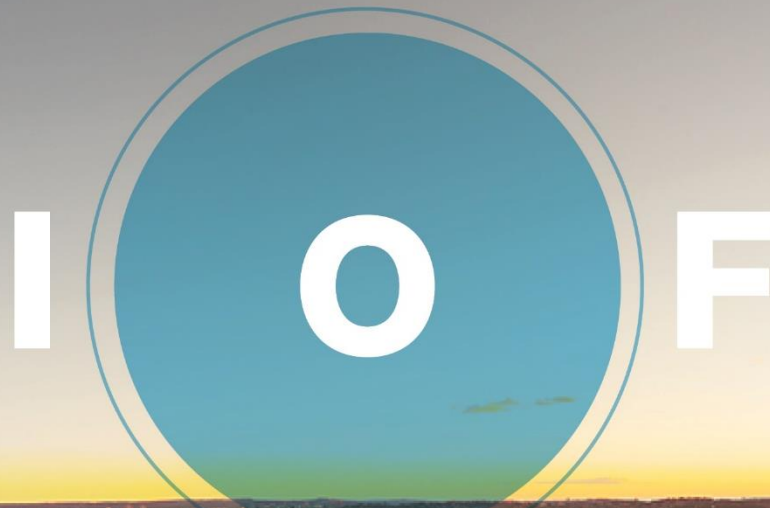


**INVESTA OFFICE FUND
HALF YEAR RESULTS
DECEMBER 2016**

23 FEBRUARY 2017



INVESTA 

Agenda

- 01 **FUND HIGHLIGHTS**
Penny Ransom, IOF Fund Manager
- 02 **PROPERTY PORTFOLIO UPDATE**
Nicole Quagliata, IOF Assistant Fund Manager
- 03 **SUSTAINABILITY UPDATE**
Nina James, General Manager Corporate Sustainability
- 04 **MARKET UPDATE**
David Cannington, Head of Research & Strategy
- 05 **OTHER MATTERS**
Penny Ransom, IOF Fund Manager
- 06 **CONCLUSION**
Penny Ransom, IOF Fund Manager
- 07 **QUESTIONS AND ANSWERS**



Deutsche Bank Place, 126 Phillip Street, Sydney

01

23 FEBRUARY 2017 INVESTA OFFICE FUND HY17 RESULTS PRESENTATION

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Fund Highlights

Penny Ransom, IOF Fund Manager



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Half Year 2017 In Review – Continued Strong Results

Key reporting metrics

Profit and Loss	31 Dec 2016	31 Dec 2015	Change
FFO per unit ¹	14.9c	14.7c	1.4%
Distributions per unit	10.0c	9.8c	2.0%
Net Profit (statutory)	\$224.0m	\$280.8m	(20.2%)
Balance Sheet	31 Dec 2016	30 June 2016	Change
Gearing (look-through)	26.5%	27.7%	(120bps)
Net Tangible Assets (NTA) per unit	\$4.49	\$4.23	6.1%

Overall performance

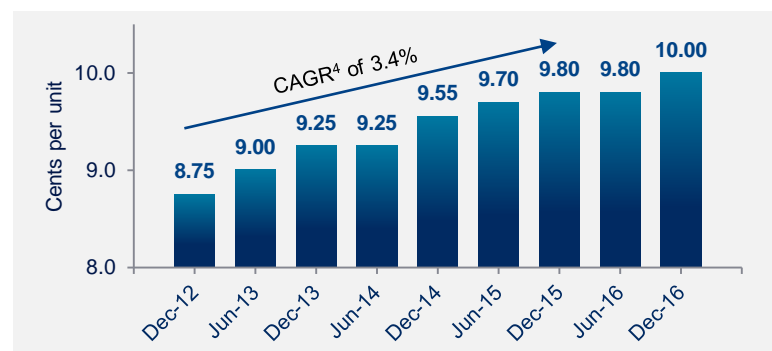
Unitholder return on equity²

12 months	6 months
17.8%	8.5%

Portfolio unlevered total return³

12 months	6 months
14.0%	7.4%

Distribution growth



1. IOF's Funds From Operations (FFO) is based on the Property Council of Australia definition of FFO. Refer to the IOF June 2016 Financial Report for the complete definition.
2. Net Tangible Asset (NTA) movement plus distributions.
3. Portfolio book value movement plus portfolio income as a percentage of total book value as at 31 December 2015.
4. CAGR is the Compound Annual Growth Rate.

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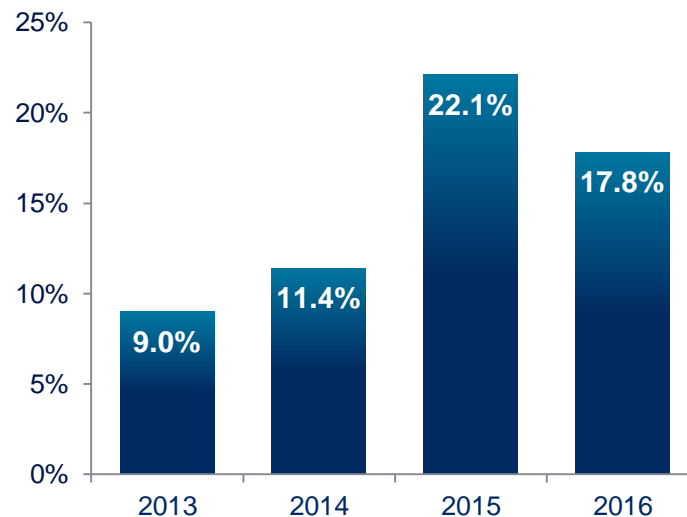
Attractive Management Expense Ratio and Solid Return on Equity

- > Low Management Expense Ratio (MER)
- > Benefit from fully integrated specialist property services platform of over 200 people
- > Continued strong performance resulting in a strong 12 month Return on Equity¹ of 17.8%

Low Management Expense Ratio (MER)

	\$m
Responsible Entity's fees (12 months to 31 Dec 16)	12.9
Other expenses (12 months to 31 Dec 16)	<u>2.3</u>
Total	15.2
Average assets over 2016 ²	3,797
IOF MER (2016)	0.40%

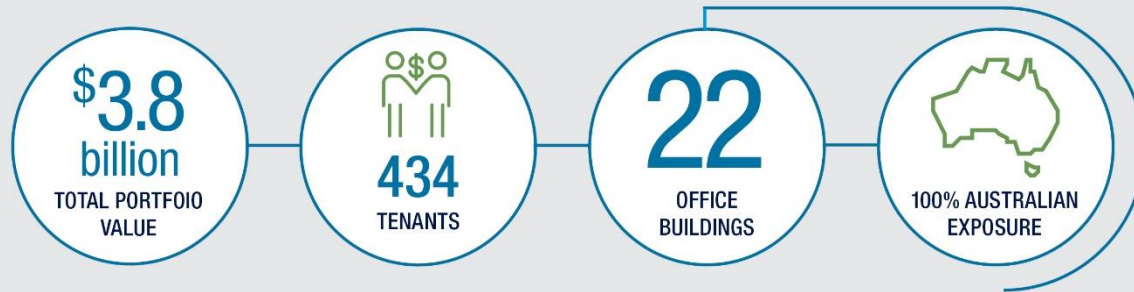
IOF Calendar Year Return on Equity (ROE)¹



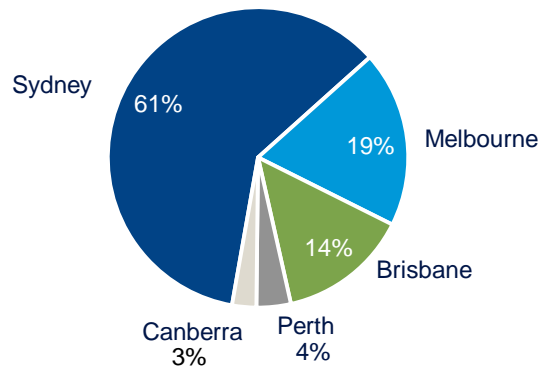
1. Net Tangible Asset (NTA) movement plus distributions.

2. Average of Totals Assets as at 31 December 2015, 30 June 2016, and 31 December 2016.

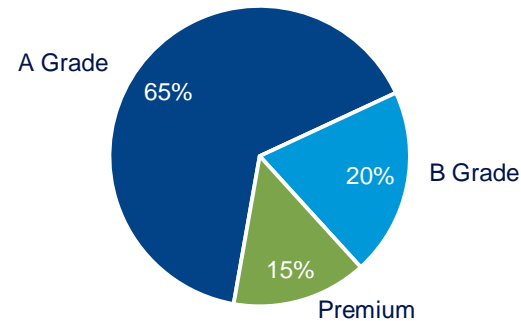
High Quality Portfolio with High Weighting to Performing Markets



Portfolio composition by CBD –
80% weighting to Sydney and Melbourne^{1,2}



Portfolio composition by grade –
80% weighting to Prime assets¹



1. As at 31 December 2016 and excludes 383 Latrobe Street, Melbourne which settled 17 January 2017.

2. Totals do not add to 100% due to rounding.

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Strong Valuation Uplift Driving NTA

- > In accordance with IOF's valuation policy, 11 of 22 assets externally revalued reflecting 51% of portfolio value:
 - \$160.9m uplift (8.7% over 31 Dec 16 book value)
 - Driven by the continued strength of the Sydney office leasing market, capitalisation rate compression and value accretive leasing
 - WACR¹ tightened 39bps or 21bps excluding 242 Exhibition Street and 836 Wellington Street re-positionings



- > Portfolio capitalisation rate reduced by 19bps from 6.20% to 6.01%

NTA increase of 26 cents (+6.1%)

31 December 2016	\$4.49 per unit	↑
30 June 2016	\$4.23 per unit	

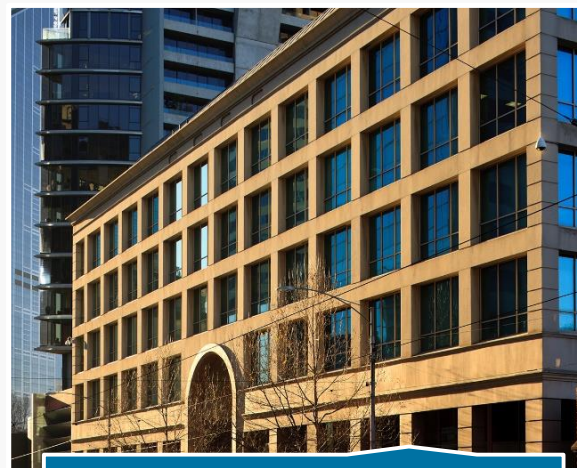
1. WACR is the Weighted Average Capitalisation Rate.

