ASX Announcement

23 February 2012

Investa Office Fund (ASX: IOF)

Notice of Meeting and Explanatory Memorandum – Proposed Acquisitions

The Responsible Entity of Investa Office Fund ("IOF" or the "Fund"), Investa Listed Funds Management Limited ("ILFML" or the "Responsible Entity"), today announced a proposal for the acquisition of:

- Up to a 50% interest in the iconic 126 Phillip Street, Sydney ("Deutsche Bank Place"), one of the premier CBD office properties in Australia; and
- A 50% interest in 242 Exhibition Street, Melbourne ("Telstra Global Headquarters"), an A-Grade CBD office property that serves as the Telstra Global Headquarters,

from members of Investa Property Group ("the Proposal") for the consideration of IOF unitholders.

Attached to this announcement is a copy of a Notice of Meeting and Explanatory Meeting that ILFML intends to dispatch on Tuesday 28 February 2012 calling a meeting of unitholders to consider and vote on the Proposal.

The strategic objective of the Fund is to be Australia's pre-eminent CBD office fund, with a diverse portfolio of high-performing investment grade office properties in prime CBD locations. The proposed acquisition of these high quality properties is a unique opportunity for IOF, and will represent a significant step in meeting the stated objective.

The Independent Directors of ILFML unanimously recommend that IOF unitholders vote in favour of the Proposal for the following reasons;

- It is a unique off-market opportunity to acquire interests in two assets that not only satisfy the strategic goals of the Fund, but also provide IOF with exposure to one of Australia's finest CBD office properties - Deutsche Bank Place;
- It is an efficient redeployment of capital following the Fund's offshore asset sales;
- It is accretive to earnings;
- The superior quality of the assets will lift the overall quality of IOF's Australian investment portfolio;
- It increases the geographic weighting to key CBD markets, consistent with the Fund's strategy;
- The properties are occupied by high quality tenants which increase the credit quality of the portfolio as a whole;
- It improves overall portfolio vacancy from 4.7% to as low as 3.9%;
- There is minimal capital expenditure required in the short to medium term; and
- There will be no increase in the base management fee payable to the Responsible Entity as a direct result of the acquisitions.

An Independent Expert has considered the Proposal and found that the proposed purchase price was fair and reasonable and that the transaction was on arm's length terms.

Deborah Page, Independent Chairman of the IOF Board of Directors said: "After careful review the Independent Directors are pleased to present this Proposal to unitholders. We believe the proposed acquisitions provide a unique opportunity for IOF to access quality assets which rarely become available for purchase, will be accretive to earnings and which are in line with Fund strategy."

Toby Phelps, Fund Manager of IOF said: "We are committed to executing on the Fund's stated strategy in a timely and effective manner. If the Proposal is approved by unitholders, we can reallocate capital released from the sale of the offshore assets to Australian assets, which will contribute to the repositioning of IOF's portfolio to focus on high quality Core assets in prime CBD locations."

Given the vendor of both properties is a related party of the Responsible Entity, the proposal requires IOF unitholder approval. The unitholder meeting will be held at 10:00am (Sydney time) on Tuesday 27 March 2012 in the Blaxland Room at the Swissotel, 68 Market Street, Sydney NSW.

Given the related party nature of the transaction, the following governance measures were adopted:

- The Proposal was only considered by the Independent Directors of the Responsible Entity. Executive Directors abstained from the consideration of the Proposal;
- A due diligence committee was established in relation to the proposal which included the Independent Chairman. Other Independent Directors were in attendance at the due diligence committee meetings;
- KPMG was appointed to provide an independent expert's report on whether the Proposal is on arm's length terms and is fair and reasonable to IOF unitholders. A copy of this report is available in the Notice of Meeting and Explanatory Memorandum; and
- Verification by an independent valuer that the purchase prices for the proposed interests in the properties represent market value.

Unitholders are encouraged to carefully read the Explanatory Memorandum and if there are any questions, please contact IOF Investor Relations on 1300 130 231 or email: investorrelations@investa.com.au

About Investa Office Fund (formerly ING Office Fund)

Investa Office Fund (ASX code: IOF) previously known as ING Office Fund is an ASX-listed real estate investment trust (A-REIT) and is included in the S&P/ASX100 index. The Fund 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$2.1 billion with investments located in core CBD markets throughout Australia and select offshore markets in Europe. IOF's future strategy is to reposition the portfolio with a domestic-only focus.

About Investa Property Group

Investa is one of Australia's largest owners and managers of quality real estate controlling assets worth more than AU$9 billion across the commercial, industrial and residential sectors. Investa's integrated property platform incorporates property services, funds management, portfolio management, asset management, development and sustainability.

With a long history of managing institutional grade office buildings in core CBD markets, Investa's office portfolio comprises more than 50 buildings and is valued at over AU$7.5 billion. Investa's development pipeline exceeds AU$2.7 billion and includes more than 12,300 residential lots, and over 430 hectares of industrial land. Funds under management in its listed and unlisted funds total AU$4.4 billion, managed on behalf of over 23,000 investors.

Investa is a global leader in sustainability and is committed to responsible property investment, and the ongoing pursuit of sustainable building management, ownership and development.

Fund Enquiries

Toby Phelps
Fund Manager
Investa Office Fund

T +61 2 8226 9439
M +61 466 775 367
E TPhelps@investa.com.au

Angela Reade
Investor Relations &
Communications Manager
Investa Office Fund

T +61 2 8226 9341
M +61 400 787 001
E AReade@investa.com.au

Media Enquiries

Emily Lee-Waldao
General Manager Marketing
& Investor Relations
Investa Property Group

T +61 2 8226 9378
M +61 416 022 711
E ELee-Waldao@investa.com.au

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IOF

Investa Office Fund
comprising
Armstrong Jones Office Fund (ARSN 090 242 229)
and
Prime Credit Property Trust (ARSN 089 849 196)

Notice of Unitholders' Meeting and Explanatory Memorandum

To be held at 10:00am (Sydney time) on Tuesday, 27 March 2012 in the Blaxland Room at the Swissotel, Level 8, 68 Market Street, Sydney NSW 2000

The Independent Directors of Investa Listed Funds Management Limited, the responsible entity of Investa Office Fund, unanimously recommend that Unitholders vote in favour of the Resolution

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether to vote in favour of the Resolution to approve the proposal set out in this Notice of Meeting. The information provided in this Notice of Meeting (including the Explanatory Memorandum) does not constitute financial product advice. If you have any questions regarding the matters set out in this Explanatory Memorandum or the Notice of Meeting, you should consult your investment, tax, legal or other professional adviser. You may call the Unitholder information line on 1300 851 394 (within Australia) or +61 2 8280 7912 (outside Australia) if you have any questions.

Certain statements in the Explanatory Memorandum relate to the future. Forward looking statements in the Explanatory Memorandum are not based on historical fact but rather reflect the current expectations of IOF in relation to future results and events. These statements may be identified by the use of forward looking words or phrases such as 'believe', 'aim', 'expect', 'anticipate', 'intend', 'foresee', 'likely', 'should', 'plan', 'estimate', 'potential' or other similar words and phrases. These forward looking statements are not guarantees of future performance. You should be aware that known and unknown risks, uncertainties and other important factors could cause the actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by such statements. Such risks, uncertainties and other important factors include, among other things, the risks associated with the proposal as set out in the Explanatory Memorandum. Unitholders are cautioned not to place undue reliance on such forward looking statements. Deviations as to future results, performance and achievement are both normal and expected. Unless stated otherwise or the context otherwise requires, all information in this Notice of Meeting and Explanatory Memorandum is current as at [•] February 2012.

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FURTHER INFORMATION
investa.com.au/IOF

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Chairman's Letter

Dear Unitholder

Investa Office Fund (ASX: IOF) – Notice of Unitholders' Meeting

On behalf of the Board of Directors of Investa Listed Funds Management Limited, I am pleased to invite you to attend a Unitholders' Meeting of Investa Office Fund **(IOF** or the **Fund)** comprising the stapled entities Armstrong Jones Office Fund **(AJO)** and Prime Credit Property Trust **(PCP)**. The Meeting will be held at 10:00 am (Sydney time) on Tuesday, 27 March 2012 in the Blaxland Room at the Swissotel, 68 Market Street, Sydney, New South Wales.

The Meeting is to consider the acquisition of:

> up to a 50% interest in the iconic 126 Phillip Street, Sydney, one of the premier CBD office properties in Australia; and

> a 50% interest in 242 Exhibition Street, Melbourne, an A-Grade CBD office property that serves as the Telstra Global Headquarters,

from members of the Investa Property Group (the **Proposal**) and to vote on the Resolution relating to the Proposal.

Our strategic objective is to reposition IOF as Australia's pre-eminent CBD office fund. Our goal is to have a diverse portfolio of high performing investment grade office properties in prime CBD locations. The proposed acquisition of these high quality properties is a unique opportunity for IOF and will represent a significant step in the repositioning of the Fund and provides a strong base to further pursue the repositioning strategy.

The acquisition of interests in these two properties will not only improve the quality of the IOF Australian investment portfolio, it will also increase the Fund's weighting to the key Sydney CBD and Melbourne CBD office markets; further diversify and secure the Fund's revenue streams; and importantly will be earnings accretive, thereby improving the risk adjusted returns of the Fund.

Having successfully completed a 10% buyback of units and made significant progress in divesting foreign assets, we consider this transaction to be an important next step in creating Unitholder value.

An important consideration in relation to the Proposal is that the proposed acquisitions are related party dealings as in each case the vendor is a related party of the Responsible Entity. Accordingly, the following governance measures have been applied:

> the Proposal has only been considered by the Independent Directors of the Responsible Entity. Executive directors abstained from consideration of the Proposal;

> the due diligence committee established in relation to the Proposal included a representative of the Independent Directors and other Independent Directors attended the due diligence committee meetings;

> KPMG was appointed to provide an independent expert's report on whether the Proposal is on arm's length terms and is fair and reasonable to Unitholders; and

> verification by independent valuers that the purchase prices for the interests in the properties represent market value.

Chairman's Letter

Details of the Resolution are provided in the Notice of Meeting and Explanatory Memorandum accompanying this letter. The Notice of Meeting and Explanatory Memorandum contain important information about the Proposal, including details of the two properties under consideration and the rationale for the proposed acquisitions.

YOUR VOTE IS IMPORTANT

The Independent Directors of the Responsible Entity unanimously recommend that you vote in favour of the Resolution.

If you are not attending the Meeting, you may appoint one or two proxies to attend and vote for you. The proxy form, which accompanies this Notice of Meeting, includes instructions on how to vote and appoint a proxy.

You may call the Unitholder information line on 1300 851 394 (within Australia) or +61 2 8280 7912 (outside Australia) if you have any questions in relation to this Notice of Meeting. If you have any questions relating to the potential acquisition, please send that question to investorrelations@investa.com.au or contact IOF Investor Relations on 1300 130 231.

We look forward to seeing you on Tuesday, 27 March 2012.

Yours sincerely,

Deborah Page AM
Chairman
Investa Listed Funds Management Limited

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Notice of Unitholders' Meeting

Investa Office Fund
comprising
Armstrong Jones Office Fund (ARSN 090 242 229)
and
Prime Credit Property Trust (ARSN 089 849 196)

Investa Listed Funds Management Limited (ABN 37 149 175 655) (the **Responsible Entity**) as responsible entity of Armstrong Jones Office Fund (ARSN 090 242 229) **(AJO)** and Prime Credit Property Trust (ARSN 089 849 196) **(PCP)** (AJO and PCP are, together, **IOF**) gives notice that a meeting of the Unitholders of IOF will be held as follows:

TIME	10.00am
DATE	Tuesday 27 March 2012
PLACE	Blaxland Room at the Swissotel, Level 8, 68 Market Street, Sydney NSW 2000

Notice of Unitholders' Meeting

Business of the meeting

The Resolution should be read in conjunction with the Explanatory Memorandum which sets out a detailed explanation of the reasons for the Resolution.

Capitalised terms used but not defined in this Notice of Meeting have the meaning given in the Explanatory Memorandum accompanying, and forming part of, this Notice of Meeting.

The formal business of the Meeting will consist of the following Resolution:

Resolution

Resolution	To consider and, if thought fit, to pass the following resolution as an ordinary resolution: "That, for the purposes of rule 10.1 of the Listing Rules of the Australian Securities Exchange and for all other purposes, the acquisition of a 50% interest in 242 Exhibition St, Melbourne, Victoria and up to a 50% interest in 126 Phillip St, Sydney, New South Wales as described in the Explanatory Memorandum accompanying this resolution be approved".
Entitlement to vote:	Unitholders registered as holders of Units in Investa Office Fund as at 10:00am on Sunday 25 March 2012 will be entitled to attend and vote at the Meeting, subject to the Voting Exclusion Statement below. Accordingly, transfers of Units registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.
Majority required:	The Resolution is an ordinary resolution and will be passed if more than 50% of the votes cast by Unitholders present or by proxy, and entitled to vote on the Resolution are cast in favour of the Resolution. The Responsible Entity, which holds approximately 2.8% of the Units in Investa Office Fund in its own capacity, will not vote on the Resolution.
Voting Exclusion Statement	The Responsible Entity will disregard any votes cast on the Resolution by: > the Responsible Entity; > Investa Nominees (2) Pty Limited; > Investa Properties Pty Limited; > Investa Property Group Holdings Pty Limited; and > any of their associates. However, the Responsible Entity need not disregard a vote if: > it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or > it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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Notice of Unitholders' Meeting

Proxies

1. Each Unitholder of IOF entitled to attend and vote has a right to appoint a proxy, and you may appoint the Chairman of the Meeting as your proxy.
2. If a Unitholder appoints two proxies, the Unitholder may specify the proportion or number of votes each proxy holder is entitled to exercise. Where two proxies are appointed and the appointment does not specify the proportion or number of the Unitholder's votes, each proxy may exercise half of the votes.
3. A proxy need not be a Unitholder.
4. The Proxy Form, which accompanies this Notice of Meeting, includes instructions on how to vote and appoint a proxy.
5. The Chairman intends to vote all undirected proxies in favour of the Resolution.

To ensure that all Unitholders can exercise their right to vote on the Resolution, a Proxy Form is enclosed together with a reply paid envelope. In order to be valid, Proxy Forms must be completed and received by no later than 10:00am (Sydney time) on Sunday 25 March 2012. The Proxy Form can be lodged using the reply paid envelope or:

- Online at www.investorcentre.linkmarketservices.com.au in accordance with the Proxy Form; or
- By mailing or faxing to:
Investa Office Fund
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Fax: +61 2 9287 0309

Power of Attorney: to sign the Proxy Form 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 your Proxy Form when you return it.

Companies: where the company has a sole director who is also the sole company secretary, the Proxy Form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001 (Cth)) does not have a company secretary, a sole director can also sign alone. Otherwise the Proxy Form must be jointly signed by a director 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 to the Meeting. A form of the certificate may be obtained from IOF's registry. If such evidence is not received, then the representative will not be permitted to act as a representative at the meeting.

By order of the Board of Investa Listed Funds Management Limited as responsible entity of each of Armstrong Jones Office Fund and Prime Credit Property Trust.

Company Secretary
Investa Listed Funds Management Limited

Frequently Asked Questions

The Proposal

Question	Answer	Further information
1. What is this proposal about?	The Proposal is the acquisition by IOF of: (a) up to a 50% interest in 126 Phillip Street, Sydney (Deutsche Bank Place), and (b) a 50% interest in 242 Exhibition Street, Melbourne (Telstra Global Headquarters) (the **Properties**) from members of Investa Property Group.	
2. Why is this Meeting required?	The purpose of the Meeting is to seek IOF Unitholder approval of the Proposal. Listing Rule 10.1 states that the Responsible Entity must not acquire a substantial asset from its related parties without the approval of IOF Unitholders. The vendors of the Properties are both related parties of the Responsible Entity for the purposes of the Listing Rules. The Properties are substantial assets as the value of the consideration to be paid for a 50% interest in the Telstra Global Headquarters and a 25% or a 50% interest in Deutsche Bank Place is, in each case, more than 5% of IOF's equity interests as set out in its latest accounts given to the ASX under the Listing Rules. IOF Unitholder approval is therefore required for the Proposal.	**1.2**
3. Do the Independent Directors recommend the Proposal?	The Independent Directors unanimously recommend that you vote in favour of the Resolutions.	**1.4**
4. Why are the Independent Directors recommending that I vote in favour of the Resolution?	The Independent Directors are recommending that you vote in favour of the Resolution because there are a number of advantages of the Proposal.	**1.4**
5. How do we know the purchase prices for the Properties are fair?	The Independent Expert has concluded that the Proposal is fair and reasonable to IOF Unitholders (other than the Vendors and their Related Bodies Corporate) and is on arm's length terms. A copy of the full Independent Expert's Report is provided with this document.	**Attachment 1**
6. Are there any potential disadvantages associated with the Proposal?	While the Independent Directors unanimously recommend that you vote in favour of the Proposal, there are potential disadvantages and risks associated with the Proposal that you should consider before deciding how to vote on the Resolution.	**7.3**

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Frequently asked questions

Question	Answer	Further information
7. How were potential conflicts of interest dealt with?	The consideration, negotiation and entry into the Proposal by the Responsible Entity has been under the supervision and control of the Independent Directors. To manage conflicts of interest that could arise, the Investa Resolution of Conflict of Interest Policy was adhered to. The Independent Expert has had regard to Investa and IOF's application of the Resolution of Conflict of Interest Policy in coming to the conclusion that the Proposal is fair and reasonable to IOF Unitholders and on arm's length terms.	**7.4**
8. When is the Proposal expected to be implemented?	Subject to the satisfaction or waiver of the conditions precedent in the Unit Sale Agreements, including obtaining IOF Unitholder approval, it is expected that the Proposal will be completed by 2 April 2012.	–
The meeting		
9. What do I need to do?	Carefully read this document and consider the Resolution, then vote on the Resolution in the required manner.	–
10. When and where is the Meeting to be held?	The Meeting is to be held at 10:00am (Sydney time) on Tuesday, 27 March 2012 in the Blaxland Room at the Swissotel, 68 Market Street, Sydney. If you are unable to attend the Meeting, details for proxy voting are set out in the Notice of Meeting and the Proxy Form	**Notice of meeting**
11. How do I vote?	To vote on the Resolution, you must either attend the Meeting and vote in person or vote by proxy using the Proxy Form attached.	**Notice of meeting**
12. Is it compulsory to vote?	No, although your vote is important and you are encouraged to exercise your right to vote.	**Notice of meeting**
13. What is the required majority for the Proposal to be approved?	The Resolution requires the approval of more than 50% of votes cast by Unitholders present or by proxy, and entitled to vote.	**Notice of meeting**
14. Who is and is not entitled to vote?	Unitholders registered as holders of IOF Units as at 10:00am (Sydney time) on Sunday, 25 March 2012 will be entitled to attend and vote at the Meeting. The Responsible Entity, which holds approximately 2.8% of the Units in Investa Office Fund in its own capacity, will not vote on the Resolution.	**Notice of meeting**
15. When will the result of the Meeting be known?	The result of the Meeting will be available shortly after the conclusion of the Meeting on Tuesday, 27 March 2012 and will be announced to the ASX and made available at www.investa.com.au/IOF as soon as practicable.	–
16. What happens if the Proposal is not approved?	If the Proposal is not approved, then the interest in the Properties under consideration will not be acquired.	–

Explanatory Memorandum

This Explanatory Memorandum, including its attachments, is intended to provide Unitholders with information about the Resolution contained in the Notice of Meeting for the Meeting to be held at 10.00 am on Tuesday, 27 March 2012. You should read this Explanatory Memorandum in full before making any decision in relation to the Resolution. If you have any questions regarding the matters set out in this Explanatory Memorandum or the Notice of Meeting, you should consult your investment, tax, legal or other professional adviser. You may call the Unitholder information line on 1300 851 394 (within Australia) or +61 2 8280 7912 (outside Australia) if you have any questions.

Please refer to the Glossary in section 8 for the meaning of any capitalised terms used in this Explanatory Memorandum.

1 Background and Summary

1.1 What is the Proposal?

The Proposal is the acquisition by IOF of:

(a) up to a 50% interest in Deutsche Bank Place from Investa for a purchase price of $352.50 million (for 50%); and

(b) a 50% interest in Telstra Global Headquarters from Investa for a purchase price of $217.50 million.

1.2 Why is this Meeting Required?

The purpose of the Meeting is to seek IOF Unitholder approval of the Proposal.

Listing Rule 10.1 provides that the Responsible Entity must not acquire a substantial asset from a related party unless the acquisition is approved by holders of ordinary securities. Under Listing Rule 10.2, a substantial asset for IOF is an asset that is valued at, or the value of consideration for it, is 5% or more of the equity interests of IOF as reported in the latest accounts lodged with the ASX under the Listing Rules.

The approval of Unitholders is required because:

(a) the vendor of Deutsche Bank Place controls the Responsible Entity and they are therefore related parties;

(b) the vendor of Telstra Global Headquarters and the Responsible Entity have the same parent entity and are therefore related parties;

(c) both a 25% and a 50% interest in Deutsche Bank Place is a substantial asset for IOF; and

(d) a 50% interest in the Telstra Global Headquarters is a substantial asset for IOF.

1.3 Independent Expert's Opinion

The Responsible Entity has obtained an Independent Expert's Report from KPMG as required by Listing Rule 10.10.2, which is set out in Attachment 1.

The Independent Expert has concluded that the Proposal is **fair and reasonable** to Unitholders (other than the Vendors and their Related Bodies Corporate) and is on **arm's length terms**.

