Investa Office Fund
2017 Annual Report

managed by investa

Strong.
Focused.
Together.
Performing.
Thriving.

IOF 2017 Annual Report
Contents:

A

Annual Review

B

Financial Report

C

Unitholder Information

Investa Office Fund's financial year 2017 reporting suite comprises two sources of information:

01 This **Annual Report** with its contents shown above; and

02 A **Property Portfolio Book**, which provides a comprehensive overview of the portfolio including office market commentary and key asset-by-asset information.

These documents and further information about IOF can be found at **www.investa.com.au/iof**

Front cover pictured from left to right: Penny Ransom (Fund Manager, IOF) and Paul Vandervlis (General Manager, Facilities Services)

Thriving—

IOF has had another year of strong returns thanks to a high quality, well located portfolio and the specialist skills of the Investa Office Management Platform.

Foyer of 567 Collins Street, Melbourne

IOF Management Team; from left to right: Michael Scott (Investor Relations Manager), Nicole Quagliata (Assistant Fund Manager), Jorrit Sennema (Senior Fund Analyst), Penny Ransom (Fund Manager), Nick Learmonth (Financial Controller), and Lindsay Haertsch (Portfolio Analyst)

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 $3.8 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.

For further information on the structure of IOF and Investa, please refer to the ILFML Board and IOF Management sections of this Annual Report.

$3.8bn
value of assets under management

100%
Australian exposure

Included in the S&P/ASX 100 Index

12,948
investors

432
tenants

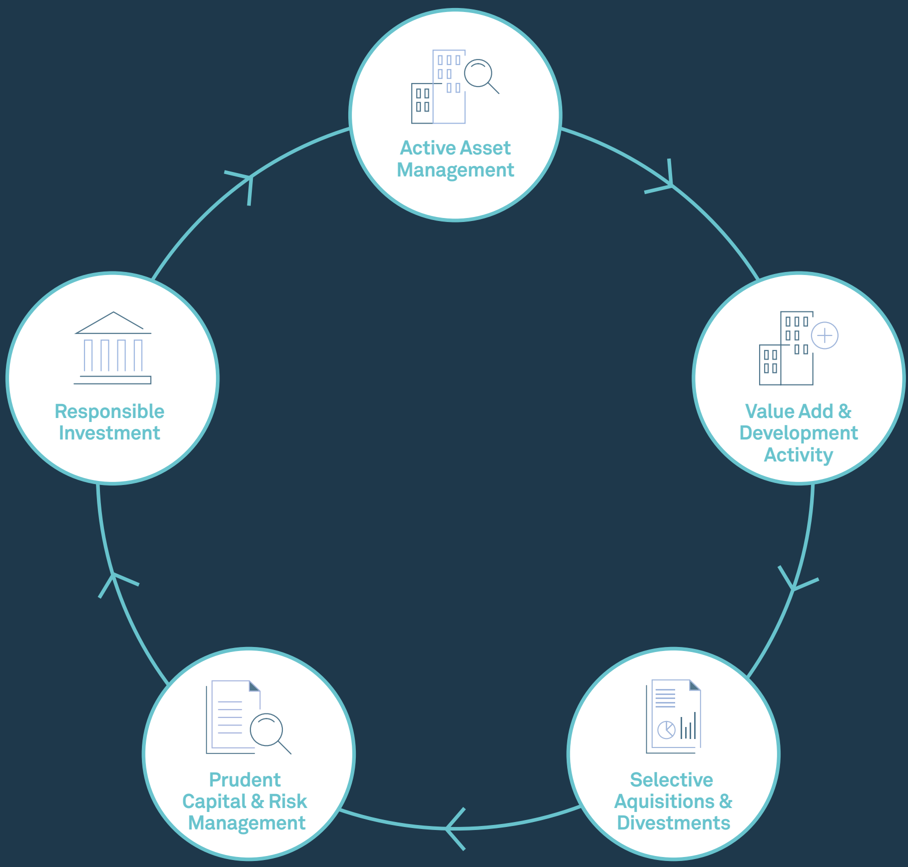
20
assets

389,582 sqm
net lettable area across the portfolio (based on % ownership)

IOF vision:

To be Australia's leading listed specialist office fund

IOF strategic objectives:



IOF strategy:

To deliver attractive risk-adjusted returns investing in high quality Australian office buildings, leveraging Investa's fully integrated specialist property sector capabilities to outperform. This will be achieved by:

Active Asset Management
Active asset management of the portfolio to drive income and capital returns

Value Add & Development Activity
Identifying and implementing value add and development opportunities to create high quality core assets

Selective Acquisitions & Divestments
Enhancing portfolio quality, scale and diversification with selective acquisitions and divestments

Prudent Capital & Risk Management
Applying a prudent approach to capital and risk management

Responsible Investment
Ensuring best in class responsible investment – environmental, social and governance

Performing—

IOF has a strong performance track record. Earnings, distributions, and portfolio value continue to increase and the Fund provided an attractive 18% return on equity over financial year 2017.

End of trip facilities at 567 Collins Street, Melbourne

"We are very pleased to provide IOF Unitholders with continued strong performance. The Fund's high exposure to the favourable Sydney and North Sydney CBD markets, together with significant leasing activity across the portfolio, has delivered strong results."

Penny Ransom,
Fund Manager, IOF

Lift lobby at 126 Phillip Street, Sydney

18%
return on equity (increase in net tangible assets plus distributions)

10%
increase in portfolio book value from external valuations

Delivered a 4% increase in Funds From Operations per unit to 29.7 cents

13.2%
increase in net tangible assets to $4.79 per unit

Delivered a 3.1% increase in distributions per unit to 20.2 cents

97%
portfolio occupancy (by income)

4.6 stars
NABERS Energy rating (portfolio weighted average)

5.1 years
weighted average lease expiry

96
new leases across 116,805 sqm

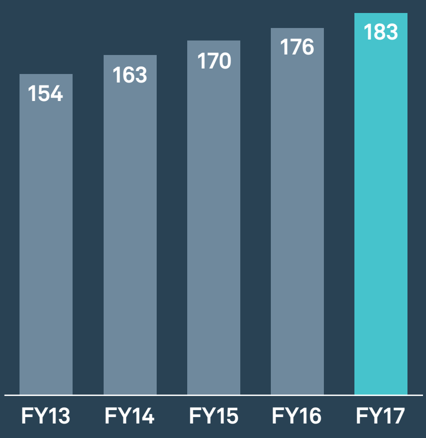
Portfolio well positioned with 94% weighted to favourable East Coast CBD office markets

63%
weighting to outperforming Sydney office market

High tenant retention of 85%

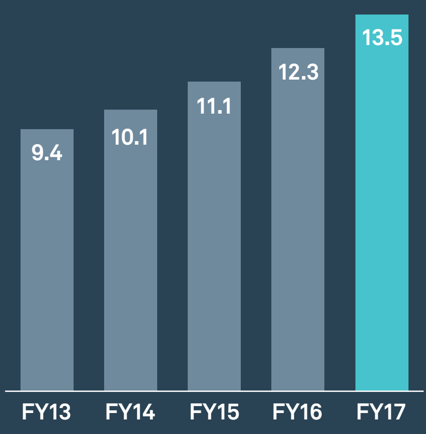
Five Year Performance

Funds From Operations ($m)



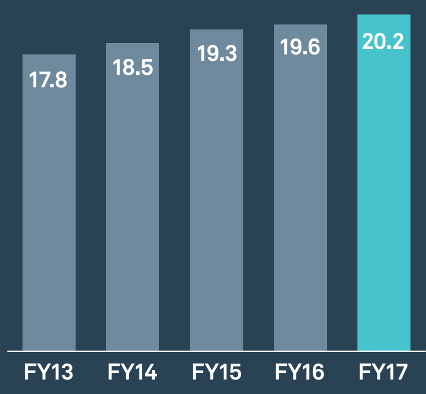
Funds From Operations, the key metric of IOF's performance, continues to grow.

Responsible Entity fees ($m)



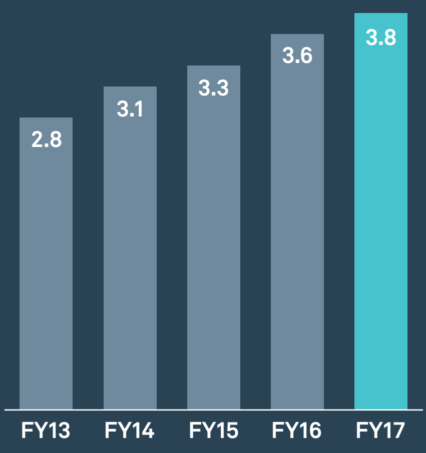
The Responsible Entity (RE) fee is equivalent to 0.55% per annum of market capitalisation, providing alignment between the RE and Unitholders.

Total distributions per unit (cents)



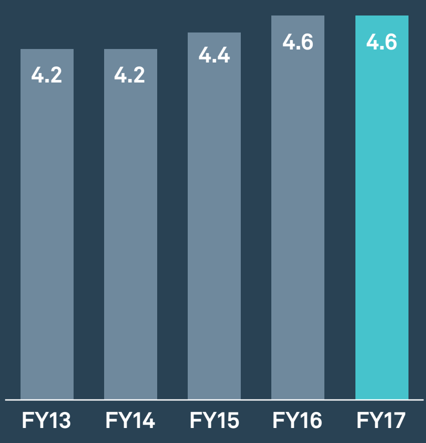
IOF is committed to sustainable distributions and targets a payout ratio of 95-100% of AFFO through the cycle.

Book value ($bn)



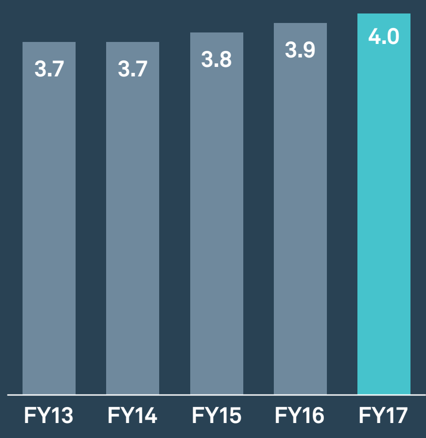
The portfolio is 100% based in Australia and continues to grow as assets continue to show strong valuation improvements.

NABERS Energy (Stars)



NABERS Energy ratings demonstrate the outcomes of strategic capital investment in energy saving initiatives, building infrastructure and active asset management.

NABERS Water (Stars)



NABERS Water ratings continue to improve through increased operational focus on water management.

Financial

Financial		FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	$m	191.0	194.1	217.5	217.3	210.0
Responsible Entity Fees	$m	9.4	10.1	11.1	12.3	13.5
Net Profit (statutory)	$m	158.7	183.6	179.2	493.8	471.6
Funds From Operations [1]	$m	153.5	162.6	169.9	175.6	182.6
Funds From Operations Per Unit [1]	cents	25.0	26.5	27.7	28.6	29.7
Total Assets	$m	2,723.8	3,142.5	3,321.2	3,783.4	3,923.0
Total Liabilities	$m	737.2	1,084.1	1,098.3	1,187.1	979.1
Gearing Ratio (look-through)	%	26.3	32.0	28.8	27.7	21.4
Net Tangible Asset Per Unit	$	3.23	3.35	3.62	4.23	4.79

Unitholders

Unitholders		FY2013	FY2014	FY2015	FY2016	FY2017
No of Unitholders [2]	#	16,644	16,236	15,342	13,823	12,860
Units on Issue [2]	millions	614.1	614.1	614.1	614.1	614.1
Securities on Issue to Top 20 Unitholders [2]	%	83.1	83.9	85.3	86.6	88.3
Market Capitalisation [2]	$bn	1.79	2.10	2.33	2.80	2.78
Total Distributions Per Unit	cents	17.75	18.50	19.25	19.60	20.20

Operational

Operational		FY2013	FY2014	FY2015	FY2016	FY2017
Portfolio Occupancy	%	94	92	93	96	97
Weighted Average Lease Expiry	years	4.9	5.0	5.2	4.8	5.1
Investment Properties	#	23	24	22	22	20
Net Lettable Area (ownership %)	sqm	502,244	427,813	414,080	421,895	389,582
Total Book Value	$bn	2.8	3.1	3.3	3.6	3.8
Australian Owned Assets	%	88	97	100	100	100
No of Tenants	#	312	437	446	387	432
Retention	%	56	68	62	77	85

Environmental[3]

Environmental[3]		FY2013	FY2014	FY2015	FY2016	FY2017
Lettable Area (metered)	sqm	409,458	411,045	459,760	457,726	489,213
Electricity Metered Consumption	MWh	36,098	34,617	37,209	35,401	36,811
Electricity Consumption Intensity	kWh/sqm/yr	88	84	81	77	75
Gas Metered Consumption	GJ	31,716	24,702	23,810	25,151	34,568
Gas Consumption Intensity	MJ/sqm/yr	99	77	73	78	95
Greenhouse Gas Emissions Intensity	kg.CO2-e/sqm/yr	86	78	73	70	68
Water Metered Consumption	kL	297,689	284,508	310,218	307,534	352,215
Water Consumption Intensity	L/sqm/yr	727	692	675	672	720
Waste Total	tonnes	1,517	557	1,077	2,017	425
Waste Recycled	%	34	46	52	42	36
NABERS Energy Ratings	Stars	4.2	4.2	4.4	4.6	4.6
NABERS Water Ratings	Stars	3.7	3.7	3.8	3.9	4.0

1 The Responsible Entity considers the non-AAS measure, Funds From Operation (FFO), an important indicator of underlying performance of IOF. To calculate FFO, net profit attributable to unitholders is adjusted to exclude unrealised gains or losses, certain non-cash items such as the amortisation of tenant incentives, fair value gains or losses on investments and other unrealised or one-off items. IOF's FFO calculation is based on the Property Council of Australia definition of FFO. Refer to the glossary for the complete definition.

2 As at 31 August of each year.

3 Environmental intensity statistics cover the reporting period 1 April 2016 - 31 March 2017 and have been independently assured by EY in accordance with Investa's Reporting Rules. EY's Assurance Statement, including selected performance data and the relevant reporting criteria, can be found online at: www.investa.com.au/funds/iof/iof-sustainability

Strong—

IOF has been guided by a strong and well regarded Independent Board over financial year 2017.

From left to right: Geoff Kleemann (Independent Non-Executive Director, ILFML), John Fast (Independent Non-Executive Director, ILFML), Richard Longes (Chairman and Independent Non-Executive Director, ILFML), Peter Menegazzo (back to camera) (Chief Investment Officer, Investa), Penny Ransom (Fund Manager, IOF) and Bob Seidler AM (Independent Non-Executive Director, ILFML)

> "The superior returns achieved over the last 12 months have confirmed the excellent focus and performance of the Management Platform."

Dear Unitholder,

Investa Office Fund's portfolio of 20 CBD properties, primarily in the East Coast capitals, achieved a strong result with a return on equity of 18% at the Fund level and outperformance versus the ASX 200 A-REIT Accumulation Index of 1,337bps.

At the property level, IOF recorded a total return of 15.7%, exceeding the IPD Direct Property Office Index by 270bps. Unitholders were rewarded with growth in net tangible assets per unit of 13.2% to $4.79 and an increase in distributions by 3.1%.

All this was achieved through a successful leasing and property management program and a recognition of improved market conditions for prime CBD office. During the year, IOF disposed of two non-core assets at prices well above book value. The portfolio now consists of nearly 80% prime assets with the opportunity to add value through redevelopments and upgrades. Development of a circa 22,000 square metre office tower at 151 Clarence Street, Sydney is progressing well and provides IOF with the potential for future development profit. Full details of returns, leasing and capital improvements to the properties are covered by the Fund Manager, Penny Ransom, in her letter to Unitholders on page 18.

During the year, further action was taken to continue the stabilisation and balancing of the Fund's debt capital structure and the hedging policy was revised to the short term annual hedge target range of 50% to 80%. IOF's average debt hedged over the year was increased from 36% to 50% and the Fund anticipates operation at the upper end of the target range going forward.

IOF's right to acquire 50% of the Investa Office Management Platform (the Management Platform) as a result of the restructure approved by Unitholders in 2011, was triggered in August 2016. The Independent Board of Directors undertook an operational and governance review of the benefits of the acquisition and the terms which could be negotiated with Investa Commercial Property Fund as co-owner. The Independent Board concluded that IOF and its Unitholders had benefited from the management by Investa, and that a restructure allowing the Fund greater influence over the future direction and operation of the Management Platform would add further stability and improve alignment for the benefit of Unitholders. Following this review, Unitholders were asked to vote on the proposal. Unitholders voted against proceeding with the acquisition and IOF continues to be externally managed by ILFML.

Because the Responsible Entity remains a subsidiary of the Management Platform, the Board has agreed with Investa Office Management to maintain the independence of the process to select candidates to the Board of ILFML. Any Independent Director appointee is required to stand for re-election by Unitholders. The Board has taken the initiative to appoint global search and leadership advisory firm Russell Reynolds Associates to assist with succession and diversity planning for the Board by expanding the number of Independent Directors and the Board's diversity. It is expected that this process will be completed shortly and any appointments will stand for re-election at the AGM before the end of the year.

During the year, the Board received several highly conditional, non-binding and indicative approaches from the Cromwell Property Group (Cromwell) referring to the possibility of an all cash offer to acquire all of the Fund's issued capital.

The Board rejected the initial approach as being at a price which was not compelling and because no reliable evidence had been provided of Cromwell's ability to fund the acquisition.

A further approach was made by Cromwell following the announcement that ILFML had entered negotiations for the proposed acquisition of 50% of the Management Platform. Following execution of a confidentiality agreement, Cromwell was granted access to extensive due diligence information between 12 April and 22 May 2017. Towards the end of the due diligence period, Cromwell sought access to the property managers and properties of the IOF portfolio. The Board indicated it would only make this available if Cromwell set out the terms on which it would make a bid and confirm the identity of its equity funders. Cromwell failed to do so and the Directors have not received any further communication from Cromwell.

The superior returns achieved over the last 12 months have confirmed the excellent focus and performance of the Management Platform. The Board expresses its thanks to the management team, and in particular those Investa executives dedicated to IOF, for these achievements on behalf of Unitholders in circumstances made more difficult by the corporate activity.

IOF is well positioned for the 2018 financial year given its strong weighting to the Sydney and North Sydney CBD markets and high occupancy of 97%. The notice of our AGM will be sent to you shortly and I look forward to meeting you at that time.

Yours sincerely,

Richard Longes,
Chairman

Richard Longes

Chairman and Independent Non-Executive Director, Investa Listed Funds Management Limited (ILFML)

—

Richard Longes is Chairman and Non-Executive Director of the Responsible Entity.

Richard is also Chairman of Liberty Financial Pty Limited, Terrace Tower Group Pty Limited and Investec Australia Limited.

He was previously Chairman of GPT and Deputy Chairman of Lend Lease, as well as a Director of a number of public companies.

John Fast

Independent Non-Executive Director, Investa Listed Funds Management Limited (ILFML)

—

John Fast is an Independent Director of the Responsible Entity.

John is the Executive Chairman of Seawick Pty Limited and was until recently joint Managing Director of Dragoman Pty Ltd, which he co-founded. John is also Chairman of NIEF Limited, Deputy Chairman of the Norman Beischer Medical Research Foundation, Non-Executive Director of the Australian Brandenburg Orchestra and Chairman of the Advisory Board of the Rotary Aboriginal and Torres Strait Islanders Tertiary Scholarship.

Robert (Bob) Seidler AM

Independent Non-Executive Director, Investa Listed Funds Management Limited (ILFML)

—

Bob Seidler AM is an Independent Director of the Responsible Entity and a Director of Investa Office Management Pty Limited, which is the parent company of the Responsible Entity and the manager of IOF.

Bob is also Chairman of Hunter Phillip Japan Limited, a member of CIMIC Group Limited's board and Vice-President of the Australia-Japan Business Co-operation Committee.

Bob recently retired as Chairman of Leighton Asia and Chairman of Leighton Properties Pty Limited. He also previously served as a Board member for Valad Property Group and Australian Prime Property Fund.

Geoff Kleemann

Independent Non-Executive Director, Investa Listed Funds Management Limited (ILFML)

—

Geoff Kleemann is an Independent Director of the Responsible Entity and Non-Executive Chairman of the Audit and Compliance Committee of the Responsible Entity.

Geoff was previously Independent and Non-Executive Director of Asciano Limited and a Non-Executive Director of Broadspectrum Limited.

The Responsible Entity of Investa Office Fund

The Investa Office Fund is comprised of the Armstrong Jones Office Fund (AJO Fund) and the Prime Credit Property Trust (PCP Trust), two managed investment schemes registered with the Australian Securities and Investments Commission (ASIC).

The Fund is listed on the Australian Securities Exchange (ASX) and the securities in the AJO Fund and the PCP Trust are stapled together and trade as one stapled security.

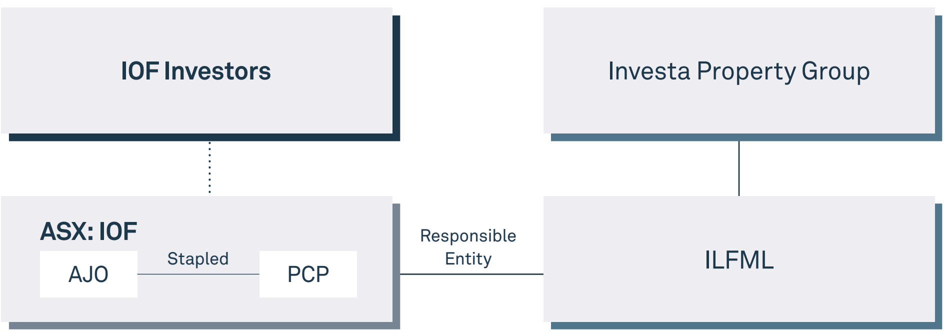
Investa Listed Funds Management Limited (ILFML), an Investa entity, is the Responsible Entity of each of the AJO Fund and the PCP Trust (see diagram below). ILFML has acted in this role since 8 July 2011.

Interaction between IOF, the Board and the Manager

IOF does not employ any staff directly, instead the Responsible Entity has engaged the manager, Investa, to provide IOF with asset, portfolio and capital management services to support the delivery of IOF's strategy.
This relationship allows IOF to benefit from Investa's integrated platform and capability as an office manager, which ultimately contributes to superior Unitholder returns.

The Responsible Entity is entitled to a fee equivalent to 0.55% per annum of market capitalisation and engages the manager to provide the services required to manage IOF. When compared to traditional fee structures across the industry, this market leading fee structure provides greater alignment between the Responsible Entity, manager and Unitholders.

IOF and Responsible Entity structure



Foyer at 133 Castlereagh Street, Sydney

Together—

The close collaboration between the IOF management team and the broader Investa Management Platform has resulted in a year of significant leasing, high tenant retention, and strong valuation increases.

From left to right: Tamara Khouri, (General Manager, Sydney CBD Portfolio), Michael Cook (Group Executive, Property) and Penny Ransom (Fund Manager, IOF).

Dear Unitholder,

I am very pleased to report another year of strong results for IOF. The Fund has outperformed at both a fund and portfolio level underpinned by significant and accretive leasing activity, continued valuation increases and favourable office market conditions.

The Fund generated an 18% return on equity over the financial year, supported by a strong portfolio total return of 15.7%.

IOF provided a 4% increase in Funds From Operations (FFO) to 29.7 cents per unit (cpu), ahead of guidance, and increased the Distribution Per Unit by 3.1% to 20.2 cents. Statutory Net Profit was again significant at $471.6 million, driven primarily by property valuation uplifts, and Net Tangible Assets (NTA) per unit increased 13.2% to $4.79.

Significant leasing driving Unitholder returns

Over financial year 2017 a near record level of leasing was achieved, with 96 new leases agreed over 116,805 sqm, compared to 52,004 sqm for the previous year. Tenant retention was high at 85%, occupancy increased to 97%, and the weighted average lease expiry of the portfolio increased from 4.8 to 5.1 years.

Total Net Property Income increased by 0.5% to $201.2 million, including the impact of two divestments mid-year and the withdrawal of 151 Clarence Street, Sydney for redevelopment. On a like-for-like basis income growth was strong at 4.7% supported by effective rental growth in Sydney and higher occupancy in Brisbane.

A number of transformational leasing deals were finalised during the year, enhancing Unitholder returns and providing future stability for the Fund, including;

- an 11.5 year lease extension to Telstra for 63,372 sqm at 242 Exhibition Street, Melbourne from June 2020;
- a new 10 year lease across 11,973 sqm to the Commonwealth of Australia at 836 Wellington Street, Perth; and,
- an agreement to extend Allens' lease over 8,424 sqm for 7.5 years at 126 Phillip Street, Sydney from June 2019.

Significant progress of the Fund's value add/development pipeline

IOF's Sydney portfolio has a number of strategic value add and development opportunities that were significantly progressed during the year. These opportunities provide the potential to enhance returns for Unitholders in a market that is expected to experience continued demand and near term supply constraints over the next few years. These include the redevelopment of 151 Clarence Street, which is on track to complete in late 2018, and the refurbishment of 388 George Street and 347 Kent Street in Sydney, which will be delivered through to 2020.

Another year of substantial revaluation uplifts

Proactive asset management, improving office market fundamentals and strong capital markets have continued to drive property valuations. The portfolio's weighted average capitalisation rate reduced 46 basis points to 5.74% over the year, with the Fund's high allocation to Sydney/North Sydney driving over 75% of the valuation increase. The Brisbane portfolio also had a strong positive impact, reflecting new leasing and improved investment demand.

Recycling capital to drive performance

The Fund divested two non-core properties during the year: 800 Toorak Road, Melbourne for $140.5 million (10.5% premium to book value) and 383 La Trobe Street, Melbourne for $70.7 million (31% premium to book value). The proceeds from these transactions will be recycled into the Fund's value add and development pipeline.

Prudent capital management

IOF's debt structure continues to be prudently managed. Post the two divestments look-through gearing reduced to 21.4% and the average hedged debt increased from 36% to 50%, reflecting a strategic increase in the Fund's hedging policy.

The Fund issued a $150 million seven-year Green Medium Term Note (Green Bond) in April 2017. This is the first Australian dollar green bond issuance by a non-financial corporate and reinforces Investa's corporate sustainability leadership.

The Fund announced an on-market buy-back of up to 5% of IOF stapled securities at IOF's 2017 Annual Results in August, providing an effective capital management tool to drive future Unitholder returns should market conditions permit.

Helping the environment and delivering savings

I am pleased to report immediate progress against Investa's Net Zero by 2040 carbon reduction strategy. Despite being the hottest year on record, total emissions intensity across IOF's portfolio reduced by 2.1% and delivered savings in excess of $230,000 across the Fund in financial year 2017.

Outlook

IOF is well positioned given its 63% weighting by value to the outperforming Sydney and North Sydney markets, the high quality of the portfolio, and the potential to drive returns for Unitholders through the active management of its near term value add and development pipeline. With vacancy expected to decrease over the next two years in all of IOF's markets, we are optimistic about the Fund's outlook.

A final word

It has been 12 months since I joined Investa and I am proud to be part of such a high quality team. I look forward to working with the Investa Office management team and the Board to continue to drive returns and to look after the interests of Unitholders in the year ahead.

On behalf of the IOF team, I would like to take this opportunity to thank you for your support.

Yours sincerely,

Penny Ransom,
Fund Manager, IOF

Penny Ransom

Fund Manager, IOF

Penny is the Fund Manager for IOF and is responsible for the strategic direction and performance of the Fund. Penny joined the IOF management team in 2016 and was previously responsible for the A$7.1 billion diversified DEXUS Wholesale Property Fund. Penny has more than 23 years' Australian and international property industry experience, with a strong track record in driving performance through challenging market cycles. Previous roles include Head of Capital in Australia at DEXUS and 14 years at Lend Lease, in investment management, business development and capital transaction roles, including Head of Equity UK & Europe.

Nicole Quagliata

Assistant Fund Manager, IOF

Nicole is responsible for developing and delivering the asset management strategies for the IOF portfolio. This includes leveraging Investa's project and development management, sustainability and research teams to enhance long-term decision-making and strategy execution across the portfolio. Nicole also provides high-level support in the area of investor relations. Nicole has more than 13 years' experience in property and funds management and is a CFA charter holder.

