

DEXUS Property Group (ASX: DXS)

ASX release

7 December 2015

DEXUS and IOF agree process and terms for merger

DEXUS Funds Management Limited (“DXFM”), the responsible entity of DEXUS Property Group (“DEXUS”) and Investa Listed Funds Management Limited (“ILFML”), the responsible entity of Investa Office Fund (“IOF”), today announced that they have entered into a process agreement which sets the terms and steps by which DEXUS could acquire 100% of the IOF Units. This follows DEXUS recently having received an unsolicited approach from the advisers to the Independent Board Committee of ILFML to explore a possible transaction.¹

DEXUS and IOF are highly complementary portfolios - both are focused on prime office properties in Australian CBDs. If implemented, the transaction would further position the group as a leading Australian commercial real estate company.

- DEXUS and IOF are both owners of highly regarded, quality institutional grade portfolios. The transaction will solidify the combined group’s position as a pre-eminent Australian CBD office owner and property manager for customers, security holders and employees
- Assets under Management (“AUM”) would increase to approximately \$23.4 billion, \$16.6 billion of which would be invested in office property. This excludes the external valuations of approximately 35 properties across DEXUS’s portfolio which are expected to be finalised and announced to the Australian Securities Exchange on or around 11 December 2015
- Scrip and cash mix based transaction (80% DXS scrip, 20% cash, with an anticipated “mix and match” facility) implemented by way of an IOF Trust Scheme for 100% of the IOF Units
- IOF Unitholders would receive a premium of 7.4% using an exchange ratio based on the DEXUS 10-day VWAP on 4 December 2015 and IOF closing price on 4 December, a 6.7% premium based on the one-month VWAP of IOF and a 5.2% premium based on IOF’s Pro-forma NTA
- Revenue and cost synergies are expected to be realised in the medium term with a significantly increased customer base and larger number of wholly owned assets
- Transaction is expected to preserve DEXUS’s A- credit rating and maintain its balance sheet strength

DXFM and the ILFML signed a process agreement today which provides for a two week exclusivity period (which may be extended by the written agreement of DEXUS and IOF at their discretion for up to a further two weeks), during which the parties will:

- Undertake reciprocal due diligence
- Negotiate the detailed terms of the Merger Implementation Agreement (“MIA”) which will reflect the key commercial terms which have been agreed

Details of the exclusivity arrangements, which are subject to fiduciary exceptions, are set out in the attached process agreement.

In light of these negotiations, DEXUS has determined to suspend its on-market securities buyback.²

¹ DEXUS Security holders are referred to IOF’s ASX announcement on this indicative, conditional and non-binding proposal dated 7 December 2015.

² The on-market securities buyback was announced on 1 September 2015. As of the date of this announcement, 2,858,657 DXS securities have been cancelled and there are 967,947,692 DXS securities on issue.

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Transaction terms

The Independent Board Committee has indicated it will recommend IOF Unitholders accept an aggregate of 0.4240 DEXUS securities and \$0.8229 in cash per IOF Unit held on the record date³ subject to no superior proposal emerging and the Independent Expert's opinion that the transaction is in the best interest of IOF Unitholders. DEXUS securities issued as a result of this transaction will be fully paid stapled securities and be fully entitled to any distributions payable by DEXUS with a record date occurring after the securities have been issued.

The proposed transaction implies a value for each IOF ordinary unit of \$4.1147 (based on DEXUS's 10-day VWAP), which represents a 7.4% premium to IOF's closing price on 4 December 2015, a 6.7% premium to IOF's one-month VWAP and a 5.2% premium to IOF's pro-forma NTA⁴. IOF Unitholders will own 21.2% of the combined entity and will share in the expected benefits of the combined two groups.

On a per security basis, the transaction is expected to be:

- For IOF Unitholders: accretive to FFO⁵ in FY16⁶
- For DEXUS Security holders:
 - accretive to Underlying⁷ FFO and marginally dilutive to total FFO in FY16⁸ given elevated levels of trading profits in FY16
 - accretive to NTA⁹ (inclusive of the expected uplift of approximately \$450 million in DEXUS valuations at 31 December 2015)¹⁰

The implied enterprise value of IOF is \$3.52 billion¹¹.

IOF Unitholders will be entitled to the distributions payable on their IOF Units prior to completion of the scheme, for the period ending 31 December 2015, up to a maximum of 9.8 cents per unit (in accordance with current IOF guidance).

The transaction will be subject to various conditions including approval by IOF Unitholders, no material adverse change in either IOF or DEXUS, and other customary terms (including any necessary regulatory conditions). Further details are set out in the attached process agreement.

The process agreement and the transaction proposal relate only to the acquisition by DEXUS of 100% of the units in IOF. The proposal does not involve the removal of the responsible entity of IOF or any change in the management arrangements of IOF.

³ Based on an all scrip exchange ratio of 0.53 DEXUS Securities per IOF Unit and a capped total cash consideration of \$505 million. A "mix and match" facility is anticipated to be available for the cash consideration, subject to scale-back (if necessary) on a pro-rata basis. Upon completion, IOF Unitholders would be expected to have a relevant interest of 21.2% of the combined entity.

⁴ "NTA" means Net Tangible Assets. Unaudited IOF management estimate of \$3.91 per unit as per the 30 November 2015 ASX release titled 'Portfolio valuation update' which indicated around an 8% increase in 30 June 2015 NTA.

⁵ "FFO" means Funds from Operations and is in line with the Property Council of Australia definition.

⁶ Based on FY16 guidance for DEXUS and IOF.

⁷ Underlying FFO excludes trading profits (net of tax).

⁸ Subject to due diligence. Based on FY16 guidance for DEXUS and IOF.

⁹ "NTA" means Net Tangible Assets. DEXUS's standalone NTA is at 30 June 2015 adjusted for expected valuation uplift for 30 September and 31 December 2015 external valuations, the divestment of 36 George Street, Burwood and the DXS securities bought back since 1 September 2015.

¹⁰ Subject to due diligence, outcome of DEXUS's December 2015 revaluations and the outcome on pre-emptive rights at 10-20 Bond Street, Sydney and 388 George Street, Sydney which may be triggered as a consequence of the proposal proceeding. You are cautioned not to place undue reliance on any forward looking statements in this announcement. See the note at the end of this announcement for further commentary on the basis of preparation of the forward looking statements.

¹¹ Based on the implied equity value of the offer and IOF's net debt as at 30 June 2015.

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Rationale for the transaction

The transaction is expected to create long term value for investors through:

- Solidifying the combined group as a leader in Australian office property: \$16.6 billion of office under management across 79 assets - progressing the combined group towards being the partner, client and employer of choice
- Approximately 450¹² new customer relationships with IOF's tenant ("customer") base, including a number of major Australian and international corporates
- Improving the office portfolio diversification while remaining focused on Australian CBDs. This reduces asset and customer specific risks and improves overall earnings stability
- Enabling further group-wide cost and revenue initiatives given the increased number of wholly owned office assets (from 15 to 29). These initiatives include procurement, portfolio leasing, short term leasing and casual income strategies
- Increased portfolio and balance sheet scale improves the scope and options for growing funds management and value add initiatives. The IOF portfolio includes a number of development and repositioning opportunities which will be evaluated during due diligence
- Increasing relevance amongst domestic and global investors and partners - creates the 5th largest A-REIT in the A-REIT 200 Index and 5th largest office REIT in NAREIT global index
- Capital and cost effective method of funding a transaction of this nature - transaction costs estimated to be significantly lower than a direct market acquisition

Next Steps

The detailed terms of the MIA are currently being negotiated and due diligence is being undertaken. DEXUS will keep Security holders informed as to the progress of its discussions with IOF in relation to the transaction proposal in accordance with its continuous disclosure obligations.

