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Union Investment increases real estate exposure in Australia

Following on from Brisbane, 155 Clarence Street marks the company's first office investment in Sydney

Union Investment Real Estate GmbH is expanding its international investment activity in the Asia-Pacific region. With its second property acquisition down under in 16 months, the company is tapping into one of the most attractive property markets in the region. The Hamburg-based real estate investment manager has acquired 155 Clarence Street in Sydney for a purchase price of around AUD 120 million. Union Investment was advised on the deal by Eureka Funds Management.

Union Investment first entered the Australian market in April 2014 when it acquired the new Flight Centre headquarters in Brisbane at the development stage. Whilst the almost fully let Southpoint new build project was acquired for open-ended fund Unilmmo: Europa, 155 Clarence Street will be added to the portfolio of Unilmmo: Global. Just three weeks ago, Union Investment made an acquisition in Menlo Park in Silicon Valley, California for the same international fund.

“Our investments in Australia reflect the strategy we embarked on three years ago for our real estate funds: greater international exposure, younger properties and broader diversification that includes strong regional markets,” said Martin Bruehl, head of Investment Management International at Union Investment. “155 Clarence Street is a perfect fit for our global fund in a new market with excellent development prospects.”

Union Investment purchased the historic building, which was originally constructed in 1938 as a warehouse, from Australian developer St Hilliers Property. The heritage complex was formerly used by the Australian Red Cross. It was fully refurbished in January 2015 and now offers 11,972 sq m of Grade A office space, as well as a further 529 sq m of retail space. Union Investment is aiming to obtain a five star Green Star rating for the property. “The unique combination of historic art deco façade and the most contemporary space available on the market means that 155 Clarence Street is very well positioned in Sydney's office market,” commented Martin Brühl. The 12-storey multi-tenant building with a generous roof terrace is approximately 85 per cent let. The main tenants include Tyro Payments, First State Super, Havas Worldwide and Cox Architecture. Thanks to its excellent location in the fast-growing western corridor submarket of Sydney's central business district, the property is expected to be fully let

in the near future. The pedestrian walkway designed to link Wynyrd Station, the central business district and the up-and-coming Barangaroo Waterfront precinct is scheduled for completion in 2016 and will significantly enhance the location.

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