Nick Learmonth

Financial Controller, IOF

Nick is responsible for all internal and external financial reporting requirements for the Fund, which incorporate accounting, tax and treasury functions. Nick's prior responsibilities included financial reporting requirements for offshore operations, and financial modelling and analysis. Nick has more than 15 years' experience in finance, the last eight of that gained in the property industry. He is a Chartered Accountant.

Michael Scott

Investor Relations Manager, IOF

Michael joined the IOF management team in 2016 and is responsible for managing communications with all Fund stakeholders, including investors and analysts. This includes responsibility for results presentations, conference participation, ASX announcements, disclosure requirements, information requests and investor tours. Michael has nearly 24 years' experience in the property industry within the areas of equities research, property/fund accounting, and asset/funds management.

Jorrit Sennema

Senior Fund Analyst, IOF

Jorrit is responsible for overseeing the financial performance of the Fund. This includes analysing financial decisions at both the fund and asset level and assessing the impact of any transaction on fund performance. Jorrit also oversees capital management initiatives, working closely with treasury and the wider Investa finance teams. Jorrit has more than seven years' experience in property and funds management.

Lindsay Haertsch

Portfolio Analyst

Lindsay is responsible for implementing portfolio level analysis for the Fund. This includes liaising with key asset management personnel to support the strategic analysis utilised in long term decision making for the IOF portfolio. Lindsay has nearly four years' experience in the property industry.

Investa Executive Team; from left to right: Sally Franklin (Group Executive, Real Estate Services & Business Operations), Emily Lee-Waldao (General Manager, Marketing & Communications), Andrew Murray (Group General Counsel), Ivan Gorridge (Chief Financial Officer), Neal Noble (Chief Information Officer), Penny Ransom (Group Executive, Fund Manager IOF), Jonathan Callaghan (Executive Director and Chief Executive Officer), Amy Wild (General Manager, People & Culture), Mark Tait (Group Executive, Head of Commercial Development), Michael Cook (Group Executive, Property) and Peter Menegazzo (Executive Director and Chief Investment Officer).

Combining its specialist expertise in office building management and development, Investa aims to enhance the value of Australian workplaces for its tenants, investors and the community.

Managing 37 major office buildings in key Australian, CBD locations, Investa is one of the most recognised office managers in the country. As a strategic property partner of its tenants, Investa aims to help fulfil the potential of the people who work in their buildings, by providing services and working environments that put people first. Ultimately, this creates outstanding investment opportunities that achieve attractive returns for investors, all supported by proactive financial, leasing, operational and environmental management.

Investa's strong track record of performance, deep management capability, effective strategy execution and Environmental, Social and Governance (ESG) leadership, means they provide holistic value to investors.

With a strong focus on enhancing relationships and delivering market-leading service, Investa's experienced, cross-functional teams proactively identify and respond to the occupancy needs of its tenants to deliver flexible workplaces and services, over the long term.

200+
team members across Australia

$11bn
assets managed across Australia

37
assets managed across Australia

800+
businesses Investa provides space for

From left to right: Jonathan Callaghan (Chief Executive Officer) and Peter Menegazzo (Chief Investment Officer)

What sets Investa apart

Australian office specialists

Few understand today's modern workplace and how it is evolving as well as Investa does. This knowledge is used to increase the value of its strategic property partnerships with investors, tenants and communities.

United by a connected culture

Investa's unique, connected culture informs how staff act and respond. It empowers staff to make smart decisions and sets the bar for measuring success. It ensures staff hold each other accountable against its vision to create Australia's most valued working places. For Investa's partners, this means staying relevant, making things easy, tailoring experiences, being open and honest, solving problems smartly, and building long term relationships.

Sustainability

Through Investa's sophisticated Environmental, Social and Governance (ESG) platform, ESG performance is measured and benchmarked, from both an investment and operational perspective. Investa protects and enhances the health, safety and wellbeing of staff, tenants and contractors and actively minimises resource use, pollution and waste.

Real estate service providers

Investa's integrated asset management platform enables a consistent experience to be delivered through personalised service, cohesive processes and experienced cross-functional teams. Investa's expertise spans asset, leasing and property management, facilities and project management, development, sustainability and safety.

Responsible investment

Investa aims to provide superior returns to investors without sacrificing the environment or the highest standards of conduct. Investa managed funds are overseen by independent boards and a robust governance framework underpins all aspects of operation. Investa actively adopts responsible investment principles and transparent reporting practices across its entire operation.

A business built on teamwork

Investa aims to achieve its vision of creating Australia's most valued working places by living its values of: believing in each other, driving change, doing the right thing, going above and beyond and striving to do it better at every opportunity.

Investa operates as one strategic team to maximise the value of Australian work places for its stakeholders. Long term value is created by providing a market-leading, end-to-end service. One that doesn't only meet stakeholders' needs, but anticipates them. Investa services the interests of IOF and its stakeholders in a number or ways:

For investors:

- Provides exposure to the Australian commercial office sector via specialist funds
- Clear, well executed fund strategies, delivering solid returns
- Strong track record in facilitating strategic ownership and investment partnerships
- A market-leading governance framework and transparent, regular reporting
- Accessible management and a cohesive support team servicing investor needs
- Sustainable responsible investment practices adopted across all investment activities and business operations

For tenants:

- Office space solutions across one or multiple buildings
- A flexible, user-friendly approach to leasing
- Fitout guidance and support, and proactive on-boarding to new premises
- Sustainable building management practices to reduce carbon footprint, lower energy costs and create healthier workplaces
- Smart building technology in new developments so tenants can optimise how they use their space
- Health and wellness programs for occupants in selected buildings – helping them be at their best when working in an Investa managed building

For the environment:

- Continual improvement across key environmental measures including greenhouse gas emissions, electricity, water and gas use, NABERS Energy and Water ratings
- Development of new tools and innovations to enable more effective and efficient building management and operation
- Maintain and expand partnerships and initiatives that advance environmental outcomes or enable progress across the industry or community

For local communities:

- Provide financial and volunteering support to charities and not for profits to create a meaningful impact, with a focus on homelessness in CBDs, youth at risk and emergency recovery efforts
- Participate and provide thought leadership in activities and forums which enhance the impact its operation and the industry have on the community, with groups such as the Better Buildings Partnership and the Australian Business Roundtable for Disaster Resilience & Safer Communities

For suppliers:

- Maintain a strategic procurement framework to achieve operational and financial efficiencies via competitive national service contracts
- Manage the supply chain to ensure ethical, commercial and sustainable procurement practices. These include best practice disclosure, reporting and assessment standards

For Investa people:

- The opportunity to flourish in a team with a connected culture, that is strongly aligned with Investa's purpose, goals and best interests of all stakeholders
- Access to a range of options for enhancing the skills and experience of staff and providing the tools, time and investment to achieve professional growth
- Enabling staff to make an impact via Investa's commitment to sustainability and innovation throughout the organisation, backed by an investment of time and resources
- Investa achieved a 40:40:20 gender balance in four out of its five managerial and professional role categories and made substantial progress in the fifth category. In addition, Investa CEO Jonathan Callaghan is an active participant in the Property Male Champions of Change initiative
- Investa has active LGBTI and Cultural Diversity committees which represent its diverse workforce and provide support and education in these areas
- All of Investa's people managers have received training on how to respond to issues of domestic and family violence in the workplace

Investa vision:

To create Australia's most valued working places

Investa Management Platform

Investa's strategy

Investa is committed to delivering on its strategy and exceeding the expectations of its investors and tenants at every point of the property cycle.

Investa's strategic objective is to be the market leader in the Australian office sector, delivering outperformance for investors by leveraging its best-in-class, integrated office platform and people, to create a superior customer experience. This will be achieved through a focus on performance, innovation, people and culture, investor and customer engagement and fostering new business opportunities.

Structured for success

At the heart of Investa is an end-to-end management platform made up of committed people who are experts in their field.

This integrated service model means it can look after buildings from acquisition through to day-to-day operations and financial management. Asset, facilities and property management teams work together with project management, technical services, sustainability and development. The result is market-leading performance, service continuity and the ability to refurbish or redevelop sites in a way that creates real value – all while collaborating with tenants to deliver high quality, sustainable workplaces.

From left to right: Mary-Anne Mazzeo (Assistant Property Manager), Nicole Quagliata (Assistant Fund Manager, IOF) and Gurol Candemir (Head of Capital Projects)

Focused—

Investa's focus on proactive asset management and strong tenant relationships has resulted in a high 15.7% portfolio return over financial year 2017 driven by an extraordinary year of leasing, significant valuations and favourable office markets.

IOF National Portfolio Overview

The Fund's high quality office portfolio has benefited from strong market fundamentals and active asset management. This resulted in like-for-like property income growth of 4.7% and an attractive total portfolio return of 15.7%.

The portfolio's strong like-for-like Net Property Income (NPI) growth benefited from favourable leasing conditions in the Sydney market driving effective market rental growth, and additional income generated from the Brisbane portfolio following significant leasing undertaken during the last 18 months. Total NPI increased by 0.5% to $201.2 million, which was impacted by the divestment of two assets during the year and the 151 Clarence Street Sydney redevelopment.

Financial year 2017 was a significant year for leasing activity with new agreements across 116,805 sqm compared to 52,004 sqm for the previous year. Over 22% of the portfolio by area was re-leased during the period. This included a number of transformational leasing transactions which improved portfolio quality and enhanced returns for Unitholders. Key leasing highlights during the year were:

- An 11.5 year lease extension with Telstra for 63,372 sqm at 242 Exhibition Street, Melbourne. This lease provides a long term income stream and de-risks the Melbourne portfolio;
- A new 10 year lease over 11,973 sqm to the Commonwealth of Australia at 836 Wellington Street, Perth on terms favourable to current market conditions; and
- An agreement to extend Allens lease over 8,424 sqm for 7.5 years and a new seven year lease to Property NSW over 2,888 sqm at 126 Phillip Street, Sydney. These deals extended the WALE of the property by 1.3 years to 5.7 years.

Tenant retention was also high at 85% up from 77% the previous year. The successful leasing over financial year 2017 resulted in the portfolio's WALE increasing from 4.8 to 5.1 years and increased portfolio occupancy to 97%.

Tenant demand from occupiers under 1,000 sqm was particularly strong, accounting for over 90% of all leases signed by number. Consistent with the favourable market conditions, the average incentive granted on new deals was down from 30% to 18%, a marked improvement in just 12 months.

Another year of strong valuations

The portfolio provided another year of significant valuation increases at $344 million or 10% over book value. As a result the weighted average capitalisation rate decreased by 46 basis points, from 6.20% to 5.74%. The valuation uplifts were driven by the continued strength of the Sydney office market, value accretive leasing across the entire portfolio, and continued strong investment demand.

Over 75% of the overall valuation increase for the year was from the Sydney and North Sydney portfolios, which increased by 13.0% and 10.1%, respectively. The uplifts were driven by active leasing, increased market rents, reducing incentives and capitalisation rate compression.

The Brisbane portfolio increased by $52.7 million (10.5%), reflecting new leasing and improved investment demand, whilst the Melbourne portfolio increased by $24.9 million (4.4%), with 242 Exhibition Street fully de-risked post the Telstra lease extension.

Asset divestments

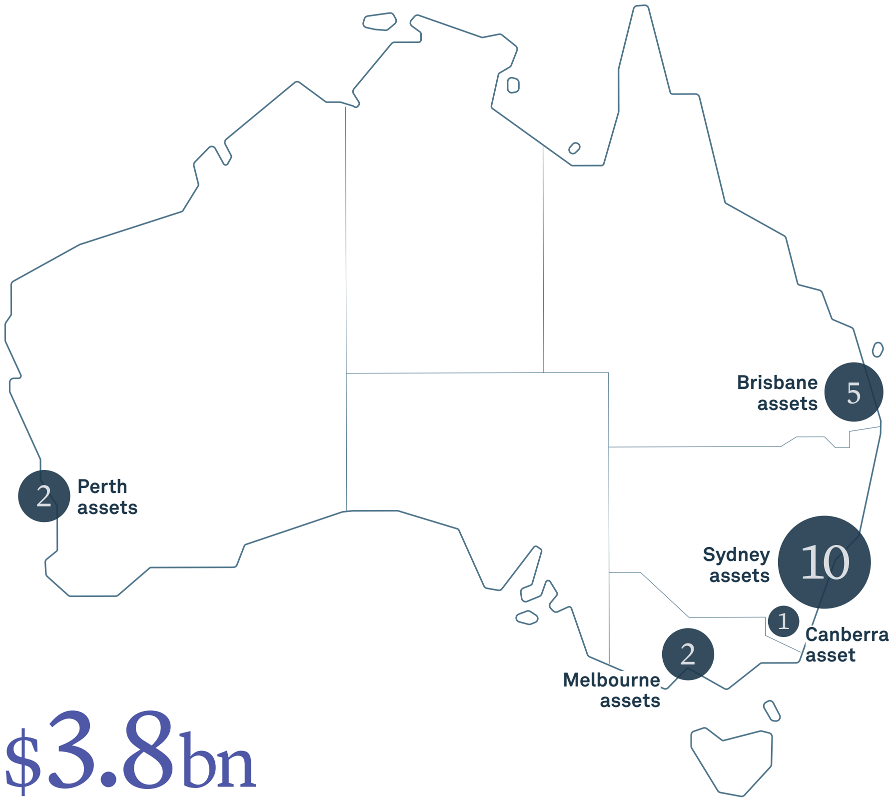
The Fund divested two non-core properties during the year: 800 Toorak Road, Melbourne for $140.5 million (10.5% premium to book value) and 383 La Trobe Street, Melbourne for $70.7 million (31% premium to book value). The proceeds from these transactions will be recycled into the Fund's value add and development pipeline, which primarily consists of the major refurbishment of 388 George Street and 347 Kent Street in Sydney and the construction of the new A grade Barrack Place development at 151 Clarence Street Sydney. These three projects are detailed further on pages 36 and 37.

The portfolio outlook

The portfolio is well positioned given its existing strong 63% weighting to the outperforming Sydney and North Sydney markets, the high overall quality of the portfolio and the potential to drive returns for Unitholders through the active management of its near term value add and development pipeline in Sydney.

"With vacancy expected to decrease over the next two years in all of IOF's markets, and particularly in the Sydney CBD, we are optimistic regarding the outlook for the portfolio."

Nicole Quagliata,
IOF Assistant Fund Manager



$3.8bn
total portfolio value

20
properties

432
tenants

97%
occupancy (by income)

4.6 stars
NABERS Energy Rating (weighted average)

5.1 years
weighted average lease expiry

4.0 stars
NABERS Water Rating (weighted average)

389,582 sqm
net lettable area across the portfolio (based on % ownership)

Sydney, NSW	63%
Deutsche Bank Place, 126 Phillip Street, Sydney	
347 Kent Street, Sydney	
388 George Street, Sydney	
Piccadilly Complex, 133 Castlereagh Street, Sydney	
10-20 Bond Street, Sydney	
Barrack Place, 151 Clarence Street, Sydney	
6 O'Connell Street, Sydney	
Campus MLC, 105-151 Miller Street, North Sydney	
111 Pacific Highway, North Sydney	
99 Walker Street, North Sydney	

Melbourne, VIC	16%
567 Collins Street, Melbourne	
Telstra Global Headquarters, 242 Exhibition Street, Melbourne	

Brisbane, QLD	15%
140 Creek Street, Brisbane	
295 Ann Street, Brisbane	
232 Adelaide Street, Brisbane	
239 George Street, Brisbane	
15 Adelaide Street, Brisbane	

Perth, WA	4%
66 St Georges Terrace, Perth	
Wellington Central, 836 Wellington Street, Perth	

Canberra, ACT	3%
Times Square, 16-18 Mort Street, Canberra	

* Totals do not add to 100% due to rounding

Sydney Overview

99%
occupancy (by income)

$2.4bn
book value

3.4 years
weighted average lease expiry

IOF Sydney Portfolio

IOF is benefiting from its high 63% weighting to the strong Sydney office market. The Sydney portfolio is made up of seven assets in the Sydney CBD and three assets in the North Sydney CBD, representing 45% and 18% of total portfolio value respectively. Increasing market rents and strong valuation uplifts have resulted in outstanding total returns for the year of 18.4% and 15.9% for the Sydney CBD and North Sydney CBD portfolios respectively.

Looking forward, the portfolio is well positioned to take advantage of the forecast continued strength in the Sydney market, with key exposures to the thriving small tenant market. The new Barrack Place development at 151 Clarence Street is expected to reach completion in the third quarter of 2018 and major value add refurbishments are planned for 388 George Street where IAG will likely depart post their lease expiry in October 2018, and 347 Kent Street, where ANZ currently resides.

From left to right: Mitchell Woods (Senior Property Manager) and Naresh Gohil (Facilities Manager, Allens Linklaters)

Proactive asset management has resulted in the significant de-risking of 126 Phillip Street, Sydney during the period. Two major leases were secured, with Allens agreeing to extend its lease over 8,424 sqm for 7.5 years and Property NSW signing a new lease over 2,888 sqm for seven years. Both leases represent 30% of the asset by area and extend the WALE of the property by 1.3 years to 5.7 years.

From left to right: Andrew Flockhart (Property Manager, 6 O'Connell Street) and Jennifer Young (Restaurant Manager, Balcon by Tapavino)

6 O'Connell Street, Sydney is a prime example of IOF's ability to benefit from Sydney's strong market dynamics, with a 21.6% valuation uplift over the year. This centrally located B grade asset has benefited from the withdrawal of supply related to the metro rail infrastructure development, increased demand for small suites, and an attractive lobby refurbishment. More than 4,600 sqm across 17 new leases were signed with an average rent growth achieved of 26% on prior passing rents.

Sydney Office Market Overview

Solid demand for office space continues in Sydney, driven by the expansion of business services and government tenants.

In addition to robust demand conditions, the supply of office space is being constrained by the combined impact of subdued development activity and the withdrawal of lower-grade office space for either redevelopment, conversion to alternative property use or to make way for transport infrastructure construction.

In fact, the size of the Sydney CBD office market has decreased by 1.3% in the first six months of 2017. As a result, leasing market conditions are tight, with low vacancies, falling incentives and strong effective rental growth.

Market Outlook

A and B grade markets are anticipated to outperform, reflecting solid demand for well located premises and limited availability.

Tight supply and robust demand will continue to place downward pressure on vacancy over the medium term, driving effective rental growth.

Strong underlying demand for Sydney office assets is anticipated to maintain pressure on yields, supported by the improving market fundamentals.

DEUTSCHE BANK PLACE
126 PHILLIP STREET
Sydney NSW

Grade	P
Ownership interest	25%
Occupancy level	93%
Net property income	$10.4m
NABERS Energy rating	5.0
NABERS Water rating	3.5

347 KENT STREET
Sydney NSW

Grade	A
Ownership interest	100%
Occupancy level	100%
Net property income	$25.9m
NABERS Energy rating	4.0
NABERS Water rating	3.5

388 GEORGE STREET
Sydney NSW

Grade	A
Ownership interest	50%
Occupancy level	100%
Net property income	$15.2m
NABERS Energy rating	4.5
NABERS Water rating	4.0

PICCADILLY COMPLEX
133 CASTLEREAGH STREET
Sydney NSW

Grade	A
Ownership interest	50%
Occupancy level	100%
Net property income	$14.2m
NABERS Energy rating	5.0
NABERS Water rating	4.0

10-20 BOND STREET
Sydney NSW

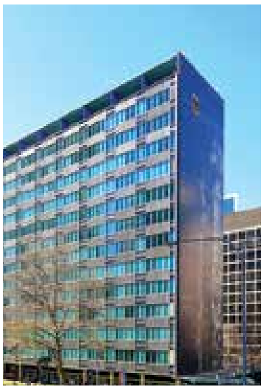
Grade	A
Ownership interest	50%
Occupancy level	99%
Net property income	$10.8m
NABERS Energy rating	5.5
NABERS Water rating	4.0

151 CLARENCE STREET
Sydney NSW
(Under development)

Grade	A
Ownership interest	100%
Occupancy level	N/A
Net property income	$0.2m
NABERS Energy rating	N/A
NABERS Water rating	N/A

6 O'CONNELL STREET
Sydney NSW

Grade	B
Ownership interest	100%
Occupancy level	94%
Net property income	$9.8m
NABERS Energy rating	4.5
NABERS Water rating	3.0



105-151 MILLER STREET
North Sydney NSW

Grade	A
Ownership interest	100%
Occupancy level	99%
Net property income	$14.5m
NABERS Energy rating	5.0
NABERS Water rating	3.5

111 PACIFIC HIGHWAY
North Sydney NSW

Grade	A
Ownership interest	100%
Occupancy level	99%
Net property income	$10.1m
NABERS Energy rating	4.5
NABERS Water rating	40

99 WALKER STREET
North Sydney NSW

Grade	A
Ownership interest	100%
Occupancy level	100%
Net property income	$11.4m
NABERS Energy rating	4.5
NABERS Water rating	3.5

Melbourne Overview

100%
occupancy (by income)

$600.7m
book value

11.8 years
weighted average lease expiry

IOF Melbourne Portfolio

IOF took advantage of attractive market fundamentals to dispose of two non-core assets during the year, both of which were situated in Melbourne. IOF's remaining Melbourne portfolio comprises two prime assets in strong CBD locations with close to 100% occupancy and a WALE of 11.8 years.

From left to right: Meagan Smart (General Manager, Melbourne CBD Portfolio) and Jay Lawrence (General Manager, Workplace Operations, Telstra)

Investa's strong relationships with tenants were exemplified with the 11.5 year lease extension from June 2020 with Telstra over 63,372 sqm at 242 Exhibition Street. The 43 level office tower was purpose built for Telstra in 1992 and the renewal reinforces the building as Telstra's global business hub. As part of the agreement with Telstra, IOF has committed to a major foyer upgrade, a lift renewal, and tenancy area refurbishment.

"The Grid" retail area at 567 Collins Street, Melbourne

The Fund's recently completed prime grade development, 567 Collins Street, is securely positioned with a WALE of 9.1 years. There was 5,063 sqm of leasing over the year, including 2,498 sqm to Downer Group and 2,059 sqm to Nous Group. This has increased occupancy to 91% and there is two years left on the income agreement with Leightons over the remaining vacant space.

Melbourne Office Market Overview

Leasing market conditions in Melbourne have tightened sharply, with a low vacancy rate reflecting the combination of both strong net absorption and a pause in new supply.

Demand for Melbourne CBD office space has been strong, supported by a combination of solid growth in both specialist business services and government employment and the centralisation of tenants relocating from fringe markets into the CBD.

Smaller tenant leases (<1,000 sqm) have provided a significant source of new demand for CBD office space.

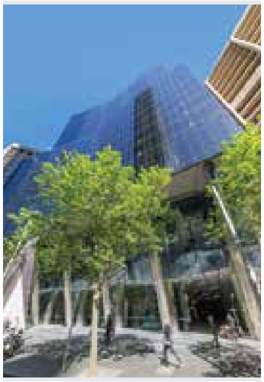
While the near-term CBD supply outlook is weak, and should support further tightening in leasing market conditions, Melbourne CBD development activity is anticipated to increase resulting in cyclical market easing post 2018.

Market Outlook

Strong absorption of Melbourne CBD office space anticipated to be driven by expansion in office-based employment and centralisation of tenants from fringe markets.

An increasing development pipeline will expand the CBD prime office market from 2018 onwards and will likely cause the vacancy rate to increase as new supply is delivered.

Strong investor demand for Melbourne CBD office assets is compressing yields and is likely to maintain downward pressure for some time yet.



567 COLLINS STREET
Melbourne VIC

Grade	P
Ownership interest	50%
Occupancy level	100%
Net property income	$13.3m
NABERS Energy rating	N/A
NABERS Water rating	N/A

242 EXHIBITION STREET
Melbourne VIC

Grade	A
Ownership interest	50%
Occupancy level	100%
Net property income	$15.4m
NABERS Energy rating	4.0
NABERS Water rating	5.0

Foyer of 242 Exhibition Street, Melbourne

Brisbane Overview

94%

occupancy (by income)

$562.9m

book value

4.5 years

weighted average lease expiry

IOF Brisbane Portfolio

The Fund's Brisbane portfolio has benefited from significant new leasing over the last 18 months along with improving office market fundamentals. As a result, the total return for this five asset portfolio was attractive at 16.1% backed by a total valuation increase of 10.5%. Proactive asset management by the Brisbane based portfolio team has increased occupancy from 82% as at December 2015 to 94% as at June 2017.

Foyer of 140 Creek Street, Brisbane

Post June 2017 the team completed the successful repositioning of IOF's largest Brisbane asset, 140 Creek Street, with a new seven year lease signed to the Queensland Government over 3,500 sqm. This lease will increase the WALE of the asset to 5.9 years. It also brings the total leasing agreed at this asset to 15,336 sqm over the last 18 months, representing 55% of the building's NLA. The value of 140 Creek Street increased 13.5% over the year.

Brisbane Office Market Overview

The Brisbane CBD office market continues to improve, with net absorption increasing for the past 10 consecutive quarters.

Demand for prime space has led the stronger office leasing market conditions in Brisbane's CBD, with increased government employment driving the expansion in occupied prime office space.

Face rents have increased moderately over the year, however incentives remain under pressure leading to further easing in effective rents.

Minimal new supply has supported the improvement in prime office vacancy rates, which has been further enhanced by tenant relocations from fringe markets back into the CBD.

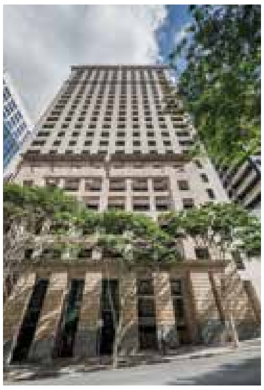
Modest capital transactions activity has provided some downward pressure on Brisbane CBD office yields.

Market Outlook

Subdued development activity is expected to support further tightening in Brisbane CBD office leasing market conditions in 2017 and 2018.

Withdrawals are anticipated to tighten the availability of office space, particularly in lower grades.

Absorption of prime office space is outperforming the secondary market with tenants taking the opportunity to upgrade their premises.



140 CREEK STREET
Brisbane QLD

Grade	A
Ownership interest	100%
Occupancy level	99%
Net property income	$10.8m
NABERS Energy rating	5.0
NABERS Water rating	3.5

295 ANN STREET
Brisbane QLD

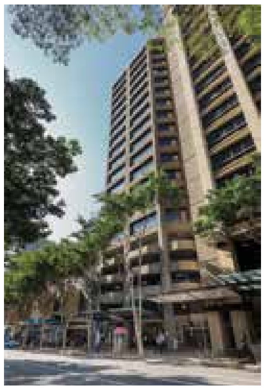
Grade	A
Ownership interest	100%
Occupancy level	97%
Net property income	$6.5m
NABERS Energy rating	5.0
NABERS Water rating	4.0

232 ADELAIDE STREET
Brisbane QLD

Grade	B
Ownership interest	100%
Occupancy level	100%
Net property income	$1.4m
NABERS Energy rating	5.0
NABERS Water rating	4.0

239 GEORGE STREET
Brisbane QLD

Grade	B
Ownership interest	100%
Occupancy level	90%
Net property income	$6.5m
NABERS Energy rating	4.5
NABERS Water rating	4.0



15 ADELAIDE STREET
Brisbane QLD

Grade	B
Ownership interest	100%
Occupancy level	80%
Net property income	$2.6m
NABERS Energy rating	4.5
NABERS Water rating	4.0

From left to right: Sadhna Naidu (Property Manager, 239 George Street), Travis Green (Regional General Manager, Queensland) and Alice Zhe (Property Manager, 140 Creek Street Complex)

Perth Overview

88%
occupancy (by income)

$139.4m
book value

6.0 years
weighted average lease expiry

IOF Perth Portfolio

The positioning of IOF's Perth portfolio, which represents 4% of total portfolio value, improved during the period with the WALE increasing from 2.9 years to 6.0 years. This was an important achievement considering the challenging Perth leasing market.