1.4 What does the Board Recommend?

The Independent Directors unanimously recommend that Unitholders vote in favour of the Resolution.

As both Vendors and the Responsible Entity are all controlled by Investa, the Directors who are also executives of Investa abstained from the Board's consideration of the Proposal.

The Independent Directors unanimously recommend that Unitholders approve the Proposal for the following reasons:

(a) **Unique opportunity** – the Proposal is a unique off market opportunity to acquire interests in two assets that not only satisfy the strategic goals of the Fund but also, in the iconic Deutsche Bank Place, includes one of the premier CBD office properties in Australia;

(b) **Efficient redeployment of capital following offshore sales** – the Proposal is an efficient redeployment of capital following the Fund's offshore asset sales;

(c) **Earnings accretive** – the acquisition of the Properties is accretive to IOF's earnings. The size of that accretion will depend on Australian base interest rates and the size of the interest purchased in Deutsche Bank Place;

(d) **Higher risk adjusted returns** – the assets are high quality assets that will improve the quality of the IOF Australian investment portfolio while at the same time being earnings accretive, thereby improving the risk adjusted returns of the Fund;

(e) **Increases geographic weighting to key CBD markets** –the Fund's weighting to the key Sydney CBD and Melbourne CBD office markets will be increased, specifically increasing the weighting to Melbourne CBD from 10% to 16-17%, consistent with the strategic initiatives for the Fund;

(f) **High quality tenants** – the Properties contain high credit quality tenants that improve the overall credit quality of the portfolio;

(g) **Vacancy** – the acquisition of the interests in the Properties improves the vacancy in the portfolio from 4.7% to as low as 3.9%. For the Australian portfolio, vacancy decreases from 3.4% to as low as 2.7%;

(h) **Minimal capital expenditure requirements** – the Properties will have minimal capital expenditure requirements in the short to medium term;

(i) **Fair price** – the Independent Expert and the Independent Directors consider that the Purchase Price is fair and reasonable; and

(j) **Responsible Entity fee** – there will be no increase in the base management fee payable to the Responsible Entity as a direct result of the acquisition of the Properties. This is because the responsible entity fee is not based on the gross asset value of the Fund – instead the responsible entity fee is fixed until June 2012 and thereafter is determined by the market capitalisation of IOF.

The Independent Directors consider that these benefits outweigh the disadvantages of the Proposal identified by the Independent Directors and discussed in more detail in section 7.3.

The Independent Directors recommend that you carefully read, in full, this Explanatory Memorandum in deciding how to vote on the Resolution.

Explanatory Memorandum

2 The Proposal

2.1 Key Terms

IOF and the Vendors have entered into conditional Unit Sale Agreements in respect of the Proposal. The key details of the Unit Sale Agreements are summarised in Table 1 and Table 2 for each of the Properties respectively.

Table 1 – Summary of terms of the acquisition of an interest in Deutsche Bank Place

Vendor	Investa Properties Pty Limited (ACN 084 407 241) as trustee of the Delta Office Fund (ABN 57 848 314 183). The Vendor is a member of the Investa Property Group.
Purchaser	IOF; more specifically, ILFML as trustee and responsible entity of Prime Credit Property Trust
Property	126 Phillip Street, Sydney, New South Wales
Interest to be acquired	Either 25% or 50% of the units in each of Macquarie Street Trust **(MST)** and the Phillip Street Trust **(PST)**. Equal interests will be acquired in each of MST and PST. Together, PST and MST indirectly hold 100% of the freehold interest in Deutsche Bank Place as their sole real property asset. MST and PST have no other material assets or liabilities. If the co-owner of Deutsche Bank Place, Investa Commercial Property Fund **(ICPF)** exercises its pre-emptive rights, the acquisition will be for a 25% interest in each of MST and PST. If ICPF does not exercise its pre-emptive rights the acquisition will be for a 50% interest in each of MST and PST (see sections 2.3 and 2.4 for further details).
Purchase Price	$352.50 million for 50%; $176.25 million for 25%. The property was independently valued by CB Richard Ellis in February 2012 at $705 million (100%). A summary of the Valuation is included in Attachment 2.
Conditions Precedent	The acquisition of an interest in Deutsche Bank Place is conditional on: > the approval of IOF Unitholders in accordance with Listing Rule 10.1 of the ASX; and > all conditions precedent to the Telstra Global Headquarters Unit Sale Agreement (other than the condition precedent relating to the satisfaction of the Conditions Precedent to the Deutsche Bank Place Unit Sale Agreement) are fulfilled.

Table 2 – Summary of terms of the acquisition of an interest in Telstra Global Headquarters

Vendor	Investa Nominees (2) Pty Limited (ACN 128 351 011) as trustee of 242 Exhibition Street Holding Trust. The Vendor is a member of the Investa Property Group.
Purchaser	IOF; more specifically: ILFML as trustee and responsible entity of Prime Credit Property Trust
Property	242 Exhibition Street, Melbourne, Victoria
Interest to be acquired	50% of the Units in the 242 Exhibition Street Trust, which holds 100% of the freehold interest in the Telstra Global Headquarters as its sole real property asset and has no other material assets or liabilities.
Purchase Price	$217.50 million The property was independently valued by CB Richard Ellis in February 2012 at $435 million (100%). A summary of the Valuation is included in Attachment 2.
Conditions Precedent	The acquisition of an interest in Telstra Global Headquarters is conditional on: > the approval of IOF Unitholders in accordance with Listing Rule 10.1 of the ASX; and > all conditions precedent to the Deutsche Bank Place Unit Sale Agreement (other than the condition precedent relating to the satisfaction of the Conditions Precedent to the Telstra Global Headquarters Unit Sale Agreement) are fulfilled.

Explanatory Memorandum

2.2 Combined Acquisition

The Properties have been offered to the Fund by Investa on the basis that it acquire both assets. The Fund is unable to buy an interest in only one of the Properties.

2.3 Deutsche Bank Place Pre-emptive Rights

Deutsche Bank Place is currently owned 75% by Investa and 25% by ICPF. ICPF is an open ended, unlisted wholesale office fund that has assets under management of approximately $1.7 billion. The responsible entity of ICPF is Investa Wholesale Funds Management Limited a Related Body Corporate of the Responsible Entity. The board of Investa Wholesale Funds Management Limited is constituted by a majority of independent directors none of whom are directors of the Responsible Entity.

ICPF, as co-owner of Deutsche Bank Place, has pre-emptive rights in respect of a 25% interest in Deutsche Bank Place that Investa proposes to sell to IOF. The other 25% interest in Deutsche Bank Place that Investa proposes to sell to IOF is not subject to any pre-emptive rights. If ICPF exercises this pre-emptive right (in whole or in part), only a 25% interest in Deutsche Bank Place will (subject to Unitholder approval) be sold to IOF. ICPF has received a pre-emptive notice from Investa offering to sell the 25% interest in Deutsche Bank Place to ICPF on the same terms as those offered to IOF. ICPF has until 26 March 2012 to exercise its pre-emptive rights. If ICPF does not exercise its pre-emptive rights by 26 March 2012, Investa will be able to (subject to IOF unitholder approval) sell a 50% interest in Deutsche Bank Place to IOF.

It is the Responsible Entity's preference to own a 50% interest in Deutsche Bank Place. This is because of the stable low risk income it will provide to the Fund, underpinning earnings and improving the risk adjusted returns of the Fund. While there are short term benefits to acquiring only a 25% interest, primarily as a result of not having to pay stamp duty on the acquisition of a 25% interest, it is not the Fund's intention to own, in the long run, minority interests in investment properties.

However, the Responsible Entity is willing to acquire only a 25% interest in Deutsche Bank Place (in the event that ICPF does exercise its pre-emptive rights) because the joint ownership agreement in relation to that property:

> grants to IOF a first pre-emptive right to acquire Investa's remaining 25% interest in the property for so long as an Investa group member remains the responsible entity of IOF. This will provide to IOF a path to move to 50% ownership of Deutsche Bank Place where Investa wishes to deal with its remaining interest in the property. Any future acquisition of Investa's remaining 25% interest in Deutsche Bank Place will be subject to Unitholder approval at that time; and

> provides for major decisions in relation to the property to be unanimously agreed by the co-owners, subject to a dispute resolution mechanism. Following the failure of the respective chairmen of the co-owners to resolve a dispute on a major decision, the dispute will be resolved by a special majority (75%) of the co-owners if an independent valuer has opined that the matter which is the subject of the dispute would increase the value of Deutsche Bank Place.

2.4 Joint Ownership Arrangements

On completion of the Proposal, IOF will enter into joint ownership agreements in relation to Deutsche Bank Place and Telstra Global Headquarters with Investa and ICPF on market terms. The key terms of the joint ownership agreements are summarised in Attachment 3.

Deutsche Bank Place

Following completion of the Proposal IOF, Investa and ICPF will own interests in Deutsche Bank Place as set out in Table 3 below. The ultimate ownership structure will depend on whether ICPF exercises its pre-emptive rights described in section 2.3. Whether ICPF has exercised its pre-emptive rights will be known by 26 March 2012.

Table 3 – Pre-emptive interests

	Interest in Deutsche Bank Place following the acquisition of 126 Phillip St and pre-emptive rights process		
ICPF's action	IOF	ICPF	Investa
No exercise of pre-emptive rights	50%	25%	25%
Exercise of pre-emptive rights	25%	up to 50%	no less than 25%

Telstra Global Headquarters

Telstra Global Headquarters is currently owned 50% by Investa and 50% by ICPF. ICPF has held an interest in the Telstra Global Headquarters since 2006, increasing its ownership interest to 50% in 2010.

Explanatory Memorandum

3 Proposal Consistency with Fund Strategy

3.1 Strategic Initiatives

Since assuming the management of IOF in April 2011, Investa's overarching strategy for IOF has been to reposition it as Australia's pre-eminent CBD office fund with a diverse portfolio of high performing investment grade Australian office assets. The intended outcome of this strategy is to close the gap between net tangible assets per Unit and the IOF Unit price by improving the risk adjusted returns of the Fund and in this way increasing the appeal of IOF to the investment community.

The key strategic capital initiatives to achieve the overarching strategy for IOF and the status of these initiatives are set out in Table 4 below.

Table 4 – Progress of Key Strategic Capital Initiatives

Strategic Capital Initiative	Status	Comment
Refinancing IOF's Australian syndicated debt	Completed	The refinancing was announced to the market on 15 August 2011, with the new syndicated debt facility to expire in June 2014
Implementing a Unit buyback	Completed	On 16 December 2011, IOF announced that a buyback of 10% of Units on issue had been completed
Selling IOF's offshore investments	Ongoing	Offshore asset sales are well progressed, see section 3.2 below
Reallocating the capital released from the sale of IOF's offshore assets to Australian assets and repositioning IOF's portfolio to focus on high quality Core assets in prime CBD locations	Ongoing – addressed in part by the Proposal	The Proposal is one part of the strategy to give effect to this initiative, see section 3.2 below

3.2 Offshore Asset Sale Proceeds

IOF has continued to execute its offshore asset sale strategy, with the sale of five of the Fund's seven offshore investments during 2011 and 2012. These sales will provide over $516 million of capital to be redeployed. Details of the Released Capital are set out in Table 5 below.

Table 5 – Released Capital

Asset	Settlement date	Asset Level Debt retired (A$m)	Net sale Proceeds (A$m)	Released Capital (A$m)[1]
Waltham Woods, Boston	9 August 11	N/A	$40.3	$40.3
Homer Building, Washington DC	11 January 12	$123.9	$80.1	$204.0
Computer Associates, Dallas	13 January 12	N/A	$38.8	$38.8
NVH Building, Paris	15 February 12	N/A	$84.8	$84.8
900 3rd Avenue, New York	28 March 12	$129.7	$18.5	$148.2
Total		**$253.6**	**$262.5**	**$516.1**

1. The total amount of net equity and debt made available from the sale of the asset net of any transactional expenses and taxes. These figures are based on foreign exchange rates of US$1.02 and €0.79 (being the spot rates as at 31 December 2011).

The Proposal is one element in the ongoing implementation of IOF's strategic initiative to redeploy proceeds from the sale of offshore assets.

Explanatory Memorandum

3.3 Proposal as Best Use of Offshore Asset Sale Proceeds

The Independent Directors have considered alternative uses of the Released Capital other than the Proposal. These alternatives, together with the Independent Directors' views regarding these alternatives are described below.

(a) **Pay down debt and not acquire any further assets**

This alternative would result in a gearing level for IOF remaining at approximately 11% in circumstances where there are no significant debt maturities until June 2014.

The Independent Directors consider that such a capital structure would not be in the best interests of Unitholders as it would be dilutive to current earnings and would not provide the best risk adjusted returns or growth profile available to Unitholders. The impact of the Proposal on the Fund is explained in more detail in section 6.

(b) **Further reduction of capital**

The Independent Directors considered using the Released Capital to fund a further reduction of capital, over and above the capital reduction under the 2011 Buyback. The Independent Directors consider that a further reduction of capital is not the best use of the Fund's capital at this point in time because:

> in order to further bridge the gap between IOF's Unit price and its NTA per Unit, the Independent Directors believe it is important to grow the market capitalisation of IOF so that the Fund becomes more attractive to those investment funds (both global and domestic) who prefer to invest in larger, more liquid stocks. A further reduction in capital would likely further reduce the market capitalisation of IOF and could make it a less attractive investment proposition for these investment funds. This would ultimately negatively impact on the Unit price;

> the Responsible Entity has consistently maintained that it intends to redeploy capital from offshore asset sales to buy Australian assets[1]. In the absence of a compelling reason to do otherwise the Independent Directors consider that it is important to act consistently with these stated intentions.

> there has already been a $165.9 million reduction of capital as a result of the 2011 Buyback (10% of Units on issue) at a weighted average buyback price of $0.608. The Independent Directors consider that this was a substantial reduction of capital which has delivered financial benefits to IOF in the form of EPU and NTA per Unit accretion; and

> of the potential longer term benefits of employing the acquisition strategy which is consistent with the overarching strategy of the Fund.

(c) **Acquisition of different assets**

The Independent Directors consider that the Properties, which under the terms of the Proposal are only capable of being acquired together, are the best Core assets available to meet the acquisition strategy of IOF at this time, having considered other properties available for sale in the market. The Fund's acquisition strategy is described in more detail in section 3.4.

The reasons for this are:

> IOF is currently materially underweight to the Melbourne CBD (current 10% weighting by value compared to a market weighting of 19%) and has no Core asset in this market. The intention in relation to Melbourne, as described in section 3.4, is to acquire Core assets in prime locations with a stable cashflow and, in the future, acquire core plus assets of lesser quality from which IOF could utilise the skills and expertise of Investa's office platform to generate higher returns. Telstra Global Headquarters provides an immediate opportunity to satisfy the core element of this strategy. No other Core asset with similar characteristics or quality that fits within IOF's strategy is currently for sale on the open market in the Melbourne CBD at this time;

> Deutsche Bank Place presents a unique opportunity to acquire an interest in one of the premier CBD office assets in Australia. Although IOF has Core assets in Sydney it has no premium asset in this market. Deutsche Bank Place is a property that enjoys an iconic status, as it is one of Australia's finest office towers. It has a range of high credit quality tenants from various industry sectors and therefore diversifies and enhances IOF's existing tenant base. Deutsche Bank Place enjoys a favourable lease expiry profile with approximately 40% of the property leases expiring or being reviewed to market in 2015. This is expected to be a favourable time in the Sydney CBD office market cycle. There is no other comparable opportunity available to IOF at this time;

> High quality prime grade assets in Sydney and Melbourne continue to remain tightly held[2], and as such, the acquisition of these Properties is a unique opportunity to enhance the quality of the IOF portfolio at what is generally regarded as an attractive time in the commercial real estate cycle;

> The Properties have minimal capital expenditure requirements over the short to medium term. Telstra Global Headquarters has the benefit of having undergone a recent upgrade of building services and a general refurbishment of tenancy and common areas throughout the building. As Deutsche Bank Place was completed in 2005, the building contains state of the art building services in addition to modern finishes to tenancy and common areas; and

> The Proposal will help deliver on IOF's overarching strategy to reposition IOF as Australia's pre-eminent CBD office fund with a diverse portfolio of high performing investment grade Australian office assets.

1. See ASX announcement dated 28 March 2011 and Notice of Meeting dated 14 June 2011.
2. As at 14 February 2012 there are no prime grade properties on the open market in the Melbourne CBD and no premium grade properties on the open market in the Sydney CBD.

Explanatory Memorandum

3.4 Acquisition Strategy

The stated strategic objective is to reposition IOF as Australia's pre-eminent CBD office fund. This repositioning will take time and comprises both a short term strategy and a medium to long term strategy.

(a) **Short term Strategy**

IOF intends to use the Released Capital to acquire Australian Core CBD commercial office assets that re-weight the Fund to its target markets.

IOF's initial target markets are the Melbourne CBD and Sydney CBD markets. This is because:

> IOF's current Australian portfolio has no Core properties in Melbourne and is underweight in Core properties in Sydney. It is overweight in tactical properties and underweight in Core Plus properties; and

> These locations represent the largest, most liquid office markets in Australia, and over the long term have produced the least volatile investment returns[1]. Current occupancy statistics suggest that the Melbourne CBD and Sydney CBD markets are well placed. Vacancy rates are at or below long term averages and the outlook for new office supply is relatively constrained. Importantly, replacement costs, or the rent required to justify construction of an equivalent new asset, are higher than current market rents, and in our view this should limit speculative new developments.

Properties which are backed by high credit quality tenants and long lease terms will be prioritised, although properties with attractive lease expiries (that cause exposure to the market at a time when vacancy rates are expected to be low) will also be considered.

(b) **Medium to long term Strategy**

Over the medium to long term IOF will seek to enhance and build its portfolio in the four major Australian CBD markets (Sydney, Melbourne, Perth and Brisbane) consisting of three asset classifications.

In each market, IOF will seek to own Core assets which will provide a solid income base to support distributions and operations and provide an element of stability through real estate cycles. Increasing IOF's Core properties will reduce its current overweight tactical exposure.

In addition to Core properties, but as a secondary focus, IOF will seek to own core plus or "value add" properties. These assets offer greater opportunity for growth through redevelopment, re-leasing, or operational change and improvement. IOF will draw upon the skills and expertise of Investa's office platform to create value. These properties will typically have leasing risk or vacancy and will provide opportunities for a new owner to add value. While adding some risk to the portfolio, core plus properties will add higher potential returns.

The third property classification will be tactical properties. These assets will be managed with a view to maximise values and opportunities. They will often be smaller assets that are more easily liquidated and may be located in smaller capital cities or non-prime locations within larger cities.

Existing assets of IOF will be reviewed on an asset by asset basis in order to determine how they relate to the medium to long term strategy of the Fund.

1. Investment Property Databank Property Investment Digest September 2011. Returns measured over 10 years.

4. Deutsche Bank Place

4.1 Property Overview

Deutsche Bank Place is a premium grade landmark office building designed by internationally acclaimed architect, Lord Norman Foster. At the northern end of Phillip Street on the corner of Hunter Street, the building has expansive harbour and park views from the upper floors, with extensive natural light into tenancies through its full height glass façade.

The external side-core for building services provides column free floor plates of up to 1,444sqm providing a uniquely large and flexible floor arrangement for tenants.

The ground floor atrium, provides alfresco dining, a cafe, public seating and office lobby access all surrounded by four contemporary water features.


NORTH WESTERN FAÇADE


EASTERN FAÇADE


SOUTHERN FAÇADE

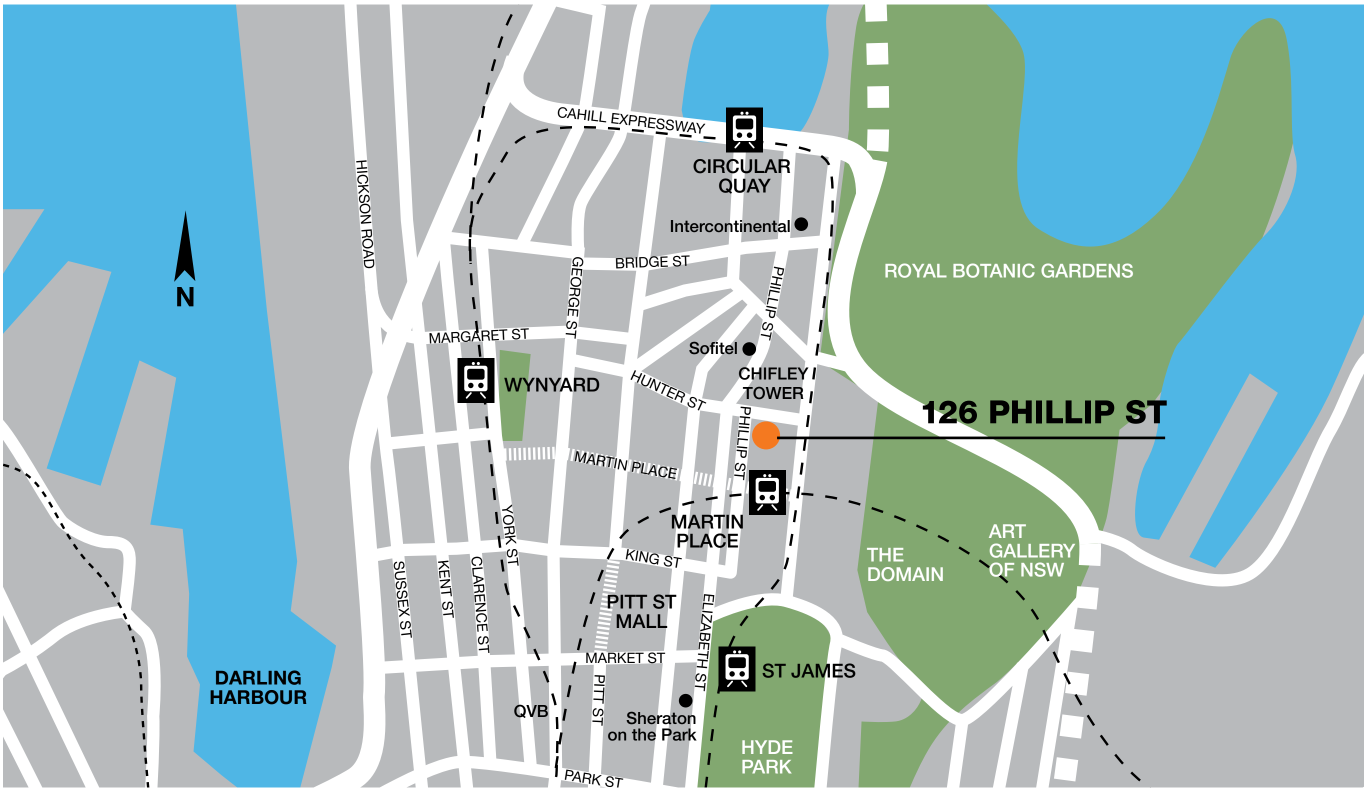

DEUTSCHE BANK PLACE PROMINENT IN THE EASTERN CBD SKYLINE

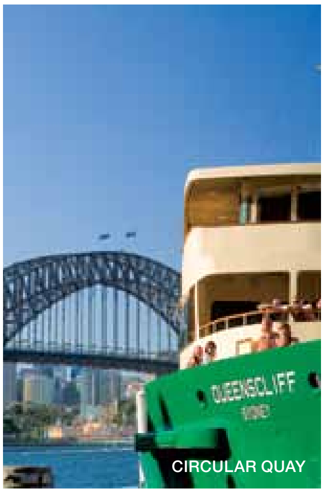
Explanatory Memorandum

4.2 Location

Deutsche Bank Place is easily recognised by its distinctive architectural roof feature which is prominent in the eastern city skyline. With extensive frontage to Phillip Street, it sits within one of the Sydney CBD's most prestigious commercial precincts, directly opposite Chifley Tower.