If due diligence is satisfactory and a MIA signed, IOF Unitholders will receive an explanatory memorandum (including an Independent Expert's report) and will then be entitled to vote on the transaction. DEXUS Security holders do not need to take any action in relation to the proposal. Further details on the anticipated transaction timetable will be provided in due course.

In addition, DEXUS will provide further detail to the market on the expected valuation uplift of approximately \$450 million when the valuations are finalised on or around 11 December 2015 and DEXUS will be in a position to confirm the amount of its distribution to DEXUS Security holders for the six month period ending 31 December 2015 on or around 18 December 2015.

DEXUS has retained Greenhill & Co., Goldman Sachs and Deutsche Bank as financial advisers and King & Wood Mallesons as legal adviser.

¹² Based on publicly available information and DEXUS estimates.

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Note

This announcement contains certain “forward-looking statements” with respect to the financial condition, results of operations and business of DEXUS and certain plans, strategies and objectives of the management of DEXUS, within the meaning of securities laws of applicable jurisdictions. The words “expect”, “should”, “could”, “may”, “predict”, “outlook”, “foresee”, “guidance”, “plan”, “estimate”, “anticipate”, “aim”, “intend”, “believe” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of DXFM, DEXUS and their respective affiliates, directors, officers, employees, partners, agents and advisers, that may cause actual results or performance of DEXUS to differ materially from those predicted or implied by any forward-looking statements. Such forward-looking statements speak only as of the date of this announcement. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements and DXFM assumes no obligation to update such information.

About DEXUS

DEXUS Property Group is one of Australia’s leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$19.6 billion of assets under management, the Group also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. The Group manages an office portfolio of 1.7 million square metres located predominantly across Sydney, Melbourne, Brisbane and Perth and is the largest owner of office buildings in the Sydney CBD, Australia’s largest office market. DEXUS is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange under the stock market trading code ‘DXS’ and is supported by more than 32,000 investors from 21 countries. With 30 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to customers and delivering superior risk-adjusted returns for its investors. www.dexus.com

Download the DEXUS IR app to your preferred mobile device to gain instant access to the latest stock price, ASX Announcements, presentations, reports, webcasts and more.



DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS Property Group (ASX: DXS)



HERBERT
SMITH
FREEHILLS

Process Deed

DEXUS Funds Management Limited in its capacity as responsible entity of DEXUS Diversified Trust, DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust

Investa Listed Funds Management Limited in its capacity as responsible entity of Armstrong Jones Office Fund and Prime Credit Property Trust



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Process Deed

Date ► 7 December 2015

Between the parties

DEXUS RE **DEXUS Funds Management Limited (ABN 24 060 920 783) in its capacity as responsible entity of DEXUS Diversified Trust (ARSN 089 324 541) (DDF), DEXUS Industrial Trust (ARSN 090 879 137) (DIT), DEXUS Office Trust (ARSN 090 768 531) (DOT) and DEXUS Operations Trust (ARSN 110 521 223) (DXO)**
of Level 25, Australia Square, 264 George Street, Sydney NSW 2000

ILFML **Investa Listed Funds Management Limited (ACN 149 175 655) in its capacity as responsible entity of Armstrong Jones Office Fund (ARSN 090 242 229) (AJO Fund) and Prime Credit Property Trust (ARSN 089 849 196) (PCP Trust)**
of Level 6, Deutsche Bank Place, 126 Phillip Street, Sydney NSW 2000

Recitals

- 1 Following an approach from ILFML, DEXUS RE has submitted a proposal to ILFML under which DEXUS RE would acquire 100% of the IOF Stapled Securities.
- 2 Subject to the terms and conditions of this deed, ILFML and DEXUS RE have agreed to negotiate with a view to finalising an implementation deed for the proposal. The implementation deed will contain the key terms set out in clause 2 of this deed (along with other customary terms).

This deed witnesses as follows:



1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this deed.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia.
Competing Proposal	<ol style="list-style-type: none">1 Any Internalisation Proposal, Responsible Entity Acquisition or Management Platform Proposal; or2 any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) would:<ol style="list-style-type: none">(a) directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 50% or more of the IOF Stapled Securities;(b) acquire Control of IOF;(c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or substantially all of IOF's business or assets or the business or assets of IOF;(d) otherwise directly or indirectly acquire or merge or be stapled with IOF;(e) require ILFML to abandon, or otherwise fail to proceed with, the Proposed Transaction; or(f) be appointed as or own, or be entitled to control or own, the responsible entity of IOF,



Term	Meaning
	<p>whether by way of takeover bid, scheme, trust scheme, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</p> <p>For the avoidance of doubt, if any proposal, agreement, arrangement or transaction could fall within subsection (1) or (2) above, then it will be taken to fall within subsection (1) and not subsection (2).</p>
Condition Precedent	each of the conditions set out in Schedule 1.
Confidential Information	<ol style="list-style-type: none">1 the fact of the discussions between the Parties referred to at the start of this deed, the fact that any contacts, meetings or negotiations have taken place or may take place between the Parties, the fact that this deed has been entered into and the terms of this deed, and the possible terms, conditions and structure of the Proposed Transaction;2 in relation to a Party, information of any kind and in any form relating to that Party, any of that Party's Related Bodies Corporate or any joint venture, business or operation of that Party or of any of its Related Bodies Corporate; and3 without limiting the foregoing, any non-public information relating to IOF provided by ILFML or its Related Persons to DEXUS RE or its Related Persons, <p>and a reference in this deed to Confidential Information is a reference to Confidential Information provided by or on behalf of one Party or its Related Persons to the other Party or its Related Persons.</p>
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction agreed to in writing by ILFML and DEXUS RE.
Deal	acquire, offer or agree to acquire, purchase or subscribe, sell, encumber, or otherwise dispose of or alienate any legal or beneficial interest.

Term	Meaning
Deed Poll	a deed poll under which DEXUS RE covenants in favour of the Scheme Participants to perform the obligations attributed to DEXUS RE under the Scheme.
DEXUS RE Material Adverse Change	<p>a negative impact (excluding mark to market movements relating to investment properties, financial derivatives, hedge accounted interest bearing liabilities and foreign exchange rates) on the net tangible assets of the DEXUS Property Group of at least \$324 million or on recurring FFO of at least \$30 million, occurs or becomes apparent between the date of this deed and 8.00am on the Meeting Date, other than those events, changes, conditions, matters, circumstances or things:</p> <ol style="list-style-type: none"> 1 required or permitted by this deed, the Scheme or the transactions contemplated by either; 2 to the extent that event, occurrence or matter is fairly disclosed prior to entry into this deed by DEXUS RE to ILFML in accordance with clause 9.1 or is otherwise known to DEXUS RE prior to the entry into this deed; 3 agreed to in writing by the Parties; 4 arising as a result of any generally applicable change in law or governmental policy; 5 arising from changes in economic or business conditions (including/excluding interest rates) that impact on DEXUS RE and its competitors in a similar manner; or 6 that DEXUS RE fairly disclosed in an announcement made by DEXUS RE to ASX, or a document lodged by it with ASIC, prior to the date of this deed.
DEXUS Property Group	DEXUS RE, DDF, DIT, DOT and DXO collectively.
DEXUS Property Group Securities	ASX-listed stapled securities consisting of one unit in each of DDF, DIT, DOT and DXO that will rank equally with all other DEXUS Property Group stapled securities on issue.
DEXUS RE Due Diligence Index	the list of due diligence information requested by or on behalf of DEXUS RE set out in the due diligence index to be provided by DEXUS RE to ILFML on or about the date of this document.
DEXUS RE Due Diligence Information	Information of ILFML (and not information provided by its parent company) which is set out in the DEXUS RE Due Diligence Index or is necessary to obtain an understanding of information set out in the data room established, or to be established on or around the date of this deed, by or on behalf of ILFML for the purpose of providing due diligence information contemplated in the DEXUS RE



