

ASX Announcement

28.05.18

Investa Office Fund (ASX:IOF)

All cash proposal from Blackstone to acquire IOF

The Directors of Investa Listed Funds Management Limited (**ILFML**), as responsible entity for Investa Office Fund (**IOF**), announce that ILFML has received an unsolicited, indicative and non-binding proposal from funds managed or advised by Blackstone Singapore Pte. Ltd. or its affiliates (collectively, **Blackstone**), in relation to a proposal to acquire IOF by way of a trust scheme (**Proposal**).

The Directors of ILFML and Quartz Holding (NQ) Pte. Ltd. (an affiliate of Blackstone funds) have entered into a Process Deed which sets out the terms of and steps required to finalise the Proposal.

Summary of the Proposal

Under the Proposal IOF unitholders will be entitled to \$5.25 cash per unit reduced by any distributions declared or paid by IOF after 4 May 2018 and prior to completion of the Proposal. The Proposal represents an offer price of approximately \$5.15 per unit once IOF's expected 2H18 distribution is taken into account (based on previous distribution guidance). This distribution is expected to be paid to IOF unitholders in August 2018.

The distribution adjusted Proposal price of \$5.15 represents a:

- 13.2% premium to IOF's ex-distribution closing price of \$4.55 per unit on 25 May 2018¹;
- 16.0% premium to the one month volume weighted average unit price of IOF of \$4.44 per unit up to 25 May 2018;
- 4.0% premium to IOF's last reported NTA per unit of \$4.95 as at 31 December 2017;
- 3.9% FY18 DPS yield (based on previous distribution guidance for FY18); and
- 4.0% premium (an increase of 20¢ per IOF unit) to an initial non-binding and confidential proposal by Blackstone made on 5 April 2018 seeking due diligence and support of the ILFML independent directors.

The Proposal is subject to a number of conditions including:

- entry into a Scheme Implementation Agreement; and
- IOF unitholder approval.

¹ IOF's ex distribution price has been calculated by reducing IOF's closing price by the pro-rated amount of IOF's forecast 2H18 distribution. Pro-rata calculation is based on the number of days remaining in the 2H18 period.

ILFML has been informed by Blackstone:

- that Blackstone has not made a decision about the future management of IOF if the Proposal is completed. As part of its deliberations, Blackstone intends to discuss with Investa Property Group its potentially continuing the management of IOF due to its excellent track record in managing office assets in Australia; and
- that no facilitation or similar payments will be made by Blackstone to Investa Property Group as the owner of ILFML in relation to the Proposal.

Intention to Recommend

The Directors of ILFML believe that the Proposal presents IOF unitholders with an opportunity to realise their investment in IOF for significant value and certainty. The Directors of ILFML intend, on entry into a Scheme Implementation Agreement, to unanimously recommend that IOF unitholders vote in favour of the Proposal, subject to an Independent Expert opinion that the Proposal is in the best interests of IOF unitholders and in the absence of a superior proposal.

Background and Confirmatory Due Diligence Period

On 5 April 2018, the Independent Directors of ILFML received from Blackstone an unsolicited, confidential, indicative and non-binding proposal to acquire IOF for cash consideration of \$5.05 per IOF unit (reduced by any distributions declared or paid by IOF on or after 5 April 2018 and prior to the completion of the proposal). Confidentiality was a key condition of the proposal.

Since that time, the parties held extensive discussions and negotiations and entered into a confidentiality and standstill agreement, resulting in the improved Proposal on 4 May 2018.

Blackstone has been conducting due diligence and has been granted a further period to finalise binding documentation with ILFML and complete any outstanding confirmatory due diligence on the terms set out in the attached Process Deed.

During the confirmatory due diligence period the Directors of ILFML have agreed to a No Shop provision. Details of these arrangements are set out in the Process Deed.

Next steps and way forward

Following finalisation of the Proposal, a binding Scheme Implementation Agreement will be entered into with Blackstone. An explanatory memorandum in relation to the Proposal is expected to be released shortly thereafter and is to be followed by a meeting of IOF unitholders to consider and vote on the Proposal.

