

Investa Office Fund (ASX: IOF)

Transfer of management rights of IOF

The IOF Independent Board Committee (**IBC**) notes the announcement by Investa Wholesale Funds Management Limited that it has entered into a binding agreement to purchase Investa Office Management Holdings (**IOMH**), the owner of Investa Office Management Platform (**IOM** or “**the Platform**”) from Morgan Stanley Real Estate Investing (the **Transaction**). The acquisition will be made by a new company to be stapled to Investa Commercial Property Fund (**ICPF**).

The Platform includes Investa Listed Funds Management Limited (**ILFML**), the responsible entity of Investa Office Fund (**IOF**). IOM has indicated to the IBC that the Transaction remains subject to certain conditions precedent, but does not require the approval of IOF unitholders and that settlement is expected in March 2016.

As disclosed in IOF’s half yearly results, the IBC is aware that there are certain change of control review events in IOF debt facilities that will be triggered as a result of the transfer of ILFML to ICPF, which, unless waived by the relevant lenders, may have an impact on IOF. IOM is managing the consent process with IOF’s lenders and the IBC will update unitholders when more information is made available to it.

The IBC understands that ICPF will not be acquiring the Platform’s stake in IOF.

As part of its strategic review, the IBC and its advisers held extensive discussions with ICPF regarding the continued external management of IOF by ICPF and the potential for joint ownership of the Platform with ICPF. All of which were considered by the IBC in determining that the proposal from DEXUS to acquire all of the outstanding units in IOF securities (**DEXUS Proposal**) to be superior to all other options considered under the strategic review and in the best interests of IOF unitholders having regard to, in particular:

- **governance structure & conflict arrangements:** the merged group will form Australia’s pre-eminent, internally-managed office property group, and for IOF Unitholders, provides an opportunity to transition to internal management, a governance structure that has been adopted by IOF’s listed peer group, that represents the preferred structure of many listed REIT investors, and had been communicated to IOF Unitholders as a strategic milestone since 2011;
- **value proposition:** the DEXUS Proposal delivers IOF Unitholders an attractive premium of 6.2%¹ relative to the IOF Unit price prior to the announcement of the Proposal, in addition to substantial annualised FY16 FFO accretion of at least 15% per IOF Unit. The Proposal by DEXUS also affords IOF Unitholders significant diversification and scale benefits, coupled with exposure to additional revenue streams and enhanced growth opportunities within the DEXUS business; and
- **management platform:** the DEXUS platform provides a highly capable management proposition for IOF Unitholders, with a strong track record of operational performance in commercial real estate.

Accordingly, the IBC has unanimously resolved to recommend that IOF securityholders vote in favour of the DEXUS Proposal in the absence of a superior proposal, and subject to the independent expert opining that the DEXUS Proposal is in the best interests of IOF Securityholders.

The sale of the management of IOF does not impact the DEXUS Proposal timetable.

¹ Based on the closing price of DEXUS Securities on 4 December 2015 (being the day prior to the announcement of the Proposal), the implied value of the Proposal was \$4.07, reflecting a 6.2% premium to the IOF closing price of \$3.83 on 4 December 2015

The IBC will provide further details of its decision to recommend the DEXUS Proposal, and the other alternatives considered as part of the strategic review, in the explanatory memorandum expected to be issued in early March 2016.

Following release of the explanatory memorandum, a meeting of IOF securityholders is expected to be held in early April to consider the DEXUS Proposal.

About Investa Office Fund

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

About Investa Office

Investa Office is Australia's leading owner and manager of commercial office buildings, controlling assets worth more than \$8.5 billion in key CBD markets across Australia. Our end-to-end real estate platform incorporates funds, portfolio and asset management, property services, development, sustainability, capital transactions and research.

We strive to be the first choice in Australian office, by delivering consistent outperformance for our investors and exceeding the expectations of our tenants and staff. Investa Office is a leader in sustainability and is committed to responsible property investment and the ongoing pursuit of sustainable building ownership and management.

We are a signatory of the United Nations Principles for Responsible Investment.

Fund Enquiries

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choice in
Australian
office.**