Trust Scheme Unitholder to execute all documents and do all things which it reasonably considers necessary or desirable to be executed or done on behalf of the Trust Scheme Unitholders to effect the Trust Scheme.

(b) The Entity is authorised to execute such documents and do such things without needing further authority or approval from any Trust Scheme Unitholder.

(c) Subject to the satisfaction of the Conditions and without limiting clause 30.10(a), the Entity is irrevocably appointed as the agent and attorney of each Trust Scheme Unitholder to, if the Entity determines to do so on behalf of the Trust Scheme Unitholders:

   (i) transfer each Trust Scheme Unitholder's Trust Scheme Units to the AOF responsible entity, AUIREL;

   (ii) apply on behalf of each Trust Scheme Unitholder for the issue of units by AUIREL in AOF;

   (iii) agree on behalf of each Trust Scheme Unitholder to be bound by the terms of the constitution for AOF; and

   (iv) enforce the AOF Deed Poll against AUIREL,

and the Entity accepts such appointment.

30.11 Joint Holders

In the case of Units held in joint names:

(a) any cheque required to be sent will be made payable to the joint holders and sent at the sole discretion of the Entity, to the Trust Scheme Unitholder whose name appears first in the Register as at the Record Date or to the joint holders;

(b) any document required to be sent under the Trust Scheme will be forwarded to either, at the sole discretion of the Entity, the Trust Scheme Unitholder whose name appears first in the Register as at the Record Date or to the joint holders;

(c) any New AOF Units to be issued under the Trust Scheme will be issued to the same joint holders; and

(d) any amount of Foreign Sale Proceeds to be paid to Foreign Unitholders:

   (i) by way of cheque, will be made payable in accordance with clause 30.11(a); or

   (ii) by way of electronic funds transfer, the proceeds may be paid either, at the sole discretion of the Entity, to the account of the Trust Scheme Unitholder whose name appears first in the Register as at the Record Date or to either of the account(s) nominated by the joint holders.

30.12 Unclaimed monies

(a) AUIREL may cancel a cheque issued under this clause 30.12 if the cheque:

(i) is returned to AUIREL; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Trust Scheme Unitholder to AUIREL (or AOF Registry) AUIREL must reissue a cheque that was previously cancelled under this clause 30.12.

(c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any amount payable to a Trust Scheme Unitholder under the Trust Scheme which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW)).

30.13 Orders of a court or Regulatory Authority

(a) Notwithstanding anything else in this clause 30, AUIREL, the Nominee, the Trust Scheme Sale Nominee and the AOF Registry may deduct and withhold from any consideration which would otherwise be payable by AUIREL to a Trust Scheme Unitholder in accordance with this clause 30, any amount that it determines is required to be so deducted and withheld from that consideration under any applicable law, including any order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority.

(b) To the extent that amounts are so deducted or withheld, such deducted or withheld amounts will be treated for all purposes under the Trust Scheme as having been paid to the Trust Scheme Unitholder in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxation office or other Regulatory Authority.

(c) If requested in writing by the Trust Scheme Unitholder, AUIREL must provide, or must procure the provision of, a receipt or other appropriate evidence of such payment to the taxation office or other Regulatory Authority.

(d) If written notice is given to AUIREL (or the Registry or AOF Registry) of an order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority that requires that Trust Scheme Consideration that would otherwise be provided to a Trust Scheme Unitholder by AUIREL in accordance with this clause 30, must instead be paid or provided to a Regulatory Authority or other third party (either by payment of money or the issuance of New AOF Units), then:

(i) AUIREL is entitled to pay the relevant money or issue the relevant New AOF Units in accordance with that order, direction or notice; and

(ii) doing so will be treated for all purposes under the Trust Scheme as having been paid or provided to that Trust Scheme Unitholder.