ILFML will be obtaining updated independent valuations for the entire IOF portfolio and these will be announced to the market prior to the release of the explanatory memorandum in relation to the Proposal.

No action is required by IOF unitholders at this time and ILFML will keep IOF unitholders advised of all relevant developments.

ILFML has engaged J.P. Morgan Australia Limited as its financial adviser and Allens as its legal adviser in relation to this matter.

End

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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 \$4.0 billion, with 20 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.

About Blackstone

Blackstone is one of the world’s leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with US\$450 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com. Follow Blackstone on Twitter @Blackstone.



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28 May 2018

Quartz Holding (NQ) Pte. Ltd.
77 Robinson Road
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Robinson 77
Singapore
068896

Dear Sirs

This agreement, which is to be executed and delivered as a deed, sets out the terms on which Quartz Holding (NQ) Pte. Ltd. , an affiliate of funds managed, advised or controlled by Blackstone Singapore Pte. Ltd. or its affiliated entities (**Blackstone**) and Investa Listed Funds Management Limited as responsible entity for IOF (**ILFML**) agree to negotiate and finalise a Scheme Implementation Agreement (as defined below) in connection with the Proposal. It is agreed as follows:

1 In this agreement the following definitions apply:

Adviser means, in relation to an Entity, a financier, financial adviser, corporate adviser, legal adviser, or technical or other expert adviser or consultant who provides advisory services in a professional capacity to the market in general and who has been engaged by that Entity.

Associate has the meaning given in sections 11, 12 and 15 of the Corporations Act.

Competing Proposal means any actual or proposed proposal, agreement, arrangement or transaction (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise), which, if entered into or completed, would mean:

(a) a third party (other than ICPF pursuant to a transaction permitted by item 9 of section 611 of the Corporations Act), either alone or together with any other person, would directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, or the right to vote, 20% or more of IOF Units;

(b) a third party (either alone or together with any other person) would:

(i) acquire Control of IOF;

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- (ii) directly or indirectly acquire or obtain a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part or material part of all of the business or assets of IOF;
- (c) otherwise directly or indirectly acquire or merge with IOF; or
- (d) require ILFML to abandon, or otherwise fail to proceed with, the Scheme or any part of the Scheme, and

in, each case, includes a variation or modification of an earlier Competing Proposal.

Confidential Information means all or any information supplied to or received or acquired by Blackstone (whether on or after the date of the Confidentiality Deed) by or from an information provider relating to ILFML, its Related Entities, their businesses or the permitted purposes under the Confidentiality Deed, including the transaction information and information relating to the assets, liabilities, affairs and undertakings of ILFML and/or its Related Entities, manuals, trade secrets, accounts, books, ledgers, financial and other records (including non-public historical financial details and employee and customer details), drawings, know how, techniques, business and marketing plans, projections and forecasts of financial performance, concepts not reduced to material form and intellectual property of any nature whatsoever, and all copies, notes and other records prepared by ILFML based on or incorporating any of the information referred to in this definition, whether the information is in oral, visual or written form or is recorded or embodied in any other medium, but excluding any information which:

- (a) at the time of the first disclosure to or observation by Blackstone or an approved person, was already in Blackstone's or the approved person's (as applicable) lawful possession;
- (b) is acquired by, or becomes available to, Blackstone from any other source, provided that it was not acquired directly or indirectly from ILFML;
- (c) is independently generated or developed by Blackstone or any approved person, or on their behalf, without any reference to or reliance or dependency on, and other than in consequence of, the acquisition of information as a result of the Confidentiality Deed; or
- (d) is or becomes publicly available other than as a result of disclosure by Blackstone or any approved person in breach of the Confidentiality Deed.

Confidentiality Deed has the meaning given to it in clause 6 of this agreement.

Control has the meaning given in section 50AA of the Corporations Act, and **Controlled** has a corresponding meaning.

Controlled Entity means, in relation to an Entity, another Entity which is a Subsidiary of it, or which is Controlled by it.

Corporations Act means the Corporations Act 2001 (Cth).

Due Diligence Index means the list of due diligence information requested by or on behalf of Blackstone, as set out in the due diligence index to be provided by Blackstone to ILFML on or about the date of this agreement.

