

08.04.16

## Investa Office Fund (ASX:IOF)

### Takeovers Panel declaration of unacceptable circumstances, orders and IOMH's corrective disclosure

Investa Listed Funds Management Limited (**ILFML**) as responsible entity of the Investa Office Fund (**IOF**) notes the declaration of unacceptable circumstances and final orders made by the Takeovers Panel on 8 April 2016 requiring corrective disclosure to be provided by Investa Office Management Holdings Pty Ltd (**IOMH**), the owner of IOF's manager.

The Panel's declaration and orders were in relation to an application by DEXUS Funds Management Limited as responsible entity of DEXUS Property Group dated 21 March 2016.

The corrective disclosure required by the Takeovers Panel from IOMH is attached.

IOMH has prepared and is responsible for the corrective disclosure.

**-ENDS-**

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8 April 2016

Dear IOF unitholder,

**Investa Office Fund - Supplementary Disclosure by order of the Takeovers Panel**

I am writing to you as the Managing Director and CEO of Investa Office Management Holdings Pty Limited (**IOMH**), the owner of the manager of Investa Office Fund.

On 21 March 2016, DEXUS Funds Management Limited as responsible entity of DEXUS Property Group, commenced an application before the Takeovers Panel in relation to a range of matters in respect of the transaction under which it is seeking to acquire all of the units in Investa Office Fund (**DEXUS Proposal**).

The Takeovers Panel made a declaration of unacceptable circumstances and has made orders requiring that Investa Office Management make further disclosure in respect of its interest in IOF and the DEXUS proposal and the proxy form sent out by Investa Office Management. The Panel also required that a further notice of ceasing to be a substantial holder be lodged by Investa Office Management, this time attaching a copy of the agreement between ICPF and Morgan Stanley in relation to the sale of Investa Office Management that did not redact the provisions relating to employees of Investa Office Management.

Accordingly, further to a document issued by Investa Office Management titled "Important Information for IOF unitholders" dated 14 March 2016 which was mailed to IOF unitholders by Investa Office Management (**IOMH Document**) and the letter to IOF unitholders dated 6 April 2016, Investa Office Management provides the following supplementary and corrective disclosure:

- **Investa Office Management's interests in IOF:** As previously disclosed, since 2011, Investa Office Management Group has acted as manager of IOF. Investa Office Management also owns the Responsible Entity of IOF. The board of the Responsible Entity of IOF appointed the independent board committee in conjunction with Morgan Stanley proposing to sell Investa Office Management. The members of the independent board committee now comprise the board of the Responsible Entity of IOF and are independent of Investa Office Management.

The Investa Office Management group receives fees under these arrangements. The responsible entity fee that Investa Office Management receives from IOF is 0.55% per annum of IOF's market capitalisation, to be paid quarterly. The fee for a quarter cannot change by more or less than 2.5% from the previous quarter. Investa Office Management also receives other fees from IOF, including

safe custody fees, property management fees, leasing fees and project management fees. These fees in total amounted to c.\$19 million in FY2015 and are set out in detail in the IOF's 2015 Annual Report, which is available from [www.asx.com.au](http://www.asx.com.au) and [www.investa.com.au](http://www.investa.com.au)

- **Consequences of DEXUS Proposal:** Many of these fees will be lost if the DEXUS Proposal proceed and DEXUS implements its intentions as described in the IOF Explanatory Memorandum. DEXUS has indicated that it will remove ILFML as the responsible entity of IOF and as manager of IOF. Fees for these services amounted to c.\$11 million in FY 2015. DEXUS has also indicated it will remove Investa Office Management as property manager for IOF when it has the opportunity to do so, however, those agreements are fixed term and so property management fees are likely to continue to the end of the relevant fixed terms.
- **Loss of scale if DEXUS proposal is implemented:** If the DEXUS proposal proceeds, Investa Office Management will lose the fund management rights in respect of IOF, whose assets represent approximately 40% of Investa Office Management's assets under management. Investa Office Management may restructure its business to suit this reduced scale (refer below to the payment arrangements with Morgan Stanley).
- **Effect of the DEXUS Proposal on IPG's rights and obligations under the Platform Sale Agreement:** The Investa Office Management platform was recently acquired from Morgan Stanley by an entity stapled to the Investa Commercial Property Fund (**IPG**). The agreement under which it occurred has been released to the ASX with IOMH's notice that it has ceased to be a substantial holder of IOF, lodged with the ASX on 8 April 2016. Under that agreement, IPG agreed to pay to Morgan Stanley \$90 million for the Investa Office Management business. The first instalment of \$45 million was paid on 4 March 2016. The second instalment of \$45 million is only payable in certain circumstances. If the DEXUS proposal proceeds, while Investa Office Management is likely to lose the management fees as described above, IPG will not be required to pay Morgan Stanley the second half of the of the Investa Office Management platform purchase price of an additional \$45 million. In these circumstances, IPG will also be entitled to recover from Morgan Stanley up to \$8 million in restructuring costs.
- **Proxy form accompanying the IOMH Document:** The IOMH Document included instructions as to how to vote against the DEXUS proposal and was sent with a proxy form appointing Jonathan Callaghan, Managing Director and CEO of Investa Office Management, as proxy and recommending that IOF unitholders vote against the resolutions in respect of the DEXUS proposal. Unitholders should note that under this proxy form, Jonathan Callaghan will be your proxy if no alternative is nominated by you. If no voting direction is given in that proxy form, Jonathan Callaghan will direct any votes against the proposed resolutions, which is the opposite of the default voting direction in the proxy form issued by the independent board committee of the responsible entity of IOF (**IBC**).

**This proxy form is valid, but if any IOF unitholders have voted on the proxy form which accompanied the IOMH Document and did not understand that it was a document that was not issued by the responsible entity of IOF or the IBC and now wish to change their vote, they can do so by lodging a new proxy form (online, by mail, by fax or by hand) or by attending and voting at the meeting of IOF unitholders in person on 15 April 2016.**

**If you need a new proxy form or any assistance with lodging your proxy form, please contact the IOF Registry on 1300 308 902 (or from overseas on +61 2 9098 9228).**

**The latest time and date for receipt of proxy forms by the IOF Registry for the meeting to consider the DEXUS Proposal is 10.00am Wednesday, 13 April 2016.**

Yours sincerely,



**Jonathan Callaghan**  
Managing Director and CEO, Investa

#### **Important Notices**

This document is provided by Investa Office Management Holdings Pty Limited (ACN 126 219 903) of Level 6, Deutsche Bank Place, 126 Phillip Street, Sydney NSW 2000, Phone: +61 2 8226 9300 (**IOMH**). IOMH is a related body corporate of Investa Listed Funds Management Limited (ACN 149 175 655) (**IOF RE**), which is the responsible entity of Investa Office Fund (**IOF**). This document has not been issued by or on behalf of, and is not otherwise approved or endorsed by, IOF RE, either in its capacity as responsible entity of Investa Office Fund or in any other capacity. This document contains general financial product advice only and has been prepared without taking account of the investment objectives, financial situation, tax position or particular needs of any Unitholder or any other person. IOMH is the authorised representative of Columbus Investment Services Limited ACN 106 064 644, AFSL 246943 of 20 Hunter Street, Sydney NSW 2000 (phone: +61 2 8277 0020).