Term	Meaning
	Due Diligence Index which ILFML has reasonably agreed to provide, or ILFML has agreed to provide following a reasonable request by DEXUS RE.
End Date	30 June 2016, or such other date as agreed in writing by the parties.
Entity	includes a natural person, a body corporate, a partnership, a trust and the trustee of a trust.
Exclusivity Period	the period from and including the date of this deed to the earlier of: <ol style="list-style-type: none">1 the date of termination of this deed;2 the date which falls two weeks after the date of this deed (extendable by written agreement of DEXUS RE and ILFML for up to a further 14 days).
Explanatory Memorandum	the information booklet to be despatched to the IOF Securityholders in relation to the Proposed Transaction containing a notice of meeting and explanatory memorandum.
FFO	“funds from operations” calculated in a manner that is consistent with the methodology for the calculation of “funds from operations” in financial statements for the relevant entity for the 12 months ended 30 June 2015. For the avoidance of doubt, in relation to IOF, it will be calculated without deducting any costs incurred in connection with the Proposed Transaction.
Financial Advisor	any financial advisor retained by a party in relation to the Proposed Transaction or a Competing Proposal from time to time.



Term	Meaning
Government Agency	any Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government.
ILFML Board	the board of directors of ILFML and a ILFML Board Member means any director of ILFML comprising part of the ILFML Board.
ILFML IBC	the independent board committee of the ILFML Board comprising as at the date of this deed the following ILFML Board Members: <ol style="list-style-type: none">1 Deborah Page;2 Peter Dodd; and3 Peter Rowe.
ILFML Material Adverse Change	a negative impact (excluding mark to market movements relating to investment properties, financial derivatives, hedge accounted interest bearing liabilities and foreign exchange rates) on the net tangible assets of IOF of at least \$111 million or on recurring FFO of at least \$9 million, occurs or becomes apparent between the date of this deed and 8.00am on the Meeting Date, other than those events, changes, conditions, matters, circumstances or things: <ol style="list-style-type: none">1 required or permitted by this deed, the Scheme or the transactions contemplated by either;2 to the extent that event, occurrence or matter is fairly disclosed prior to entry into this deed to DEXUS RE by ILFML in accordance with clause 9.3 or is otherwise known to ILFML prior to the entry into this deed; or3 agreed to in writing by the Parties;4 arising as a result of any generally applicable change in law or governmental policy;5 arising from changes in economic or business conditions (including/excluding interest rates) that impact on ILFML and its competitors in a similar manner;6 that ILFML fairly disclosed in an announcement made by ILFML to ASX, or a document lodged by it with ASIC, prior to the date of this deed; or7 related to a requirement for a consent by a co-owner in connection with the Proposed Transaction.
Implementation Deed	has the meaning given in clause 2.1(a).



Term	Meaning
Independent Expert	the independent expert in respect of the Scheme appointed by ILFML.
Independent Expert's Report	the report to be issued by the Independent Expert in connection with the Proposed Transaction.
Internalisation Proposal	a proposal to internalise management of IOF, which may include ILFML (or a replacement responsible entity or a company the shares in which are or are intended to be stapled to IOF Stapled Securities) directly or indirectly acquiring an interest in any of the shares in ILFML (or a replacement responsible entity) or in any of the entities that provide investment property or asset management services to ILFML in respect of IOF or any transaction or arrangement that has an economically similar result.
IOF	together, the AJO Fund and PCP Trust.
IOF Securityholder	a registered holder of one or more IOF Stapled Securities.
IOF Stapled Security	a stapled security in IOF consisting of one unit in the AJO Fund stapled to one unit in the PCP Trust.
Listing Rules	the official listing rules of ASX.
Management Platform Proposal	any proposal that involves a change in ownership of the 'Management Platform' as that term, and the related proposal, are described on page 90 of IOF's Financial Report for the financial year ended 30 June 2015.
Meeting	means the meeting of the IOF Securityholders to consider, and if thought fit, pass the resolutions in relation to the Proposed Transaction, and includes any adjournment of that meeting.
Meeting Date	the date on which the Meeting is held.
Party	each of ILFML and DEXUS RE.
Proposed Transaction	the acquisition by DEXUS RE either directly or through a bid vehicle of all the IOF Stapled Securities through implementation of



Term	Meaning
	the Scheme in accordance with the terms of this deed.
Purpose	the evaluation, negotiation and execution of the Proposed Transaction.
Related Bodies Corporate	<p>has the meaning set out in section 50 of the Corporations Act, except that the term “body corporate” in that term includes any Entity and the term “subsidiary” where used in that section has the meaning given to it in the Corporations Act, but so that:</p> <ol style="list-style-type: none">1 an Entity will also be taken to be a subsidiary of another Entity if it is controlled by that Entity pursuant to section 50AA of the Corporations Act, but disregarding for this purpose section 50AA(4);2 a trust may be a subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share; and3 an entity may be a subsidiary of a trust if it would have been a subsidiary if both that entity and the trust were a corporation.
Related Person	<ol style="list-style-type: none">1 a Related Body Corporate of a Party;2 in respect of a Party or its Related Bodies Corporate, each director, officer, employee, advisor, agent or representative of that party or of its Related Body Corporate; and3 in respect of a Financial Advisor, each director, officer, employee or contractor of that Financial Advisor.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Responsible Entity Acquisition	<p>any proposal, agreement, arrangement or transaction, which, if entered into or completed, would mean a Third Party (either alone or together with any Associate) would:</p> <ol style="list-style-type: none">1 directly or indirectly acquire a Relevant Interest in, or have a right to acquire, a legal, beneficial or economic interest in, or control of, 50% or more of ILFML;2 acquire Control of ILFML;3 directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or substantially all of ILFML’s business or assets or the business or assets of ILFML; or4 otherwise directly or indirectly acquire or merge or be stapled with ILFML.



Term	Meaning
Scheme	has the meaning given in clause 2.2(a).
Scheme Consideration	has the meaning given in clause 2.2(b).
Scheme Participant	all IOF Securityholders as at the record date in relation to the Scheme.
Superior Proposal	<p>a bona fide Competing Proposal (and not resulting from a breach by ILFML of any of its obligations under clause 7 of this deed (it being understood that any actions by the Related Persons of ILFML in breach of clause 7 shall be deemed to be a breach by ILFML for the purposes hereof)) which the ILFML IBC, acting in good faith, and after receiving written legal advice from its legal advisor and written advice from its financial advisor, determines:</p> <ol style="list-style-type: none">1 is reasonably capable of being valued and completed taking into account all aspects of the Competing Proposal including any timing considerations, any conditions precedent and the identity of the proponent; and2 would, if completed substantially in accordance with its terms, be more favourable to IOF Securityholders (as a whole) than the Proposed Transaction, taking into account all terms and conditions of the Competing Proposal.
Tax Act	the <i>Income Tax Assessment Act 1997</i> (Cth).
Third Party	a person other than DEXUS Funds Management Limited (whether in its capacity as responsible entity of DDF, DIT, DOT DXO or otherwise) and its Associates.

