

ASX Announcement

06.09.18

Investa Office Fund (ASX:IOF)

Conditional price increase under Blackstone proposal

Investa Listed Funds Management Limited (**ILFML**) as responsible entity of the Investa Office Fund (**IOF**) refers to the proposal by entities affiliated with The Blackstone Group L.P. (**Blackstone**) to acquire all of the units in IOF for \$5.3485 per IOF unit (less distributions declared or paid after on or after today) by way of trust scheme (**Scheme**).

ILFML announces that it has received the attached letter from Blackstone which states that Blackstone is prepared to increase the consideration payable per IOF unit under the Scheme from \$5.3485 to \$5.52 per IOF unit (less distributions declared or paid on or after today), subject to the terms set out in the letter.

The ILFML Board intends to work with Blackstone to give effect to the price increase. To the extent that agreement with Blackstone on the price increase can be reached, ILFML intends to seek judicial advice that it is justified in resuming the adjourned meeting and to approve the release of supplementary disclosure. Subject to reaching agreement with Blackstone and receiving judicial advice, it is proposed that the IOF unitholder meeting will take place as soon as practicable.

Unitholders are advised to take no action at this point in time. The ILFML Directors continue to unanimously recommend the Blackstone Scheme in the absence of a superior proposal.

End

For further information please contact:

Penny Ransom Fund Manager Investa Office Fund T +61 2 8226 9405 M +61 434 561 592 pransom@investa.com.au	Simon Ranson Vice Chairman J.P. Morgan Australia Limited T +61 2 9003 8486 simon.ranson@jpmorgan.com
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For media enquiries please contact:

Peter Brookes
Citadel-MAGNUS
M +61 407 911 389
pbrookes@citadelmagnus.com

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.

5 September 2018

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

Level 30, 420 George Street
Sydney NSW 2000

Dear Richard

PROPOSED INCREASE IN AGGREGATE SCHEME CONSIDERATION FROM \$5.45 TO \$5.6215 PER IOF SCHEME UNIT

We refer to:

- the scheme implementation agreement dated 12 June 2018 between Investa Listed Funds Management Limited as responsible entity of the Armstrong Jones Office Fund and the Prime Credit Property Trust (**ILFML**), Quartz BidCo Pty Ltd (**BidCo**) and Quartz Sub TC Pty Ltd as trustee of the Quartz Bid Trust (**BidTrust** and together with BidCo, the **Acquirers**), as amended from time to time (**Scheme Implementation Agreement**);
- our letter to you dated 22 August 2018, outlining our proposal to increase the Scheme Consideration on the terms and conditions set out in that letter (**Improved Proposal**); and
- the letter from a third party (**New Bidder**) to you dated 4 September 2018 (**Conditional Competing Proposal**).

Unless otherwise defined, capitalised terms and expressions used in this letter have the same meaning given to them in the Scheme Implementation Agreement.

Following yesterday's announcement of the Conditional Competing Proposal, on the basis that the conditions outlined below are satisfied, we are prepared to increase the aggregate Scheme Consideration from \$5.45 to \$5.6215 per IOF Scheme Unit for all of the IOF Scheme Units, subject to the existing terms and conditions in the Scheme Implementation Agreement (subject to any amendments required by this Further Improved Proposal), including a reduction for any distributions as provided in clause 7.3(c) of the Scheme Implementation Agreement (**Further Improved Proposal**).

Following the deduction of the Permitted Distribution in accordance with clause 7.3(c) of the Scheme Implementation Agreement, this represents a net Scheme Consideration of \$5.52 per IOF Scheme Unit.

Critically, this Further Improved Proposal provides certain near-term cash value to IOF Unitholders, at a price which is higher than that contemplated under the Conditional Competing Proposal. We believe that the conditions, potential risks and time required to prepare, negotiate and consider the Conditional Competing Proposal should not be discounted by the ILFML Board and IOF Unitholders. In our view, it is likely to be approximately three months before the Conditional Competing Proposal could be put to IOF Unitholders at a meeting.

