

# IOF Results Presentation

## Financial Year 2013

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# Highlights

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## Outperforming our objectives

### Financial

- > 56% increase in Net Profit to \$158.7 million
- > 11% increase in Operating Earnings per unit to 22.4 cents per unit – ahead of guidance
- > 3% increase in NTA to \$3.23 per unit following revaluation uplifts

### Australian Portfolio

- > Another active period of leasing, with over 43,000sqm leased
- > Maintained high occupancy of 96%
- > External revaluation uplifts of \$59 million – 5% uplift on prior book valuations
- > Recent acquisitions are outperforming expectations and only ~1.5% of FY14 rent is at risk

### Capital Management

- > Weighted average debt maturity increased to 3.2 years
- > Leveraged S&P BBB+ credit rating to raise \$250 million in debt capital markets at an average margin of 193bps and average debt maturity of 8.6 years
- > Refinanced \$150 million of bank debt

## Financial metrics

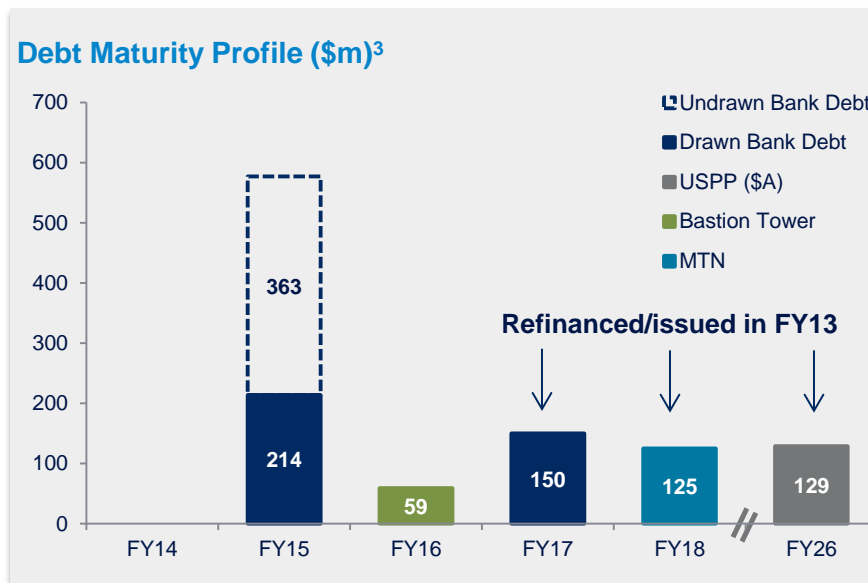
	30 June 2013	30 June 2012	Change %
Net profit (statutory)	\$158.7m	\$101.9m	56%
Operating earnings	\$137.5m	\$128.1m	7%
Operating earnings per unit	22.4c	20.1c	11%
Distributions per unit	17.75c	17.50c <sup>1</sup>	1%
Gearing (look-through)	26.3%	21.9%	20%
Net Tangible Assets (NTA) per unit	\$3.23	\$3.14	3%

- > Net profit of \$158.7 million including \$59.4 million of external Australian asset revaluations offset by \$4.9 million of negative mark to market movements on derivatives
- > Operating earnings per unit increased following full year contributions from acquisitions, development lease up and the unit buy-back completed in December 2011
- > NTA increased 3% to \$3.23 after 52% of the Australian portfolio was re-valued, recording 5% uplifts on prior book values:
  - Strong increases in valuation generated from recent acquisitions at 242 Exhibition St, Melbourne (+7.5%) and 66 St Georges, Terrace Perth (+8.2%)
  - 105 Miller St, North Sydney increased 6.8% following MLC lease extension

1. Includes 1.9 cent per unit special distribution

# Balance sheet de-risked

Key Indicators	30 June 2013	30 June 2012
Drawn debt	\$677m	\$511m
Gearing (look-through)	26.3%	21.9%
Annualised weighted average debt cost <sup>1</sup>	5.2%	5.5%
Hedged <sup>2</sup>	55%	72%
Interest cover ratio (look-through)	5.4x	4.9x
S & P credit rating	BBB+	N/A



> Busy year of debt management – refinancing or issuing a total of ~\$400 million:

- Debt maturities are now evenly spread across financial years, minimising refinance risk
- All in cost of new debt 4% – 4.5% p.a.