From left to right: Representative from Commonwealth of Australia and Rod Newton, (Facilities Manager, CBRE)

In November 2015, the Fund executed a 10 year lease to the Commonwealth of Australia over 11,973 sqm at 836 Wellington Street. The new lease, which covers the entire building, was agreed on terms favourable relative to current market conditions and provides long term income from a high quality covenant, which underpins the asset's capital value in the long term. This asset represents 54% of IOF's Perth portfolio.

66 St Georges Terrace represents the remaining 46% of IOF's Perth portfolio. Over the year, four new leases were agreed at this property across 1,984 sqm, with occupancy increasing from 61% to 78%.

Perth Office Market Overview

Some improvement in commodity prices in 2017 combined with increased resource and energy production have improved the outlook for WA business profit growth and confidence.

Office-based employment and net absorption of Perth CBD office space are both increasing, causing the vacancy rate and incentives to gradually move lower.

Growing demand from finance, insurance and government tenants which largely occupying premium and A grade space.

The supply cycle is now complete, with no new major supply due until 2018, which should allow the demand environment to absorb prevailing vacancy.

Market Outlook

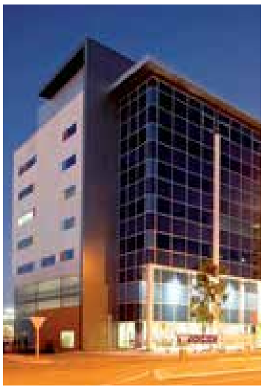
Leasing market conditions have improved, however demand is likely to remain relatively subdued as the market continues to reflect modest economic growth.

The prime office market is likely to continue to lead the cyclical recovery with tenants upgrading and expanding to higher quality office space.

A sparse outlook for new supply should facilitate the cyclical recovery in Perth CBD's leasing market.

66 ST GEORGES TERRACE
Perth WA

Grade	A
Ownership interest	100%
Occupancy level	78%
Net property income	$4.2m
NABERS Energy rating	3.5
NABERS Water rating	3.0



836 WELLINGTON STREET
Perth WA

Grade	A
Ownership interest	100%
Occupancy level	100%
Net property income	$5.8m
NABERS Energy rating	5.5
NABERS Water rating	4.5

Canberra Overview

100%
occupancy
(by income)

$100.9m
book value

8.6 years
weighted average
lease expiry

IOF Canberra Portfolio

IOF's sole Canberra asset, which makes up 3% of total portfolio value, is ideally located in the heart of the CBD. This A grade property is securely positioned with a lease to Telstra over 97% of net lettable area until February 2026.

Canberra Office Market Overview

Market conditions remained stable in Canberra, thanks to a modest increase in demand for prime office space led by government and specialist business services.

Smaller tenant leases (<1,000 sqm) have provided a significant source of new demand for Canberra office space. As a result of steady demand and little new supply, the vacancy rate has remained steady and prime office effective rents have edged higher.

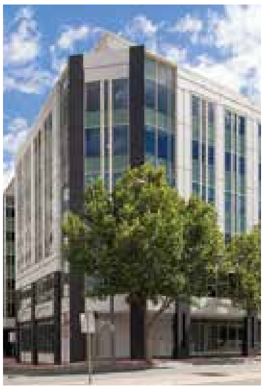
Prime market conditions are outperforming with government tenants upgrading to higher-spec office space on tighter government office requirements.

The government's "Project Tetris" initiative, which aims to reduce the quantum of vacant office space across government agency tenancies is driving sub-lease vacancy in Canberra to all-time lows.

Market Outlook

Upgrading of government tenancy requirements are driving tighter prime office market conditions, while secondary office market conditions continue to ease.

Higher-spec requirements for larger government tenancies is anticipated to drive the next redevelopment cycle into the future.



16–18 MORT STREET
Canberra ACT

Grade	A
Ownership interest	100%
Occupancy level	100%
Net property income	$4.6m
NABERS Energy rating	5.0
NABERS Water rating	5.0

Barrack Place, 151 Clarence Street, Sydney

Clockwise from top left: Status photo at September 2017; artist's impression of the completed development; artists' impression of view east from level 12 of 16 levels in total

The Barrack Place development is a major opportunity for the Fund to optimise returns with completion planned for third quarter 2018, a time when vacancy is expected to be at cyclical lows in the Sydney CBD.

This centrally located, A grade asset will be close to 22,000 sqm, consist of versatile 1,200 sqm floor plates, and have a dynamic retail offering to be known as "The Laneway".

Demolition of the previous building completed in May 2017 and construction is well underway. Investa continues to demonstrate its market leadership in sustainability with Barrack Place becoming the first building in Australia to be awarded a WELL Core and Shell Gold Precertification.

Administered by the International WELL Building Institute, WELL is a performance based system for measuring, certifying, and monitoring features of the built environment that impact human health and wellness through air, water, nourishment, light, fitness, comfort and mind.

Tenants at Barrack Place will enjoy enhanced health and wellness benefits, delivered via sophisticated planning and construction methods and focused stakeholder engagement by Investa.

Key characteristics of this new development include smart building technology, minimal internal columns, offset core location, and an abundance of natural light. ARUP, one of the world's leading engineering firms, extended its pre-commitment by 1,591 sqm during the year and has now committed to 35% of the total floor area.

The focus for financial year 2018 at Barrack Place will include the leasing of uncommitted office and retail space, optimising the mix of the retail component, delivering the project on schedule, and commencing the ARUP integrated fitout.

388 George Street, Sydney

388 George Street, Sydney

IOF has an attractive opportunity to transform 388 George Street, an iconic Sydney office tower, when IAG departs post its lease expiry in October 2018.[1] This A grade 28 storey office building is situated at the intersection of two of Sydney's busiest streets, George and King, and is just 50 metres from Pitt Street Mall.

It is anticipated that the tower will be extensively refurbished, with upgrades to the office floors, mechanical services, lifts, and lobby, and the addition of end of trip facilities. An exciting part of this project is the ability to create five unique "vertical villages", each over four floors, by activating the existing garden atriums. The plans for the tower works received development approval in July 2017.

In addition, IOF and its co-owner for this asset, Brookfield Properties, are actively working with council regarding opportunities to improve the retail offering on this vibrant CBD corner.

Key areas of focus for financial year 2018 include the design of the retail forecourt, securing a principal contractor for the works, and forward leasing the office space. The marketing campaign for 388 George Street is well underway.

1. Subject to IAG not taking its option.

347 Kent Street, Sydney

347 Kent Street, Sydney

347 Kent Street, Sydney where ANZ currently has a lease over 94% of net lettable area until January 2019, represents an opportunity to undertake an extensive, value add refurbishment. This 100% owned, 20 storey property sits in a dynamic location within the Western corridor of the CBD, on the corner of Kent and King Streets.

The Fund is planning to reposition the building with a relocated and significantly enhanced entrance foyer, newly activated leasable areas, a full upgrade of plant and equipment services and improved amenity including new end of trip facilities. A major focus for the team is the ground floor plane, with the aim to create a 'grand entrance statement' and new commercial office space.

With the Development Application for the major works approved the focus for financial year 2018 will be to begin the upgrade of the lifts and continue discussions with ANZ regarding their future occupancy. Broader marketing of the building for lease has also commenced.

The focus in FY17 was on actively managing IOF's debt capital to minimise future financing costs, maintaining diversity of funding to enhance debt duration and increasing short to medium term hedging.

Look-through gearing reduced to 21.4% post the divestment of two assets mid-year. This provides the debt capacity required to undertake three important value add/development projects in the outperforming Sydney market. The Fund's weighted average debt expiry is 4.7 years and the weighted average cost of debt reduced to 4.1%.

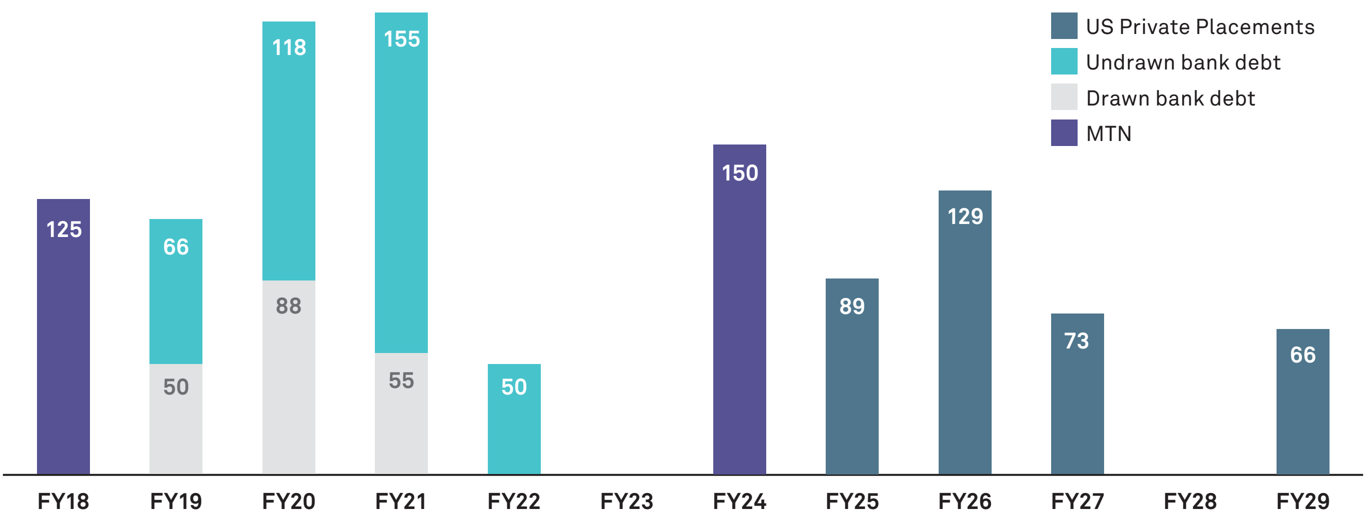
The Fund's hedging policy was revised during the year resulting in an increase to the annual hedge ratio target range from 30%-80% to 50%-80% for years one to three. IOF anticipates operating at the upper end of the target range going forward.

IOF's BBB+ stable S&P credit rating continues to provide competitive opportunities to raise capital for short and long term debt from traditional providers such as banks as well as domestic and offshore bond markets.

The Fund issued its inaugural Green Medium Term Note (Green Bond), in April 2017 to the value of $150 million with a maturity in April 2024. This was the first Australian dollar green bond issuance by a non-financial corporate and reinforces Investa's corporate sustainability leadership. The issue addresses the expiry of IOF's $125 million Medium Term Note which expires in November 2017 and demonstrates our commitment to a low carbon economy.

> "We are very pleased to issue our first Green Bond. It highlights the Fund's strong sustainability credentials and demonstrates our commitment to a low carbon economy."
>
> Penny Ransom,
> Fund Manager, IOF

IOF Debt Maturity Profile ($A)



21.4%
gearing

BBB+
credit rating maintained

4.1%
low weighted average cost of debt

4.7years
weighted average debt maturity

$150m
inaugural Green Bond issue in April 2017

Cafe at 6 O'Connell Street, Sydney

From left to right: Jun Marte, (Senior Facilities Manager) and Ryan Juhas (General Manager, North Sydney)

Focused—

The focus on Environmental, Social and Governance factors is a priority. Investa strives to protect and enhance the health, safety and well being of staff, tenants and contractors, actively minimise resource use, pollution and waste, and maintain a high level of governance standards.

Investa remains committed to creating Australia's most valued workplaces, to generate long term value for our investors. IOF's sustainability strategy ensures the Fund remains a global leader in responsible investment, adding value via universal management of Environmental, Social and Governance (ESG) risk.

Environmental, Social and Governance (ESG) factors are critical in assessing the holistic impact of investments in IOF.

In financial year 2017, in line with Investa's Sustainability Strategy which is focused on research and innovation, leadership in responsible investment, optimising operational performance and tenant service, we have achieved progress and achievements in the following key areas:

1. **Carbon Reduction**
2. **Green Finance**
3. **Partnering with Tenants**
4. **Best Practice Governance & Accredited Performance**

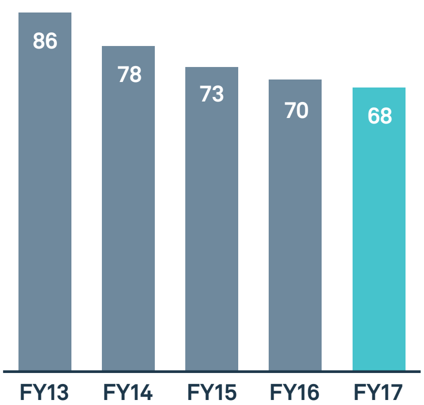
1. Carbon Reduction

At the end of 2016, Investa launched a carbon reduction strategy, Getting to Zero, which set an aspirational target of net zero emissions by 2040.

Since committing to set the Science Based Target in 2016, IOF has already made good progress, reducing its carbon intensity by 6.2%. The reduction in emission intensity is due to improved energy performance of the assets.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Carbon Emissions (kg. CO_2/sqm/yr)



The delivery framework for achieving net zero emissions focuses on three key pillars:

a) Building Materiality

b) Energy Procurement and Production

c) Operational Efficiency

a) Building Materiality

Integral to understanding how to achieve net zero emissions was a calculation of IOF's total carbon footprint. This comprises the levels of carbon already embodied in buildings - from building construction materials, fitout and removal of fitouts/refurbishment and waste disposal as well as carbon generated from building operations.

Earlier this financial year, Investa undertook a carbon footprint assessment, which indicated that embodied carbon in tenancy fitouts and removal of fitouts/refurbishments equated to 20% of IOF's carbon footprint. Investa is now reviewing standard fitout design guidelines, to minimise waste where practicable and maximise employment of recycled content in material selections.

b) Energy Production and Procurement

Recent market fluctuations, which have seen prices increase by up to 40%, have reinforced the business case for innovative purchasing schemes that can deliver positive financial outcomes whilst still reducing emissions.

Investa's existing electricity contracts are up for renewal in December 2017. Ahead of this, we commenced an early energy procurement tender, to take full advantage of temporary downward pressure on market pricing. The tender requirements included the provision of offsite renewable generation in alignment with Investa's Carbon Reduction Strategy.

Investa also recently made a submission to the Federal Government's Finkel Review (via the Property Council of Australia) emphasising the need for reliable government policy to provide certainty to investors whilst simultaneously reducing emissions.

Investa will continue to monitor market conditions and report on the economic and environmental impacts of our energy procurement.

c) Operational Efficiency

Investa's sophisticated management of building systems is also helping to create significant energy efficiencies.

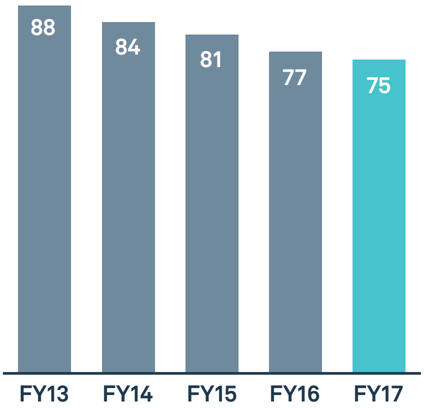
Investa has engaged EY to provide limited assurance on selected performance data for the year ended 31 March 2017. EY has provided assurance on the following consumption intensities: electricity (kWh/sqm), gas (MJ/sqm), carbon emissions (from electricity and gas use) (kg.CO_2-e/sqm) and water (L/sqm), as well as the net lettable area, the denominator for these statistical calculations.
EY's engagement is consistent with the scope of work performed in prior periods and has been conducted in accordance with the Australian Standard on Assurance Engagements ASAE 3000 and ASAE 3410. EY's assurance statement, including the selected performance data and the relevant reporting criteria, can be found at www.investa.com.au/funds/iof/iof-sustainability

The table below shows the emissions, energy and water intensities for all of IOF's assets.

	Emissions Intensity (kg.CO2/sqm)	Change since last year	Electricity Intensity (kWh/sqm)	Gas Intensity (MJ/sqm)	Energy Intensity (MJ/sqm)	Water Intensity (L/sqm)	NABERS Energy (Stars)	NABERS Water (Stars)
126 Phillip Street, Sydney	64	-2.3%	81	69	359	839	5.0	3.5
347 Kent Street, Sydney	90	8.4%	107	N/A	386	1079	4.0	3.5
388 George Street, Sydney	74	6.4%	84	76	377	846	4.5	4.0
133 Castlereagh Street, Sydney (Tower)	79	1.8%	106	20	402	539	5.0	4.0
10-20 Bond Street, Sydney	55	8.1%	73	40	301	1328	5.5	4.0
151 Clarence Street, Sydney	DS	DS	DS	DS	DS	DS	DS	DS
6 O'Connell Street, Sydney	76	19.3%	78	199	482	1228	4.5	3.0
105-151 Miller Street, North Sydney	67	1.9%	75	84	353	781	5.0	3.5
99 Walker Street, North Sydney	73	4.5%	87	N/A	314	858	3.5	4.5
111 Pacific Highway, North Sydney	79	3.6%	84	174	476	637	4.0	4.5
567 Collins Street, Melbourne	44	^	32	178	292	520	5.0	5.0
242 Exhibition Street, Melbourne	89	-13.9%	78	87	367	415	5.0	4.0
140 Creek Street, Brisbane	63	18.4%	80	N/A	288	683	5.0	3.5
295 Ann Street, Brisbane	63	18.4%	80	N/A	288	683	5.0	4.0
232 Adelaide Street, Brisbane	63	18.4%	80	N/A	288	683	5.0	4.0
239 George Street, Brisbane	67	7.0%	86	N/A	310	729	4.5	4.0
15 Adelaide Street, Brisbane	67	7.0%	86	N/A	310	729	4.5	4.0
66 St Georges Terrace, Perth	40	-9.2%	52	46	234	462	3.0	3.5
836 Wellington Street, West Perth	31	-16.5%	41	21	169	379	4.5	5.5
16-18 Mort Street, Canberra	49	0.4%	48	168	341	443	5.0	5.0
Weighted Average	**68**	**-2.1%**	**75**	**95**	**364**	**720**	**4.6**	**4.0**

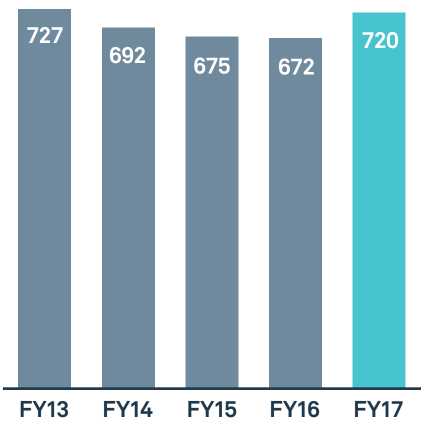
^: Asset not reported on during FY16
N/A: No gas consumed at this asset
DS: Development Site
Reporting period 1 April 2016 - 31 March 2017

Electricity Consumption Intensity (kWh/sqm/yr)



As this graph shows, Electricity Consumption Intensity reduced by 3% despite warmer temperatures and increased occupancy. Improvements in consumption resulted from active asset management and strategic capital investment.

Water Consumption Intensity (L/sqm/yr)



As this graph shows, Water Intensity Consumption increased in the reporting period as a result of warmer temperatures, increased occupancy, and introduction of end of trip facilities in many assets. End of trip facilities encourage sustainable forms of transport (including cycling, running and walking to work) and are increasingly expected in order to attract and retain tenants.

242 Exhibition Street, Melbourne

In FY17, IOF's 242 Exhibition Street asset in Melbourne, recorded a 10% reduction in electricity consumption compared to the previous 12 month period. This delivered annual energy bill savings in excess of $110,000.

This improvement is particularly noteworthy, considering the sole tenant, Telstra, is currently reconfiguring its office space to facilitate activity based working, with increased occupancy ratios of 1:12 people per sqm, up from 1:10 people per sqm, which will enable Telstra to accommodate an additional 1,000 employees in the building.

In anticipation of the increased electricity and water consumption from higher population densities, the Building Management Team has been replacing all tenancy and back-of-house lighting with energy efficient LEDs. In the coming year, all stairwells, car parks and service areas in the building will also be converted to LED lighting, saving energy and reducing maintenance costs.

Investa also recently conducted a Building Energy Optimisation Program, focused on identifying opportunities to control plant equipment in a more economical and smarter manner. As a result, Building Management is planning a range of improvements including: reductions in fan pressures and motor power, reducing reliance on electric trim heating, modulating pumping power to suit demand and consequently reduce power usage and efficient methods of controlling chilled and condenser water.

2. Green Finance

Green Bond issued by IOF

In April 2017, IOF issued its inaugural Green Bond valued at A$150 million over seven years with a fixed coupon of 4.262% and a maturity of 5 April 2024. This was the first certified property Green Bond to be issued in Australian dollars. Proceeds were used to retire existing debt facilities and were tagged against a portfolio of low carbon commercial buildings (see table on opposite page).

The issuance was certified by the London-based Climate Bonds Initiative (CBI), an international, investor oriented, not-for-profit organisation focused on mobilising the $100 trillion bond market towards climate change solutions. IOF's Green Bond was qualified by employing the CBI Low Carbon Commercial Building Standard, which requires the tagged assets to perform in the top 15% of their city in terms of emissions performance.

As a requirement of certification, Investa developed a Green Bond framework, which outlines the use and management of proceeds, and commits to annual progress reporting. The Framework draws upon the International Capital Markets Association 'Green Bond Principles' and fulfils the CBI's certification requirements. This process was then verified and assured by EY. The Framework is available for review on the Investa website, at www.investa.com.au/funds/iof-sustainability

Climate Bonds Initiative

This table identifies the tagged assets and continued conformance with CBI requirements:

Building / Asset Name	Valuation ($)	Net Lettable Area (m^2)	Emissions intensity ($kgCO^2$-e/m^2)	CBI Threshold for 10 years ($kgCO^2$-e/m^2)	Compliance
140 Creek Street, 295 Ann Street & 232 Adelaide Street, Brisbane	371,493,112	51,783	76.13	72.03	–
10-20 Bond Street, Sydney	284,392,303	33,220	64.96	73.01	–
567 Collins Street, Melbourne	321,362,952	54,192	47.55	71.38	–
836 Wellington Street, West Perth	74,990,569	11,973	33.62	56.03	–
66 St Georges Terrace, Perth	64,404,226	10,911	43.80	56.03	–
Portfolio total/weighted average	**$1,116,643,162**	**162,079**	**58.97**	**69.83**	**+16%**

3. Partnering with Tenants

Assets managed by Investa accommodate more than 100,000 working Australians, so it's crucial that we facilitate greater health, wellbeing and productivity amongst tenants via building management practices, to support people in workplaces.

INSITE tenant engagement program

Available at seven IOF buildings, INSITE provides tenants exclusive access to a range of services, events, news, information and offers online.

Launched nationally in 2015, the program enhances the tenant experience, creating a greater sense of community by providing opportunities to interact with one another and with Investa's Real Estate Service teams.

Underpinned by an integrated tenant service portal and concierge service, tenants can use INSITE to access a range of time saving services such as dry cleaning, catering, airport transfers, meeting rooms and more. Tenants can also access building news, sustainability information and a range of exclusive offers and promotions.

Tenant health & wellness

- Onsite end-of trip facilities
- Tenant health and wellness program in partnership with BUPA in selected buildings, providing information, services, tools and onsite seminars
- WELL Shell and Core ratings for new buildings and assistance with WELL tenancy ratings.

From left to right: Katrina Newcombe (National Head of Asset Services), Nina James (General Manager, Corporate Sustainability) and Shaun Condon (General Manager, Environment and Safety)

Sustainability

- Guidance on creating a sustainable, healthy tenancy through optimal fitout and ongoing operations
- Communication of key sustainability events or building operational news such as Earth Hour, Investa's annual sustainability report, NABERS and BEEC certifications
- Incentives for sustainable lighting

Sustainability toolkit for tenants

This online tool offers information in a dynamic format to engage tenants and encourage them to create a healthy and productive workplace for their staff. The online resource includes information on health and wellness at work, encouraging best practice standards in indoor environment quality to support clarity of mind and ultimately greater productivity.

In addition, the tool shares building performance data to help inform tenants on the progress of their transition to a low carbon workplace. The toolkit also supports Investa's best in class 'green' performance lease and tenant information manual.

Investa knows that workplaces have a major influence on employees' health and productivity, and prides itself on enabling Australian work life to thrive. In FY17, Investa piloted the International WELL Building Institute (IWBI) rating tool at IOF's 151 Clarence Street development in Sydney and it became the first development in Australia to achieve a Gold pre-certification for core and shell. Investa is now working with the IWBI to shape a rating tool pilot programme for existing assets.

4. Best Practice Governance & Accredited Performance

a) Robust governance framework

Investa is committed to the highest standards of corporate governance and ethical conduct, recognising both as essential components of Investa's responsibility to investors.

The Fund operates on strong corporate governance principles:

- Dedicated Responsible Entity focused entirely on IOF with Independent Directors who bring depth and breadth of experience
- Unitholders have the ability to ratify appointment of Independent Directors
- Unitholder approval required for real estate related party transactions
- Responsible Entity fee of 55 bps of total market capitalisation versus assets under management providing greater alignment between the Responsible Entity, the manager and unitholders
- Enhanced communication and transparency

During the year, the corporate governance framework of IOF was consistent with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

IOF publishes its corporate governance statement on the Investa website rather than in this Annual Report. The Fund's corporate governance statement and the policies referred to in the corporate governance statement are available in the governance section of the Investa website at: www.investa.com.au/about-investa/governance#iof

b) The Financial Stability Board's Taskforce on Climate-related Financial Disclosures (FSB TCFD)

In June 2017, the FSB TCFD released its recommendations,[1] establishing guidance for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change. The report followed Hutley SC & Hartford-Davis' 2016 memorandum of opinion,[2] which contended that such risks and opportunities relate to a Director's duty of care and diligence under the Corporations Act.

In response to the FSB TCFD recommendations, Investa has started reviewing key operational risks associated with rising temperatures and transitioning to a low carbon economy, so these can be integrated into the annual risk and audit assessment.

From left to right: Richard Longes (Chairman and Independent Non-Executive Director, ILFML), Penny Ransom (Fund Manager, IOF)

1 www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf
2 www.cpd.org.au/wp-content/uploads/2016/10/Legal-Opinion-on-Climate-Change-and-Directors-Duties.pdf

c) Global accreditations

Accreditations, and operational and ESG achievements for the year include:

AUSTRALIAN BUSINESS ROUNDTABLE for Disaster Resilience & Safer Communities

Investa continues to support the Australian Business Roundtable (ABR) which advocates for government investment in resilience. In particular, Investa advances the call for land use planning to embed resilience measures, to help prevent catastrophic damage during natural hazards.

Having demonstrated the business case for resilience investment at a national level, the ABR has recently focused its advocacy on State and Local Government funding.

www.australianbusinessroundtable.com.au

GRESB 2016

IOF again maintained a global leadership position and was awarded the maximum five GRESB Green Stars. IOF continued to improve its global peer benchmark result this year, moving to 13th out of 733 global respondents (up from 34th out of 688 in FY15). The GRESB score is reflective of Investa's focus on operational efficiency, building certification and stakeholder engagement programmes.

IOF was also ranked 1st in the Australian Office Market for public disclosure of information.

www.gresb.com

WOMEN'S EMPOWERMENT PRINCIPLES
EQUALITY MEANS BUSINESS

Investa continues to demonstrate leadership on issues of gender equality through the Women's Empowerment Principles (WEPs), a collaborative initiative between UN Women and the UN Global Compact.

www.weprinciples.org

Investa is a founding partner in the Property Council of Australia's Male Champions of Change program, elevating gender equality as an issue of social and economic importance.

acsi

The Australian Council of Superannuation Investors (ACSI) awarded the Fund a "Leading" level of sustainability disclosure in the 2017 ASX 200 Assessment. The achievement demonstrates to investors that IOF is assessing, monitoring and seeking to improve performance regarding material sustainability risks in a measurable way, over a specific time period.

www.acsi.org.au

PRI Principles for Responsible Investment

Investa has been a signatory to the UN Principles of Responsible Investment since 2007.

www.unpri.org

BETTER BUILDINGS PARTNERSHIP

Investa's "best practice lease" provides a leasing framework which facilitates collaboration with tenants on sustainability initiatives.