Selective Divestments at an Opportune Time in the Market



800 Toorak Road, Melbourne

- > Sold for \$140.5 million post lease extension to 2030
- > 10.5% premium to book value
- > Late February 2017 settlement



383 La Trobe Street, Melbourne

- > Sold for \$70.7 million
- > 31% premium to book value
- > Transaction settled 17 January 2017

Artist's impression

Robust Capital Management Metrics



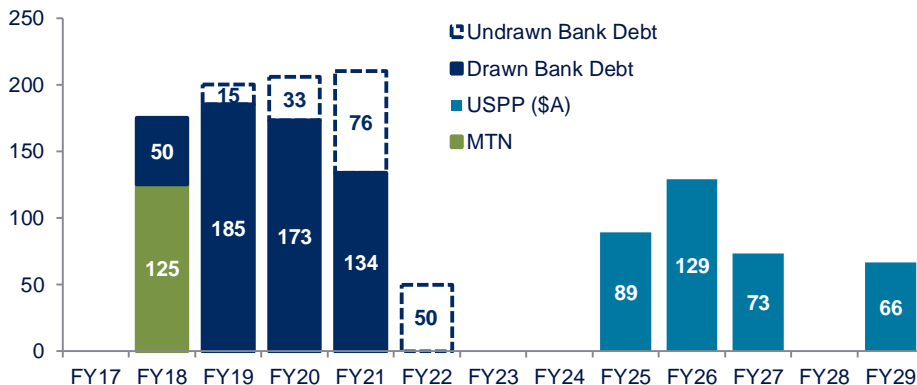
A prudent approach...

- ➔ Focus on MTN expiry in Nov 17
- ➔ Next bank facility expiry (\$50m) Jun 18
- ➔ Increase in medium term hedging with \$750m of forward start hedges put in place from 2017 to 2022

1. Refer to Appendix 7 for calculation methodology.
2. Calculated on a look-through basis.

Key Indicators	31 Dec 2016	30 June 2016
Drawn debt	\$1,025m	\$1,013m
Gearing (look-through) ¹	26.5%	27.7%
Weighted average debt cost	3.9%	4.2%
Weighted average debt maturity	4.5yrs	5.0yrs
Interest rate hedging	44%	44%
Interest cover ratio ²	4.4x	4.3x
S & P credit rating	BBB+	BBB+

Debt Maturity Profile (\$m)



Property Portfolio Update

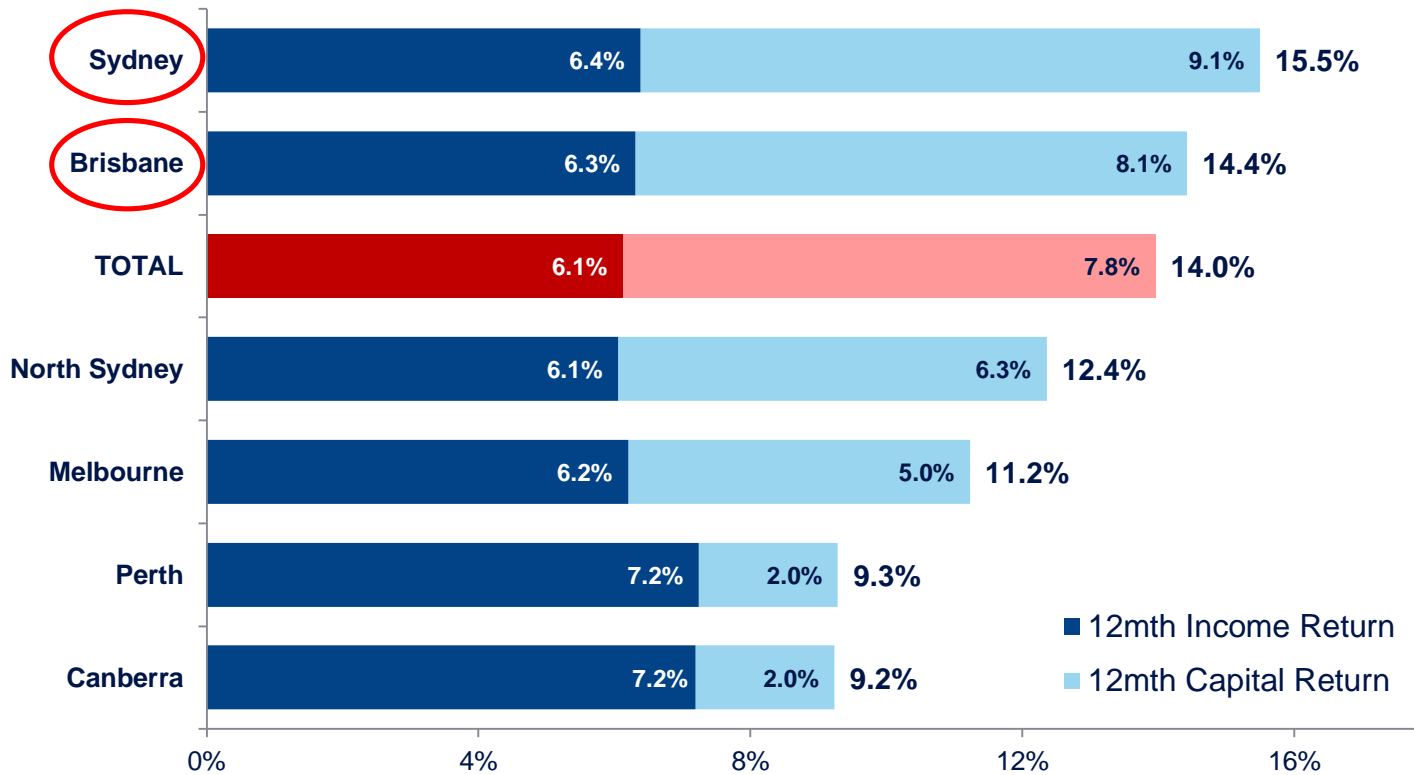
Nicole Quagliata, IOF Assistant Fund Manager



IOF

Active Asset Management Driving Strong Portfolio Performance

- > Strong 14.0% 12 month portfolio total return¹
- > Continued growth in market fundamentals driving returns in Sydney A and B grade markets
- > Successful leasing outcomes driving returns in Brisbane



1. Total return based on movement in portfolio book value plus portfolio net income over 12 months to 31 December 2016, as a percentage of total book value.

Note: In chart above some total returns do not equal addition of income and capital returns due to rounding.

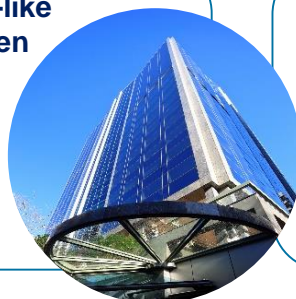
Significant Leasing Success Across the Portfolio

Key portfolio metrics

	31 Dec 2016	31 Dec 2015
Net Property Income (NPI)	\$103.3m	\$101.6m
Effective like-for-like NPI growth ¹	4.5%	1.9%
Leased	95,092sqm	16,177sqm
Tenant retention	89%	64%
Face rent growth (deals completed)	-4.7%	7.7%
Face rent growth (deals completed excl. 242 & 836)	4.0%	
Average incentive (renewal / new)	16% (15% / 25%)	29% (23% / 30%)

	31 Dec 2016	30 June 2016
Occupancy (by income)	97%	96%
Weighted average lease expiry	5.6 years	4.8 years
Average passing face rent	\$619psm	\$604psm

Effective like-for-like NPI up 4.5% driven by Brisbane, Sydney and North Sydney



High tenant retention of 89% supports portfolio occupancy of 97%



WALE 5.6 years driven by lease renewals to Telstra (Melb) and Cwth Govt (Perth)



1. Like-for-like NPI growth is calculated by reference to the previous corresponding period.

Key Leasing Success Underpinning Long Term Risk Adjusted Returns



242 Exhibition St, Melbourne

TELSTRA

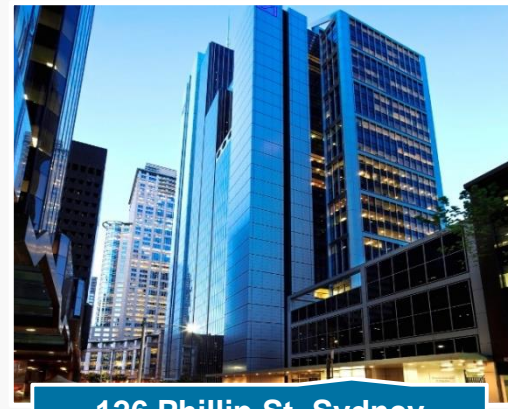
- > 63,372sqm extension to Oct 2031
- > De-risked IOF's second largest expiry
- > Landlord works ~\$60m (\$30m IOF share)



836 Wellington St, Perth

COMMONWEALTH GOVERNMENT

- > 11,973sqm extension to Jan 2027
- > Represents 51% of Perth portfolio
- > Perth WALE increases to 6.7 years



126 Phillip St, Sydney

ALLENS LINKLATERS

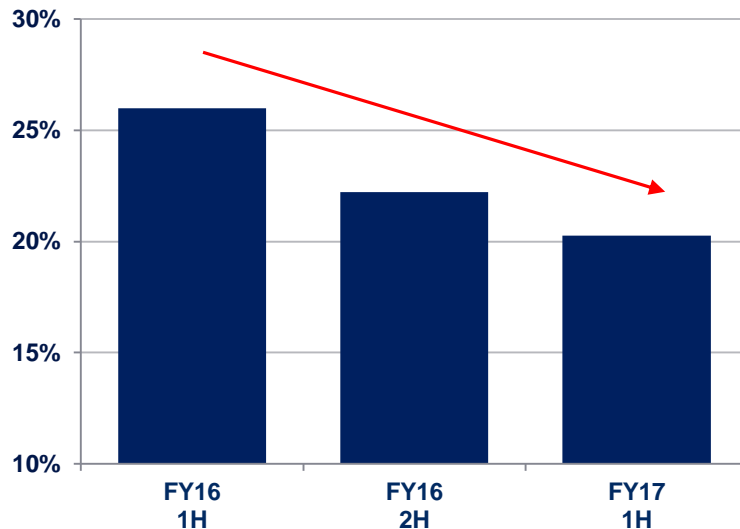
- > 8,424sqm HoA to December 2026
- > 20% of asset (by area)
- > Increases asset WALE by 1.7 years
- > De-risks IOF's 4th largest FY19 expiry

IOF Portfolio Ideally Positioned to Strong Sydney Market

IOF's Sydney deals highlight strength of market

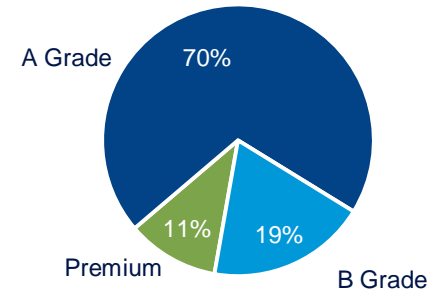
- > 58% of new tenant demand
- > 13.2% face rent growth (deals completed)
- > Incentives have continued to decline to 20.3%
- > Effective rents on new deals 8.6% higher than prior valuation

