

ASX Announcement

28.08.18

Investa Office Fund (ASX:IOF)

Second Supplementary Explanatory Memorandum

Provision of Judicial Advice

Following the provision of judicial advice by the New South Wales Supreme Court earlier today, Investa Listed Funds Management Limited (**ILFML**), as responsible entity of the Investa Office Fund (**IOF**) announces the release of the Second Supplementary Explanatory Memorandum (**Second Supplementary EM**) in relation to the proposed acquisition of IOF 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 be implemented by way of trust scheme (**Scheme**).

As announced previously, under the revised terms of the Scheme, unitholders will be entitled to receive \$5.3485 per IOF unit if the Scheme is approved by unitholders and implemented.

The Second Supplementary EM and an accompanying proxy form will be mailed to IOF unitholders on or around 30 August 2018. IOF unitholders who have previously nominated an electronic means of notification will receive or be able to access the materials electronically.

New Date for Scheme Meeting

As noted in the Second Supplementary EM, the unitholder meeting to consider the Scheme (**Meeting**) has been adjourned.

The Meeting will now be held at **10:00am (Sydney time) on 6 September 2018** at the Hilton Hotel, Level 4, Room 5, 488 George Street, Sydney.

Vote in favour of the Scheme

The Directors of ILFML continue to unanimously recommend that IOF unitholders vote in favour of the Scheme, in the absence of a superior proposal.

The Independent Expert has stated that the revised Scheme continues to be in the best interests of unitholders in the absence of a superior proposal. In arriving at this opinion, the Independent Expert has stated that it continues to assess the Scheme as not fair but reasonable.

All IOF unitholders are encouraged to vote by completing and lodging the proxy form that will accompany the Second Supplementary EM or alternatively by attending the Scheme meeting.

Due to the short period between release of this document and the new deadline for receipt of proxy forms (being 10am on Tuesday 4 September 2018), unitholders are strongly encouraged to lodge their proxy votes electronically in accordance with the instructions on their proxy form. If you have already submitted a valid proxy form, and you want to change the way in which you have voted, you may do that by lodging an updated proxy form. As mentioned, you are encouraged to lodge your updated proxy form electronically in accordance with the directions on the form.

Further Information

As announced previously, due to short notice of the adjournment, members of the ILFML Board will be available to informally meet with IOF unitholders and answer questions about the scheme at 10am on Wednesday 29 August 2018 at Level 4, Room 5, Hilton Hotel, 488 George Street, Sydney NSW 2000.

For further information in relation to the Scheme, IOF unitholders can contact the IOF Unitholder Information Line on +61 1300 851 394, between 8:30am and 7:30pm Monday to Friday (Sydney time), or consult their legal, investment or other professional adviser.

End

For further information please contact:

| | |
|------------------------|-------------------------------|
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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 over \$4.3 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.

About Blackstone

Blackstone is one of the world's leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with US\$450 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com. Follow Blackstone on Twitter @Blackstone.

Investa Office Fund (ASX: IOF)

In relation to the proposed acquisition by Quartz BidCo Pty Ltd (ACN 626 431 927) and Quartz Sub TC Pty Limited (ACN 626 431 963) in its capacity as trustee of the Quartz Bid Trust of all of the issued securities of Investa Office Fund comprising Armstrong Jones Office Fund (ARSN 090 242 229) and Prime Credit Property Trust (ARSN 089 849 196)

Vote in favour

The Directors of Investa Listed Funds Management Limited, the responsible entity of Investa Office Fund, continue to

UNANIMOUSLY RECOMMEND

that IOF Unitholders vote in favour of the Proposal Resolutions, in the absence of a Superior Proposal.

Details of Meeting

Time: 10.00am (Sydney time)

Date: 6 September 2018

Place: Hilton Hotel, Level 4, Room 5,
488 George Street, Sydney NSW 2000

This is an important document and requires your immediate attention. You should read this document, the Supplementary Explanatory Memorandum dated 16 August 2018 and the Explanatory Memorandum dated 24 July 2018 in their 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.

Financial Adviser

J.P.Morgan

Legal Adviser

Allens < > Linklaters

Important Notices and Disclaimer

What is this document

This Second Supplementary Explanatory Memorandum supplements the Explanatory Memorandum dated 24 July 2018 and the Supplementary Explanatory Memorandum dated 16 August 2018 which contain information about the Proposal, which, if approved and implemented, will result in the Acquirer acquiring all of the IOF Units.

This document must be read together with the Explanatory Memorandum and Supplementary Explanatory Memorandum. If there are any inconsistencies between this document and the Explanatory Memorandum or Supplementary Explanatory Memorandum, this document will prevail.

This document, together with the Explanatory Memorandum and Supplementary Explanatory Memorandum, comprise an explanatory statement and notices of meeting for IOF Unitholders in relation to the Proposal.

The Proposal is subject to a number of conditions precedent, including IOF Unitholders approving the Proposal Resolutions (see Section 8.3 of the Explanatory Memorandum).

General

This document is important and requires your immediate attention. You should read this document in full before making any decision as to how to vote at the Meeting.

If you have sold all of your IOF Units, please ignore this document.

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

Purpose of this document

This document, together with the Explanatory Memorandum and Supplementary Explanatory Memorandum, has been prepared for IOF Unitholders in connection with the extraordinary general meeting to be held on 6 September 2018 in relation to the Proposal under which the Acquirer proposes to acquire all of the IOF Units on issue. This document does not constitute or contain an offer to IOF Unitholders, or a solicitation of an offer from IOF Unitholders, in any jurisdiction.

A copy of this document has been provided to ASIC and ASX. None of ASIC or ASX, or their officers take any responsibility for the contents of this document.

Court involvement

The Court provided the First Judicial Advice on 24 July 2018, the judicial advice in relation to the Supplementary Explanatory Memorandum on 16 August 2018 and the judicial advice in relation to this document on 28 August 2018. The Court's provision

of 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 judicial advice does not mean that the Court:

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

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 IOF Unitholder may appear at the Second Judicial Advice hearing, expected to be held on 7 September 2018 at the Supreme Court of New South Wales, 184 Phillip Street, Sydney.

Any IOF 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 IOF a notice of appearance in the prescribed form together with any affidavit that the IOF Unitholder proposes to rely on.

Responsible entity

ILFML is the responsible entity of the AJO Fund and the PCP Trust. The AJO Fund and the PCP Trust are managed investment schemes registered under Chapter 5C of the Corporations Act.

Unless the context otherwise requires in this document, a reference to ILFML is a reference to it in its capacity as responsible entity of the AJO Fund and the PCP Trust.

Glossary

Capitalised terms used in this document are defined in the Glossary in Section 5, and in Section 9 of the Explanatory Memorandum and Section 6 of the Supplementary Explanatory Memorandum.

Section 5.2 also sets out certain rules of interpretation which apply to this document.

No investment advice

This document 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 IOF Unitholder or any other person. The information and recommendations contained in this document do not constitute, and should not be taken as, financial product advice.

Before acting on any of the matters described in this document, 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 or other professional adviser.

Your investment in IOF is subject to investment and other risks, including possible loss of income and principal invested. ILFML gives no guarantee or assurance as to the performance of IOF, the IOF Units or the repayment of capital. Past performance is not indicative of future performance.

Forward looking statements

Some of the statements appearing in this document may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this document 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 IOF 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 IOF 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 ILFML nor IOF, their officers, agents or advisers, or any person named in this document or involved in the preparation of this document 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 document also contains forward looking statements based on the current expectations of ILFML 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 include the assumptions underlying any forecast or forward looking statement financial information not proving correct and other matters not currently known to, or considered by, ILFML. IOF Unitholders should note that the historical financial performance of IOF is no assurance or indicator of future financial performance of IOF (whether or not the Proposal proceeds). ILFML does not guarantee any particular rate of return or the performance of IOF nor does it guarantee the repayment of capital or any particular tax treatment in respect of any investment in IOF.

The forward looking statements in this document reflect facts, circumstances and views held only at the date of this document. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, ILFML and its officers, employees, agents and advisers disclaim any obligation or undertaking to distribute after the date of this document 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 document has been prepared by ILFML and is its responsibility alone. Except as outlined below, neither the Acquirer nor any of its Controlled Entities, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

The Acquirer has prepared and provided the Acquirer Group Information and is responsible for that information. Neither ILFML nor IOF, nor any of their respective Controlled Entities, directors, officers, agents or advisers assume any responsibility for the accuracy or completeness of the Acquirer Group Information.

KPMG Corporate Finance has prepared the Supplementary Independent Expert's Report (as set out in Schedule 1 to this document) and takes responsibility for that report.

The ICPF Group is responsible for the ICPF Group Information. Neither ILFML nor IOF, nor any of their respective Controlled Entities, directors, officers, agents or advisers assume any responsibility for the accuracy or completeness of the ICPF Group Information.

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

Important Notices and Disclaimer

Foreign jurisdictions

The release, publication or distribution of this document 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 document 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.

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

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

Privacy

ILFML may collect personal information in the process of implementing the Proposal. The type of information that they may collect about you includes your name, contact details and information on your unitholding in IOF 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 ILFML to conduct the Meeting and implement the Proposal. Without this information, ILFML may be hindered in its ability to issue this document and implement the Proposal. Personal information of the type described above may be disclosed to Link Market Services Limited, 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 ILFML, Government Agencies, and also where disclosure is otherwise required or allowed by law.

IOF Unitholders who are individuals and the 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 ILFML, please contact the IOF Unitholder Information Line on +61 1300 851 394, between 8:30am and 7:30pm Monday to Friday (Sydney time).

IOF 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 stated otherwise, all references to dollars, \$, cents or c in this document are to Australian currency.

Unless stated otherwise or implied, references to dates or years are financial year references. All financial and operational information contained in this document is current as at the date of this document unless otherwise specified.

Charts, maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this document are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at 30 June 2018.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document 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 document.

As a result, any calculations you make based on the figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document 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 document are times and dates in Australian Eastern Standard Time, being the time in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Proposal referred to in this document may change and, among other things, are subject to all necessary approvals from Government Agencies.

Additional information

If, after reading this document, you have any questions regarding the Proposal, please call the IOF Unitholder Information Line on +61 1300 851 394, between 8:30am and 7:30pm Monday to Friday (Sydney time), or consult your legal, investment or other professional adviser.

Date of Explanatory Memorandum

This Second Supplementary Explanatory Memorandum is dated 28 August 2018.

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Letter from the Chairman

28 August 2018

Dear IOF Unitholder,

Background

This document follows the Explanatory Memorandum dated 24 July 2018 (**Explanatory Memorandum**) and the Supplementary Explanatory Memorandum dated 16 August 2018 (**Supplementary Explanatory Memorandum**) relating to the proposal by Quartz BidCo Pty Ltd and Quartz Sub TC Pty Ltd as trustee of the Quartz Bid Trust (together, the **Acquirer**) to acquire all of the units in IOF by way of trust scheme (**Proposal**). The Acquirer is affiliated with The Blackstone Group L.P. and entities which are ultimately owned and/or controlled by The Blackstone Group L.P. (together, **Blackstone**).

Increase to Proposal Consideration

The Scheme Implementation Agreement dated 12 June 2018 provided for IOF Unitholders to receive \$5.25 cash per IOF Unit, less any distributions declared or paid by IOF after 4 May 2018 (subject to satisfaction or waiver of all Conditions Precedent). As ILFML declared a distribution of 10.15 cents per IOF Unit on 18 June 2018, IOF Unitholders would have received cash consideration of \$5.1485 for each IOF Unit on implementation of the Proposal.

As announced on 27 August 2018, I am pleased to inform you that, the Acquirer has agreed to increase the consideration payable under the Proposal from \$5.25 to \$5.45 per IOF Unit, less distributions declared or paid by IOF after 4 May 2018. Taking into account the declared distribution of 10.15 cents, **if the Proposal is implemented, IOF Unitholders will now receive an increase in cash consideration from \$5.1485 to \$5.3485 per IOF Unit.**

The Acquirer has stated that it will not increase the Proposal Consideration further, and accordingly, the revised Proposal Consideration is best and final, in the absence of a Superior Proposal.

