

08.12.16

## Investa Office Fund (ASX:IOF)

### Cromwell Proposal for Investa Office Fund

Investa Listed Funds Management Limited (ILFML) as responsible entity of the Investa Office Fund (ASX:IOF) refers to the Proposal for Investa Office Fund lodged by Cromwell Property Group (ASX:CMW) (Cromwell) with the Australian Securities Exchange on 7 December 2016.

Please see attached letter from ILFML to Unitholders dated 8 December 2016.

The correspondence referred to in the attached letter to Unitholders, being Cromwell's letter of 21 November 2016 and the IOF Independent Director's response to Cromwell of 29 November 2016 are available at [www.investa.com.au/WWW\\_Investa/media/Resources/Cromwell-correspondence.pdf](http://www.investa.com.au/WWW_Investa/media/Resources/Cromwell-correspondence.pdf)

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#### About Investa Office Fund

Investa Office Fund (ASX code: IOF) is an ASX-listed real estate investment trust (A-REIT) and is included in the S&P/ASX100 index. IOF is a leading owner of investment grade office buildings and receives rental income from a tenant register comprised predominately of Government and blue chip tenants. IOF has total assets under management of AU\$3.6 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.

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8 December 2016

Dear Unitholder,

IOF is unique by way of scale and focus as an owner of a \$3.6bn portfolio of high quality Australian investment grade CBD office buildings.

As previously advised, Cromwell Property Group (Cromwell) has requested the IOF Independent Directors provide Cromwell extensive due diligence of IOF as part of its highly conditional, non-binding and indicative letter referring to the conditional possibility of an all cash arrangement to acquire all of IOF's outstanding issued capital for \$4.45 per unit.

Your Independent Directors wish to highlight several important considerations which have previously been covered in our Unitholder correspondence:

- Our strong view is that Cromwell's highly conditional approach based on its price undervalues IOF and is not compelling or attractive and it is on this basis we are not granting Cromwell due diligence.
- It is open to Cromwell to make an offer for IOF or to revise its initial approach at any time.
- We will assess all approaches on their merits including the appropriateness of granting and the extent of due diligence to be provided. In doing so, we need to consider matters including the value of such access, risks to IOF of providing sensitive information to competitors and the interests and confidentiality of all of IOF's stakeholders including tenants and JV partners.
- IOF is in the process of undertaking a revaluation of approximately half of its portfolio for the purpose of its 31 December 2016 interim results in accordance with its valuation policy and will update Unitholders on any revaluation movements as soon as these are available.

The Independent Directors confirm that Cromwell has not re-engaged directly following being advised we were not going to provide access to due diligence. Rather, Cromwell has made another ASX release now seeking IOF Unitholders' support to conduct due diligence of IOF so it can develop a binding cash offer for IOF Unitholders to consider. Unitholders should note that Cromwell's release incorrectly states its proposal value is \$4.55 per IOF unit by including a projected \$0.10 interim distribution per unit to 31 December 2016 to which IOF Unitholders at the December record date will already be entitled.

As illustrated with Cromwell's latest release, Cromwell has repeatedly released information to the ASX rather than engaging directly with IOF. IOF until now has respected Cromwell's original request in its letters to keep correspondence strictly private and confidential and not for public release on the basis of its letters did not constitute a complete proposal and being not capable of acceptance, nor did it require notification to the ASX.

However, given Cromwell continues with its approach, we have decided to disclose Cromwell's letter of 21 November 2016 and the IOF Independent Director's response to Cromwell of 29 November 2016, available via the following link ([www.investa.com.au/WWW\\_Investa/media/Resources/Cromwell-correspondence.pdf](http://www.investa.com.au/WWW_Investa/media/Resources/Cromwell-correspondence.pdf)).

We highlight the following to IOF Unitholders in relation to Cromwell's letter:

- There is no proposal – Cromwell is “seeking due diligence to allow it to finalise a proposal”.
- Even if there was a proposal, the IOF Independent Directors believe a \$4.45 per unit proposal undervalues IOF and is not compelling or attractive and it is on this basis we are not granting Cromwell due diligence.
- All of Cromwell's proposed funding is conditional, and particularly, Redefine Properties Limited of South Africa's letter of support providing equity underwriting is highly conditional.
- Despite our request, Cromwell has either refused or been unable to identify third party investors it proposed to form part of its club to acquire IOF.
- Cromwell requested 40 day access to an extensive due diligence list of over 50 detailed items. IOF has significant information in the public domain. The extensive request of this nature with access to staff and confidential and sensitive materials is more usually associated with confirmatory due diligence rather than the stage of determining underlying value to form a proposal.

IOF's Independent Directors believe the upcoming IOF revised valuations will provide Unitholders greater clarity of IOF's value. We note that over the last six months there has been the sale of 800 Toorak Road in Melbourne at a significant premium to book value and strong leasing progress within the portfolio.

Your Independent Directors will continue to act in the best interests of Unitholders.

Yours faithfully

**INVESTA LISTED FUNDS MANAGEMENT LIMITED**



**Richard Longes**  
Chairman