(e) If written notice is given to AUIREL (or the Registry or AOF Registry) of an order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority that prevents AUIREL from providing consideration to a particular Trust Scheme Unitholder in accordance with this clause 30, or if the payment or provision of any Trust Scheme Consideration to a particular Trust Scheme Unitholder is otherwise prohibited by applicable law, AUIREL will be entitled to (as applicable):

(i) Refrain from issuing any New AOF Units that would otherwise be issued to the Trust Scheme Unitholder; or

(ii) Refrain from remitting any Foreign Sale Proceeds that would otherwise be payable to the Trust Scheme Unitholder, until such time as the issue of New AOF Units or the of Foreign Sale Proceeds (as applicable) in accordance with this clause 30 is permitted by that order or direction or otherwise by law.

30.14 Determination of Trust Scheme Units

To establish the identity of the Trust Scheme Unitholders, dealings in Trust Scheme Units will only be recognised by the Entity if registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Effective Date at the place where the Register is kept.

The Entity will register, or procure that the Registry registers, any registrable transmission applications or transfers in registrable form received on or before Effective Date by or as soon as practicable after the Record Date. The persons shown in the Register, and the number of Units held by them, after the registration of those transmission applications or transfers will be taken to the Trust Scheme Unitholders and Trust Scheme Units respectively.

30.15 Maintenance of Register

For the purpose of determining entitlements to the Trust Scheme Consideration, the Entity will maintain the Register in accordance with the provisions of this Constitution including this clause 30, until the Trust Scheme Consideration has been provided to the Trust Scheme Unitholders and AUIREL has been entered in the Register as the holder of all the Trust Scheme Units. The Register in this form will solely determine entitlements to the Trust Scheme Consideration.

30.16 Effect of certificates (if any) and holding statements

Subject to provision of the Trust Scheme Consideration and registration of the transfer of all of the Trust Scheme Units to AUIREL contemplated in clauses 30.3 and 30.8, any statements of holding in respect of Trust Scheme Units will cease to have effect after the Record Date as documents of title in respect of those units (other than those in favour of AUIREL or its successors in title). After the Record Date, each entry current on the Register as at the Record Date (other than entries in respect of AUIREL or its successors in title) will cease to have effect except as evidence of entitlement to the Trust Scheme Consideration.

30.17 Instructions and elections to be applied to New AOF Units

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), the following instructions, notifications, consents or elections by each Trust Scheme Unitholder to the Entity binding or deemed binding between the Trust Scheme Unitholder and the Entity relating to the Fund or the Trust Scheme Units relating to:

(a) whether distributions or dividends are to be paid by cheque or into a specific account;

(b) currency elections; and

(c) the receipt of notices or other communications from the Entity (including by email or other electronic platform),

will be deemed from the Implementation Date (except to the extent determined otherwise by AUIREL in its sole discretion), by reason of this Trust Scheme, to be made by the Trust Scheme Unitholder to be made in relation to AOF, and to be a binding instruction, notification, consent or election to, and accepted by, AUIREL in relation to any New AOF Units held by the Trust Scheme Unitholder, until that instruction, notification or election is revoked or amended in writing to AUIREL or the AOF Registry and actually received by it.

30.18 Trust Scheme Unitholders' agreements and warranties

Each Trust Scheme Unitholder:

(a) agrees to the transfer of their Units together with all rights and entitlements attaching to those Units in accordance with the Trust Scheme;

(b) agrees to the variation, cancellation or modification of the rights attached to their Units constituted by or resulting from the Trust Scheme;

(c) agrees to, on the direction of AUIREL, destroy any unit certificates relating to their Units;

(d) agrees to provide the Entity with such information as it may reasonably require to comply with any law in respect of the Trust Scheme and the transactions contemplated by this clause 30;

(e) consents to the Entity and AUIREL doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this clause 30 and the transactions contemplated by it;

(f) acknowledges that the Trust Scheme binds the Entity and all Trust Scheme Unitholders;

(g) warrants that all their Units (including any rights and entitlements attaching to their Units) which are transferred under the Trust

Scheme will, at the Implementation Date, be fully paid and free from all Encumbrances; and

(h) warrants that they have full power and capacity to transfer their Units together with any rights attaching to those Units.