ILFML Directors' Recommendation

The Directors continue to unanimously recommend that IOF Unitholders vote in favour of the Proposal Resolutions, in the absence of a Superior Proposal.

Independent Expert's Opinion

The Independent Expert considers that the revised Proposal continues to be in the best interests of IOF Unitholders in the absence of a Superior Proposal. In arriving at this opinion, the Independent Expert has stated that it considers that the revised Proposal is not fair but reasonable. Schedule 1 of this document sets out a copy of the Supplementary Independent Expert's Report. IOF Unitholders should read the report in its entirety. A summary of the range of factors relevant to the Independent Expert's assessment of the Proposal are set out in Section 2 of the Supplementary Independent Expert's Report.

Voting eligibility of ICPF

As announced on ASX on 20 August 2018, Investa Wholesale Funds Management Limited (**IWFML**) as responsible entity of the Investa Commercial Property Fund notified ILFML that:

- it had entered into a binding Securities Sale Deed under which it has agreed to sell approximately 59.8 million IOF Units (representing approximately 9.99% of IOF), to Oxford Properties Group (**Oxford**) for \$5.25 per IOF Unit (**Oxford Transaction**);
- completion of the Oxford Transaction is conditional on the Proposal being voted down by IOF Unitholders (such that the Proposal cannot be implemented), or not being voted on by 18 September 2018; and
- Unless and until completion of the Oxford Transaction occurs, IWFML will remain entitled to control the exercise of any rights to vote attaching to the IOF Units which it has agreed to sell to Oxford.

The ILFML Directors have not changed their conclusion on the voting eligibility of IWFML or ICPF Holdings Limited (together, **ICPF**) as a consequence of the Oxford Transaction. The ILFML Directors continue to hold the view that, as at the date of this Second Supplementary Explanatory Memorandum, ICPF is not restricted from voting on the Proposal under applicable law, based on the investigations of, and the evidence that has been made available to, the ILFML Directors, and after receiving legal advice.

Voting intentions of ICPF

On 20 August 2018, IWFML notified ILFML that ICPF intended to vote against the original Proposal as, in ICPF's view, the previous Proposal Consideration of \$5.1485 cash per IOF Unit did not adequately reflect the value of the IOF portfolio.

As announced on 24 August 2018, as a result of the increase in the Proposal Consideration to \$5.3485 per IOF Unit, ICPF has confirmed that they intend to vote all of the IOF Units that they hold at the Voting Record Date in favour of the revised Proposal, in the absence of a superior proposal.¹ As at the date of this Second Supplementary Explanatory Memorandum, ICPF's holding represents approximately 19.9973% of all IOF Units on issue.

If the Proposal Resolutions are passed by the requisite majorities of IOF Unitholders by 18 September 2018, ILFML understands that completion will not occur under the Oxford Transaction.

New Meeting Date

The Meeting to consider the Proposal Resolutions was originally scheduled for 21 August 2018, and then adjourned to 29 August 2018.

As a consequence of the updated information in this Second Supplementary Explanatory Memorandum, the Directors have determined that the Meeting should be adjourned for a second time. The Meeting will now be held at: **10am on 6 September at Hilton Hotel, Level 4, Room 5, 488 George Street, Sydney NSW 2000.**

A full list of the new dates in connection with the Proposal is set out on page 6.

Voting Record Date and Proxy Forms

All IOF Unitholders on the IOF Register as at 7.00pm (Sydney time) on 4 September 2018 will be entitled to attend and vote at the Meeting (subject to any applicable voting exclusions).

If you are not able to attend the Meeting, you can vote by proxy. If you have already submitted a valid proxy form, and you do not want to change the way in which you have voted, you do not need to do anything. If you have already submitted a valid proxy form, and you want to change the way in which you have voted, you may do that by completing and returning a new proxy form to the IOF Registry in accordance with the details contained in Section 6 of Schedule 1 of the Explanatory Memorandum.

A new proxy form accompanies this Second Supplementary Explanatory Memorandum and may be used by IOF Unitholders who have not already submitted a proxy form or who want to change their vote. Completed proxy forms must be received by the IOF Registry by no later than 10am (Sydney time) on 4 September 2018.

Conclusion

I look forward to your participation at the Meeting on 6 September 2018 and encourage you to vote in favour of the resolutions relating to the Proposal in the absence of a Superior Proposal.

Yours sincerely,



Richard Longes
Chairman
INVESTA LISTED FUNDS MANAGEMENT LIMITED

1. When used in this context, "superior proposal" means a competing proposal which is determined to be superior by ICPF. It does not have the meaning given to the capitalised term in the Explanatory Memorandum dated 24 July 2018 which is the definition agreed between ILFML and the Acquirer.

Key Dates

| | |
|--|---------------------------|
| Date of the Explanatory Memorandum | 24 July 2018 |
| Date of this Supplementary Explanatory Memorandum | 16 August 2018 |
| Date of this Second Supplementary Explanatory Memorandum | 28 August 2018 |
| Time and date by which Proxy Forms must be received | 10.00am, 4 September 2018 |
| Voting Record Date | 7.00pm, 4 September 2018 |
| Time and date of the Meeting | 10.00am, 6 September 2018 |

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

| | |
|-----------------------------|-------------------|
| Second Judicial Advice Date | 7 September 2018 |
| Effective Date | 7 September 2018 |
| Record Date | 14 September 2018 |
| Implementation Date | 20 September 2018 |

Dates and times are indicative only and are subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be notified to the ASX and made available on the website at <https://www.investa.com.au/funds/iof/asx-announcements>.

1. Key Questions

This Section 1 answers certain key questions about the Proposal. It is not intended to address all relevant issues for IOF Unitholders. This Section 1 should be read together with all other parts of this document, the Supplementary Explanatory Memorandum and the Explanatory Memorandum.

| Question | Answer | More information |
|--|--|--------------------------|
| This Second Supplementary Explanatory Memorandum | | |
| 1. Why have I received this document? | <p>This is a Second Supplementary Explanatory Memorandum that has been sent to you because you are an IOF Unitholder and you are being asked to vote on the Proposal Resolutions.</p> <p>This document provides an update in relation to changes that have occurred since release of the Supplementary Explanatory Memorandum on 16 August 2018.</p> | N/A |
| 2. What has changed since the Supplementary Explanatory Memorandum? | <p>The Proposal Consideration payable to IOF Unitholders if the Proposal is implemented has increased from \$5.1485 to \$5.3485 per IOF Unit.</p> <p>In addition, ICPF has confirmed that they intend to vote all of the IOF Units that they hold at the Voting Record Date in favour of the revised Proposal, in the absence of a superior proposal.² As at the date of this Second Supplementary Explanatory Memorandum, ICPF's holding represents approximately 19.9973% of all IOF Units on issue.</p> <p>As a consequence of the updated information in this Second Supplementary Explanatory Memorandum, the Directors have determined that the Meeting should be adjourned. The Meeting will now be held at 10.00am on Thursday 6 September 2018 at Hilton Hotel, Level 4, Room 5, 488 George Street, Sydney NSW 2000.</p> | Section 2 and Section 3 |
| Revised Proposal Consideration | | |
| 3. What is the revised Proposal Consideration? | <p>On 22 August 2018, ILFML was informed that, subject to certain conditions (which have now been satisfied), the Acquirer was prepared to increase the consideration payable under the Proposal from \$5.25 to \$5.45 per IOF Unit, less distributions declared or paid by IOF after 4 May 2018. Taking into account the declared distribution of 10.15 cents, if the Proposal is implemented, IOF Unitholders will now receive an increase in cash consideration from \$5.1485 to \$5.3485 per IOF Unit.</p> | Section 2 and Schedule 1 |
| 4. Why has the Acquirer increased the Proposal Consideration? | <p>While many IOF Unitholders considered the original Proposal to be highly attractive and recognised the ILFML Directors' recommendation of the original Proposal and the Independent Expert's conclusion that the original Proposal was in the best interests of IOF Unitholders, the Acquirer was aware that certain IOF Unitholders did not consider that the original Proposal Consideration represented fair value for IOF.</p> | N/A |

1. When used in this context, "superior proposal" means a competing proposal which is determined to be superior by ICPF. It does not have the meaning given to the capitalised term in the Explanatory Memorandum dated 24 July 2018 which is the definition agreed between ILFML and the Acquirer.

1. Key Questions

| Question | Answer | More information |
|--|---|--|
| 4. Why has the Acquirer increased the Proposal Consideration? continued | After careful consideration, and having regard to feedback from IOF Unitholders, the Acquirer informed ILFML that it was prepared to increase the Proposal Consideration to the amount described in Question 3 on the previous page. | N/A |
| 5. Are further increases to the Proposal Consideration contemplated? | The Acquirer has stated that it will not increase the Proposal Consideration further, and accordingly, the revised Proposal Consideration is best and final, in the absence of a Superior Proposal. | N/A |
| Independent Expert opinion and the Directors' recommendation | | |
| 6. Do the Directors continue to recommend the Proposal? | Yes. The Directors continue to unanimously recommend that IOF Unitholders vote in favour of the Proposal Resolutions, in the absence of a Superior Proposal. | Chairman's Letter |
| 7. What is the opinion of the Independent Expert? | The Independent Expert has concluded that the revised Proposal continues to be in the best interests of IOF Unitholders in the absence of a Superior Proposal. In arriving at this opinion, the Independent Expert assessed the revised Proposal to be not fair but reasonable. | Supplementary Independent Expert's Report (Schedule 1) |
| 8. How do the Directors intend to vote? | The Directors intend to vote all IOF Units they hold or control in favour of the Proposal, in the absence of a Superior Proposal. | N/A |
| Meeting details, voting and approval thresholds | | |
| 9. When and where will the Meeting be held? | The Meeting will be held at Hilton Hotel, Level 4, Room 5, 488 George Street, Sydney NSW 2000 on Thursday 6 September 2018, commencing at 10.00 am (Sydney time). | Section 2.6 |
| 10. Who is eligible to vote at the Meeting? | <p>All IOF Unitholders on the IOF Register as at 7.00 pm (Sydney time) on Tuesday, 4 September 2018 (the Voting Record Date) are entitled to attend and vote at the meeting, except that:</p> <ul style="list-style-type: none"> • for the purposes of the Trust Acquisition Resolutions, and in accordance with item 7, section 611 and section 253E of the Corporations Act, the Acquirer and its Associates must not cast any votes in favour of the resolutions, and ILFML and its Associates are not entitled to vote their interests if they have an interest in the resolutions other than as a member of IOF; • for the purposes of the Trust Constitution Amendment Resolutions, and in accordance with section 253E of the Corporations Act, ILFML and its Associates are not entitled to vote their interests if they have an interest in the resolutions other than as a member of IOF; and • for the purposes of the De-stapling Resolutions, and in accordance with section 253E of the Corporations Act, ILFML and its Associates are not entitled to vote their interests if they have an interest in the resolutions other than as a member of IOF. | Notice of Meeting (Schedule 1 to the Explanatory Memorandum) |
| 11. Further questions | If after reading this Second Supplementary Explanatory Memorandum you have any questions about the Proposal, you should call the IOF Unitholder Information Line on +61 1300 851 394 between 8.30 am and 7.30 pm (Sydney time) Monday to Friday. If you are in any doubt as to what you should do, you should consult your legal, investment or other professional adviser without delay. | N/A |

2. Overview of Revised Proposal

2.1 Revised Proposal Consideration

While many IOF Unitholders considered the original Proposal to be highly attractive and recognised the ILFML Directors' recommendation of the original Proposal and the Independent Expert's conclusion that the original Proposal was in the best interests of IOF Unitholders, the Acquirer was aware that certain IOF Unitholders did not consider that the original Proposal Consideration represented fair value for IOF.

After careful consideration, and having regard to feedback from IOF Unitholders, the Acquirer informed ILFML that it was prepared to increase the Proposal Consideration, subject to certain conditions. On 27 August 2018, ILFML was pleased to announce that these conditions had been satisfied, and that it had entered into amended transaction documents to give effect to the increased consideration.

As a result, if the Proposal is implemented, IOF Unitholders will receive cash consideration of \$5.3485 for each IOF Unit held by them on the Record Date.