> Gearing 29.4% post 99 Walker St acquisition - further acquisition capacity of \$100 – \$200 million

> Weighted average debt maturity increased from 2.4 to 3.2 years

1. Weighted average debt cost represents borrowing costs/average debt balance during the period

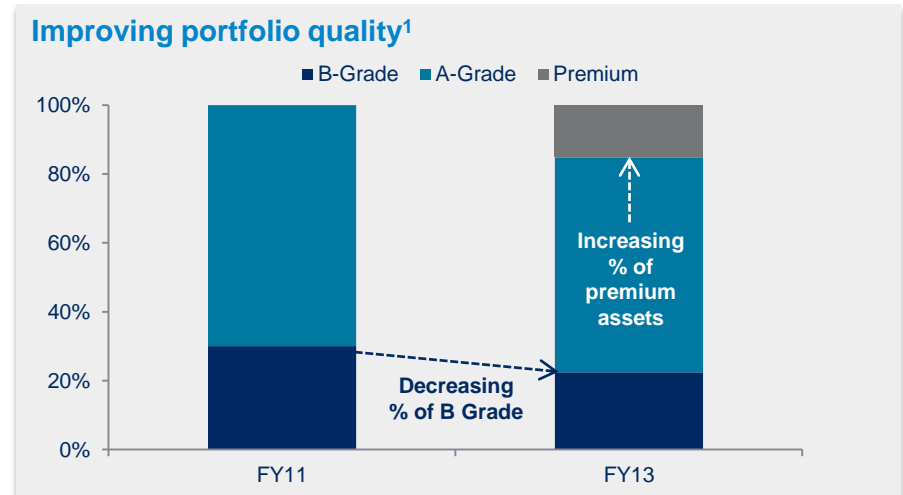
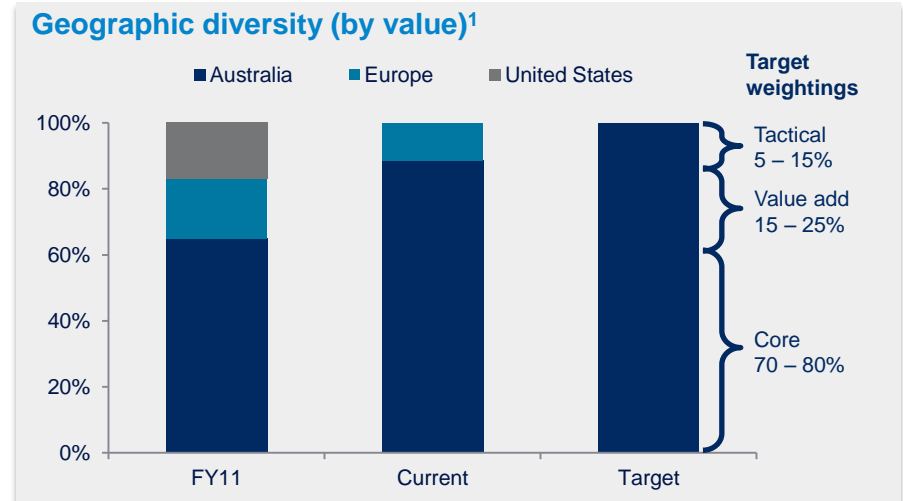
2. Includes interest rate caps

3. Post drawing of USPP and new \$150m bank facility

# Portfolio repositioning on track

## Significant progress since Investa took over management

- > ~\$440 million of acquisitions during FY13:
  - 66 St Georges Terrace, Perth
  - 567 Collins Street, Melbourne (50% with Investa Commercial Property Fund)
  - 99 Walker Street, North Sydney
- > Australian portfolio currently well balanced between core, value-add and tactical assets
- > Committed to repositioning the portfolio to become 100% Australian:
  - European exit continues – Bastion Tower being marketed for sale