Average Sydney Portfolio Incentives¹

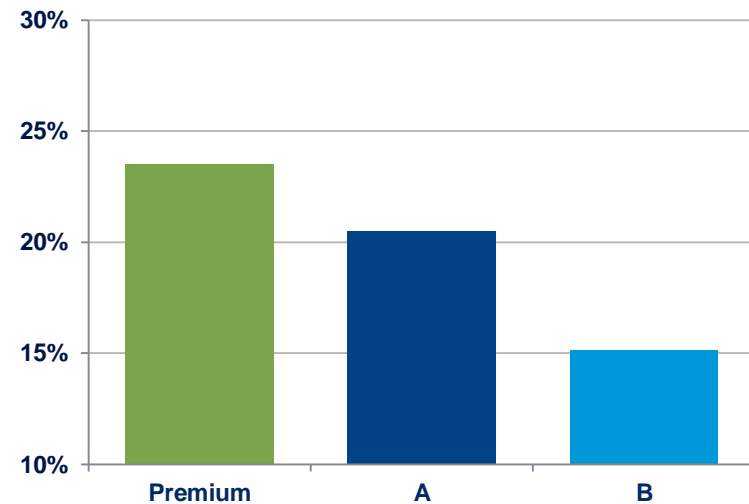


1. Includes Sydney CBD and North Sydney.

Sydney Portfolio Breakdown – By Grade¹

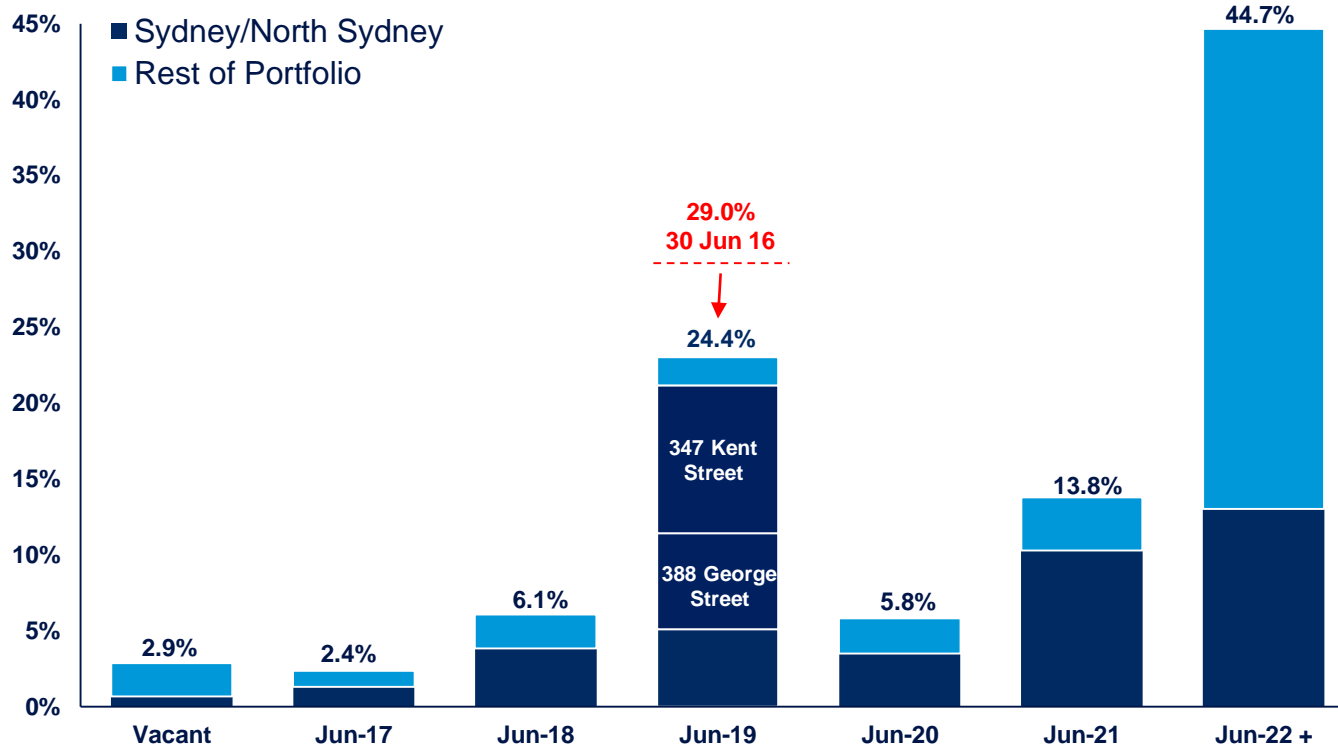


Average Sydney Portfolio Incentives – By Grade¹



Reduction in FY19 Exposure and Leverage to the Sydney Market

- > FY19 expiry actively reduced by nearly 5% since 30 June 2016¹
- > Forward expiry focussed in the anticipated strong Sydney/North Sydney markets
- > Asset re-positionings at 347 Kent Street and 388 George Street provide value add opportunity

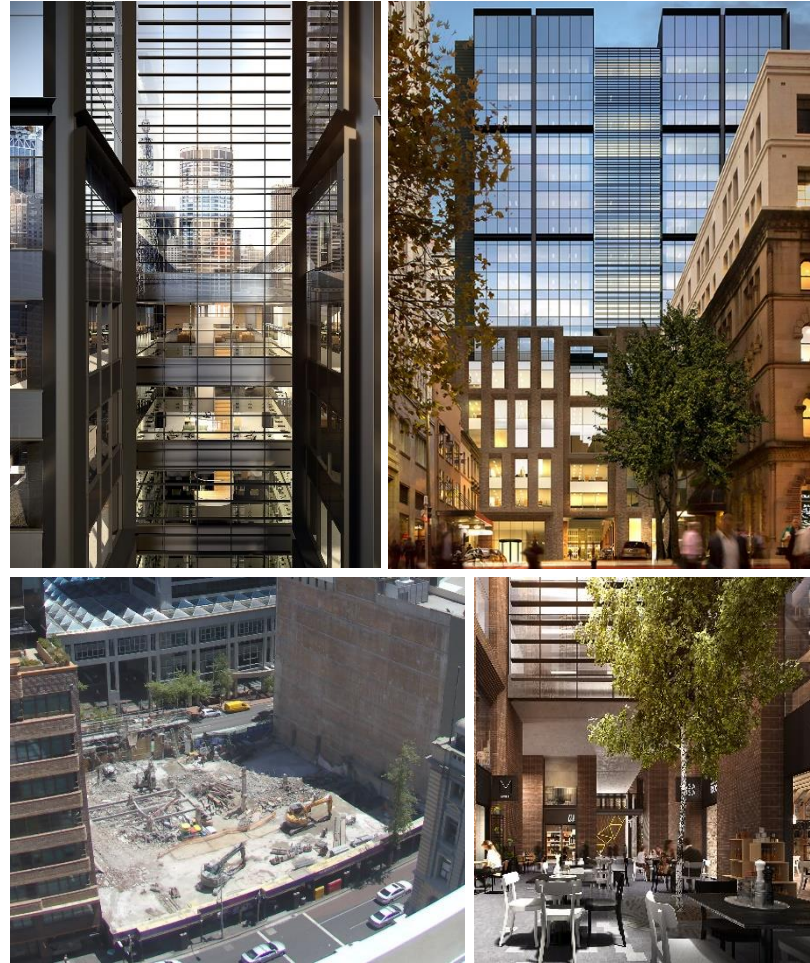


1. Includes Allens HoA and excludes 383 LaTrobe Street, Melbourne.

Barrack Place, Sydney – Development Update

- > Demolition near complete – construction to commence Q2 2017
- > Strong interest from a range of tenants
- > Completion targeted for Q3 2018 providing key exposure to Sydney market
- > Creation of core, A grade asset at attractive yield on cost >7.5%

BARRACK PL

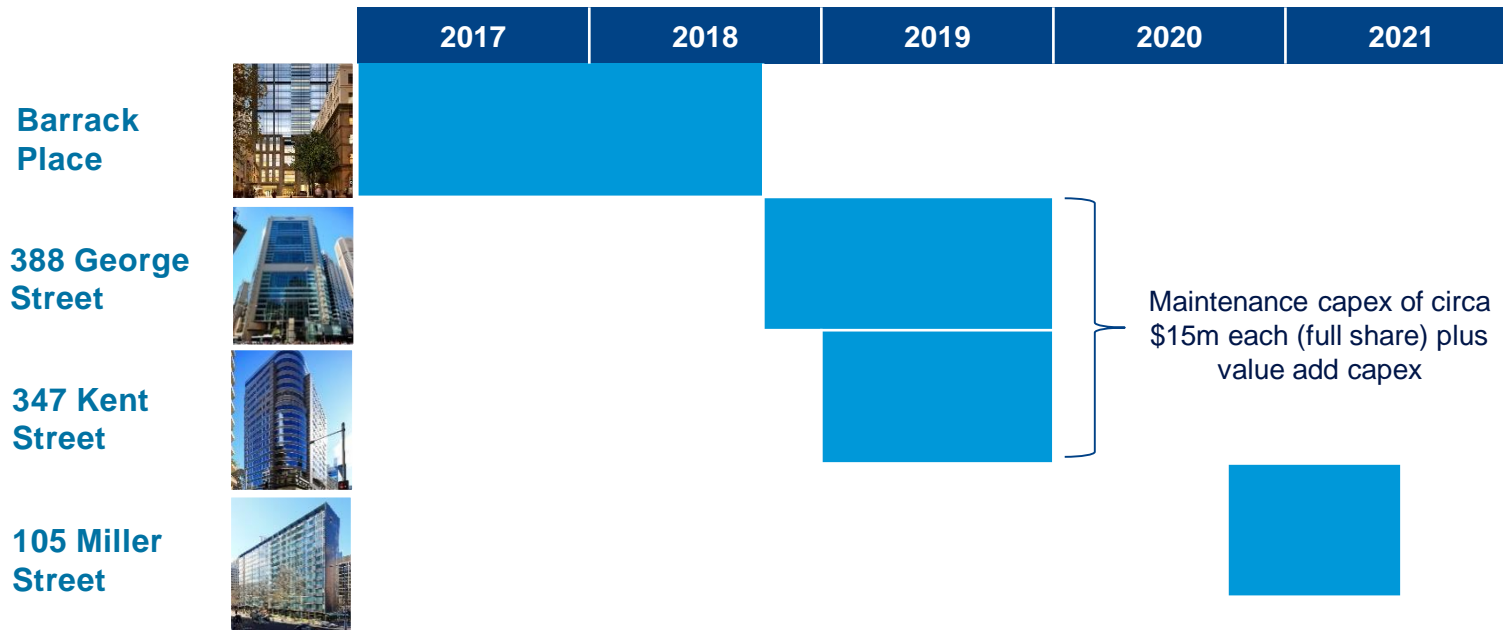


Artist's impressions of 151 Clarence Street on development completion, plus photo (bottom left) of demolition as at 6 February 2017.