Deutsche Bank Place is located on the same city block as Martin Place Station, is within walking distance of Sydney's prime retail centre, Pitt Street Mall, and is situated in close proximity to major hotels, including the Sofitel Wentworth, InterContinental and Sheraton on the Park.




CIRCULAR QUAY


PITT STREET MALL


MARTIN PLACE

4.3 Property Details

Proposed ownership	25.0%/50.0%
Co-Owners	Investa Property Group Investa Commercial Property Fund

Property Details

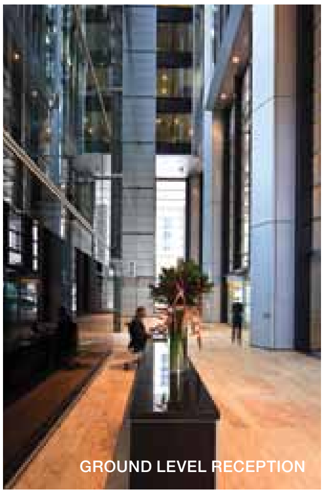
Location	Sydney CBD
Asset Grade	Premium
Construction / Refurbishment	2005
NABERS Energy rating	4.5 star
NABERS Water rating	3.5 star
Office Levels	31
Net lettable area (sqm)	42,256
Floor plate range (sqm)	824-1,444
Car parking spaces	78
Site area (sqm)	3,936
% of IOF Portfolio (by valuation)	7% or 13%

External Valuation

Valuation date	1 February 2012
Valuer	CBRE
Value (100%)	$705 million
Valuation per sqm	$16,684
Value (IOF interest)	$176.25 million (25%) /$352.50 million (50%)
Capitalisation rate	6.35%
Discount rate	8.75%
10 year IRR	8.70%

Tenancy Details

Number of tenants	23
Occupancy	100.0%
WALE (By income)	4.7 years
Net passing income fully leased	$43,533,073/ $1,030 psm
Net market income	$45,956,719/ $1,088 psm


GROUND LEVEL RECEPTION


GROUND LEVEL RETAIL


WATER FEATURE IN ENTRY

Explanatory Memorandum

4.4 Recent Capital Works

Given the relatively recent construction date of the building, very little capital expenditure has been incurred recently and minimal costs are forecast for the short to medium term.

4.5 Lease Overview

The two major occupiers within the building are Deutsche Bank (who also have building signage and naming rights) and Allens Arthur Robinson.

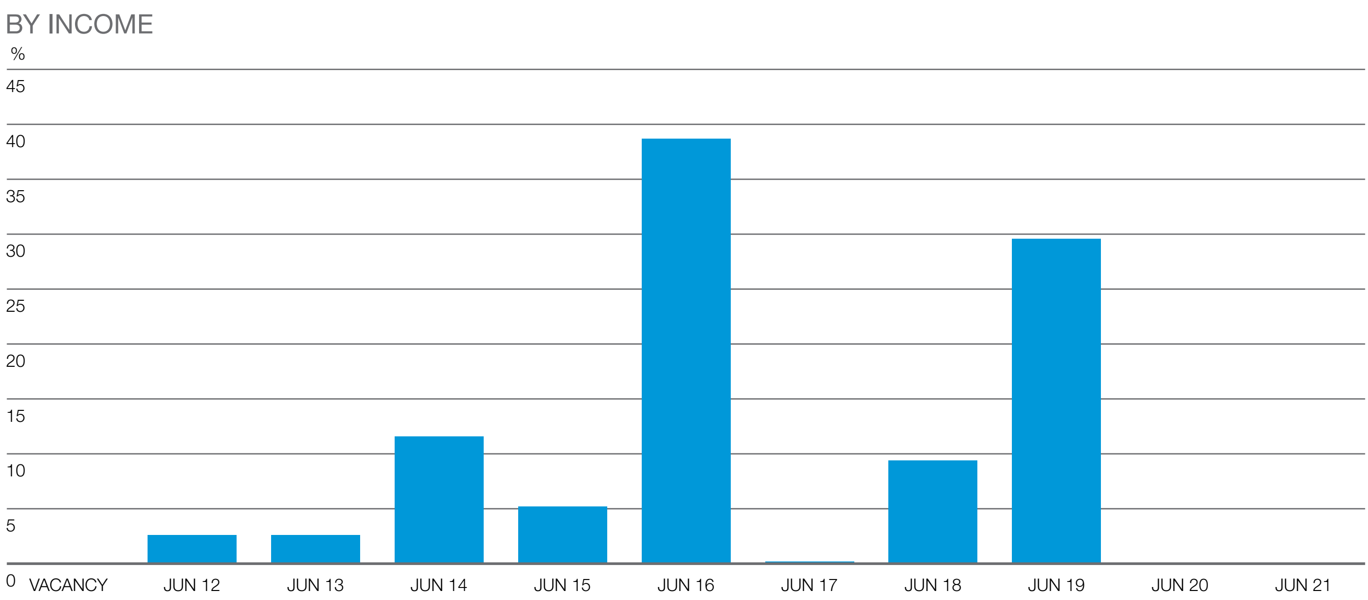
A summary of the terms of these leases is set out in Table 6 below.

Table 6 – Lease Summary

Term	Details	
Tenant	Deutsche Bank	Allens Arthur Robinson
Start date	1 November 2005 1 April 2009 (Part Level 19)	1 April 2006
Term	10 years 6 years 7 months (Part Level 19)	13 years & 3 months
Expiry	31 October 2015	30 June 2019
Premises	> Levels 8 to 16 & Part Level 19 > Change room facilities > Naming & Signage > 24 permanent car spaces	> Levels 4-5, Levels 23-29 (including Level 28 terrace area) & Part Level 30[1] > 27 permanent car spaces
Rental reviews during current term	Effective open market review November 2014 (Levels 8 to 16) 3.5% p.a. (Part Level 19)	3.5% p.a.
Option periods (yrs)	5 5+5 (Part Level 19)	5
Notice period for exercise of option	9 months 7 months (Part Level 19)	12

1. Tenant has exercised a contraction right – Level 30, Suite 1 will be vacated 30 June 2012.

Lease expiry profile

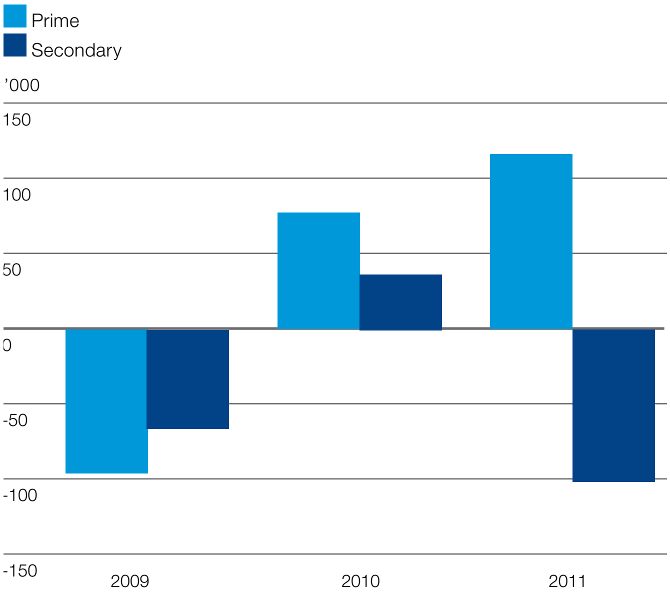


4.6 Overview of the Sydney Office Market

The Sydney CBD office market totals 4.9 million sqm[1], the largest in the country. The head offices of many of Australia's largest companies are located in the Sydney CBD. The metropolitan workforce is dominated by finance and insurance, public administration and property and business services. Since the global financial crisis tenant demand for prime grade assets in the Sydney CBD has rebounded strongly, which is in distinct contrast to the demand seen for lesser quality assets (see chart 1).

Chart 1

Sydney CBD absorption comparison

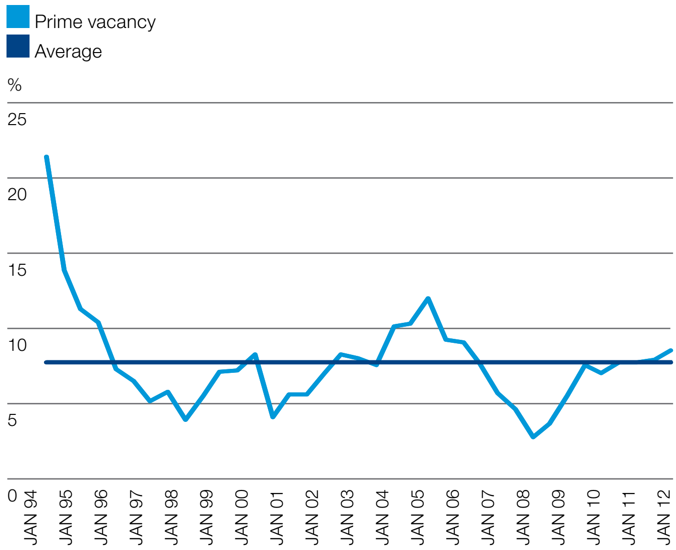


Source: Property Council of Australia and Investa Research

Since 2009 tenants have taken up 181,104sqm of prime grade space whereas over the same period tenants have vacated 62,925sqm of secondary stock. As a result the prime vacancy rate is currently 8.5% around the historic long term average (see chart 2), despite 333,625sqm of new supply being added to the market over the last 2 years. Currently, there is limited prime grade stock currently under construction in the Sydney CBD.

Chart 2

Sydney CBD prime vacancy

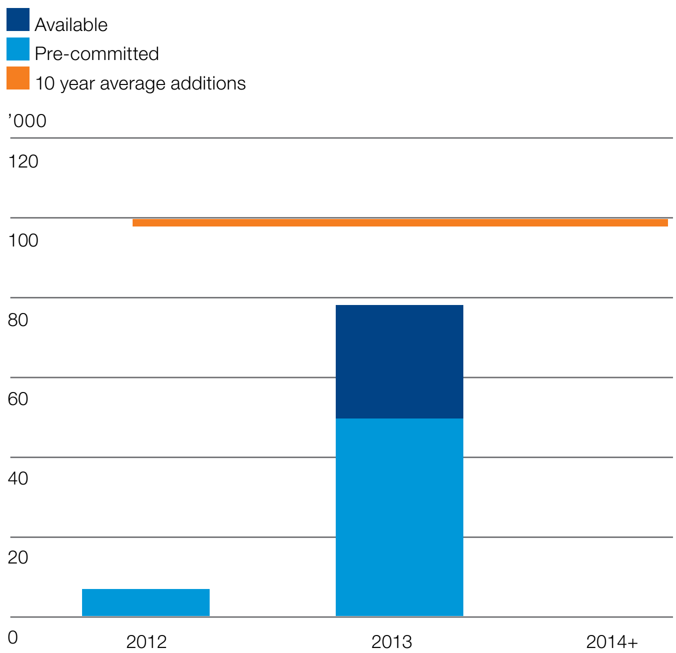


Source: Property Council of Australia and Investa Research

The Sydney CBD office market is now entering a period where future supply delivery over the medium term will be severely constrained. The Sydney CBD has averaged around 100,000sqm of new additions to stock on an annual basis over the last 10 years. Currently there is only 88,408sqm of new supply under construction[2] for delivery over the next 3 years (see chart 3).

Chart 3

Sydney CBD under construction



Source: Jones Lang LaSalle Research and Investa Resarch

1. Property Council of Australia Office Market Report January 2012.
2. Jones Lang LaSalle Research.

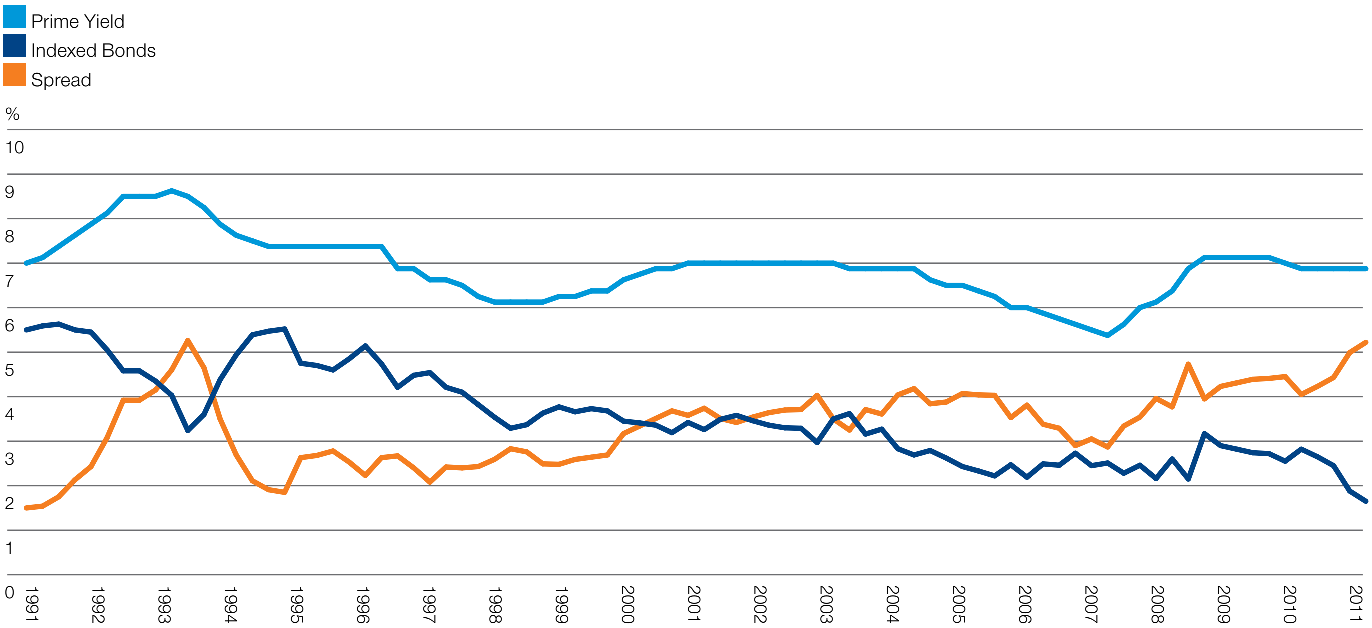
Explanatory Memorandum

It is likely that several office towers will be withdrawn from the market during this time period; either for conversion to residential or another use, or for refurbishment. The Sydney CBD averages around 50,000sqm of annual stock withdrawals over the long term[1] – a continuation of this trend will see a further tightening of available supply. If tenant demand holds at near current levels the vacancy rate should fall significantly over the next few years, a catalyst for driving strong effective rental growth. Recent pre-commitments to new developments indicate that passing rents are still below economic levels to justify profitable new development. This suggests that assets with leases providing market reviews over the medium term may achieve significant income growth as contracted rents revert to market levels.

The Sydney CBD investment market has seen strong recent interest from both offshore and domestic purchasers who have been attracted by the positive outlook for investment returns. This interest has driven a high volume of transactions during 2011 of approximately $1.7 billion. Despite the buoyant capital market and strong occupancy outlook, yields have only tightened marginally since the market peak in 2009. The current spread between bonds[2] and prime Sydney CBD investment yields are currently at record levels, suggesting that market pricing is attractive (see chart 4).

Chart 4

Sydney CBD Yields and Indexed Bonds



Source: Jones Lang LaSalle Research, The Reserve Bank of Australia and Investa Research

1. Jones Lang LaSalle Research
2. Australian Government Indexed Bonds have been compared to average Sydney CBD prime grade office yields over a 20 year horizon. Bonds are Australian Government Indexed bonds sourced from the Reserve Bank of Australia and yield data sourced from Jones Lang LaSalle Research.

5 Telstra Global Headquarters

5.1 Property Overview

Telstra Global Headquarters is an A-grade office building located within the north-eastern precinct of the Melbourne CBD.

Telstra Global Headquarters comprises a high rise office tower of 42 levels wholly leased to Telstra Corporation Limited **(Telstra)**, with ground floor retail space occupied by a variety of service and retail tenants. The office space has good levels of natural light, spacious floor plates and attractive views from the upper part of the building across metropolitan Melbourne.

Telstra Global Headquarters was completed in 1992 and has a total floor area of approximately 65,914sqm, with 346 car bays. The main entry to the office tower features a striking atrium. The first three levels of the office tower feature the Telstra Experience Centre, a retail arcade, a food court, a theatrette and a conference facility.


NORTH WESTERN FAÇADE


SOUTHERN FAÇADE


AERIAL VIEW


VIEW NORTH FROM UPPER FLOORS

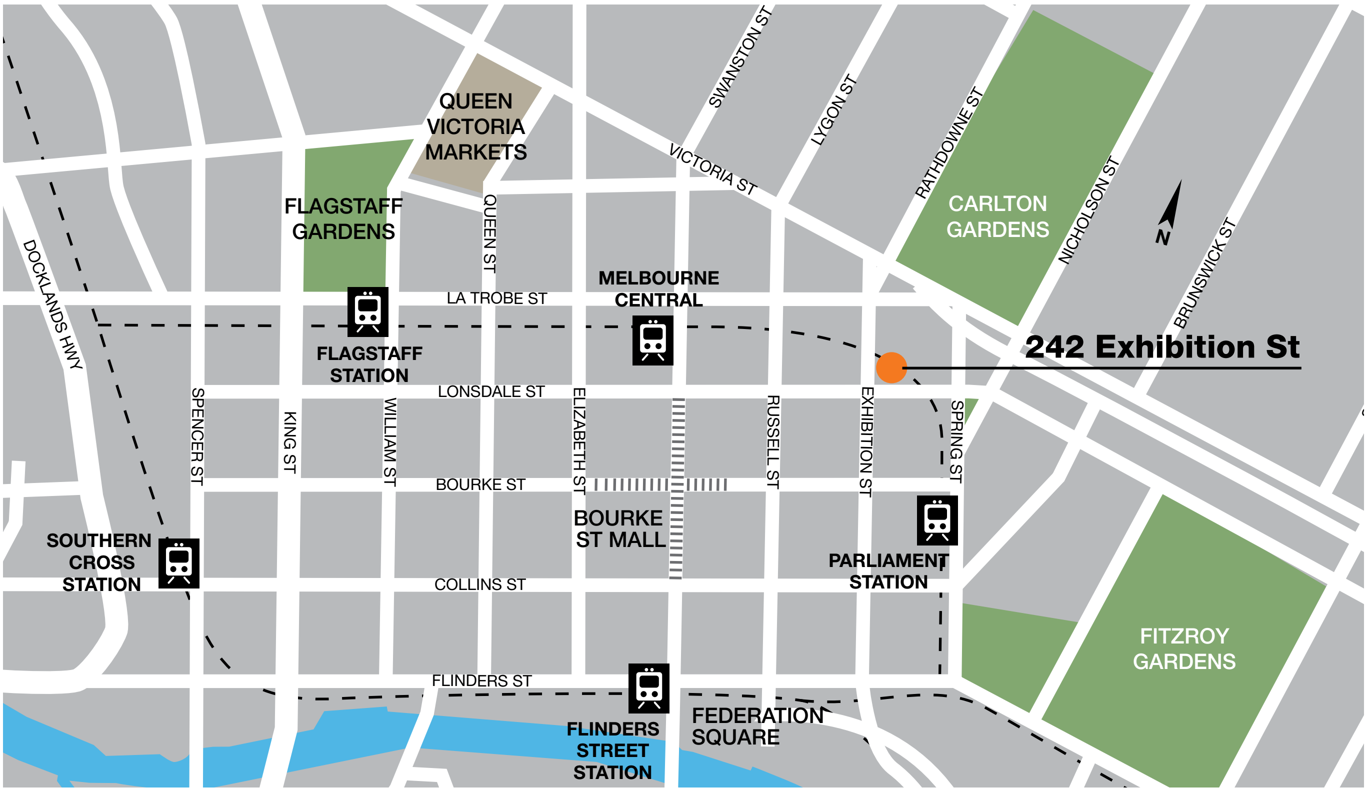
Explanatory Memorandum

5.2 Location

Telstra Global Headquarters is located on the north east corner of Exhibition and Lonsdale Streets within the north eastern precinct of the Melbourne CBD. The property occupies a prominent position, with extensive frontages to Exhibition and Lonsdale Streets.