1. Includes 567 Collins Street, Melbourne as at completion and post 30 June 2013 acquisition of 99 Walker Street, North Sydney

# Successful track record of quality acquisitions

## Strategic execution driving earnings accretion and NTA growth

### 242 Exhibition Street, Melbourne



- > A-grade asset leased to Telstra until 2020
- > Valuation increased by 7.5%
- > IRR since acquisition 13.4% (8.4% including all acquisition costs)

### 66 St Georges Terrace, Perth



- > All FY13 expiries (54% of building) renewed
- > New rents achieved average \$673psm, 22% above average acquisition rent of \$550psm
- > WALE increased from 1.8 to 3.8 years
- > Valuation increased by 8.2%
- > IRR since acquisition 19.6% (12.4% including all acquisition costs)

### 126 Phillip Street, Sydney



- > Premium grade asset achieving strong leasing outcomes
- > Record rents achieved - \$1,425psqm on 575sqm suite, more than 10% ahead of acquisition assumptions
- > Significant leasing activity over the past 6 months – 5 deals and over 5,000sqm agreed

### 567 Collins Street, Melbourne (under construction)

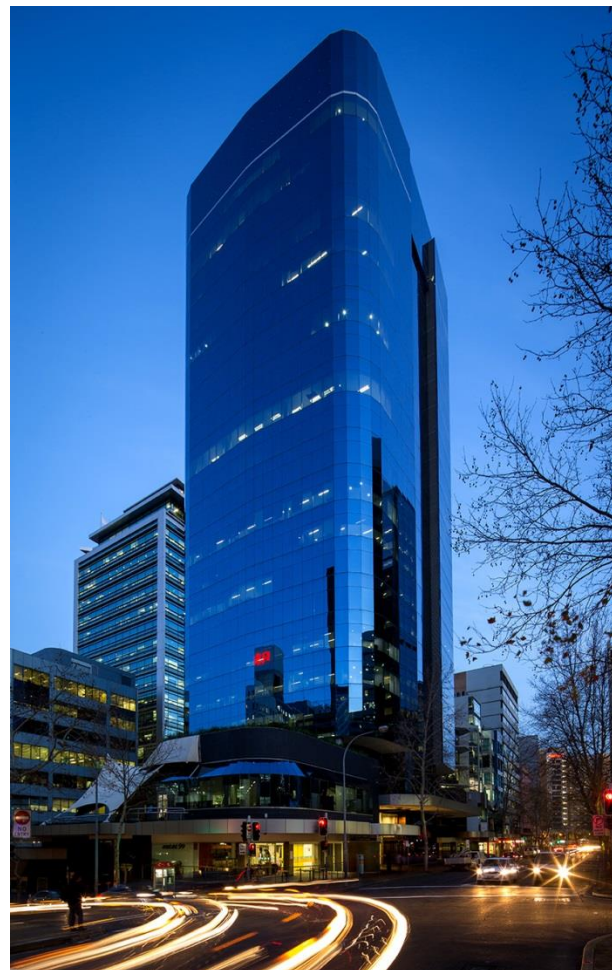


- > Premium grade building with no leasing risk until 2019
- > 5 star NABERS and Green Star rating
- > Increasing evidence of cap rate compression for prime assets

## 99 Walker Street, North Sydney

### Acquiring assets that generate high risk-adjusted returns

- > Acquired for \$124.9m<sup>1</sup> – generating a 7.9% yield on cost (including all acquisition costs)
- > 17,200sqm prime grade asset with a 5.2 year weighted average lease expiry
- > Value creation opportunity:
  - Office re-leasing - 4,600sqm income producing until January 2015 – tenant no longer in occupation and we are actively marketing
  - Retail – current food court offering under review to improve amenity
- > North Sydney prime vacancy 6.6%<sup>2</sup> – and this building is the only prime building with more than two floors of contiguous space



1. Excludes acquisition costs and settlement adjustments  
2. Property Council of Australia Office Market Report 1 July 2013

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# Portfolio Update



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# Australian portfolio update

