

ASX Announcement

22.08.18

Investa Office Fund (ASX:IOF)

Blackstone proposal scheme consideration price increase

Investa Listed Funds Management Limited (**ILFML**), as responsible entity of the Investa Office Fund (**IOF**), refers to the proposal by Quartz BidCo Pty Ltd and Quartz Sub TC Pty Ltd as trustee of the Quartz Bid Trust (being entities affiliated with The Blackstone Group L.P.) (collectively, **Blackstone**) to acquire all of the units in IOF by way of trust scheme (**Scheme**).

ILFML announces that it has received the attached letter from Blackstone in which Blackstone states that it is prepared to increase the consideration payable per IOF unit under the Scheme from \$5.25 to \$5.45 per IOF unit, subject to the terms set out in the letter. Taking into account the 10.15 cent per IOF unit declared distribution, IOF unitholders will receive, if the terms set out in the letter are satisfied and the Scheme is implemented, an increase in cash consideration from \$5.1485 to \$5.3485 per IOF unit.

The ILFML Board will consider the letter received from Blackstone and will provide an update as soon as practicable.

The ILFML Board continues to unanimously recommend that IOF unitholders vote in favour of the Blackstone proposal in the absence of a superior proposal.

End

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About Investa Office Fund

Investa Office Fund (ASX code: IOF) is an externally managed Australian listed real estate investment trust, included in the S&P/ASX 100 index. IOF is governed by the Independent Board of Investa Listed Funds Management Limited as Responsible Entity, and managed by Investa – one of Australia's largest and most highly regarded office managers. IOF has total assets under management of \$4.4 billion, with 20 investment grade office buildings in core CBD markets across Australia. The Fund receives rental income from more than 400 tenants, including government agencies and blue chip organisations. IOF's strategy is to deliver attractive risk-adjusted returns investing in high quality Australian office buildings, leveraging Investa's fully integrated specialist property sector capabilities to outperform.

22 August 2018

Mr Richard Longes
 Independent Chairman
 Investa Listed Funds Management Limited
 as responsible entity of Investa Office Fund

Level 30, 420 George Street
 Sydney NSW 2000

Dear Richard

PROPOSED INCREASE IN AGGREGATE SCHEME CONSIDERATION FROM \$5.25 TO \$5.45 PER IOF SCHEME UNIT

We refer to the scheme implementation agreement dated 12 June 2018 ("**Scheme Implementation Agreement**") between Investa Listed Funds Management Limited as responsible entity of the Armstrong Jones Office Fund and the Prime Credit Property Trust ("**ILFML**"), Quartz BidCo Pty Ltd ("**BidCo**") and Quartz Sub TC Pty Ltd as trustee of the Quartz Bid Trust ("**BidTrust**" and together with BidCo, the "**Acquirers**"). Unless otherwise defined, capitalised terms and expressions used in this letter have the same meaning given to them in the Scheme Implementation Agreement.

On the basis that the conditions outlined below are satisfied, we are prepared to increase the aggregate Scheme Consideration from \$5.25 to \$5.45 per IOF Scheme Unit for all of the IOF Scheme Units, subject to the existing terms and conditions in the Scheme Implementation Agreement, including a reduction for any distributions as provided in clause 7.3(c) of the Scheme Implementation Agreement ("**Improved Proposal**").

The Improved Proposal represents one of the highest premia to pre-proposal market prices in A-REIT M&A transactions in the last five years. The Acquirers consider this increase in price to be highly attractive and makes our original proposal even more compelling for all IOF Unitholders, and provides certain near-term cash value for IOF Unitholders at a price that is in excess of IOF's highest trading price in nearly ten years.

In particular, the Improved Proposal reflects the following premia¹:

	IOF reference price (per IOF Unit)	Improved Proposal premium (%)	Improved Proposal premium (per IOF Unit)
1 month volume weighted average price to 25 May 2018 ²	\$4.44	20%	91 cents
Closing price yesterday, 21 August 2018	\$5.01	7%	34 cents

1. Based on net cash consideration of \$5.3485 per IOF Unit, after taking into account the 10.15 cents per IOF Unit distribution which was announced by IOF on 18 June 2018.
2. The last trading day prior to the announcement of Blackstone's original proposal.

Importantly, if the Schemes are successful, this Improved Proposal would be available to all IOF Scheme Unitholders.