Gold certified by the Better Buildings Partnership, this best practice lease positions IOF as a high-performance leader in commercial leasing.

www.betterbuildingspartnership.com.au/projects/leasing/

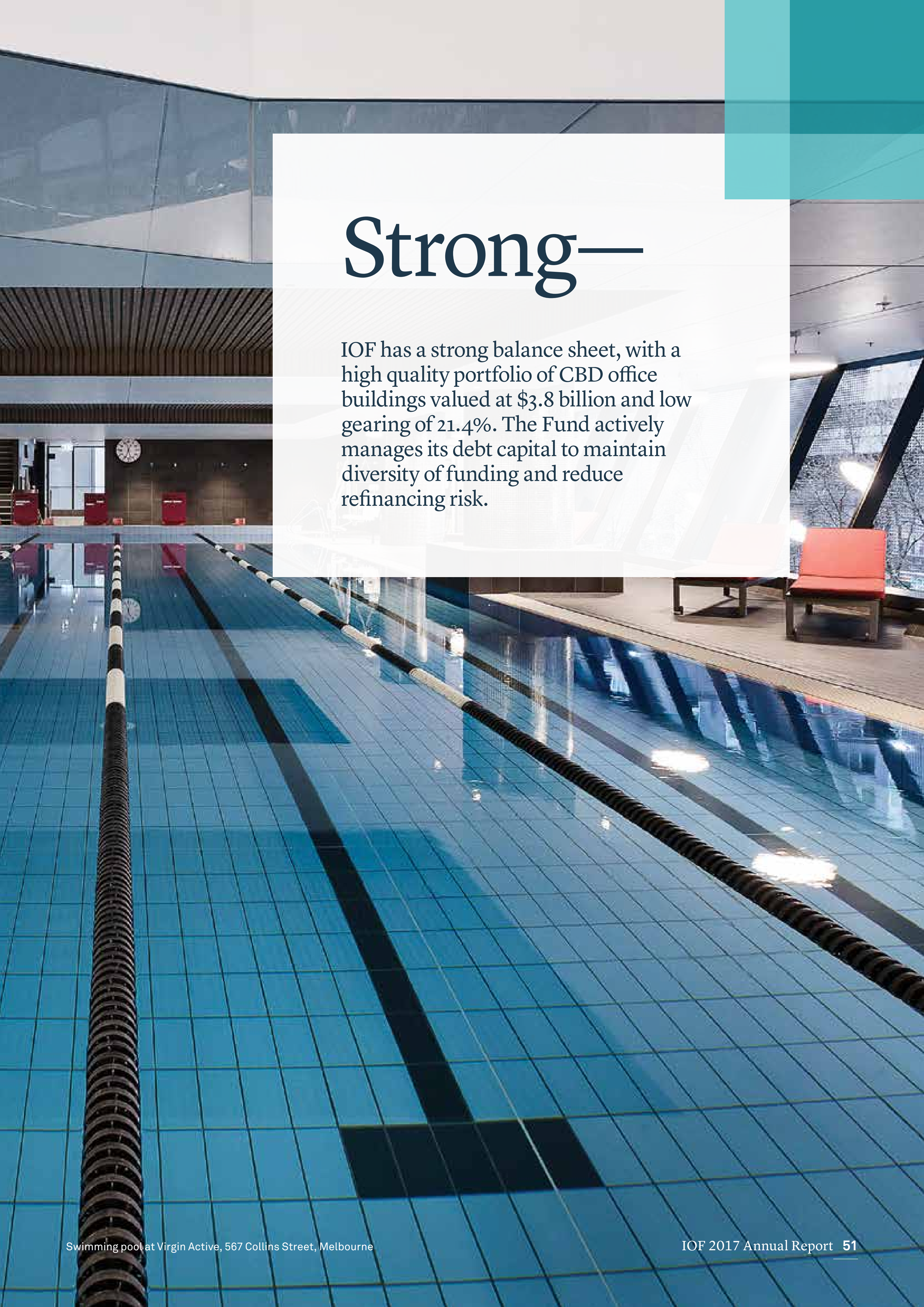
A Global Reporting Initiative Index

Disclosures	Description	Section description and page number
Strategy and Analysis		
G4-1	Chairman, CEO's Statement	Letter from the Chairman, page 12
G4-2	Key impacts, risks and opportunities	Five Year Performance, pages 8-9; About Investa, pages 20-23; Environmental, Social and Governance, pages 42-47 IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
Organisational Profile		
G4-3	Name	Investa Office Fund ("IOF" or "the Fund")
G4-4	Primary brands, products, and/or services	Property Portfolio, pages 26-35
G4-5	Head Office	Sydney, Australia
G4-6	Locations	Property Portfolio, pages 26-35
G4-7	Nature of ownership and legal form	Investa Office Fund is an ASX-listed real estate investment trust
G4-8	Markets served	Property Portfolio, pages 26-35
G4-9	Scale of operation	Five Year Performance, pages 8-9; Responsible Entity, page 14; About Investa, pages 20-23
G4-10	Employee demographics	About Investa, pages 20-23 IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
G4-12	Supply chain	About Investa, page 22
G4-14	Precautionary principle	www.investa.com.au/about-investa/sustainability/approach
G4-15	Charters	www.investa.com.au/about-investa/governance#iof
G4-16	Memberships	IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
Identified Material Aspects and Boundaries		
G4-17	Organisation	Consolidated Financial Statements, pages 64-67; Notes to the Consolidated Financial Statements, pages 69-95
G4-18	Report content	IOF reports on 12-month cycles covering performance during the Financial Year. The 2017 IOF Reporting Suite communicates performance during the 2017 Financial Year (FY17)
G4-19	Material aspects	Five Year Performance, pages 8-9; Environmental, Social and Governance, pages 42-47; Consolidated Financial Statements, pages 64-67 ; Notes to the Consolidated Financial Statements, pages 69-95 IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
G4-20-21	Aspect boundaries	Materiality is confined to the reporting period of FY17
Stakeholder Engagement		
G4-24	Stakeholders - Groups	About Investa, page 22
G4-26	Stakeholders - Approach	About Investa, page 22; Investor Relations, pages 104-105
G4-27	Stakeholders – Key Topics	Concerns raised through Investa's tenant helpdesk, tenant surveys and employee surveys are acknowledged and responded to through a formal process and internal procedure Investor Relations, pages 104-105
Report Profile		
G4-28	Report period	Financial: 1 July 2016 – 30 June 2017 Environmental: 1 April 2016 - 31 March 2017
G4-29	Last report	IOF 2016 Annual Review; IOF 2016 Annual Report
G4-30	Reporting cycle	Half-year and annual
G4-31	Contact	Corporate Directory, page 109
G4-33	Assurance & compliance	Auditor's Independence Declaration, page 62; Independent Auditor's Report, pages 98-102 Sustainability Assurance and Reporting Rules & IOM 2017 Sustainability Report; www.investa.com.au/about-investa/sustainability/result-and-reports
Governance		
G4-34-50	Governance	Responsible Entity, page 14; Environmental, Social and Governance, pages 42-47 www.investa.com.au/about-investa/governance
Ethics and Integrity		
G4-56-58	Ethics and integrity	www.investa.com.au/about-investa/our-business/vision-values

Disclosures	Description	Section description and page number
Category: Economic		
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	Consolidated Financial Statements, pages 64-67; Notes to the Consolidated Financial Statements, pages 69-95
G4-EC2-4	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Environmental, Social and Governance, pages 42-47; Consolidated Financial Statements, pages 64-67; Notes to the Consolidated Financial Statements, pages 69-95
Aspect: Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
Category: Environmental		
Aspects: Energy, Emissions		
G4-EN3-10, 15,16,18 & 19, 23	Direct energy consumption by primary energy source	Environmental, Social and Governance, pages 42-47 IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
Aspect: Compliance		
G4-EN29	Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations	None
Aspect: Supplier environmental assessment		
G4-EN32-33	New suppliers	All suppliers are required to adhere to the Investa Supplier Code of Conduct
Category: Social		
Sub-category: Labour practices and decent work		
Aspect: Occupational Health and Safety		
G4-LA6	Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
Aspect: Training and Education		
G4-LA10-11	Percentage of employees receiving regular performance and career development reviews	100%
Aspects: Diversity and Equal Opportunity, Human Rights		
G4-LA12-13, G4-HR2	Composition of governance bodies and indicators of diversity	IOM 2017 Sustainability Report: www.investa.com.au/about-investa/sustainability/result-and-reports (due out in October 2017)
G4-HR3	Incidents of discrimination	No incidents
G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	Nil
G4-HR10-11	Human rights and the supply chain	Investa requires all suppliers to adhere to the Supplier Code of Conduct
Sub-category: Society		
Aspect: Anti-Corruption		
G4-SO3-04	Business units analysed for risks related to corruption	Investa employees are subject to the Code of Conduct policy, including issues relating to corruption: www.investa.com.au/about-investa/governance
G4-SO5	Actions taken in response to incidents of corruption	Nil incidents
G4-SO8	Significant fines and non-monetary sanctions for non-compliance with laws and regulations	None
Aspect: Product and Service Labelling		
G4-PR5	Customer satisfaction surveys	Annual customer surveys are conducted with tenants in accordance with Campbell Scholtens protocols

Strong—

IOF has a strong balance sheet, with a high quality portfolio of CBD office buildings valued at $3.8 billion and low gearing of 21.4%. The Fund actively manages its debt capital to maintain diversity of funding and reduce refinancing risk.



Swimming pool at Virgin Active, 567 Collins Street, Melbourne

B Contents

Investa Office Fund comprises Armstrong Jones Office Fund ARSN 090 242 229
and Prime Credit Property Trust ARSN 089 849 196
www.investa.com.au

Investa Office Fund was formed by the stapling of the units in two Australian registered schemes, Armstrong Jones Office Fund (ARSN 090 242 229) and Prime Credit Property Trust (ARSN 089 849 196). Investa Listed Funds Management Limited (ABN 37 149 175 655; AFS licence number 401414) is the Responsible Entity of both schemes, and is incorporated and domiciled in Australia. The registered office of Investa Listed Funds Management Limited is Level 6, Deutsche Bank Place, 126 Phillip Street, Sydney, New South Wales.

This report is not an offer or invitation to subscribe or purchase, or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor.

Before making an investment in Investa Office Fund, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

The responsibility for preparation of the financial statements and any financial information contained in this financial report rests solely with the Directors of the Responsible Entity. This financial report was authorised for issue by the Directors on 24 August 2017. The Responsible Entity has the power to amend and reissue this financial report.

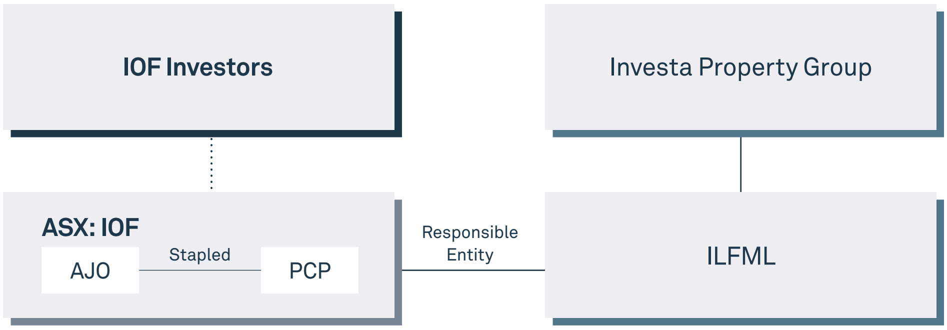
About Investa Office Fund

Investa Office Fund (IOF) is an externally managed ASX-listed real estate investment trust (A-REIT) included in the ASX100 index. IOF's principal activity is being a leading owner of investment grade office buildings receiving rental income from a tenant register comprising predominantly government and blue chip tenants. IOF has total assets under management of $3.8 billion, with 20 investments located in core CBD markets throughout Australia.

IOF was formed by the stapling of the units in two trusts, Armstrong Jones Office Fund (AJO Trust) and Prime Credit Property Trust (PCP Trust) (collectively defined as the Trusts). AJO Trust and its controlled entities are collectively defined as AJO. PCP Trust and its controlled entities are collectively defined as PCP. AJO Trust has been identified as the Parent for preparing Consolidated Financial Reports.

IOF is managed by the Investa Office Management platform (the Management Platform) which is ultimately owned by ICPF Holdings Limited (ICPFH), an entity stapled to the Investa Commercial Property Fund (ICPF) to form Investa Property Group (IPG). IPG is ultimately owned by wholesale investors. IOF's Responsible Entity, Investa Listed Funds Management Limited (ILFML) is a wholly owned subsidiary of ICPFH. The Management Platform provides services including investment, asset, property and development management, capital transactions, research, leasing, tax and financial services to IOF.

The Directors' Report is a combined Directors' Report that covers both IOF and PCP.



Business strategies and risks

Business strategies

To deliver attractive risk-adjusted returns investing in high quality Australian investment grade office buildings by leveraging IPG's fully integrated specialist property Management Platform to outperform. This will be achieved by:

- active management of the property portfolio to drive income and capital returns;
- identifying and implementing value add and development opportunities to create high quality investment properties;
- enhancing the property portfolio quality, scale and diversification with selective acquisitions and divestments;
- applying an active approach to capital and risk management; and
- ensuring best in class responsible investment (environmental, social and governance).

Material risks

Risk	Description	Mitigation
Market cycle	Economic growth and the economic environment present risks to tenant vacancies, the property valuation cycle, the availability of funding, interest rates, and foreign exchange rates	• Active and prudent asset investment and capital management. This is discussed further in this table below
Vacancy levels	The level of vacancy can impact rental returns and the market value of office property. A high vacancy level is likely to result in lower income returns and place downward pressure on property values	• Ability to utilise the specialist skills and expertise of the Management Platform which has a primary focus on providing quality workplaces with strong amenities and a high level of tenant service to encourage tenant retention and attraction • Low levels of existing vacancy of 3% and weighted average lease expiry (WALE) of 5.1 years across the property portfolio
Property valuation cycle	Conditions prevailing in the general economic environment and the property investment markets affect the value of property investments. Declining property values increase IOF's gearing levels, which may increase the risk of a breach of financial covenants	• Target gearing range (25-35%) appropriately reflects the property valuation cycle and maintains sufficient headroom to financial covenants • Investments are in high quality institutional grade office buildings diversified across Australian CBD markets
Availability of funding	The availability of funding can impact liquidity and: • the ability to invest in both the existing property portfolio and/or attractive acquisitions • the ability to refinance maturing debt facilities	• Utilising diversified sources of financing and staggering debt maturities across multiple years with no large debt maturity in any one year • Managing debt levels to the target gearing range over the medium term (subject to short term variations if required) • Maintaining an investment grade credit rating of BBB+
Interest rates	The movement of interest rates can affect the amount of interest payable as well as impact investor sentiment towards property assets and hence, market values. Higher interest rates typically increase interest costs and may reduce investment demand for property assets, while low interest rates typically reduce interest costs and can encourage increased investment activity	• Prudent use of interest rate derivatives to reduce the impact of interest rate fluctuations. IOF has the following hedge ratio policy: – 50-80% for years 1-3 – 20-60% for years 4-5 – 0-60% for >5 years
Exchange rate risk	There is a risk that the movement in currency exchange rates will increase the payments due and the level of debt denominated in foreign currencies	• Utilising cross currency swap hedging arrangements to hedge exposure to exchange rate risk on the USD 325 million US Private Placements (USPPs). These arrangements minimise interest rate and exchange rate risks

Financial performance and future outlook

Financial results

A summary of IOF's and PCP's results for the year is set out below:

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Net profit attributable to unitholders	471.6	493.8	235.1	223.0
Property Council Funds from Operations (FFO)	182.6	175.6	na	na
Per stapled unit:	Cents	Cents	Cents	Cents
Basic and diluted earnings per unit from net profit(1)	76.8	80.4	na	na
FFO per unit	29.7	28.6	na	na
Distributions per unit	20.2	19.6	10.7	13.0

1. The basic and diluted earnings per unit from net profit for AJO and PCP as at 30 June 2017 were 38.5 cents (30 June 2016: 44.1 cents) and 38.3 cents (30 June 2016: 36.3 cents) respectively.

IOF delivered a net profit attributable to unitholders for the year ended 30 June 2017 of $471.6 million, down 4.5% from the previous year. Basic and diluted earnings per stapled unit from net profit for the year ended 30 June 2017 were 76.8 cents, compared to 80.4 cents for the previous year. The decrease was primarily due to the combined fair value change in derivatives and foreign exchange being $74.8 million lower than the prior year. This was partially offset by property valuation increases of $360.4 million, $44.2 million higher than the prior period.

Distributions per unit increased by 3.1% to 20.2 cents per unit ($124.0 million) from 19.6 cents per unit ($120.4 million) in the previous year. This includes 10.2 cents per unit ($62.6 million) in respect of the six months to 30 June 2017 and is expected to be paid on 31 August 2017.

FFO for the year ended 30 June 2017 increased by 4.0% to $182.6 million, mainly due to higher occupancy in the Brisbane portfolio and improving effective rents in Sydney. This increase was partially offset by the divestments of 383 La Trobe Street, Melbourne and 800 Toorak Road, Melbourne and the withdrawal of 151 Clarence Street, Sydney for redevelopment.

FFO for the year ended 30 June 2017 and 30 June 2016 has been calculated as follows:

	IOF	
	30 June 2017 $m	30 June 2016 $m
Net profit attributable to unitholders	471.6	493.8
Adjusted for:		
Net (gain)/loss on change in fair value of:		
Investments(1)	(360.4)	(316.2)
Derivatives(2)	47.5	(56.5)
Net foreign exchange (gain)/loss(3)	(15.1)	14.4
Amortisation of incentives	36.0	32.3
Straight-lining of lease revenue	3.8	3.6
Other	(0.8)	4.2
FFO	**182.6**	**175.6**

1. Net gain on change in fair value of investments includes the fair values of investment properties held by IOF and investment properties held through equity accounted investments.
2. Net loss/(gain) on change in fair value of derivatives is predominately due to the change in the fair values of IOF's cross currency interest rate swaps, used to manage IOF's exposure to foreign exchange rate movements on its US dollar denominated US Private Placements (USPPs).
3. Net foreign exchange (gain)/loss is driven by the change in carrying amount of the USPPs, which for accounting purposes are translated into Australian dollars using the foreign exchange rate at the year end.

Financial position

A summary of IOF's and PCP's net asset position as at 30 June 2017 and 30 June 2016 is set out below:

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Total assets	3,923.0	3,783.4	1,929.0	1,946.0
Total liabilities	979.1	1,187.1	320.2	506.6
Net assets	**2,943.9**	**2,596.3**	**1,608.8**	**1,439.4**
Net tangible assets per unit (dollars)	**4.79**	**4.23**	**2.62**	**2.34**

The value of IOF's and PCP's total assets is derived using the basis of preparation set out in section A of the 30 June 2017 Consolidated Financial Statements. The net tangible assets per unit is calculated by dividing the total equity attributable to unitholders of IOF or PCP by the number of units on issue.

Total assets increased by 3.7%, mainly due to positive valuations of IOF's investment property portfolio partially offset by the fair value movements in IOF's cross currency interest rate swaps which, although remained in an asset position, have a lower mark to market value than in the prior year. Total assets were also impacted by the sale of 383 La Trobe Street, Melbourne and 800 Toorak Road, Melbourne.

Total liabilities decreased by 17.5%, predominantly due to the repayment of debt from the proceeds of the sale of 383 La Trobe Street and 800 Toorak Road, both in Melbourne.

Capital management

	IOF	
	30 June 2017	30 June 2016
Drawn debt ($m)	890.5	1,092.7
Drawn debt – look-through ($m)[1]	826.0	1,013.0
Undrawn committed debt – look-through ($m)	389.0	186.0
Gearing ratio – look-through	21.4%	27.7%
Weighted average debt expiry – look-through	4.7 years	5.0 years
Average amount of debt hedged – look-through[2]	50.1%	35.9%
Covenant gearing ratio – look-through	25.1%	31.4%
Interest coverage – look-through	4.8x	4.3x

1. Represents IOF's look-through drawn debt, based on the foreign exchange hedge rate on the US Private Placements.
2. IOF was 90.8% hedged (including fixed debt) as at 30 June 2017 (30 June 2016: 44.4%).

The key events for the current financial period and up to the date of this report include:

- The $350 million bank debt facility maturing in March 2017 was refinanced in July 2016. The new bank debt facility agreements totalling $350 million have maturity dates between July 2019 and July 2021.
- IOF issued inaugural Green Medium Term Notes (Green Bond) in April 2017 to the value of $150 million maturing in April 2024. This was the first Australian dollar green bond issuance by a non-financial corporate and the first certified issuance by an Australian property entity.
- IOF's $125 million Medium Term Notes maturing in November 2017 have been transferred from non-current liabilities to current liabilities as at 30 June 2017. The strategy is to repay the expiring Medium Term Notes with existing undrawn bank debt facilities.

IOF's policy is to hedge forecast borrowings using interest rate derivatives, based on hedge ratio range limits. The hedge ratio range limits were revised during the period to reflect the current economic environment. The table below outlines the previous and revised hedge ratio range limits:

Years	Revised hedge ratio range limits (%)	Previous hedge ratio range limits (%)
1 – 3	50-80	30-80
4 - 5	20-60	0-75
>5	0-60	0-75

During the year ended 30 June 2017, the level of interest rate hedging was increased by $1,000 million of forward start interest rate derivatives. These interest rate derivatives have various start dates ranging from June 2017 to January 2023 and mitigate the impact of potential interest rate increases during this period.

Future financial prospects

a. Market conditions

Leading indicators of activity are providing a positive outlook for the Australian economy and conditions for major Australian office markets. In particular, favourable business conditions and increasing business confidence provide a solid outlook for further growth in white collar employment and demand for office space. Sydney and Melbourne continue to outperform the other Australian capital city office markets and should further benefit from a solid pipeline of infrastructure development in the coming years. In addition, growth in smaller tenant specialist business services are also providing a solid source of demand for Sydney and Melbourne office space. Low vacancy leasing market conditions have been supported by a lack of new office space in these markets, which will continue to prevail in the coming year.

While office market conditions in both Brisbane and Perth continue to lag Sydney and Melbourne, the outlook for these markets is improving. Stronger demand for Brisbane office space in particular is being driven by smaller tenants occupying prime market space. Consequently, vacancy in the Brisbane prime office market has declined in the past year, while vacancy in the secondary market has continued to ease. Perth is following a similar trend to Brisbane, albeit at the very early stages of cyclical improvement and with some lag to the Brisbane market. Nonetheless, Perth prime office demand is leading the cyclical turnaround and has been driven by expansion in both the energy sector and specialist business services, while the contraction in mining sector demand appears to have stabilised. Similar to the lack of new office development in other markets, both Brisbane and Perth are seeing a hiatus in office development with very little new space to be added in the coming year.

b. Earnings guidance

IOF's 30 June 2018 forecast earnings guidance (based on FFO) is 30.0 cents per unit (30 June 2017 actual: 29.7 cents per unit) with a full year distribution of 20.3 cents per unit (30 June 2017 actual: 20.2 cents per unit). This guidance is subject to prevailing market conditions, no material changes to the portfolio and no capital transactions. This guidance does not include the impact of the on-market buy-back of up to 5% of IOF's stapled securities as disclosed under 'Events occurring after the reporting period' below.

Property and investment portfolios

At 30 June 2017, IOF held interests in 20 investment properties located in the key central business districts of major Australian cities. The portfolio is valued at $3,824.3 million with a total net lettable area of 389,582 sqm at IOF's share.

Property portfolio

The key events for the current financial year and up to the date of this report include:

- Completed 116,805 sqm of leasing across the total portfolio, including:
  - The successful negotiation of an 11.5 year lease extension with Telstra for 63,372 sqm at 242 Exhibition Street, Melbourne. This lease will provide a long term income stream and de-risks the Melbourne portfolio;
  - The execution of a 10 year lease extension of 11,973 sqm to the Commonwealth of Australia at 836 Wellington Street, Perth on terms favourable to the current market conditions;
  - Extension of Allens lease over 8,424 sqm for 7.5 years and a new 7 year lease to Property NSW over 2,888 sqm at 126 Phillip Street, Sydney. These leases have extended the WALE of the property by 1.3 years to 5.7 years;

  - 5,063 sqm of leasing at 567 Collins Street, Melbourne increasing occupancy at the property to 91%; and
  - 17 leases signed over 4,647 sqm at 6 O'Connell Street, Sydney.
- The Barrack Place development at 151 Clarence Street, Sydney is progressing well. With demolition complete, construction is well underway and practical completion is on target for third quarter 2018. To date 35% of the total floor area has been leased.
- The disposal of:
  - IOF's 50% share of 800 Toorak Road, Melbourne settled on 23 February 2017 for $140.5 million less committed costs of $0.3 million. The sale reflected an 11% premium to the 30 June 2016 book value; and
  - 383 La Trobe Street, Melbourne which settled on 17 January 2017 for $70.7 million at a 31% premium to its book value prior to announcement of the sale.

IOF's Sydney properties, which comprise 63% of the portfolio by value, performed well during the year. Occupancy remained high at 99% due to strong tenant demand, particularly within the professional and business service sectors. The Sydney market is also benefiting from constrained supply supported by the withdrawal of lower-grade office space for either office redevelopment, conversion to an alternative use or to make way for new transport infrastructure. High levels of demand and declining vacancies have led to effective rental growth, particularly in A and B grade properties. This has seen growth in face rents and declines in incentives for both renewals and new leases, which are anticipated to continue for the immediate future.

The Sydney portfolio includes two properties with the potential for strategic repositioning over the next two years. The timing of the repositioning provides an opportunity where supply and demand fundamentals are anticipated to be at an attractive point in the property cycle.

- 388 George Street, Sydney provides an attractive opportunity to drive long term returns for Unitholders when IAG depart post their lease expiry in October 2018. IOF owns 50% of the building which comprises a 39,000 sqm A grade tower located in a prime position in the heart of Sydney's CBD. The building has the potential to be fully refurbished including the activation of five office atriums, the plans for which received development approval in June this year. New end of trip facilities and enhanced tenant and retail amenity will further transform the asset and the marketing and leasing campaign is well underway; and
- 347 Kent Street, Sydney is a 26,000 sqm A grade tower in which Australia and New Zealand Banking Group Limited (ANZ) currently will reside until January 2019. This building presents an attractive opportunity to be refurbished to drive performance in the future. IOF is on track to reposition the building over the next three years with a relocated and significantly enhanced entrance foyer, newly activated leasable areas, new mechanical services, improved amenity and refurbished office floors. The Development Application for the major works has been significantly progressed with Council and the marketing campaign has commenced subject to continuing discussions with ANZ regarding their tenancy.

The Melbourne portfolio comprises two high quality properties making up 16% of the overall portfolio by value. These are securely positioned with a long overall WALE of 11.8 years and 100% occupancy.

The Brisbane portfolio, representing 15% of the portfolio by value, continues to benefit from improving office market conditions with occupancy increasing to 93% over the year from 90% at 30 June 2016.

Despite the continued challenging leasing conditions in Perth, which represents 4% of the portfolio by value, IOF has experienced significant leasing success with new leases signed on over 14,607 sqm, including the retention of the Commonwealth of Australia at 836 Wellington Street. The lobby refurbishment at 66 St Georges Terrace completed during the year, placing this asset in a stronger position to compete going forward. Portfolio occupancy in Perth increased from 79% to 88% and the WALE was extended from 2.9 years to 6.0 years in the year to 30 June 2017.

Key metrics for the portfolio include:

	IOF	
Key metric	**30 June 2017**	**30 June 2016**
Occupancy	97%	96%
Tenant retention	85%	77%
Like-for-like net property income growth	4.7%	3.1%
Weighted average lease expiry	5.1 years	4.8 years

Property valuations

There were two independent valuation programs undertaken during the year:

- At 31 December 2016, 11 properties were independently valued resulting in a valuation increase over book value of $160.9 million or 4% of total portfolio value; and
- At 30 April 2017, all 20 properties were independently valued resulting in a valuation increase over book value of $182.9 million or 5% of total portfolio value.