Due Diligence Period means the period commencing on the date of this agreement and ending on the earlier of:

- (a) entry by ILFML and Blackstone (or one or more of its Related Bodies Corporate) into a Scheme Implementation Agreement;
- (b) the date on which this agreement is terminated in accordance with clause 8; and
- (c) the date that is 4 weeks from the date of this agreement (or such earlier date as notified in writing by Blackstone to ILFML).

Entity includes a natural person, a body corporate, a partnership, a trust and the trustee of a trust.

Explanatory Memorandum means the explanatory memorandum to be prepared in respect of the Scheme to be despatched to IOF Unitholders, including the Independent Expert's Report, the supplemental deed, the deed poll and the notice of meeting.

Holding Company has the meaning given in the Corporations Act, but as if references to:

- (a) "body corporate" were to "Entity"; and
- (b) "subsidiaries" include Subsidiaries as defined in this agreement.

ICPF means Investa Wholesale Funds Management Limited (ACN 149 681 390) in its capacity as responsible entity of the Investa Commercial Property Fund.

Independent Expert means an independent expert commissioned by ILFML to express an opinion on whether the scheme contemplated by the Proposal is fair and reasonable and in the best interests of IOF Unitholders.

Independent Expert's Report means the report from the Independent Expert commissioned by ILFML for inclusion in the Explanatory Memorandum.

IOF means Investa Office Fund (ASX: IOF) which comprises the units in the Armstrong Jones Office Fund (ARSN 090 242 229) stapled to the units in the Prime Credit Property Trust (ARSN 089 849 196).

IOF Unit means a stapled security consisting of one unit in the Armstrong Jones Office Fund (ARSN 090 242 229) stapled to one unit in the Prime Credit Property Trust (ARSN 089 849 196).

IOF Unitholders means a registered holder of one or more IOF Units.

Proposal means the proposal for Blackstone (or one or more of its Related Bodies Corporate) to acquire all of the issued securities in IOF by way of trust scheme for all cash consideration of AUD\$5.25 per IOF Unit exclusive of dividends paid after 4 May 2018.

Related Body Corporate has the meaning given in the Corporations Act but as if references to:

- (a) "body corporate" and "body" were to "Entity";

- (b) "subsidiary" include Subsidiaries as defined in this agreement; or
- (c) "holding company" include Holding Companies as defined in this agreement.

Related Entity means, in relation to an entity (the *first entity*):

- (a) a Controlled Entity of the first entity;
- (b) an entity of which the first entity is a Controlled Entity; or
- (c) a Controlled Entity of another entity of which the first entity is also a Controlled Entity,
- (d) or a fund or trust managed by such an entity, and includes an entity whose ordinary securities are stapled to the ordinary securities of an entity of which the first entity is a Controlled Entity.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Representative means, in relation to a person, (a) a Controlled Entity of that person; (b) a director, agent, officer or employee of that person or any of that person's Controlled Entities; or (c) an Adviser to that person or any of the person's Controlled Entities.

Scheme has the meaning given to it in clause 4(a) of this agreement.

Scheme Implementation Agreement means an implementation agreement to implement the Proposal. The parties acknowledge that an advanced draft of the Scheme Implementation Agreement (initialled by both parties for identification purposes as at the date of this agreement) has been progressed between the parties.

Scheme Participants means all IOF Unitholders, as at the record date in relation to the Scheme, other than Blackstone or any of its controlled entities.

Subsidiary has the meaning given in the Corporations Act, but an Entity will also be taken to be a Subsidiary of an Entity if it is Controlled by that Entity and, without limitation:

- (a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;
- (b) an Entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and
- (c) where a trust is a Subsidiary, the trustee of that trust (acting in that capacity) will also be a Subsidiary.

- 2 Subject to termination of this agreement under clause 8, ILFML undertakes that its directors intend, on entry into a Scheme Implementation Agreement, to unanimously recommend to IOF Unitholders to vote in favour of the resolutions to implement the Scheme at a meeting of IOF Unitholders, in the absence of a superior proposal and subject to the Independent Expert concluding that the Proposal is in the best interests of the Scheme Participants.