In recent weeks we have received feedback from IOF Unitholders regarding the Schemes. While many IOF Unitholders consider the Schemes to be highly attractive and recognise the ILFML Board's recommendation of the proposal and the independent expert's conclusion that the Schemes are in the best interests of IOF Unitholders, the Acquirers are aware of certain IOF Unitholders who did not consider that the aggregate Scheme Consideration under our original proposal represented a fair value for IOF.

In this regard, the Acquirers have noted in particular the recent statements and actions of Investa Wholesale Funds Management Limited in its capacity as responsible entity of Investa Commercial Property Fund ("IWFML") and ICPF Holdings Limited (together, "ICPF"), including:

- ICPF's media release on 29 May 2018, stating that any Platform Transaction "would not...impact ILFML's ability to pursue the Blackstone Proposal";
- ICPF's letter to ILFML on 20 August 2018, stating that ICPF intends to vote against our original proposal because ICPF is of the view that "the [original] Blackstone Proposal does not adequately reflect the value of the IOF portfolio";
- IWFML has agreed to sell approximately 9.99% of IOF to a third party for \$5.25 per IOF Unit, a price which is not available to all IOF Unitholders; and
- "IWFML confirms that there are no other arrangements or agreements in place" with the third party in relation to IOF.

After careful consideration, and having regard to these factors and IOF Unitholder feedback, the Acquirers' Improved Proposal, being an increase in the aggregate Scheme Consideration from \$5.25 to \$5.45, is subject to satisfaction of the following conditions:

- a) by no later than 5pm (AEST) on Friday 24 August 2018, Investa Wholesale Funds Management Limited in its capacity as responsible entity of Investa Commercial Property Fund and ICPF Holdings Limited together issuing a public statement that they intend to vote all of the IOF Units they hold (being approximately 19.95% of IOF) in favour of the Scheme Resolutions, in the absence of a superior proposal;
- b) the ILFML Board continuing to unanimously recommend that IOF Unitholders vote in favour of the Schemes, in the absence of a Superior Proposal;
- c) ILFML working towards a new timetable which will be as expeditious as possible and acceptable to the Acquirers; and
- d) ILFML immediately instructing their legal counsel to:
 - amend the Transaction Documents solely to reflect the increased price (and any incidental changes required thereby);
 - prepare a draft supplemental explanatory memorandum in relation to the aforementioned modifications for the Acquirers' review; and
 - promptly update ASIC and submit all required documentation in connection with the foregoing.

We recognise that the conditionality of the Improved Proposal means that the proposed increase in price for all IOF Unitholders is dependent on ICPF announcing that it intends to vote in favour of the Improved Proposal, in the absence of a superior proposal. We expect that ICPF will recognise that (i) this proposal offers a superior price to ICPF's recent sale of a large stake in IOF to a third party for \$5.25 per IOF Unit, an arrangement which only benefits certain parties and not all IOF Unitholders and (ii) further actions taken against this proposal will prevent the realisation of this attractive and certain price for all IOF Unitholders. Accordingly, we strongly encourage ICPF to support the Improved Proposal and allow all IOF Unitholders to have the opportunity to realise their investment in IOF at this very attractive price, alongside ICPF.

The Acquirers will not increase the Scheme Consideration further and accordingly the proposed increase in price is best and final, in the absence of a superior proposal.

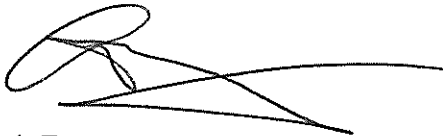
The Acquirers reserve the right to waive, amend or otherwise vary any of conditions (a) to (d) (inclusive) above.

We confirm that the Acquirers have received the necessary internal approvals required to present this Improved Proposal.

We are confident and expect that the ILFML Board will continue to unanimously recommend that IOF Unitholders vote in favour of the Schemes, in the absence of a Superior Proposal, given the proposed price increase to the already recommended Schemes. Similarly, we expect the Independent Expert to continue to conclude that the Schemes are in the best interests of IOF Unitholders.

We look forward to continuing to work with you to successfully implement the transaction.

Yours sincerely



Chris Tynan
Director

For and on behalf of Quartz BidCo Pty Ltd and Quartz Sub TC Pty Ltd as trustee of the Quartz Bid Trust