2.2 ILFML Directors' Recommendation

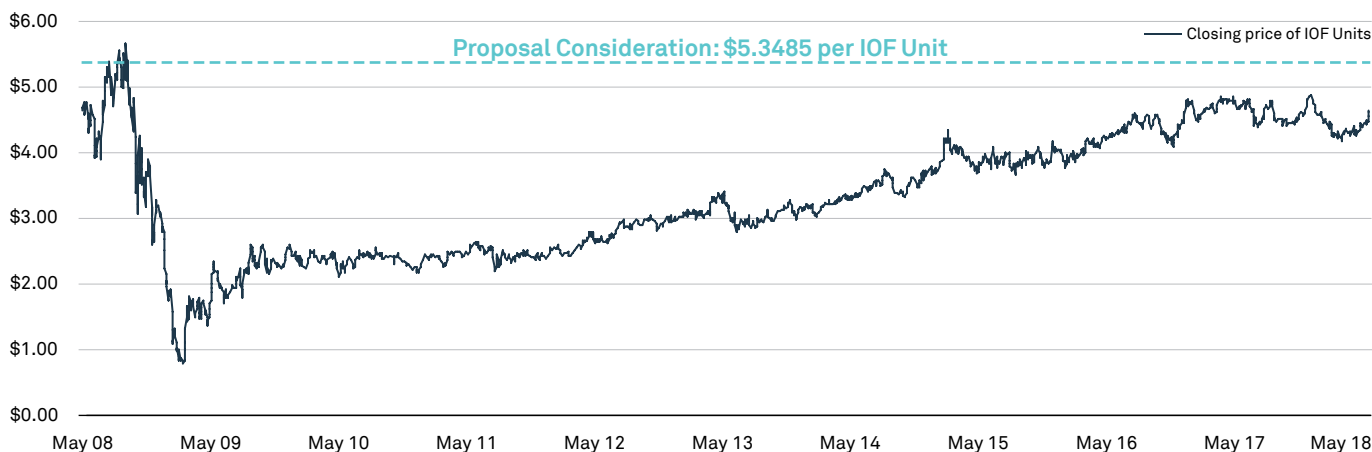
The Directors of ILFML continue to unanimously recommend that IOF Unitholders vote in favour of the Proposal in the absence of a Superior Proposal, as it offers an attractive and certain price for IOF Unitholders when considered against the historic trading performance of IOF Units, as described in further detail below.

In making this recommendation, the ILFML Directors have taken into account the factors outlined in Sections 2.2 and 2.3 of the Explanatory Memorandum in light of the revised Proposal Consideration.

a. 10 Year Historical Trading Performance prior to announcement of the original Proposal

The revised Proposal Consideration of \$5.3485 for each IOF Unit provides near-term cash value for IOF Unitholders at a price that is in excess of IOF's highest trading price in nearly 10 years,¹ as shown below.

IOF 10 Year Historical Trading Price Performance



Source: IRESS

1. Prior to announcement of the transaction on 28 May 2018.

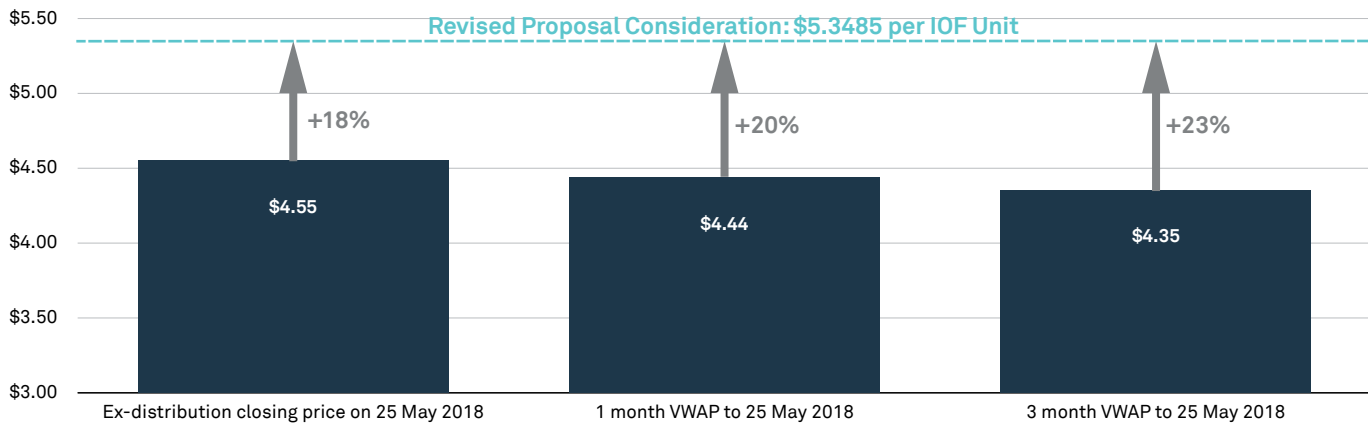
2. Overview of Revised Proposal

b. Proposal Consideration Metrics

The revised Proposal Consideration of \$5.3485 per IOF Unit also delivers an attractive premium to the trading price of IOF Units prior to the announcement of the Proposal, as follows:

- 17.6% premium to IOF's ex-distribution price of \$4.55 per IOF Unit on 25 May 2018, being the last trading day prior to announcement of the Proposal;²
- 20.5% premium to the 1 month VWAP up to 25 May 2018 of \$4.44 per IOF Unit; and
- 23.0% premium to the 3 month VWAP up to 25 May 2018 of \$4.35 per IOF Unit.

Proposal Consideration Metrics

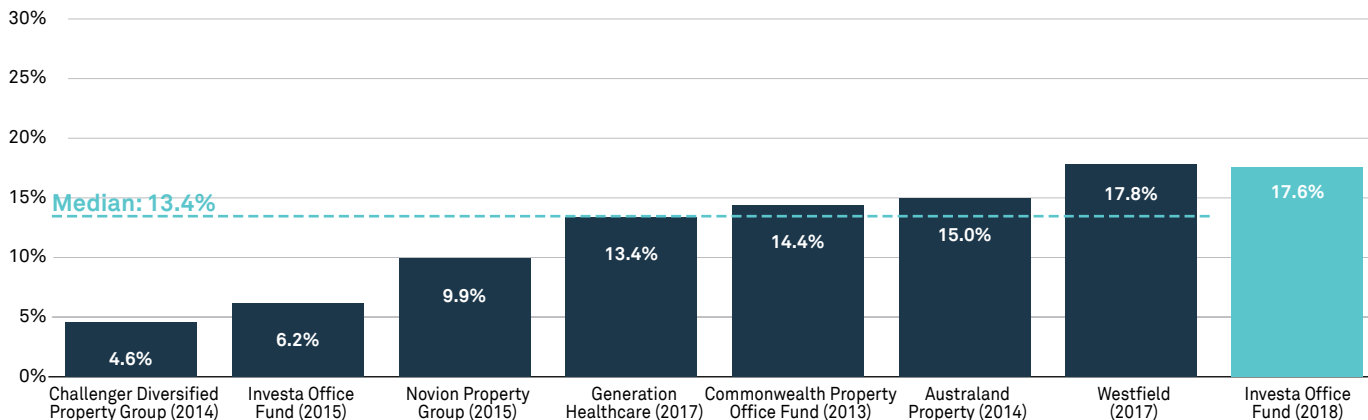


Source: IRESS. Based on market information as at 25 May 2018.

c. Comparable A-REIT premiums

The revised Proposal Consideration represents an attractive premium of 17.6% to the ex-distribution price of IOF Units prior to announcement of the Proposal.³ This premium compares favourably to comparable A-REIT transactions which have occurred in the last 5 years.

Comparable A-REIT premiums



Note:

Transactions occurring in the last five years with an implied market capitalisation greater than \$500 million; Based on quoted premiums in the relevant target's statement or scheme booklet; Where scrip consideration involved, premium calculated based on acquirers scrip price last close prior to proposal announcement; Invest Office Fund (2015) proposal was not approved by unitholders.

2. The ex-distribution price has been calculated as IOF's closing price on 25 May 2018 of \$4.63 less the pro-rated amount of the distribution of 10.15 cents per IOF Unit declared on 18 June 2018. The pro rata calculation is based on the number of days between IOF's ex-distribution dates for 1H18 (28 December 2017) and 2H18 (28 June 2018).

3. The ex-distribution price has been calculated as IOF's closing price on 25 May 2018 of \$4.63 less the pro-rated amount of the distribution of 10.15 cents per IOF Unit declared on 18 June 2018. The pro rata calculation is based on the number of days between IOF's ex-distribution dates for 1H18 (28 December 2017) and 2H18 (28 June 2018).

2.3 Opinion of the Independent Expert

The Independent Expert, KPMG Corporate Finance, has considered the impact of the revised Proposal Consideration on its original conclusion,⁴ and has stated that it remains of the view that the Proposal is in the best interests of IOF Unitholders, in the absence of a Superior Proposal. In confirming this opinion, the Independent Expert has stated that it continues to assess the revised Proposal as not fair, but reasonable.

A Supplementary Independent Expert's Report is set out in Schedule 1 to this document. The ILFML Directors encourage you to read the Supplementary Independent Expert's Report in its entirety.

2.4 Amendments to Implementation Agreement

On 27 August 2018, the Implementation Agreement was amended to reflect the revised Proposal Consideration. The parties have also amended the Deed Poll and agreed to amend the Supplemental Deeds Poll to reflect the revised Proposal Consideration.

As at the date of this Second Supplementary Explanatory Memorandum, ILFML and the Acquirer are not aware of any circumstances which would cause the Conditions Precedent summarised in Section 8.3 of the Explanatory Memorandum to not be satisfied.

2.5 Funding arrangements of the Acquirer

If the Proposal is implemented, IOF Unitholders will be entitled to receive the Proposal Consideration of \$5.3485 for each IOF Unit. Based on the number of IOF Units on issue as at the date of this Second Supplementary Explanatory Memorandum, the maximum amount of cash payable by the Acquirer to IOF Unitholders in connection with the Proposal will be approximately \$3.2 billion.

As noted in Section 5.3 of the Explanatory Memorandum, the Acquirer has advised ILFML that it proposes to fund the acquisition using a combination of debt and equity. An update in relation to the Acquirer's equity and debt funding arrangements is set out below.

- a. **Equity Funding Arrangements:** The Acquirer has received an increased equity commitment from the Blackstone Funds for up to \$3,200,650,000, which is subject to certain conditions being satisfied, including the Proposal becoming Effective.
- b. **Debt Funding Arrangements:** The availability of the Acquirer's debt funding arrangements is subject to a number of conditions, including approval of the Proposal by IOF Unitholders and the Court. As at the date of this Second Supplementary Explanatory Memorandum, the Acquirer is not aware of:
 - i. any reason why any of the conditions precedent to the debt funding arrangements will not be satisfied, in time to allow payment in full (when taken together with the equity funding arrangements) of the aggregate Proposal Consideration as and when due under the terms of the Proposal; or
 - ii. the occurrence of any misrepresentation, breach of undertaking or event of default or any circumstance which would give rise to a right to the financiers to terminate the debt funding arrangements.

2.6 New Date for Meeting

The Meeting to consider the Proposal Resolutions was originally scheduled for 21 August 2018, and then adjourned to 29 August 2018.

As a consequence of the updated information in this Second Supplementary Explanatory Memorandum, the Directors have determined that the Meeting should be adjourned for a second time. The Meeting will now be held at: 10am on Thursday, 6 September 2018 at Hilton Hotel, Level 4, Room 5, 488 George Street, Sydney NSW 2000.

⁴ The original Independent Expert's Report is set out in Schedule 2 of the Explanatory Memorandum.

3. Voting Eligibility and Intentions of ICPF

3.1 Voting eligibility of ICPF

The Supplementary Explanatory Memorandum dated 16 August 2018 stated that:

Based on the investigations of, and the evidence that has been made available to, the Directors of ILFML, and after receiving legal advice, the Directors of ILFML have concluded that neither IWFML nor ICPF Holdings are restricted from voting on the Proposal under any applicable law, as at the date of this Supplementary Memorandum.