30.19 Appointment of sole proxy

Subject to the provision of the Trust Scheme Consideration, on and from the Implementation Date and until the Entity registers, or procures the registration of, AUIREL as the holder of all Units in the Register, each Trust Scheme Unitholder:

(a) is deemed to have appointed AUIREL as attorney and agent to appoint any director, officer, secretary or agent nominated by AUIREL as its sole proxy and, where applicable or appropriate, corporate representative to attend unitholders' meetings, exercise the votes attaching to the Units registered in their name and sign any unitholders' resolution whether in person, by proxy or by corporate representative;

(b) must not attend or vote at any unitholder's meetings or sign any unitholder's resolutions, whether in person, by proxy or by corporate representative; and

(c) must take all other actions in the capacity of a registered holder of Units as AUIREL reasonably directs.

The Entity undertakes in favour of each Trust Scheme Unitholder that it will appoint AUIREL and each of its directors from time to time (jointly and each of them individually) as that Trust Scheme Unitholder's proxy, or where applicable, corporate representative, in accordance with this clause 30.19.

30.20 No disposals after the Effective Date

(a) If the Trust Scheme becomes Effective, a Trust Scheme Unitholder (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Trust Scheme Units, or any interest in them, after the Effective Date, except pursuant to the Merger Implementation Deed. Any such dealing will be void and of no legal effect whatsoever.

(b) The Entity will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Trust Scheme Units received after the Effective Date, except a transfer to AUIREL pursuant to the Merger Implementation Deed or any subsequent transfer by AUIREL or its successors in title.

30.21 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in the Trust Scheme is sent by post to the Entity, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the Entity's registered office or at the Registry.

(b) The accidental omission to give notice of the Trust Scheme Meeting or the non-receipt of such a notice by any Member will not, unless so ordered by the Court, invalidate the Trust Scheme Meeting or the proceedings of the Trust Scheme Meeting.

30.22 Stamp duty

AUIREL will pay all stamp duty (including any fines, penalties and interest) payable in respect of the Trust Scheme.

30.23 Entity not liable

(a) Notwithstanding any other provision of this Constitution but subject to law:

a. except to the extent that the loss or damage is caused by the actual fraud or gross negligence or wilful default of the Entity, the Entity is not liable to any Member for any loss or damage arising directly or indirectly from the Entity doing or refraining from doing any act (including the execution of documents) pursuant to or in connection with the Trust Scheme or its implementation; and

b. except to the extent that the loss or damage is caused by the actual fraud or gross negligence or wilful default of AUIREL, AUIREL will not be liable to any Trust Scheme Unitholder in any way for any loss or damage arising directly or indirectly from AUIREL doing or refraining from doing any act (including the execution of documents) pursuant to or in connection with the Trust Scheme or its implementation beyond the extent to which AUIREL is actually indemnified out of the assets of the AOF.

(b) To the maximum extent permitted by law, none of the Entity, AUIREL or AOF, nor any of their respective directors, officers, employees or associates will be liable for anything done or omitted to be done in the performance of the Trust Scheme in good faith.

30.24 Paramountcy

This clause 30 has effect irrespective of any other provision of this Constitution and any provision of this Constitution which is inconsistent with this clause 30 does not operate to the extent of the inconsistency.

30.25 Amendments to this Constitution

The amendments to this Constitution to give effect to the Trust Scheme are binding on the Entity and on all Members, including those Members who:

(a) did not attend the meeting of the Members to consider the Trust Scheme;

(b) attended the meeting of the Members, or whose proxy attended the meeting of Members of the Fund, to consider the Trust Scheme, but did not vote on the Trust Scheme;

(c) attended the meeting of the Members, or whose proxy attended the meeting of Members of the Fund, to consider the Trust Scheme, but voted against the Trust Scheme; or

(d) were not Members at the time of the meeting.