Telstra Global Headquarters provides excellent amenity being in close proximity to Parliament House and is easily accessed by several forms of public transport. Tram services run along the nearby Bourke, Spring and La Trobe Streets and numerous bus routes pass the property along both Exhibition and Lonsdale Streets. Rail services to the wider Melbourne metropolitan area and interstate destinations are available from Parliament Railway Station.

Located within close walking distance are several hotels including the Marriott, Rydges Melbourne and Park Hyatt. Within approximately 800 metres is the Melbourne Central retail complex, Bourke Street Mall, which accommodates major Australian department stores and fashion retailers.




MELBOURNE CBD


FLINDERS STREET STATION


FEDERATION SQUARE

Explanatory Memorandum

5.3 Property Details

Proposed ownership interest	50%
Co-Owner	Investa Commercial Property Fund

Property Details

Location	Melbourne CBD
Asset Grade	A
Construction / Refurbishment	1992 / 2010
NABERS Energy Rating	4.0 star
NABERS Water Rating	4.0 star
Office Levels	42
Net lettable area (sqm)	65,914
Floor plate range (sqm)	363 -1,717
Car parking spaces	346
Site area (sqm)	7,102
% of IOF Portfolio (by valuation)	8%

External Valuation

Valuation date	1 February 2012
Valuer	CBRE
Value (100%)	$435 million
Valuation per sqm	$6,600
Value (IOF interest)	$217.5 million
Capitalisation rate	7.0%
Discount rate	9.0%
10 year IRR	9.0%

Tenancy Details

Number of tenants	17
Occupancy	99.9%
WALE (By income)	8.2 years
Total building net operating income fully leased	$30,310,087
Total building net operating income at market	$30,612,388

WESTERN FAÇADE

MAIN ENTRY FOYER

GROUND LEVEL RETAIL

Explanatory Memorandum

5.4 Recent Capital Works

Telstra Global Headquarters has been enhanced by significant refurbishment works undertaken as part of the new 10 year lease to Telstra which commenced on 1 June 2010. The total amount of capital committed to the refurbishment works was in excess of $90 million and included significant mechanical services and lift works. As a result of these recent refurbishment works, Telstra Global Headquarters should require minimal capital expenditure in the short to medium term.

5.5 Lease Overview

Telstra is the sole occupant of Telstra Global Headquarters office space. Telstra occupies office space by way of 4 main leases **(Telstra Leases)**, which are all on substantially the same terms. The Telstra Leases represent 90% of total net passing income of Telstra Global Headquarters.

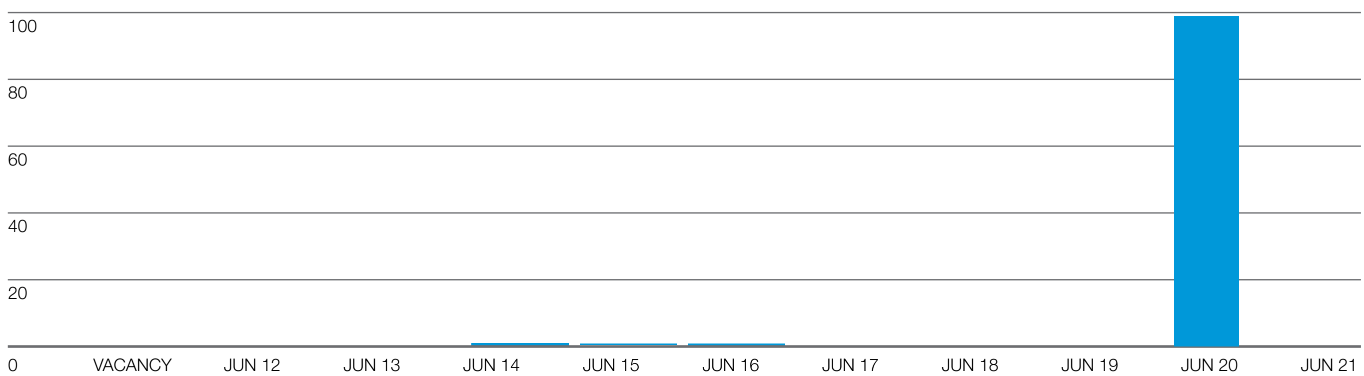
A summary of the terms of the Telstra Leases is set out in Table 7 below.

Table 7 – Telstra Leases Summary

Term	Details
Start date	1 June 2010
Term	10 years
Expiry	31 May 2020
Net lettable area (NLA) (sqm)	63,946
% of total NLA	97%
Premises	Part Ground Floor and Levels 2-43 Naming & Signage 346 permanent car spaces
Rental reviews during current term	Fixed annual increases with mid-term market review

Lease expiry profile

BY INCOME

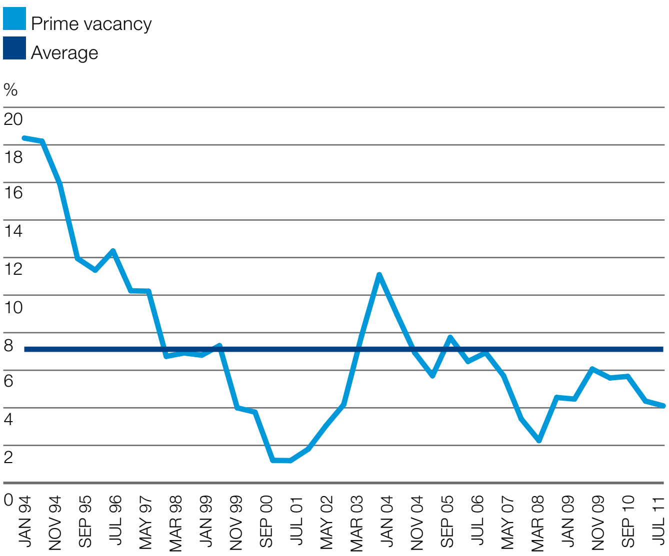


5.6 Overview of the Melbourne Office Market

The Melbourne CBD office market, at 4.1 million sqm[1], is the second largest in Australia. It enjoys a diverse tenant base that includes media and telecommunications, property and business services, finance and insurance and public administration which combine to make up nearly 80% of the metropolitan workforce[2]. In addition, the strength of tenant demand in the Melbourne CBD has been very robust over the long term, and it has exceeded levels recorded in the other major CBD markets over the last 10 years[3]. These factors allowed the Melbourne CBD market to negotiate the challenges of the Global Financial Crisis with only a marginal rise in the vacancy rate. As such, over the long term, the vacancy rate has averaged only 6.6%[4] which has been consistently one of the lowest of all major CBD markets. The current vacancy rate is below this average at 5.3%, and availability in prime stock (premium and A-grade) is lower again at only 4.1% (see chart 5). Like Sydney CBD, demand for prime grade has been particularly strong since the Global Financial Crisis (see chart 6), highlighting the out-performance of better quality assets.

Chart 5

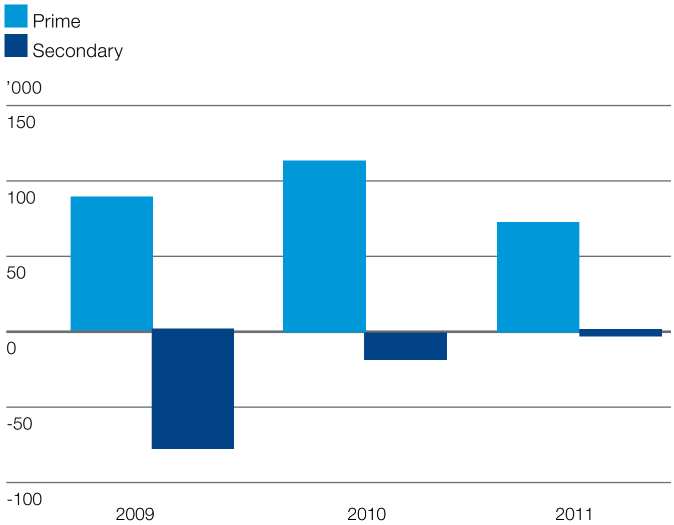
Melbourne CBD prime vacancy



Source: Property Council of Australia and Investa Research

Chart 6

Melbourne CBD absorption comparison



Source: Property Council of Australia and Investa Research

The outlook for new office supply in the Melbourne CBD is relatively constrained for the foreseeable future and only 253,647sqm is expected to be completed over the next 3 years. This compares favourably to the last 10 years when Melbourne CBD was the fastest growing office market in Australia (see chart 7). Nearly 1 million sqm of new stock was added to the Melbourne CBD office market, due in most part to the creation of the Docklands precinct. Future supply will be limited due to the high levels of pre-commitment currently required, as financing pressures continue to weigh on the development market. Additionally, current market rents for existing A-grade assets are generally well below replacement cost rents (the rent required to justify profitable new construction) for equivalent new buildings. As a result, the construction pipeline and overall vacancy rate is expected to remain low for the Melbourne CBD over the medium term, which is expected to be conducive to a continuation of rental growth.

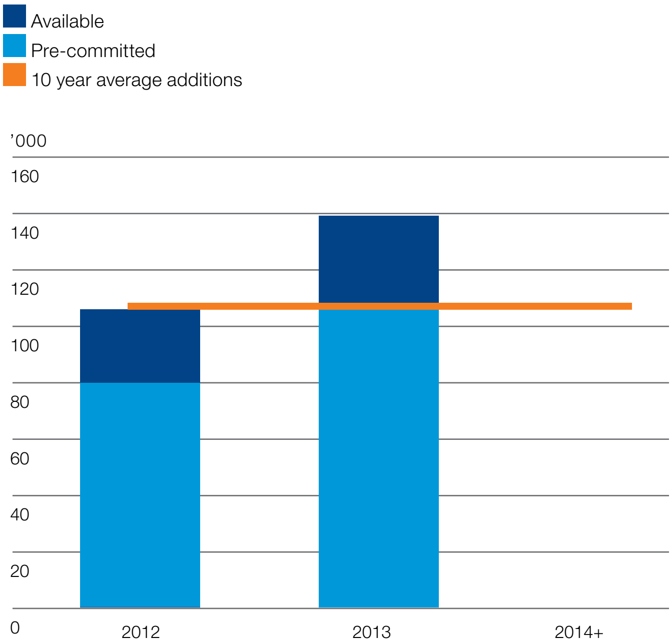
1. Property Council of Australia Office Market Report January 2012.
2. BIS Shrapnel Melbourne CBD Underlying Demand August 2011.
3. Property Council of Australia Office Market Report January 2012.
4. Property Council of Australia Office Market Report January 2012.

Explanatory Memorandum

In addition to an attractive occupational market, the Melbourne CBD investment market has also performed strongly. Since the Global Financial Crisis high levels of demand for institutional grade property from both domestic and international buyers has been recorded. As a result, total transactions valued at approximately $1.3 billion were recorded during 2011. Strong sales volumes have led to yield compression since the peak of the Global Financial Crisis, however assets are still currently priced at attractive levels. Spreads between bonds[1] and Melbourne CBD prime grade office buildings are currently at near record highs (see chart 8).

Chart 7

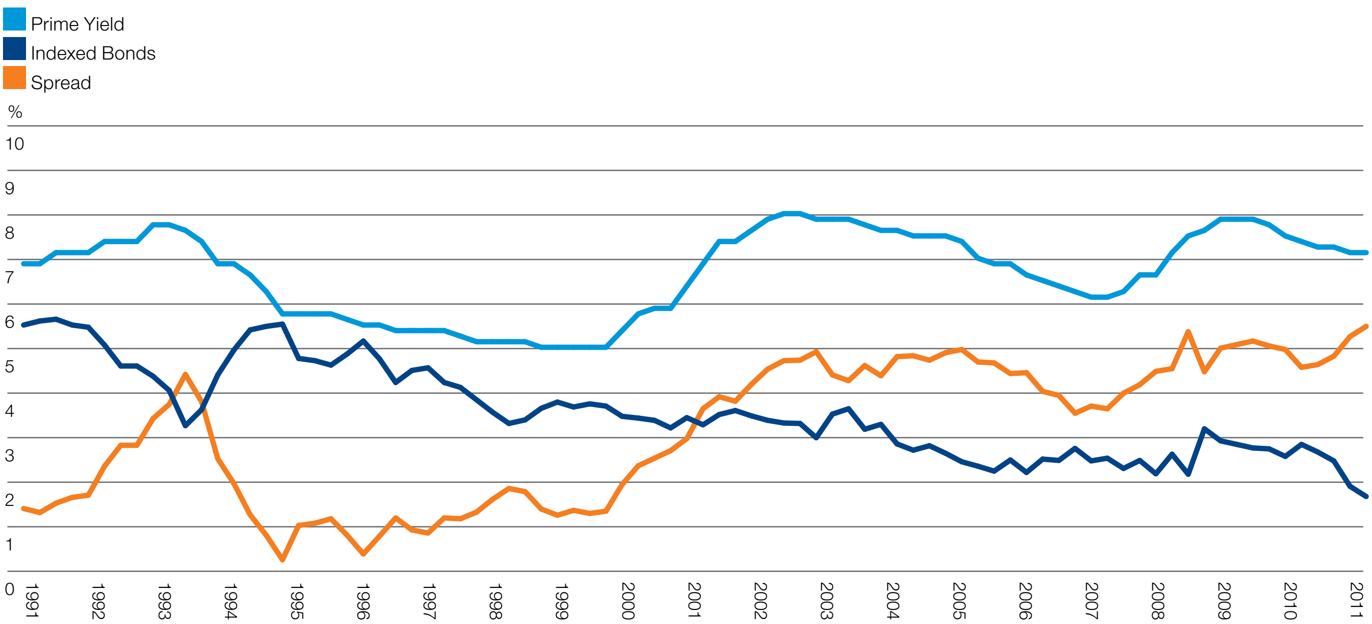
Melbourne CBD under construction



Source: Jones Lang LaSalle and Investa Research

Chart 8

Melbourne CBD Yields and Indexed Bonds



Source: Jones Lang LaSalle Research, The Reserve Bank of Australia and Investa Research

1. Australian Government Indexed Bonds have been compared to average Melbourne CBD prime grade office yields over a 20 year horizon Bonds are Australian Government Indexed bonds sourced from the Reserve Bank of Australia and yield data sourced from Jones Lang LaSalle Research.

6 Impact of the Proposal on IOF

6.1 Earnings Impact and Financial Position

Earnings impact

The expected impact of the Proposal on the earnings of IOF is set out in Table 8 below, which shows the incremental EPU impact of the Proposal. The impact measured is the difference between the forecast earnings of IOF if the Released Capital is applied solely to the repayment of debt (ie. no acquisitions) and the forecast earnings if the Proposal proceeds. Due to volatility in Australian interest rates, the earnings accretion analysis has been performed assuming an Australian base interest rate of 4.00%, 4.25% and 4.50%.

Table 8 – Impact on earnings

Earnings impact (cents)	Incremental EPU (25% 126 Phillip St / 50% 242 Exhibition St)	Incremental EPU (50% 126 Phillip St / 50% 242 Exhibition St)
4.00% base interest rate		
Forecast FY 30 June 2012	+0.04	+0.03
Forecast FY 30 June 2013[1]	+0.29	+0.27
4.25% base interest rate		
Forecast FY 30 June 2012	+0.03	+0.02
Forecast FY 30 June 2013[1]	+0.25	+0.22
4.50% base interest rate		
Forecast FY 30 June 2012	+0.03	+0.01
Forecast FY 30 June 2013[1]	+0.21	+0.15

1. The earnings benefit for FY2013 is greater as the earnings benefit of owning the Properties will have been enjoyed for the full year.

The Proposal will be funded by drawing down on the Fund's syndicated debt facility, the drawn balance of which has been reduced from the net sale proceeds received from the sale of offshore assets (see Table 5). A source and application of funds analysis is shown Tables 12 and 13.

The above analysis indicates that:

> The EPU is expected to increase under either of the two acquisition scenarios (25% or 50% of Deutsche Bank Place);

> The size of that increase diminishes as the underlying base interest rate increases; and

> When acquiring a 50% interest in Deutsche Bank Place, stamp duty on the 50% interest will be required to be paid from funds to be drawn under the more expensive new tranche of debt (see also the Yield Analysis in Table 9 and discussion on the cost of debt on the next page) which slightly reduces the EPU accretion when compared to acquiring a 25% interest. The Independent Directors consider that this slightly lower EPU accretion is more than offset by the ability to gain a greater exposure to a high quality asset such as Deutsche Bank Place.

Table 9 describes the yield of the Properties and the Proposal if a 25% interest or a 50% interest in Deutsche Bank Place is acquired compared against the cost of debt of the Fund.

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Table 9 – Impact on yield

Property	Assumed Acquisition Price (before costs)	Yield (before costs)	Yield (after costs)[1]	Incremental Cost of Debt[2]
Combined yield of Proposal (Telstra Global Headquarters (50%) + Deutsche Bank Place (25%))	$393.75m	6.8%	6.6%	5.2%[5]
Combined yield of Proposal (Telstra Global Headquarters (50%) + Deutsche Bank Place (50%))	$570.00m	6.7%	6.3%[2,3]	5.5%[4,6]

1. Includes stamp duty (where applicable) and other acquisition costs.
2. Calculated as the incremental cost of debt required to fund the Proposal as at 14 February 2012 taking into account undrawn debt capacity under the existing facility and a new tranche of debt under that facility and includes, where appropriate, base rates, margins, line fees and amortisation of established fees. The majority of the debt drawn is Australian dollar denominated with a small portion being Euro denominated. Assumed Australian base interest rate is 4.25%.
3. Yield after costs includes stamp duty of $19.4m payable on 50% interest in Deutsche Bank Place.
4. See discussion on cost of debt below.
5. Weighted Average Cost of Debt (Telstra Global Headquarters (50%) + Deutsche Bank Place (25%)) is 5.4%.
6. Weighted Average Cost of Debt (Telstra Global Headquarters (50%) + Deutsche Bank Place (50%)) is 5.6%.

Cost of Debt

The cost of debt of the Fund will increase with the amount of money it needs to borrow to fund the Proposal. This is for two reasons:

(a) **Underlying interest rates**

Following the completion of the proposed offshore asset sales IOF will have no Australian denominated debt – all debt will be Euro denominated. The majority of the debt borrowed to fund the Proposal will be Australian denominated, with a small balance being Euro denominated. This will result in an increase in the average cost of debt as Australian base interest rates are higher than European and US base interest rates. This explains in part the difference between the average cost of debt if a 25% interest in Deutsche Bank Place is acquired and a 50% interest is acquired as more Australian denominated debt is required.

In the future, when the Fund sells the remaining European assets it will repay all Euro denominated debt. This will result in an increase in the weighted average cost of debt for the Fund as Australian base interest rates are currently higher than European base interest rates.

(b) **Increases in margin**

The Fund's current syndicated facility is forecast to have $407 million in undrawn capacity available at the time of the completion of the Proposal. Further borrowings required above that amount will be facilitated by including a new tranche of debt under the existing facility to increase the Fund's facility limits. The margins under this new tranche will be higher than the margins under the existing facility over the term of the new facility. This means that if more funds are drawn under this tranche the average cost of debt will increase. See further discussion in section 6.3.

Financial position

Following the Proposal the financial position of IOF is summarised in Table 10 below.

Table 10 – Financial Position

	Actual (31 Dec 11)	No acquisitions[1] (Proforma 31 Mar 12)	25% 126 Phillip St / 50% 242 Exhibition St[1] (Proforma 31 Mar 12)	50% 126 Phillip St / 50% 242 Exhibition St[1] (Proforma 31 Mar 12)
Units on issue	2,456.2m	2,456.2m	2,456.2m	2,456.2m
Look through Total Assets	$2,791m	$2,257m	$2,651m	$2,828m
Look through Total Drawn Debt	$683m	$247m	$654m	$849m
Undrawn debt	$225m	$407m	$148m	$152m
Look through gearing	25%	11%	25%	30%
NTA per unit	$0.79	$0.79	$0.78[2]	$0.78[2]

1. Assumes receipt of net sale proceeds from the sale of 900 3rd Avenue, New York expected in March 2012.

2. NTA per unit decreases by approximately $0.01 due to the write-off of stamp duty and other acquisition costs immediately after the proposed acquisition.

The Proposal will result in the Fund's gearing remaining within the stated target range for the Fund of 25% to 35%. Proceeds from the sale of IOF's offshore asset at 900 3rd Avenue, New York, are expected to be received by 28 March 2012. Whilst it is not anticipated, if there is a purchaser default at settlement of that sale and the purchaser does not proceed with settlement, then there will be an increase in look through gearing to 33% until an alternative sale is completed.