On 20 August 2018, Investa Wholesale Funds Management Limited (*IWFML*) as responsible entity of the Investa Commercial Property Fund notified ILFML that:

- it had entered into a binding Securities Sale Deed under which it has agreed to sell approximately 59.8 million IOF Units (representing approximately 9.99% of IOF), to Oxford Properties Group for \$5.25 per IOF Unit (**Oxford Transaction**);
- completion of the Oxford Transaction is conditional on the Proposal being voted down by IOF Unitholders (such that the Proposal cannot be implemented), or not being voted on by 18 September 2018; and
- Unless and until completion of the Oxford Transaction occurs, IWFML will remain entitled to control the exercise of any rights to vote attaching to the IOF Units which it has agreed to sell to Oxford.

The ILFML Directors sought further information from IWFML given their previous conclusion in relation to the voting eligibility of the ICPF Group on the Proposal. Having considered the further information received, the ILFML Directors continue to hold the view that, as at the date of this Second Supplementary Explanatory Memorandum, the ICPF Group is not restricted from voting on the Proposal under applicable law, based on the investigations of, and the evidence that has been made available to, the ILFML Directors, and after receiving legal advice.

3.2 Voting intentions of ICPF

As announced on 24 August 2018, ICPF has confirmed that they intend to vote all of the IOF Units that they hold at the Voting Record Date in favour of the revised Proposal, in the absence of a superior proposal.¹ As at the date of this Second Supplementary Explanatory Memorandum, ICPF's holding represents approximately 19.9973% of all IOF Units on issue.

If the Proposal Resolutions are passed by the requisite majorities of IOF Unitholders by 18 September 2018, ILFML understands that completion will not occur under the Oxford Transaction.

¹ When used in this context, "superior proposal" means a competing proposal which is determined to be superior by ICPF. It does not have the meaning given to the capitalised term in the Explanatory Memorandum dated 24 July 2018 which is the definition agreed between ILFML and the Acquirer.

4. *Additional Information*

4.1 Consents to be named

The following persons have given, and have not, before the date of issue of this Second Supplementary Explanatory Memorandum, withdrawn their consent to be named in this Second Supplementary Explanatory Memorandum in the form and the context in which they are named:

a. **the Acquirer;**

The Acquirer has given its written consent to the inclusion of the Acquirer Group Information, and the references to that information in the form and context in which it is included in this Second Supplementary Explanatory Memorandum and has not, before the date of issue of this Second Supplementary Explanatory Memorandum, withdrawn such consent;

b. **the ICPF Group;**

The ICPF Group has given its written consent to the inclusion of the ICPF Group Information, and the references to that information in the form and context in which it is included in this Second Supplementary Explanatory Memorandum and has not, before the date of issue of this Second Supplementary Explanatory Memorandum, withdrawn such consent;

c. **KPMG Corporate Finance as the Independent Expert;**

KPMG Corporate Finance as Independent Expert has given its written consent to the inclusion of the Supplementary Independent Expert's Report in Schedule 1 of this Second Supplementary Explanatory Memorandum, and has not, before the date of issue of this Second Supplementary Explanatory Memorandum, withdrawn such consent;

d. Link Market Services Limited as IOF's security registrar;

e. Allens as IOF's legal adviser;

f. J.P. Morgan Australia Limited as IOF's financial adviser;

g. PricewaterhouseCoopers as IOF's auditor; and

h. PricewaterhouseCoopers Securities Limited as IOF's accounting adviser.

Other than as specifically outlined above, each party referred to in this Section 4.1 has not caused or authorised the issue of this Second Supplementary Explanatory Memorandum and does not make or purport to make any statement in this Second Supplementary Explanatory Memorandum or any statement on which a statement is based, and takes no responsibility for any part of this Second Supplementary Explanatory Memorandum other than any reference to its name.

4. *Additional Information*

4.2 Supplementary Information

To the extent required by the Listing Rules, the Corporations Act or any other applicable law, ILFML will issue a supplementary document to this Second Supplementary Explanatory Memorandum if it becomes aware of any of the following between the date of this Second Supplementary Explanatory Memorandum and the date of the Meeting:

- a. a material statement in this Second Supplementary Explanatory Memorandum is or becomes false or misleading;
- b. a material omission from this Second Supplementary Explanatory Memorandum;
- c. a significant change affecting a matter included in this Second Supplementary Explanatory Memorandum; or
- d. a significant new matter has arisen and it would have been required to be included in this Second Supplementary Explanatory Memorandum if it had arisen before the date of this Second Supplementary Explanatory Memorandum.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, ILFML may circulate and publish the supplementary document by any or all of:

- e. placing an advertisement in a prominently published newspaper that is circulated in Australia;
- f. posting the supplementary document on IOF's website;
- g. making an announcement on ASX; or
- h. issuing a supplementary document.

4.3 No other information

Other than as contained in this Second Supplementary Explanatory Memorandum, there is no information within the knowledge of any member of the ILFML Board that is material to the making of a decision in relation to the Proposal to be voted on by IOF Unitholders, and that has not been previously disclosed to IOF Unitholders.

5. Glossary and Interpretation

5.1 Definitions

In this Second Supplementary Explanatory Memorandum unless the context otherwise appears, defined terms have the meanings given to them in the Explanatory Memorandum and the Supplementary Explanatory Memorandum, and the following terms have the meanings shown below.

| Term | Meaning |
|--|---|
| A-REIT | Australian real estate investment trust. |
| Acquirer Group Information | the information provided by the Acquirer Group for inclusion in this Second Supplementary Explanatory Memorandum and for which the Acquirer Group is responsible. |
| Effective Date | the date on which the Proposal becomes Effective (expected to be 7 September 2018). |
| Explanatory Memorandum | the explanatory memorandum dated 24 July 2018, including the attachments to it. |
| ICPF Group Information | the information in this document for which the ICPF Group is responsible, being (i) the second and third paragraphs under the heading 'Voting intentions of ICPF' in the Letter from the Chairman, (ii) the second paragraph of the response to Question 2 in Section 1 (Key Questions), (iii) Section 3.2 (Voting intentions of ICPF) and (iv) Section 4.1(b) (Consents to be named) of this document. |
| Implementation Date | the date that the Proposal is implemented, being the third Business Day following the Record Date or such other date as ILFML, BidCo and Bid Trust agree in writing (expected to be 20 September 2018). |
| Proposal Consideration | the cash payment per IOF Unit payable to Proposal Participants on the Implementation Date, which has been increased from \$5.1485 to \$5.3485 per IOF Unit. |
| Record Date | 7.00 pm on the fifth Business Day following the Effective Date, or such other date as agreed between the Acquirer and ILFML (expected to be 14 September 2018). |
| Second Judicial Advice Date | the date on which the Second Judicial Advice is obtained (expected to be 7 September 2018). |
| Second Supplementary Explanatory Memorandum | this second supplementary explanatory memorandum dated 28 August 2018, including the attachments to it. |

5. Glossary and Interpretation

| Term | Meaning |
|---|--|
| Supplementary Explanatory Memorandum | the supplementary explanatory memorandum dated 16 August 2018, including the attachments to it. |
| Voting Record Date | the time and date for determining eligibility to vote at the Meeting (expected to be 7.00 pm on 4 September 2018). |

5.2 Interpretation

In this Second Supplementary Explanatory Memorandum, unless the context otherwise appears:

- a. words and phrases have the same meaning (if any) given to them in the Corporations Act;
- b. words importing a gender include any gender;
- c. words importing the singular include the plural and vice versa;
- d. an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- e. a reference to a clause, attachment or schedule is a reference to a clause of and an attachment and schedule to this Second Supplementary Explanatory Memorandum as relevant;
- f. a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- g. headings and bold type are for convenience only and do not affect the interpretation of this Second Supplementary Explanatory Memorandum;
- h. a reference to time is a reference to time in Sydney, Australia;
- i. a reference to writing includes electronic and digital communications; and
- j. a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

Schedule 1

Supplementary Independent Expert's Report



Schedule 1

Supplementary Independent Expert's Report



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 Australia

The Directors
 Investa Listed Funds Management Limited as
 Responsible Entity for Investa Office Fund
 Level 30
 420 George Street
 Sydney NSW 2000

27 August 2018

Dear Directors

PART ONE - SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT

1 Introduction

On 28 May 2018, Investa Listed Funds Management Limited (ILFML), as responsible entity of the Investa Office Fund (IOF), announced that it had entered into a Process Deed with an affiliate of Quartz BidCo Pty Ltd and Quartz Sub TC Pty Ltd as trustee of the Quartz Bid Trust (together, the Acquirer) in relation to an unsolicited, indicative and non-binding proposal (the Proposal) for the acquisition of all the units in IOF (IOF Units) by way of a trust scheme (Scheme). The Acquirer is affiliated with The Blackstone Group L.P. and entities which are ultimately owned and/or controlled by The Blackstone Group L.P. (together, Blackstone). The cash consideration under the Proposal was \$5.1485 per IOF Unit (after taking into account the 10.15 cent per IOF Unit declared dividend that IOF Unitholders received on 27 August 2018) (Proposal Consideration).

The Directors of ILFML, as responsible entity for IOF, requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) to prepare an independent expert's report (IER) in relation to the Proposal. In our IER, dated 24 July 2018, we concluded that in our opinion, the Proposal is in the best interests of IOF Unitholders in the absence of a superior proposal. This opinion was based on our assessment that the Proposal was not fair but reasonable. The Proposal is described more fully in Section 5 of the IER and Section 3 of the Notice of Meeting and Explanatory Memorandum (Explanatory Memorandum).

On 13 August 2018, ILFML as responsible entity of IOF announced that Investa Wholesale Funds Management Limited (IWFML) as responsible entity for the Investa Commercial Property Fund (ICPF) had advised that ICPF Holdco Pty Limited (a wholly owned subsidiary of the ICPF Group) had sold a 50% interest in the Investa Office Management Platform to, and

KPMG Financial Advisory Services (Australia) Pty Ltd is an affiliate of KPMG. KPMG is an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



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entered into a joint venture deed with, Macquarie Real Estate Investment Holding (Australia) Pty Limited, a wholly owned subsidiary of Macquarie Group Limited (Platform Transaction). The transaction resulted in ICPF being able to vote on the Proposal Resolutions associated with the Proposal.

On 20 August 2018, IWFML as responsible entity of ICPF notified ILFML that ICPF Group intended to vote all of the IOF Units they hold (19.9973%) against the Proposal Resolutions as the Proposal Consideration did not adequately reflect the value of the IOF portfolio.

Subsequently, on 22 August 2018, ILFML as responsible entity for IOF, announced that the Acquirer was prepared to increase the Proposal Consideration to \$5.3485¹ per IOF Unit (the revised Proposal Consideration) (a 20.0 cent increase from the Proposal Consideration). The revised Proposal Consideration is conditional on ICPF Group issuing a public statement by 5 pm on 24 August 2018 that they intended to vote all of the IOF Units they hold in favour of the Proposal Resolutions in the absence of a superior proposal. IWFML has confirmed to ILFML that the ICPF Group now intends to vote in favour of the revised Proposal, in the absence of a superior proposal. As such, this condition has been met.

The Acquirer has stated that it will not increase the Proposal Consideration further, and accordingly, the revised Proposal Consideration is best and final, in the absence of a superior proposal.

As a result of the announcement of the revised Proposal, the Scheme Meeting² to consider and vote on the revised Proposal has been adjourned and will now be held on 6 September 2018. The implementation date for the revised Proposal is 20 September 2018.

The Directors continue to unanimously recommend that IOF Unitholders vote in favour of the Proposal Resolutions, in the absence of a superior alternative proposal.

The Directors of ILFML, as responsible entity for IOF, have requested that KPMG Corporate Finance provide a supplementary independent expert's report (Supplementary IER) in relation to the revised Proposal to determine whether it results in a change in our opinion.

In preparing our Supplementary IER, we have focussed our discussions on the principal matters that have changed since our IER. As such, we have not included all matters covered in the IER and, therefore, our Supplementary IER should be read in conjunction with the IER.