30.26 Cessation of operation

Clause 30 ceases to have any force or operation if the Merger Implementation Deed is terminated in accordance with its terms.

30.27 References to conduct of AUIREL

A reference to AUIREL doing or not doing something under clause 30 is a reference to the Entity procuring, so far as it is within its legal power to do so, that AUIREL does or does not do that thing, unless the context requires otherwise.

4.2 Provisions that have not been amended

(a) This deed poll does not re-settle the Fund or declare a new fund and does not cause the transfer, vesting or accruing of property to any person.

(b) Except as amended by this deed poll, all terms and conditions of the Constitution remain in full force and effect.

4.3 Acknowledgement

The Trustee acknowledges that this deed poll is issued in accordance with the Constitution. The provisions of this deed poll are binding on the Trustee, each Member and all persons claiming through them as if each party were a party to this deed poll.

5 Governing law

This deed poll is governed by the laws in force in the place specified in the Details. Each person affected by it must submit to the non-exclusive jurisdiction of the courts of that place and the courts of appeal from them.

EXECUTED as a deed poll

DATED:______________________

EXECUTED by **Australian Unity Property Limited** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:	)	
.... Signature of director	)	.... Signature of director/company secretary* *delete whichever is not applicable
.... Name of director (block letters)	)	.... Name of director/company secretary* (block letters) *delete whichever is not applicable

Annexure E – Investigating Accountant's Reports

The Directors Australian Unity Property Limited (AUPL) as responsible entity of Australian Unity Diversified Property Fund (DPF)
271 Spring St
Melbourne, Victoria 3000

8 November 2021

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Australian Unity Diversified Property Fund historical and forecast and Financial Services Guide

We refer to the proposed merger of the Australian Unity Diversified Property Fund (**DPF**) with the Australian Unity Office Fund (**AOF**) as a result of AOF acquiring all the units in DPF and issuing new AOF units to DPF unitholders at the ratio of 0.455 AOF unit for every 1 DPF unit held (the Transaction). Together AOF and DPF will form the Australian Unity Property Fund (**AUPF**).

We have been engaged by Australian Unity Property Limited (**AUPL**) as responsible entity of Australian Unity Diversified Property Fund (**DPF**) to report on the Financial Information (as defined below) for inclusion in the DPF Unitholder Booklet (**DPF UB**) dated on or about 15 November 2021 and relating to the issue of new AOF units to Australian Unity Diversified Property Fund (**DPF**) unitholders.

Expressions and terms defined in the DPF UB have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001.This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following information included in the DPF UB, collectively the **Financial Information**:

DPF Historical Financial Information

- DPF Statement of Financial Position as at 30 June 2021;
- DPF Income Statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021;
- DPF Distribution Statements for the years ended 30 June 2019, 30 June 2020, and 30 June 2021;

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617,
Holder of Australian Financial Services Licence No 244572
2 Riverside Quay, Southbank, VIC, 3006, GPO Box 1331, Melbourne, VIC, 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and DPF's adopted accounting policies. The historical financial information has been extracted from the financial report of the DPF for the years ended 30 June 2019, 30 June 2020 and 30 June 2021, which were audited by PricewaterhouseCoopers (**PwC**) in accordance with the Australian Auditing Standards. PwC issued unmodified audit opinions on the financial reports. The historical financial information is presented in the DPF UB in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

DPF Directors' Forecast

- the forecast Income Statement and Distribution Statement of DPF for the year ending 30 June 2022, as described in section 5.5(c) of the DPF UB.

The directors' best-estimate assumptions underlying the DPF Directors' Forecast are described in section 5.5(c) of the DPF UB. The stated basis of preparation used in the preparation of the DPF Directors' Forecast being the recognition and measurement principles contained in Australian Accounting Standards and DPF's adopted accounting policies.