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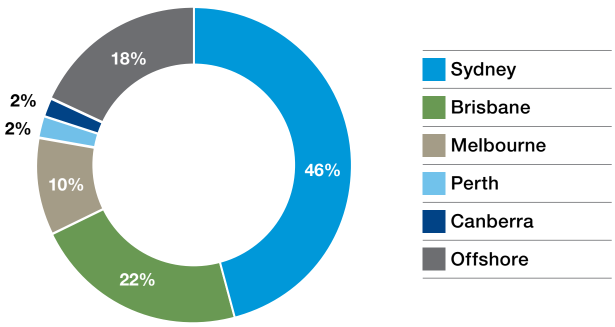
6.2 Fund Portfolio Metrics

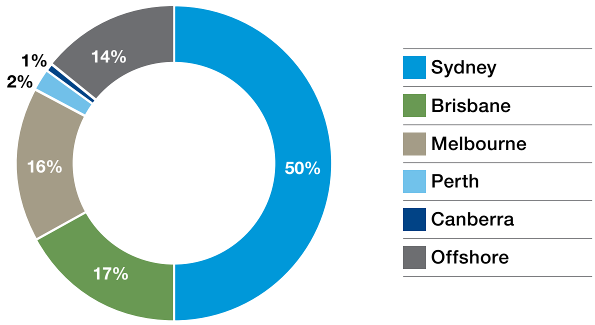
The Australian portfolio metrics will depend on whether ICPF exercises its pre-emptive rights over a 25% interest in Deutsche Bank Place – which will determine whether IOF will acquire a 50% or a 25% interest in Deutsche Bank Place. The analsyis in this section assumes the sale of 900 3rd Avenue, New York which is due to settle in March 2012.

Chart 7 – Geographic weighting of portfolio by location before and after the Proposal.

Pre Acquisition



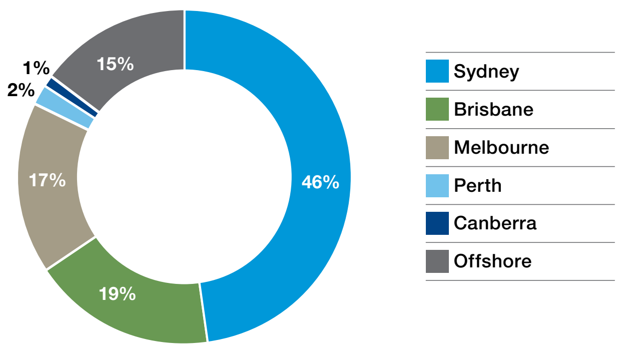
Post Acquisition 50% Exhibition St / 50% 126 Phillip St



The Proposal will increase the Fund's geographic weighting to both the Sydney and Melbourne markets.

Chart 8 – Geographic weighting of Portfolio by value before and after the Proposal.

Post Acquisition 50% Exhibition St / 25% 126 Phillip St



The Proposal will increase the tenant diversity of the Fund, contributing a substantial number of high quality tenant to the IOF investment portfolio.

Chart 9 – Depicts the tenant diversity of the Fund before and after the implementation of the Proposal.

Major tenants by annual income

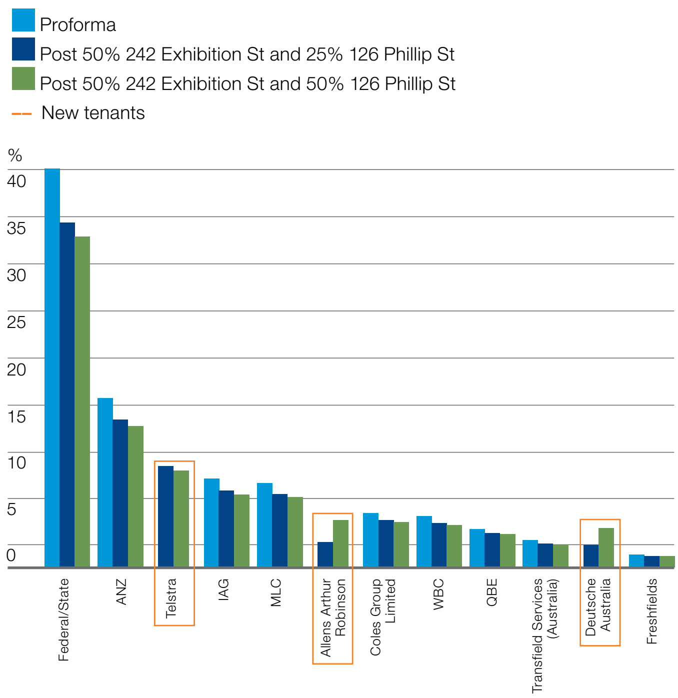


Table 11 – Key IOF Metrics

	Proforma[1] (Dec-11)	Post 50% 242 Exhibition St / 25% 126 Phillip St[1]	Post 50% 242 Exhibition St / 50% 126 Phillip St[1]
Weighting to Australia (by value)	82%	85%	86%
Weighting to Sydney (by value)	46%	46%	50%
Weighting to Melbourne (by value)	10%	17%	16%
Average cap rate (by value)	7.5%	7.4%	7.3%
Average discount rate (by value)	8.9%	8.9%	8.9%
No investments	18	20	20
WALE (yrs) (by income)	5.3	5.5	5.5
Portfolio vacancy (all assets)	4.7%	4.1%	3.9%
Portfolio vacancy (Australian assets)	3.4%	2.9%	2.7%

1. Includes sale of all offshore assets except Bastion Tower and DOF.

6.3 Source and Application of Funds

Proceeds from the sale of IOF's offshore assets have been used to repay IOF's current syndicated facility. The Proposal will be funded by this debt facility (subject to an increase in the facility limit which is discussed below).

IOF will increase its facility limits by including a new tranche of debt under the existing facility. The amount of the new tranche will depend on whether IOF acquires either a 25% or 50% interest in Deutsche Bank Place. Where it acquires a 25% interest, IOF will require an increase in the current syndicated facility from $552m to $700m (meaning the new tranche of debt will be approximately $148m). Where it acquires a 50% interest, IOF will require an increase in the current syndicated facility from $552m to $900m (meaning the new tranche of debt will be approximately $348m).

IOF has received credit approved term sheets from lenders for this new tranche of debt to be added to its existing syndicated facility – increasing the Fund's facility limit to either $700m or $900m (depending on whether a 25% or 50% interest is acquired in Deutsche Bank Place). The new tranche will have substantially the same terms as the current facility, however, the margins will be higher for the new tranche than the existing facility (the margin for the existing tranche will not change), in line with market movements, and be for a period of up to 3 years from settlement. Even though this new tranche will be more expensive, the Proposal is still accretive to the Fund.

Tables 12 and 13 contain an analysis of the sources and application of funds in the event a 25% interest or a 50% interest is acquired in Deutsche Bank Place.

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Table 12 – Acquisition of 25% of Deutsche Bank Place

Source and Application of Funds	Application ($m)	Source ($m)
Purchase of 50% of Telstra Global Headquarters	217.50	
Purchase of 25% of Deutsche Bank Place	176.25	
Stamp duty on Telstra Global Headquarters	12.00	
Other acquisition costs	1.00	
Borrowings		406.75
Total	**406.75**	**406.75**

Table 13 – Acquisition of 50% of Deutsche Bank Place

Source and Application of Funds	Application $m	Source $m
Purchase of 50% of Telstra Global Headquarters	217.50	
Purchase of 50% of Deutsche Bank Place	352.50	
Stamp duty on Telstra Global Headquarters	12.00	
Stamp duty on Deutsche Bank Place	19.40	
Other acquisition costs	1.00	
Borrowings		602.40
Total	**602.40**	**602.40**

7 Advantages, Disadvantages and Other Relevant Considerations

7.1 Advantages of the Proposal

The Independent Directors believe that the Proposal is in the best interest of Unitholders. Some factors that you may want to take into account when considering whether to vote in favour of the Resolution are listed below.

(a) **Unique opportunity**

The Fund is being offered a unique, off market opportunity to acquire two prime assets in the key Australian CBD office markets of Sydney and Melbourne. In particular, opportunities to acquire premium assets such as the iconic Deutsche Bank Place are rare.

This opportunity arises at a time when the Fund wishes to redeploy proceeds to be received from the sale of offshore assets to quality CBD office assets located in the core CBD office markets in Australia. The acquisition of the Properties helps to address this stated strategy.

(b) **Efficient redeployment of capital following offshore sales**

The Proposal will be an efficient redeployment of capital following the sale of offshore assets. As illustrated in section 6.1, redeploying proceeds from offshore asset sales into Australian income-earning assets is expected to have a positive impact on the earnings of IOF. The sooner this redeployment of proceeds can be completed, the sooner the potential benefit of higher earnings can be enjoyed by Unitholders and the better the overall return to Unitholders. Earnings will be lower if proceeds from offshore sales are not re-invested.

(c) **Earnings accretive**

The acquisition of the Properties is accretive to IOF's earnings. See the analysis in section 6.1.

(d) **Higher risk adjusted returns**

The Proposal addresses the strategic initiatives and acquisition strategy of IOF:

> Deutsche Bank Place is a premium grade Core asset in a prime location; and

> Telstra Global Headquarters is an A-grade Core asset in a prime location.

The acquisition of the Properties will improve the quality of IOF's Australian investment portfolio while at the same time being earnings accretive, thereby improving the risk adjusted returns of the Fund.

(e) **Increases geographic weighting to key CBD markets**

The Properties increase the geographic weighting of IOF's investment portfolio to two of the Fund's preferred Australian CBD office markets:

> the Sydney CBD, which is the largest office market in Australia; and

> the Melbourne CBD, where IOF is underweight.

See sections 4.6 and 5.6 for an overview of the Sydney and Melbourne office markets.

(f) **High quality tenants**

The Properties will improve the overall quality of the Fund's tenant register, with Deutsche Bank and Allens Arthur Robinson as the main tenants of Deutsche Bank Place and with Telstra as the core tenant of Telstra Global Headquarters.

(g) **Vacancy**

The Proposal will decrease the vacancy of the Fund's investment portfolio from 4.7% to 4.1% (if 25% of Deutsche Bank Place is purchased) or 3.9% (if 50% of Deutsche Bank Place is purchased). Vacancy on the Fund's Australian investment portfolio would decrease from 3.4% to 2.9% (if 25% of Deutsche Bank Place is purchased) and 2.7% (if 50% of Deutsche Bank Place is purchased).

(h) **Minimal capital expenditure requirements**

The Properties will have minimal capital expenditure requirements in the short to medium term:

> Deutsche Bank Place was constructed in 2005 and does not have any significant capital expenditure requirements; and

> Telstra Global Headquarters has recently undergone a major refurbishment.

(i) **Fair price**

The Independent Expert and the Independent Directors consider that the Purchase Price is fair and reasonable to Unitholders (other than the Vendors and their Related Bodies Corporate).

(j) **Responsible Entity fee**

There will be no increase in the base management fee payable to the Responsible Entity as a direct result of the acquisition of the Properties. This is because the responsible entity fee is not based on gross asset value of the fund – instead the responsible entity fee is fixed until June 2012 and thereafter is determined by the market capitalisation of IOF. The responsible entity fee may increase if the market capitalisation if IOF increases indirectly as a result of the Proposal – however, if this were to occur Unitholders would have received 99.45% of that increase in market capitalisation.

7.2 Independent Expert's Opinion

The Responsible Entity has obtained an Independent Expert's Report from KPMG as required by Listing Rule 10.10.2, which is set out in Attachment 1.

The Independent Expert has concluded that the Proposal is **fair and reasonable** to Unitholders (other than the Vendors and their Related Body Corporate) and is on **arm's length terms**.

Unitholders are encouraged to carefully read the Independent Expert's Report in full.

7.3 Disadvantages of the Proposal

While the Independent Directors unanimously recommend that you vote in favour of the Proposal, there are potential disadvantages and risks associated with the Proposal. Some factors that you may want to take into account when considering whether to vote against the Resolution are set out below.

(a) **Disagree with the conclusions of the Independent Directors**

Unitholders may disagree with the conclusions of the Independent Directors.

(b) **Risks associated with commercial property**

There are risks associated with owning commercial property, such as declines in the office market or the failure to secure and retain tenants.

(c) **Cost of debt**

The Proposal requires additional debt funding. If more funds are drawn under the Fund's syndicated debt facility to acquire a 50% interest in Deutsche Bank Place, the average cost of debt will increase. See further discussion in section 6.1.

(d) **Gearing levels**

In order to acquire a 50% interest in Deutsche Bank Place look through gearing will increase to 30%. While within the stated gearing range of 25-35%, this is higher than the look through gearing levels as at 31 December 2011 of 25%.

(e) **Completion of sale of 900 3rd Avenue, New York**

Proceeds from the sale of IOF's offshore asset at 900 3rd Avenue, New York are expected to be received by 28 March 2012. However, if there is a purchaser default at settlement and the purchaser does not proceed with settlement, then there will be an increase in gearing to 33% until an alternative sale is completed.

(f) **Joint ownership arrangements**

IOF will be a co-owner of each of the Properties. Accordingly, decisions in relation to the Properties will need to be made in conjunction with the co-owner of the Property. Pre-emptive rights will apply in respect of this co-ownership arrangement such that any dealing by IOF in respect of its interest in a Property must first be offered to the co-owners, subject to the usual exceptions including dealings to Related Bodies Corporate (see Section 2.4 for more detail).

7.4 Related party considerations

The consideration, negotiation and entry by the Responsible Entity into the Proposal has been under the supervision and control of the Independent Directors.

To manage conflicts of interest that could arise, the Investa Resolution of Conflict of Interest Policy has been adhered to, which involved designated "champions" being appointed for each of Investa and IOF with the right and responsibility to assess, advance and protect the interests and position of the party whose cause they are to champion.

The Independent Expert has had regard to Investa and IOF's application of the Resolution of Conflict of Interest Policy in coming to the conclusion that the Proposal is fair and reasonable and on arm's length terms.

8 Glossary

Term	Meaning
2011 Buyback	The Unit buyback, the completion by the Responsible Entity of which was announced to the ASX on 16 December 2011
AJO	Armstrong Jones Office Fund (ARSN 090 242 229)
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (or Australian Securities Exchange)
Board	The Board of Directors of the Responsible Entity
Corporations Act	Corporations Act 2001 (Cth)
Core	Means A-Grade and premium commercial office properties
Deutsche Bank Place	126 Phillip Street, Sydney
Directors	The directors of the Responsible Entity, being Investa Listed Funds Management Limited
DOF	Dutch Office Fund
EPU	Earnings per Unit
ICPF	Investa Commercial Property Fund
Independent Directors	Those Directors that are external directors within the meaning of sub-section 601JA(2) of the Corporations Act 2001, namely, Deborah Page, Peter Rowe and Peter Dodd
Independent Expert	KPMG Financial Advisory Services (Australia) Pty Limited (ABN 43007363215)
Investa or Investa Property Group	Investa Property Group Holdings Pty Ltd and its Related Bodies Corporate (excluding ICPF and IOF).
Listing Rules	The listing rules of the ASX
IOF or the Fund	Investa Office Fund comprising AJO and PCP
Meeting	The IOF Unitholders' meeting to be held on Tuesday, 27 March 2012

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MST	Macquarie Street Trust
NTA	Net Tangible Assets of IOF
PCP	Prime Credit Property Trust (ARSN 089 849 196)
Properties	Telstra Global Headquarters and Deutsche Bank Place and Property means either one of the Properties
Proposal	The proposed acquisition as described in this Explanatory Memorandum
PST	Phillip Street Trust
Purchase Price	The price to be paid for each of the interest in Deutsche Bank Place and Telstra Global Headquarters
Related Body Corporate	Has the meaning given to that term in section 9 of the Corporations Act
Released Capital	The total capital to be made available from the sale of offshore assets described in Table 5
Responsible Entity	Investa Listed Funds Management Limited (ABN 37 149 175 655) or ILFML
Resolution	The resolution proposed at the Meeting as proposed by the Notice of Meeting
Telstra Global Headquarters	242 Exhibition Street, Melbourne
Unit	A stapled security in IOF consisting of one Unit in AJO stapled to one Unit in PCP or a Unit in AJO or PCP, as the context requires
Unitholders	Holders of stapled securities in IOF consisting of Units in each of AJO and PCP
Unit Sale Agreement	Each of the Unit Sale Agreements to be entered into in respect of the Proposal
Valuation	The independent valuation obtained by IOF of: Deutsche Bank Place dated 1 February 2012; and Telstra Global Headquarters dated 1 February 2012.
Vendors	The vendor of each of Telstra Global Headquarters and Deutsche Bank Place as set out in the Key Terms in section 2.1

Attachment 1 – Independent Expert's Report

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

PO Box H67
Australia Square 1213
Australia

Telephone: +61 2 9335 7000
Facsimile: +61 2 9335 7001
DX: 1056 Sydney
www.kpmg.com.au

The Directors
Investa Listed Funds Management Limited in its capacity
as responsible entity of Investa Office Fund
Level 6, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000

17 February 2012

Dear Directors

Independent expert report & Financial services guide

1 Introduction

Investa Office Fund (IOF or the Fund) comprises the stapled entities Armstrong Jones Office Fund (AJO) and Prime Credit Property Trust (PCP) (IOF or the Fund). The responsible entity of IOF is Investa Listed Funds Management Limited (ILFML or the Responsible entity), a wholly owned subsidiary of Investa Property Group (IPG).

Since assuming the management of IOF in April 2011, Investa's overarching strategy for the Fund has been to reposition it as Australia's pre-eminent office fund with a diverse portfolio of high performing investment grade office assets located in the central business districts (CBD) in Australia. The Fund has continued to execute on its offshore asset sale strategy during 2011 and 2012, with the sale of five of the Fund's seven offshore investments, providing over $500 million of capital to be redeployed (Released Capital). The Independent Directors of ILFML, in its capacity as Responsible Entity of IOF, have considered a number of uses for the Released Capital and have proposed that the Fund will acquire certain property interests from IPG (the Proposal).

The Proposal is the acquisition of:

- either a 25% or 50% interest in 126 Phillip Street, Sydney (Deutsche Bank Place) from IPG for a purchase price of $176.25 million (25%) or $352.50 million (50%) respectively; and
- a 50% interest in 242 Exhibition Street, Melbourne (Telstra Global Headquarters) from IPG for a purchase price of $217.50 million,
  (the Properties)

The resolution to approve the Proposal is an ordinary resolution and will be passed if more than 50% of the votes cast by Non-associated Unitholders present or by proxy, and entitled to vote on the resolution are cast in favour of the resolution. The Responsible Entity, which holds approximately 2.8% of the units in IOF in its own capacity, will not vote on the resolution.

Attachment 1 – Independent Expert's Report

Investa Listed Funds Management Limited in its capacity
as responsible entity of Investa Office Fund
Independent expert report & Financial services guide
17 February 2012

2 Parties to the Proposal

Investa Property Group

Investa Property Group is one of Australia's largest owners and managers of quality real estate controlling assets worth more than $9 billion across the commercial, industrial and residential sectors. Investa's integrated property platform incorporates property services, funds management, portfolio management, asset management, development and sustainability.

Investa Office Fund

IOF, previously known as ING Office Fund, is a real estate investment trust (REIT) listed on the Australian Securities Exchange (ASX) and has a market capitalisation of approximately $1.5 billion at 8 February 2012. IOF is the owner of investment grade office buildings located in Australia and Europe[1] with predominantly Government and blue chip tenants. At 31 December 2011 IOF had total assets under management of $2.8 billion. IOF was formed through the combination of the units in two Australian registered property schemes, namely; Armstrong Jones Office Fund and Prime Credit Property Trust.

3 Requirements for this report

When the acquisition of a substantial asset from, or disposal of a substantial to, a related party is proposed, Chapter 10 of the Listing Rules of the ASX (Listing Rules) requires the preparation of a report by an independent expert stating whether the Proposal is fair and reasonable to Unitholders whose votes are not to be disregarded (Non-associated Unitholders). Both a 50% interest in the Telstra Global Headquarters and both a 25% and a 50% interest in Deutsche Bank Place are substantial assets for IOF.

As such, the Directors of ILFML have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) prepare an independent expert report stating whether, in our opinion, the Proposal is fair and reasonable to Non-associated Unitholders.

The Listing Rules do not include a definition of fair and reasonable. As such we have referred to the Australian Securities and Investments Commission (ASIC) Regulatory Guides, in particular ASIC Regulatory Guide 111 in relation to the content of independent expert reports.

According to RG111.57 a proposed related party transaction is 'fair' if the value of the financial benefit to be received by the entity is greater than or equal to the value of the consideration being paid by the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Where the transaction is a control transaction RG111.57 refers to RG111.11 which states that the comparison should be made:

- assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length
- excluding any synergies available to the buyer if they are not available to other buyers and

[1] A sales contract for an interest in one remaining property in the United States has been exchanged but is yet to settle as at the date of this report.

- assuming 100% ownership of the 'target' and irrespective of whether the consideration is cash or scrip.

RG111.56 states that "where an expert assesses whether a related party transaction is 'fair and reasonable' (whether for the purposes of Ch2E or ASX Listing Rule 10.1), this should not be applied as a composite test-that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable, as in a control transaction."

According to RG111.12, which relates to control transactions, "an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer."In forming our opinion as to whether the Proposal is reasonable we have considered the advantages and disadvantages of the Proposal and formed a view as to whether the advantages outweigh the disadvantages.

Although not legally required the Directors of ILFML have also requested KPMG Corporate Finance to opine on whether the Proposal is on arms length terms. In determining whether the Proposal is 'on arm's length terms', we have had regard to ASIC Regulatory Guide 76 in relation to related party transactions. This guide outlines the factors that should be considered at a minimum when determining whether a proposal can be deemed "arm's length" in nature, despite being negotiated between related parties.