Development / Value Add Pipeline Providing Future Upside Potential

- > 23% of the portfolio identified as having value add potential over the next 4-5 years
- > Opportunities situated in the strong markets of Sydney and North Sydney
- > Potential to enhance portfolio quality and returns
- > Diversity of projects reduces risk

Value Add Potential Over the Next 4-5 Years



Sustainability Update

Nina James, General Manager Corporate Sustainability

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Leadership in Responsible Investment


GRESB¹ Results

GRESB Public Disclosure


Investa Office Fund (IOF)

Inaugural Result

GRESB Public Disclosure Score



1st
Office / Australia
out of 6



Real Estate Assessment

2015 Result




6th
Australia / Office Sector
out of 14




34th
Global / All Participants
out of 688

2016 Result



3rd
Australia / Office
out of 18



13th
Global
out of 733

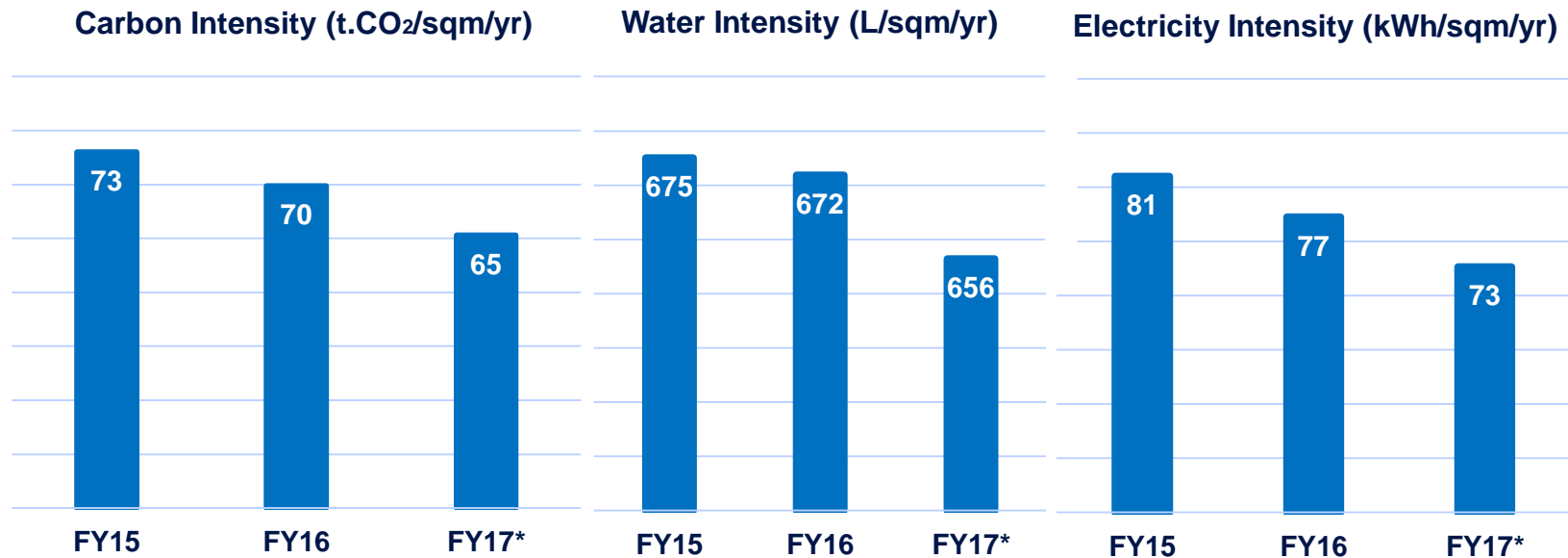
1. GRESB is the Global Real Estate Sustainability Benchmark.

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Leadership in Optimising Operational Performance

- > Portfolio NABERS energy rating: 4.55 Stars
- > Portfolio NABERS water rating: 3.85 Stars
- > Continued improved performance metrics in line with Fund's Low Carbon Strategy



Note: FY17 data comprises results to date.

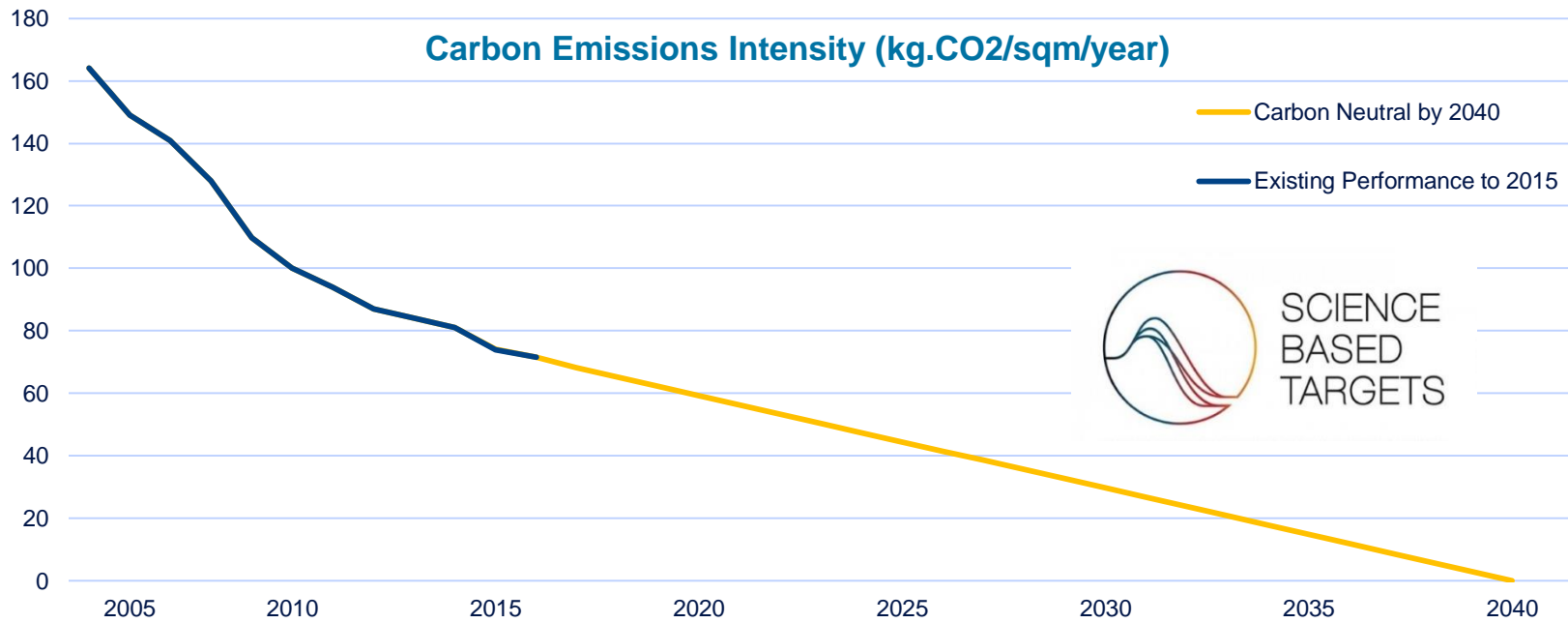
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Leadership in Responsible Investment

Carbon Emission Reduction Strategy

- > Global investors increasingly aware of climate change risk and exposure
- > Capitalise on Investa's 13 year record as leader in sustainability
- > **Target Net Zero by 2040**



Leadership in Responsible Investment

Carbon Emission Reduction Strategy Core Focus Areas

Optimise operational performance



Optimise building materiality



Source a zero carbon option for energy needs



Change the whole conversation



Market Update

David Cannington, Head of Research & Strategy

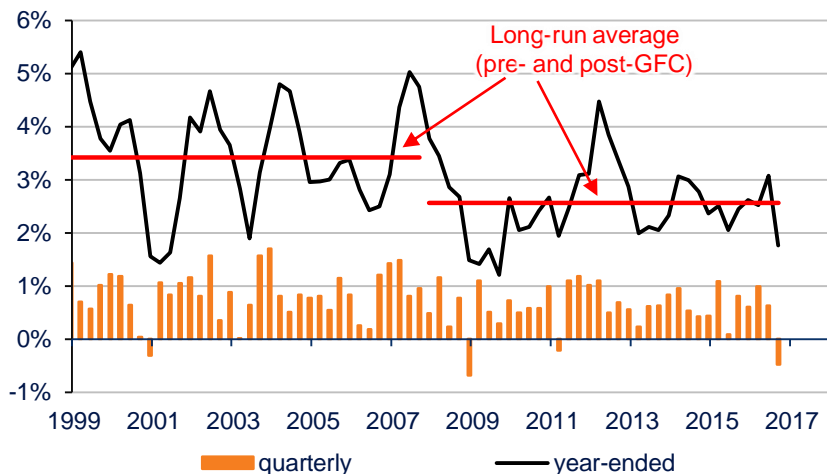


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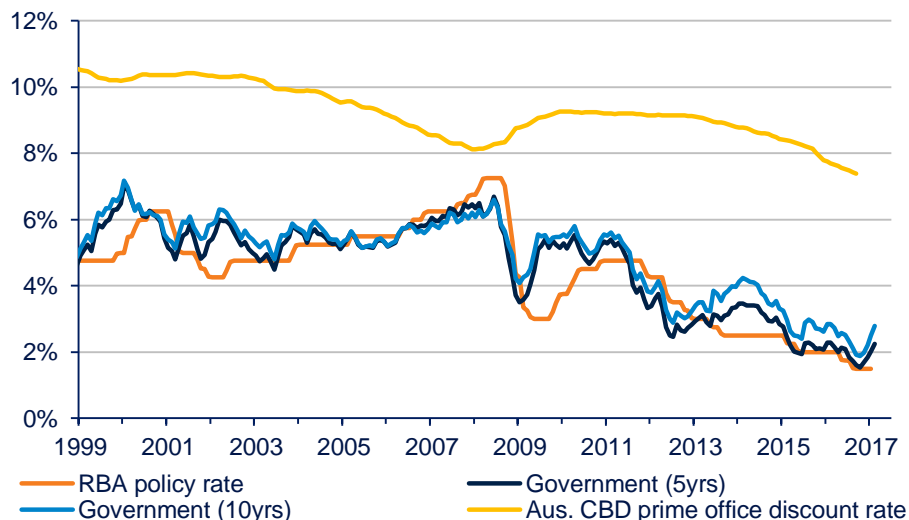
Australian Economic Growth Outlook Remains Moderately Optimistic

Australian Gross Domestic Product



- > Continue to expect low economic growth for longer
- > Mining sector growth contribution transitioning
- > Low Australian dollar important to economic growth outlook

Australian Rates vs Office Discount Rate



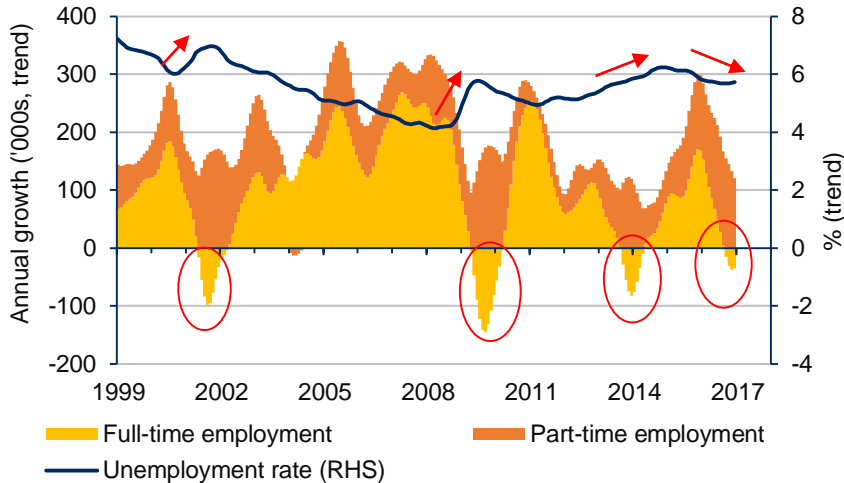
- > Bond markets have repriced on improved global economic outlook
- > US economic and rates outlook impacting bond markets
- > Bond rates expected to unwind moderately in the coming years