Further information regarding KPMG Corporate Finance, as it pertains to the preparation of this report, is set out in Appendix 1 of this Supplementary IER.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

2 Opinion

In our opinion, we consider the Scheme **continues to be in the best interests of IOF Unitholders in the absence of a superior proposal**. This opinion is based on our assessment that **the Scheme remains not fair but reasonable and, in accordance with RG 111, in the best interests of IOF Unitholders**.

Importantly, IOF Unitholders should recognise the following:

¹ Taking into account the 10.15 cent per IOF unit declared dividend that IOF Unitholders received on 27 August 2018

² The extraordinary general meeting of IOF Unitholders convened by the notice of meeting accompanying the Explanatory Memorandum

Schedule 1

Supplementary Independent Expert's Report



27 August 2018

- the revised Proposal Consideration substantially reduces the discount to the low end of our assessed value range for an IOF Unit of \$5.42 (rounded) such that there is now only a 1.3% discount
- the ICPF Group has announced that they will accept the revised Proposal Consideration in the absence of a superior proposal, and
- Blackstone have indicated the revised Proposal Consideration is best and final, in the absence of a superior proposal.

These factors provide IOF Unitholders with an improved consideration, greater certainty as to the voting position of the major IOF Unitholder in relation to the Scheme and a reduced likelihood of a superior alternative proposal.

Our analysis is consistent with that in our IER and considers:

- fairness, by comparing the revised Proposal Consideration to our assessed value of an IOF Unit on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111, and
- reasonableness, by assessing the implications of the Scheme for IOF Unitholders, the alternatives to the Proposal which are available to IOF and the consequences for IOF Unitholders of not approving the Scheme.

KPMG Corporate Finance has considered whether there are any matters arising since completion of our IER on 24 July 2018 that would cause us to change our opinion in relation to the Scheme. In particular, we have considered:

- the revised Proposal Consideration
- the actual FY18 financial results for IOF (released on 8 August 2018)
- whether the 31 May 2018 property valuations remain appropriate, taking into account:
 - any changes in industry conditions (e.g. vacancy rates, rental growth) since 24 July 2018
 - any changes in IOF's property portfolio (e.g. re-letting) since 24 July 2018
 - whether there are any recent property sales that suggest different valuation metrics are appropriate
- impact of the passage of time on retained earnings and distributions
- whether there are any other changes to balance sheet items (e.g. derivatives) since 30 June 2018
- the premium that the revised Proposal Consideration represents relative to trading in IOF Units prior to the announcement of the Proposal
- changes in the distribution yields, FFO³ multiples and premiums/(discounts) to NTA at which comparable A-REITs are trading (including the impact of the release of their FY18 financial results and any portfolio revaluations)
- whether there are any new transactions involving A-REITs that suggest that different multiples or premiums/(discounts) to NTA are appropriate, and

³ Property Council FFO consistent with funds from operations presented using principles of Property Council of Australia White Paper released in December 2017.



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- any change in the likelihood of a superior alternative proposal.

We have assessed the value of an IOF Unit to be in the range of \$5.42 to \$5.46. This range is 4 to 5 cents⁴ (0.7 to 0.9%) greater than the range of values assessed in the IER of \$5.38 to \$5.41, primarily as a result of the inclusion of operating earnings expected to be generated up until the implementation date for the Proposal (20 September 2018). As the revised Proposal Consideration of \$5.3485 is below our assessed value range for an IOF Unit, we consider the Scheme is **not fair**.

Although the revised Proposal Consideration remains below our assessed value range for an IOF Unit, it is only slightly below. The low end of our assessed value range of \$5.42 per IOF Unit⁵ exceeds the revised Proposal Consideration by 7.15 cents (or 1.3%), whereas the low end of our assessed value range in the IER of \$5.38 per IOF Unit⁵ exceeded the Proposal Consideration by 23.15 cents (or 4.5%).

Our analysis of the fairness of the revised Proposal is detailed further in Section 2.1 and Appendix 2 below and our analysis of those factors where changes have occurred in relation to the reasonableness of the revised Proposal is detailed further in Section 2.2 below.

2.1 *The Scheme remains not fair*

We have assessed an adjusted NTA for IOF in the range of \$5.42 to \$5.46 per IOF Unit. This estimate is based on IOF's actual NTA as at 30 June 2018 of \$3,274 million (\$5.47 per IOF Unit⁶). Various adjustments have been made to derive an adjusted NTA per IOF Unit as summarised in the following table and set out in Appendix 2 of this report.

Table 1: Valuation of IOF Units

| \$ million unless otherwise stated | Low | High |
|---|----------------|----------------|
| Actual NTA as at 30 June 2018 | 3,274.0 | 3,274.0 |
| Estimated earnings from 1 July 2018 to 20 September 2018 | 29.4 | 29.4 |
| Estimated transaction costs from 1 July 2018 to 20 September 2018 | (1.4) | (1.4) |
| Capitalised corporate overheads (net of savings) | (50.0) | (29.6) |
| Estimated movement in MTM of derivatives and US\$ debt from 1 July 2018 to 22 August 2018 | (2.2) | (2.2) |
| Capitalised borrowing costs as at 30 June 2018 | (3.8) | (3.8) |
| Adjusted NTA | 3,246.0 | 3,266.4 |
| IOF Units on issue (million) | 598.4 | 598.4 |
| Adjusted NTA per IOF Unit (excluding premium) | \$5.42 | \$5.46 |
| Premium to adjusted NTA | - | - |
| Adjusted NTA per IOF Unit (including premium) | \$5.42 | \$5.46 |

Source: KPMG Corporate Finance analysis

Note: Table may not add due to rounding

All properties were independently valued at 31 May 2018. KPMG Corporate Finance is of the opinion that these valuations remain appropriate as a result of the relatively short time that has elapsed since the valuations were performed. In addition, we note that there are no major changes in industry conditions that would result in different property valuations. Furthermore, there are no major signed new heads of agreement for leases that suggests the valuers would have arrived at different values for the properties at a current date. We have made enquiries of IOF management and undertaken our own research and we are not aware of any new property transactions that would impact the property valuations. Other office A-REITs have released

⁴ Calculated using values per IOF Unit that are rounded to the nearest cent.

⁵ Rounded to the nearest cent.

⁶ Calculated as actual NTA as at 30 June 2018 of \$3,274.0 million divided by 598,418,985 IOF Units on issue.

Schedule 1

Supplementary Independent Expert's Report



27 August 2018

financial results for FY18 and revised property valuations, which indicate an increase in property values as expected and are consistent with the increases in IOF's property valuations as at 31 May 2018.

The following adjustments were made to the actual NTA as at 30 June 2018:

- the implementation date for the Proposal has been extended from 5 September 2018 until 20 September 2018. NTA as at 30 June 2018 does not reflect retained earnings for the period from 1 July 2018 until the implementation date for the revised Proposal. Furthermore, IOF Unitholders are entitled to distributions accrued over this period, however, the revised Proposal Consideration is in cash and does not make an allowance for distributions accrued in this period. Taking into account the increased time that will have elapsed from 1 July 2018 until the implementation date of the revised Proposal and the materiality of these earnings to our opinion, it is appropriate to add estimated operating earnings from 1 July 2018 to 20 September 2018 to actual NTA as at 30 June 2018
- IOF management has estimated that \$1.4 million of transaction costs in relation to the Proposal will be incurred in the period from 1 July 2018 to 20 September 2018. These transaction costs will be incurred whether or not the transaction proceeds and are not included in the FY18 result or in operating earnings for FY19 utilised for calculating retained earnings and distributions. Consequently, \$1.4 million of transaction costs have been deducted from actual NTA
- NTA does not reflect the cost structure associated with being a listed investment vehicle. Corporate overheads are a cost of IOF's operating structure and include responsible entity fees, listed entity costs and other trust expenses. IOF management has provided an estimate of FY19 responsible entity fees and other expenses of \$18.5 million. We have capitalised \$3.7 million to \$5.6 million of residual corporate overheads (70% to 80% of \$18.5 million of responsible entity fees and other expenses that are estimated for FY19) at a multiple of 8 to 9 times, which results in a range of values for the corporate overheads of \$29.6 million to \$50.0 million. This value has been deducted from the actual NTA as at 30 June 2018
- the mark-to-market balance of derivatives and US dollar loan will move with changes in interest rates and foreign exchange rates. From 30 June 2018 to 22 August 2018 (the latest available date), it is estimated that the mark-to-market balance of derivatives and the US dollar loan has decreased by \$2.2 million, and
- borrowing costs of \$3.8 million as at 30 June 2018 capitalised for accounting purposes do not have a realisable value and, therefore, have been excluded in calculating the adjusted actual NTA.

In our IER, we assessed that based on the characteristics of IOF and premiums/(discounts) to NTA observed in A-REIT transactions, it was not appropriate to include a premium or discount to adjusted NTA for IOF. We have considered whether there are any new factors which would cause us to change our view and concluded that:

- there are no changes to the characteristics of IOF such that on balance, we consider a premium or discount to NTA is appropriate, and



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- there are no new A-REIT transactions⁷ that would suggest a premium or discount to NTA is appropriate for IOF.

Our assessed value of an IOF Unit on an adjusted NTA basis of \$5.42 to \$5.46 implies the following FFO⁸ multiples and distribution yields:

Table 2: IOF implied multiples cross check

| Implied metrics | Parameter | | |
|--|----------------|--------|--------|
| | (per IOF Unit) | Low | High |
| Value per IOF Unit | | \$5.42 | \$5.46 |
| FY18 FFO multiple (times) ¹ | 30.6x | 17.7 | 17.8 |
| FY19 FFO multiple (times) ² | 29.2x | 18.6 | 18.7 |
| FY18 distribution yield | 20.3% | 3.7% | 3.7% |
| FY19 distribution yield ² | 20.3% | 3.7% | 3.7% |

Sources: KPMG Corporate Finance Analysis

Notes:

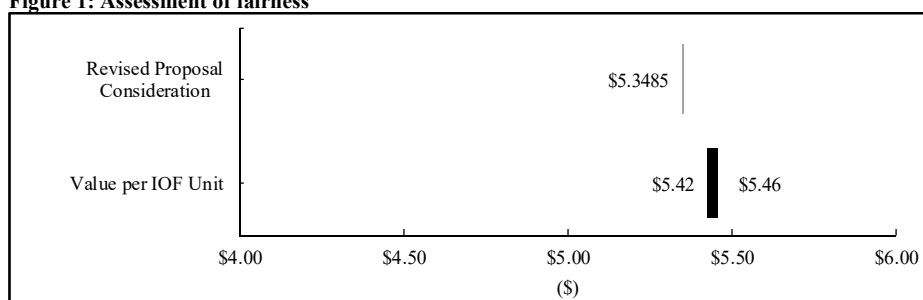
1 Actual FY18 FFO

2 IOF FY19 guidance

IOF's implied FFO multiples and distribution yields above are marginally more attractive than those utilised in our IER. These implied multiples have been compared to updated metrics for comparable listed A-REITs and recent transactions involving A-REITs. Although the results are mixed, in general, FFO multiples and distribution yields for comparable companies are also more attractive. Consequently, IOF's implied forecast FFO multiples continue to be high and its distribution yields below those for listed A-REITs with substantial interests in office properties in Australia (over 60% of the portfolio).

A comparison of our assessed value per IOF Unit on a control basis to the revised Proposal Consideration is illustrated as follows.

Figure 1: Assessment of fairness



Source: KPMG Corporate Finance analysis

As the revised Proposal Consideration of \$5.3485 per IOF Unit falls slightly below our assessed value range for an IOF Unit of \$5.42 to \$5.46, we consider that the Scheme remains not fair.

The following sensitivity table illustrates changes in KPMG Corporate Finance's range of adjusted NTA of \$5.42 to \$5.46 per IOF Unit for a 1%, 2%, 3%, 4% or 5% range in the value of

⁷ The proposal from Charter Hall Group to acquire Folkestone Limited (announced 22 August 2018) is not a relevant transaction as Folkestone Limited is a property development and funds management business and not an A-REIT.

⁸ Property Council FFO consistent with funds from operations presented using principles of Property Council of Australia White Paper released in December 2017.