1.2 Interpretation

In this deed:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency, as well as an individual;



- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to this deed, and this deed includes any schedule;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assignees;
- (j) a reference to an agreement other than this deed includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;
- (k) no provision of this deed will be construed adversely to a party because that party was responsible for the preparation of this deed or that provision;
- (l) a reference to a body (including an institute, association or authority), other than a party to this deed, whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (m) a reference to '\$', 'A\$' or 'dollar' is to the lawful currency of Australia;
- (n) a reference to any time, unless otherwise indicated, is to the time in Sydney, Australia;
- (o) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (p) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (q) if an act prescribed under this deed to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (r) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1.1, has the same meaning when used in this deed; and
- (s) a reference to the Listing Rules and the ASX market rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.3 Interpretation of inclusive expressions

Specifying anything in this deed after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



2 Proposed Transaction key terms and steps

2.1 Conditions

- (a) Subject to clause 2.1(c), 2.1(d) and clause 10, ILFML and DEXUS RE agree during the Exclusivity Period to negotiate in good faith with a view to finalising an implementation deed to implement the Proposed Transaction (**Implementation Deed**), which will contain the key terms set out in clause 2.2 and other customary terms and conditions to be agreed by the parties in a form reasonably acceptable to them.
- (b) DEXUS RE will provide a first draft of the Implementation Deed to ILFML as soon as practicable after the date of this deed.
- (c) Entry into the Implementation Deed by DEXUS RE is conditional on the completion of the due diligence referred to in clause 9 to the satisfaction of DEXUS RE, acting reasonably (which is expected to be completed by no later than the end of the Exclusivity Period).
- (d) Entry into the Implementation Deed by ILFML is conditional on the completion of the due diligence referred to in clause 9 to the satisfaction of ILFML, acting reasonably (which is expected to be completed by no later than the end of the Exclusivity Period). However, for the purposes of this clause 2.1(d) ILFML may only consider that it is not satisfied with due diligence if it discovers a matter which is materially adverse, from the perspective of an investor in DEXUS Property Group, in circumstances where that matter had not been previously disclosed to the ASX by DEXUS.

DEXUS RE must use reasonable endeavours to satisfy the condition in clause 2.1(c) and must provide ILFML with reasonable updates as to its progress and ILFML must use reasonable endeavours to satisfy the condition in clause 2.1(d) and must provide DEXUS RE with reasonable updates as to its progress.

2.2 Implementation Deed key terms

ILFML and DEXUS RE agree that the Implementation Deed will incorporate the following:

- (a) **Trust Scheme:** The Proposed Transaction is to be effected by way of a trust scheme in accordance with 'Guidance Note 15: Trust scheme mergers' issued by the Takeovers Panel of Australia, under which DEXUS RE would acquire all of the IOF Stapled Securities held by Scheme Participants (the **Scheme**), that is facilitated by amendments to IOF's constitution (if any) that the parties consider to be necessary and a resolution pursuant to section 611 item 7 of the Corporations Act;
- (b) **Scheme Consideration:** The consideration to be provided is a combination of cash and DEXUS Property Group Securities for every IOF Stapled Security as follows:
 - (1) a cash payment equal to \$0.8229; plus
 - (2) 0.4240 DEXUS Property Group Securities,which may include a 'mix and match' facility available for the cash consideration, subject to scale-back (if necessary) on a pro-rata basis and based on an exchange ratio of 0.53 DEXUS Property Group Securities per IOF Stapled Security;



- (c) **Distribution:** Unless otherwise agreed, ILFML will not pay or determine to pay a distribution between the date the Implementation Deed is executed and the date the Scheme is implemented other than the distribution for the period ending 31 December 2015 of an amount per IOF Stapled Security of no more than \$0.098;
- (d) **ILFML IBC's recommendation:** Provisions relating to the recommendation of the ILFML IBC in relation to the Proposed Transaction that are consistent with clause 3;
- (e) **Conditions:** The Scheme will be subject to the satisfaction of conditions, including the conditions set out in Schedule 1;
- (f) **Conduct of business:** ILFML must conduct IOF's business in a customary manner to be agreed to in the Implementation Deed, which will include a requirement to conduct its business in the ordinary course and generally consistent with past practice, with certain exceptions including for matters which have previously been disclosed to ASX or DEXUS RE;
- (g) **Exclusivity and break fee arrangements:** Exclusivity arrangements consistent with market practice (including no-shop, no-talks, no due diligence, matching rights and notification rights provisions). A break fee of \$23.52 million is payable by ILFML in circumstances where, subject to sub-clauses (4) and (5):
- (1) any of the directors of the ILFML IBC recommend a Competing Proposal, cease recommending the Proposed Transaction or take material steps that would be required to implement a Competing Proposal that is an Internalisation Proposal including entering into an implementation agreement or convening a meeting (unless the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of IOF Securityholders (except in circumstances where the Independent Expert reaches that conclusion as a result of a Competing Proposal having been announced or made public));
 - (2) a Competing Proposal substantially completes within the period from the date of the Implementation Deed to the date that falls six months after the End Date provided that in the case of an Internalisation Proposal, it substantially completes within the period that is 3 months from the earlier of the date of the vote of IOF unitholders on the Proposed Transaction or the End Date; or
 - (3) the Implementation Deed is terminated because ILFML is in material breach of its terms;
- However, a break fee will not be payable in circumstances where any of the following apply:
- (4) the Competing Proposal is a potential Internalisation Proposal, Responsible Entity Acquisition or Management Platform Proposal ("**Management Proposal**"), that is notified to DEXUS RE pursuant to clause 7.2 prior to the termination of this deed (noting that, for the avoidance of doubt a Competing Proposal that is notified prior to the termination of this deed under clause 7.2 that is materially varied after it is notified or that is otherwise rejected by ILFML but reconsidered by it is taken to be a new proposal); or
 - (5) the Competing Proposal is a Management Proposal that is not an Internalisation Proposal in circumstances in which the IBC has neither recommended that IOF Securityholders approve the Management



Proposal nor taken any steps to implement the Management Proposal.

- (h) **End Date:** Each party to have the right to terminate the Implementation Deed if the Scheme has not become effective by the End Date;
- (i) **Funding arrangements:** Provision by DEXUS RE of representations and warranties and comfort (to the reasonable satisfaction of ILFML) in respect of its ability to provide the scheme consideration in accordance with clause 2.2(b).

Despite any other provision of this document, no break fee referred to in clause 2.2(g) will be payable:

- (1) if the Scheme is implemented, notwithstanding that any of the directors of ILFML recommend a Competing Proposal;
- (2) if at the earlier of the date the Implementation Deed terminates and the End Date, ILFML is entitled to terminate this deed in circumstances in which DEXUS RE is in material breach of it; or
- (3) merely by reason that the Scheme is not approved by IOF Securityholders at the Meeting.

3 ILFML independent directors' recommendation

Subject to clause 10, ILFML acknowledges that the independent directors of the ILFML IBC have resolved that it is their intention to unanimously recommend that IOF Securityholders vote in favour of the Scheme at the Meeting in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Scheme is in the best interest of, Scheme Participants.

4 Public announcement

4.1 Announcement of the Proposed Transaction

Immediately after the execution of this deed, ILFML and DEXUS RE must issue public announcements in the form agreed.

4.2 Public announcements

Subject to clause 4.3 and clause 5(c)(5), no public announcement or public disclosure of the Proposed Transaction or any other transaction the subject of this deed or the Scheme may be made other than in a form approved by both parties in writing (acting reasonably), but each party must use all reasonable endeavours to provide such approval as soon as practicable.

