

ASX Announcement

4.12.18

Investa Office Fund (ASX:IOF)

Chairman's Address – Oxford Proposal

Enclosed is the address to be given by the Chairman along with the Unitholder presentation for Investa Office Fund to be presented to Unitholders today.

End

For further information please contact:

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

For media enquiries please contact:

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

About Investa Office Fund

Investa Office Fund (ASX code: IOF) is an externally managed Australian listed real estate investment trust, included in the S&P/ASX 100 index. IOF is governed by the Independent Board of Investa Listed Funds Management Limited as Responsible Entity, and managed by Investa – one of Australia's largest and most highly regarded office managers. IOF has total assets under management of over \$4.3 billion, with 19 investment grade office buildings in core CBD markets across Australia. The Fund receives rental income from more than 400 tenants, including government agencies and blue chip organisations. IOF's strategy is to deliver attractive risk-adjusted returns investing in high quality Australian office buildings, leveraging Investa's fully integrated specialist property sector capabilities to outperform.

Unitholder Meeting

4.12.18

Investa Office Fund (ASX:IOF)

Chairman's Address

Good afternoon ladies and gentlemen and thank you for coming today.

My name is Richard Longes and I am the Chairman of Investa Listed Funds Management Limited, the responsible entity of Investa Office Fund (**IOF**). I have been appointed as the Chairman of the meeting by the responsible entity of IOF in accordance with section 252S of the Corporations Act.

I am pleased to welcome you to today's unitholder meeting. This meeting has been convened to ask unitholders to vote on resolutions, which if approved by the requisite majorities, would result in entities associated with Oxford Properties Group (**Oxford**), acquiring all issued units in IOF. I take the Notice of Meeting in relation to these resolutions as read.

It is now 2:30pm, the nominated time for the meeting. I have been informed by Link Market Services, IOF's unit registry, that a quorum is present, so I am pleased to declare that the concurrent meetings of the unitholders of the Armstrong Jones Office Fund and the Prime Credit Property Trust, which together form IOF, are now open.

Before we commence may I ask everyone to please turn off your mobile phone or ensure it is switched to silent.

Outline of the meeting

Firstly, I will outline the conduct of today's meeting and I will introduce your directors.

Then I will present a short address on the proposal being considered at today's meeting before going through some procedural matters.

We will then move to the formal business of the meeting. There are three items of business today – the first relates to approval of the proposed acquisition of IOF by Oxford, the second relates to amendments to the IOF constitutions, and the third item relates to de-stapling of units in the Armstrong Jones Office Fund and the Prime Credit Property Trust.

Board

I would like to introduce you to the directors of the responsible entity: Gai McGrath, Geoff Kleemann and Bob Seidler AM. John Fast is unable to attend today's meeting and is an apology. Also with us today are Penny Ransom, IOF's Fund Manager, and Nicole Quagliata, IOF's Assistant Fund Manager.

Background to the Oxford proposal

IOF has been the subject of considerable corporate activity over the past eight months which I will now briefly recap.

Earlier this year, The Blackstone Group (**Blackstone**) approached the responsible entity in relation to a potential change of control transaction for IOF. On 28 May 2018, the responsible entity announced that it had entered into a process deed with Blackstone in connection with the proposed acquisition of IOF by Blackstone for \$5.15 per unit on a distribution adjusted basis.

Following completion of due diligence, on 12 June 2018, Blackstone entered into a binding Scheme Implementation Agreement to acquire IOF.

On 27 August 2018, ILFML announced that, in response to feedback from some IOF unitholders, Blackstone had entered into binding documents to increase the consideration payable under the Blackstone proposal by 20 cents to approximately \$5.35 per unit on a distribution adjusted basis.

On 4 September 2018, two days prior to the scheduled IOF unitholder meeting to consider the revised Blackstone proposal, ILFML received an unsolicited, non-binding, indicative and conditional proposal from Oxford to acquire IOF for \$5.50 per unit. In light of the Oxford proposal, following the receipt of judicial advice, the meeting convened to consider the Blackstone proposal was adjourned.

On 10 September 2018, IOF announced that it had entered into binding documents to give effect to a further price increase from Blackstone, to \$5.52 per unit, subject to certain conditions.

However, prior to IOF unitholders considering the further improved Blackstone proposal, on 13 September 2018, IOF received a competing proposal from Oxford to acquire IOF for \$5.60 cash per unit. Oxford also advised IOF that it had agreed to increase its effective ownership in IOF to 19.99%.