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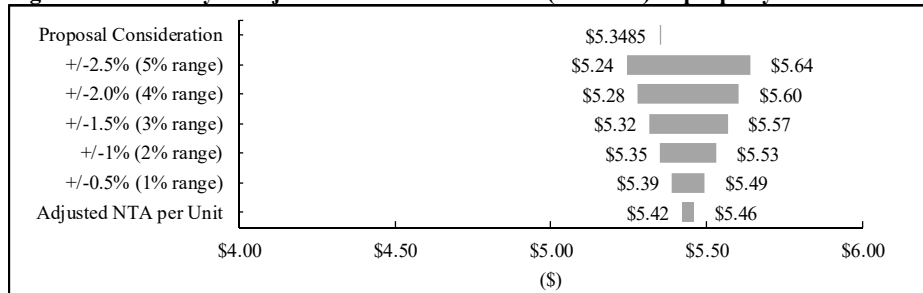
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the properties (in aggregate) around the point estimates provided (i.e. +/-0.5%, +/-1.0%, +/-1.5%, +/-2.0% or +/-2.5%).

Figure 2: Sensitivity of adjusted NTA to an increase/(decrease) in property valuations



Source: KPMG Corporate Finance analysis.

The chart illustrates that had the property valuers provided a range of values for the properties of 2% (i.e. +/-1% around their point estimate), the low end of our assessed value range (\$5.35) would be approximately at the revised Proposal Consideration of \$5.3485. The break even range of property valuations for which the revised Proposal Consideration would be considered to be fair is 2.08% (i.e. +/-1.04%). After allowing for financial leverage and other assets and liabilities, the range of NTA per IOF Unit would increase to 2.8% and the range of adjusted NTA would increase to 3.5%. This range is extremely narrow in comparison to valuations prepared more generally (i.e. other than in the context of independent expert reports for A-REIT transactions).

2.2 The Scheme continues to be reasonable

In accordance with RG 111, an offer is reasonable if it is fair. An offer might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer. RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

KPMG Corporate Finance has considered a range of factors as set out below which, despite the Scheme being 'not fair', on balance, in our opinion support a reasonableness conclusion.

The principal factors supporting this reasonableness conclusion remain consistent with those which were outlined in our IER. We have, however, updated the below factors due to either the emergence of further information since the date of our IER or as a result of the revised Proposal.

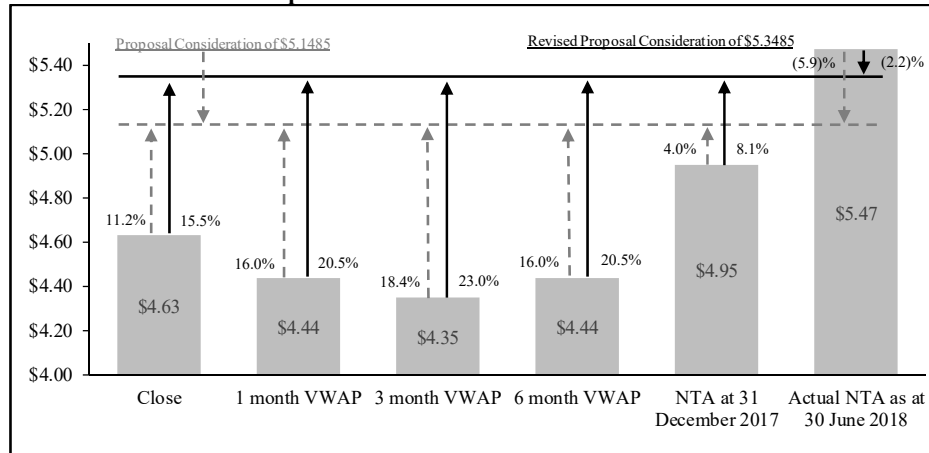
The revised Proposal Consideration represents a slight discount to actual NTA as at 30 June 2018, however, a substantial premium to the trading price of IOF Units prior to the announcement of the Proposal

The implied premium/(discount) of the revised Proposal Consideration relative to the IOF Unit price and 30 June 2018 NTA is illustrated in the following chart.



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Figure 3: Premium/(discount) of Proposal Consideration and revised Proposal Consideration to IOF Unit price and NTA



Source: IRESS, KPMG Corporate Finance analysis.

Note: The premiums illustrated above have been calculated based on the volume weighted average price (VWAP) of IOF Units (rounded) up to and including 25 May 2018, the last trading day prior to the announcement of the Proposal.

With regard to our assessment of the premiums implied by the revised Proposal Consideration, we note:

- the premiums over prices at which IOF Units were traded over one month, three month and six month periods prior to the announcement of the Proposal on 28 May 2018 have increased substantially (from 16.0% to 18.4%, to 20.5% to 23.0%). These premiums are:
 - at the top end of the range of premiums observed in successful control transactions involving A-REITs since 2013 in the range of 6% to 23%,⁹ and
 - substantially greater than the 3.6% premium based on the standard consideration under the DEXUS Proposal for IOF in 2015.¹⁰

We also note that prior to the announcement of the Proposal, IOF Units had not traded as high as \$5.3485 since the onset of the global financial crisis in October 2008.

- the discount to 30 June 2018 NTA of \$5.47 has declined from 5.9% to 2.2%. The 2.2% discount is:
 - within the range implied by transactions involving passive, externally managed office A-REITs since 2010 of (3.9%) to 8.2%,¹¹ noting that the high end of this range (GPT Metro Office Fund and Commonwealth Property Office Fund) involved competitive bidding situations. Excluding those transactions, the range is (3.9%) to 3.1%. In addition, we note that premiums to NTA implied by the two most recent transactions are relatively low ((2.5%) and 0.4%)

⁹ Refer to Appendix 4 of the IER. Does not include Folkestone Limited transaction (announced 22 August 2018) as Folkestone is a property development and funds management business and not an A-REIT.

¹⁰ Based on the midpoint of the independent expert's assessed value for the Standard Consideration of \$3.995.

¹¹ Refer to Section 8.6 of the IER.

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- within the range of premiums/(discounts) to NTA at which listed passive, primarily office A-REITs are trading of (10.0%) to 4.3%,¹² however, we note that the low end is represented by Investec Australia Property Group, which is listed on the Johannesburg Stock Exchange and does not have an ASX listing and for which trading is illiquid. Excluding Investec Australia Property Group, the range of premiums to NTA is 0.4% to 4.3%, although these A-REITs are not particularly comparable to IOF
- slightly below the premium of 0.4% represented in the DEXUS Proposal for IOF in 2015¹³ (although we note that since that time, there have been significant increases in IOF's property valuations), and
- more favourable than the average 12.4% discount to NTA at 31 December 2017 (\$4.95) at which IOF was trading in the three months prior to the announcement of the Proposal.

As a consequence, we continue to believe the premiums appear reasonable.

The revised Proposal Consideration offered represents an attractive exit yield

The revised Proposal Consideration of \$5.3485 implies the following FFO multiples and distribution yields.

Table 3: FFO multiples and distribution yield implied by the revised Proposal Consideration

| Implied metrics | Parameter (per IOF Unit) | Implied multiple or yield |
|--|-----------------------------|------------------------------|
| Revised Proposal Consideration | | \$5.3485 |
| FY18 FFO multiple (times) ¹ | 30.6¢ | 17.5 |
| FY19 FFO multiple (times) ² | 29.2¢ | 18.3 |
| FY18 distribution yield | 20.3¢ | 3.8% |
| FY19 distribution yield ² | 20.3¢ | 3.8% |

Sources: KPMG Corporate Finance Analysis

Notes:

1 Actual FY18 FFO

2 IOF FY19 guidance

The FFO multiples implied by the revised Proposal Consideration have increased from 16.8 times FY18 FFO and 17.6 times FY19 FFO, to 17.5 times and 18.3 times, respectively. These FFO multiples are:

- towards the high end of the range of forecast FFO multiples implied by transactions involving passive, externally managed office A-REITs (12.8 to 20.9 times, noting that the high end of the range is represented by GPT Metro Office Fund which involved a competitive bidding situation)¹⁴
- substantially above the forecast FFO multiples implied by sharemarket evidence for primarily office A-REITs (14.5 to 16.5 times¹⁵)

¹² As at 24 August 2018. Refer to Appendix 2 of this Supplementary IER. Other than IOF, the only listed passive, primarily office A-REITs are Investec Australia Property Fund, Centuria Metropolitan REIT and Australian Unity Office Fund.

¹³ Based on the midpoint of the independent expert's assessed value for the Standard Consideration of \$3.995 and an NTA per IOF Unit (including property valuations at 30 November 2015) of \$3.98.

¹⁴ Refer to Section 8.7 of the IER.

¹⁵ As at 24 August 2018. Refer to Appendix 2 of the Supplementary IER.



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- substantially above the FFO multiple at which IOF was trading prior to the announcement of the Proposal (15.1 times FY18 FFO and 15.9 times FY19 FFO)¹⁶, and
- substantially above the 14.1 times forecast FFO multiple implied by the DEXUS Proposal.¹⁷

The implied distribution yield has moved slightly from 3.9% to 3.8%. The implied distribution yield of 3.8% continues to be:

- substantially below the low end of distribution yields implied by transactions involving passive, externally managed office A-REITs (5.0% to 8.1%¹⁸)
- substantially below forecast distribution yields implied by sharemarket evidence for primarily office A-REITs (4.5% to 8.0¹⁹)
- below the distribution yield at which IOF was trading prior to the announcement of the Proposal (4.4% based on both the FY18 distribution and FY19 distribution preliminary guidance²⁰), and
- below the 4.9% yield implied by the DEXUS Proposal.²¹

Likelihood of a superior alternative proposal is reduced

Since we prepared the IER (dated 24 July 2018), the likelihood of a superior alternative proposal is reduced. We consider a superior alternative proposal to be highly unlikely since:

- no alternative proposal has emerged as at the date of this report notwithstanding the time period that has elapsed since the announcement of the Proposal on 28 May 2018
- Blackstone has stated that the revised Proposal Consideration is its best and final offer. Since commencement of negotiations, it has increased the offer price from \$5.05 (pre distributions) to \$5.45 (pre distributions) on 22 August 2018 (an increase of 7.9%)
- ICPF Group has indicated it intends to vote its 19.9973% interest in IOF in favour of the Proposal Resolutions in the absence of a superior proposal. This is likely to further deter alternative acquirers, and
- the revised Proposal Consideration of \$5.3485 represents a relatively low (2.2%) discount to actual NTA at 30 June 2018 of \$5.47 (compared with 5.9% under the Proposal Consideration). This reduces the likelihood of a third party offering a price that is above the revised Proposal Consideration.

¹⁶ Based on the closing price of IOF Units on 25 May 2018 of \$4.63, the actual FFO for FY18 of 30.6 cents and the FY19 guidance of 29.2 cents.

¹⁷ Based on the midpoint of the independent expert's assessed value of the Standard Consideration of \$3.995 divided by FY16 FFO per Unit guidance of 28.4 cents.

¹⁸ Excluding Brookfield Prime Property Fund for which we consider the yields are distorted by the very low payout ratio and for which a forecast distribution yield is not available. Refer to Section 8.7 of the IER.

¹⁹ As at 24 August 2018. Refer to Appendix 2 of the Supplementary IER.

²⁰ Based on the closing price of IOF Units on 25 May 2018 of \$4.63, the FY18 distribution of 20.3 cents and FY19 preliminary distribution guidance of 20.3 cents.

²¹ Based on FY16 distribution per unit guidance of 19.6 cents divided by the midpoint of independent expert's assessed value of the Standard Consideration of \$3.995.

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3 Other matters

In forming our opinion, we have considered the interests of IOF Unitholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual IOF Unitholders. It is not practical or possible to assess the implications of the revised Proposal on individual IOF Unitholders as their financial circumstances are not known. The decision of IOF Unitholders as to whether or not to approve the revised Proposal is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual IOF Unitholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual IOF Unitholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act 2001 (Cth) (the Act) and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting IOF Unitholders in considering the revised Proposal. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated. References to an Australian financial year (i.e. the 12 months to 30 June) have been abbreviated to FY.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Second Supplementary Explanatory Memorandum to be sent to IOF Unitholders in relation to the revised Proposal, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears in the Second Supplementary Explanatory Memorandum.