4.3 Required disclosure

Subject to clause 5(c)(5), where a party is required by applicable law or the Listing Rules to make any announcement or to make any disclosure in connection with the Proposed Transaction or any other transaction the subject of this deed or the Scheme, it must use all reasonable endeavours, to the extent



practicable and lawful, to consult with the other party prior to making the relevant disclosure.

5 Confidentiality

- (a) The Parties agree that any Confidential Information provided by or on behalf of a Party to the other Party or its Related Persons in connection with the Purpose will be provided on the terms of this deed and will not be used or disclosed except as set out in this deed.
- (b) Each Party:
 - (1) must keep the Confidential Information confidential and maintain effective security measures to protect the Confidential Information from unauthorised access, use, copying or disclosure;
 - (2) subject to clause 5(b)(3), may only use the Confidential Information in connection with the Purpose and must not disclose, or cause or permit the disclosure of, the Confidential Information to any person;
 - (3) may only disclose the Confidential Information to a Related Person to whom it is considered necessary to disclose the Confidential Information in connection with the Purpose and must procure that each of its Related Persons to whom Confidential Information is disclosed observes the obligations in this deed as if they were obligations of that Related Person; and
 - (4) must ensure that the Confidential Information is at all times secure in the Party's possession or custody or under its control.
- (c) The undertakings in clause 5(b) and clause 5(e) do not extend to any part of the Confidential Information which:
 - (1) was in the possession of a Party before it was disclosed to that Party by or on behalf of the other Party, and which Party did not acquire from any person whom it knew owed an obligation of confidence in respect of the Confidential Information at the time it was provided;
 - (2) is, or has become, part of the public domain, otherwise than through a breach of the terms of this deed;
 - (3) becomes available to a Party from a Third Party legally entitled to possess the information and to provide it to the Party, if the use or disclosure accords with the right or permission legally granted to the Party by that Third Party;
 - (4) is disclosed by a Party to its Related Persons, a court of competent jurisdiction, or Government Agency in connection with the:
 - (A) enforcement or defence of its rights under this deed; or
 - (B) compliance with any applicable statute, law, direction, order, rule, request or regulation of any court, arbitrator or Government Agency provided that the need for such compliance does not arise from any voluntary action taken, or procured or permitted to be taken, by the Party or a Related Person of the Party and provided that the Party discloses only the minimum Confidential Information which is, the Party's opinion, necessary for such compliance; or



- (5) a Party or a Related Body Corporate of the Party is required to disclose by any law, regulation, legally binding order of a court of competent jurisdiction, Government Agency or the rules of any applicable stock exchange (including where required to be disclosed in connection with a bona fide takeover offer pursuant to Chapter 6 of the Corporations Act that does not involve any breach of clause 8), provided that the need for such disclosure does not arise from any voluntary action taken, or procured or permitted to be taken (other than a bona fide takeover offer pursuant to Chapter 6 of the Corporations Act that does not involve any breach of clause 8), by the Party or a Related Person of the Party and provided that the Party discloses only the minimum Confidential Information which is, in the Party's opinion, necessary to comply with the requirement
- (d) Each Party acknowledges that:
- (1) monetary damages alone would not be adequate compensation to the other Party for a breach of the provisions of clause 5 of this deed;
 - (2) a Party may seek an injunction from a court of competent jurisdiction if the other Party fails to, or threatens not to, comply with the provisions of this deed, or the Party has reason to believe that the other Party will not comply with the terms of this deed; and
 - (3) this deed does not give any proprietary or other interest in the Confidential Information to the Party to whom the Confidential Information is disclosed or to any other person to whom the Party has the right to disclose the Confidential Information under the terms of this deed.
- (e) Immediately upon termination of this deed or upon an earlier request by the other Party, a Party must, and must procure that each Related Person to whom Confidential Information is disclosed under clause 5(b)(3):
- (1) return or destroy (at the requesting Party's election) all hard copies and extracts of the Confidential Information, and all hard copies of summaries, reports and notes that relate to or are derived from the Confidential Information or contain any Confidential Information;
 - (2) use reasonable efforts to destroy all electronic copies and extracts of the Confidential Information and all electronic copies of summaries, reports and notes that relate to or are derived from the Confidential Information; and
 - (3) for the avoidance of doubt, cease to access any Confidential Information to which it has been given access pursuant to this deed,
- provided that a Party is not required to return or destroy Confidential Information contained in board or investment committee minutes or papers, documents created by Related Persons where it is the usual practice of the Party or the Related Person (as the case may be) to hold those documents, legal advice or opinions or legal due diligence reports, or information created or retained or required to be retained for the purposes of compliance with any law, regulation, professional indemnity insurance policy or for internal corporate governance purposes, provided that any such retained Confidential Information is not accessed, used or retained for any other purpose, including the Purpose.
- (f) Each Party acknowledges that it is aware of and must comply with (and must ensure that Related Persons who receive access to any part of the Confidential Information have been advised of) any and all applicable laws which prohibit



- any person who has material non public information about a body, obtained directly or indirectly from the company, from purchasing or selling securities of that body or from communicating that information to any other person under circumstances in which it is reasonably foreseeable that the other person may purchase or sell any of those securities while the relevant information remains material and non public.
- (g) The confidentiality provisions set out in paragraphs 5(a) to 5(c) of this deed terminate on the second anniversary of the date of this deed. Termination is without prejudice to any rights or obligations that have accrued before that date.
- (h) A Party that receives Confidential Information must not, and must procure that its Related Persons (and their respective Related Persons) do not, do anything which would trigger a requirement by law, any Government Agency, any securities exchange or by any court to disclose the Confidential Information (other than as required under Chapter 6 of the Corporations Act in connection with a bona fide takeover offer that does not involve any breach of clause 8).
- (i) DEXUS RE must not, without the prior written consent of ILFML (which must not be unreasonably withheld or delayed):
- (1) contact any property co-owner or tenant of IOF or a related body corporate of a property co-owner or tenant of IOF to discuss anything in connection with the Proposed Transaction or any Confidential Information;
 - (2) directly or indirectly approach any officer or employee of Investa Office Management Pty Ltd, Investa Listed Funds Management Limited (ACN 149 175 655) or any of its Related Bodies Corporate (either in Investa Listed Funds Management Limited's own capacity or as responsible entity of IOF) for the purpose of recruiting that person for employment by DEXUS RE, or by a Related Body Corporate or Associate of DEXUS Funds Management Limited (ABN 24 060 920 783) (in its own capacity or as responsible entity for the DEXUS Property Group).
- (j) Clause 5(i)(2) does not apply where a person responds to an advertisement published by DEXUS RE which is targeted to a wide audience of potential applicants.

6 No representations for accuracy of information

Each Party:

- (a) acknowledges that the other Party and its Related Persons do not make any representation or warranty (express or implied) as to the accuracy or completeness of the Confidential Information and are under no obligation to provide any Confidential Information or to update any Confidential Information once provided (even if it becomes aware of any inaccuracy, incompleteness or change in the Confidential Information);
- (b) must make its own assessment of all Confidential Information provided to it and satisfy itself as to the accuracy and completeness of that information, including any financial information or forecasts;
- (c) without limiting this clause 6, to the extent that the Confidential Information includes any projections, forecasts, statements, estimates or opinions with



respect to anticipated future performance or other forward looking information (together, **Forward Looking Information**), the Forward Looking Information:

- (1) has been prepared for the Party who disclosed the Forward Looking Information's internal management purposes and has not been independently verified;
- (2) depends on certain key assumptions which are matters of opinion only and may not be reasonable or prove to be correct (and some of which are unstated or hypothetical);
- (3) depends on a number of matters which involve subjective opinions; and
- (4) is subject to significant uncertainties and contingencies, many of which are outside the Party who disclosed the Forward Looking Information's control,

and accordingly, no representation or warranty (express or implied) is made in relation to the Forward Looking Information; and

- (d) except to the extent that exclusion of liability is not permitted by law, none of the Party who disclosed the Forward Looking Information or its Related Persons is liable (whether on the basis of negligence or otherwise) or accepts responsibility for any loss or damage that the recipient or anyone else may suffer or incur as a result of using, relying on or disclosing any Confidential Information.

