

30.03.16

## Investa Office Fund (ASX:IOF)

### Special Distribution to be paid if DEXUS Proposal becomes Effective

- IOF unitholders to receive an additional 7 cents cash distribution per IOF unit by way of a Special Distribution by IOF conditional on the DEXUS Proposal becoming Effective<sup>1</sup>
- The offer price under the DEXUS Proposal combined with the Special Distribution to be paid by IOF implies a 6.6% premium to IOF's 31 December 2015 NTA
- IOF unitholder meeting scheduled for 8 April 2016 to be adjourned to enable IOF unitholders to consider the Supplementary Explanatory Memorandum which will be provided to IOF unitholders

Investa Listed Funds Management Limited (**ILFML**) as the responsible entity of Investa Office Fund (**IOF**) is pleased to announce an increase in the total payments that will be received by IOF unitholders conditional on the proposal from DEXUS Property Group (**DEXUS**) to acquire all of the units in IOF (**DEXUS Proposal**) becoming Effective.

The Independent Board Committee (**IBC**) has determined that conditional on the DEXUS Proposal becoming Effective, IOF unitholders will receive an additional 7 cents cash distribution per IOF unit by way of special distribution from IOF (**Special Distribution**). The Special Distribution will be paid on the Implementation Date for the DEXUS Proposal to all IOF unitholders on the register on the record date for the DEXUS Proposal. Under the terms of the Implementation Agreement, DEXUS RE has consented to this payment.

This Special Distribution is a separate payment from IOF and is in addition to the Proposal Consideration which IOF unitholders will receive. Standard Consideration provided under the DEXUS Proposal is 0.424 DEXUS Securities and \$0.8229 in cash per IOF unit. IOF unitholders will retain the option to elect to receive the Maximum Cash Consideration or Maximum Scrip Consideration under the DEXUS Proposal (subject to scale back) as described in the Explanatory Memorandum released on 9 March 2016. If the Proposal becomes Effective, as stated, the Special Distribution will be paid regardless of which Proposal Consideration the IOF unitholders elect to receive.

The combination of the consideration for IOF unitholders under the DEXUS Proposal and the Special Distribution paid by IOF represents \$4.24 per IOF unit<sup>2</sup>, which delivers a:

- 14.0% premium to IOF's closing price on 13 August 2015 (the day prior to the announcement of the IOF strategic review);
- 10.8% premium to IOF's closing price on 4 December 2015 (the day prior to the announcement of the DEXUS Proposal); and
- 6.6% premium to IOF's 31 December 2015 NTA.

#### Background to the Special Distribution

The Special Distribution was consented to by DEXUS in accordance with the Implementation Agreement, having regard to the following:

- DEXUS has re-assessed transaction costs associated with the DEXUS Proposal to be \$19 million lower than expected, primarily due to a reduction in costs associated with financing arrangements;

<sup>1</sup> The Proposal will become Effective when all of the conditions precedent to the Proposal are satisfied and waived, including the Proposal Resolutions being passed by the requisite majorities of IOF unitholders at the Meeting and ILFML receiving the required judicial advice following the IOF Unitholder Meeting.

<sup>2</sup> Based on Standard Consideration under the DEXUS Proposal and the last close price of DEXUS Securities (24 March 2016)

- It appears unlikely that given the terms of the Platform Sale Agreement<sup>3</sup>, DEXUS would make a facilitation payment to Investa Office Management or any other member of the Investa Commercial Property Fund group in relation to the loss of certain IOF fund management rights<sup>4</sup>; and
- the Independent Directors and DEXUS believe the Special Distribution will further enhance the appeal of the DEXUS Proposal to IOF unitholders.

DEXUS has also advised the Independent Directors that it does not intend to increase the Proposal Consideration or consent to any other distribution whether of capital or income to IOF unitholders by ILFML, in the absence of a Competing Transaction.

Deborah Page, Chairman of the IBC said today “The IBC is extremely pleased to have received DEXUS’s consent to the payment of the Special Distribution of 7 cents cash per IOF Unit if the DEXUS Proposal becomes Effective. This Special Distribution is in addition to the consideration being offered under the DEXUS Proposal and as such enhances what the IBC concluded to be a compelling proposal for IOF unitholders. The IBC continues to unanimously recommend that IOF unitholders vote in favour of the DEXUS Proposal in the absence of a superior proposal”.

### **Supplementary Explanatory Memorandum**

The Independent Directors are preparing a Supplementary Explanatory Memorandum as a result of this announcement. The Supplementary Explanatory Memorandum will contain a further supplementary report from the Independent Expert, along with additional taxation information.

The Supplementary Explanatory Memorandum is subject to further judicial advice from the Supreme Court of New South Wales and will be released to IOF unitholders and the market once that advice has been obtained.

### **Adjournment of the IOF unitholder meeting**

It is proposed that the IOF unitholder meeting scheduled for 10:00am on Friday, 8 April 2016 will be adjourned to a date to be advised in the Supplementary Explanatory Memorandum.

The adjournment will ensure all IOF unitholders have time to consider and vote on the DEXUS Proposal in light of the additional information provided in the Supplementary Explanatory Memorandum.

### **Alternate Offers**

There has been recent press speculation that a Mirvac led consortium comprising Mirvac, China Investment Corporation and Blackstone may be proposing a competing offer for IOF. The IBC confirms that it has not received and is not aware of any competing proposal from a Mirvac led consortium or from any other party.

Before agreeing to the DEXUS Proposal, the IBC undertook a strategic review of options available to IOF unitholders (which included engaging with a large number of global and Australian real estate investors who had the capability and capacity to acquire IOF). As part of that review, the IBC determined that the DEXUS Proposal was superior to all other alternatives<sup>5</sup>.

### **IBC recommendation and Independent Expert Opinion**

The Independent Directors continue to recommend that IOF unitholders vote in favour of the DEXUS Proposal in the absence of a superior proposal and notes that the Independent Expert has concluded that the DEXUS Proposal is fair and reasonable to, and in the best interests of, IOF unitholders in the absence of a superior proposal. The Independent Directors have requested that the Independent Expert prepares a supplementary report in relation to the Special Distribution.

**- ENDS -**

<sup>3</sup> The Platform Sale Agreement in relation to the sale of the Investa Office Management Platform dated 1 March 2016 between ICPF Holdco Pty Ltd and Sundown Holdings B.V.

<sup>4</sup> The costs associated with the facilitation arrangements were not included in the transaction costs as part of the Explanatory Memorandum dated 9 March 2016, as no reasonable basis for including them existed at the time.

<sup>5</sup> Further details of the strategic review are set out in Section 4.2 of the Explanatory Memorandum.

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### About Investa Office Fund

Investa Office Fund (ASX code: IOF) is an ASX-listed real estate investment trust (A-REIT) and is included in the S&P/ASX100 index. IOF is a leading owner of investment grade office buildings and receives rental income from a tenant register comprised predominately of Government and blue chip tenants. IOF has total assets under management of AU\$3.49 billion with 22 investments located in core CBD markets throughout Australia. IOF's focus is on delivering attractive risk-adjusted returns to its unitholders from a portfolio of high quality assets located in the key CBD office markets of Australia.

#### Fund Enquiries

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