Our opinion is based solely on information available as at the date of this report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion. We refer readers to the limitations and reliance on information section as set out in Section 6.3 of our IER.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin
Authorised Representative

Joanne Lupton
Authorised Representative



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Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Ian Jedlin, Joanne Lupton and Celeste Oakley. Ian is a member of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Securities Institute of Australia and holds a Master of Commerce from the University of New South Wales. He is also a member of the Standards Review Board of the International Valuations Standards Council. Joanne is a member of the Institute of Chartered Accountants in Australia and a Fellow of the Financial Securities Institute Australasia and holds a Bachelor of Commerce degree. Celeste Oakley holds a CFA designation and Bachelors degrees in Economics and Law from the Macquarie University. Each has a significant number of years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Proposal is in the best interests of IOF Unitholders. KPMG Corporate Finance expressly disclaims any liability to any IOF Unitholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Second Supplementary Explanatory Memorandum or any other document prepared in respect of the Proposal. Accordingly, we take no responsibility for the content of the Second Supplementary Explanatory Memorandum as a whole or other documents prepared in respect of the Proposal.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of IOF for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Second Supplementary Explanatory Memorandum to be issued to IOF Unitholders. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Declarations

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (APESB). KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

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Appendix 2 – Valuation Analysis

We have considered whether there are any matters arising since our IER dated 24 July 2018 that would cause us to change our opinion in relation to the assessed value of an IOF Unit.

We have assessed an adjusted NTA for IOF in the range of \$5.42 to \$5.46 per IOF Unit. This estimate is based on IOF's actual NTA as at 30 June 2018 of \$3,274 million (\$5.47 per IOF Unit²²). Various adjustments have been made to derive an adjusted NTA per IOF Unit as summarised in the following table.

Table 4: Valuation of IOF Units

| \$ million unless otherwise stated | Low | High |
|---|----------------|----------------|
| Actual NTA as at 30 June 2018 | 3,274.0 | 3,274.0 |
| Estimated earnings from 1 July 2018 to 20 September 2018 | 29.4 | 29.4 |
| Estimated transaction costs from 1 July 2018 to 20 September 2018 | (1.4) | (1.4) |
| Capitalised corporate overheads (net of savings) | (50.0) | (29.6) |
| Estimated movement in MTM of derivatives and US\$ debt from 1 July 2018 to 22 August 2018 | (2.2) | (2.2) |
| Capitalised borrowing costs as at 30 June 2018 | (3.8) | (3.8) |
| Adjusted NTA | 3,246.0 | 3,266.4 |
| IOF Units on issue (million) | 598.4 | 598.4 |
| Adjusted NTA per IOF Unit (excluding premium) | \$5.42 | \$5.46 |
| Premium to adjusted NTA | - | - |
| Adjusted NTA per IOF Unit (including premium) | \$5.42 | \$5.46 |

Source: KPMG Corporate Finance analysis

Note: Table may not add due to rounding

Net tangible assets

In our IER, our adjusted NTA was based on the pro forma and unaudited NTA as at 30 June 2018. ILFML as responsible entity for IOF released the FY18 actual financial statements for IOF on 8 June 2018. The actual financial position as at 30 June 2018 is summarised as follows.

Table 5: IOF actual NTA as at 30 June 2018

| As at | 30 June 2018 |
|------------------------------|------------------|
| \$ million | actual |
| Cash | 3.8 |
| Receivables | 9.1 |
| Investment properties | 3,349.6 |
| Equity accounted investments | 915.7 |
| Asset held for sale | 91.3 |
| Derivative assets | 82.4 |
| Total assets | 4,451.9 |
| Current payables | (26.4) |
| Distribution payable | (60.7) |
| Derivative liabilities | (4.9) |
| Borrowings | (1,085.9) |
| Total liabilities | (1,177.9) |
| NTA | 3,274.0 |
| NTA per IOF Unit | \$5.47 |

Source: IOF Annual Report for FY18

The actual NTA (\$3,274.0 million) is marginally higher than the pro forma and unaudited NTA utilised in our IER (\$3,270.5 million) although NTA per IOF Unit is unchanged at \$5.47.

²² Calculated as actual NTA as at 30 June 2018 of \$3,274.0 million divided by 598,418,985 IOF Units on issue.



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Investment Properties

The actual NTA as at 30 June 2018 is based on book values for each of IOF's properties. Other than 836 Wellington Street, Perth (for which the book value represents the agreed sale price), book values reflect valuations undertaken by independent valuers as at 31 May 2018 plus capital expenditure and payments for incentives and leasing fees (net of amortisation) since the valuation date. All properties in the investment property portfolio were independently valued as at 31 May 2018. KPMG Corporate Finance has relied on the independent valuations for the purposes of its report and did not undertake its own valuations of the properties.

Whilst only a short time has elapsed since 31 May 2018 (approximately three months) and, notwithstanding the nature of the assets being valued (i.e. passive investments in office property assets for which there is no liquid market), we have considered whether there is likely to have been any material change in the market value of these assets since they were valued.

We have considered industry reports released since our IER was prepared. As anticipated, over the June quarter, vacancy rates in IOF's major office property markets (other than Brisbane) have continued to decrease and primary face rents continued to increase.²³ Yields continued to contract. The outlook for office property sector remains unchanged as follows:²⁴

- vacancy rates are expected to contract further in the prime Sydney and Melbourne CBDs until late 2019 (Melbourne) and early 2020 (Sydney), before increasing as new supply is introduced. As a result, strong rental growth is expected to continue in Sydney and Melbourne, before slowing as new supply comes on market. Yields for prime office properties are expected to contract in Sydney and Melbourne over the 12 months to July 2018
- Sydney metro markets are expected to continue to gain popularity, and
- in Brisbane, Canberra and Perth, vacancy rates are expected to improve and rental growth is expected to be modest.

We have made enquiries of IOF management and undertaken our own research and we are not aware of any new property transactions that would impact the property valuations. Other office A-REITs have released financial results for FY18 and revised property valuations, which indicate an increase in property values as expected and are consistent with the increases in IOF's property valuations as at 31 May 2018.

We have also considered whether IOF has undertaken any leasing activity which would cause the property valuers to arrive at a different valuation. Since 31 May 2018, leasing discussions have continued and IOF has entered into a number of smaller leases (as anticipated in the property valuations). No new agreements for lease have been signed with respect to the properties under refurbishment that constitute a majority of FY19 lease expiries (388 George Street, Sydney and 347 Kent Street, Sydney) or with respect to the development property, Barrack Place, 151 Clarence Street, Sydney. IOF is progressing a non-binding heads of agreement over 8,024 square metres at 388 George Street, Sydney (22% of net lettable area), however, no binding heads of agreement has been signed. Property valuers typically only adjust valuations when there is a binding heads of agreement. Consequently, there has been no leasing activity that suggests the valuers would have arrived at different values for the properties at a current date.

²³ JLL, various CBD Office Reports, 2Q18

²⁴ Colliers, "CBD Office: Second Half 2018"

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Retained earnings and distributions

The implementation date for the Proposal has been extended from 5 September 2018 until 20 September 2018. NTA as at 30 June 2018 does not reflect retained earnings for the period from 1 July 2018 until the implementation date for the revised Proposal. Furthermore, IOF Unitholders are entitled to distributions accrued over this period, however, the revised Proposal Consideration is in cash and does not make an allowance for distributions accrued in this period. Taking into account the increased time that will have elapsed from 1 July 2018 until the implementation date of the revised Proposal and the materiality of these earnings to our opinion, it is appropriate to add estimated operating earnings from 1 July 2018 to 20 September 2018 to NTA.

In the Explanatory Memorandum dated 24 July 2018, IOF Management announced preliminary FFO guidance for FY19 of 29.2 cents per IOF Unit and distribution guidance of 20.3 cents per IOF Unit. This guidance was reaffirmed on release of the FY18 financial results on 8 August 2018. IOF management has considered whether there are any factors that have occurred since this date that would impact the guidance and have confirmed that the guidance is still appropriate. An adjustment of \$29.4 million²⁵ has been made to actual NTA as at 30 June 2018 to reflect operating earnings from 1 July 2018 until the implementation date of the revised Proposal.

Transaction costs

IOF management has estimated that a further \$1.4 million of transaction costs in relation to the Proposal will be incurred in the period from 1 July 2018 to 20 September 2018. These transaction costs will be incurred whether or not the transaction proceeds and are not included in the FY18 results or in operating earnings for FY19 presented above. Consequently, \$1.4 million of transaction costs have been deducted from actual NTA as at 30 June 2018.

Capitalised corporate overheads

NTA does not reflect the cost structure associated with being a listed investment vehicle. In our IER, we capitalised \$3.4 to \$5.1 million of residual corporate overheads (70% to 80% of \$17.1 million of responsible entity fees and other expenses that were estimated for FY18) at a multiple of 8 to 9 times, resulting in a range of values for the corporate overheads of \$27.4 million to \$46.2 million.

IOF management has provided an estimate of FY19 responsible entity fees and other expenses of \$18.5 million. We have capitalised \$3.7 million to \$5.6 million of residual corporate overheads (70% to 80% of \$18.5 million of responsible entity fees and other expenses that are estimated for FY19) at a multiple of 8 to 9 times, which results in a range of values for the corporate overheads of \$29.6 million to \$50.0 million as set out in the following table.

Table 6: Capitalised corporate overheads

| \$ million unless otherwise stated | Low | High |
|--|-------------|-------------|
| Estimated corporate overheads (net of savings) | 5.6 | 3.7 |
| Capitalisation multiple (times) | 9.0 | 8.0 |
| Capitalised corporate overheads | 50.0 | 29.6 |

Source: KPMG Corporate Finance analysis, table may not add due to rounding

²⁵ After amortisation of lease incentives. Adjusted to remove the impact of amortisation of capitalised borrowing costs from 1 July 2018 until the implementation date of the Proposal.



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Other assets and liabilities

Adjusted NTA utilises the actual NTA as at 30 June 2018 as a starting point. The mark-to-market balance of derivatives and US dollar loan will move with changes in interest rates and foreign exchange rates. From 30 June 2018 to 22 August 2018 (the latest available date), it is estimated that the mark-to-market balance of derivatives and the US dollar loan has decreased by \$2.2 million.

Borrowings included in the actual NTA at 30 June 2018 reflect the amount drawn, net of \$3.8 million of borrowing costs (\$3.6 million in the pro forma and unaudited NTA at 30 June 2018) which have been capitalised for accounting purposes. These are not assets that are realisable and therefore have been excluded in deriving the adjusted NTA.

Premium/(discount) to NTA

In our IER, we assessed that based on the characteristics of IOF and premiums/(discounts) to NTA observed in A-REIT transactions, it was not appropriate to include a premium or discount to adjusted NTA for IOF. We have considered whether there are any new factors which would cause us to change our view and concluded that:

- there are no changes to the characteristics of IOF such that on balance, we consider a premium or discount to NTA is appropriate, and
- there are no new A-REIT transactions²⁶ that would suggest a premium or discount to NTA is appropriate for IOF.

Valuation cross-check

Our assessed value of an IOF Unit on an adjusted NTA basis of \$5.42 to \$5.46 implies the following FFO multiples and distribution yields:

Table 7: IOF implied multiples cross check

| Implied metrics | Parameter | | |
|--|----------------|---------------|---------------|
| | (per IOF Unit) | Low | High |
| Value per IOF Unit | | \$5.42 | \$5.46 |
| FY18 FFO multiple (times) ¹ | 30.6¢ | 17.7 | 17.8 |
| FY19 FFO multiple (times) ² | 29.2¢ | 18.6 | 18.7 |
| FY18 distribution yield | 20.3¢ | 3.7% | 3.7% |
| FY19 distribution yield ² | 20.3¢ | 3.7% | 3.7% |

Sources: KPMG Corporate Finance Analysis

Notes:

- 1 Actual FY18 FFO
- 2 IOF FY19 guidance

The implied FFO multiples are slightly higher and the implied distribution yields slightly lower than in our IER. These multiples have been compared to those of the comparable listed A-REITs and recent transactions involving A-REITs.