The total valuation increase over book value for the year was 10% (30 June 2016: 9%), with a weighted average capitalisation rate for the portfolio at 30 June 2017 of 5.74% (30 June 2016: 6.20%).

The strong valuation results were driven by the strengthening Sydney office market, continued tightening of capitalisation rates along the Eastern seaboard markets and extensive accretive leasing across the portfolio.

Highlights in the Sydney portfolio, which increased 12% over the period included:

- Active leasing, increased market rents, reduced incentives and capitalisation rate compression drove valuation uplifts at 6 O'Connell Street of $38.9 million (22%), Piccadilly Complex of $33.8 million (13%), 10-20 Bond Street of $33.3 million (13%), 111 Pacific Highway of $32.6 million (19%) and 99 Walker Street of $25.5 million (12%);
- Barrack Place at 151 Clarence Street increased by $47.2 million (50%) reflecting the strong investment demand for prime office assets. The independent valuation of this property was based on the estimated market value as if the proposed development was complete less adjustments to reflect the status of and remaining risk within the development; and
- 388 George Street and 347 Kent Street increased by $35.3 million (7%) in aggregate reflecting both properties' enhancement potential and positive movement in the Sydney leasing and capital markets. The independent valuations incorporate the impact of the upcoming lease expiries in financial year 2019 and significant capital allowances and downtime provisions to refurbish and lease the properties.

IOF's properties in Melbourne increased by 4%, with a valuation uplift of $16.6 million (5%) for 567 Collins Street and an $8.2 million (3%) increase for 242 Exhibition Street. IOF also recorded a valuation increase of $13.1 million (10%) at 800 Toorak Road reflecting the contracted sale price of the property during the year.

The Brisbane portfolio increased by $52.7 million (11%) reflecting market transactional evidence driving capitalisation rate compression. The valuation of 140 Creek Street increased by $25.8 million (14%) and 295 Ann Street increased by $17.2 million (15%).

Other significant events occurring during the year

Investa Office Management Platform Joint Venture Proposal

As part of the 2011 transaction, when Investa Property Group (then controlled by Morgan Stanley) acquired the management rights of IOF from ING, IOF obtained an opportunity to acquire 50% of the Management Platform once IOF's commercial office assets equalled or exceeded $3.5 billion.

In August 2016, IOF received a Certificate of Valuation from the Management Platform confirming that the value of IOF's commercial office assets was greater than $3.5 billion, and, as a result, IOF had 12 months to decide whether it wished to acquire an interest in the Management Platform.

The Independent Board of Directors undertook an operational and governance review to assess how IOF works with the Management Platform. The Independent Board concluded that a restructure which would allow IOF greater influence over the future direction and operation of the Management Platform would ensure stability and improved alignment to the benefit of unitholders. Following this review, unitholders were asked to vote on the proposal to acquire a 50% interest in the Management Platform for a purchase price of $45 million (adjusted for working capital and other agreed reimbursement adjustments) at a meeting of unitholders on 31 May 2017. Unitholders voted against proceeding with the proposal to acquire a 50% interest in the Management Platform. IOF continues to be externally managed by ILFML.

Cromwell Property Group (CMW)

During the year, ILFML received highly conditional, non-binding and indicative approaches from CMW referring to the possibility of an all cash arrangement to acquire all of IOF's issued capital. Following CMW's execution of a confidentiality agreement on 7 April 2017, CMW was granted access to due diligence in relation to IOF. Information was made available to CMW between 12 April 2017 and 22 May 2017, and since this period the Independent Directors of ILFML have not received any communications from CMW.

Trailing fees

Macquarie Capital (Australia) Limited (Macquarie) and Fort Street Advisers Pty Limited (Fort Street) were previously appointed as advisers to assist with the strategic review of IOF undertaken in 2015. Under the mandates with these advisors it was possible that IOF may have been required to pay trailing fees, if certain events relating to the control or management of IOF occurred within specified timeframes. Fort Street's entitlement to any potential fees ceased on 1 June 2017. IOF reappointed Macquarie as its financial adviser in relation to the Investa Office Management Platform Joint Venture Proposal and any possible control transaction in light of the approaches by CMW referred to above. As part of the reappointment of Macquarie, which is on market based terms, Macquarie agreed to waive its entitlement to any trailing fees under its prior mandates with IOF. The new mandates with Macquarie include a 12 month trailing fee provision post their termination.

Events occurring after the reporting period

On the date of this report, the Responsible Entity on behalf of AJO Trust and PCP Trust announce an on-market buy-back of up to 5% of IOF's stapled securities.

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with within this report or the financial report that has significantly affected or may significantly affect the operations of IOF or PCP, the results of those operations, or the state of IOF's or PCP's affairs in future financial periods.

Directors

The following persons were Directors of ILFML during the year and up to the date of this report, unless otherwise stated:

Richard Longes	Independent Non-Executive Chairman
Robert Seidler AM	Independent Non-Executive Director
John Fast	Independent Non-Executive Director
Geoffrey Kleemann	Independent Non-Executive Director
Jonathan Callaghan	Executive Director (resigned 13 December 2016)

Units in the Trusts held by Directors and Alternate Directors of ILFML as at 30 June 2017 were:

	Number of units
Richard Longes	15,000
Robert Seidler AM	11,579
John Fast	15,000
Geoffrey Kleemann	15,000

Interests in the trusts

There was no movement in the units on issue of IOF or PCP during the current year.

ILFML and its related parties had the following interest in the Trusts:

	Number of units held			
	IOF		PCP	
Name	30 June 2017 '000	30 June 2016 '000	30 June 2017 '000	30 June 2016 '000
Investa Office Management Holdings Pty Limited	-	1	-	1
Investa Commercial Property Fund	57,666	-	57,666	-
	57,666	**1**	**57,666**	**1**

Fees paid and payable to and the number of units in the Trusts held by the Responsible Entity and its related parties as at the end of the financial year are set out in section E1 of the notes to the Consolidated Financial Statements.

Environmental regulation

The Directors of the Responsible Entity are satisfied that adequate systems are in place for the management of the Trusts' environmental responsibility and compliance with various licence requirements and regulations. Further, the Directors are not aware of any material breaches of these requirements and, to the best of their knowledge, all activities have been undertaken in compliance with environmental requirements.

Indemnification and insurance of officers and the auditor

The officers of the Responsible Entity are covered under an insurance policy maintained by ICPF Holdings Limited on behalf of all its subsidiaries, including the Responsible Entity. IOF and PCP have not paid any insurance premium for any person who is or has been a director or officer of the Responsible Entity.

The Responsible Entity may indemnify, on a full indemnity basis and to the full extent permitted by law, each officer against all losses or liabilities incurred by the person as an officer of the Responsible Entity. The Responsible Entity and IOMHPL (a parent company of the Responsible Entity) have provided a Deed of Indemnity, Access and Insurance in favour of the Directors of the Responsible Entity. The Deed indemnifies these persons on a full indemnity basis to the extent permitted by law for all liabilities incurred as a director or officer of the Responsible Entity.

PricewaterhouseCoopers (PwC) as auditor of IOF and PCP is not indemnified out of the assets of IOF.

Audit and non-audit fees

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

The Directors of the Responsible Entity have adopted a policy governing Auditor Independence which specifies that the auditing firm should not provide services that are or could be perceived to be in conflict with the role of auditor. Each non-audit service is considered in the context of this policy. The Responsible Entity may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with IOF and PCP are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided are detailed in section E4 of the Consolidated Financial Statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 62.

Rounding of amounts

The Trusts are of a kind of entity referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and in the Consolidated Financial Statements. Amounts in the Directors' report and the Consolidated Financial Statements have been rounded off in accordance with that Instrument to the nearest hundred thousand dollars, or in certain cases, the nearest thousand dollars.

This report is made in accordance with a resolution of the Directors.

RA Longes
Chairman
Sydney
24 August 2017

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Investa Office Fund and Prime Credit Property Trust for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Investa Office Fund and the entities it controlled during the year and Prime Credit Property Trust and the entities it controlled during the year.

A S Wood
Partner
PricewaterhouseCoopers

Sydney
24 August 2017

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Consolidated Financial Statements

Foyer at 126 Phillip Street, Sydney

Consolidated statements of comprehensive income

For the year ended 30 June 2017

	Note	IOF 30 June 2017 $m	IOF 30 June 2016 $m	PCP 30 June 2017 $m	PCP 30 June 2016 $m
Revenue					
Property revenue		209.7	207.4	79.2	79.6
Interest income		0.3	9.9	0.2	9.8
		210.0	**217.3**	**79.4**	**89.4**
Other income					
Net gain on change in fair value of:					
Investment properties	C1	328.2	233.4	134.8	51.4
Derivative financial instruments		-	56.5	-	20.1
Share of net profit of equity accounted investments	C3	75.0	115.5	75.0	115.5
Net foreign exchange gain		14.9	-	5.9	-
Expenses					
Property expenses		(51.2)	(50.9)	(19.5)	(20.7)
Net loss on change in fair value of:					
Derivative financial instruments		(47.5)	-	(18.1)	-
Finance costs		(38.4)	(43.2)	(11.8)	(15.1)
Responsible Entity's fees		(13.5)	(12.3)	(7.6)	(7.2)
Other expenses		(3.1)	(2.2)	(1.4)	(1.6)
Transaction costs		(2.5)	(5.5)	(1.3)	(2.7)
Net loss on disposal of assets		(0.3)	(0.5)	(0.3)	(0.7)
Net foreign exchange loss		-	(14.3)	-	(5.4)
Profit before income tax		**471.6**	**493.8**	**235.1**	**223.0**
Income tax		-	-	-	-
Net profit for the year		**471.6**	**493.8**	**235.1**	**223.0**
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**471.6**	**493.8**	**235.1**	**223.0**
Attributable to unitholders of:					
AJO		236.5	270.8	-	-
PCP		235.1	223.0	235.1	223.0
		471.6	**493.8**	**235.1**	**223.0**
Distributions and earnings per unit					
Distributions per unit (cents)	B3	20.2	19.6	10.7	13.0
Basic and diluted earnings per unit from net profit					
Per stapled unit (cents)	B2	76.8	80.4	na	na
Per unit of AJO (cents)	B2	38.5	44.1	na	na
Per unit of PCP (cents)		na	na	38.3	36.3

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statements of financial position

As at 30 June 2017

		IOF		PCP	
	Note	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Current assets					
Cash and cash equivalents		4.0	2.1	1.5	1.4
Receivables		8.1	12.6	4.2	7.5
Derivative financial instruments	D3	0.9	-	-	-
		13.0	14.7	5.7	8.9
Assets held for sale	C2	-	70.5	-	70.5
		13.0	85.2	5.7	79.4
Non-current assets					
Investment properties	C1	2,973.2	2,752.9	1,036.1	1,007.6
Investments accounted for using the equity method	C3	848.6	801.8	848.6	801.8
Derivative financial instruments	D3	88.2	143.5	38.6	57.2
		3,910.0	3,698.2	1,923.3	1,866.6
Total assets		**3,923.0**	**3,783.4**	**1,929.0**	**1,946.0**
Current liabilities					
Payables		24.2	25.7	8.2	10.0
Distribution payable	B3	62.6	60.2	35.0	37.5
Derivative financial instruments	D3	1.7	4.2	-	0.9
Borrowings	D2	125.0	337.0	-	198.0
		213.5	427.1	43.2	246.4
Non-current liabilities					
Borrowings	D2	762.2	752.2	276.2	259.9
Derivative financial instruments	D3	3.4	7.8	0.8	0.3
		765.6	760.0	277.0	260.2
Total liabilities		**979.1**	**1,187.1**	**320.2**	**506.6**
Net assets		**2,943.9**	**2,596.3**	**1,608.8**	**1,439.4**
Equity					
Contributed equity	D6	2,142.3	2,142.3	1,193.8	1,193.8
Retained earnings		801.6	454.0	415.0	245.6
Total equity		**2,943.9**	**2,596.3**	**1,608.8**	**1,439.4**
Attributable to unitholders of:					
AJO:					
Contributed equity	D6	948.5	948.5	-	-
Retained earnings		386.6	208.4	-	-
		1,335.1	1,156.9	-	-
PCP		1,608.8	1,439.4	1,608.8	1,439.4
Total equity		**2,943.9**	**2,596.3**	**1,608.8**	**1,439.4**

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

Consolidated statements of changes in equity

For the year ended 30 June 2017

	Note	Attributable to unitholders of IOF		
		Contributed equity	Retained earnings	Total equity
		$m	$m	$m
Balance at 1 July 2015		2,142.3	80.6	2,222.9
Net profit for the year		-	493.8	493.8
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	493.8	493.8
Transactions with unitholders in their capacity as equity holders:				
Distributions paid or payable	B3	-	(120.4)	(120.4)
		-	(120.4)	(120.4)
Balance at 30 June 2016		2,142.3	454.0	2,596.3
Balance at 1 July 2016		**2,142.3**	**454.0**	**2,596.3**
Net profit for the year		-	471.6	471.6
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		**-**	**471.6**	**471.6**
Transactions with unitholders in their capacity as equity holders:				
Distributions paid or payable	B3	-	(124.0)	(124.0)
		-	(124.0)	(124.0)
Balance at 30 June 2017		**2,142.3**	**801.6**	**2,943.9**

	Note	Attributable to unitholders of PCP		
		Contributed equity	Retained earnings	Total equity
		$m	$m	$m
Balance at 1 July 2015		1,193.8	102.5	1,296.3
Net profit for the year		-	223.0	223.0
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	223.0	223.0
Transactions with unitholders in their capacity as equity holders:				
Distributions paid or payable	B3	-	(79.9)	(79.9)
		-	(79.9)	(79.9)
Balance at 30 June 2016		1,193.8	245.6	1,439.4
Balance at 1 July 2016		**1,193.8**	**245.6**	**1,439.4**
Net profit for the year		-	235.1	235.1
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**235.1**	**235.1**
Transactions with unitholders in their capacity as equity holders:				
Distributions paid or payable	B3	-	(65.7)	(65.7)
		-	(65.7)	(65.7)
Balance at 30 June 2017		**1,193.8**	**415.0**	**1,608.8**

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated statements of cash flows

For the year ended 30 June 2017

		IOF		PCP	
	Note	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		250.3	247.6	87.7	96.3
Payments to suppliers (inclusive of GST)		(88.1)	(90.0)	(34.1)	(39.4)
Distributions received from equity accounted investments		28.2	29.9	28.2	29.9
Interest received		0.3	0.3	0.2	0.1
Finance costs paid		(38.0)	(42.6)	(12.6)	(14.9)
Net cash inflow from operating activities	**E3**	**152.7**	**145.2**	**69.4**	**72.0**
Cash flows from investing activities					
Payments for investment properties		(53.0)	(54.7)	(35.9)	(27.9)
Proceeds from disposal of investment properties and assets held for sale	C1	211.1	-	211.1	-
Payments on disposal of assets		(0.3)	(0.7)	(0.3)	(0.7)
Repayments of loans to equity accounted investments		-	(76.1)	-	(76.1)
Proceeds from loans from equity accounted investments		-	27.5	-	27.5
Net cash inflow/(outflow) from investing activities		**157.8**	**(104.0)**	**174.9**	**(77.2)**
Cash flows from financing activities					
Distributions paid to unitholders		(121.6)	(119.8)	(68.2)	(77.4)
Proceeds from borrowings		600.0	506.0	253.0	371.0
Repayments of borrowings		(787.0)	(429.0)	(429.0)	(288.0)
Net cash (outflow)/inflow from financing activities		**(308.6)**	**(42.8)**	**(244.2)**	**5.6**
Net increase/(decrease) in cash and cash equivalents		**1.9**	**(1.6)**	**0.1**	**0.4**
Cash and cash equivalents at the beginning of the year		2.1	3.6	1.4	1.0
Effects of exchange rate changes on cash and cash equivalents		-	0.1	-	-
Cash and cash equivalents at the end of the year		**4.0**	**2.1**	**1.5**	**1.4**
Non-cash investing and financing activities	E3				

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Foyer at 66 St Georges Terrace, Perth

A. Report overview

This section details the structure of Investa Office Fund (IOF) and sets out the basis upon which IOF's Consolidated Financial Statements are prepared and consolidated. The preparation requires the use of certain critical accounting estimates which, along with the specific accounting policies, have been discussed in the relevant accounting notes of this report.

IOF

IOF was formed by the stapling of the units in two Australian trusts, Armstrong Jones Office Fund (AJO Trust) and Prime Credit Property Trust (PCP Trust) (collectively defined as the Trusts). AJO Trust and its controlled entities form a group collectively defined as AJO. PCP Trust and its controlled entities form a group collectively defined as PCP. AJO Trust (deemed the parent entity) and PCP Trust have common business objectives and operate as an economic entity collectively known as IOF. The securities of IOF are listed on the Australian Securities Exchange (ASX) under the code "IOF". The Responsible Entity of IOF is Investa Listed Funds Management Limited (ILFML).

The stapling structure will cease to operate at the earlier of:

i. Approval by a special resolution of the members of AJO Trust and PCP Trust, the date determined by ILFML, in its capacity as the trustee of AJO Trust or PCP Trust, as the unstapling date; or

ii. The termination of either AJO Trust or PCP Trust.

The ASX reserves the right (but without limiting its absolute discretion) to remove AJO Trust or PCP Trust, or both, from the official list if any of their units cease to be stapled together, or if any equity securities that are issued by AJO Trust or PCP Trust which are not stapled to equivalent securities in AJO Trust or PCP Trust.

About this report

As permitted by instrument 2015/838, issued by the Australian Securities and Investments Commission (ASIC), this Annual Financial Report includes the financial reports of IOF and PCP.

As permitted by Class Order 13/1050, this Annual Financial Report presents the Consolidated Financial Statements and accompanying notes of both IOF and PCP.

Basis of preparation

These Consolidated Financial Statements are prepared on the going concern basis using the historical cost conventions, modified, where applicable, by the revaluation of financial assets and liabilities (including derivative financial instruments) and investment properties, which are measured at fair value. The Directors note that IOF and PCP are in a net current asset deficiency position as at 30 June 2017 due to the provision for distribution, payables and maintaining minimal cash and cash equivalents. Further, IOF has current borrowings as at 30 June 2017. IOF and PCP have the ability to settle payables and pay the distribution on 31 August 2017 using sufficient undrawn debt facilities. IOF has the capacity to refinance current debt with non-current debt, when required.

All figures are presented in Australian dollars unless otherwise stated and all amounts have been rounded to the nearest hundred thousand dollars, or in certain cases the nearest thousand dollars, in accordance with ASIC Corporations Instrument 2016/191.

These general purpose Consolidated Financial Statements have been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Consolidated Financial Statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

IOF and PCP are for-profit entities for the purpose of preparing the Consolidated Financial Statements.

The Directors of the Responsible Entity have authorised the Annual Financial Report for issue and have the power to amend and reissue the Annual Financial Report.

The preparation of the Consolidated Financial Statements requires the use of certain critical accounting estimates. The accounting estimates that are deemed significant to IOF and PCP relate to investment properties and derivative financial instruments. These are discussed in sections C1 and D3 respectively.

Principles of consolidation

The Consolidated Financial Statements of IOF incorporate the assets, liabilities and results of AJO Trust (the Parent) and its subsidiaries and PCP Trust and its subsidiaries as at, and for the year ended 30 June 2017. PCP's Consolidated Financial Statements incorporate the assets, liabilities and results of PCP Trust and its subsidiaries as at, and for the year ended 30 June 2017.

Subsidiaries are all entities (including structured entities) over which the Trusts have control. The Trusts control an entity when they are exposed to, or have the rights to, variable returns from their involvement with the entity and have the ability to affect those returns through their power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Trusts. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by IOF.

Intercompany transactions, balances and unrealised gains on transactions between AJO's and PCP's entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by IOF.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position and Consolidated Statements of Changes in Equity respectively.

B. Results

This section details the results and performance of IOF and PCP for the year including segmental analysis and the key accounting policies and estimates associated with the results.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties. Revenue is recognised when the amount of revenue can be reliably measured, payment is probable and specific criteria have been met for each of IOF's and PCP's activities.

Property revenue

IOF and PCP are lessors of operating leases. Rental income arising from operating leases on investment properties is accounted for on an accruals basis. Rental income relating to operating leases that have fixed increments in future periods are recognised on a straight line basis net of any incentives provided. Incentives provided are expensed on a straight line basis over the life of the related lease and offset against income in the Consolidated Statements of Comprehensive Income.

Interest income

Recognised on an accrual basis using the effective interest method.

Gain or loss on disposal of assets

Recognised when entitlement to the benefits and risks of the asset has effectively passed. The gain or loss is calculated as the difference between the carrying amount of the asset at the time of the disposal and the consideration received.

Expenses such as Responsible Entity fees and property expenses are recognised on an accruals basis. Finance costs include interest expenses which are recognised on an accrual basis using the effective interest method.

B1 Segment information

IOF and PCP invest solely in investment grade office buildings that are intended for lease. IOF and PCP operate only within Australia and hence investment grade office buildings in Australia is deemed to be the sole operating segment.

Only the single segment information of IOF is provided to the chief operating decision makers (defined to be the Directors of the Responsible Entity, ILFML). For this reason the segment information has only been disclosed for IOF.

The following presents Property Council Funds From Operations (FFO), as defined by the Property Council of Australia, for the single operating segment of IOF and provides a reconciliation of the result from IOF's operating segment to FFO as well as a reconciliation from FFO to the net profit attributable to unitholders. ILFML considers the non-AAS measure, FFO an important indicator of the underlying performance of IOF. Since IOF and PCP operate in a single segment the assets and liabilities are those disclosed in the Consolidated Statements of Financial Position.

	IOF	
	30 June 2017 $m	**30 June 2016 $m**
Net Property Income (NPI)	201.2	200.1
Interest income	0.4	0.7
Finance costs	(38.2)	(43.1)
Responsible Entity's fees	(13.5)	(12.3)
Net foreign exchange (loss)/gain	(0.2)	0.1
Other expenses	(3.1)	(2.2)
	146.6	**143.3**
Amortisation of tenant incentives	36.0	32.3
FFO	**182.6**	**175.6**
FFO per unit (cents)	**29.7**	**28.6**

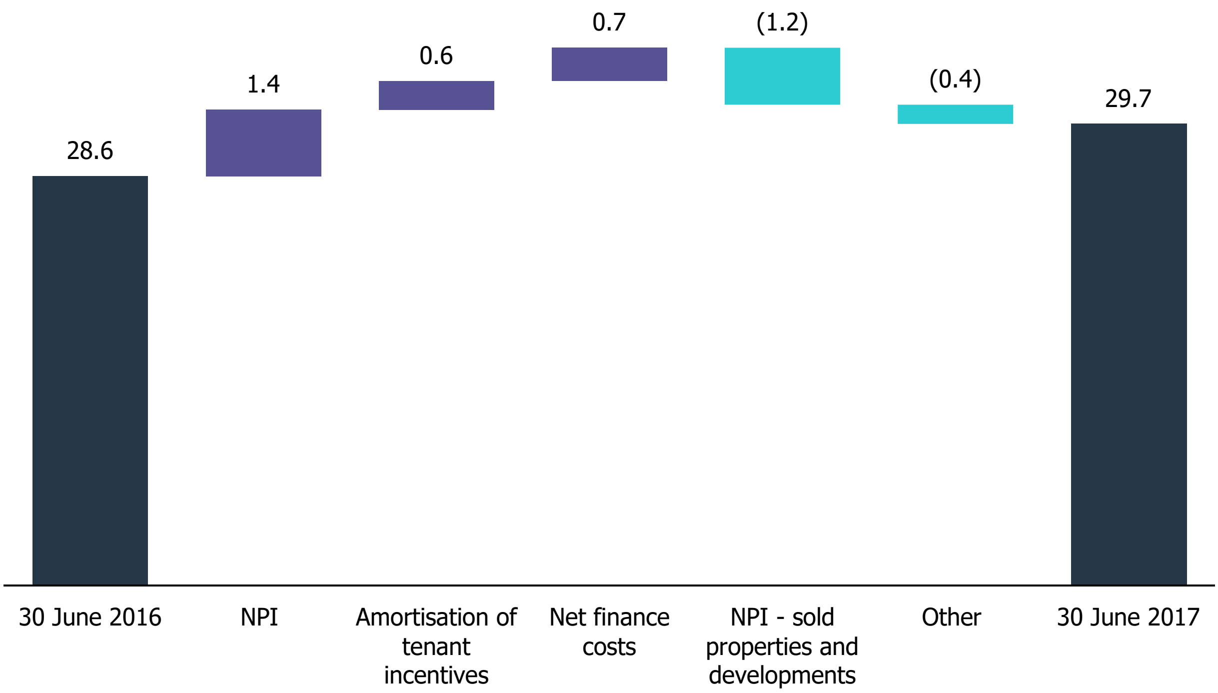
		IOF	
	Note	**30 June 2017 $m**	**30 June 2016 $m**
FFO		182.6	175.6
Net gain/(loss) on change in fair value of:			
Investment properties	C1	328.2	233.4
Equity accounted investments		32.2	82.8
Derivative financial instruments[(1)]		(47.5)	56.5
Net foreign exchange gain/(loss)[(2)]		15.1	(14.4)
Amortisation of tenant incentives		(36.0)	(32.3)
Straight-lining of lease revenue	C1	(3.8)	(3.6)
One-off and other items:			
Transaction costs including those associated with the Dexus proposal		-	(5.5)
Transaction costs associated with the IOM Joint Venture Proposal		(2.5)	-
Other items		3.3	1.3
Net profit attributable to unitholders		**471.6**	**493.8**

1. Net (loss)/gain on change in fair value of derivatives is predominantly due to changes in the fair values of IOF's cross currency interest rate swaps, used to mitigate IOF's exposure to foreign exchange rate movements on its US dollar denominated US Private Placements (USPPs).
2. Net foreign exchange gain/(loss) is driven by the change in carrying amount of the USPPs, which for accounting purposes are translated to Australian dollars using the foreign exchange rate at the year end.

The reconciliation between revenue and expenses per the Statement of Comprehensive Income and NPI disclosed for the purposes of reporting FFO (above) is shown below:

		IOF	
	Note	30 June 2017 $m	30 June 2016 $m
Property revenue		209.7	207.4
Property expenses		(51.2)	(50.9)
Add: share of revenue and expenses from investment properties held in equity accounted investments		39.1	39.8
Adjust for:			
Straight-lining of lease revenue	C1	3.8	3.6
Other items		(0.2)	0.2
NPI		**201.2**	**200.1**

The detailed movement in IOF's FFO per unit (cents) over the year is shown below:



B2 Earnings per unit

Earnings per unit is a measure to compare IOF's performance over different reporting periods. Basic earnings per unit are calculated on net profit attributable to unitholders of IOF, divided by the weighted average number of issued units. As there are no potentially dilutive units on issue, diluted earnings per unit is the same as basic earnings per unit.

	IOF	
	30 June 2017	30 June 2016
Per stapled unit		
Weighted average number of units outstanding (thousands)	614,047	614,047
Net profit attributable to unitholders ($ millions)	471.6	493.8
Basic and diluted earnings per unit (cents)	76.8	80.4

	AJO		PCP	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Per unit of AJO and PCP				
Weighted average number of units outstanding (thousands)	614,047	614,047	614,047	614,047
Net profit attributable to unitholders ($ millions)	236.5	270.8	235.1	223.0
Basic and diluted earnings per unit (cents)	38.5	44.1	38.3	36.3

B3 Distributions

IOF and PCP accrue for distributions approved on or before the end of the reporting period but not paid at the end of the reporting period. The distribution for the half year ended 30 June 2017 is scheduled to be paid on 31 August 2017.