## Acquisition activity driving income growth

- > Contributions from acquisitions:
  - 66 St Georges Terrace, Perth
  - 126 Phillip Street, Sydney
  - 242 Exhibition Street, Melbourne
- > Like-for-like NOI growth boosted by 10 – 20 Bond St and FY12 lease renewal to QBE at 628 Bourke St
- > As flagged at 1H13, retention was expected to be low for the full year due to the impact of 16 – 18 Mort St, which is now leased
- > Face rent growth 14.9% driven by Centrelink at 140 Creek St and Telstra at Mort St

Key Metrics	30 June 2013	30 June 2012
Net Property Income (NPI)	\$162.1m	\$130.3m
Like-for-like NPI growth	4.5%	1.4%
Leased	32,079 <sup>1</sup>	80,368sqm
Tenant retention (by income)	54% <sup>2</sup>	76%
Occupancy (by income)	96%	98%
Weighted average lease expiry	4.8yrs	5.1yrs
Face rent growth	14.9%	6.7%
Average passing face rent	\$542psqm	\$527psqm
Number of investments	21	18

1. As at 30 June 2013; additional ~11,000sqm leased post 30 June 2013 and included in 43,000sqm quoted on page 2

2. Excluding Mort Street the retention rate was 69%

# Australian major lease expiries

## Substantial leasing activity de-risking outlook

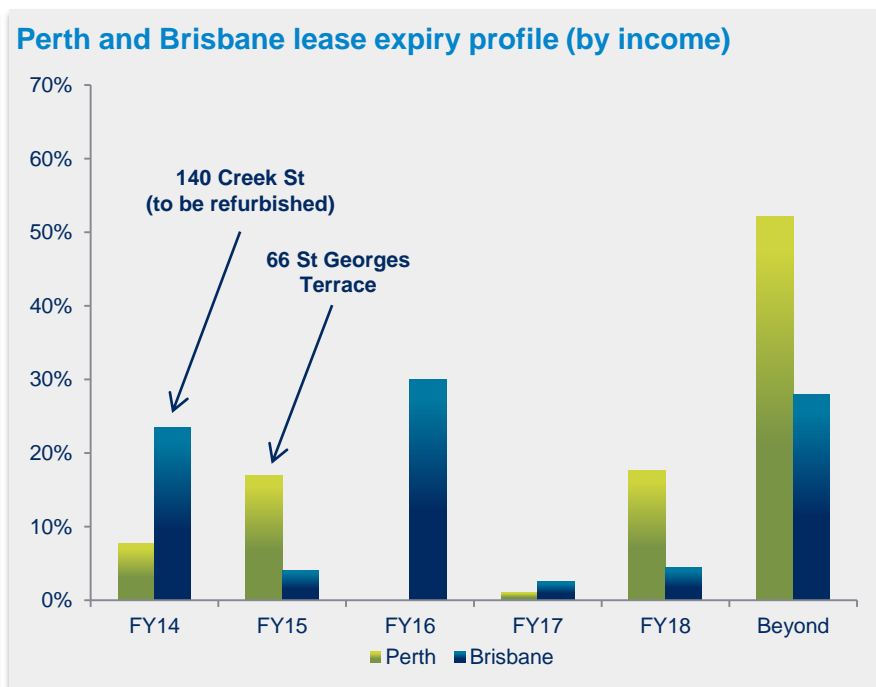
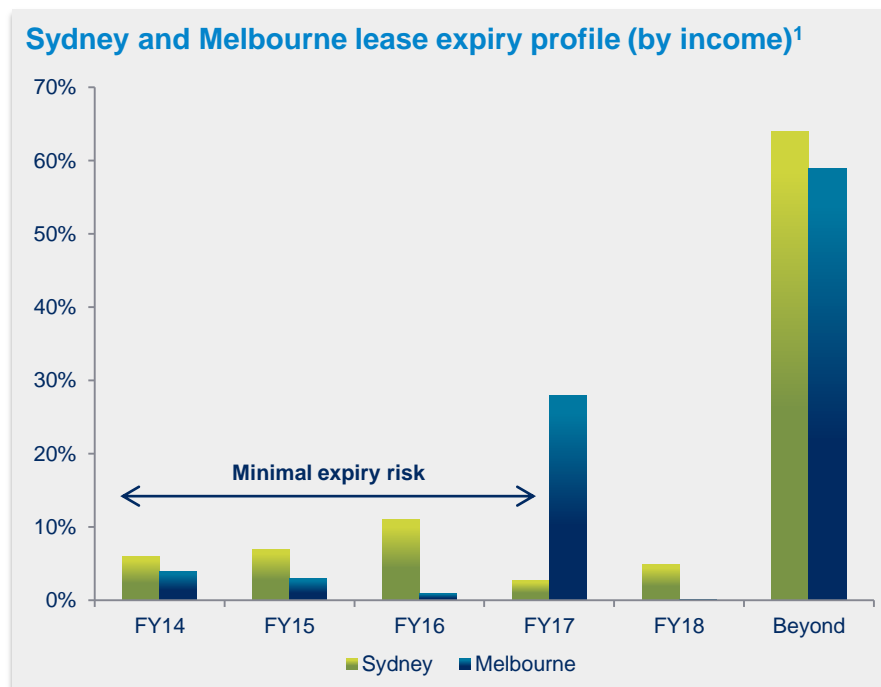
- > Addressed vacancy, upcoming renewals and future risks:
  - 13,250sqm at Mort St leased to Telstra
  - 9,756sqm at 151 Clarence St leased and 1,159sqm with terms agreed
  - 7,286sqm at 140 Creek St leased to Commonwealth Government
- > Only major expiry in FY14 is 140 Creek St Brisbane – foyer and floors are to be refurbished before re-leasing
- > Active leasing discussions on future expiries ongoing across the portfolio
- > WALE including leases with terms agreed increases to 5.4 years
- > FY14 forecast rent at risk limited to ~1.5%