Directors' Responsibility

The directors of the Responsible Entity of DPF are responsible for the preparation of the DPF Historical Financial Information including its basis of preparation.

The directors of the Responsible Entity of DPF are also responsible for the preparation of the DPF Directors' Forecast, including its basis of preparation and the best-estimate assumptions underlying the DPF Directors' Forecast. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of the DPF Historical Financial Information and the DPF Directors' Forecast that are free from material misstatement.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the DPF Historical Financial Information, the DPF Directors' Forecast, the best-estimate assumptions underlying the DPF Directors' Forecast, and the reasonableness of the DPF Directors' Forecast itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

DPF Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the DPF Historical Financial Information, as described in section 5.5(b) of the DPF UB, and comprising:

- DPF Statement of Financial Position as at 30 June 2021;
- DPF Income Statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021; and
- DPF Distribution Statements for the years ended 30 June 2019, 30 June 2020, and 30 June 2021;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.5(b) of the DPF UB being the recognition and measurement principles contained in Australian Accounting Standards and DPF's adopted accounting policies.

DPF Directors' Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the DPF directors' best-estimate assumptions used in the preparation of the forecast Income Statement and Distribution Statement of DPF for the year ending 30 June 2022 do not provide reasonable grounds for the DPF Directors' Forecast; and

- in all material respects, the DPF Directors' Forecast:
    - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 5.5(c) of the DPF UB; and
    - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and

- the DPF Directors' Forecast itself is unreasonable.

Forecast

The DPF Directors' Forecast has been prepared by management and adopted by the DPF directors in order to provide prospective investors with a guide to the potential financial performance of the DPF for the year ending 30 June 2022. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the DPF Directors' Forecast since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the DPF Directors' Forecast is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of DPF. Evidence may be available to support the directors' best-estimate assumptions on which the DPF Directors' Forecast is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in DPF, which are detailed in the DPF UB, and the inherent uncertainty relating to the DPF Directors' Forecast. Accordingly, prospective investors should have regard to the investment risks as described in section 8 of the DPF UB. We express no opinion as to whether the DPF Directors' Forecast will be achieved.

The DPF Directors' Forecast has been prepared by the DPF directors for the purpose of inclusion in the DPF UB. We disclaim any assumption of responsibility for any reliance on this report, or on the DPF Directors' Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Responsible entity of DPF, that all material information concerning the prospects and proposed operations of DPF have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia and New Zealand

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, the DPF Financial Information has been prepared solely for inclusion in the DPF UB and the AOF Explanatory Memorandum. As a result, the DPF Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the DPF UB and the AOF Explanatory Memorandum. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the DPF UB and the AOF Explanatory Memorandum.

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Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

AWelsh

Andy Welsh
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 8 November 2021

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Australian Unity Investment Real Estate Limited (AURIEL) as responsible entity of Australian Unity Office Fund ("AOF") and Australian Unity Property Limited (AUPL) as responsible entity of Australian Unity Diversified Property Fund ("DPF") to provide a report in the form of an Investigating Accountant's Report in relation to the Financial Information (**the "Report**") for inclusion in the DPF Unitholder Booklet ("DPF UB") dated on or about 15 November 2021.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

5. **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to approximately $275,000 (inclusive of GST) shared equally by AOF and DPF.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers is the auditor of both AOF and DPF.

7. **Complaints**

If, for any reason, you are not satisfied with the advice or service you receive from PwCS or from our authorised representatives, you are entitled to make a complaint.

If you wish to make a complaint please initially lodge your complaint with your adviser. We have established procedures to ensure all complaints are resolved quickly and fairly. A copy of our internal complaints handling procedure can be provided to you upon request.