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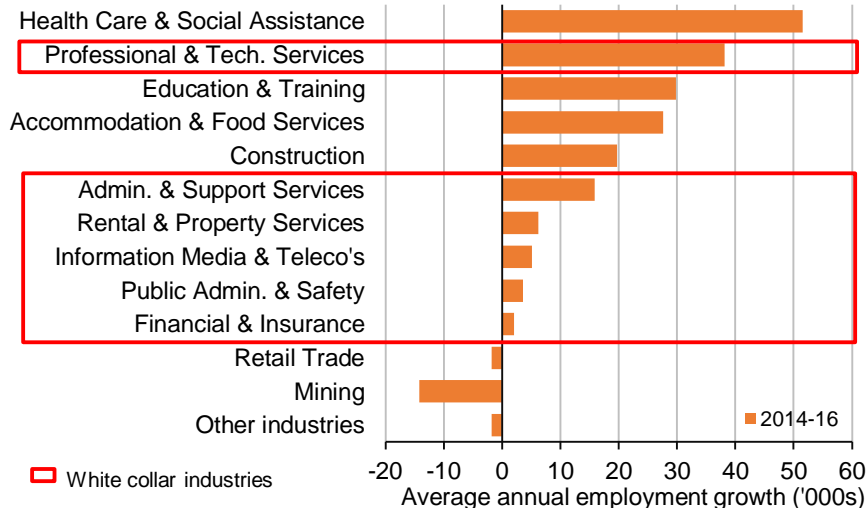
Employment Driven by Strong Growth in Part-Time/Casual Jobs

Australian Labour Market Casualisation



- > Lower unemployment rate has hidden weakness in full-time employment growth
- > Structural labour market changes impacting office development and utilisation
- > Elevated spare capacity and labour casualisation driving demand for flexible and 'on-demand' office space

Australian Employment Growth



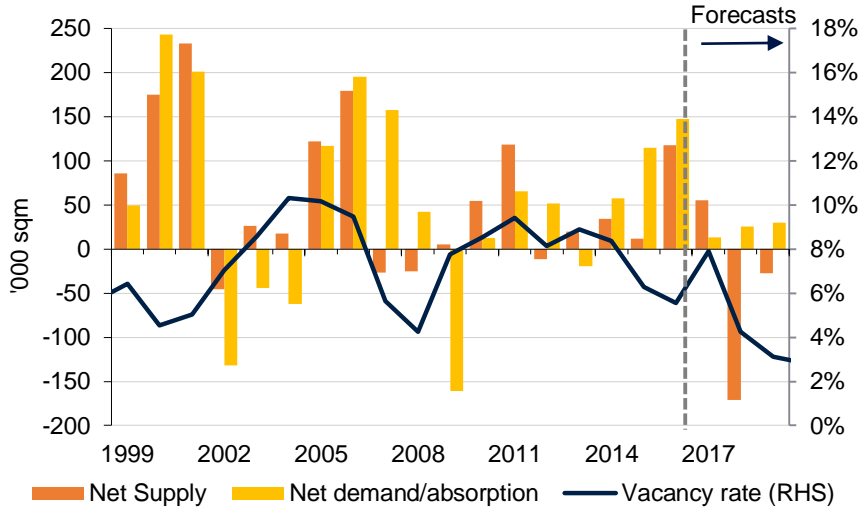
- > Structural factors also shaping labour market and white collar employment mix
- > Household services have dominated employment growth
- > White collar industries also expanding, particularly creative business services

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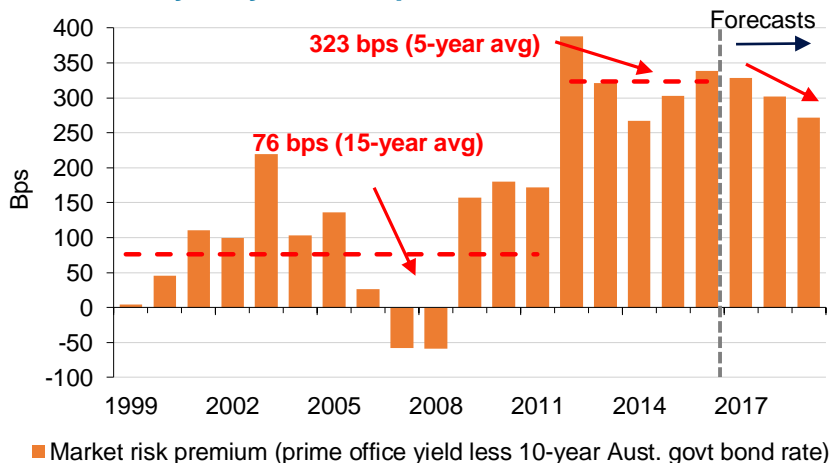
Sydney CBD Outlook – Continued Strong Market Fundamentals

Sydney CBD Leasing Market Outlook



- > NSW economic outperformance to support net absorption
- > Limited supply to drive tighter leasing conditions
- > Face rent growth to remain elevated. Net effective rents to get a step up from lower incentives

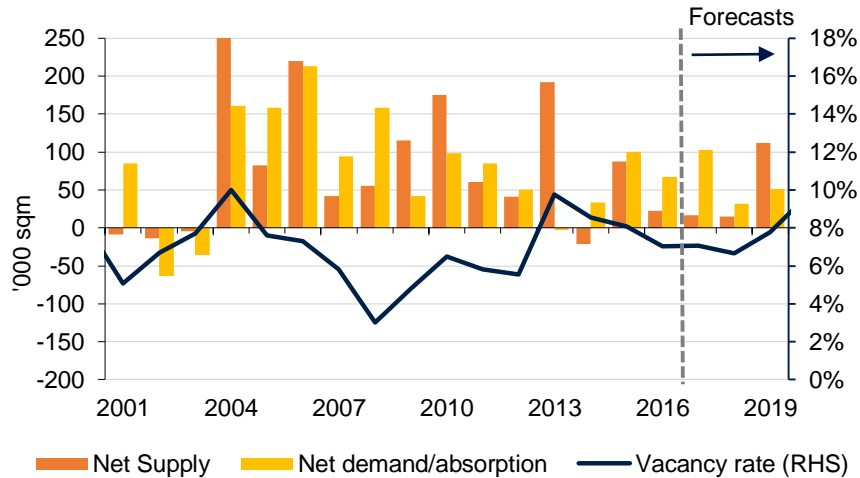
Sydney CBD Capital Market Outlook



- > Office market risk premium is expected to tighten from current levels, but remain higher than pre-GFC lows

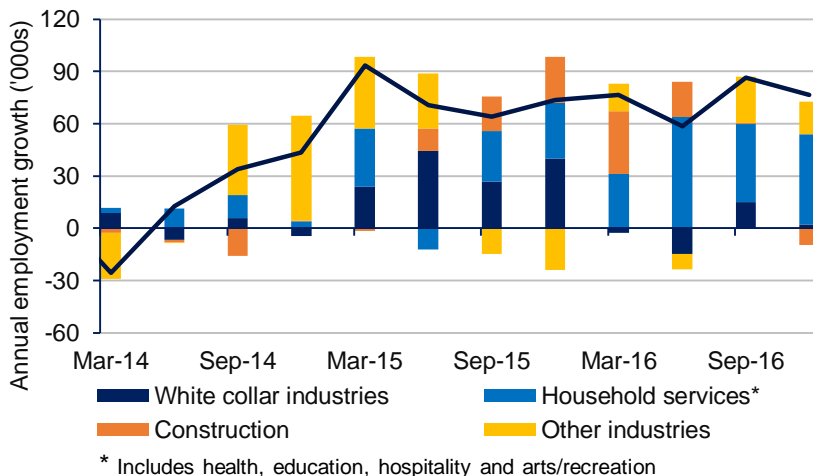
Melbourne CBD Outlook – Soft Near-Term Supply to Tighten Leasing Market

Melbourne CBD Leasing Market Outlook



- > Total employment growth strong, but likely to ease through 2017
- > Limited near-term development will tighten leasing market conditions
- > Strong net supply beyond 2019 will ease leasing market conditions and test depth of underlying demand

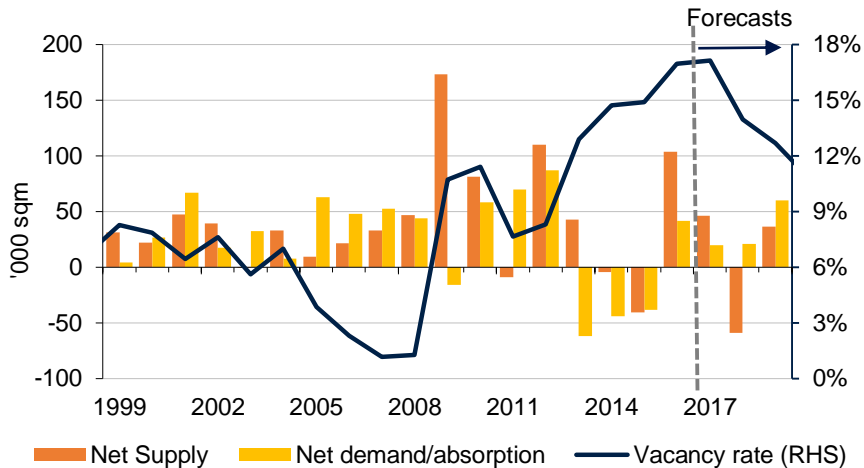
Melbourne Employment Growth



- > Recent employment strength outside white collar industries, largely in household services
- > White collar employment growth has weakened
- > Centralisation and smaller tenant moves have supported solid net absorption in Melbourne CBD office market

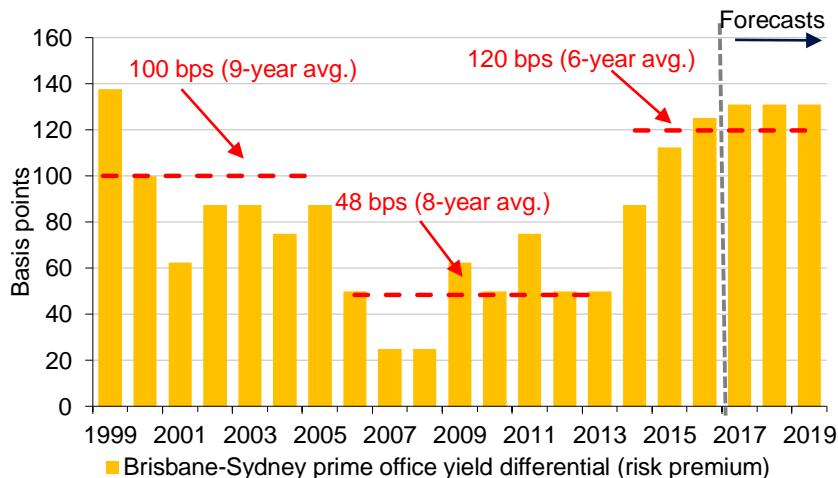
Brisbane CBD Outlook – Softer Supply Outlook to Tighten Vacancies

Brisbane CBD Leasing Market Outlook



- > Government and AUD-exposed sectors remain key drivers of Brisbane CBD office net absorption
- > Underlying office demand likely to pick-up following Queensland state election in 2018
- > Net supply outlook remains soft