7 Exclusivity

7.1 No shop and no talk

During the Exclusivity Period, ILFML must not, and must ensure that each of its Related Persons does not, directly or indirectly:

- (a) **(no shop)** solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to do anything referred to in this clause 7.1(a); or
- (b) **(general no talk)** subject to clause 7.5:
 - (1) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal (as that is defined in part 2 of the definition of Competing Proposal) or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;
 - (2) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal (as that is defined in part 2 of the definition of Competing Proposal);



- (3) disclose or otherwise provide any material non-public information about the business or affairs of IOF to a Third Party (other than a Government Agency) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal (as that is defined in part 2 of the definition of Competing Proposal) (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of IOF); or
 - (4) communicate to any person an intention to do anything referred to in the preceding paragraphs of this clause 7.1(b),
- (c) **(Internalisation Proposal, Responsible Entity Acquisition or Management Platform Proposal - no talk):**
- (1) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal (as that is defined in part 1 of the definition of Competing Proposal) or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;
 - (2) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal (as that is defined in part 1 of the definition of Competing Proposal);
 - (3) disclose or otherwise provide any material non-public information about the business or affairs of IOF to a Third Party (other than a Government Agency) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal (as that is defined in part 1 of the definition of Competing Proposal) (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of IOF); or
 - (4) communicate to any person an intention to do anything referred to in the preceding paragraphs of this clause 7.1(c),

but nothing in this clause 7.1 prevents ILFML from making normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Proposed Transaction.

7.2 Notification of approaches

- (a) Subject to clause 7.5, during the Exclusivity Period, ILFML must as soon as possible notify DEXUS RE in writing if it, or any of its Related Persons, becomes aware of any:
 - (1) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;



- (2) proposal made to ILFML or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
- (3) provision by ILFML or any of its Related Persons of any non-public information concerning the business or operations of ILFML or IOF to any to a Third Party (other than a Government Agency) in connection with an actual, proposed or potential Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise. For the avoidance of doubt, any of the acts described in paragraphs (1) to (3) may only be taken by ILFML if not otherwise proscribed by this deed.

- (b) A notification given under clause 7.2(a) must include (1) the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Proposal; and (2) all material terms and conditions (including details as to value) of the actual, proposed or potential Competing Proposal.

7.3 DEXUS RE's opportunity to match

If ILFML or any of its Related Persons receives:

- (a) an unsolicited approach with respect to a Competing Proposal which the ILFML IBC believes is a Superior Proposal; or
- (b) an unsolicited approach with respect to a Competing Proposal for the purposes of paragraph 1 of the definition of Competing Proposal which the ILFML IBC believes it should recommend that IOF Securityholders approve or ILFML takes any steps to implement a Competing Proposal for the purposes of paragraph 1 of the definition of Competing Proposal,

during the Exclusivity Period, DEXUS RE may (in its sole discretion) either itself match or procure a Controlled entity of the DEXUS RE to match that Competing Proposal by giving notice to ILFML of the offer by the date which falls 3 Business Days after the notification under clause 7.2(a) or, if no notification is given under clause 7.2(a), the end of the Exclusivity Period.

7.4 Cease discussions

ILFML represents and warrants that:

- (a) it has ceased negotiations and/or discussions including any negotiations and/or discussions with or regarding Investa Commercial Property Fund or any other person regarding a Competing Proposal; and
- (b) it is not currently in negotiations or discussions in respect of any Competing Proposal with any other person.

7.5 Exceptions

Clauses 7.1(b) and 7.2 do not prohibit any action or inaction by ILFML or any of its Related Persons in relation to an actual, proposed or potential Competing Proposal if compliance with that clause would, in the opinion of the ILFML IBC, formed in good faith, constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors of the ILFML Board, provided that the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of clause 7.1(a). This exception does not apply in relation to the information set out in clause 7.2(b)(2).



7.6 Equal access to information

Subject to confidentiality restrictions that may apply (and if such restrictions do apply, ILFML must use reasonable endeavours to have the relevant restrictions removed), if ILFML provides any information relating to ILFML or any of its business or operations to any person in connection with or for the purposes of a current or future Competing Transaction, it must promptly provide DEXUS RE with access to, or a copy of, that information.

7.7 Compliance with law

- (a) If it is finally determined by a court, or the Takeovers Panel, that the agreement by the parties under this clause 7 or any part of it:
- (1) constituted, or constitutes, or would constitute, a breach of the fiduciary or statutory duties of the ILFML Board;
 - (2) constituted, or constitutes, or would constitute, 'unacceptable circumstances' within the meaning of the Corporations Act; or
 - (3) was, or is, or would be, unlawful for any other reason,
- then, to that extent (and only to that extent) ILFML will not be obliged to comply with that provision of clause 7.
- (b) The parties must not make or cause or permit to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in this clause 7.7.

8 Standstill

8.1 Standstill obligation

Subject to the exceptions set out in clause 8.2, neither DEXUS RE nor any Related Persons or Associates of DEXUS RE or any other persons who receive access to any Confidential Information may, for a period of 6 months from the date of this deed:

- (a) either alone or with other persons, and whether conditional on the waiver of this clause 8.1 or not, publicly propose to make a takeover bid for IOF Stapled Securities (for the avoidance of doubt, this is a reference to a proposal that would attract the operation of section 631 of the Corporations Act);
- (b) either as principal or agent, Deal or agree to Deal in any:
- (1) IOF Stapled Securities (or direct or indirect rights, warrants or options to acquire any such Stapled Securities);
 - (2) relevant interest in any IOF Stapled Securities; or
 - (3) property of IOF or of any Related Party of IOF (other than property transferred in the ordinary course of the business and on arm's length terms);
- (c) enter into any agreement or arrangement which confers rights the economic effect of which is equivalent or substantially equivalent to the acquisition, holding or disposal of IOF Stapled Securities or a Related Body Corporate of IOF (including cash-settled derivative contracts, contracts for differences or other derivative contracts);



- (d) solicit proxies from any IOF Securityholder or any of its Associates, or otherwise seek to influence or control the management or policies of IOF (other than in its capacity as a security holder of IOF);
- (e) initiate any rumour or media comment or announce an intention to do any of the things mentioned in clauses 8.1(a) to 8.1(d) above;
- (f) offer to do any of the things mentioned in clauses 8(a) to (e) above;
- (g) aid, abet, counsel or induce any other person in doing any of the acts or things referred to in clauses 8(a) to (f), or any similar acts or things restricted by statute.

Notwithstanding any other provision of this deed, these clauses 8.1(a) to 8.1(g) do not apply to a Financial Advisor of a Party to the extent it would restrict it from engaging in an action in the course of its business, provided that it has in place and observes information management arrangements designed to ensure that the Confidential Information is not disclosed or used other than for the Purpose in accordance with the terms of this deed.