If you do not receive a satisfactory outcome to your complaint, you have the right to contact the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Tel: 1800 931 678 (Free Call)

E-mail: info@afca.org.au
Website: www.afca.org.au

PwCS is a member of AFCA. You will not be charged for using the AFCA service.

8. **Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Andrew Parker
PricewaterhouseCoopers Securities Ltd
2 Riverside Quay,
Southbank, VIC, 3006

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The Directors
Australian Unity Investment Real Estate Limited (AUIREL) as responsible entity of Australian Unity Office Fund (AOF)
271 Spring St
Melbourne, Victoria 3000

8 November 2021

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Australian Unity Office Fund historical and pro forma forecast and Financial Services Guide

We refer to the proposed merger of the Australian Unity Office Fund (**AOF**) with the Australian Unity Diversified Property Fund (**DPF**) as a result of AOF acquiring all the units in DPF and issuing new AOF units to DPF unitholders at the ratio of 0.455 AOF unit for every 1 DPF unit held (the Transaction). Together AOF and DPF will form the Australian Unity Property Fund (**AUPF**).

We have been engaged by Australian Unity Investment Real Estate Limited (**AUIREL**) as responsible entity of Australian Unity Office Fund (**AOF**) to report on the Financial Information (as defined below) for inclusion in the DPF Unitholder Booklet (**DPF UB**) dated on or about 15 November 2021 and relating to the issue of new AOF units to Australian Unity Diversified Property Fund (**DPF**) unitholders.

Expressions and terms defined in the DPF UB have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001.This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following information included in the DPF UB, collectively the **Financial Information**:

AOF Historical Financial Information

- AOF Statement of Financial Position as at 30 June 2021;
- AOF Income Statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021;
- AOF Distribution Statements for the years ended 30 June 2019, 30 June 2020, and 30 June 2021;

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617,
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T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

The AOF Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and AOF's adopted accounting policies. The AOF Historical Financial Information has been extracted from the financial reports of the AOF for the years ended 30 June 2019, 30 June 2020 and 30 June 2021, which were audited by PricewaterhouseCoopers (**PwC**) in accordance with the Australian Auditing Standards. PwC issued unmodified audit opinions on the financial reports. The AOF Historical Financial Information is presented in the DPF UB in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

AOF Directors' Forecast

- the forecast Income Statement and Distribution Statement of AOF for the year ending 30 June 2022, as described in section 6.5(c) of the DPF UB.

The directors' best-estimate assumptions underlying the AOF Directors' Forecast are described in section 6.5(c) of the DPF UB. The stated basis of preparation used in the preparation of the AOF Directors' Forecast being the recognition and measurement principles contained in Australian Accounting Standards and AOF's adopted accounting policies;

AUPF Pro Forma Historical Financial Information

- pro forma historical Statement of Financial Position of the AUPF as at 30 June 2021.

The AUPF Pro Forma Historical Financial Information has been derived from the historical financial information of AOF, after adjusting for the effects of pro forma adjustments described in section 7.5(b) of the DPF UB. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and AOF's adopted accounting policies applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 7.5(b) of the DPF UB, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the AUPF Pro Forma Historical Financial Information does not represent AOF's actual or prospective financial position.

AUPF Directors' Statutory Forecast

- the forecast Income Statement and Distribution Statement of AUPF for the year ending 30 June 2022, as described in section 7.5(d) of the DPF UB.

The AUPF Directors' Statutory Forecast has been derived from AOF's Forecast, after adjusting for the effects of the pro forma adjustments including the acquisition of DPF from the assumed implementation date being 22 December 2021 described in section 7.5(d) of the DPF UB. The stated basis of preparation used in the preparation of the AUPF Director's Statutory Forecast being the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 7.5(a) of the DPF UB, as if those event(s) or transaction(s) had occurred as at 22 December 2021.

AUPF Directors' Pro Forma Forecast

- the pro forma forecast Income Statement and Distribution Statement of the AUPF for the year ending 30 June 2022, described in section 7.5(c) of the DPF UB.