Property	Location	Tenant	Area (sqm)	Expiry	
<b>Vacant</b>					
151 Clarence St	Sydney	-	4,844	Vacant	
628 Bourke St	Melbourne	-	4,725	Vacant	
<b>FY13</b>					
16-18 Mort St	Canberra	DEEWR	14,506	Mar '13	<b>LEASED</b>
<b>FY14</b>					
151 Clarence St	Sydney	Westpac	7,428	July '13	<b>LEASED</b>
140 Creek St	Brisbane	ATO	10,947	Feb '14	
140 Creek St	Brisbane	Centrelink	2,473	Feb '14	<b>LEASED</b>
<b>FY15</b>					
10-20 Bond St	Sydney	Origin Energy	4,661	Nov '14	
99 Walker St	North Sydney	AAMI	4,602	Jan '15	<b>ACQUIRED</b>
140 Creek St	Brisbane	Centrelink	4,813	Feb '15	<b>LEASED</b>
628 Bourke St	Melbourne	V Line	2,673	May '15	
<b>FY16</b>					
126 Phillip St	Sydney	Deutsche	12,523	Oct '15	
140 Creek St	Brisbane	DTMR / DPW	8,819	June '16	

# IOF's portfolio well positioned

## Minimal leasing risk across the portfolio

- > No major lease expiry in Sydney or Melbourne in the near term
- > Achieving average rents at 66 St Georges Terrace Perth of \$673psm, 22% above average acquisition rent of \$550psm
- > 140 Creek St Brisbane to be refurbished – scheduled to complete late 2014



1. Includes North Sydney

# European portfolio update

## Operating conditions remain challenging

- > Bastion Tower is on the market after signing a new lease to the major tenant, increasing the WALE to 8 years
- > We continue to pursue exit options for the Dutch Office Fund:
  - Further deterioration in NAV over the past six months - down 5% as cap rates increased; although the devaluation was more than offset by the devaluation of the Australian dollar
  - We maintain our 15% discount to stated NAV