	IOF		PCP	
	30 June 2017 Cents	30 June 2016 Cents	30 June 2017 Cents	30 June 2016 Cents
Distributions paid or payable in respect of the following periods at the following rates (in cents per unit):				
Half-year ended 31 December	10.0	9.8	5.0	6.9
Half-year ended 30 June	10.2	9.8	5.7	6.1
	20.2	**19.6**	**10.7**	**13.0**
	$m	**$m**	**$m**	**$m**
The total amounts of these distributions were:				
Half-year ended 31 December	61.4	60.2	30.7	42.4
Half-year ended 30 June	62.6	60.2	35.0	37.5
Total distributions paid or payable	**124.0**	**120.4**	**65.7**	**79.9**

C. Investment properties and equity accounted investments

This section includes detailed information regarding IOF's and PCP's investment properties, assets held for sale, capital commitments and equity accounted investments.

C1 Investment properties

IOF's and PCP's principal activity is to own investment grade (Premium, A or B) office buildings that generate rental and other property income.

At 30 June 2017, IOF owned or held an interest in 20 office properties across Australia. These properties are located in Sydney (10), Brisbane (5), Melbourne (2), Perth (2) and Canberra (1), comprising:

- 14 wholly owned properties;
- 3 properties owned 50% being jointly operated with external parties; and
- 3 properties held through investments in joint venture entities accounted for using the equity method of accounting (see section C3). An effective 50% of these joint venture entities is owned by Investa Commercial Property Fund (ICPF), a related party of IOF.

Key changes to the investment property portfolio during the year

Disposals

On 17 July 2015, PCP exchanged contracts to sell 383 La Trobe Street, Melbourne for $70.7 million. Settlement occurred on 17 January 2017. This property was classified as an asset held for sale as at 30 June 2016. See C2 for more details.

On 21 September 2016, PCP entered into a conditional agreement in relation to the sale of its 50% share of 800 Toorak Road, Melbourne for $140.5 million less committed costs. On 7 December 2016 the sale became unconditional and settlement occurred on 23 February 2017.

Developments

The Barrack Place development at 151 Clarence Street, Sydney is progressing well. With demolition complete, construction is well underway and practical completion is on target for third quarter 2018. To date, 35% of the total floor area has been leased.

Investment property portfolio summary

	IOF		PCP	
Investment properties held through:	**30 June 2017 $m**	**30 June 2016 $m**	**30 June 2017 $m**	**30 June 2016 $m**
Direct ownership interests	2,973.2	2,752.9	1,036.1	1,007.6
Direct ownership interest, classified as held for sale	-	70.5	-	70.5
Equity accounted investments	851.1	802.5	851.1	802.5
Total portfolio	**3,824.3**	**3,625.9**	**1,887.2**	**1,880.6**

Investment property portfolio details

	Ownership %	Independent valuation date	Independent cap rate %	Independent discount rate %	Independent valuation $m	Book value 30 Jun 2017 $m	Book value 30 Jun 2016 $m
AJO							
10-20 Bond St Sydney NSW	50%	Apr 17	5.27	6.77	284.5	284.4	251.0
388 George St Sydney NSW	50%	Apr 17	5.38	7.00	229.5	229.8	210.3
347 Kent St Sydney NSW	100%	Apr 17	5.63	7.00	292.0	292.2	275.0
99 Walker St North Sydney NSW	100%	Apr 17	5.75	7.00	245.0	244.9	220.0
Piccadilly Complex Sydney NSW	50%	Apr 17	5.69	7.00	294.8	295.0	260.5
6 O'Connell St Sydney NSW	100%	Apr 17	5.75	7.00	223.0	223.5	180.0
239 George St Brisbane QLD	100%	Apr 17	7.00	7.75	131.0	131.6	126.3
15 Adelaide St Brisbane QLD	100%	Apr 17	7.88	8.25	59.8	59.8	55.7
836 Wellington St Perth WA	100%	Apr 17	6.50	7.50	75.0	75.0	69.5
16-18 Mort St Canberra ACT	100%	Apr 17	5.85	7.50	101.3	100.9	97.0
Total AJO portfolio			**5.79**	**7.10**	**1,935.9**	**1,937.1**	**1,745.3**
PCP							
126 Phillip St Sydney NSW[2]	25%	Apr 17	4.75	6.50	248.8	250.4	241.3
151 Clarence St Sydney NSW	100%	Apr 17	5.25[1]	7.25[1]	156.5	161.9	93.8
105-151 Miller St North Sydney NSW	100%	Apr 17	6.25	7.25	230.0	230.0	225.5
111 Pacific Hwy North Sydney NSW	100%	Apr 17	6.13	7.25	208.0	208.3	173.2
295 Ann St Brisbane QLD	100%	Apr 17	6.63	7.25	131.5	131.7	113.5
232 Adelaide St Brisbane QLD	100%	Apr 17	7.25	7.75	18.8	18.7	16.5
140 Creek St Brisbane QLD	100%	Apr 17	6.38	7.25	221.5	221.1	191.0
567 Collins St Melbourne VIC[2]	50%	Apr 17	5.00	6.75	320.0	321.4	303.7
242 Exhibition St Melbourne VIC[2]	50%	Apr 17	5.00	6.75	275.0	279.3	257.5
66 St Georges Tce Perth WA	100%	Apr 17	7.50	8.00	64.5	64.4	67.0
383 La Trobe St Melbourne VIC	100%	-	-	-	-	-	70.5
800 Toorak Rd Tooronga VIC	50%	-	-	-	-	-	127.1
Total PCP portfolio			**5.68**	**7.00**	**1,874.6**	**1,887.2**	**1,880.6**
Total IOF portfolio			**5.74**	**7.05**	**3,810.5**	**3,824.3**	**3,625.9**

1. Comprise of completion valuation metrics.
2. Held by equity accounted investments. See C3.

Movements for the year of direct ownership interests and assets held for sale

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Carrying amount at beginning of the year	2,823.4	2,554.9	1,078.1	1,007.6
Additions to existing investment properties	67.5	71.1	42.5	33.1
Additions - interest capitalised	0.8	0.1	0.8	0.1
Disposals	(211.1)	-	(211.1)	-
Amortisation of lease incentives and leasing fees	(31.8)	(32.5)	(13.2)	(14.8)
Straight-lining of rental income	(3.8)	(3.6)	4.2	0.7
Net change in fair value	328.2	233.4	134.8	51.4
Carrying amount at the end of the year	**2,973.2**	**2,823.4**	**1,036.1**	**1,078.1**

At 30 June 2017 and 30 June 2016 there were no investment properties pledged as security by IOF.

Accounting policies for investment properties

Investment properties comprise land and buildings as well as integral plant and equipment to form a composite asset. Investment properties are initially measured at cost, including transaction costs and are subsequently carried at fair value. Fair value is calculated at the assets highest and best use reflecting market conditions at the measurement date. The current use of the investment properties is considered to be their highest and best use. Gains or losses arising from changes in the fair values of investment properties are included in the Consolidated Statements of Comprehensive Income.

Capital expenditure that enhances the future economic benefits of the asset is capitalised to the investment property. Leasing fees incurred and incentives provided (such as cash, rent-free periods, or lessee or lessor owned fitouts) are also capitalised to the investment property and are amortised on a straight-line basis over the term of the lease as a reduction of property revenue.

At 30 June 2017 IOF's investment property portfolio includes a property under construction (151 Clarence Street, Sydney) for future use as an investment property. Properties under construction are carried at fair value. The fair value of the property under construction is determined using the estimated market value as if the development was complete by applying a capitalisation rate and a discount rate, less adjustments to reflect the status of development including the remaining capital expenditure and risk allowances at the measurement date.

Valuation process

Investment properties are valued according to IOF's valuation policy which requires:

- Independent external valuations of investment properties at least every two years;
- An external valuer may perform valuations on a property for a maximum of a two year period;
- Internal valuations to be prepared for all investment properties each reporting period with the exception of those being externally valued within three months of December and June of each year;
- If an internal valuation varies by ±5% of the current carrying value, an external valuation must be sought; and
- Where an external valuation has been obtained within three months of the reporting date, a desktop review is performed to assess whether there are any changes in the valuation assumptions that may impact the external valuation.

It is noted that, other than in the instance of a binding asset sale contract, only external valuations are adopted in the Consolidated Financial Statements.

Fair value measurement

Information from a variety of sources is considered in order to derive the fair value of investment properties including:

- Current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect these differences;
- Discounted cash flow projections on reliable estimates of future cash flows; and
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Under the discounted cash flow method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the assets life including an exit or terminal value. This method involves the projection of a series of cash flows from the property. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash flow stream associated with the property.

The income capitalisation approach involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital expenditure.

Non-financial assets and liabilities are classified into three levels prescribed under the accounting standards. Investment properties are measured as level 3 (as outlined in section D4) where the valuation technique is based on unobservable inputs. The following table summarises the significant unobservable inputs used as at the reporting date. The information relates to IOF's and PCP's property portfolios (directly and indirectly owned).

Unobservable inputs used to measure fair value	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	30 June 2017	30 June 2016	
Net passing rent (per sqm p.a)	$407 - $1,247	$228 - $1,171	The higher the net passing rent, the higher the fair value
Net market rent (per sqm p.a)	$378- $1,181	$228 - $1,162	The higher the net market rent, the higher the fair value
Discount rate	6.5% - 8.3%	6.8% - 8.8%	The higher the discount rate, the lower the fair value
Terminal yield	5.1% - 8.1%	5.3% - 8.3%	The higher the terminal yield, the lower the fair value
Capitalisation rate	4.8% - 7.9%	4.9% - 8.3%	The higher the capitalisation rate, the lower the fair value
Market rental growth rate (10 year compound average growth rate)	2.5% - 4.2%	2.8% - 4.1%	The higher the rental growth rate, the higher the fair value

Leasing arrangements of direct ownership interests

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum contracted non-cancellable lease payments receivable on leases of investment properties are as follows:

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Within one year	205.1	210.7	61.1	72.1
Later than one year but not later than five years	508.1	565.9	201.8	219.6
Later than five years	262.1	299.9	86.2	123.7
	975.3	**1,076.5**	**349.1**	**415.4**

Commitments of direct ownership interests

The capital expenditure contracted for but not recognised as a liability at the reporting date is as follows:

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Investment properties	24.9	15.1	16.2	8.4
Investment property under construction:				
151 Clarence Street, Sydney	96.5	112.2	96.5	112.2

C2 Assets held for sale

At 30 June 2017 IOF and PCP had no assets held for sale. On 17 July 2015, PCP exchanged contracts to sell 383 La Trobe Street, Melbourne for $70.7 million. Settlement occurred on 17 January 2017.

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Investment property				
383 La Trobe Street, Melbourne	-	70.5	-	70.5
	-	**70.5**	**-**	**70.5**

C3 Equity accounted investments

IOF and PCP have investments in joint venture entities that are accounted for using the equity method of accounting after initially being recognised at cost. These investments are held through the ownership of interests in unlisted property trusts and their book value represents the ownership percentage of the net tangible assets of the relevant trusts. The principle net tangible asset of each trust is the carrying value of the relevant investment property.

Name of joint venture entity	Relevant investment property	Ownership interest		IOF		PCP	
		30 June 2017	30 June 2016	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
AJO							
IOF Finance Pty Ltd[(1)]	-	50%	50%	-	-	-	-
PCP							
242 Exhibition Street Trust	242 Exhibition St, Melbourne	50%	50%	278.8	257.0	278.8	257.0
Phillip Street Trust	126 Phillip St, Sydney	25%	25%	136.0	131.8	136.0	131.8
Macquarie Street Trust	126 Phillip St, Sydney	25%	25%	113.0	109.4	113.0	109.4
567 Collins Street Trust	567 Collins St, Melbourne	50%	50%	320.8	303.6	320.8	303.6
IOF Finance Pty Ltd[(1)]	-	50%	50%	-	-	-	-
Total				**848.6**	**801.8**	**848.6**	**801.8**

1. This investment is a joint venture entity of both AJO Trust and PCP Trust and is consolidated in IOF's Financial Report.

The principal activity of all equity accounted investments is real estate investment with the exception of IOF Finance Pty Ltd being financial services.

All joint venture entities were incorporated in Australia and have a 30 June reporting date.

Refer to section C1 for detailed information on IOF's and PCP's property portfolios, including those properties held through investments in joint venture entities.

Summarised financial information of joint venture entities

The following table of summarised financial information is reported directly from IOF's and PCP's investments in joint venture entities accounted for using the equity method of accounting. The summarised financial information reflects the total amounts (at 100%) presented in the financial statements of the relevant joint venture entity rather than IOF's or PCP's ownership interest. The financial information does not take into account any differences in accounting policies.

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Joint venture entities' financial information (at 100%)				
Cash and cash equivalents	0.7	1.6	0.7	1.6
Current assets	12.7	9.3	12.7	9.3
Non-current assets	2,190.7	2,082.4	2,190.7	2,082.4
Current liabilities	(30.3)	(13.9)	(30.3)	(13.9)
Non-current liabilities	(1.6)	(1.6)	(1.6)	(1.6)
Net assets	2,171.5	2,076.2	2,171.5	2,076.2
Revenue	133.5	130.4	133.5	130.4
Net profit for the year	185.7	332.3	185.7	332.3
Total comprehensive income	185.7	332.3	185.7	332.3

Reconciliation to carrying amounts

The tables below outline reconciliations of the above summarised financial information to IOF's and PCP's share of net profit after income tax, and the carrying value of IOF's and PCP's investments in joint venture entities.

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Net profit for the year (at 100%)	185.7	332.3	185.7	332.3
Less profit attributable to outside ownership interests	(110.7)	(216.8)	(110.7)	(216.8)
Share of net profit after income tax	**75.0**	**115.5**	**75.0**	**115.5**

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Net assets (at 100%)	2,171.5	2,076.2	2,171.5	2,076.2
Less net assets attributable to outside ownership interests	(1,332.7)	(1,277.6)	(1,332.7)	(1,277.6)
Share of net assets	**838.8**	**798.6**	**838.8**	**798.6**
Add provisions for unpaid distributions (at share)	9.8	3.2	9.8	3.2
Investment balance at the end of the year	**848.6**	**801.8**	**848.6**	**801.8**

Capital commitments and contingent liabilities of joint venture entities

At 30 June 2017 and 30 June 2016 IOF and PCP had no share of capital commitments or contingent liabilities of their joint venture entities.

D. Capital structure and risks

IOF aims to meet its strategic objectives and operational needs to maximise returns to unitholders through the appropriate use of debt and equity, taking into account the additional financial risks of using debt. The following details the considerations in maintaining an appropriate capital structure for IOF.

D1 Capital management

ILFML, the Responsible Entity of IOF, is responsible for monitoring and approving the capital management policies which are designed to optimise IOF's debt and equity structure. While the optimal capital structure is periodically reviewed, the ability to achieve this may be impacted by market conditions and the actual position may often differ from the desired position. IOF's capital structure is primarily monitored through its ratio of total debt to total assets (Gearing Ratio), calculated as:

- Look-though debt at the foreign exchange hedged rate, divided by look-though assets less cross currency swap assets.

IOF's strategy is to maintain the Gearing Ratio in the range of 25% to 35%. The actual Gearing Ratio may vary from this range in the short term from time to time.

IOF seeks to maintain an investment grade credit rating of BBB+ to reduce its cost of capital and provide diversity in its sources of debt.

		IOF	
		30 June 2017	**30 June 2016**
	Note	**$m**	**$m**
Total consolidated debt	D2	887.2	1,089.2
Add: Foreign exchange hedge rate of the USPP		358.0	358.0
Less: AUD liability of the USPP	D2	(422.5)	(437.7)
Net look-through debt[(1)]		**822.7**	**1,009.5**
Total consolidated assets		3,923.0	3,783.4
Less: Share of net assets – equity accounted investments included in consolidated assets	C3	(848.6)	(801.8)
Add: Share of total assets of equity accounted investments		854.2	805.2
Less: Cross currency swap assets	D3	(84.1)	(136.4)
Total look-through assets		**3,844.5**	**3,650.4**
Gearing Ratio (look-through)		21.4%	27.7%

1. This includes capitalised commitments and upfront fees of $3.3m (30 June 2016: $3.5m).

At 30 June 2017 and 30 June 2016 IOF was in compliance with all financial covenant ratios.

As part of a stapled entity, PCP's capital is not separately managed. Any capital changes for IOF may result in consequential changes for PCP.

D2 Borrowings

IOF's borrowing constitutes unsecured bank facilities, Medium Term Notes (MTN) and USD denominated US Private Placements (USPPs) debt facilities.

	IOF		PCP	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Current liabilities – unsecured				
Bank debt (AUD)	-	337.0	-	198.0
Medium Term Notes (AUD)	125.0	-	-	-
Non-current liabilities – unsecured				
Bank debt (AUD)	193.0	193.0	115.0	93.0
Medium Term Notes (AUD)	150.0	125.0	-	-
US Private Placements (USD)	422.5	437.7	162.5	168.3
	765.5	**755.7**	**277.5**	**261.3**
Capitalised commitments and upfront fees	(3.3)	(3.5)	(1.3)	(1.4)
	762.2	**752.2**	**276.2**	**259.9**
Total borrowings	**887.2**	**1,089.2**	**276.2**	**457.9**

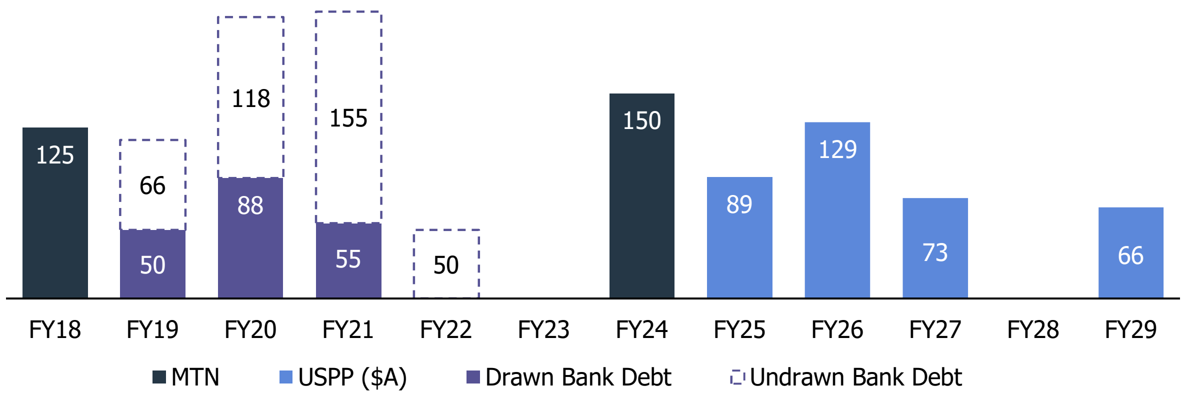
Key movements in the year and specific maturities at 30 June 2017

In July 2016 the Responsible Entity, on behalf of AJO and PCP, refinanced the $350 million bank debt maturing in March 2017. The new bank debt facility agreements totalling $350 million have maturity dates between July 2019 and July 2021.

IOF's $125 million Medium Term Notes maturing in November 2017 have been transferred from non-current liabilities to current liabilities as at 30 June 2017. In April 2017 IOF issued further Medium Term Notes to the value of $150 million maturing in April 2024 and these notes are therefore disclosed as non-current liabilities.

The specific maturities and limits of IOF's borrowings ($m) are detailed below. In the table above the USPP amounts have been translated at the year end foreign exchange rate. In the graph below, the USPP amounts incorporate the foreign exchange hedged rate, reflecting the net payment to be made upon each maturity date.

IOF debt expiry profile ($A)



See D5 for further details of IOF's exposure to risks arising from borrowings and the maturity profile of borrowings. Refer to D4 for the fair value of borrowings.

Accounting policies for borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities are deferred and expensed over the term of the respective agreement while all other finance costs are expensed. Borrowings are classified as current liabilities unless IOF has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

D3 Derivative financial instruments

IOF uses derivative financial instruments such as foreign currency contracts and interest rate derivatives to hedge the risk associated with foreign currency and interest rate fluctuations on its borrowings.

As IOF's derivatives are not designated as hedges, they are classified as financial assets or liabilities at fair value through profit or loss. Derivatives are classified as current assets or liabilities if they are expected to be settled within 12 months, otherwise they are classified as non-current assets or liabilities.

Derivative financial instruments are not held for speculative purposes and are recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

In accordance with AASB 13 Fair Value Measurement, the fair value of derivative assets and liabilities incorporates credit risk into the valuation. The type of credit risk adjustments include:

i. Credit Value Adjustment (CVA), applied to asset positions based on credit risk associated with the counterparty; and

ii. Debit Value Adjustment (DVA), applied to liability positions based on IOF's or PCP's own credit risk.

The fair values of derivative assets and liabilities are based on assumptions of future events and involves significant estimates. The basis of valuation for IOF's derivatives is set out above. However the fair value of derivatives reported at the reporting date may differ if there is volatility in market rates. The valuation techniques are discussed further in section D4.

	IOF		PCP	
	30 June 2017 $m	**30 June 2016 $m**	**30 June 2017 $m**	**30 June 2016 $m**
Current assets				
Interest rate derivative contracts	0.9	-	-	-
	0.9	**-**	**-**	**-**
Non-current assets				
Cross currency swap contracts	84.1	136.4	36.5	55.4
Interest rate derivative contracts	4.1	7.1	2.1	1.8
	88.2	**143.5**	**38.6**	**57.2**
Current liabilities				
Interest rate derivative contracts	1.7	4.2	-	0.9
	1.7	**4.2**	**-**	**0.9**
Non-current liabilities				
Interest rate derivative contracts	3.4	7.8	0.8	0.3
	3.4	**7.8**	**0.8**	**0.3**

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial assets mentioned above.

As IOF and PCP do not presently have a legally enforceable right of set-off, there are no recognised financial instruments that are offset in the Consolidated Statements of Financial Position. For the year ended 30 June 2017, IOF had derivative financial assets and derivative financial liabilities amounting to $5.0 million (30 June 2016: $7.1 million) and PCP had $0.8 million (30 June 2016: $1.2 million) that are subject to enforceable netting arrangements and other similar agreements but were not offset.

D4 Fair value measurement of financial instruments, other assets and liabilities

The following details how IOF's and PCP's derivative financial instruments, and other assets and liabilities for which fair value is disclosed, are classified and explains the methodology used to determine the fair values.

To provide an indication about the reliability of the inputs used in determining fair value, IOF and PCP classify various financial and non-financial assets and liabilities into three levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: not traded in an active market but calculated with significant inputs coming from observable market data; and
- Level 3: calculated using significant inputs that are not based on observable market data (unobservable inputs).

IOF and PCP do not classify any financial assets or liabilities as level 1 as at 30 June 2017 and 30 June 2016.

IOF and PCP measure and recognise only investment properties (level 3 – see section C1) and derivative financial instruments at fair value on a recurring basis. No financial assets or financial liabilities are measured at fair value on a non-recurring basis.

All of IOF's and PCP's derivative financial instruments are classified as level 2 due to their fair values being calculated on observable market interest rates and foreign exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows based on observable yield curves.

There have been no transfers between levels of the fair value hierarchy for the years ended 30 June 2017 and 30 June 2016.

IOF and PCP have a number of assets and liabilities that are not measured at fair value, but for which fair values are disclosed in the notes. These had the following fair values:

	IOF				PCP			
	Carrying amount 30 June 2017 $m	Fair value 30 June 2017 $m	Carrying amount 30 June 2016 $m	Fair value 30 June 2016 $m	Carrying amount 30 June 2017 $m	Fair value 30 June 2017 $m	Carrying amount 30 June 2016 $m	Fair value 30 June 2016 $m
Non-current liabilities								
Borrowings – MTN	150.0	149.6	125.0	129.5	-	-	-	-
Borrowings – USPPs	422.5	451.9	437.7	500.8	162.5	173.5	168.3	192.5
	572.5	**601.5**	**562.7**	**630.3**	**162.5**	**173.5**	**168.3**	**192.5**

The fair values of non-current borrowings outlined in the table above are estimated by discounting the future contractual cash flows at the current market interest rates that are available to IOF for similar financial instruments. They are therefore classified as level 2 in the fair value hierarchy due to the use of observable inputs. For the year ended 30 June 2017, the borrowing rates were determined to be between 4.0% and 5.4% (30 June 2016: 4.0% and 5.4% respectively), depending on the type of borrowing. As at the reporting period end, the carrying amount of bank debts approximate their fair value.

Due to their short-term nature, the carrying amounts of current receivables, current payables, current borrowings and distributions payable are assumed to approximate their fair values.

D5 Financial risk management

IOF's operations expose it to a variety of financial risks including market risk, credit risk and liquidity risk. IOF seeks to mitigate the potential impact of these risks on financial performance as detailed in this note.

IOF's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of IOF. For example, IOF uses derivative financial instruments to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. IOF uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

As part of a stapled entity, PCP's financial risk is not separately managed and forms part of IOF's overall risk management program. Management of the financial risks of IOF may result in consequential changes for PCP. While not separately reported to key management personnel, qualitative risk information arising from PCP's financial instruments has been included in the sections below. This is outlined to indicate the extent of PCP's risks arising from financial instruments.

Market risk

IOF and PCP are exposed to the following market risks:

- Interest rate risk; and
- Foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The primary objective of interest risk management is to manage the potential for financial loss measured in terms of impact on earnings arising from unfavourable movements in interest rates.

IOF's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose IOF to cash flow interest rate risk. IOF's preference is to protect itself from large and rapid movements in financial markets, to achieve a less volatile exposure to movements in interest rates through prudent risk management techniques. IOF's policy is to hedge forecast borrowings using interest rate derivatives, based on hedge ratio range limits. The hedge ratio range limits were revised during the period reflecting the current environment and were effective as at 30 June 2017. The table below outlines the previous and revised hedge ratio range limits:

Years	Revised hedge ratio range limit (%)	Previous hedge ratio range limit (%)
1 - 3	50-80	30-80
4 - 5	20-60	0-75
>5	0-60	0-75

IOF performs an analysis of interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and hedging. Based on these scenarios, IOF calculates the impact on profit or loss of a defined interest rate shift. The simulation is done on a regular basis to verify that the maximum loss potential is within limit established by the Responsible Entity.

Based on the various scenarios, IOF manages its interest rate risk by using:

- Floating-to-fixed interest rate swaps (or swaptions);
- Interest rate caps and collars; and
- Cross currency interest rate swaps.

The table below provides a summary of IOF's and PCP's gross interest rate risk exposure (incorporating the foreign exchange hedged rate for the USPPs) on interest bearing borrowings together with the net effect of interest rate risk management transactions:

	Gross exposure		Net exposure	
	June 2017 $m	June 2016 $m	June 2017 $m	June 2016 $m
IOF				
Fixed and floating rate interest-bearing borrowings	826.0	1,013.0	76.0	563.1
PCP				
Fixed and floating rate interest-bearing borrowings	243.9	419.9	63.9	291.0

IOF's weighted average fixed rate derivatives and net fixed debt (notional principal denominated in Australian dollars) held at 30 June 2017 can be summarised by maturity as follows:

	FY17[1] $m	FY18 $m	FY19 $m	FY20 $m	FY21 $m	FY22 $m
Interest rate swaps (floating to fixed)	443.0	479.7	496.9	300.7	64.9	-
Interest rate collars	2.6	120.7	238.9	200.1	170.4	249.2
Net fixed debt[2]	35.3	150.0	150.0	150.0	150.0	150.0
Total hedged (weighted average)	**480.9**	**750.4**	**885.8**	**650.8**	**385.3**	**399.2**
Weighted average fixed rate (excluding margin)[3]	3.1%	2.3%	2.2%	2.6%	2.7%	2.8%

1. Total hedged as at 30 June 2017 was $750.0m (30 June 2016: $449.9m).
2. Gross exposure less effect of derivatives.
3. Weighed average rate of interest rate swaps, interest rate collars and fixed debt excluding margin included at the forecast floating rate for the applicable period unless lower or higher than the floor or cap rate is adopted respectively.

The impact on interest expense of a 100 basis point increase or decrease in market interest rates as well as the impact of changes in the fair value of interest rate derivatives for a 100 basis point increase or decrease in market interest rates at the reporting date are shown below. Aside from the profit or loss impact on equity, this analysis results in no other impact on equity.