Market evidence

Multiples for listed A-REITs with substantial interests in office properties in Australia (over 60% of their portfolio) as at 24 August 2018 are set out in the following table.

²⁶ The proposal from Charter Hall Group to acquire Folkestone Limited (announced 22 August 2018) is not a relevant transaction as Folkestone Limited is a property development and funds management business and not an A-REIT.

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Table 8: Market evidence

| | Management basis ¹ | Market capitalisation (\$ million) | Premium/(discount) to NTA (%) ² | Distribution yield | | | FFO multiple | | |
|---|-------------------------------|------------------------------------|--|--------------------|------|------|--------------|------|------|
| | | | | FY17 | FY18 | FY19 | FY17 | FY18 | FY19 |
| Investa Office Fund | E | 2,771 | (6.5%) | 4.4% | 4.4% | 4.5% | 15.6 | 15.2 | 15.7 |
| <i>Primarily Office REITs⁴</i> | | | | | | | | | |
| DEXUS | I | 10,681 | 8.9% | 4.3% | 4.6% | 4.8% | 17.3 | 16.3 | 16.2 |
| Growthpoint Properties Australia | I | 2,485 | 15.4% | 5.8% | 6.0% | 6.3% | 15.0 | 15.1 | 14.4 |
| Cromwell Property Group | I | 2,184 | 14.6% | 7.6% | 7.6% | 7.3% | 14.7 | 13.9 | 14.3 |
| GDI Property Group | I | 671 | 5.9% | 6.2% | 6.2% | 6.4% | 14.7 | 14.9 | n/a |
| Investec Australia Property Fund | E | 553 | (10.4%) | 8.0% | 8.0% | n/a | n/a | n/a | n/a |
| Centuria Metropolitan REIT | E | 605 | - | 7.0% | 7.3% | 7.3% | n/a | n/a | n/a |
| Australian Unity Office Fund | E | 438 | 4.7% | 5.6% | n/a | n/a | 18.3 | n/a | n/a |
| <i>Diversified REITs</i> | | | | | | | | | |
| Stockland | I | 10,119 | (.2%) | 6.1% | 6.4% | 6.7% | 12.6 | 11.7 | 11.1 |
| GPT Group | I | 9,223 | (3.8%) | 4.8% | 4.9% | 5.1% | 16.6 | 16.1 | 15.5 |
| Mirvac Group | I | 8,718 | 1.7% | 4.4% | 4.7% | 4.9% | 15.7 | 14.3 | 14.0 |
| Charter Hall Group | I | 3,209 | 80.4% | 4.4% | 5.4% | 5.2% | 21.4 | 18.5 | 18.3 |
| Abacus Property Group | I | 2,028 | 10.1% | 5.0% | 5.1% | 5.3% | n/a | n/a | n/a |
| Charter Hall Long WALE REIT | E | 987 | 4.9% | 3.8% | 6.2% | 6.2% | 25.8 | n/a | n/a |
| Propertylink Group | I | 627 | - | 6.1% | 6.9% | 6.9% | n/a | n/a | n/a |
| Industria REIT | E | 432 | (1.9%) | 6.0% | 6.2% | 6.5% | 15.5 | 14.3 | 13.9 |

Sources: KPMG Corporate Finance Analysis

Although the results are mixed, in general, FFO multiples are higher, distribution yields are lower and premiums/(discounts) to NTA are slightly higher/(lower) as at 24 August 2018 compared with those included in our IER (which were calculated as at 18 July 2018). We note that all of the comparable companies have released financial results for 30 June 2018 and NTA utilised to calculate premiums/(discounts) to NTA generally reflects recently updated property valuations.

Conclusion

Comparable company FFO multiples and yields are slightly more positive, and the implied FFO multiples and yields based on KPMG Corporate Finance's assessed value of an IOF Unit are also slightly higher than in the IER. Consequently, IOF's implied forecast FFO multiples continue to be high and its distribution yields below those for listed A-REITs with substantial interests in office properties in Australia (over 60% of the portfolio). We continue to consider a high FFO multiple and low distribution yield to be appropriate, having regard to IOF's exposure to the strongly performing Sydney and Melbourne CBD office markets and relatively low exposure to the weaker Brisbane and Perth markets, substantial yield compression in recent years and the quality of IOF's portfolio. However, we note that these multiples also reflect the forecast decline in FFO and curtailment of distributions as a result of IOF's development and refurbishment activities.



27 August 2018

Dated: 27 August 2018

PART TWO – FINANCIAL SERVICES GUIDE

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) and Mr Ian Jedlin as an authorised representative of KPMG Corporate Finance, authorised representative number 404177 and Mrs Joanne Lupton as an authorised representative of KPMG Corporate Finance, authorised representative number 449593 (**Authorised Representative**).

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representative and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representative are authorised to provide
- how KPMG Corporate Finance and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and the compensation arrangements that KPMG Corporate Finance has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Corporate Finance. This FSG forms part of a Supplementary Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representative are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representative's responsibility to you

KPMG Corporate Finance has been engaged by ILFML (Client) to provide general financial product advice in the form of a Report to be included in the Second Supplementary Explanatory Memorandum (**Document**) prepared by the Client in relation to the proposed acquisition by affiliates of The Blackstone Group L.P. of all the issued IOF Units of IOF (**Proposal**).

You have not engaged KPMG Corporate Finance or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Corporate Finance nor the

Authorised Representative are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report. You should also consider the other parts of the Document before making any decision in relation to the Proposal.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance \$50,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Corporate Finance officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any

Schedule 1

Supplementary Independent Expert's Report



27 August 2018

engagement for the provision of general financial product advice in the Report.
Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representative and not by the KPMG Partnership. From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. KPMG entities have provided, and continue to provide, a range of advisory services to ILFML and related entities for which professional fees are received. None of those services have related to the transaction or alternatives to the transaction and these fees are not material. No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint. Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Corporate Finance or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO
Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08

Facsimile: (03) 9613 6399 Email: info@fos.org.au

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representative using the contact details:

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia)
Pty Ltd
ITS 3, International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Ian Jedlin and Joanne Lupton
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Corporate Directory

INVESTA OFFICE FUND

Armstrong Jones Office Fund

ARSN 090 242 229

Prime Credit Property Trust

ARSN 089 849 196

FINANCIAL ADVISER

J.P. Morgan Australia Limited

Level 18, J.P. Morgan House, 85 Castlereagh Street
Sydney NSW 2000 Australia

AUDITOR

PricewaterhouseCoopers

ABN 52 780 433 757

One International Towers Sydney
Watermans Quay, Barangaroo
Sydney NSW 2000

IOF REGISTRY

Link Market Services Limited

Level 12, 680 George Street
Sydney NSW 2000 Australia

Locked Bag A14
Sydney South NSW 1235 Australia

Phone: +61 1300 851 394

Fax (general): (02) 9287 0303

Fax (voting): (02) 9287 0309

Email: investa@linkmarketservices.com.au

RESPONSIBLE ENTITY

Investa Listed Funds Management Limited

ACN 149 175 655

AFSL 401414

LEGAL ADVISER

Allens

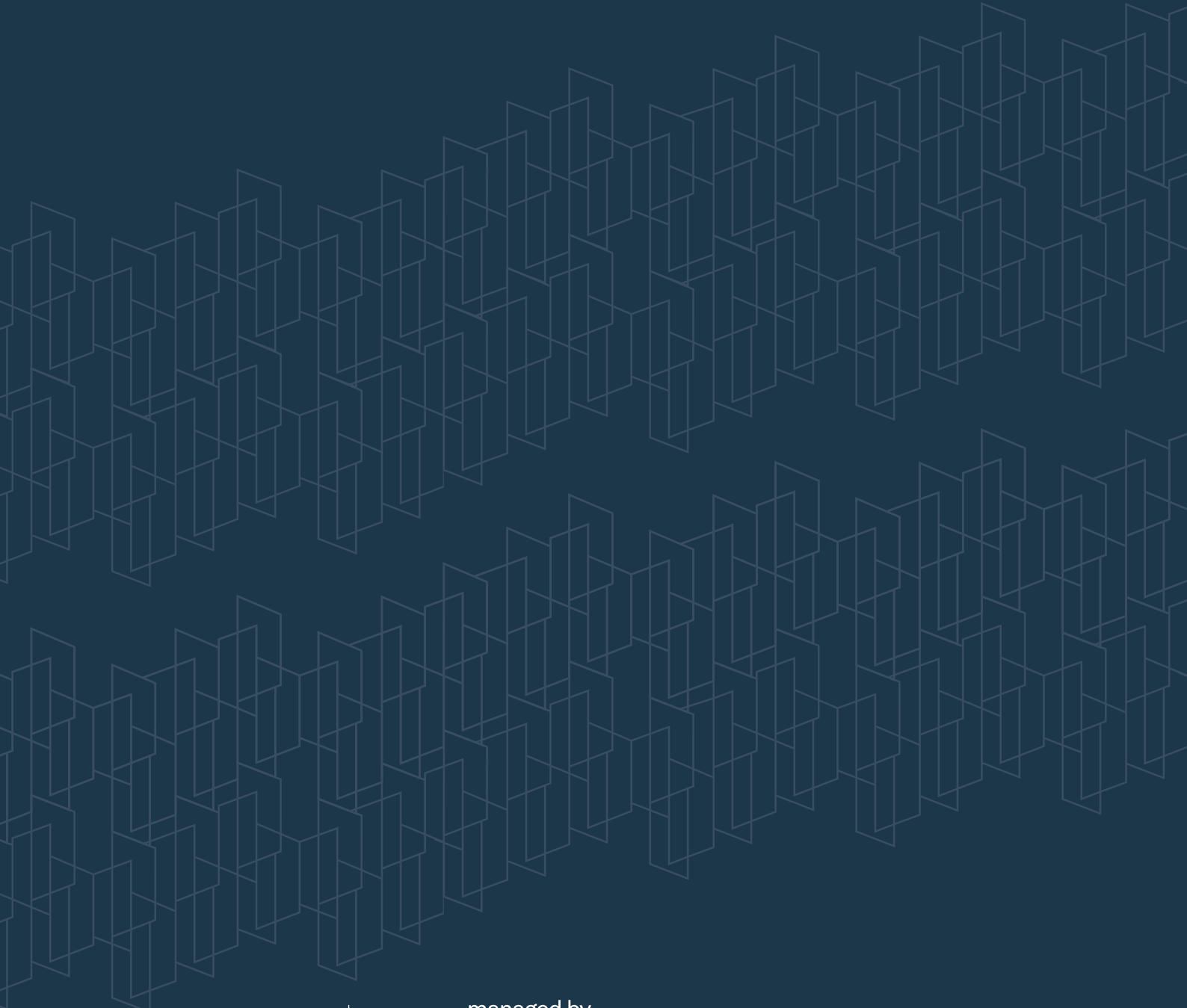
Level 28, 126 Phillip Street
Sydney NSW 2000 Australia

ACCOUNTING ADVISER

PricewaterhouseCoopers Securities Limited

ACN 003 311 617

One International Towers Sydney
Watermans Quay, Barangaroo
Sydney NSW 2000



INVESTA OFFICE FUND

ARMSTRONG JONES OFFICE FUND ARSN 090 242 229

PRIME CREDIT PROPERTY TRUST ARSN 089 849 196

RESPONSIBLE ENTITY:

INVESTA LISTED FUNDS MANAGEMENT LIMITED

ACN 149 175 655 AFSL 401414

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Investa Office Fund
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 851 394



X99999999999

SECOND SUPPLEMENTARY PROXY FORM

I/We being a member(s) of Investa Office Fund and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **Thursday, 6 September 2018 at Level 4, Room 5, Hilton Hotel, 488 George Street, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

| | For | Against | Abstain* | | For | Against | Abstain* |
|---|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|--------------------------|--------------------------|
| 1 AJO Trust Acquisition Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 5 AJO De-stapling Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 PCP Trust Acquisition Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 6 PCP De-stapling Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 AJO Trust Constitution Amendment Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 4 PCP Trust Constitution Amendment Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual) Joint Securityholder 2 (Individual) Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Tuesday, 4 September 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Investa Office Fund
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**