The AUPF Directors' Pro Forma Forecast has been derived from AOF Directors' Forecast, after adjusting for the effects of the pro forma adjustments including the acquisition of DPF described in section 7.5(c) of the DPF UB. The stated basis of preparation used in the preparation of the AUPF Director's Pro Forma Forecast being the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 7.5(a) of the DPF UB, as if those event(s) or transaction(s) had occurred as at 1 July 2021. Due to its nature, the AUPFs Directors' Pro Forma Forecast does not represent the company's actual prospective financial performance, and/or distributions for the year ending 30 June 2022.

Directors' Responsibility

The directors of the Responsible Entity of AOF are responsible for the preparation of the AOF Historical Financial Information and the AUPF Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the AOF Historical Financial Information and included in the AUPF Pro Forma Historical Financial Information.

The directors of the Responsible Entity of AOF are also responsible for the preparation of the AOF Directors' Forecast, including its basis of preparation and the best-estimate assumptions underlying the AOF Directors' Forecast. They are also responsible for the preparation of the AUPF Directors' Statutory Forecast and the AUPF Directors' Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments made to the AOF Directors' Forecast and included in the AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information, a forecast and a pro forma forecast that are free from material misstatement.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the AOF Historical Financial Information, AOF Directors' Forecast, AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast, the best-estimate assumptions underlying the AOF Directors' Forecasts and AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast, and the reasonableness of the AOF Directors' Forecast, AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

AOF Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the AOF Historical Financial Information, as described in section 6.5(b) of the DPF UB, and comprising:

- AOF Statement of Financial Position as at 30 June 2021;
- AOF Income Statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021; and
- AOF Distribution Statements for the years ended 30 June 2019, 30 June 2020, and 30 June 2021;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6.5(a) of the DPF UB being the recognition and measurement principles contained in Australian Accounting Standards and AOF's adopted accounting policies.

AOF Directors' Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the AOF directors' best-estimate assumptions used in the preparation of the forecast Income Statement and Distribution Statement of AOF for the year ending 30 June 2022 do not provide reasonable grounds for the AOF Directors' Forecast; and

- in all material respects, the AOF Directors' Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 6.5(c) of the DPF UB; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and

- the AOF Directors' Forecast itself is unreasonable.

AUPF Pro Forma Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the AUPF Pro Forma Historical Financial Information, as described in section 7.5(b) of the DPF UB, and comprising:

- pro forma historical Statement of Financial Position of the AUPF as at 30 June 2021, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7.5(a) of the DPF UB being the recognition and measurement principles contained in Australian Accounting Standards and AOF's adopted accounting policies.

AUPF Directors' Statutory Forecast

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the forecast Income Statement and Distribution Statement of the AUPF for the year ending 30 June 2022 do not provide reasonable grounds for the AUPF Directors' Statutory Forecast; and

- in all material respects, the AUPF Directors' Statutory Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 7.5(a) of the DPF UB; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and

- the AUPF Directors' Statutory Forecast itself is unreasonable.

AUPF Directors' Pro Forma Forecast

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecast Income Statement and Distribution Statement of the AUPF for the year ended 30 June 2022 do not provide reasonable grounds for the AUPF Directors' Pro Forma Forecast; and

- in all material respects, the AUPF Directors' Pro Forma Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 7.5(a) of the DPF UB; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies, applied to the AOF Directors' Forecasts and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and

- the AUPF Directors' Pro Forma Forecast itself is unreasonable.