8.2 Exceptions

Nothing in clause 8.1 will prevent DEXUS RE or any Related Person of DEXUS RE from doing any of the acts or things referred to in sub-paragraphs 8.1(a) to 8.1(g) directly above:

- (a) to the extent that the relevant action or thing occurred prior to the date of this deed;
- (b) to the extent that the relevant action or thing occurs by way of subscribing for new Stapled Securities offered by ILFML in its capacity as responsible entity of IOF;
 - (c) to the extent that a person directly or indirectly acquires a Relevant Interest in, or has a right to acquire, a legal, beneficial or economic interest in, or control of, 10% or more of the IOF Stapled Securities;
- (c) in the event that there is a publicly announced Competing Proposal; or
- (d) to the extent that the relevant action or thing has been approved in writing by ILFML in its capacity as responsible entity of IOF.

9 Due diligence

9.1 Provision of information to DEXUS RE

- (a) ILFML will use best endeavours to provide DEXUS RE with access to all of the information set out in the DEXUS RE Due Diligence Index and marked for "Immediate Release" as soon as possible after the date of this deed.
- (b) ILFML will provide the DEXUS RE with reasonable access to ILFML's management team in order to facilitate discussions regarding retention of employees;
- (c) Without limiting clause 9.1(a), before the end of the Exclusivity Period, ILFML will use reasonable endeavours to:



- (1) provide DEXUS RE with access to any information set out in the DEXUS RE Due Diligence Index or any other DEXUS RE Due Diligence Information; and
- (2) procure consents from relevant third parties to the provision of any information set out in the DEXUS RE Due Diligence Index that, otherwise, is DEXUS RE Due Diligence Information.

9.2 Conduct of due diligence

DEXUS RE will conduct due diligence enquiries on IOF and its assets. The parties acknowledge that this is expected to be completed by no later than the end of the Exclusivity Period.

9.3 Provision of information to ILFML

ILFML may conduct due diligence enquiries on DEXUS Property Group and its assets in connection with the DEXUS Property Group Securities comprising part of the consideration for the Proposed Transaction. The due diligence enquiries on DEXUS Property Group will be limited to a management interview and /or questionnaire with the key management team of DEXUS Property Group (as reasonably requested by ILFML), requests for information (if any) regarding the capital structure of DEXUS Property Group and/or the rights which will attach to DEXUS Property Group Securities comprising part of the consideration for the Proposed Transaction as described in clause 2.2(b) and a desktop review of publicly available information on the DEXUS RE. The parties acknowledge that information provided by DEXUS Property Group for the purpose of the due diligence enquiries will be provided on the terms and conditions of this agreement including clause 8 (Confidentiality).

9.4 Consents

- (a) During the conduct of its due diligence enquiries, DEXUS RE will use reasonable endeavours to promptly identify those third party consents or approvals which it considers are essential for implementation of the Scheme (**Third Party Consents**).
- (b) The parties must, in good faith, act co-operatively in seeking to obtain Third Party Consents as soon as practicable.
- (c) If any Third Party Consent cannot be obtained prior to entry into the Implementation Deed, ILFML acknowledges that DEXUS RE may, acting reasonably, require that the consent or approval is a condition to implementation of the Scheme other than any consent or approval of any property co-owner in connection with the Proposed Transaction.

10 Termination

10.1 Termination

- (a) This deed, and the parties' obligations under it, will terminate upon the earliest of the following to occur:
 - (1) the end of the Exclusivity Period;



- (2) the entry by the parties into an Implementation Deed;
- (3) DEXUS RE provides written notice that it does not wish to proceed with the Proposed Transaction in circumstances where (i) a Competing Proposal is announced that is recommended by the ILFML IBC or (ii) a person directly or indirectly acquires a Relevant Interest in, or has a right to acquire, a legal, beneficial, or economic interest in, or control of, 10% or more of the IOF Stapled Securities;
- (4) DEXUS RE provides written notice that it does not wish to proceed with the Proposed Transaction in circumstances where a Management Proposal is notified by ILFML to DEXUS RE (to which clause 7.3(b) does not apply and which has not been rejected by ILFML) and where the ILFML IBC has not made any recommendation to IOF Unitholders;
- (5) DEXUS RE provides written notice that it does not wish to proceed with the Proposed Transaction in circumstances where it has determined not to exercise, or is unable to exercise, its matching rights pursuant to clause 7.3(b);
- (6) DEXUS RE provides written notice that it has determined not to enter into the Implementation Deed as a consequence of non-satisfaction of clause 2.1(c);
- (7) ILFML provides written notice that it has determined not to enter into the Implementation Deed as a consequence of non-satisfaction of clause 2.1(d);
- (8) ILFML provides written notice that all of its independent directors have determined to recommend a Superior Proposal of the kind referred to in any of paragraphs 2(a), (b), (c) or (d) of the definition of Competing Proposal; or
- (9) a material breach of this deed by either party.

10.2 Effect of termination

If this deed is terminated by either party under clause 10.1:

- (a) each party will be released from its obligations under this deed, except that this clause 10.2, and clauses 1, 5, 12, 13, 14 and 15 (except clause 15.10), will survive termination and remain in force;
- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this deed; and
- (c) in all other respects, all future obligations of the parties under this deed will immediately terminate and be of no further force and effect .

10.3 Termination

Where a party has a right to terminate this deed, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this deed and the provision under which it is terminating the Deed.

10.4 No other termination

Neither party may terminate or rescind this deed except as permitted under clause 10.1.



11 Representations and warranties

11.1 Representations and warranties

Each party represents and warrants to the other that, at the date of this deed:

- (g) **validly existing:** it is validly existing under the laws of its place of incorporation;
- (h) **authority:** the execution and delivery of this deed has been properly authorised by all of its necessary corporate action(s) and those authorities remain valid and subsisting;
- (i) **power:** it has full capacity, corporate power and lawful authority to execute, deliver and perform this deed; and
- (j) **deed binding:** this deed is a valid and binding obligation of it, enforceable in accordance with its terms.

11.2 No representation or reliance

Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.

12 Duty, costs and expenses

12.1 Stamp duty

DEXUS RE:

- (a) must pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this deed; and
- (b) indemnifies ILFML against any liability arising from its failure to comply with clause 12.1(a).

12.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution, delivery and performance of this deed and the proposed, attempted or actual implementation of this deed and the Proposed Transaction.

13 GST

- (a) Any consideration or amount payable under this deed, including any non-monetary consideration (as reduced in accordance with clause 13(e) if required) (**Consideration**) is exclusive of GST.



- (b) If GST is or becomes payable on a Supply made under or in connection with this deed, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (c) The Additional Amount payable under clause 13(b) is payable at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice. However, the Additional Amount is only payable on receipt of a valid Tax Invoice.
- (d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 13(b):
 - (1) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
 - (2) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
 - (3) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.
- (e) Despite any other provision in this deed if an amount payable under or in connection with this deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred.
- (f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of a GST Group of which the party is a member is entitled.
- (g) Any term starting with a capital letter that is not defined in this deed has the same meaning as the term has in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

14 Notices

14.1 Form of Notice

A notice or other communication to a party under this deed (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to that party as nominated below (or any alternative details nominated to the sending party by Notice):



Party	Address	Addressee	Fax	Email
ILFML	Herbert Smith Freehills Level 34, ANZ Tower 161 Castlereagh Street, Sydney NSW 2000	Tony Damian / Jim Graham	+61 2 9322 4000	Tony.Damian@hsf.com / James.Graham@hsf.com
DEXUS RE	Level 25, Australia Square, 264 George Street, Sydney NSW 2000	Brett Cameron	+61 2 9017 1102	Brett.Cameron@dexus.com
	Copy to King & Wood Mallesons Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000	Susan Hilliard	+ 61 2 9296 3999	Susan.Hilliard@au.kwm.com

14.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting



By fax to the nominated fax number

At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety.