Brisbane CBD Cross-border Yield Premium



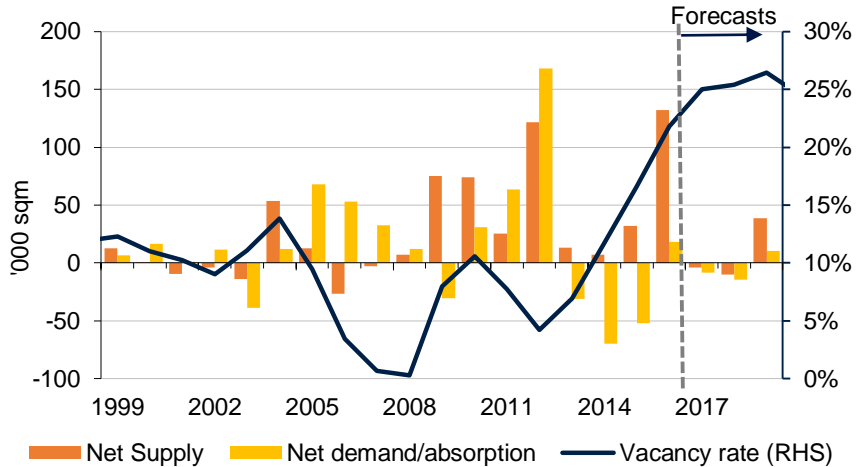
- > Strength in Sydney CBD core market yields relative to Brisbane has blown the yield gap to a 17-year high
- > Brisbane office value relativity provides an opportunity for further tightening going forward

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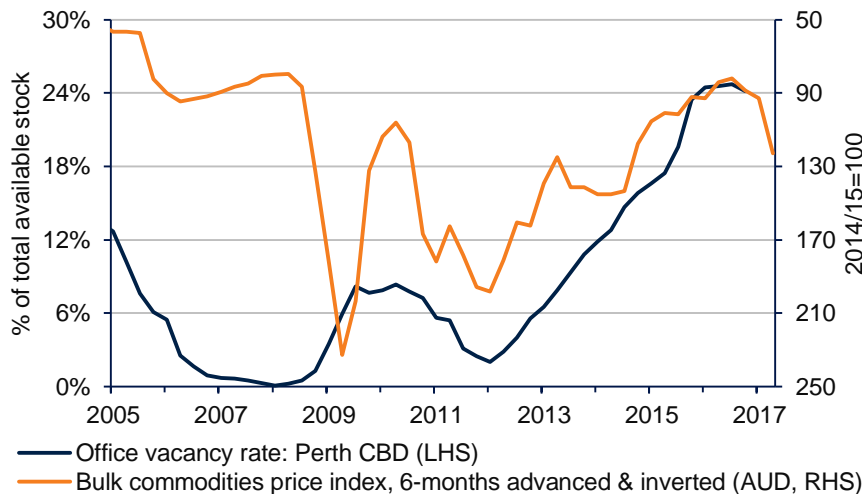
Perth CBD Outlook – Leasing Market Deterioration Tapering

Perth CBD Leasing Market Outlook



- > Growth in mining production, exports and revenue assisting mining sector transition
- > Perth CBD office market lags indicate deterioration in market conditions nearing the end
- > Limited new office supply offsetting soft underlying demand conditions

Perth CBD Office Mining Dependency



- > Increased commodity and energy prices not expected to generate new investment
- > Increased mining sector profits to support government royalties income
- > Despite weak leasing market conditions Perth CBD office premium yields have compressed

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Other Matters

Penny Ransom, IOF Fund Manager



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IOF Vision: To be Australia's Leading Listed Specialist Office Fund



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IOF Strategic Objectives

Outperformance



Proactive asset management



Manufacturing core exposure



Selective transactions approach



Prudent capital management



Leading corporate governance



Cromwell Property Group (CPG) Update

- > During the period, ILFML received a highly conditional, non-binding and indicative letter from CPG referring to the conditional possibility of an all cash arrangement to acquire all of IOF's outstanding issued capital for \$4.45 per unit.
- > CPG's request to carry out a comprehensive due diligence on IOF was not granted, as the Independent Directors considered that CPG's highly conditional approach undervalued IOF and was not compelling or attractive.
- > The Independent Directors have been in regular discussions with CPG and are willing to provide CPG with limited confidential information in order to facilitate CPG being in a position to provide IOF unitholders with an all cash proposal which is compelling and attractive.
- > The Independent Directors have been unable to agree with CPG the form and content of the Confidentiality Agreement which adequately protects IOF unitholders and its information.
- > The Independent Directors remain open to continuing discussions with CPG and should a Confidentiality Agreement be agreed in a form that protects and is in the best interests of all IOF unitholders, the Independent Directors will be able to provide the limited confidential information.

Update on the Potential to Acquire 50% of Investa Office Management

- > IOF has a 12 month period (that commenced on 12 August 2016) in which it may choose to exercise its right to commence the process to negotiate the purchase of a 50% interest in the Management Platform.
- > In December 2016, the Independent Directors successfully negotiated with Investa to extend the date for which the acquisition price is \$45.0 million plus agreed working capital and other agreed reimbursement adjustments, if completion of the sale takes place from before 28 February 2017 to 31 May 2017.
- > Any decision on the potential acquisition of 50% of the Management Platform will be taken as part of an operational and governance review of how IOF works with the Management Platform. The aim of the review is to maximise the benefits for IOF unitholders.
- > The IOF Board will keep unitholders informed of any material developments with regard to the operational and governance review and the joint venture option.

Conclusion

Penny Ransom, IOF Fund Manager



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Outlook: Positioned For Long Term Growth



HIGH LEVELS OF INCOME SECURITY
underpin near term earnings



HIGH QUALITY PORTFOLIO
managed by Investa Office Management Platform



PORTFOLIO POSITIONED FOR LONG TERM GROWTH
with exposure to outperforming markets



LOW COST OF DEBT
via robust capital management



VALUE ADD PIPELINE
provides future opportunity



FY19 SYDNEY EXPIRY
an opportunity for the Fund

Outlook: Market Fundamentals Supporting Future Performance



SYDNEY AND MELBOURNE PORTFOLIOS

well positioned for reducing vacancy in Sydney and future supply challenges in Melbourne



BRISBANE PORTFOLIO

likely to continue to benefit from improved demand



PERTH PORTFOLIO

in a stronger position in a challenging environment



CONTINUING HEALTH

Investment markets anticipated to remain strong

Guidance

Subject to prevailing market conditions and the settlement of 800 Toorak Road, Melbourne:

- **FY17 like-for-like growth in Net Property Income of over 5%**
- **FY17 Funds From Operations (FFO) guidance increased from 29.0 ¢pu to 29.5 ¢pu (3.1% growth on FY16)**
- **FY17 Distribution guidance increased from 20.0 ¢pu to 20.2 ¢pu (3.1% growth on FY16)**

Note: FY17 guidance is subject to is subject to prevailing market conditions and no new material changes to the portfolio.

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Questions and Answers



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Appendices

Contents

1. Reconciliation of Statutory Profit to Property Council FFO
2. Property Council FFO (look-through)
3. Property Council FFO waterfall
4. Balance Sheet
5. Property Council FFO and AFFO
6. Debt Facilities
7. Gearing (look-through)
8. Interest Rate Hedging and Debt Covenants
9. Portfolio Overview
10. Portfolio Book Values
11. Book Values by CBD
12. Portfolio NPI
13. Portfolio NPI's (cont'd)
14. Investment Properties – Reconciliation of Fair Value Gain
15. Tenant Profile
16. Portfolio Leasing Metrics
17. Key Lease Expiries

Appendix 1

Reconciliation of Statutory Profit to Property Council FFO

Property Council FFO for the half-year is calculated as follows	31 Dec 2016 (\$m)	Cents per unit	31 Dec 2015 (\$m)	Cents per unit
Statutory profit attributable to unitholders	224.0	36.5	280.8	45.7
Adjusted for:				
Net (gain)/loss on change in fair value in:				
Investments	(176.0)	(28.7)	(196.8)	(32.0)
Derivatives	15.3	2.5	(32.3)	(5.2)
Net foreign exchange loss	11.6	1.9	21.6	3.5
Amortisation of incentives	15.9	2.6	15.3	2.5
Straight lining of lease revenue	2.0	0.3	0.5	0.1
Other	(1.5)	(0.2)	0.9	0.1
Property Council FFO¹	91.3	14.9	90.0	14.7

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 Property Council of Australia definition of FFO. Refer to the IOF 30 June 2016 Financial Report for the complete definition.

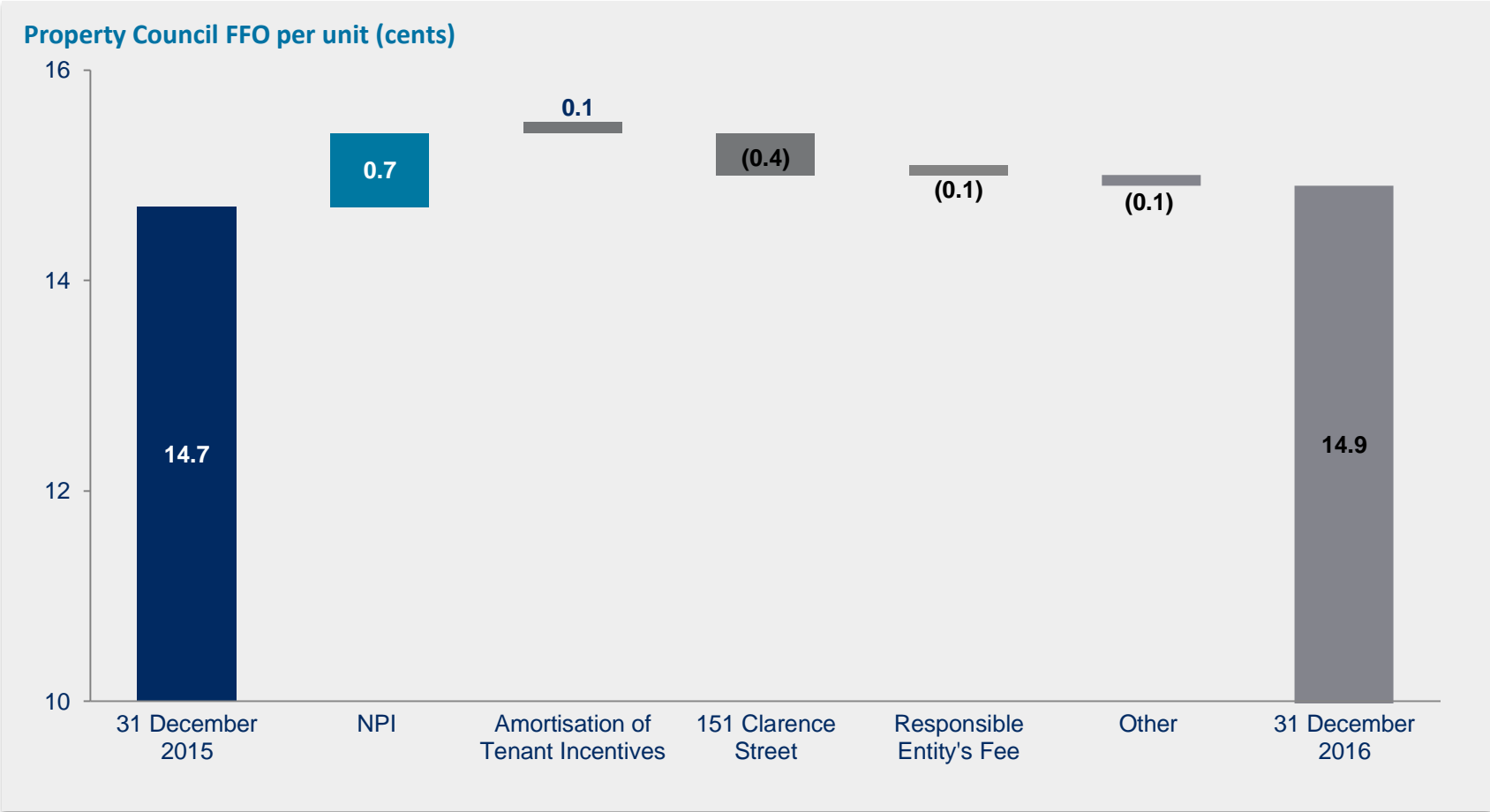
Appendix 2

Property Council FFO (look-through)