Forecast and Pro Forma Forecast

The AOF Directors' Forecasts, AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast have been prepared by management and adopted by the AOF directors in order to provide prospective investors with a guide to the potential financial performance of AOF and AUPF for the year ending 30 June 2022. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the AOF Directors' Forecasts and AUPF Directors'

Statutory Forecast, and AUPF Directors' Pro Forma Forecast since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the AOF Directors' Forecasts, AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast are based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of AOF. Evidence may be available to support the directors' best-estimate assumptions on which the AOF Directors' Forecasts, AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the AUPF, which are detailed in the DPF UB, and the inherent uncertainty relating to the AOF Directors' Forecasts, AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 8.3 and 7.5(e) of the DPF UB. The sensitivity analysis described in section 7.5(e) of the DPF UB demonstrates the impact on the AUPF Directors' Statutory Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the AOF Directors' Forecasts, AUPF Directors' Statutory Forecast and AUPFs Directors' Pro Forma Forecast will be achieved.

The AOF Directors' Forecasts, AUPF Directors' Statutory Forecast and AUPF Directors' Pro Forma Forecast have been prepared by the AOF directors for the purpose of inclusion in the DPF UB. We disclaim any assumption of responsibility for any reliance on this report, or on the AOF Directors' Forecasts, AUPF Directors' Statutory Forecast and AUPF Funds Directors' Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Responsible entity of AOF, that all material information concerning the prospects and proposed operations of AOF have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Emphasis of Matter – Fair value of DPF assets and liabilities

We draw your attention to section 7.5(a) of the DPF UB which sets out that in preparing the AUPF Proforma Historical Financial Information and the AUPF Directors' Statutory Forecast, carrying amounts as at 30 June 2021 have been used to determine the assumed fair value of DPF assets and liabilities acquired in accordance with AASB3 Business Combinations. On this basis, the AUPF Proforma Historical Financial Information and the AUPF Directors' Statutory Forecast assumes an expense arising on acquisition.

Accordingly, the AUPF Proforma Historical Financial Information and the AUPF Directors' Statutory Forecast does not necessarily contain all of the adjustments to the reported amounts of assets and liabilities that may be required to reflect their final fair values and in particular does not necessarily recognise the final fair value of identifiable intangible assets separately to goodwill, expense on acquisition or discount on acquisition.

Our conclusions are not modified in respect of this matter.

Notice to investors outside Australia and New Zealand

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, the AOF Financial Information and AUPF Financial Information have been prepared solely for inclusion in the DPF UB (and correspondingly in the AOF Explanatory Memorandum. As a result, the AOF Financial Information and AUPF Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the DPF UB and AOF Explanatory Memorandum. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the DPF UB and AOF Explanatory Memorandum.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

AWelsh

Andy Welsh
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 8 November 2021

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Australian Unity Investment Real Estate Limited (AURIEL) as responsible entity of Australian Unity Office Fund ("AOF") and Australian Unity Property Limited (AUPL) as responsible entity of Australian Unity Diversified Property Fund ("DPF") to provide a report in the form of an Investigating Accountant's Report in relation to the Financial Information (**the "Report**") for inclusion in the AOF Explanatory Memorandum ("AOF EM") dated on or about 15 November 2021.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

5. **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to approximately $275,000 (inclusive of GST) shared equally by AOF and DPF.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers is the auditor of both AOF and DPF.

7. **Complaints**

If, for any reason, you are not satisfied with the advice or service you receive from PwCS or from our authorised representatives, you are entitled to make a complaint.

If you wish to make a complaint please initially lodge your complaint with your adviser. We have established procedures to ensure all complaints are resolved quickly and fairly. A copy of our internal complaints handling procedure can be provided to you upon request.

If you do not receive a satisfactory outcome to your complaint, you have the right to contact the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Tel: 1800 931 678 (Free Call)

E-mail: info@afca.org.au
Website: www.afca.org.au

PwCS is a member of AFCA. You will not be charged for using the AFCA service.

8. **Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Andrew Parker
PricewaterhouseCoopers Securities Ltd
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Corporate directory

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Responsible entity of Australian Unity Diversified Property Fund

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271 Spring Street
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Australian Unity Office Fund

Australian Unity Office Fund
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For Real Wellbeing Since 1840

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