	Sensitivity on net interest expense				Sensitivity on change in fair value of interest rate derivatives			
	30 June 2017		30 June 2016		30 June 2017		30 June 2016	
	+100bps $m	-100bps $m	+100bps $m	-100bps $m	+100bps $m	-100bps $m	+100bps $m	-100bps $m
IOF								
Variable interest rates	(1.9)	0.7	(4.4)	4.4	18.5	(18.4)	12.8	(14.0)
PCP								
Variable interest rates	(0.6)	0.6	(2.9)	2.9	8.8	(8.7)	5.8	(5.9)

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial commitment, asset or liability will fluctuate due to changes in foreign exchange rates. IOF's foreign exchange risk arises from borrowings in USD in the form of USPPs. IOF mitigates its exposure to the foreign exchange risk inherent in the carrying value of its USPPs by entering into cross currency swap contracts. These convert 100% of the USD denominated principal outstanding and related finance costs to Australian dollar (AUD) exposures. As a result sensitivity to foreign exchanges is deemed insignificant.

The notional amount and expiry of IOF's and PCP's USPPs (in AUD) are as follows:

IOF	Debt Drawn[1]	
	30 June 2017 $m	30 June 2016 $m
USPP debt maturities		
April 2025	89.3	89.3
August 2025[2]	128.9	128.9
April 2027	73.3	73.3
April 2029	66.4	66.4
Total	**357.9**	**357.9**

1. The total notional amount as at 30 June 2017 and 30 June 2016 does not equal $358.0m due to rounding.
2. The USPPs maturing August 2025 are held by PCP.

Credit risk

Credit risk refers to the risk that a counterparty is unable to pay amounts in full when due and defaults on its contractual obligations resulting in a financial loss to IOF. Credit risk for IOF arises from cash and cash equivalents, receivables and derivative financial instruments. The maximum exposure to credit risk at the end of the reporting period is the carrying amounts of each class of financial assets included in the Consolidated Statements of Financial Position.

The Responsible Entity seeks to mitigate this risk for IOF through the setting of credit policies that include ensuring that investments, cash and derivative transactions are only undertaken with financial institutions with an appropriate credit rating. Receivables and other committed transactions are with a range of counterparties including corporates, individuals, government entities and semi government entities including wholly owned privatised government entities, retail and other property trade receivables. These counterparties have a range of credit ratings or in the case of individuals no credit rating. These counterparties are subject to active on-going monitoring including ensuring that transactions are only entered into with appropriate creditworthy counterparties, or that security remains with IOF until settlement. Where there is a concern on the credit worthiness, receivables relating to leasing contracts entered into in the normal course of business may be secured by rental deposits and/or other forms of security.

Liquidity risk

Liquidity risk is the risk that IOF will not be able to meet its financial obligations, or other cash outflows, as they fall due, because of a lack of liquid assets or access to adequate committed credit facilities. Management of liquidity risk is carried out by the Responsible Entity and IOF's risk management policy sets a target for the level of cash and available undrawn debt facilities to cover future committed expenditure in the next year, loan maturities within the next year and an allowance for unforeseen events such as tenant default. IOF measures the risk by ascertaining its cash requirements regularly through cash flow forecasts.

Refinancing risk, a form of liquidity risk, is the risk that credit is unavailable or available at unfavourable interest rates and credit market conditions resulting in an unacceptable increase in IOF's interest cost. IOF manages this risk by refinancing borrowings in advance of the maturity each borrowing, staggering maturity dates, and securing longer term facilities, where appropriate and consistent with IOF's strategy.

Refer to section D2 for disclosure of borrowing facilities available to IOF.

The contractual maturities of IOF's and PCP's financial liabilities at reporting date are reflected in the following tables. These show the undiscounted contractual cash flows required to discharge the liabilities including interest at market rates. Foreign currencies (associated with derivatives and borrowings) have been converted at exchange rates at the reporting date.

IOF	30 June 2017				30 June 2016			
	<1 year	1 – 5 years	>5 years	Total	<1 year	1 – 5 years	>5 years	Total
30 June 2017	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Payables	(24.2)	-	-	(24.2)	(25.7)	-	-	(25.7)
Borrowings	(125.0)	(193.0)	(572.5)	(890.5)	(337.0)	(318.0)	(437.7)	(1,092.7)
Projected cash outflow on borrowings(1)	(27.6)	(84.6)	(77.1)	(189.3)	(40.4)	(90.5)	(98.0)	(228.9)
Projected cash outflow on derivative liabilities(1)(2)	(4.9)	(10.4)	(0.5)	(15.8)	(5.7)	(5.7)	-	(11.4)
Distribution payable	(62.6)	-	-	(62.6)	(60.2)	-	-	(60.2)
Total forecast undiscounted future cash flow	**(244.3)**	**(288.0)**	**(650.1)**	**(1,182.4)**	**(469.0)**	**(414.2)**	**(535.7)**	**(1,418.9)**
Projected cash inflow on derivative assets(2)	5.8	2.6	112.1	120.5	9.2	28.1	155.2	192.5
Net liquidity exposure	**(238.5)**	**(285.4)**	**(538.0)**	**(1,061.9)**	**(459.8)**	**(386.1)**	**(380.5)**	**(1,226.4)**

PCP	30 June 2017				30 June 2016			
	<1 year	1 – 5 years	>5 years	Total	<1 year	1 – 5 years	>5 years	Total
30 June 2017	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Payables	(8.2)	-	-	(8.2)	(10.0)	-	-	(10.0)
Borrowings	-	(115.0)	(162.5)	(277.5)	(198.0)	(93.0)	(168.3)	(459.3)
Projected cash outflow on borrowings(1)	(11.9)	(34.1)	(20.5)	(66.5)	(10.8)	(28.4)	(27.6)	(66.8)
Projected cash outflow on derivative liabilities(1)(2)	-	(6.9)	(0.5)	(7.4)	(0.9)	(0.3)	-	(1.2)
Distribution payable	(35.0)	-	-	(35.0)	(37.5)	-	-	(37.5)
Total forecast undiscounted future cash flow	**(55.1)**	**(156.0)**	**(183.5)**	**(394.6)**	**(257.2)**	**(121.7)**	**(195.9)**	**(574.8)**
Projected cash inflow on derivative assets(2)	1.9	2.6	50.6	55.1	3.4	9.2	63.5	76.1
Net liquidity exposure	**(53.2)**	**(153.4)**	**(132.9)**	**(339.5)**	**(253.8)**	**(112.5)**	**(132.4)**	**(498.7)**

1. Projection is based on the likely outcome of the facilities given the interest rates, margins, foreign exchange rates and interest rate forward curves as at the reporting date up until the contractual maturity of the facilities. The projection is based on the undiscounted cash flows.
2. In accordance with AASB 7, the future value of contractual cash flows of non-derivative and derivative liabilities is only included in liquidity risk disclosures. As derivatives are exchanges of cash flows, the positive cash flows from derivative assets have been disclosed separately to provide a more meaningful analysis of IOF's and PCP's net liquidity exposure. The methodology used to calculate projected interest income on derivative assets is consistent with the above liquidity risk disclosures.

D6 Contributed equity

Units issued are classified as equity. Incremental costs directly attributable to the issue of new units are shown as a deduction from the proceeds. Incremental costs directly attributable to the issue of new units for the acquisition of a business are not included in the cost of the acquisition but rather as part of the purchase consideration. The following shows the level of equity and issued units at the end of the financial year.

Carrying amounts

	IOF		PCP	
	30 June 2017 $m	**30 June 2016 $m**	**30 June 2017 $m**	**30 June 2016 $m**
Balance at the beginning and end of the year	2,142.3	2,142.3	1,193.8	1,193.8
The balance at the end of the year is attributable to the unitholders of:				
AJO	948.5	948.5	-	-
PCP	1,193.8	1,193.8	1,193.8	1,193.8
	2,142.3	**2,142.3**	**1,193.8**	**1,193.8**

Number of issued units

	IOF		PCP	
	30 June 2017 000's	**30 June 2016 000's**	**30 June 2017 000's**	**30 June 2016 000's**
Balance at the beginning and end of the year	614,047	614,047	614,047	614,047

All units are fully paid and rank equally with each other for all purposes. Each unit entitles the holder to one vote, in person or by proxy, at a meeting of unitholders.

E. Other information

This section provides additional required disclosures that are not covered in the previous sections.

E1 Related parties

Related parties are persons or entities that are related to IOF as defined by AASB 124 *Related party disclosures*. These include directors and other key management personnel and their close family members and any entities they control as well as subsidiaries, associates and joint ventures of IOF. The following provides information about transactions with related parties during the year as well as balances owed to or from related parties as at 30 June 2017.

Responsible Entity

ILFML, the Responsible Entity of IOF is a wholly owned subsidiary of ICPF Holdings Limited (ICPFHL). ICPFHL is stapled to the wholesale unlisted fund, Investa Commercial Property Fund (ICPF) to form Investa Property Group.

Responsible Entity and its related parties' fees

The Responsible Entity fee is based on 0.55% per annum of the Trusts' market capitalisation, to be paid quarterly. The fee for a quarter cannot change by more or less than 2.5% from the previous quarter's fee.

During the years ended 30 June 2017 and 30 June 2016, ILFML and its related parties received or will receive the following fees:

	IOF		PCP	
	30 June 2017 $'000	30 June 2016 $'000	30 June 2017 $'000	30 June 2016 $'000
Investa Listed Funds Management Limited:				
Responsible Entity's fees	13,540	12,266	7,600	7,152
Safe custody fees	95	92	48	47
Related parties of the Responsible Entity[1]:				
Property management fees	4,273	3,793	1,913	1,863
Leasing fees	2,143	1,531	1,049	472
Project management services	968	1,246	748	842
	21,019	**18,928**	**11,358**	**10,376**

1. Related parties of ILFML include Investa Asset Management Pty Limited, Investa Asset Management (Qld) Pty Limited and Investa Office Development Pty Limited. The related parties earned property management, leasing and project management fees for managing the property interests of IOF during the year. These fees were determined on normal commercial terms and conditions and approved by the Independent Directors.

Other transactions with related parties of the Responsible Entity

During the year ended 30 June 2017, in proportion to IOF's ownership interests in the joint venture entities, related parties of ILFML received $2,783,000 (30 June 2016: $1,164,000) in property management, leasing and project management fees for services provided to investment properties held by those joint venture entities.

During the years ended 30 June 2017 and 30 June 2016 IOF received rent and other property income from leasing space to related entities of ILFML. The terms of these lease agreements are based on arms-length conditions approved by the Independent Board Directors.

Responsible Entity and its related parties' interest in IOF

ILFML and its related parties had the following interest in IOF and PCP as at the reporting date, and distributions received/receivable for the year then ended:

30 June 2017			Distributions received/receivable	
Name	Number of units held 000's	Percentage of IOF units (%)	IOF $'000	PCP $'000
Investa Commercial Property Fund	57,666	9.4	11,370	6,031

30 June 2016			Distributions received/receivable	
Name	Number of units held 000's	Percentage of IOF units (%)	IOF $'000	PCP $'000
Investa Office Management Holdings Pty Limited	1	-	5,378	3,787

Cross staple loan

As at 30 June 2017, PCP owed AJO $2,000 (30 June 2016: $nil) via a cross staple loan. For the year ended 30 June 2017 PCP recorded an interest expense of $22,000 (30 June 2016: $12,000) on the loan.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of the Responsible Entity.

The names of the Directors and Alternate Director of the Responsible Entity, and their dates of appointment or resignation if they were not Directors during the whole of the financial year, are:

Richard Longes	Independent Non-Executive Chairman
Robert Seidler AM	Independent Non-Executive Director
John Fast	Independent Non-Executive Director
Geoffrey Kleemann	Independent Non-Executive Director
Jonathan Callaghan	Executive Director (Resigned 13 December 2016)

The names of key management personnel in addition to the Directors outlined above include:

Penny Ransom	Fund Manager (appointed 22 August 2016)

Key management personnel do not receive any remuneration directly from IOF. They receive remuneration from the Responsible Entity or its related parties. Consequently, IOF does not pay any compensation as defined in Accounting Standard AASB 124 Related Parties to its key management personnel.

Key management personnel, including their related parties, held the following units and distributions received or receivable directly, indirectly or beneficially in each Trust at each year end.

30 June 2017					Distributions received/receivable	
Name	Balance at the start of the year 000's	Addition/ (removal) of KMP 000's	Acquired during the year 000's	Balance at the end of the year 000's	IOF $'000	PCP $'000
Richard Longes	-	-	15	15	3	2
Robert Seidler AM	-	-	12	12	2	1
John Fast	-	-	15	15	3	2
Geoffrey Kleeman	-	-	15	15	3	2

30 June 2016					Distributions received/receivable	
Name	Balance at the start of the year 000's	Addition/ (removal) of KMP 000's	Acquired during the year 000's	Balance at the end of the year 000's	IOF $'000	PCP $'000
Deborah Page AM	29	(29)	-	-	3	2
Peter Dodd	20	(20)	-	-	2	1
Scott MacDonald	74	(74)	-	-	-	-
Ming Long	25	(25)	-	-	2	2
Campbell Hanan	8	(8)	-	-	-	-

Transactions with joint venture entities

Equity interests in joint venture entities are set out in section C3. Transactions and receivables from joint venture entities are disclosed in the table below:

	IOF		PCP	
	30 June 2017 $'000	30 June 2016 $'000	30 June 2017 $'000	30 June 2016 $'000
Cash distributions received from joint venture entities	28,190	29,942	28,190	29,942
Interest income	-	9,633	-	9,633

Movements in receivables from joint venture entities

	567 Collins Street Trust	
	30 June 2017 $'000	30 June 2016 $'000
Balance at beginning of the year	-	114,231
Loan advances	-	76,125
Loan repayments	-	(27,500)
Interest received	-	9,633
Conversion of debt investment to equity investment	-	(172,489)
Balance at the end of the year	**-**	**-**

E2 Parent financial information

IOF was formed by the stapling of the units in two trusts, Armstrong Jones Office Fund (AJO Trust) and Prime Credit Property Trust (PCP Trust). In accordance with Accounting Standard AASB 3 Business Combinations, the stapling arrangement referred to above is regarded as a business combination and the AJO Trust has been identified as the parent for preparing Consolidated Financial Reports.

Summary financial information about the parent of AJO and PCP

	AJO Trust		PCP Trust	
	30 June 2017 $m	30 June 2016 $m	30 June 2017 $m	30 June 2016 $m
Current assets	2.7	-	0.9	2.8
Total assets	2,352.1	2,196.4	2,059.6	1,956.8
Current liabilities	(165.7)	(174.2)	(40.5)	(241.5)
Total liabilities	(1,017.0)	(1,039.5)	(450.8)	(517.4)
Equity:				
Issued units	948.5	948.5	1,193.8	1,193.8
Retained earnings	386.6	208.4	415.0	245.6
Total equity	**1,335.1**	**1,156.9**	**1,608.8**	**1,439.4**
Net profit attributable to unitholders for the year	236.5	270.8	235.1	223.0
Total comprehensive income for the year	236.5	270.8	235.1	223.0
Capital commitments:				
Investment properties	5.0	2.7	1.6	0.3
Investment property under construction				
151 Clarence Street, Sydney	-	-	96.5	112.2

During the years ended 30 June 2017 and the 30 June 2016 the principal activity of the subsidiaries continued to consist of investment in commercial property either directly or indirectly through the ownership of units in unlisted property trusts. The subsidiaries of AJO are incorporated in Australia and Europe, and have a 30 June reporting date. The subsidiaries of PCP are incorporated in Australia and have a 30 June reporting date. AJO Trust and PCP Trust are deemed to be a going concern despite being in a net current asset deficiency position as at 30 June 2017 due to the reasons disclosed for IOF and PCP in section A.

E3 Reconciliation of profit to operating cashflow

	IOF		PCP	
	30 June 2017 $m	**30 June 2016 $m**	**30 June 2017 $m**	**30 June 2016 $m**
Net profit for the year	**471.6**	**493.8**	**235.1**	**223.0**
Adjustments for:				
Straight-lining of lease revenue	3.8	3.6	(4.2)	(0.7)
Unrealised foreign exchange gain	(15.1)	14.3	(5.8)	5.4
Net (gain)/loss on change in fair value of:				
Investment properties	(328.2)	(233.4)	(134.8)	(51.4)
Derivatives	47.5	(56.5)	18.1	(20.1)
Amortisation of tenant incentives and leasing fees	31.8	32.3	13.2	14.8
Excess of distributions received from joint venture entities over share of profit	(46.8)	(85.6)	(46.8)	(85.6)
Cost of disposal of assets	0.3	0.5	0.3	0.7
Non cash interest income	-	(9.6)	-	(9.6)
Other non-cash items	(13.7)	(15.1)	(6.9)	(4.5)
Net cash provided by operating activities for the year before changes in working capital	**151.2**	**144.3**	**68.2**	**72.0**
Changes in working capital:				
Decrease in receivables	4.6	5.6	3.3	3.1
Decrease in payables	(3.1)	(4.7)	(2.1)	(3.1)
Net cash provided by operating activities from operations	**152.7**	**145.2**	**69.4**	**72.0**

Non-cash investing and financing activities

	IOF		PCP	
	30 June 2017 $m	**30 June 2016 $m**	**30 June 2017 $m**	**30 June 2016 $m**
Conversion of debt investment to equity investment	-	172.5	-	172.5

For the purpose of presentation in the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

E4 Auditor's remuneration

PricewaterhouseCoopers (PwC) continues to act as the independent auditor and has provided audit and other services to IOF and PCP during the year. The following discloses the fees paid or payable to PwC for services provided.

	IOF		PCP	
	30 June 2017 $'000	30 June 2016 $'000	30 June 2017 $'000	30 June 2016 $'000
Audit services	261	222	131	111
Other services	135	210	67	105
Total auditors' remuneration	**396**	**432**	**198**	**216**

E5 Other accounting policies

The accounting policies that relate to a specific category in the profit or loss or balance sheet have been included within the relevant notes. The accounting policies that apply to a number of balances or disclosures have been included below.

Income tax

AJO and PCP have made an election to be attribution managed investment trusts (AMITs) for the year ended 30 June 2017 and future years. Consequently, AJO and PCP (ie. IOF) are not liable for Australian income tax, provided that the taxable income of the trusts is fully attributed to unitholders each year, who pay income tax at their marginal tax rates.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statements of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting year ended 30 June 2017. These have not been adopted early by IOF or PCP. The assessment of the impact of these new standards is set out below:

Accounting Standard	Nature of change	Impact on financial statements
AASB 9 *Financial Instruments* (effective for IOF and PCP for the accounting period starting on 1 July 2018)	AASB 9 introduces various new concepts including: • amended rules for hedge accounting • changes to the categorisation and measurement of financial assets particularly affecting those measured as available for sale (AFS) or held to maturity (HTM) • new methods of calculating impairment losses of financial assets; and • a change to the rules surrounding the modification of financial liabilities measured at amortised cost.	These changes are not expected to have a material impact since currently IOF and PCP: • do not hedge account • have no financial assets measured as AFS or HTM • do not have significant financial assets to impair and only have insignificant provisions for doubtful debts • do not intend to modify existing financial liabilities.
AASB 15 *Revenue from Contracts with Customers* (effective for IOF and PCP for the accounting period starting on 1 July 2018)	AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. This new standard requires a five step analysis of transactions to determine whether, how much and the point at which revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts.	AASB15 is not expected to have a material impact on IOF or PCP since revenue is principally comprised of property revenue which will continue to be recognised on a straight-line basis over the lease term. There will be no impact to the accounting for gains or losses resulting from property disposals, these will continue to be recognised upon settlement.
AASB 16 *Leases* (effective for IOF and PCP for the accounting period starting on 1 July 2019)	AASB16 requires recognition of a right-of-use asset along with the associated lease liability where the entity is a lessee. An interest expense will be recognised in the profit or loss using the effective interest rate method, and the right-of-use asset will be depreciated. Lessor accounting will largely remain unchanged.	AASB16 is not expected to have a material impact since neither IOF nor PCP are lessees. IOF and PCP are significant lessors however, there is little change to lessor accounting under AASB16.

E6 Other significant events occuring during the reporting year

Investa Office Management Platform Joint Venture Proposal

As part of the 2011 transaction, when Investa Property Group (then controlled by Morgan Stanley) acquired the management rights of IOF from ING, IOF obtained an opportunity to acquire 50% of the Management Platform once IOF's commercial office assets equalled or exceeded $3.5 billion.

In August 2016, IOF received a Certificate of Valuation from the Management Platform confirming that the value of IOF's commercial office assets was greater than $3.5 billion, and, as a result, IOF had 12 months to decide whether it wished to acquire an interest in the Management Platform.

The Independent Board of Directors undertook an operational and governance review to assess how IOF works with the Management Platform. The Independent Board concluded that a restructure which would allow IOF greater influence over the future direction and operation of the Management Platform would ensure stability and improved alignment to the benefit of unitholders. Following this review, unitholders were asked to vote on the proposal to acquire a 50% interest in the Management Platform for a purchase price of $45 million (adjusted for working capital and other agreed reimbursement adjustments) at a meeting of unitholders on 31 May 2017. Unitholders voted against proceeding with the proposal to acquire a 50% interest in the Management Platform. IOF continues to be externally managed by ILFML.

Cromwell Property Group (CMW)

During the year, ILFML received highly conditional, non-binding and indicative approaches from CMW referring to the possibility of an all cash arrangement to acquire all of IOF's issued capital. Following CMW's execution of a confidentiality agreement on 7 April 2017, CMW was granted access to due diligence in relation to IOF. Information was made available to CMW between 12 April 2017 and 22 May 2017, and since this period the Independent Directors of ILFML have not received any communications from CMW.

Trailing fees

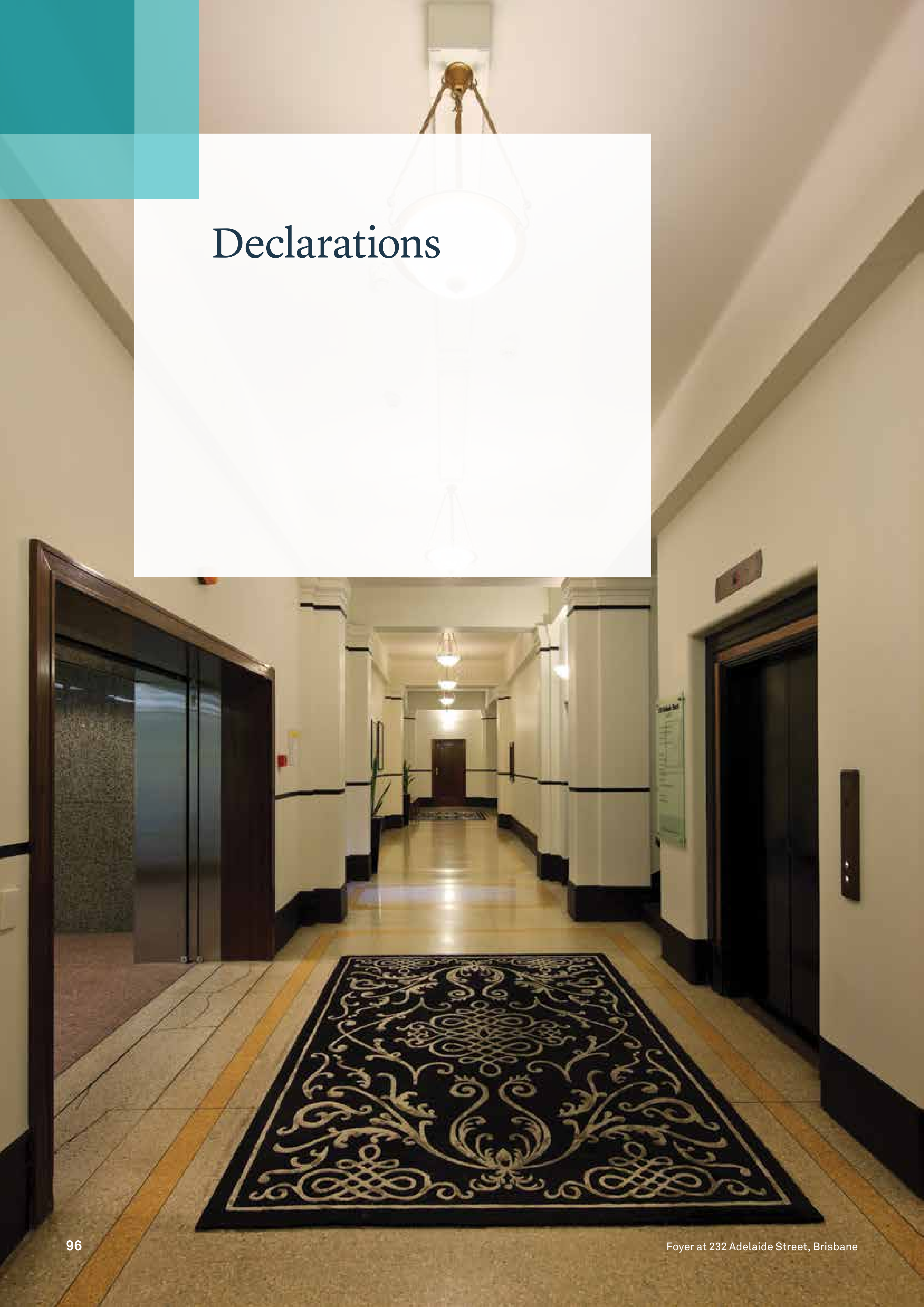
Macquarie Capital (Australia) Limited (Macquarie) and Fort Street Advisers Pty Limited (Fort Street) were previously appointed as advisers to assist with the strategic review of IOF undertaken in 2015. Under the mandates with these advisors it was possible that IOF may have been required to pay trailing fees, if certain events relating to the control or management of IOF occurred within specified timeframes. Fort Street's entitlement to any potential fees ceased on 1 June 2017. IOF reappointed Macquarie as its financial adviser in relation to the Investa Office Management Platform Joint Venture Proposal and any possible control transaction in light of the approaches by CMW referred to above. As part of the reappointment of Macquarie, which is on market based terms, Macquarie agreed to waive its entitlement to any trailing fees under its prior mandates with IOF. The new mandates with Macquarie include a 12 month trailing fee provision post its termination.

E7 Events occurring after the reporting period

On the date of this report, the Responsible Entity on behalf of AJO Trust and PCP Trust announce an on-market buy-back of up to 5% of IOF's stapled securities.

The Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with within this financial report that has significantly affected or may significantly affect the operations of IOF or PCP, the results of those operations, or the state of IOF's or PCP's affairs in future financial periods.

Declarations



Foyer at 232 Adelaide Street, Brisbane

Directors' Declaration

In the opinion of the Directors of Investa Listed Funds Management Limited, the Responsible Entity of Armstrong Jones Office Fund and Prime Credit Property Trust:

a. The Consolidated Financial Statements and notes set out on pages 63 to 95 are in accordance with the Corporations Act 2001, including:

   i. Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   ii. Giving a true and fair view of each of, IOF and PCP's consolidated financial position as at 30 June 2017 and of their performance for the year ended on that date; and

b. There are reasonable grounds to believe that each of Armstrong Jones Office Fund and Prime Credit Property Trust will be able to pay their debts as and when they become due and payable.

Section A confirms that the Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board.