	31 Dec 2016 (\$m)	31 Dec 2015 (\$m)
Net property income	103.3	101.6
Interest income	0.1	0.4
Finance costs	(19.8)	(20.1)
Responsible Entity's fees	(6.6)	(6.0)
Net foreign exchange loss	(0.3)	–
Other expenses	(1.3)	(1.2)
Operating earnings	75.4	74.7
Amortisation of tenant incentives	15.9	15.3
Property Council FFO	91.3	90.0

Appendix 3

Property Council FFO Waterfall



Appendix 4

Balance Sheet

	31 Dec 2016 (\$m)	30 Jun 2016 (\$m)
Property investments	2,799.0	2,752.9
Equity accounted investments	813.6	801.8
Assets classified as held for sale	210.9	70.5
Derivatives	122.5	143.5
Receivables	16.1	12.6
Cash	4.9	2.1
Total assets	3,967.0	3,783.4
Borrowings ¹	1,112.8	1,089.2
Distribution payable	61.4	60.2
Payables	27.6	25.7
Derivatives	6.3	12.0
Total liabilities	1,208.1	1,187.1
Net assets	2,758.9	2,596.3
Units on issue (thousands)	614,047	614,047
NTA per unit (\$)	4.49	4.23

1. USPP translated at 31 December 2016 AUD/USD spot rate of 0.7236 (30 June 2016: 0.7426).

Appendix 5

Property Council FFO and AFFO

	31 Dec 2016	31 Dec 2015
Property Council FFO	\$91.3m	\$90.0m
Less: Maintenance Capex	\$3.3m	\$4.6m
Less: Incentives incurred during the period	\$12.5m	\$19.2m
AFFO ¹	\$75.5m	\$66.2m
Property Council FFO per unit	14.9c	14.7c
AFFO per unit	12.3c	10.8c
Distributions per unit	10.0c	9.80c
Payout ratio (% of Property Council FFO)	67.1%	66.7%
Payout ratio (% of AFFO)	81.3%	90.7%

1. Adjusted Funds From Operations (AFFO) is calculated by adjusting Property Council FFO for other non-cash and other items such as maintenance capex, incentives paid during the period, and other one-off items.

Appendix 6

Debt Facilities

Facility Type	Base Currency	Facility Limit (A\$m)	Drawn (A\$m)	Undrawn (A\$m)	Maturity Date
Corporate Facility:					
Bank Debt	AUD	50.0	50.0	-	Jun-18
Bank Debt	AUD	66.0	51.0	15.0	Jul-18
Bank Debt	AUD	84.0	84.0	-	Aug-18
Bank Debt	AUD	50.0	50.0	-	Jun-19
Bank Debt	AUD	140.0	140.0	-	Jul-19
Bank Debt	AUD	66.0	33.0	33.0	Aug-19
Bank Debt	AUD	210.0	134.0	76.0	Jul-20
Bank Debt	AUD	50.0	-	50.0	Jul-21
Medium Term Note:					
MTN	AUD	125.0	125.0	-	Nov-17
US Private Placements:					
USPP ¹	USD	89.3	89.3	-	Apr-25
USPP ¹	USD	128.9	128.9	-	Aug-25
USPP ¹	USD	73.3	73.3	-	Apr-27
USPP ¹	USD	66.4	66.4	-	Apr-29
Total/Weighted average		1,198.9	1,024.9	174.0	4.5 years

1. Facility limit and drawn amount based on the AUD leg of the cross currency swap used to hedge the USPP.

Appendix 7

Gearing (Look-through)

	31 Dec 2016 (\$m)
Gearing – Statutory	28.1%
Total assets (headline)	3,967.0
Less: equity accounted investments (242 Exhibition Street, 126 Phillip Street, 567 Collins Street)	(813.6)
Add: share of total assets – equity accounted investments (242 Exhibition Street, 126 Phillip St, 567 Collins Street)	814.7
Less: foreign currency hedge asset balance	(115.3)
Look-through Assets	3,852.8
Total debt (headline)	1,112.8
Less: USPPs debt translated at prevailing spot foreign exchange rate	(449.1)
Add: USPPs debt based on AUD leg of the cross currency swap used to hedge the USPPs	358.0
Look-through Debt¹	1,021.7
Look-through Gearing	26.5%

1. Includes \$3.3m of unamortised borrowing costs.

Appendix 8

Interest Rate Hedging

Forecast hedge profile ¹	FY17 ²	FY18	FY19	FY20	FY21
Weighted average interest rate derivatives					
Interest rate swaps (fixed)	\$242.5m	\$379.7m	\$396.9m	\$200.0m	\$14.8m
Interest rate swaptions ³	\$24.1m	\$100.0m	\$100.0m	\$100.0m	\$0.8m
Interest rate collar	\$2.6m	\$120.7m	\$238.4m	\$200.0m	\$120.5m
Total	\$269.2m	\$600.4	\$735.3	\$500.0m	\$136.1m
Weighted average hedge rate ⁴	3.1%	2.4%	2.3%	2.8%	3.0%

Debt Covenants

	Actual	Covenant
Covenant calculation		
Covenant Gearing ⁵	30.5%	50.0%
Actual interest cover	4.4x	2.5x

1. Incorporates \$450.0m forward start interest rate derivatives entered into in February 2017.
2. Forecast hedge profile for 2H17.
3. Callable at counter party's option. The weighted average hedge rate for the swaptions is 2.9%.
4. Weighted average rate of interest rate swaps, swaptions and collars for the period. Collar rate included at the forecast floating rate for the applicable period unless lower or higher than the floor or cap rate respectively.
5. Represents the Group's covenant gearing calculation, calculated as total look-through liabilities/total look-through assets. The Group's gearing of 26.5% is calculated as total look-through drawn debt over total look-through assets. Look-through debt is based on the AUD liability after applying cross currency swap arrangements.

Appendix 9

Portfolio Overview



Perth	
Number of properties	2
Book Value	\$140.0
% of IOF portfolio value	3.7%

Brisbane	
Number of properties	5
Book Value	\$529.3
% of IOF portfolio value	14.1%

Sydney / North Sydney	
Number of properties	10
Book Value	\$2,274.7
% of IOF portfolio value	60.6%

Canberra	
Number of properties	1
Book Value	\$95.9
% of IOF portfolio value	2.6%

Note: Figures exclude 383 Latrobe Street which settled 17 January 2017.

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Appendix 10

Portfolio Book Values

Property	Location	Book Value (\$m)	% Change in Book Value ¹	Cap Rate (%)	Discount Rate (%)
10-20 Bond Street (50%)	NSW	267.0	6.3	5.38	6.88
151 Clarence Street ³	NSW	138.0	35.4	5.38	7.38
388 George Street (50%)	NSW	210.3	–	6.00	7.50
347 Kent Street	NSW	275.3	–	6.13	7.50
105-151 Miller Street	NSW	225.6	–	6.75	7.75
6 O'Connell Street	NSW	207.0	12.9	5.75	7.00
111 Pacific Highway	NSW	195.0	12.0	6.25	7.50
Piccadilly Complex (50%)	NSW	280.5	7.5	5.84	7.15
126 Phillip Street (25%)	NSW	241.3	–	4.88	6.75
99 Walker Street	NSW	235.0	6.9	5.88	7.25
567 Collins Street (50%)	VIC	303.9	–	5.25	6.88
242 Exhibition Street (50%)	VIC	269.5	3.1	5.00	6.75
383 La Trobe Street	VIC	70.7	–	–	–
800 Toorak Road (50%)	VIC	140.2	–	–	–
15 Adelaide Street	QLD	55.4	–	8.25	8.75
232 Adelaide Street	QLD	17.3	4.0	7.75	8.00
295 Ann Street	QLD	124.5	8.4	7.00	7.50
140 Creek Street	QLD	204.5	4.7	6.75	7.50
239 George Street	QLD	127.7	–	7.75	8.25
66 St Georges Terrace	WA	67.7	–	7.75	8.50
836 Wellington Street	WA	72.3	3.0	6.75	7.75
16-18 Mort Street	ACT	95.9	–	6.00	7.50
Total		3,824.6	4.4	6.01²	7.30²

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1 Represents change in book value resulting from 31 December 2016 independent external valuations. 2 Excludes 151 Clarence St, Sydney, 383 La Trobe Street, Melbourne and 800 Toorak Road, Melbourne. 3. 151 Clarence Street, Sydney cap rate and discount rate are on completion of development.

Appendix 11

Book Values By CBD

	Book Value (\$m)	Book Value (\$/sqm) ¹	Average Passing Face Rent (\$/sqm) ¹	Weighted Average Lease Expiry (yrs) ²	Weighted Average Cap Rate (%) ³
Sydney	1,619.4	14,091	847.2	3.1	5.66
North Sydney	655.6	9,851	533.0	4.6	6.29
Melbourne	784.3	8,572	445.4	11.3	5.13
Brisbane	529.4	6,006	615.7	4.9	7.24
Perth	140.0	5,958	584.7	6.7	7.23
Canberra	95.9	6,776	427.8	9.1	6.00
Total / Average	3,824.6	9,591	618.8	5.6	6.01

1. Weighted by IOF's share of NLA.
2. Excludes 151 Clarence Street, Sydney.
3. Excludes 151 Clarence Street, Sydney, 383 La Trobe Street, Melbourne and 800 Toorak Road, Melbourne.