However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.

By email to the nominated email address

When the email (including any attachment) has been sent to the addressee's email address (unless the sender receives a delivery failure notification indicating that the email has not been addressed to the addressee).

14.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in clause 14.2).

15 General

15.1 Governing law and jurisdiction

- (a) This deed is governed by the law in force in New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

15.2 Service of process

Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of Notices under clause 14.

15.3 No merger

The rights and obligations of the parties do not merge on completion of the Proposed Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Proposed Transaction.

15.4 Invalidity and enforceability

- (a) If any provision of this deed is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.



- (b) Clause 15.4(a) does not apply where enforcement of the provision of this deed in accordance with clause 15.4(a) would materially affect the nature or effect of the parties' obligations under this deed.

15.5 Waiver

No party to this deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver. Neither party is required to do anything in connection with this deed which would be contrary to any order, decree or declaration issued by any Court or Government Agency, or any other material legal restraint or prohibition, or pre-existing obligation or which is otherwise contrary to law.

The meanings of the terms used in this clause 15.5 are set out below.

Term	Meaning
Conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed and includes the right to rely on this clause.
Waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

15.6 Variation

A variation of any term of this deed must be in writing and signed by the parties.

15.7 Assignment of rights

- (a) A party may not assign, novate, declare a trust over or otherwise transfer or deal with any of its rights or obligations under this deed without the prior written consent of the other party.
- (b) A breach of clause 15.7(a) by a party shall be deemed to be a material breach for the purposes of clause 10.1(a)(1).
- (c) Clause 15.7(b) does not affect the construction of any other part of this deed.

15.8 Acknowledgement

Each party acknowledges that the remedy of damages may be inadequate to protect the interests of the parties for a breach of clause 7 and that DEXUS RE is entitled to seek and obtain without limitation injunctive relief if ILFML breaches clause 7.

15.9 No third party beneficiary

This deed shall be binding on and inure solely to the benefit of each party to it and each of their respective permitted successors and assigns, and nothing in this deed is intended to or shall confer on any other person any third party beneficiary rights.



15.10 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this deed and the transactions contemplated by it.

15.11 Entire agreement

This deed states all the express terms agreed by the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings and agreements in respect of its subject matter.

15.12 Counterparts

This deed may be executed in any number of counterparts.

15.13 Relationship of the parties

- (a) Nothing in this deed gives a party authority to bind any other party in any way.
- (b) Nothing in this deed imposes any fiduciary duties on a party in relation to any other party.

15.14 Remedies cumulative

Except as provided in this deed and permitted by law, the rights, powers and remedies provided in this deed are cumulative with, and not exclusive of, the rights, powers and remedies provided by law independently of this deed.

15.15 Exercise of rights

- (a) Unless expressly required by the terms of this deed, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this deed.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this deed. Any conditions must be complied with by the party relying on the consent, approval or waiver.



Schedule 1

Conditions Precedent

Condition	Benefit
1 Regulatory approvals: before 8.00am on the Meeting Date: all regulatory approvals from a Government Agency that prior to the date of the Implementation Deed the parties reasonably agree are required for the Proposed Transaction have been obtained.	Both ILFML and DEXUS RE
2 Scheme approval: IOF Securityholders approve the resolutions in relation to the Scheme by the requisite majorities on the Meeting Date (it being agreed that a special resolution threshold will be required).	Cannot be waived
3 Judicial Advice: Confirmation from the Court that ILFML would be justified in convening the Meeting and implementing the Proposed Transaction.	Both ILFML and DEXUS RE
4 Independent Expert: the Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interest of, Scheme Participants before the time when the Explanatory Memorandum is registered by ASIC.	Both ILFML and DEXUS RE
5 Restraints: no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or Government Agency, or other material legal restraint or prohibition, preventing or delaying the Proposed Transaction is in effect at 8.00am on the Meeting Date.	Both ILFML and DEXUS RE
6 No ILFML prescribed occurrence: no ILFML prescribed occurrence occurs between (and including) the date of this deed and 8.00am on the Meeting Date (the term ILFML prescribed occurrence is to be defined in the Implementation Deed).	DEXUS RE
7 No ILFML Material Adverse Change: no ILFML Material Adverse Change occurs or is reasonably likely to occur, or is discovered, announced, disclosed or otherwise becomes known to DEXUS RE between (and including) the date of this deed and 8.00am on the Meeting Date.	DEXUS RE
8 No DEXUS RE prescribed occurrence: no DEXUS RE prescribed occurrence occurs between (and including) the date of this deed	ILFML



Condition	Benefit
and 8.00am on the Meeting Date (the term DEXUS RE prescribed occurrence is to be defined in the Implementation Deed).	
9 No DEXUS RE Material Adverse Change: no DEXUS RE Material Adverse Change occurs or is reasonably likely to occur, or is discovered, announced, disclosed or otherwise becomes known to ILFML between (and including) the date of this deed and 8.00am on the Meeting Date.	ILFML
10 No termination: Before 8.00am on the Meeting Date the Implementation Deed has not been terminated in accordance with its terms.	Both ILFML and DEXUS RE
11 Deed Poll: Between the date of this deed and the date of sending the Explanatory Memorandum to the IOF Securityholders, DEXUS RE signs and delivers the Deed Poll.	ILFML
12 ILFML representations and warranties: as at 8.00am on the Meeting Date, there is no unremedied breach of the representations and warranties given by ILFML under the Implementation Deed that is material in the context of the Potential Transaction taken as a whole.	DEXUS RE
13 DEXUS RE representations and warranties: as at 8.00am on the Meeting Date, there is no unremedied breach of the representations and warranties given by DEXUS RE under the Implementation Deed that is material in the context of the Potential Transaction taken as a whole.	ILFML
14 Recommendation of the ILFML IBC: The directors comprising the ILFML IBC, other than those who consider they cannot do so for reasons of conflict or who are otherwise unavailable, unanimously recommend that IOF Securityholders approve the resolutions in relation to the Proposed Transaction and do not change that recommendation or support a Superior Proposal at or before the Meeting.	DEXUS RE
15 ILFML material breach: Before 8.00am on the Meeting Date ILFML has not breached any material provision of the Implementation Deed that remains unremedied.	DEXUS RE
16 Lodgement of the resolution: ILFML lodges a copy of the special resolution amending the constitution (if any) with ASIC.	DEXUS RE



Condition

Benefit

17 **Closing Certificates:** On or prior to 8.00am on the Meeting Date, DEXUS RE and ILFML provide to each other certificates in the form agreed between the parties that, where appropriate, the conditions have been satisfied or waived.

Both ILFML and
DEXUS RE



Signing page

Executed as a deed

Signed sealed and delivered by
**Investa Listed Funds Management Limited (ACN 149 175 655) in its capacity
as responsible entity of Armstrong Jones Office Fund (ARSN 090 242 229)
and Prime Credit Property Trust (ARSN 089 849 196)**

by

sign here ► Deborah Page
Director

print name Deborah Page

sign here ► Peter Roe
Director

print name Peter Roe

Signed sealed and delivered by
**DEXUS Funds Management Limited (ABN 24 060 920 783) in its capacity as
responsible entity of DEXUS Diversified Trust (ARSN 089 324 541), DEXUS
Industrial Trust (ARSN 090 879 137), DEXUS Office Trust (ARSN 090 768
531) and DEXUS Operations Trust (ARSN 110 521 223)**

by

sign here ► Brett Cameron
Company Secretary

print name Brett Cameron

sign here ► Darren Steinberg
Director

print name Darren Steinberg