Following these developments, the IOF unitholder meeting scheduled to consider the Blackstone proposal was again adjourned, and Oxford was granted a four week due diligence period to formulate a binding proposal capable of acceptance.

After completing confirmatory due diligence, on 15 October 2018, Oxford submitted a binding proposal to acquire IOF for \$5.60 per unit. As Blackstone advised that it would not provide a matching or superior offer to the Oxford proposal at \$5.60, ILFML terminated the Blackstone Scheme Implementation Agreement and entered into a new Scheme Implementation Agreement with Oxford on 18 October 2018. As a result, the unitholder meeting to consider the Blackstone proposal will no longer take place.

Reasons for the Directors' recommendation

I would now like to take some time to discuss how the directors considered the Oxford proposal and how we arrived at our unanimous recommendation that unitholders vote in favour.

In response to the original approach from Blackstone, on 31 May 2018 the directors commissioned updated independent valuations for all of IOF's 20 properties and have since commissioned further revaluation of 151 Clarence Street on 30 September 2018.

The directors also engaged legal and financial advisers and commissioned KPMG Corporate Finance to prepare an Independent Expert's Report to consider the Blackstone and Oxford proposals.

Before announcement of the initial offer from Blackstone, IOF units had not traded above \$5.60 since 26 September 2008, which is over 10 years ago. Further, the \$5.60 price offered by Oxford represents an attractive premium to historic trading prices, and in particular represents:

- a 23.1% premium to IOF's ex-distribution price on 25 May 2018, which was the last trading day before the initial offer from Blackstone was first announced to the market;
- a 26.1% premium to IOF's 1 month volume weighted price up to 25 May 2018; and
- a 28.7% premium to IOF's 3 month volume weighted price up to 25 May 2018.

These premiums compare favourably to other change of control transactions that have occurred within the A-REIT sector in the last five years.

It is also worth noting that the \$5.60 price offered by Oxford represents a 2.2% premium to IOF's Pro Forma NTA as at 30 June 2018, as well as a 1.4% premium to the highest price offered by Blackstone for IOF Units. In fact the consideration under the Oxford Proposal represents a 65 cent or 13% increase from the first price proposed by Blackstone in April of this year.

The Independent Expert, KPMG Corporate Finance, has concluded that the Oxford proposal is in the best interests of unitholders in the absence of a superior proposal. In coming to this conclusion, KPMG found the proposal to be fair and reasonable, as the consideration being offered by Oxford of \$5.60 per unit, exceeds the assessed valuation range for IOF units of \$5.49 to \$5.52 per unit.

After carefully considering the terms of the Oxford proposal, receiving advice from their legal and financial advisers, and considering the Independent Expert's conclusions, the Directors unanimously recommend that IOF unitholders vote in favour of the resolutions put forward at today's meeting.

Each Director also intends to vote all IOF units they hold or control in favour of the resolutions.

Process of Implementation and satisfaction of conditions

To proceed with implementation of the Oxford transaction, a number of conditions must be satisfied. The key outstanding conditions are:

- approval of the Oxford proposal by the requisite majorities of IOF unitholders;
- execution and lodgement with ASIC of Supplemental Deeds Poll to give effect to proposed amendments to the IOF Constitutions; and
- the receipt of judicial advice from the Court in relation to implementation of the Oxford proposal, which will be sought by the responsible entity tomorrow, if the resolutions are approved at today's meeting.

If the resolutions are approved by unitholders, and the judicial advice is granted by the Court, an application will be made for IOF units to be suspended from trading with effect from close of trading on 6 December 2018.

If the Oxford proposal is implemented, IOF unitholders will receive the consideration on 14 December 2018.

With this background, I will now turn to the formal part of today's meeting.