Appendix 12

Portfolio NPI

Property	State	31 Dec 2016	31 Dec 2015	Movement	
		NPI (\$m)	NPI (\$m)	(\$m)	(%) ¹
10-20 Bond Street (50%)	NSW	5.5	5.1	0.4	7.1
388 George Street (50%)	NSW	7.5	7.3	0.2	1.9
347 Kent Street	NSW	13.0	12.4	0.6	5.0
105-151 Miller Street	NSW	7.2	6.2	1.0	16.2
6 O'Connell Street	NSW	4.5	4.4	0.1	5.7
111 Pacific Highway	NSW	4.9	5.2	(0.3)	(4.5)
Piccadilly Complex (50%)	NSW	6.8	6.6	0.2	3.3
126 Phillip Street (25%)	NSW	5.1	5.1	–	0.2
99 Walker Street	NSW	5.2	4.6	0.6	16.5
242 Exhibition Street (50%)	VIC	8.9	8.6	0.3	3.2
383 La Trobe Street	VIC	2.4	2.3	0.1	5.6
800 Toorak Road (50%)	VIC	3.8	3.6	0.2	3.1
15 Adelaide Street	QLD	1.3	1.5	(0.2)	(14.0)
232 Adelaide Street	QLD	0.7	0.6	0.1	16.4
295 Ann Street	QLD	3.3	2.9	0.4	14.8
140 Creek Street	QLD	5.7	4.0	1.7	43.0
239 George Street	QLD	3.0	4.0	(1.0)	(25.8)
66 St Georges Terrace	WA	2.0	2.6	(0.6)	(22.7)
836 Wellington Street	WA	3.3	3.2	0.1	2.5
16-18 Mort Street	ACT	2.3	2.1	0.2	7.5
Like-for-like		96.4	92.3	4.1	4.5

1. Percentage change calculated excluding impact of rounding in NPI (\$) columns.

Appendix 13

Portfolio NPI (cont'd)

Rest of IOF Portfolio		31 Dec 2016	31 Dec 2015	Movement
Property		NPI (\$m)	NPI (\$m)	(\$m)
Development	567 Collins Street VIC	6.7	6.5	0.2
	151 Clarence Street NSW	0.2	2.8	(2.6)
Total IOF Portfolio		103.3	101.6	

151 Clarence Street

	Jun 17	Dec 17	Jun 18	Dec 18
Forecast construction/consultant costs	\$22m	\$43m	\$38m	\$6m

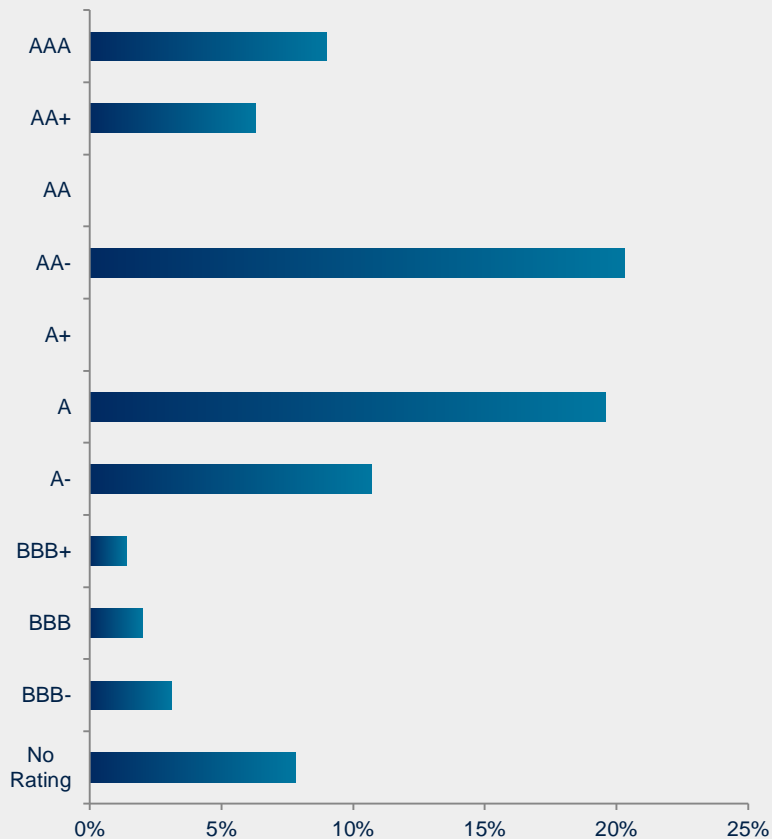
Investment Properties – Reconciliation of Fair Value Gain

Financial period	1HFY17
External 31 December 2016 valuation increase of investment properties	\$160.9m
Valuation increase of 800 Toorak Road (asset held for sale)	\$13.1m
Straight-lining of lease revenue	\$2.0m
Total	\$176.0m
Valuation increase disclosed as:	
Investment properties through direct ownership	\$167.9m
Investment properties held through interests in associates	\$8.1m
Total	\$176.0m

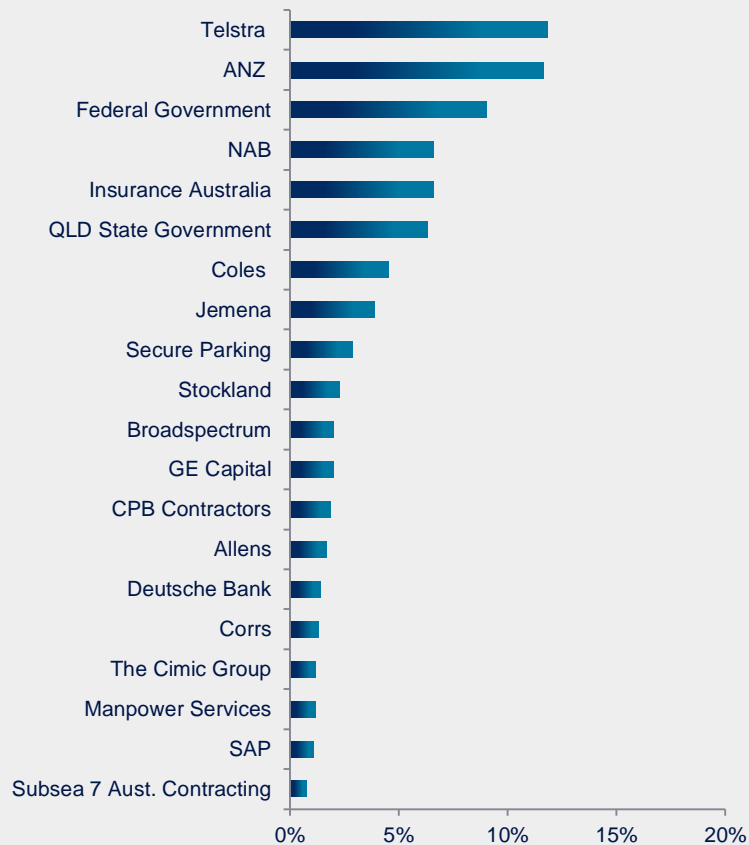
Appendix 15

Tenant Profile

IOF Credit Ratings of Top 20 Tenants



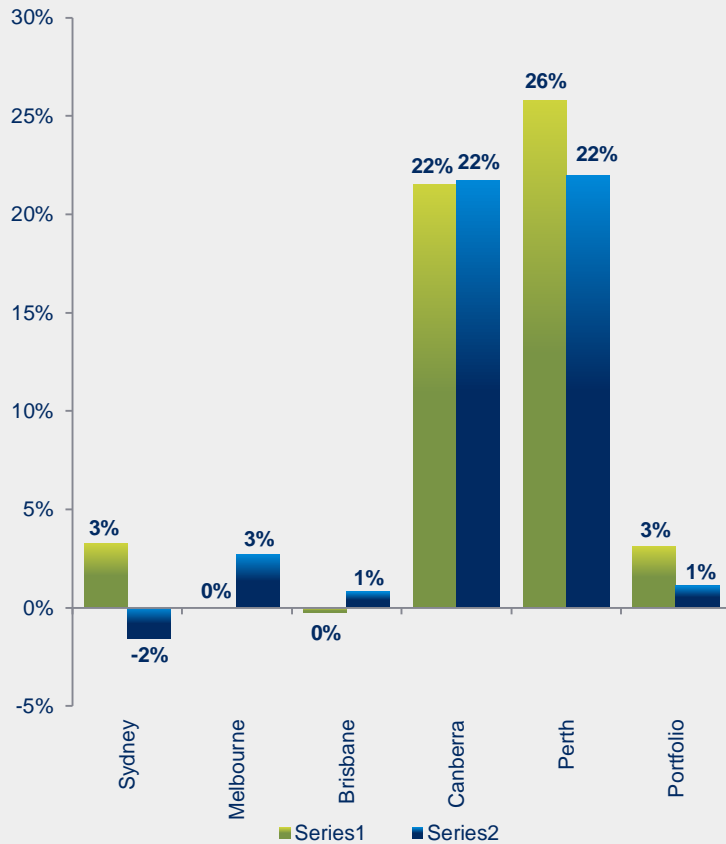
Top 20 Tenants



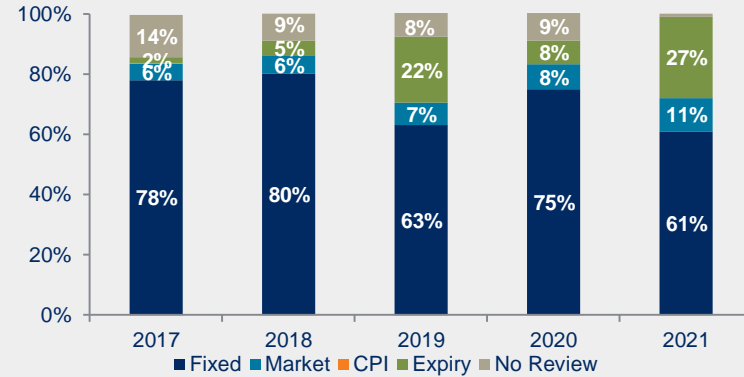
Appendix 16

Portfolio Leasing Metrics

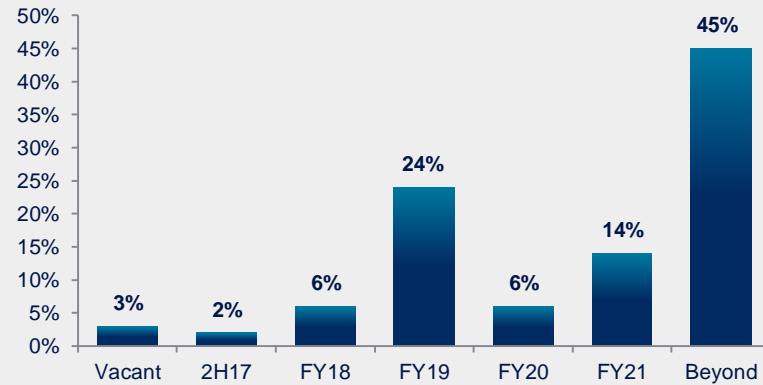
Total portfolio over/(under) renting¹



Australian rent review profile (by area)



Lease expiry profile (by income)²



1. Passing rents compared to market rents as per most recent valuation.
 2. Includes Allens HoA at 126 Phillip St and excludes 383 La Trobe Street, Melbourne.

Appendix 17

Key Lease Expiries¹

Property	CBD	Tenant	Area (sqm)	Expiry
Vacant				
66 St Georges Terrace	Perth		3,736	Vacant
239 George Street	Brisbane		3,309	Vacant
15 Adelaide Street	Brisbane		3,083	Vacant
FY17				
140 Creek Street	Brisbane	State of QLD	3,772	Jun 17
6 O'Connell Street	Sydney	Various	2,346	Various
FY18				
6 O'Connell Street	Sydney	Various	3,989	Various
126 Phillip Street	Sydney	Investa	2,888	Mar 18
FY19				
388 George Street	Sydney	IAG	35,817	Oct 18
347 Kent Street	Sydney	ANZ	24,808	Jan 19
111 Pacific Hwy	North Sydney	Broadspectrum	6,337	Jul 18
10-20 Bond Street	Sydney	AICD	3,071	Dec 18
15 Adelaide Street	Brisbane	Federal Government	2,167	Mar 19
10-20 Bond Street	Sydney	Hudson	2,903	Jun 19
6 O'Connell Street	Sydney	Various	3,756	Various

1. Building areas shown on 100% basis.

For any questions please contact us

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More information about the Fund can be accessed and downloaded at: www.investa.com.au/funds/iof

Investa Listed Funds Management Limited
Level 6, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000 Australia
Phone: +61 2 8226 9300 Fax: +61 2 9844 9300
ACN 149 175 655 AFSL 401414



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