- 3 Subject to termination of this agreement under clause 8:
- (a) promptly following the date of this agreement, ILFML will use its best endeavours to take all such steps as practicable and within its control (including to request and instruct Investa Office Management Pty Limited (IOM) in accordance with the management deed between ILFML and IOM dated 25 September 2014 as amended and restated with effect from 1 July 2017 (Management Deed)) to:
 - (i) provide Blackstone with access to all of the information set out in the Due Diligence Index (to the extent that such information is readily available, in existence and is able to be provided by ILFML) within 14 days of the date of this agreement or as soon as practicable thereafter;
 - (ii) answer Blackstone's reasonable requests for information in connection with the information provided as part of sub-paragraph 3(a)(i) above or previously provided to Blackstone;
 - (iii) engage independent valuers to undertake updated independent valuations of the IOF property portfolio, such valuations to be completed and announced as soon as practicable and in any event by the date that is 4 weeks from the date of this agreement;
 - (iv) formally appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report; and
 - (v) commence preparation and progress the drafting of, and to consult with Blackstone in relation to, the Explanatory Memorandum and to use best endeavours to submit the draft Explanatory Memorandum to ASIC for review within 14 days after entry into the Scheme Implementation Agreement;
 - (b) promptly following the date of this agreement, ILFML will take all such steps as practicable to request and instruct IOM under the Management Deed to act consistently with ILFML's obligations under this agreement in connection with the provision of services by IOM under the Management Deed;
 - (c) Blackstone agrees to use best endeavours to conduct its due diligence as expeditiously as possible and in any event before the expiry of the Due Diligence Period; and
 - (d) Blackstone and ILFML agree to use best endeavours to finalise and execute the Scheme Implementation Agreement within 14 days of the date of this agreement and in any event before the expiry of the Due Diligence Period.
- 4 The parties agree that the Scheme Implementation Agreement will, among other things, incorporate the following:
- (a) (**Trust Scheme**) The Proposal is to be effected by way of a trust scheme in accordance with 'Guidance Note 15: Trust Scheme Mergers' issued by the
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Takeovers Panel of Australia, under which Blackstone (or one or more of its Related Bodies Corporate) would acquire all of the IOF Units held by Scheme Participants (the Scheme), that is facilitated by amendments to IOF's constitution and a resolution pursuant to section 611 item 7 of the Corporations Act.