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

In particular, the Further Improved Proposal reflects the following premia¹:

	IOF reference price (per IOF Unit)	Further Improved Proposal premium (%)	Further Improved Proposal premium (per IOF Unit)
1 month volume weighted average price to 25 May 2018 ²	\$4.44	24%	108 cents
Closing price yesterday, 4 September 2018	\$5.32	4%	20 cents

1. Based on net cash consideration of \$5.52 per IOF Unit, after taking into account the 10.15 cents per IOF Unit distribution which was announced by IOF on 18 June 2018.
2. The last trading day prior to the announcement of Blackstone's original proposal.

The Acquirers' Further Improved Proposal, being an increase in the aggregate Scheme Consideration from \$5.45 to \$5.6215, is subject to satisfaction of the following conditions:

- a) the ILFML Board continues to unanimously recommend that IOF Unitholders vote in favour of the Schemes, in the absence of a Superior Proposal;
- b) the ILFML Chairman adjourns the Scheme Meeting for as short a period as possible and the ILFML Board use best endeavours to set a new date for the Scheme Meeting for a date which is as soon as possible, and in any event no later than 14 September 2018;
- c) the ILFML Board agrees to increase the Break Fee payable to the Acquirers under the terms of the Scheme Implementation Agreement from \$20,000,000 to \$33,000,000, which equates to approximately 1% of the equity value under the Further Improved Proposal and is consistent with accepted market practice, to reflect the significant increase in costs incurred by the Acquirers in connection with the proposed transaction, several extensions to the timetable and significant increase in proposed consideration under this Further Improved Proposal relative to the original proposal;

- d) ILFML agrees to amend the standstill contained in the confidentiality deed between ILFML and Blackstone Singapore Pte. Ltd dated 3 May 2018 such that the Acquirers would be permitted to make a takeover offer for all of the IOF Units;
- e) ILFML ensures that neither it nor any of its Representatives, in relation to the Conditional Competing Proposal:
 - o enables the New Bidder or its Representatives or affiliates to undertake due diligence investigations on any Property, IOF Group Member or any Co-owned Sub Trust or their businesses or operations; or
 - o makes available to the New Bidder or its Representatives or affiliates, or permits the New Bidder or its Representatives or affiliates to receive, any non-public information relating to a Property, IOF Group Member or any Co-owned Sub Trust or their businesses or operations;
- f) as the adjourned meeting will be a continuation of the meeting scheduled for Thursday, 6 September 2018, the record date for the purpose of determining the IOF Unitholders who will be entitled to vote at the Scheme Meeting will remain 7pm on 4 September 2018;
- g) ILFML immediately instructing their legal counsel to amend:
 - o the Transaction Documents solely to reflect the proposed increased price and increased Break Fee; and
 - o the Confidentiality Deed to amend the standstill clause,together with any incidental changes required thereby, and the execution of the relevant documents to effect those amendments by ILFML.

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

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

For the avoidance of doubt, if any of conditions (a) to (g) (inclusive) above are not satisfied, waived, amended or otherwise varied prior to 5pm (AEST) on 13 September 2018, the proposed increase to the Scheme Consideration will be of no effect and the previous Scheme Consideration of \$5.45 under the previous Improved Proposal will apply (in the absence of a superior proposal).

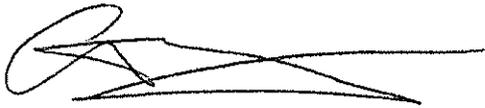
For the avoidance of doubt, once an amendment deed is signed in relation to the amendments contained in the conditions in (c) and (d) above, those amendments will apply notwithstanding the fact that the previous Scheme Consideration of \$5.45 re-applies, as contemplated above.

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

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

We look forward to continuing to work with you to successfully implement the transaction and deliver an attractive, certain outcome for all IOF Unitholders.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Chris Tynan', written over a horizontal line.

Chris Tynan
Director

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