4 Opinion

KPMG Corporate Finance considers the Proposal is:

- **fair and reasonable to Non-associated Unitholders**
- **on arm's length terms.**

The principal matters we have taken into consideration in forming our opinion are summarised in the remainder of this section.

4.1 The Proposal is fair

Our fairness assessment has been based on comparing the consideration offered to the value of the Property interests being acquired. In making this comparison we have considered two scenario's as the interest to be acquired by IOF in Deutsche Bank Place (25% or 50%) is dependent upon whether Investa Commercial Property Fund (ICPF) exercises its pre-emptive right by the 26 March 2012. If ICPF exercises the pre-emptive right (in whole or in part), IOF will acquire a 25% interest in Deutsche Bank Place otherwise a 50% interest will be acquired (subject to Non-associated Unitholder approval).

Set out in the table below is a comparison of our assessment of the fair market value of the Property interests to be acquired (under both scenarios) with the consideration offered by the Fund.

Attachment 1 – Independent Expert's Report

Table 1: Comparison of the fair market value of the Properties with the consideration offered

$m	Telstra Global Headquarters	Deutsche Bank Place	Total
Scenario A – interest to be acquired	**50%**	**25%**	
Estimated fair market value of the Properties	217.50	176.25	393.75
Consideration offered per the Proposal	217.50	176.25	393.75
Scenario B – interest to be acquired	**50%**	**50%**	
Estimated fair market value of the Properties	217.50	352.50	570.00
Consideration offered per the Proposal	217.50	352.50	570.00

Source: KPMG

As the consideration offered under the Proposal is equivalent to our assessed fair market value of the Property interests to be acquired the Proposal is fair.

In order to assess a fair market value for the Properties ILFML as responsible entity of IOF engaged independent property valuers, CB Richard Ellis (CBRE) to estimate the market value of both the Telstra Global Headquarters and Deutsche Bank Place as at 1 February 2012. Whilst we did not directly control the scope of the valuations undertaken by CBRE, we consider the terms of CBRE engagement to be consistent with the requirements of ASIC Regulatory Guide 112 in relation to the independence of experts and the use of specialists. We have obtained the written consent of CBRE to refer to the independent property valuation reports in the independent expert's report. We have undertaken an analysis of the independent valuations of the Properties, as at 1 February 2012. Based on our analysis, we have concluded that:

- CBRE are independent from ILFML, as responsible entity for the Fund and IPG
- The valuation instructions did not include any limitation of scope
- The valuations were completed by a reputable valuation company and by valuers who have the appropriate qualifications
- The valuation methods used are consistent with those generally used in the industry
- The assumptions in the valuation do not appear unreasonable
- Nothing has come to our attention that may cause us to make an adjustment for valuation movements since 1 February 2012.

Based on the above, we consider the independent property valuations to be a reasonable basis for the assessment of the fair market value of the Properties.

4.2 The Proposal is reasonable

4.2.1 Key considerations

In accordance with RG 111, an offer is reasonable if it is fair. This would imply that the Proposal is reasonable. However, irrespective of the statutory obligation to conclude the Proposal is reasonable simply because it is fair, we have also considered a range of factors which in our opinion support a reasonableness conclusion in isolation of our fairness opinion. The principal factors which underpin our reasonableness conclusion are discussed in detail below.

The Proposal is earnings accretive

As set out in the table below, both scenarios are expected to result in an increase in earnings per unit.

Table 2: Earnings impact

Earnings impact (cpu)	Scenario A	Scenario B
Forecast FY 30 June 2012	0.03 to 0.04c[1]	0.01 to 0.03c[1]
Forecast FY 30 June 2013	0.21 to 0.29c[1]	0.15 to 0.27c[1]

Source: IOF
Note 1: The impact on earnings is measured as the difference between the forecast earnings of IOF if the Released Capital is applied solely to the repayment of debt (i.e. no acquisitions) and the forecast earnings if the Proposal proceeds.The impact on forecast earnings has been determined using Australian base interest rates (used for pricing debt) of between 4.00% to 4.50%. This range has been adopted due to the volatility in Australian interest rates which impact the cost of borrowing.

The forecast increase in FY12 earnings is marginal as the properties will only contribute to the current year earnings for three months. The increase in Scenario B is slightly lower than the increase in Scenario A as the consideration paid, including costs, is higher and more funds need to be drawn under the more expensive new tranche of debt.

The Proposal is in line with the strategy of the Fund

Since assuming the management of IOF in April 2011, Investa's overarching strategy for the Fund has been to reposition it as Australia's pre-eminent office fund with a diverse portfolio of high performing investment grade office assets located in the CBDs in Australia. The Proposal is in line with this stated strategy.

The Proposal improves the geographic weighting to key CBD markets

Both Sydney and Melbourne are considered to be key CBD markets. If the Proposal is approved the portfolio weighting to these two markets will either remain unchanged or will increase, as outlined in the table below.

Table 3: Portfolio weighting to Sydney and Melbourne (by value)[1]

	Actual as at 31-Dec-11	Scenario A[2]	Scenario B[3]
Weighting to Sydney	46%	46%	50%
Weighting to Melbourne	10%	17%	16%

Source: IOF
Note 1: Includes the sale of all offshore assets except Bastion Tower and Dutch Office Fund.
Note 2: Acquire a 50% interest in Telstra Global Headquarters and a 25% interest in Deutsche Bank Place.
Note 3: Acquire a 50% interest in Telstra Global Headquarters and a 50% interest in Deutsche Bank Place.

Attachment 1 – Independent Expert's Report

The Fund has continued to execute on its offshore asset sale strategy with the sale of five of the Fund's seven offshore investments. The proposed acquisition of the interests in the Properties is consistent with the strategy in that both Properties are high performing investment grade office assets located in the CBD of two of Australia's largest cities.

The Proposal reduces the vacancy of the Fund's investment portfolio

The Proposal will reduce the vacancy of the Fund's investment portfolio from 4.7% to 4.1% (if 25% of Deutsche Bank Place is acquired) and 3.9% (if 50% of Deutsche Bank Place is acquired)[2].

The Proposal is a unique opportunity

Opportunities to acquire interests in premium properties such as Deutsche Bank Place are rare. Also the opportunity is off market which can be beneficial in that it avoids a bidding war between interested parties.

The Proposal will improve the tenant register of the portfolio

The Properties in which IOF proposes to acquire interests will improve the overall quality of the Fund's tenant register, with Deutsche Bank and Allens Arthur Robinson as the main tenants of Deutsche Bank Place and with Telstra as the core tenant of the Telstra Global Headquarters.

The proposal will result in an increase in the average cost of debt

The Proposal will partially be funded by IOF's current syndicated debt facility as well as a new tranche of debt under the exisiting facility. The amount of debt drawn under the new tranche will depend on whether IOF acquires a 25% (new tranche will be approximately $148 million) or 50% interest (new tranche will be approximately $348 million) in Deutsche Bank Place. The new tranche of debt will have substantially the same terms as the current facility except the margins will be higher for the new tranche than under the existing facility. IOF has received credit approved term sheets from its lenders for adding a new tranche of debt to the existing syndicated facility.

The Proposal may result in an increase in gearing

IOF had look through gearing of 21% at 30 June 2011 and 25% at 31 December 2011. After using the Released Capital to repay debt the look through gearing at 31 March 2012 is expected to be 11%. If the Fund acquires a 25% interest in Deutsche Bank Place the look through gearing will be 25% and if it acquires a 50% interest the look through gearing will be 30%. If a 50% interest is acquired in Deutsche Bank Place the look through gearing will be slightly higher than historical gearing level of the Fund but will be within the target gearing range of 25% to 35%.

The Proposal may result in IOF owning a minority interest in a property

The existing IOF portfolio comprises of either 50% or 100% interests in properties. If ICPF exercises its pre-emptive right in Deutsche Bank Place IOF will only be entitled to acquire a 25% interest in the property. The Responsible Entity has a preference to own a 50% interest in Deutsche Bank Place. Whilst there are short term benefits to acquiring only a 25% interest, primarily as a result of not having to pay stamp duty on the acquisition of a 25% interest, it is not the Fund's intention to own, in the long run,

[2] This includes the sale of all offshore assets except Bastion Tower and the Dutch Office Fund.

minority interests in properties. However the Responsible Entity is willing to acquire a 25% interest in Deutsche Bank Place (if ICPF exercises its pre-emptive right) because the joint ownership agreement in relation to the property:

- grants IOF a first pre-emptive right to acquire IPG's remaining 25% interest in the property where IPG wishes to sell its remaining interest in the property. This will provide to IOF a path to move to 50% ownership of Deutsche Bank Place where Investa wishes to deal with its remaining interest in the property
- requires all co-owners to unanimously agree on any major decisions, subject to a dispute resolution mechanism, irrespective of the co-owners interest. Following the failure to resolve a major decision, the resolution mechanism requires a special majority (75%) of co-owners, should an independent valuer opine that the subject matter of the dispute increases the value of Deutsche Bank Place.

The Proposal will result in interests that are subject to pre-emptive rights

If the Proposal is approved IOF's interests in the two properties will be subject to pre-emptive rights such that any dealing by IOF in respect of its interest in either property must first be offered to the co-owners, subject to the usual exceptions including dealings with Related Bodies Corporate[3].

Transaction costs

The costs of the Proposal include stamp duty, advisory costs, legal fees, independent expert fees and other costs. If the Proposal is approved, IOF will pay stamp duty of between $12.0 million and $31.4 million, depending on the percentage interest acquired in Deutsche Bank Place. In addition the Fund will incur approximately $1.0 million of other costs, the majority of which will be incurred irrespective of whether the Proposal is approved.

4.2.2 Implications if the Proposal is not approved

If the Proposal is not approved IOF will continue to operate in its current structure and will most likely reconsider the alternatives available for the Released Capital. The Independent Directors of ILFML have previously considered the following alternatives:

Pay down debt and not acquire any further assets

This alternative would result in the look through gearing of the Fund remaining at approximately 11% and the total assets of the Fund reducing from $2.8 billion (at 31 December 2011) to $2.3 billion (at 31 March 2012). The Independent Directors consider that such a capital structure would not be in the best interests of Unitholders as it would be earnings decretive and would reduce the growth profile available to Unitholders.

[3] Has the meaning as in section 50AA of the Corporations Act.

Attachment 1 – Independent Expert's Report

Further reduction of capital

The Independent Directors consider a further reduction of capital (a capital reduction was completed in late 2011) is not the best use of the Released Capital for the following reasons:

- a further reduction of capital would likely further reduce the market capitalisation of the Fund and could make it less attractive to investment funds (both global and domestic). This is unlikely to assist in bridging the gap between the trading price and the net tangible asset value per unit
- the Responsible Entity has advised the market that it intends on redeploying the Released Capital to buy Australian assets.

Acquire different assets

The Responsible Entity intends to acquire a number of Australian CBD commercial office assets with the Released Capital, and also with further capital released through the sale of other offshore and non-core assets. The Responsible Entity considers the property interests forming the Proposal to meet its stated strategy for the following reasons:

- the Fund is underweight in the Melbourne CBD and has no core asset in this market. The Telstra Global Headquarters is a core asset with a secure tenant and long term lease which meets the requirements of the Fund
- Deutsche Bank Place is a unique opportunity to acquire an interest in one of the premier CBD office assets in Australia. Although the Fund has core assets in Sydney it does not have a premium asset in this market. At the same time there is no comparable opportunity available to the Fund at this time.

4.2.3 The Proposal is on arm's length terms

In determining whether the Proposal is on arm's length terms, we considered the guidance provided in RG 76.70 and the scope of Section 210 of the Corporations Act. In this regard, we note:

- the terms of the overall transaction (excluding the Deutsche Bank Place pre-emptive rights) are not dissimilar to those of comparable transactions between parties dealing on an arm's length basis in similar circumstances. The Deutsche Bank Place pre-emptive rights grant IOF a first pre-emptive right to acquire IPG's remaining 25% interest in the property. Whilst this is not considered standard market terms, it is provided for IOF's benefit so as to ensure that ICPF does not own a larger interest in the property than IOF
- the consideration, negotiation and entry into the Proposal by the Responsible Entity has been under the supervision and control of the Independent Directors
- IOF followed robust protocols to ensure that conflicts of interest were appropriately managed in negotiating and structuring the transaction. These protocols are documented in the companies 'conflict of interest policy'. Broadly the policy envisages:

- structural arrangements so that ultimate responsibility for decisions made concerning an external fund rests with the independent board members of the Responsible Entity of the fund
- the appointment of designated "champions" for each party whose interests may be in conflict and conferring on those "champions" both the right and the responsibility to assess, advance and protect the interests and position of the party whose cause they are to champion
- specific guidelines which apply to particular types of potential conflict situations
- the approval of all related party transactions between an external fund and related bodies corporate of IPG (either in their own capacity or as trustee) by the board of the responsible entity for that external fund
- the importance of awareness and training in relation to the identification and management of potential conflicts of interest
- monitoring and reporting to reinforce awareness of this policy and the culture of compliance.

Accordingly, in KPMG's opinion, the Proposal is on arm's length terms.

5 Other matters

In forming our opinion, we have considered the interests of Non-associated Unitholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual Non-associated Unitholders. It is not practical or possible to assess the implications of the Proposal on individual Non-associated Unitholders as their financial circumstances are not known. The decision of Non-associated Unitholders as to whether or not to approve the Proposal is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual Non-associated 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 Non-associated 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 2011 (Cwth) (Corporations Act) and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting Non-associated Unitholders in considering the 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.

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 Notice of Meeting and Explanatory Memorandum (Explanatory Memorandum) to be sent to Unitholders in relation to the Proposal, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Explanatory Memorandum.

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

Shaun Bettman
Authorised Representative

Attachment 1 – Independent Expert's Report

Investa Listed Funds Management Limited in its capacity as responsible entity of Investa Office Fund
Independent expert report & Financial services guide
17 February 2012

Contents

Attachment 1 – Independent Expert's Report

Financial Services Guide

Dated 17 February 2012

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**), Ian Jedlin as an authorised representative of KPMG Corporate Finance (**Authorised Representative**), authorised representative number 404177 and Shaun Bettman as an authorised representative of KPMG Corporate Finance (**Authorised Representative**), authorised representative number 408374.

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representatives and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representatives are authorised to provide
- how KPMG Corporate Finance and its Authorised Representatives are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representatives
- 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 Representatives has been authorised by KPMG Corporate Finance.

This FSG forms part of an 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 excluding investor directed portfolio services;
- securities, and
- superannuation,

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 Representatives are 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 Investa Listed Funds Management Limited in its capacity as responsible entity of Investa Office Fund (Client) to provide general financial product advice in the form of a Report to be included in the Explanatory Memorandum (Document) prepared by ILFML in relation to a proposal to acquire certain property interests from Investa Property Group (Transaction).

You have not engaged KPMG Corporate Finance or the Authorised Representatives 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 Representatives are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representatives 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 Transaction.

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 $70,000 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.

Attachment 1 – Independent Expert's Report

KPMG Corporate Finance officers and representatives (including the Authorised Representatives) 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 Representatives) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any 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 Representatives 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 services to the Client and Investa Property Fund for which professional fees are received. Over the past two years professional fees of $0.1 have been received from the Client and Investa Property Group respectively. None of those services have related to the transaction or alternatives to the transaction.

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 Representatives 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 Representatives 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 Representatives using the contact details:

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000

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

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

Shaun Bettman
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

6 The Proposal

Since assuming the management of IOF in April 2011, Investa's overarching strategy for the Fund has been to reposition it as Australia's pre-eminent office fund with a diverse portfolio of high performing investment grade office assets located in the central business districts (CBD) in Australia. The Fund has continued to execute on its offshore asset sale strategy during 2011 and 2012, with the sale of five of the Fund's seven offshore investments, providing over $500 million of capital to be redeployed. The Independent Directors of ILFML, in its capacity as Responsible Entity of IOF, have considered a number of uses for the Released Capital and have proposed that the Fund acquire certain property interests from IPG.

The Proposal is the acquisition of:

- either a 25% or 50% interest in 126 Phillip Street, Sydney (Deutsche Bank Place) from IPG for a purchase price of $176.25 million (25%) or $352.50 million (50%) respectively. If the Proposal is approved it will result in the Fund acquiring either 25% or 50% of the units in each of Macquarie St Trust (MST) and Phillip St Trust (PST) with equal interests being acquired in both trusts. Together MST and PST indirectly hold 100% of the freehold interest in Deutsche Bank Place as their sole real property asset and have no other material assets or liabilities.
- a 50% interest in Telstra Global Headquarters from IPG for a purchase price of $217.50 million. If the proposal is approved it will result in the Fund acquiring 50% of the units in the 242 Exhibition Street Trust which holds 100% of the freehold interest in the Telstra Global headquarters as its sole real property asset and has no other material assets or liabilities.

Deutsche Bank Place is currently owned 75% by IPG and 25% by ICPF. ICPF has a pre-emptive right in respect of a 25% interest in Deutsche Bank Place that IPG proposes to sell to IOF. The other 25% interest in Deutsche Bank Place that IPG proposes to sell to IOF is not subject to any pre-emptive rights. If ICPF exercises this pre-emptive right (in whole or in part), only a 25% interest in Deutsche Bank Place will be sold to IOF. ICPF has received a pre-emptive notice from IPG offering to sell a 25% interest in Deutsche Bank Place to ICPF on the same terms as those offered to IOF. ICPF must exercise its pre-emptive right by 26 March 2012. If ICPF does not exercise its pre-emptive rights prior to 26 March 2012, IPG will (subject to Non-associated Unitholder approval) sell a 50% interest in Deutsche Bank Place to IOF.

The resolution to approve the Proposal is an ordinary resolution and will be passed if more than 50% of the votes cast by Non-associated Unitholders present or by proxy, and entitled to vote on the resolution are cast in favour of the resolution. The Responsible Entity, which holds approximately 2.8% of the units in IOF in its own capacity, will not vote on the resolution.

7 Scope of the report

7.1 Fair and reasonable opinion

When the acquisition of a substantial asset from, or disposal of a substantial asset[4] to, a related party is proposed, the Listing Rules require the preparation of a report by an independent expert stating whether the Proposal is fair and reasonable to security holders whose votes are not to be disregarded.

The approval of Non-associated Unitholders is required because:

- The vendor of Deutsche Bank Place controls the Responsible Entity and they are therefore related parties
- The vendor of the Telstra Global Headquarters and the Responsible Entity have the same parent entity and are therefore related parties
- Both a 25% and a 50% interest in Deutsche Bank place is a substantial asset for IOF
- A 50% interest in the Telstra Global Headquarters is a substantial asset for IOF.

The Directors have requested that KPMG Corporate Finance prepare an independent expert report stating whether, in our opinion, the Proposal is fair and reasonable to Non-associated Unitholders.

We have prepared this report having regard to the Listing Rules and the relevant ASIC Regulatory Guides, in particular Regulatory Guide 111 in relation to the content of independent expert's reports.

7.1.1 Basis of assessment

Neither the Listing Rules, nor the Corporations Act provide a definition of 'fair and reasonable' for the purposes of ASX Listing Rule 10. In evaluating whether the Proposal is fair and reasonable to the Non-associated Unitholders, we have considered the Listing Rules, ASIC Regulatory Guides (in particular Regulatory Guide 111 in relation to independent expert's reports) and common market practice.

RG111.56 states that "where an expert assesses whether a related party transaction is 'fair and reasonable'(whether for the purposes of Ch2E or ASX Listing Rule 10.1), this should not be applied as a composite test-that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable, as in a control transaction."

In assessing whether the Proposal is fair we have compared the consideration being offered by the Fund under the Proposal with the fair market value of the Properties. In assessing the fair market value of the Properties we have reviewed the valuations completed by an external property valuer. Fair market value has been defined as the amount at which the Properties would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under a compulsion to buy or sell.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. The consideration of the fair market value of the Properties has not premised on the existence of a special purchaser.

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[4] According to the Listing Rules, an asset is substantial if its value, or the value of the consideration for it, or in ASX's opinion is, equivalent to 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX under the Listing Rules.

The equity interests of an entity is defined as the sum of paid up capital, reserves and accumulated profits or losses, disregarding redeemable preference share capital and outside equity interests, as shown in the consolidated financial statements.

Attachment 1 – Independent Expert's Report

According to RG111.12, which relates to control transactions, "an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer."In forming our opinion as to whether the Proposal is reasonable we have considered the relevant factors in RG111.62 as well as the advantages and disadvantages of the Proposal.

7.2 Arm's length opinion

7.2.1 Requirements

Chapter 2E of the Corporations Act 2001 (Cth) (Corporations Act) enables a company to complete a related party transaction without unitholder approval where an expert opines that the transaction is on terms that would be reasonable if the parties were dealing at 'arm's length'. However as unitholder approval is already required under the Listing Rules there is no benefit in seeking this exemption.

Whilst not legally required the Directors have requested KPMG Corporate Finance opine on whether the Proposal is on arm's length terms.

7.2.2 Basis of assessment

The Corporations Act does not define the meaning of "on arm's length terms". In determining whether the Proposal is 'on arm's length terms', we have had regard to the views expressed by ASIC in Regulatory Guide 76 in relation to related party transactions. This regulatory guide outlines the factors that should be considered at a minimum when determining whether a proposal can be deemed "arm's length" in nature, despite being negotiated between related parties. These include:

- how the terms of the overall transaction compare with those of any comparable transactions between parties dealing on an arm's length basis in similar circumstances
- the nature and content of the bargaining process, including whether the entity followed robust protocols to ensure that conflicts of interest were appropriately managed in negotiating and structuring the transaction
- the impact of the proposal on the company (e.g. the impact of dealing on those terms on the financial position and performance of the company) and non-associated members
- any other options that may be available to the entity
- expert advice received by the entity on the transaction (if any).