- (b) (**Consideration**) Subject to sub-paragraph (c), the consideration to be provided is an all cash payment of AUD\$5.25 per IOF Unit.
 - (c) (**Distribution**) Unless otherwise agreed, any distribution declared or paid to IOF Unitholders on or after 4 May 2018 shall be deducted from the consideration payable per IOF Unit.
 - (d) (**Exclusivity**) Certain exclusivity arrangements consistent with market practice (including no-shop, no-talk, no due diligence, matching rights, notification rights provisions and a break fee).
 - (e) (**Board recommendations and intentions**) Board recommendations and intention statements which are consistent with market practice.
- 5 As soon as reasonably practicable after the entry into this agreement, ILFML will release to the ASX the form of announcement initialled by both parties for identification on or around the date of this agreement, with such announcement to include a copy of this agreement as an attachment to the announcement.
- 6 Notwithstanding the parties' entry into this agreement, Blackstone acknowledges its continuing no talk obligations pursuant to clause 7 of the confidentiality deed entered into between Blackstone Singapore Pte. Ltd. and ILFML on 3 May 2018 (**Confidentiality Deed**) being, in summary, to not:
- (a) contact IOF, a Related Entity of IOF, any of their respective Associates, any of their respective shareholders or unitholders (including for the avoidance of doubt the boards or management of IOM, the Investa Commercial Property Fund, or any of their Related Entities, and any investor in IOF or in the Investa Commercial Property Fund), directors or managers, or any suppliers, financiers, customers, distributors, clients or other persons in a commercial or business relationship with IOF, a Related Entity or any of their Associates, or any government agency (Restricted Persons) to discuss any Confidential Information or the Proposal;
 - (b) initiate or participate in any discussions or negotiations with any person (other than its approved persons) directly or indirectly in relation to that person (whether alone or together with Blackstone and other co-investors as part of a consortium), pursuing or potentially pursuing a potential transaction or any similar or related transaction or matter involving the IOF, a Related Entity or any of their Associates (as applicable); or
 - (c) assist (including, without limitation, by providing confidential information), encourage, counsel, induce, instruct or ask any other person or third party to do anything contemplated under sub-paragraphs (a) and (b),
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- (d) and each of Blackstone and ILFML acknowledge that the restrictions summarised above are subject to the terms of the Confidentiality Deed and do not prohibit or restrict Blackstone or any of its approved persons in any way from:
 - (e) holding discussions with or making enquiries of any person approved in writing by ILFML or its representatives in connection with the Scheme or the Proposal; or
 - (f) contact or dealings by Blackstone or any of its approved persons with any approved person or person with whom they have an existing relationship and in the ordinary course of business unconnected with the the Scheme or the Proposal and not involving the use of Confidential Information.
- 7 During the Due Diligence Period, ILFML must ensure that neither it nor any of its Representatives, directly or indirectly:
- (a) solicit, invite, encourage or initiate any enquiries, negotiations or discussions; or
 - (b) communicate any intention to do any of these things, with a view to obtaining, or which may reasonably be expected to lead to, any offer, proposal or expression of interest from any person in relation to a Competing Proposal.
- 8 This agreement and the parties' obligations under it will terminate upon the earliest of the following to occur:
- (a) the expiry of the Due Diligence Period, unless extended by an agreement in writing between the parties;
 - (b) the entry by the parties into a Scheme Implementation Agreement;
 - (c) Blackstone providing written notice to ILFML, at any time, that it does not wish to proceed with the Proposal. Blackstone may only provide such notice if it has complied with its obligations under clause 3 in all material respects; or
 - (d) ILFML providing written notice to Blackstone, at any time, in circumstances where ILFML acting reasonably believes that Blackstone is in material breach of the agreement.
- 9 The parties acknowledge that nothing in this agreement prevents the directors of ILFML from taking any action in relation to a Competing Proposal, in accordance with their fiduciary or statutory obligations, provided that there has been no breach of clause 7.
- 10 Each party represents and warrants to the other that, at the date of this agreement:
- (a) it is validly existing under the laws of its place of incorporation;
 - (b) it has the power to enter into and comply with all of the terms and conditions of this agreement;
 - (c) all approvals and authorities that may be required to permit the party to enter into this agreement and to perform its obligations under this agreement in accordance with its terms have been obtained and remain valid and subsisting; and
 - (d) this agreement is a valid and binding obligation.
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- 11 Any notice, demand, consent or other communication (a Notice) given or made under this agreement must be delivered pursuant to clause 17 of the Confidentiality Deed and the parties agree that the limitation of liability of ILFML in clause 24 of such deed shall apply as if set out in full in this agreement.
 - 12 This agreement is governed by, and is to be construed in accordance with, the laws of New South Wales.
 - 13 This agreement may be executed in any number of counterparts. All counterparts will be taken to constitute one instrument.
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Executed and delivered as a Deed.

By signing this deed, the signatory represents and warrants that the signatory is duly authorised to execute this deed on behalf of Quartz Holding (NQ) Pte. Ltd. and has received no revocation or suspension of his or her authorisation.

Executed as a deed by Quartz Holding (NQ)
Pte. Ltd.

Fionn O'Leah

Director Signature

FIASCARIS ALESSANDRO

Print Name

Alan Miyasaki

Director Signature

Alan Miyasaki

Print Name

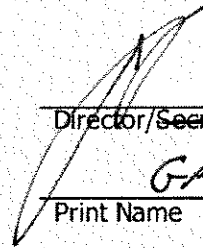
Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Investa Listed Funds Management Limited** (ABN 37 149 175 655) as responsible entity for the **Investa Office Fund**:



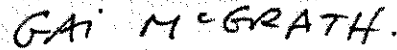
Director Signature



Print Name



~~Director/Secretary Signature~~



Print Name

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