Investa Office Fund

Unitholder Meeting
Oxford Proposal

4 December 2018



Key dates

28 May 2018 – ILFML announces it has received a conditional proposal from Blackstone to acquire IOF for \$5.1485 cash per unit

12 June 2018 – ILFML enters into a Scheme Implementation Agreement with Blackstone relating to the acquisition of IOF

27 August 2018 – Blackstone increases its offer consideration for IOF by 20 cents per unit to \$5.3485

4 September 2018 – ILFML receives a non-binding proposal from Oxford to acquire IOF for \$5.50 per unit

10 September 2018 – Further price increase from Blackstone to \$5.52 per unit conditional upon IOF unitholder vote occurring on or before 17 September 2018

13 September 2018 – Improved non-binding from Oxford to \$5.60 per unit; Oxford increases effective ownership of IOF to 19.99%

18 September 2018 – Oxford granted access to due diligence

18 October 2018 – ILFML terminates Blackstone Scheme Implementation Agreement and enters into a Scheme Implementation Agreement with Oxford

ILFML Directors' Recommendation

The Directors of ILFML unanimously recommend that IOF Unitholders vote in favour of the Oxford proposal in the absence of a superior proposal

- Until announcement of the Oxford proposal, IOF units did not trade at a price above the price offered by Oxford of \$5.60 per IOF unit since 26 September 2008, which is over 10 years ago
- The Oxford proposal consideration of \$5.60 per unit represents a:
 - 23.1% premium to IOF's ex-distribution price of \$4.55 per IOF Unit on 25 May 2018, being last trading day prior to announcement of initial Blackstone offer;
 - 26.1% premium to the 1 month VWAP of IOF units up to 25 May 2018;
 - 2.2% premium to IOF's Pro Forma NTA as at 30 June 2018; and
 - 1.4% premium to the highest price offered by Blackstone for IOF units of \$5.52 per unit
- Oxford proposal premiums to IOF's trading price compare favourably to other change of control transactions within the A-REIT sector in the last five years
- The Independent Expert, KPMG Corporate Finance, concluded that the Oxford proposal is in the best interests of IOF unitholders. In coming to this opinion the Independent Expert assessed the Oxford proposal to be fair and reasonable and in the best interests of IOF unitholders (in the absence of a superior proposal) as the price offered by Oxford exceeds the assessed value range for IOF units
- Cash nature of the Oxford proposal offers IOF unitholders an opportunity to exit their IOF investment at a price that is certain and incorporates a substantial premium for control

Implementation timetable

Event	Time / Date
Unitholder meeting	2:30pm, Tuesday, 4 December 2018
Second Court Date	9:15am, Wednesday, 5 December 2018
Effective Date*	Thursday, 6 December 2018
Record Date	Monday, 10 December 2018
Implementation Date	Friday, 14 December 2018

* IOF Units will be suspended from trading on the ASX at the close of trading on the Effective Date.

Meeting Closure

Should you have any questions regarding the Fund, please call **Investor Relations on +61 1300 130 231** or email: investorrelations@investa.com.au

If you have any questions about your unitholding, distribution statements or any change of details, please call the **unitholder information line on +61 1300 851 394**.

More information about the Fund can be accessed and downloaded at www.investa.com.au/funds/iof

Investa Listed Funds Management Limited
Level 30, 420 George Street
Sydney NSW 2000 Australia
Phone: +61 2 8226 9300 Fax: +61 2 9844 9300
ACN 149 175 655 AFSL 401414



Disclaimer

This presentation was prepared by Investa Listed Funds Management Limited (ACN 149 175 655 and AFSL 401414) (the IOF RE) on behalf of the Investa Office Fund (ASX: IOF) (IOF), which comprises the Prime Credit Property Trust (ARSN 089 849 196) and the Armstrong Jones Office Fund (ARSN 090 242 229). Information contained in this presentation is current as at 4 December 2018 unless stated otherwise.

This presentation is provided for general information purposes only and has been prepared without taking account of any particular reader's financial situation, objectives or needs. Nothing contained in this presentation constitutes investment, legal, tax or other advice. Accordingly, readers should conduct their own due diligence in relation to any information contained in this presentation and, before acting on any information in this presentation, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation and to the extent permitted by law, the reader releases the IOF RE, IOF, each of their related entities and affiliates (together, the Investa Property Group), and the directors, officers, employees, agents, representatives and advisers of any member of the Investa Property Group from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this presentation.

This presentation may include forward-looking statements, which are not guarantees or predictions of future performance. Any forward-looking statements contained in this presentation involve known and unknown risks and uncertainties which may cause actual results to differ from those contained in this presentation. Past performance is not an indication of future performance. As such, any past performance information in this document is illustrative only and should not be relied upon.

Any investment in IOF is subject to investment and other known and unknown risks, some of which are beyond its control. The IOF RE does not guarantee the performance of IOF, any particular rate of return, the repayment of capital or any particular tax treatment.

This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.