To comply with RG111.53 to RG111.63, RG111.52 requires an expert is requested to prepare a report for a transaction with a related party that requires member approval under Ch2E of the Corporations Act. These requirements have already been disclosed in Section 7.1.1.

7.3 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. Nothing in this report should be taken to imply that KPMG Corporate Finance has verified any information supplied to us, or has in any way carried out an audit of the books of account or other records of IOF for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with IOF's management in relation to the nature of the Funds business operations, its specific risks and opportunities, its historical results and its prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts and other statements and assumptions about future matters (forward-looking financial information) prepared by the management of IOF. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, IOF remains responsible for all aspects of this forward-looking financial information. Achievement of forecast results is not warranted or guaranteed by KPMG Corporate Finance. Forward-looking financial information is by its nature uncertain and is dependent on a number of future events that cannot be guaranteed. Actual results may vary significantly from the forecasts relied on by KPMG Corporate Finance. Any variations from forecasts may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. The Independent Directors of the Responsible Entity, together with the Fund's legal advisers, are responsible for conducting due diligence in relation to the Proposal. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. 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.

7.4 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. IOF has requested KPMG Corporate Finance limit the disclosure of some commercially sensitive information relating to IOF. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of IOF. As such the information in this report has been limited to the type of information that is regularly placed into the public domain by IOF.

Investa Listed Funds Management Limited in its capacity
as responsible entity of Investa Office Fund
Independent expert report & Financial services guide
17 February 2012

8 Commercial property sector

8.1 Introduction

The Properties to be acquired as part of the Proposal are commercial properties located in Melbourne and Sydney in Australia. Therefore we have presented an overview of the Australian commercial property market as well as additional detail on the Melbourne and Sydney commercial property markets.

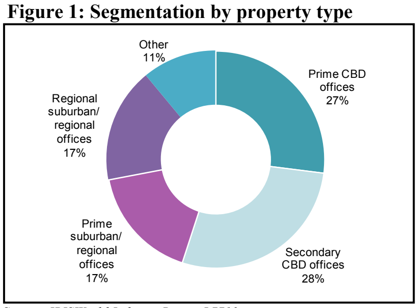
8.2 Australian commercial property market

8.2.1 Introduction

Office accommodation can be differentiated by type, style, age, condition, tenant identity, lease profiles and location of the property. These factors will affect the demand and the rent obtainable for the property. Offices can be segmented into four main categories relating to location and quality: prime CBD, secondary CBD, prime suburban and secondary suburban.

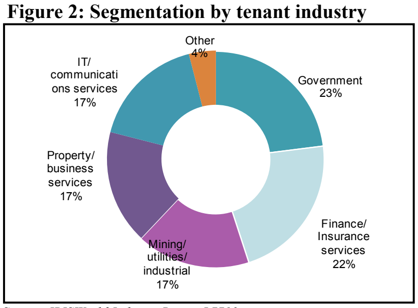
IBISWorld estimates that office space located in the CBDs of Australia's capital cities accounts for about 55% of all office space in Australia. The major tenants comprise firms in the government, finance, insurance and business services industries, and the head and regional offices of other large companies. The segmentation of office property values by type of building and tenant industry is illustrated in the diagrams below.

Figure 1: Segmentation by property type



Source: IBISWorld Industry Report L7713

Figure 2: Segmentation by tenant industry



Source: IBISWorld Industry Report L7713

8.2.2 Key drivers of the commercial property market

The primary demand determinant for commercial property in Australia is growth in white collar employment. Commercial property space is largely occupied by government and finance/insurance services sectors, which predominantly employ white collar workers. Therefore as businesses expand/reduce their labour force, office space requirements increase/decline which impacts both the rental returns and market values of office properties.

Key supply side factors influencing the Australian commercial property market are outlined below:

- Vacancy levels – low vacancy levels are likely to result in developers entering the market and increasing supply
- Availability of funding – a shortage of available capital results in lower growth as buyers have limited capital for investment
- Interest rates – low interest rates encourage greater investment in property, hence increasing supply of property assets

- Rental rates – increased rental rates generally lead to an increase in supply of commercial property as the return to investors becomes more attractive
- Construction costs – increased construction costs without a change in rental yields is likely to result in reduced supply of office buildings as margins are compressed
- The deteriorating situation in the euro zone has the potential to adversely the performance of the Australian economy and consequently the commercial property market.

8.2.3 Melbourne

According to Colliers International, the Melbourne CBD office market continues to show strength with the highest level of net absorption nationally over the 12 months ended 31 December 2011. Finance and insurance services drove demand during the first half of 2011. Key industries are still showing above average growth and demand for CBD office space is expected to continue, whilst limited supply is expected to enter the market over the short term.

Set out below are the key highlights for the Melbourne CBD office market:

- Positive rental growth is forecast over the next two to three years as the result of low vacancy rates
- Vacancy has been steadily declining over the past three years and is reaching near historic lows
- In the calendar year 2011(CY11) Melbourne recorded a strong volume of sales, however the value of sales was below the prior corresponding period. Property with a value of $1.2 billion was exchanged across fifteen properties (with a value greater than $10 million) with the bulk of sales occurring in the first half of CY11
- The Melbourne CBD office market continues to attract overseas buyers, a trend that began to emerge in the latter half of 2010. Seemingly unperturbed by the strong Australian dollar, offshore buyers made up approximately 50% of all transactions in CY11
- Capitalisation rates stabilised towards the end of CY11 after reducing in late 2010 and early 2011. Most market participants expect capitalisation rates to stay stable in the short to medium term.

8.2.4 Sydney

According to Colliers International, foreign and domestic inventors have begun to return to the Sydney CBD office market. After a slow start to 2011 which saw no major transactions take place during the first quarter, there was an increase in activity with 12 major commercial office sale transactions. A lack of quality prime grade assets for sale and increased demand from both offshore and Australian institutions for such assets has led to a tightening of premium and A grade yields over recent months.

Set out below are the key highlights for the Sydney CBD office market:

- Positive rental growth is forecast over the next two to three years as a result of increased demand for prime and premium grade office space
- Incentives have remained stable in the second half of CY11
- There has been a steady increase in annual transaction volumes with volumes increasing by approximately 65% from CY10 to CY11
- Capitalisation rates have stabilised towards the end of CY11 after reducing in the second half of CY10 and early in CY11. Most market participants expect capitalisation rates to stay stable in the short to medium term
- Vacancy has increased slightly over the past six months, but is expected to fall due to increased demand over the medium term
- Sydney is currently seen as a safe haven and is keenly sort by institutional and overseas investors.

Attachment 1 – Independent Expert's Report

9 Profile of Investa Office Fund

IOF, previously known as ING Office Fund, is an ASX-listed REIT with a market capitalisation of approximately $1.5 billion at 8 February 2012. IOF is the owner of a number of investment grade office buildings which historically have predominantly been situated in CBD markets throughout Australia, the US and Europe. At 31 December 2011 IOF had total assets under management of $2.1 billion, excluding the international properties which have recently either been sold or a sale agreement has been exchanged.

Since 28 March 2011 IOF has been managed by ILFML, a wholly owned subsidiary of IPG. Prior to this the Fund was managed by a wholly owned subsidiary of ING.

A key strategic initiative of IOF is to reposition the Fund as Australia's pre-eminent listed CBD office fund with a diverse portfolio of well leased investment grade office assets in Australia. To facilitate this, a key initiative has been to divest the offshore portfolio. Since 30 June 2011 IOF has either sold or exchanged contracts on five of the seven offshore assets (all four interests in the US and an interest in France). These sales will release capital of approximately $516 million.

9.1 Portfolio snapshot

Set out in the table below is a snapshot of the property portfolio at 31 December 2011.

Table 4: Portfolio snapshot[1]

[redacted]	
Number of investments	18
Weighted average lease expiry (WALE) (years)	5.3
Portfolio vacancy (all assets)	4.7%
Portfolio vacancy (Australian assets)	3.4%
Weighted average cap rate	7.5%

Source: IOF
Note 1: Includes the sale of all offshore assets except Bastion Tower and Dutch Office Fund.

Set out below is the geographic diversity (by value) and portfolio lease expiry profile (by income) at 31 December 2011.

Figure 3: Geographic diversity (by value)[1]

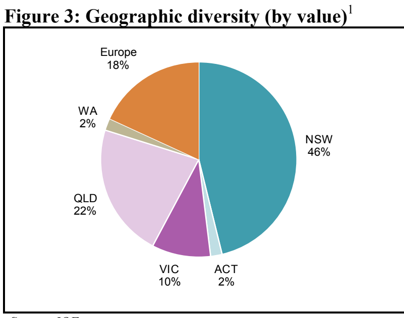
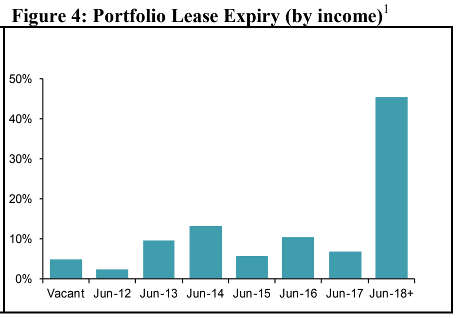


Figure 4: Portfolio Lease Expiry (by income)[1]



Source: IOF
Note 1: Includes the sale of all offshore assets except Bastion Tower and Dutch Office Fund.

In relation to the diagrams above we note:

- Australia: Australian properties represent 82% of the portfolio value at 31 December 2011 with 46% being in Sydney, 10% in Melbourne and 26% in other Australian cities
- Europe: IOF has interests in properties in the Netherlands and in Belgium, representing 18% of the portfolio value.

9.2 Financials

9.2.1 Financial performance

A summary of the historical financial performance of IOF has been outlined in the table below.

Table 5: Financial performance

$m	Year ended 30-Jun-10	Year ended 30-Jun-11	Six months ended 31-Dec-10	Six months ended 31-Dec-11
Rental income	206.0	189.6	77.9	81.4
Net gain/(loss) on change in fair value of investments	(87.2)	61.7	5.4	46.2
Other income	11.7	31.1	29.1	33.4
Total operating revenue	130.5	282.4	112.4	161.0
Expenses				
Property expenses	(58.1)	(51.2)	(14.7)	(21.6)
Finance costs	(21.7)	(16.8)	(1.8)	(5.5)
Other operating expenses	(11.5)	(17.4)	(9.2)	(5.8)
Total operating expenses	(91.3)	(85.4)	(25.7)	(32.9)
Profit from continuing operations before tax	39.2	197.0	86.7	128.1
Income tax expense	6.5	(43.8)	(2.0)	(0.5)
Profit from continuing operations after tax	45.7	153.2	84.7	127.6
Profit from discontinuing operations	-	-	41.7	51.3
Net profit after tax	45.7	153.2	126.4	178.9
Net profit attributable to external interests	(3.2)	(9.3)	(8.8)	(6.6)
Net profit attributable to Unitholders	42.5	143.9	117.6	172.3
Distributions per unit (cents per unit)	3.90	3.90	1.95	1.95
Basic and diluted earnings from continuing operations per stapled unit (cents per unit)	1.60	5.30	3.10	4.80

Source: IOF Annual Report 30 June 2011, IOF Interim Financial Report 31 December 2011

In relation to the table above we note:

- The Fund reported a net profit after tax of $172.3 million in the half year ended 31 December 2011 compared with $117.6 million in the prior corresponding period. Of the increase of $54.7 million in net profit after tax, $41.6 million related to the net increase in the value of investment properties.
- The Fund declared a distribution for the half year ended 31 December 2011 which was in line with the prior corresponding period. The Fund remains within its distribution policy payout range of distributing 70% to 80% of operating income or 100% of taxable income, whichever is greater.

Attachment 1 – Independent Expert's Report

9.2.2 Financial position

A summary of the historical consolidated balance sheets of IOF has been outlined in the table below.

Table 6: Financial performance

$m	As at 30-Jun-11	As at 31-Dec-11
Current assets		
Other current assets	33.9	98.6
Assets classified as held for sale	38.4	436.1
Total current assets	**72.3**	**534.7**
Non-current assets		
Investment properties	1,982.4	1,735.4
Financial asset held at fair value through profit and loss	301.4	280.4
Other non-current assets	148.7	40.7
Total non-current assets	**2,432.5**	**2,056.5**
Total assets	**2,504.8**	**2,591.2**
Current liabilities		
Other current liabilities	375.9	43.6
Distribution payable	26.6	23.9
Liabilities classified as held for sale	-	183.8
Total current liabilities	**402.5**	**251.3**
Non-current liabilities		
Borrowings	20.9	325.8
Other non-current liabilities	64.6	47.0
Total non-current liabilities	**85.5**	**372.8**
Total liabilities	**488.0**	**624.1**
Net assets	**2,016.8**	**1,967.1**
Net tangible assets per unit[5]	$0.73	$0.79

Source: IOF Annual Report 30 June 2011, IOF Interim Financial Report 31 December 2011

The Fund replaced the previous unsecured syndicate debt facility, which was due to expire in June 2012, with a new unsecured corporate debt facility of $552 million. The new facility has a maturity of three years. Look-through gearing at 31 December 2011 was approximately 25%, which is within the Fund's targeted gearing range of 25% to 35%. During the half year ended 31 December 2011 the Fund completed a buyback of 10% of its issued units for a total payment of $165.9 million. The number of units on issue after the buyback is 2,456.2 million.

[5] Number of units on issue were 2,456.2 million at 31 December 2011 and 2,729.1 million at 30 June 2011.

10 Profile of the Properties

10.1 Deutsche Bank Place

10.1.1 Location

Deutsche Bank Place is located at 126 Phillip Street, Sydney within one of Sydney CBD's most prestigious commercial precincts, directly opposite Chifley Tower. Located on the same city block as Martin Place Station, the building is within walking distance of Pitt Street Mall and hotels such as the Sofitel Wentworth, Sheraton on the Park and InterContinental. With a unique external side core, the column free levels provide floor spaces of up to 1,444 square metres. The ground floor atrium provides dining and cafe spaces.

10.1.2 Building overview

At 240 metres tall, the property is an office tower comprised of 31 levels with a total net lettable area of 42,256 square metres and 78 car parking spaces available. The building is predominantly leased to Deutsche Bank and Allens Arthur Robinson with ground floor retail space occupied by a variety of tenants. Little additional capital expenditure has been incurred since the tower was built in 2005 and minimal costs in relation to refurbishment are expected over the short to medium term.

10.1.3 Building details

Set out in the table below is a brief summary of the building.

Table 7: Deutsche Bank Place property details

Asset summary	
NLA	42,256sqm
Office levels	31
Car parks	78
Floor size plate range (approx.)	824 – 1,444sqm
Building completed	2005
PCA grade	Premium
Weighted average lease expiry (30 November 2011)	4.7 years
Occupancy (30 November 2011)	100%
NABERS Energy and NABERS Water rating	4.5 star / 3.5 star

Source: IOF

10.1.4 Lease details

There are 22 tenants within Deutsche Bank Place. The two major occupiers within the building are Deutsche Bank and Allens Arthur Robinson. Deutsche Bank has building signage and naming rights. Set out in the table below is a summary of the leases for the main tenants.

Table 8: Deutsche Bank Place lease summary

Lease summary	Deutsche Bank	Allens Arthur Robinson
Start date	1 November 2005	1 April 2006
Term	10 years	13 years and 3 months
Expiry	31 October 2015	30 June 2019
Option periods (yrs)	5	5
Notice period for exercise of option	9 months	12 months

Source: IOF
Note: Excludes part of level 19 leased to Deutsche Bank.

10.2 Telstra Global Headquarters

10.2.1 Location

Telstra Global Headquarters is located at 242 Exhibition Street, Melbourne on the corner of Lonsdale and Exhibition Streets. The area is an established commercial office precinct predominantly occupied by government tenants and is serviced by the nearby railway station on Lonsdale Street and tram services on Bourke and Spring Street.

10.2.2 Building overview

The property comprises a high rise office tower of 42 levels wholly leased to Telstra Corporation Limited (Telstra) with ground floor retail space occupied by a variety of tenants. The overall condition of the property has been enhanced by significant refurbishment works completed as part of the new ten year lease to Telstra which commenced on 1 June 2010.

The property is therefore considered to be in good condition and requires minimal capital expenditure until Telstra's lease expiry in 2020.

The office space has good levels of natural light, relatively large floor plates and attractive views in the upper part of the building across all of metropolitan Melbourne.

10.2.3 Building details

Set out in the table below is a brief summary of the building.

Table 9: Telstra Global Headquarters property details

Asset summary	
Net lettable area (NLA)	65,914sqm
Office levels	42
Car parks	346
Floor size plate range (approx.)	363 – 1,717sqm
Building completed	1991
PCA grade	A–grade
Weighted average lease expiry (31 December 2011)	8.2 years
Occupancy (31 December 2011)	99.1%
NABERS Energy and NABERS Water rating	4.0 star / 4.0 star

Source: IOF

10.2.4 Lease details

The main office lease to Telstra represents 90% of total net passing income, with the remaining income made-up of approximately 20 retail tenants on the ground floor. Aside from the building's long unexpired lease term and the high degree of income security from the Telstra covenant.

Set out below are the key details of the Telstra lease.

Table 10: Telstra lease summary

Lease summary	
Start date	1 June 2010
Term	10 years
Expiry	31 May 2020
Rental reviews during current term	Fixed annual increases

Source: IOF

11 Impact of the Proposal on the Fund

Deutsche Bank Place is currently owned 75% by IPG and 25% by ICPF. ICPF has pre-emptive rights in respect of a 25% interest in Deutsche Bank Place that IPG proposes to sell to IOF. The other 25% interest in Deutsche Bank Place that IPG proposes to sell to IOF is not subject to any pre-emptive rights. This pre-emptive right expires on 26 March 2011, thus at the time of preparing this report we are unsure as to the exact purchase interest that IOF will acquire in Deutsche Bank Place. For this reason we have shown the impact of the Proposal based on two scenarios, being the acquisition of a 25% interest or a 50% interest in Deutsche Bank Place, as illustrated in the table below.

Acquisition interest	Scenario A	Scenario B
Telstra Global Headquarters	50%	50%
Deutsche Bank Place	25%	50%

11.1 Earnings impact

As set out in the table below, both scenarios are expected to result in an increase in earnings per unit[6].

Table 11: Earnings impact[7]

Earnings impact (cpu)	Scenario A	Scenario B
Forecast FY 30 June 2012	0.03 to 0.04c	0.01 to 0.03c
Forecast FY 30 June 2013	0.21 to 0.29c	0.15 to 0.27c

Source: IOF

The forecast increase in FY12 earnings is marginal as the properties will only contribute to the current year earnings for two to three months. The increase in Scenario B is slightly lower than the increase in Scenario A as the consideration paid, including costs, is higher and more funds need to be drawn under the more expensive new tranche of debt.

11.2 Impact on financial position

Set out in the table below are the financial positions of IOF at 31 December 2011, 31 March 2012 as well as if the Proposal proceeds under each scenario.

Table 12: Impact on financial position[1]

As at	Actual 31-Dec-11	Proforma 31-Mar-12	Scenario A 31-Mar-12	Scenario B 31-Mar-12
Units on issue ($m)	2,456.2	2,456.2	2,456.2	2,456.2
Total assets – look through ($m)	2,791	2,257	2,651	2,828
Total drawn debt – look through($m)[3]	683	247	654	849
Undrawn debt ($m)	225	407	148	152
Look through gearing	25%	11%	25%	30%
NTA per unit	$0.79	$0.79	$0.78[2]	$0.78[2]

Source: IOF
Note 1: Proforma and both acquisition scenarios assume the sale of all offshore assets except Bastion Tower and Dutch Office Fund
Note 2: Assumes stamp duty and all acquisition costs are immediately written off

If the Proposal is not approved and the Released Capital is used to repay debt, the Fund will have gearing of 11% and total assets of $2.26 billion, approximately 20% lower than total assets at 31 December 2011.

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[6] The impact on earnings is measured as the difference between the forecast earnings of IOF if the Capital Released from the sale of international property interests is applied solely to the repayment of debt (i.e. no acquisitions) and the forecast earnings if the Proposal proceeds.'

[7] The impact on earnings assessment has been prepared using Australian base interest rates of 4.00% to 4.50%. This range has been adopted due to the volatility in Australian interest rates which impact the cost of borrowing.

Attachment 1 – Independent Expert's Report

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If the Proposal is approved the Fund is expected to have gearing of 25% to 30% and total assets of between $2.7 billion and $2.8 billion.

11.3 Geographic weighting

Set out in the table below is a comparison of the geographic weighting of the portfolio (by value) by location.

Table 13: Geographic weighting[1]

	Proforma 31-Mar-12	Scenario A 31-Mar-12	Scenario B 31-Mar-12
NSW	46%	46%	50%
VIC	10%	17%	16%
QLD	22%	19%	17%
ACT	2%	1%	1%
WA	2%	2%	2%
Europe	18%	15%	14%

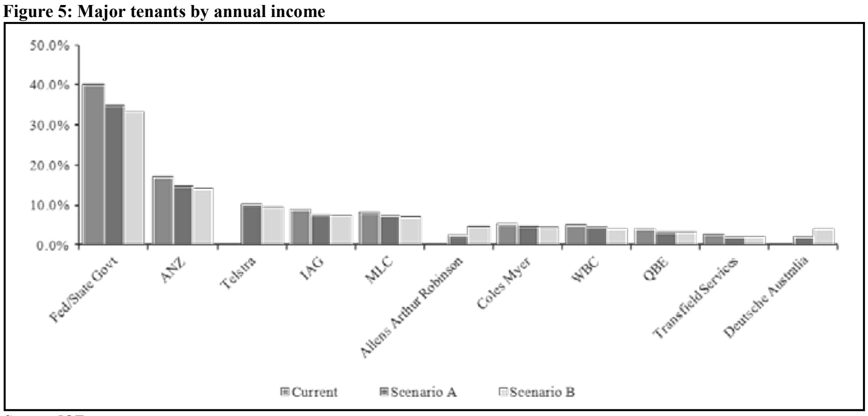
Source: IOF
Note 1: Both acquisition scenarios assume the sale of all offshore assets except Bastion Tower and Dutch Office Fund.

