ASX/Media Announcement

25 August 2011

Investa Office Fund (ASX: IOF)

IOF 2011 Annual Results

Investa Office Fund (ASX: IOF) today announced its results for the full year to 30 June 2011. The Fund reported a net profit of $143.9 million compared with the previous corresponding period of $42.5 million.

After adjusting for fair value and other non-operating items, the Fund's operating income was $135.6 million compared with $151.2 million for the previous financial year. Operating profit for the year was largely impacted by the ongoing repositioning of the portfolio through asset sales, properties undergoing redevelopment and one-off capital transaction costs.

Key metrics for the 12 month period included:

- Operating income per unit of 5.0 cents;
- Distributions per unit of 3.9 cents;
- Look through debt to total assets of 20.5%;
- NTA per unit of $0.73; and
- Portfolio occupancy of 93%.

Mr Scott MacDonald, CEO Investa Property Group said "We have, and continue to make progress on the strategic initiatives, outlined when Investa took over the Management of IOF in April. These initiatives have included aligning fees to performance, enhanced corporate governance, and active capital management including the recent announcement of a 10% unit buyback and refinance of the Fund's syndicated debt facility."

Mr Tino Tanfara, Fund Manager of IOF commented: "From an operational perspective, the past 12 months have been focused on improving vacancy, delivering on our redevelopments and reducing offshore and suburban exposure, in line with our strategy of focusing on Australian CBD office markets."

Portfolio Update

Key metrics for the Australian portfolio during the year were:

- Occupancy of 95%;
- Tenant retention of 62%;
- Like-for-like net property income growth of +3.4%; and
- Weighted average lease expiry of 4.8 years.

IOF's Australian portfolio saw over 48,500sqm of leasing completed during the year. The majority of this leasing was at 10-20 Bond Street where approximately 28,000sqm was leased. The building is currently 81% committed, exceeding Management's target of 40% by 30 June 2011.

The building refurbishment was completed on time and on budget. The strong leasing demand resulted in approximately 7% higher face rents than originally budgeted. The tenancy mix of the building is spread across a number of sectors including finance, legal, banking and business services, delivering a high quality and diverse tenancy mix.

The remaining 20,500sqm of leasing completed during the year was at an average increase of 1.4% on previous passing rents.

In the Brisbane portfolio, approximately 12,800sqm was leased both at the Australian Government Centre and Hitachi Complex. The continued active asset management across all Brisbane assets has resulted in the Fund maintaining a high overall occupancy rate in the Brisbane portfolio of 96%.

Mr Campbell Hanan, Group Executive and Head of Commercial Property Investments said, "There have been clear signs of improvement in office market fundamentals over the past six months and this has been reflected across Investa's entire portfolio. With prime vacancy rates tightening, subdued supply and a flight to quality we believe the prime office markets are well placed for continued recovery."

Key metrics for the US portfolio during the year included:

- Portfolio occupancy of 89%;
- Tenant retention of 39%;
- Like-for-like net property income growth of -3.8%; and
- Weighted average lease expiry of 4.4 years.

In the US portfolio, over 201,000sqft was leased during the year. The majority of the leasing was completed at Waltham Woods in Boston where over 148,000sqft was leased.

Like for like property income for the US portfolio was negatively impacted compared to the prior year due to lower occupancy at 900 Third Avenue New York and the remaining vacancy at Waltham Woods in Boston.

Key metrics for the European portfolio during the year included:

- Portfolio occupancy of 90%;
- Tenant retention of 100% (excluding DOF);
- Like-for-like net property income growth of -11.1%; and
- Weighted average lease expiry of 5.3 years.

The European portfolio has been negatively influenced by the return from the Fund's 13.5% interest in the ING Dutch Office Fund (DOF). As highlighted last year, income from DOF has declined as a result of lower occupancy, lease up costs and asset sales.

Divestments and Offshore Asset Sales Update

Over the past 12 months, the Fund has finalised the sale of three assets in line with its strategy of repositioning the portfolio to focus on Australian CBD office markets.

In the US, Park Tower in Washington DC, and Waltham Woods in Boston were sold for US$50.7 million and US$42.0 million respectively, both assets were unencumbered and have resulted in the Fund having only three assets remaining in the US. In line with the Fund's strategy of selling the remaining three US assets, Management has commenced the sale process with the sale of all three assets expected to be completed over 2012.

During the year the Fund also finalised the sale of 1230 Nepean Hwy, Cheltenham, Australia for $21.5 million. This sale reduced the Fund's Australian suburban office market exposure to only 3.6%, in line with its strategy of focusing on domestic CBD office markets.