This declaration has been made in accordance with a resolution of the Directors of Investa Listed Funds Management Limited as the Responsible Entity of Armstrong Jones Office Fund and Prime Credit Property Trust and after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

RA Longes
Chairman
Sydney
24 August 2017

Independent auditor's report

To the stapled security holders of Investa Office Fund and the unit holders of Prime Credit Property Trust

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial reports of Investa Office Fund ("IOF"), being the consolidated stapled entity which comprises Armstrong Jones Office Fund and its controlled entities (together "AJO") and Prime Credit Property Trust and its controlled entities (together "PCP"), are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of IOF's and PCP's financial positions as at 30 June 2017 and of their financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial reports of IOF and PCP comprise:

- the Consolidated Statements of Financial Position as at 30 June 2017;
- the Consolidated Statements of Comprehensive Income for the year then ended;
- the Consolidated Statements of Changes in Equity for the year then ended;
- the Consolidated Statements of Cash Flows for the year then ended;
- the notes to the consolidated financial statements, which include a summary of significant accounting policies; and
- the Directors' Declaration

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial reports* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of IOF and PCP in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial reports are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial reports as a whole, taking into account the geographic and management structure of IOF and PCP, their accounting processes and controls and the industry in which they operate.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

pwc

Materiality	*Audit scope*	*Key audit matters*
For the purpose of our audit of IOF we used overall materiality of $9.1 million, which represents 5% of IOF's Funds from Operations ("FFO"). IOF's profit before tax is adjusted for fair value movements in investment property and derivatives, and other adjustments affecting the income statement as prescribed in the Property Council of Australia's guide to the calculation of FFO. An explanation of what is included in FFO is disclosed in the Directors' Report. • For the purpose of our audit of PCP we used overall materiality of $4.0 million, which represents 5% of PCP's adjusted cash profit before tax. PCP's adjusted cash profit before tax is adjusted for fair value movements in investment property and fair value changes in derivatives to derive the adjusted cash profit before tax. • We applied these thresholds, together with qualitative considerations, to determine the scope of our audits and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial reports as a whole. • We chose IOF's Funds from Operations and PCP's adjusted cash profit before tax because, in our view, they are the metrics against which the performance of IOF and PCP respectively, are most commonly measured and are generally accepted benchmarks in the industry. • We chose a 5% threshold based on our professional judgement, noting it is within the range of commonly accepted profit related thresholds.	• IOF was formed by the stapling of units of two Australian registered schemes, AJO and PCP. For the purposes of consolidation accounting AJO is the 'deemed' parent and the consolidated financial report of IOF reflects the consolidation of AJO and PCP. • Our audit focused on where IOF and PCP made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial reports as a whole, taking into account the management structure of IOF and PCP, the accounting processes and controls, and the industry in which IOF and PCP operate.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit & Compliance Committee: – Valuation of investment properties, including those accounted for under the equity method – Valuation of derivative financial instruments • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial reports for the current period and were determined separately for IOF and PCP. Relevant amounts listed for each part of the stapled group represent balances as they are presented in the financial reports and should not be aggregated. The key audit matters were addressed in the context of our audit of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matters	*How our audit addressed the key audit matter*
Valuation of investment properties (including those investment properties accounted for under the equity method) *(Refer to note C, pages 74 to 79)*	
IOF's investment property portfolio comprises 20 office investment properties held in Australia both directly and indirectly, being: • $2,973.2 million of directly held properties included in the Consolidated Statement of Financial Position of IOF as "Investment properties". • $851.1 million being IOF's share of investment properties held through joint ventures included in the Consolidated Statement of Financial Position of IOF as "Investments accounted for using the equity method". PCP's investment property portfolio comprises 10 office investment properties held in Australia both directly and indirectly, being: • $1,036.1 million of directly held properties included in the Consolidated Statement of Financial Position of PCP as "Investment properties". • $851.1 million being PCP's share of investment properties held through joint ventures included in the Consolidated Statement of Financial Position of PCP as "Investments accounted for using the equity method". Investment properties, including those accounted for under the equity method, are valued by IOF and PCP at fair value at the reporting date using the income capitalisation approach, the discounted cash flow approach or adjusted transaction values where applicable. The valuation of investment properties is dependent on the valuation methodology adopted by IOF and PCP and the inputs into the model. Factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property directly impact fair values.	We obtained a sample of publicly available commercial office property market reports for the key Australian states in which IOF and PCP hold properties in order to obtain an understanding of the prevailing market conditions and trends since the prior reporting period. We compared the valuation trend(s) per the market reports to valuation trend(s) in the IOF and PCP portfolio. We noted that the movements in IOF's and PCP's valuations are broadly consistent with overall shifts in the market. We met with IOF's and PCP's management and discussed the specific aspects of selected individual properties including, amongst other things, any new leases entered into during the year, lease expiries, capital expenditure and vacancy rates. For a sample of tenancies, we compared the net passing rent, to the underlying lease documentation and found that information in the underlying leases supported the inputs used in IOF's and PCP's valuation process. For both IOF and PCP, we benchmarked a sample of other key inputs, specifically market capitalisation rates and discount rates by location and asset grade to the industry averages from PwC's benchmarking survey. Where capitalisation rates and discount rates used were outside of our expected ranges, we challenged the rationale supporting the rate applied in the valuation by performing sensitivity analysis. These variances were driven by the requirement/plan of capital works, strong occupancy rates, quality and location of the assets. Where management engaged external experts to determine the fair value of investment properties, as was the case for 100% of IOF's and PCP's portfolio as at 30 April 2017, we assessed the competence, capabilities, objectivity and independence of each of the valuers engaged.

pwc

Key audit matters	*How our audit addressed the key audit matter*
Amongst others, the following assumptions made by IOF's and PCP's management in the valuation exercise are key in establishing fair value: - Capitalisation rate - Adopted discount rate At the end of the reporting period, IOF and PCP determine the fair value of investment property portfolio in accordance with their valuation policy. This policy requires all properties to be externally valued by an independent valuation expert at least once every 2 years or when the internal valuation tolerance check produces an indicative valuation which differs from the book value (most recent external valuation, plus capital expenditure, less amortization of lease incentives and leasing fees) by more than ± 5%. Internal valuations are performed as tolerance checks by management. We focused on the valuation of investment properties for the following reasons: • The relative size of the balances in IOF's and PCP's Consolidated Statements of Financial Position. • The quantum of revaluation gains that impact IOF's and PCP's Consolidated Statements of Comprehensive Income (either through the net fair value gain of investment properties, or Share of net profits of investments accounted for using the equity method). • The inherently subjective nature of investment property valuations due to the use of assumptions in the valuation methodology. • The sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates.	For both IOF and PCP, we considered whether there were any other caveats or limitations in the valuers' reports that may have influenced the outcome of the valuation process. For both IOF and PCP, we compared the independent valuation reports of each of the properties against the values used for financial reporting purposes noting no exceptions. We considered the valuation approaches adopted by the independent valuers and IOF and PCP and found them to be consistent with commonly accepted valuation approaches used for investment properties.
Valuation of derivative financial instruments *(Refer to note D3 and D4 pages 82 to 83)* IOF and PCP enter into derivative contracts to manage foreign exchange risk and interest rate risk associated with the debt they hold. IOF and PCP currently hold a portfolio of derivative financial instruments. At 30 June 2017 the carrying value of IOF's derivatives (including current and non-current assets, current liabilities and non-current liabilities) was in a net asset position of \$84.0 million (PCP: \$37.8 million). At present, IOF and PCP have decided not to apply hedge accounting for any of their derivative financial instruments.	For both IOF and PCP, we recreated a movement schedule for the derivative financial instruments balances, reconciling the opening and closing balances. This helped us to obtain an understanding of the movements over the year and focus our audit procedures on areas where significant movements had taken place. For both IOF and PCP, we selected a sample of derivatives based on instrument type, from among interest rate swaps, cross currency interest rate swaps and interest rate collars. For each sample: • We compared the key terms of the derivatives to the individual third party contracts.

pwc

Key audit matters	*How our audit addressed the key audit matter*
We considered the valuation of derivatives to be a key audit matter both for IOF and PCP because of the: • Size of the derivative financial instruments' balances and potential for variability in the size of these balances year on year. • Judgement involved in determining key assumptions including forecasting future interest rates, margins, foreign exchange rates and interest rate forward curves and expected volatilities of these assumptions used in the valuation.	• Together with our PwC valuation experts, we recalculated the fair value of the derivatives using independently sourced market data inputs. • We compared these fair values to those used by the IOF and PCP and assessed any differences identified against our tolerable threshold. We concluded that all differences were acceptable as they were within the thresholds set by us.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information included in IOF's and PCP's annual reports for the year ended 30 June 2017 comprises the Directors' Report (but does not include the financial reports and our auditor's report thereon), which we obtained prior to the date of this auditor's report. We also expect other information to be made available to us after the date of this auditor's report including information such as, but not limited to, the Chairman's Review, , IOF Board and management team, About IOF, Corporate Governance, GRI Index, Investor Relations, The Top 20 and Substantial Holdings, Glossary and Corporate Directory.

Our opinion on the financial reports does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial reports, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Responsible Entity and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors of the Responsible Entity for the financial reports

The directors of the Responsible Entity, are responsible for the preparation of the financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial reports that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the directors of the Responsible Entity are responsible for assessing the ability of IOF and PCP to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate IOF or/and PCP or to cease operations, or have no realistic alternative but to do so.

pwc

Auditor's responsibilities for the audit of the financial reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor's report that include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

A further description of our responsibilities for the audit of the financial reports is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Pricewaterhouse Coopers

PricewaterhouseCoopers

Ashley Wood

A S Wood
Partner

Sydney
24 August 2017

Unitholder information

The IOF website, www.investa.com.au/iof, contains important information about the Fund including recent annual reports, Australian Securities Exchanges (ASX) announcements, historical information about distributions paid, unit pricing and units on issue. From this website, Unitholders can also access the Link Market Services website.

Link Market Services manages the IOF unit registry and can provide Unitholders with specific information about their investment, such as holding balances and payment history.

Approach to Investor Relations

The Fund's Unitholder base comprises both institutional and private investors. The management team regularly engages and communicates with all investors through a specific investor relations schedule of activities undertaken throughout the year. This includes results presentations, immediately following the release of the financial statements to the ASX in August and February each year, which provide investors with a detailed overview of the Fund's performance for the relevant period.

Unitholders

Private Unitholders are a valued part of our Unitholder base and are actively encouraged to communicate with management and provide feedback throughout the year. Our institutional Unitholders constitute a large majority of IOF's Unitholder base and are provided with opportunities to communicate with management and provide feedback, via our annual reporting schedule.

Annual General Meeting

The Annual General Meeting provides all Unitholders with an opportunity to engage directly with the Directors and senior management, and to question the Board and Chairman on matters relating to the business of the Fund. A detailed presentation on the performance and management of the Fund is lodged with the ASX and delivered by the Fund Manager and Chairman at this meeting.

Annual reporting suite

For efficiency purposes, this Annual Report has replaced the Annual Review and Annual Financial Report provided in previous years. During the year, Unitholders are also provided with Fund updates via the annual reporting suite and the half year review. Any material announcements during the year are lodged with the ASX and are available on the ASX website and www.investa.com.au/iof

Industry conferences

Throughout the year, management promotes the Fund by attending various industry conferences, meeting with existing and potential investors and providing further clarification on the Fund's operations, strategy and competitive advantage.

ASX listing

Investa Office Fund is listed on the ASX. The ASX code for the Fund is "IOF". Units in the Fund trade on the ASX in the same manner as shares in a listed company. Unitholders wishing to trade their units will need to use the services of a stockbroker or online broking facility.

Attribution Managed Investment Trust Member Annual Statement (previously The Annual Taxation Guide)

The Responsible Entity of PCP Trust and AJO Fund has made a choice for each of PCP Trust and AJO Fund to become an attribution managed investment trust (AMIT) with effect from the year ended 30 June 2017. Under the AMIT regime, the Responsible Entity is required to provide you with an Attribution Managed Investment Trust Member Annual Statement (AMMA Statement) rather than an Annual Tax Statement.

The Fund produces the AMMA Statement at the end of August each year. The AMMA Statement advises the amounts of assessable income that have been attributed to each Unitholder for the financial year ended 30 June and includes information required to complete your tax return. The AMMA Statement also provides the adjustments required to be made to the cost base of units in PCP Trust and AJO Fund for CGT purposes.

Unitholders may view and download their financial year 2017 AMMA Statement by logging into their Link Market Services account at: https://investorcentre.linkmarketservices.com.au

General information regarding the AMIT regime may be found on the IOF website: www.investa.com.au/iof

Distribution payments

The Fund pays distributions half-yearly in August and February. Distribution payments to unitholders with registered addresses in Australia will only be made by direct credit to their nominated bank account. Unitholders with registered addresses outside of Australia will receive payment by the method they have nominated.

You will continue to receive a distribution statement in your preferred format (electronic or paper), for your records. Please provide details of your nominated bank account to our share registrar, Link Market Services (see opposite page for their contact details). If your banking instructions are not received by the record date for each distribution, your distribution payment will be retained by Investa Office Fund until your banking instructions are received, after which the full amount will be paid into your nominated bank account.

Distribution reinvestment plan

The distribution reinvestment plan (DRP) is currently switched off. Should this change, an ASX announcement will be made to the market and participation forms will be sent to unitholders.

On-market buy back

On 24 August 2017, together with the release of the Fund's annual results, IOF announced an on-market buy-back of up to 5% of IOF stapled securities, as part of its active approach to capital management. IOF stapled securities will be acquired only if market conditions permit. Please refer to the Appendix 3C lodged with the ASX on 24 August, 2017 for further information.

Disposal and acquisition of stapled securities

Investa Office Fund is a stapled security consisting of units in both PCP Trust and AJO Fund. The sale (or acquisition) of units in IOF represents the sale (or acquisition) of separate interests in each of the two entities. For capital gains tax purposes, the acquisition costs and disposal proceeds need to be apportioned to each of the two entities, using a reasonable basis of apportionment.

One possible method of apportionment can be made on the basis of the relative net assets (excluding minority interest) of the individual entities comprising IOF. FY17 percentages are provided below:

	31 December 2016	30 June 2017
PCP Trust	55.8%	54.6%
AJO Fund	44.2%	45.4%

Units on issue

The number of IOF units on issue as at 30 June 2017 was 614,047,458.

Unitholder meetings

The Annual General Meeting of Unitholders of IOF is currently scheduled for 23 November 2017.

All Unitholders will be sent a Notice of Meeting approximately one month in advance to advise of the agenda and venue of the meeting. Details of the meeting location will also be available on the IOF website. We note this schedule is indicative and subject to change. Additional Unitholder meetings may occur at other times during the year and Unitholders will be advised in writing of the details.

2017/2018 Key dates[1]

Distribution paid for half year ended June 30 2017	31 August 2017
FY18 Attribution Managed Investment Trust Member Annual Statement available (previously the Annual Taxation Statement)	31 August 2017
Annual General Meeting	23 November 2017
Half year results for six months to 31 December 2017 released to ASX (exact date to be confirmed)	February 2018
Distribution payment for half year ended 31 December 2017	28 February 2018
Annual results for year to 30 June 2018 released to ASX (exact date to be confirmed)	August 2018
Distribution paid for half year ended 30 June 2018	31 August 2018
FY18 Attribution Managed Investment Trust Member Annual Statement available (previously the Annual Taxation Statement)	31 August 2018
FY18 Annual Report available	September 2018

1. These timings are indicative only and subject to change.

Enquiries

Unitholders who wish to advise of a change of address, a tax file number or an altered or closed bank account to which distributions are directed, should contact IOF's registry provider:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Phone: Freecall (+61) 1300 851 394
Fax: +61 2 9287 0303

Email: investa@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Enquiries about IOF can be directed to the Investor Relations representative as follows:

Investa Property Group
Level 6 Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

Phone: Freecall 1300 130 231 (within Australia)
or +61 2 8226 9497 (outside Australia)
Fax: +61 2 9844 9360

Email: investorrelations@investa.com.au

Complaints

Any Unitholder wishing to register a complaint should direct it to the Investor Relations Manager of ILFML in the first instance.

Investor Relations Manager
Investa Listed Funds Management Limited

Level 6 Deutsche Bank Place
126 Phillip Street, Sydney NSW 2000

Phone: 1300 130 231 (within Australia)
or +61 2 8226 9497 (outside Australia)
Fax: +61 2 9844 9300

Email: investorrelations@investa.com.au

Investa Listed Funds Management Limited is a member of an independent dispute resolution scheme, the Financial Ombudsman Service (FOS). If a Unitholder believes that a complaint remains unresolved or wishes that it is further investigated, the FOS can be contacted as below:

Financial Ombudsman Service

GPO Box 3
Melbourne VIC 3001

Phone: 1800 367 287 (within Australia)
or +61 3 9613 7366 (outside Australia)
Fax: +61 3 9613 6399

Email: info@fos.org.au

Investa Listed Funds Management Limited is committed to ensuring the confidentiality and security of personal information.

Key ASX announcements

Date	Title of ASX Announcement
16/06/2017	Distribution for the six months to 30 June 2017
07/06/2017	Company Secretary Resignation
31/05/2017	Investa Office Fund - Unitholder meeting
31/05/2017	Results of Unitholder Meeting
31/05/2017	Unitholder Meeting Address and Presentation
08/05/2017	IOF: Update on Cromwell Proposal
08/05/2017	Notice of Meeting and Explanatory Memorandum
08/05/2017	Portfolio Valuation Update
02/05/2017	Macquarie Australia Conference Presentation
13/04/2017	IOF Half Year Review 2017
12/04/2017	Operational and Governance Review Presentation
07/04/2017	IOF: Update on proposals
04/04/2017	IOF: Unsolicited, indicative non-binding proposal
03/04/2017	Operational and Governance Review
30/03/2017	$150m Inaugural Green Bond Issue
07/03/2017	Updated Security Trading Policy
27/02/2017	IOF Taxation Components - 31 December 2016
23/02/2017	Settlement of 800 Toorak Road, Melbourne
23/02/2017	Investa Office Fund - Half Year 2017 Results Presentation
23/02/2017	IOF 1H17 Results Presentation
23/02/2017	IOF 1H17 Results Announcement
23/02/2017	IOF 1H17 Appendix 4D and Half Year Report
21/02/2017	IOF: Response to Cromwell Announcement
03/02/2017	IOF: Update on discussions with Cromwell
25/01/2017	Allens Linklaters Lease Renewal at 126 Phillip Street
17/01/2017	Settlement of 383 La Trobe Street, Melbourne
16/12/2016	Strong Valuation Uplift Expected
13/12/2016	Executive Director Steps Aside
13/12/2016	Extension of Date for Proposed Acquisition Price
09/12/2016	Distribution for the six months to 31 December 2016
08/12/2016	IOF: Further letter from the Chairman
02/12/2016	Letter from the Chairman
30/11/2016	IOF: Response to Cromwell Property Group Announcement
29/11/2016	ICPF acquires Morgan Stanley stake in IOF
25/11/2016	Consent provided for sale of 800 Toorak Road
14/11/2016	Perth leasing success across 13,639sqm
26/10/2016	Appendix 3Y - R Seidler
26/10/2016	Appendix 3Y - J Fast
26/10/2016	Appendix 3Y - R Longes
26/10/2016	Appendix 3Y - G Kleemann
20/10/2016	Investa Office Fund - 2016 Annual Unitholder Meeting
20/10/2016	IOF Results of Unitholder Meeting
20/10/2016	IOF AGM Presentation and Speech
12/10/2016	Company Secretary Appointment/Resignation
26/09/2016	IOF Notice of Unitholders Meeting
26/09/2016	IOF Appendix 4G and Corporate Governance Statement
26/09/2016	IOF Annual Review 2016
26/09/2016	IOF Annual Financial Report 2016
21/09/2016	IOF Sale of 800 Toorak Road, Hawthorn East, Melbourne
30/08/2016	IOF Annual Tax Guide 2016
30/08/2016	IOF Taxation Components - 30 June 2016
18/08/2016	Investa Office Fund - Financial Year 2016 Results Presentation
18/08/2016	IOF FY16 Property Portfolio
18/08/2016	IOF FY16 Results Presentation
18/08/2016	IOF FY16 Results Announcement
18/08/2016	IOF FY16 Appendix 4E and Financial Report
16/08/2016	Certificate of Valuation
25/07/2016	63,000sqm lease extension confirmed at 242 Exhibition Street
21/07/2016	FY16 delivering further valuation gains
04/07/2016	New 8,900sqm in Brisbane

Top 20 holdings

Rank	Name	31 Aug 2017	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	180,874,329	29.46
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	87,118,468	14.19
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	60,379,106	9.83
4	CITICORP NOMINEES PTY LIMITED	57,790,511	9.41
5	INVESTA WHOLESALE FUNDS MANAGEMENT LTD	54,879,455	8.94
6	NATIONAL NOMINEES LIMITED	40,843,282	6.65
7	BNP PARIBAS NOMINEES PTY LTD	20,409,084	3.32
8	BNP PARIBAS NOMS PTY LTD	11,065,503	1.80
9	CITICORP NOMINEES PTY LIMITED	6,738,848	1.10
10	INVESTA WHOLESALE FUNDS MGMT LTD	5,500,000	0.90
11	IOOF INVESTMENT MANAGEMENT LIMITED	4,482,847	0.73
12	AMP LIFE LIMITED	3,856,037	0.63
13	BNP PARIBAS NOMS (NZ) LTD	1,971,632	0.32
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,667,860	0.27
15	BRISPOT NOMINEES PTY LTD	1,604,151	0.26
16	BOND STREET CUSTODIANS LIMITED	1,559,863	0.25
17	SBN NOMINEES PTY LIMITED	1,396,000	0.23
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,048,779	0.17
19	NEWECONOMY COM AU NOMINEES PTY LIMITED	898,510	0.15
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	868,153	0.14
Total		**544,952,418**	**88.75**
Balance of register		**69,095,040**	**11.25**
Grand total		**614,047,458**	**100.00**

Holdings distribution as at 31 August 2017

Range	Securities	%	No. of Holders
100,001 and Over	555,245,057	90.42	59
50,001 to 100,000	3,372,217	0.55	52
10,001 to 50,000	20,740,343	3.38	1,204
5,001 to 10,000	16,875,807	2.75	2,388
1,001 to 5,000	16,254,509	2.65	5,903
1 to 1,000	1,559,525	0.25	3,254
Total	**614,047,458**	**100.00**	**12,860**
Unmarketable Parcels	**6,026**	**0.00**	**336**

Substantial holdings

The table below gives details of the last notice for each substantial Unitholder lodged with the Australian Securities Exchange to 31 August 2017.

Effective Date	Name	Number of Units	%
12 April 2016	Cromwell Property Group	61,404,600	9.99%
25 November 2016	Investa Wholesale Funds Management Ltd	54,879,455	8.94%
8 March 2016	The Vanguard Group, Inc.	50,058,157	8.15%
22 August 2017	AMP Limited	33,262,993	5.42%

Term	Meaning
AASB	Australian Accounting Standards Board
AFFO	Adjusted FFO (AFFO) is defined by the Property Council of Australia and is calculated by adjusting FFO for items including maintenance capex, incentives and leasing costs paid.
AIFRS	Australian equivalents to International Financial Reporting Standards
AJO Fund	Armstrong Jones Office Fund (ARSN 090 242 229)
ASX	ASX Limited (ACN 008 624 691) trading as Australian Securities Exchange, which is the main Australian marketplace for the trading of equities, government bonds and other fixed interest securities.
AUM	Assets under management
Board	The Board of Directors of the Responsible Entity
Bps or basis points	A basis point is a common unit of measure for interest rates and other percentages. One basis point is equal to 1/100th of 1%, or 0.01% (0.0001), and is used to denote the percentage change in a financial instrument.
CBD	Central Business District refers to the business and financial area of an Australian state capital city.
CBI	Climate Bonds Initiative
CDP	Carbon Disclosure Project is an independent not-for-profit organisation that works with investors, businesses and governments to benchmark organisations' greenhouse gas emissions.
Corporations Act	Corporations Act 2001 (Cth)
Directors	Directors of the Responsible Entity
DPU	Distributions per unit
ESG	Environmental, Social, and Governance
FFO	Property Council Funds From Operations defined as the Fund's underlying and recurring earnings from its operations, determined by adjusting statutory net profit (under AIFRS) for non-cash and other items such as the amortisation of tenant incentives and rent free periods, fair value gains/losses on investment property, fair value gains/losses on the mark to market of derivatives, the straight-lining of rent, non-FFO deferred tax benefits and expenses, foreign currency translation reserves recognised in net profit, and any other unrealised or one-off items.
FY	Financial year
GRESB	Global Real Estate Sustainability Benchmark, from the GRESB Foundation, an investor-led organisation committed to assessing the sustainability performance of real estate portfolios around the globe.
GRI	Global Reporting Initiative are voluntary international reporting guidelines to ensure completeness, transparency, materiality and boundary setting of corporate reporting. A 'GRI Index' covers environmental, social and financial report contents.
ILFML	Investa Listed Funds Management Limited (ACN 149 175 655)
Independent Directors	The Directors of the Responsible Entity who are external directors within the meaning of section 601JA(2) of the Corporations Act. As at the date of this Report, the Independent Directors are Richard Longes, John Fast, Geoff Kleemann and Bob Seidler AM.
Investa, Investa Office or the manager	IOM and its subsidiaries (which include the Responsible Entity), which operates the Management Platform.
IOF or the Fund	Investa Office Fund (ASX: IOF), which comprises of the AJO Fund and the PCP Trust.
IOM	Investa Office Management Pty Limited (ACN 161 345 065)
IPG	Investa Property Group
LGBTI	Collective term for people who are lesbian, gay, bisexual, trans and/or intersex.
Management Platform	The management platform operated by Investa Office is an integrated property platform incorporating property services, funds, portfolio and asset management services and development and sustainability services.
NABERS	National Australian Built Environment Ratings System, is a national rating system that measures the environmental performance of Australian buildings, tenancies, homes, shopping centres and hotels.
NLA	Net lettable area
Non-AAS measure	A financial measure not in accordance with Australian Accounting Standards.
NTA	Net tangible assets
PCP Trust	Prime Credit Property Trust (ARSN 089 849 196)
Responsible Entity or RE	Investa Listed Funds Management Limited (ACN 149 175 655)
S&P	Standard & Poor's
sqm	Square metre
Unit	A stapled security in IOF consisting of one unit in AJO Fund stapled to one unit in PCP Trust or a unit in AJO Fund or PCP Trust, as the context requires.
USPP	US Private Placement
WALE	Weighted average lease expiry

Investa Office Fund

Armstrong Jones Office Fund
ARSN 090 242 229

Prime Credit Property Trust
ARSN 089 849 196

Responsible Entity

Investa Listed Funds Management Limited (ILFML)
ACN 149 175 655 AFSL 401414

Registered Office

Deutsche Bank Place
Level 6, 126 Phillip Street
Sydney NSW 2000 Australia

Phone: +61 2 8226 9300
Fax: +61 2 9844 9300

Email: investorrelations@investa.com.au
Website: www.investa.com.au/iof

Directors of ILFML

Richard Longes (Chairman)
John Fast
Geoff Kleemann
Robert (Bob) Seidler AM

IOF Fund Manager

Penny Ransom

Company Secretary

Andrew Murray

ASX Code

IOF

Unit Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

Phone: 1300 851 394 (local call cost)
or: +61 1300 851 394 (outside Australia)
Fax: +61 2 9287 0303

Email: investa@linkmarketservices.com.au

Auditors

PwC Australia
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Disclaimer

This Annual Report (Report) was prepared by Investa Listed Funds Management Limited (ACN 149 175 655 and AFSL 401414) (the Responsible Entity) on behalf of the Investa Office Fund (ASX: IOF) (IOF), which comprises the Prime Credit Property Trust (ARSN 089 849 196) and the Armstrong Jones Office Fund (ARSN 090 242 229). Information contained in this Report is current as at 30 June 2017 unless otherwise stated.

This Report is provided for general information purposes only and has been prepared without taking account of any particular reader's financial situation, objectives or needs.

Nothing contained in this Report constitutes investment, legal, tax or other advice. Accordingly, readers should conduct their own due diligence in relation to any information contained in this Report and, before acting on any information in this Report, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this Report. By reading this Report and to the extent permitted by law, the reader releases the Responsible Entity, IOF, each of their related entities and affiliates (together, the Investa Property Group), and the directors, officers, employees, agents, representatives and advisers of any member of the Investa Property Group from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this Report.

This Report may include forward-looking statements, which are not guarantees or predictions of future performance. Any forward-looking statements contained in this Report involve known and unknown risks and uncertainties which may cause actual results to differ from those contained in this Report. Past performance is not an indication of future performance. As such, any past performance information in this document is illustrative only and should not be relied upon.

Any investment in IOF is subject to investment and other known and unknown risks, some of which are beyond its control. The Responsible Entity does not guarantee the performance of IOF, any particular rate of return, the repayment of capital or any particular tax treatment.

This Report does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

managed by

Contact details

If you have any questions regarding IOF's reporting or in relation to your unitholding, please call the Investa information line on +61 1300 851 394.

Further details about the Fund can be accessed and downloaded at www.investa.com.au/iof