If the Proposal is approved, the Fund's geographic weighting (by value) will increase in both NSW and VIC and decrease in QLD and Europe.

11.4 Tenant diversity

If the Proposal is approved it will increase tenant diversity of the Fund, as illustrated in the diagram below.

Figure 5: Major tenants by annual income



Source: IOF

11.5 Key metrics

A summary of the impact of the Proposal on key portfolio metrics is shown in the table below.

Table 14: Key portfolio metrics

	Actual as at 31-Dec-11	Scenario A	Scenario B
Weighting to Australia	82%	85%	86%
Weighting to Sydney	46%	46%	50%
Weighting to Melbourne	10%	17%	16%
Weighted average cap rate	7.5%	7.4%	7.3%
Weighted average discount rate	8.9%	8.9%	8.9%
Number of investments	18	20	20
WALE (yrs)	5.3	5.5	5.5
Portfolio vacancy (Australian assets)	3.4%	2.9%	2.7%
Portfolio vacancy (all assets)	4.7%	4.1%	3.9%

Source:IOF

If the Proposal is approved it will result in an increase in weighting in Melbourne, an increase in the WALE and a reduction in the overall vacancy of the portfolio.

11.6 Yield analysis

The table below compares the yield of the individual properties as well as the yield under both scenarios relative to the average cost of debt for the Fund.

Table 15: Property yield analysis

	Assumed price[1]	Yield (before costs)	Yield (after costs)[1]	Incremental cost of debt[2]
Scenario A	$393.75	6.8%	6.6%	5.20%[4]
Scenario B	$570.00	6.7%	6.3%[2,3]	5.50%[5]

Source: IOF
Note 1: Includes stamp duty (where applicable) and other acquisition costs.
Note 2: Calculated as the incremental cost of debt required to fund the Proposal as at 14 February 2012 taking into account undrawn debt capacity under the existing facility and a new tranche of debt under that facility. Calculation includes, where appropriate, base interest rates, margins, line fees and amortisation of established fees. Assumed Australian base interest rate is 4.25%.
Note 3: Yield after costs includes stamp duty of $19.4 million payable on the 50% interest in Deutsche Bank Place.
Note 4: Weighted average cost of debt (Telstra Global Headquarters 50% and Deutsche Bank Place 25%) is 5.4%.
Note 5: Weighted average cost of debt (Telstra Global Headquarters 50% and Deutsche Bank Place 50%) is 5.6%.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Ian Jedlin and Shaun Bettman. Ian is an Associate of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australasia and holds a Master of Commerce from the University of New South Wales. Shaun is an Associate of the Institute of Chartered Accountants in Australia and holds a Postgraduate Diploma of Applied Finance and Investment from FINSIA. 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 fair and reasonable and on arms length terms. KPMG Corporate Finance expressly disclaims any liability to any 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 Notice of Meeting and Explanatory Memorandum or any other document prepared in respect of the Proposal. Accordingly, we take no responsibility for the content of the Notice of Meeting and 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 ILFML as the Responsible Entity 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 notice of Meeting and Explanatory Memorandum to be issued to the Unitholders of IOF. 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.

Indemnity

ILFML in its capacity as Responsible Entity of IOF has agreed to indemnify and hold harmless KPMG Corporate Finance, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership against any and all losses, claims, costs, expenses, actions, demands, damages, liabilities or any other proceedings, whatsoever incurred by KPMG Corporate Finance, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership in respect of any claim by a third party arising from or connected to any breach by you of your obligations.

ILFML in its capacity as Responsible Entity of IOF has also agreed that KPMG Corporate Finance, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership shall not be liable for any losses, claims, expenses, actions, demands, damages, liabilities or any other proceedings arising out of reliance on any information provided by you or any of your representatives, which is false, misleading or incomplete. The ILFML in its capacity as Responsible Entity of IOF has agreed to indemnify and hold harmless KPMG Corporate Finance, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership from any such liabilities we may have to you or any third party as a result of reliance by KPMG Corporate Finance, the KPMG Partnership and/or KPMG entities related to the KPMG Partnership on any information provided by you or any of your representatives, which is false, misleading or incomplete.

Professional Standards

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional and Ethical Standards Board Limited.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

- IOF Annual Report for the year ended 30 June 2011
- IOF Interim Financial Report for the half year ended 31 December 2011
- IOF – Draft Notice of Unitholders' Meeting and Explanatory Memorandum dated 1 March 2012
- IBIS World Industry Report L7713
- valuation reports for Deutsche Bank Place and Telstra Global Headquarters prepared by CBRE
- various ASX company announcements
- various broker and analyst reports
- various press and media articles
- financial information from Bloomberg, Thompson Financial Securities, Aspect Huntley, Colliers International and Connect 4.

In addition, we have had discussions with management, the independent Directors of ILFML and the property valuers.

Attachment 2 – Valuation Summary

Executive Summary

Deutsche Bank Place
126 Phillip Street
Sydney

OFFICE - PREMIUM GRADE

VALUATION (100% Interest)	$705,000,000
VALUATION (50% Interest)	$352,500,000
VALUATION (25% Interest)	$176,250,000
VALUATION DATE	February 2012

OWNER
Investa Property Group (75%) and Investa Commercial Property Fund (25%).

BASIS OF VALUATION	Market Value Freehold Interest
VALUATION APPROACHES	Capitalisation Approach and Discounted Cashflow
Passing Initial Yield	6.17%
Equivalent Yield *(Core Capitalisation Rate - Face Rents)*	6.35%
Internal Rate of Return	8.70%
Rate Per Square Metre NLA	$16,684
Weighted Remaining Lease Term *(By Income)*	4.7 years

DCF ASSUMPTIONS

Cashflow Term	10 years
Average Face Office Rental Growth	4.40%
Average Face Retail Rental Growth	3.50%
Average Outgoings Growth	2.60%
Terminal Yield	6.50%
Spec Renewal Term	8 years
Spec Renewal Reviews	4.00%
Capex Allowance *(Total capex 10 years)*	$19,049,764
Capex Allowance *(Total capex 10 years $/psm)*	$451 psm
Year 1 Net Income Yield *(Year 1 Net Income before allowances on Adopted Value)*	6.29%

DESCRIPTION
Deutsche Bank Place comprises a landmark 40 storey Premium grade office building designed by Lord Norman Foster and completed in September 2005. Accommodation includes two levels of basement parking for 78 vehicles (plus 4 motorcycles), ground floor retail and entry foyer, 31 upper levels of office accommodation, and six plant room floors including the rooftop. Also incorporated within the development is a four level podium building positioned immediately to the south of the main tower and known as the "Pavilion Building".
The building achieves excellent easterly views from the mid rise to the Botanic Gardens and Sydney Harbour and north easterly views of Sydney Harbour including the Opera House in the high rise with typical column free floor plates of 1,444sqm.
The building is located on the corner of Phillip and Hunter Streets in the Core Precinct of Sydney's CBD.

LAND AREA	3,936 sqm
ZONING	"City Centre" under Sydney LEP 2005
NABERS ENERGY	4.5 Stars

ACCOMODATION

Total Office	41,526 sqm
Total Retail	401 sqm
Total NLA	42,256 sqm
No. of Cars	82
Vacancy	0.00%
Typical Floor Plate	1,444 sqm

TENANCY
The property was 100% leased at the time of valuation (except for 5 vacant car/motorcycle bays) with the two major tenants, Deutsche Australia (13,967 sqm) and Allens Arthur Robinson (13,335sqm) expiring in October 2015 and June 2019 respectively.

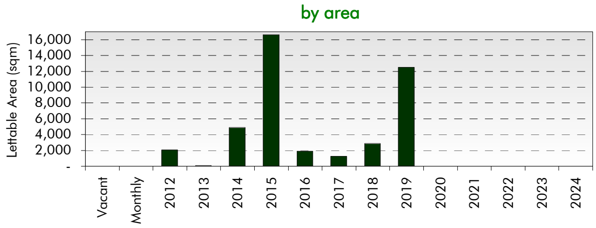
INCOME

Net Passing Income	$43,480,873 p.a.
Net Passing Income Fully Leased	$43,533,073 p.a.
Net Market Income	$45,956,719 p.a.
Average Market Office Rent (Gross Face)	$1,228 psm
Average Market Retail Rent (Gross Face)	$972 psm
Market Parking Rent per space	$1,250 per space
Outgoings	$179 psm

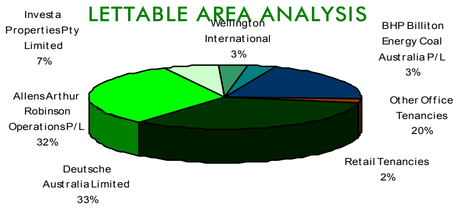
SWOT

* Premium grade property situated in a prime location.
* Strong expiry profile (average 4.7 years).
* Column free floorplate
* Rated 4.5 Star NABERS Energy; 3.5 Star NABERS Water.
* Some tenants have effective rent reviews either in the current term or at option.
* Some tenants have no or minimal make good obligations.
* Development of competing Premium grade space.

LEASE EXPIRY ANALYSIS
by area



LETTABLE AREA ANALYSIS



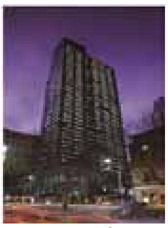
Disclaimer: This summary comprises part of our full valuation report and needs to be read in conjuction with that report.

CBRE

Attachment 2 – Valuation Summary

Executive Summary

Telstra Centre
242 Exhibition Street
Melbourne VIC 3000



OFFICE - A Grade

VALUATION (100% Interest)	$435,000,000
VALUATION (50% Interest)	$217,500,000
VALUATION DATE	February 2012

OWNER
Investa Property Group (50%) and Investa Commercial Property Fund (50%)

BASIS OF VALUATION	Market Value Freehold Interest
VALUATION APPROACHES	Capitalisation Approach and Discounted Cashflow
Passing Initial Yield	6.95%
Passing Initial Yield *(as at 1 June 2012)*	7.23%
Equivalent Yield *(Core Capitalisation Rate - Face Rents)*	7.00%
Internal Rate of Return (Indicated)	9.02%
Rate Per Square Metre NLA	$6,600
Weighted Remaining Lease Term *(By Income)*	8.2 years

DCF ASSUMPTIONS

Cashflow Term	10 years
Average Face Office Rental Growth	4.50%
Average Face Retail Rental Growth	3.72%
Average Outgoings Growth	2.80%
Terminal Yield	7.25%
Spec Renewal Term	6 years
Spec Renawal Reviews	4.00%
Capex Allowance *(Total capex 10 years)*	$48,588,645
Capex Allowance *(Total capex 10 years $/psm)*	$737 psm
Year 1 Net Income Yield *(Year 1 Net Income before allowances on Adopted Value)*	7.14%

DESCRIPTION
Telstra Centre, 242 Exhibition Street comprises a modern commercial office tower completed in 1992 situated on a prominent site with 3 street frontages. The building includes 3 levels of basement car parking incorporating 344 car bays, ground level foyer and retail accommodation which incorporates an internal food court to the rear, together with 42 upper office levels.

LAND AREA	7,102 sqm
ZONING	Capital City 1 Zone - Melbourne Planning Scheme
NABERS ENERGY	4 Stars

ACCOMODATION

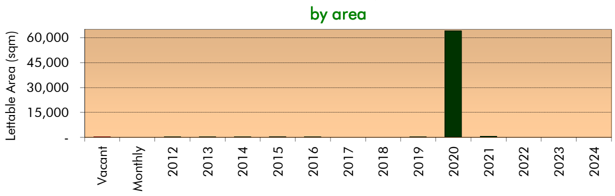
Total Office	63,372 sqm
Total Retail	2,542 sqm
Total NLA	65,914 sqm
No. of Cars	346
Vacancy	0.07%
Typical Floor Plate	1,575 - 1,700 sqm

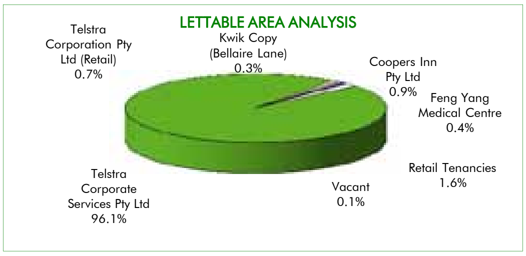
TENANCY
The offices (63,372 sqm) are fully leased to Telstra Corporate Services Pty Ltd for 10 years expiring 31 May 2020, subject to 4 leases. There are 17 retail tenancies leased to a variety of food and service retailers including Coopers Inn (Hotel) and Kwik Copy among others. Telstra also occupies 4 retail tenancies with concurrent lease expiries to the offices. There is one vacancy, relating to a 47 sqm retail tenancy located in the food court.

INCOME

Net Passing Income	$30,251,337 p.a.
Net Passing Income Fully Leased	$30,310,087 p.a.
Net Market Income	$30,612,388 p.a.
Average Market Office Rent (Gross Face)	$534 psm
Average Market Retail Rent (Gross Face)	$643 psm
Market Parking Rent per space	$499 per space
Outgoings	$105 psm

SWOT
* Prominent corner location in the North Eastern Core of the Melbourne CBD.
* Immediate access to public transport.
* Office fully occupied by Telstra, with an 8.2 year WALE.
* The retail tenancies provide amenity and services for occupants of the building.
* Comparatively lower outgoings compared to peer group assets, potentially due to single tenant.
* Natural light from the majority of the eastern elevation is impacted by the adjoining property.
* Potential single tenant lease expiry risk of circa 63,000 square metres in 2020.
* Significant exposure to Telstra (96.83% of the NLA).





Disclaimer: This summary comprises part of our full valuation report and needs to be read in conjuction with that report.

CBRE

Attachment 3 – Joint Ownership Agreements

Table 14 Joint Ownership Agreement – Deutsche Bank Place

Parties	IOF, Investa & ICPF
Management of Property	The owners must establish a management committee to review, consider and make determinations as to the directions to be given in relation to the day to day management of Deutsche Bank Place. Resolutions of the management committee in relation to major decisions must be passed by unanimous votes by all owners. Resolutions for all other decisions are passed by votes of owners whose votes represent a majority interest in the MST and PST.
Dispute Resolution	If the owners cannot unanimously pass a resolution in relation to a "major decision" of the management committee after having voted on the resolution at least twice then that decision is referred to senior representatives (being the Chairmen of the Boards of the relevant owners) of the owners for resolution. If the senior representatives are unable to unanimously pass a resolution in relation to a major decision, and an independent valuer opines that the matter which is the subject of the dispute would increase the value of the building, then the major decision will be decided by a special resolution (75%) of unitholders.

Dealings with Interests	Interests in the MST and PST can only be disposed of in the following circumstances:
	> to a member of the Owner's group except where:
	  > the transfer would reduce an owner's interest below 25%; and
	  > the transfer would increase the number of owners to more than 4;
	> where the pre-emptive rights process is complied with;
	> with the prior consent of all other owners; or
	> pursuant to a call option, which that owner has granted under the default provisions.

Pre-Emptive Rights	An owner must give the other owners notice of its intention to deal in its interests in the PST and MST **(a Disposal Notice)**. The Disposal Notice must specify the terms on which the disposal of the interest will occur. The Disposal Notice constitutes an offer to the other owners to purchase the relevant interest on the same terms as outlined in the Disposal Notice. This offer is open for a period of 2 months. If the offer period lapses, then for a period of 6 months, the disposing owner may sell to a third party on terms (including price) no more favourable than outlined in the Disposal Notice. The priority of the owners' pre-emptive rights are as follows: > where IOF holds a 50% interest, ICPF will have the first right of purchase and IOF the second right of purchase in respect of any disposal by Investa; > where IOF holds a 25% interest, ICPF will have the first right to purchase 1% of any disposal by Investa. Following the exercise or non-exercise of this right, IOF will have the first right of purchase and ICPF the second right of purchase in respect of any future disposal by Investa; > where ICPF holds a 24% or 49% interest, when proposing any disposal of its interest it will have a right to "drag along" a 1% interest from Investa. This right will lapse if ICPF fails to exercise its first right in respect of a 1% acquisition from Investa described above. The priority of IOF's and ICPF's pre-emptive rights above are subject to an Investa entity remaining the responsible entity of IOF and ICPF.
Default	The trustee of the MST and PST may require the owners to meet payments (in their proportions) required under agreements in relation to Deutsche Bank Place. If an owner fails to pay such a funding amount, the other owners may fund that amount. If an owner commits a "major owner default" the defaulting owner grants the non-defaulting owner a call option in respect of the defaulting owner's units in the MST and PST.

Attachment 3 – Joint Ownership Agreements

Table 15 Joint Ownership Agreement – Telstra Global Headquarters

Parties	IOF & ICPF
Management of Property	The owners must establish a management committee to review, consider and make determinations as to the directions to be given in relation to the day to day management of Telstra Global Headquarters. Resolutions of the management committee must be passed by unanimous votes by all owners.
Dispute Resolution	If the owners cannot unanimously pass a resolution in relation to a decision of the management committee then that decision is referred to senior representatives (being the Chairmen of the Boards of the relevant owners) of the owners for resolution.
Dealings with Interests	Interests in the 242 Exhibition Street Trust can only be disposed of in the following circumstances: > to a member of the Owner's group except where: > the transfer would reduce an owner's interest below 25%; and > the transfer would increase the number of owners to more than 4; > where the pre-emptive rights process is complied with; > with the prior consent of all other owners; or > pursuant to a call option, which that owner has granted under the default provisions.
Pre-Emptive Rights	An owner must give the other owner notice of its intention to deal in its interests in the 242 Exhibition Street Trust **(a Disposal Notice)**. The Disposal Notice must specify the terms on which the disposal of the interest will occur. The Disposal Notice constitutes an offer to the other owners to purchase the relevant interest on the same terms as outlined in the Disposal Notice. This offer is open for a period of 2 months. If the offer period lapses, then for a period of 6 months, the disposing owner may sell to a third party on terms no more favourable than outlined in the Disposal Notice.
Default	The trustee of the 242 Exhibition Street Trust may require the owners to meet payments (in their proportions) required under agreements in relation to Telstra Global Headquarters. If an owner fails to pay such a funding amount, it indemnifies the other owner for that amount. If the outstanding amount is paid by the other owner, that payment will constitute a loan to the trustee of the 242 Exhibition Street Trust (on which interest is payable). If an owner commits a "major owner default" the defaulting owner grants the non-defaulting owner a call option in respect of the defaulting owner's units in the 242 Exhibition Street Trust.

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For any questions
Please contact us

If you have any questions about this Notice of Unitholders' Meeting, your unitholding, distribution statements or any change of details, you may call the Unitholder information line on 1300 851 394 (within Australia) or +61 2 8280 7912 (outside Australia).

Should you have any questions regarding the Fund, please call Investor Relations on 1300 130 231 or email: **investorrelations@investa.com.au**

More information about the Fund can be accessed and downloaded at **investa.com.au/IOF**

> **investa.com.au**

Investa Listed Funds Management Limited
Level 6 Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000 Australia
Phone: +61 2 8226 9300 Fax: +61 2 9844 9300

ABN 37 149 175 655

INVESTA

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
ABN 37 149 175 655 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

All enquiries to: Telephone: 1300 851 394 **Overseas:** +61 2 8280 7912

X99999999999

UNITHOLDER VOTING FORM

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

STEP 1 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 (excluding the registered unitholder) you are appointing as your proxy

If no person/body corporate is named, the Chairman of the Meeting, as my/our proxy will vote for me/us on my/our behalf at the Unitholder Meeting of the Fund to be held at **10:00am on Tuesday, 27 March 2012, at The Swissotel, Level 8, 68 Market Street, Sydney NSW 2000** and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of the resolutions.

Proxies will only be valid and accepted by the Fund 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 ☒

STEP 2 VOTING DIRECTIONS

Resolution	**For**	**Against**	**Abstain***
That, for the purposes of rule 10.1 of the Listing Rules of the Australian Securities Exchange and for all other purposes, the acquisition of a 50% interest in 242 Exhibition Street, Melbourne, Victoria and up to a 50% interest in 126 Phillip Street, Sydney, New South Wales as described in the explanatory memorandum accompanying this resolution be approved	☐	☐	☐

* 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.

STEP 3 IMPORTANT - VOTING EXCLUSIONS

☐ If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of the Resolution above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Resolution and that votes cast by him/her for that Resolution, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on this Resolution.
The Chairman of the Meeting intends to vote undirected proxies in favour of the Resolution.

STEP 4 SIGNATURE OF UNITHOLDERS - THIS MUST BE COMPLETED

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

This form should be signed by the unitholder. If a joint holding, either unitholder may sign. If signed by the unitholder'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).

IOF PRX202

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

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

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a unitholder of the Fund. A proxy may be an individual or a body corporate.

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 units 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 units 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 Fund's unit registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of units 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.

(b) 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 unitholder 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 Fund's unit registry.

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 Sunday, 25 March 2012,** 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, unitholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

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.

If you would like to attend and vote at the Unitholder Meeting, please bring this form with you. This will assist in registering your attendance.