In Europe, Management has appointed brokers for the sale of the NVH Building in France, and is positioning its Belgium asset for sale, with the primary focus being on increasing occupancy from the current level of 77%. In terms of exiting the Fund's European assets, Management will focus on the sale of assets in France and Belgium, while the divestment of DOF is expected to occur beyond financial year 2012.

Revaluations

Independent valuations were completed for 36% of the Australian portfolio and for 52% of the offshore portfolio by value at 30 June 2011. This together with the internal valuations completed at 30 June 2011 resulted in an overall 0.8% valuation increase on book values for the Australian portfolio, a 0.6%[1] valuation increase on carrying values for the US assets and a (6.7%)[1] valuation decrease on carrying values for the European assets. The negative movement in Europe was primarily a result of the reduction in the fair value of the Fund's investment in DOF, given the limited current investment demand for that asset.

The Australian portfolio has seen positive valuation movements based on improving office market conditions particularly in Melbourne and Sydney and a 10 basis point firming in the weighted average capitalisation rate to 7.9%. Recent transactions suggest that investor demand for prime grade CBD assets remains strong, supporting the potential for further firming in capitalisation rates and values.

Capital Management

A number of major capital management initiatives have been implemented recently including entering into a new unsecured corporate debt facility of A$552 million to replace the previous unsecured

[1] based on constant FX rates

corporate debt facility which was due to expire in June 2012. The new facility was signed on 15 August 2011 and has a maturity of 3 years providing the Fund with sufficient liquidity and flexibility to execute its strategy.

Importantly, the new facility will allow the Fund to execute a unit buyback, a key initiative announced on 15 August. The buyback period is expected to commence on 29 August 2011. The on-market buyback of up to 10% of issued units can be effected over the next twelve month period.

Look through gearing at 30 June 2011 was 20.5%. This is below the Fund's targeted gearing range of 25% to 35% and provides sufficient flexibility for the Fund to complete the unit buyback and remain at the bottom end of the targeted gearing range, whilst executing on its offshore asset sales.

Ms Ming Long, Group Chief Financial Officer at Investa said "The recent refinance of the Fund's unsecured debt facility for three years provides IOF with the capacity and flexibility to meet its short term needs whilst repositioning the portfolio and completing the unit buyback, as well as providing the ability to extend and diversify the Fund's debt sources in the future."

Key Strategies for 2012

The key strategies for the Fund for 2012 are to:

- Execute an accretive unit buyback;
- Realise offshore asset sales at acceptable prices;
- Manage major upcoming lease expiries;
- Take advantage of Investa's integrated office platform to enhance portfolio returns;
- Maintain market leading governance and continue to enhance disclosure and sustainability practices; and
- Seek opportunities to enhance the Fund's earnings and growth profile.

Outlook

Management of the Fund successfully transitioned to Investa in April 2011 and significant progress has been made on each of the strategic initiatives announced at that time. During the year ahead Management will continue to focus and execute on the key strategies for 2012 in order to position IOF as Australia's pre-eminent CBD office Fund.

2012 earnings will be impacted by the timing and quantum of the buyback and offshore asset sales. Management therefore anticipates earnings to be broadly in line with 2011 and distributions to remain at 3.9 cents per unit, at the top end of the Fund's 70-80% current payout policy range, however this is subject to prevailing market conditions.

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About Investa Office Fund (formerly ING Office Fund)

Investa Office Fund (ASX code: IOF) previously known as ING Office Fund is an ASX-listed real estate investment trust (A-REIT) and is included in the S&P/ASX100 index. The Fund is a leading owner and manager of investment grade office buildings and receives rental income from a tenant register comprised predominately of Government and blue chip tenants. IOF has total assets under management of AU$2.6 billion with investments located in core CBD markets throughout Australia and select offshore markets in US and Europe. IOF's strategy is to reposition the portfolio with a domestic-only focus.

About Investa Property Group

Investa is one of Australia's largest owners and managers of quality real estate controlling assets worth AU$9.6 billion across the commercial, industrial and residential sectors. Investa's integrated property platform incorporates property services, funds management, portfolio management, asset management, development and sustainability.

With a long history of managing institutional grade office buildings in core CBD markets, Investa's office portfolio comprises more than 60 buildings and is valued at over AU$8 billion. Investa's development pipeline exceeds AU$2.7 billion and includes more than 12,500 residential lots, and over 450 hectares of industrial land. Funds under management in its listed and unlisted funds total more than AU$4.7 billion, managed on behalf of over 27,000 investors.

Investa is a global leader in sustainability and is committed to responsible property investment, and the ongoing pursuit of sustainable building management, ownership and development.

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