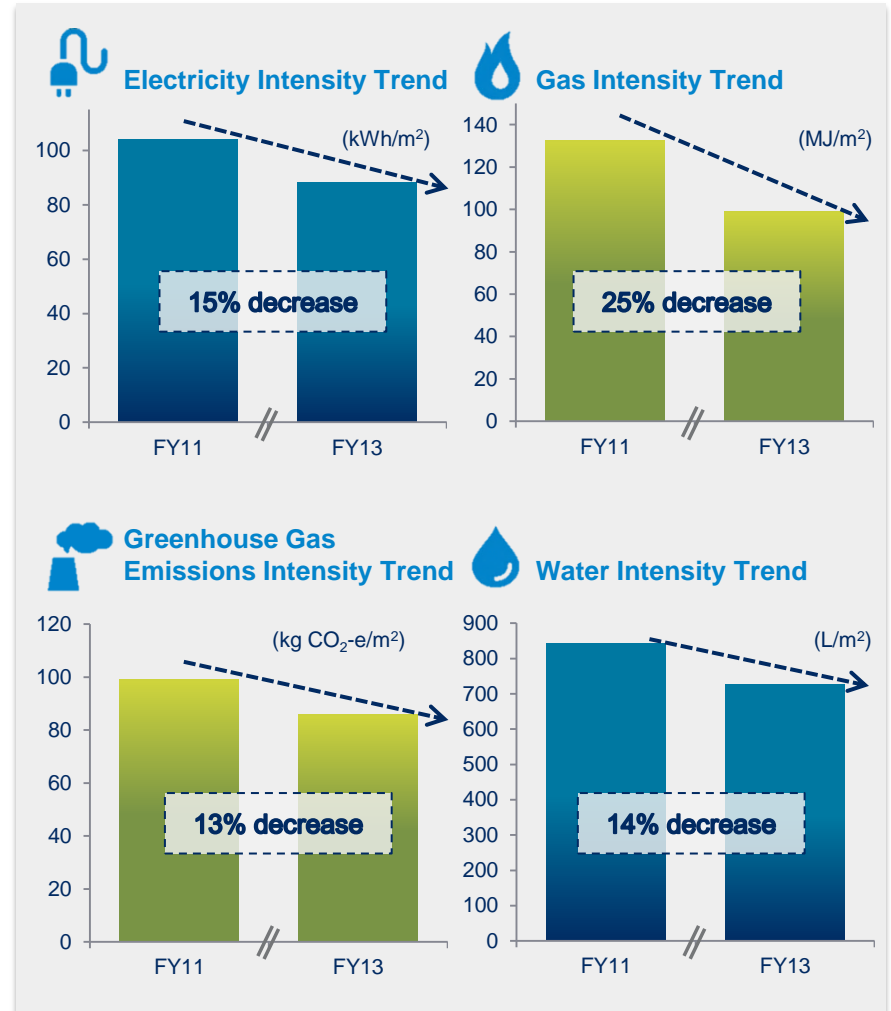
Key Metrics	30 June 2013	30 June 2012
Net Property Income (NPI)	€16.1m	€18.3m
Like-for-like NPI growth	(1.5%)	(5.8%)
Occupancy (by income)	84%	86%
Leased	150,512sqm	170,334sqm
Tenant retention	62%	81% <sup>1</sup>
Weighted average lease expiry	5.4yrs	4.5yrs

1. Tenants retained as a proportion of total leasing completed

# Leveraging the Investa platform

## Management expertise improving asset performance

- > NABERS ratings improved over the year:
  - Energy from 4.0 to 4.2
  - Water from 3.4 to 3.7
- > Key asset achievements include:
  - NABERS Energy increased from 5.0 to 5.5 stars at 140 Creek St, Brisbane
  - Total reduction in electricity use of 35% since 2011 at 347 Kent St, Sydney
  - On track to deliver 4.5 star NABERS Energy rating at 16-18 Mort St, Canberra – up from 3.5 stars



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# Investa's strong focus on governance and disclosure

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## Moving to peer comparable reporting measures

- > Adopting Property Council of Australia best practice reporting guidelines and moving to Funds From Operations (FFO):
  - Guidance will be to FFO; reconciliation to Operating earnings will continue to be provided – we recognise the importance of incentive amortisation through the income statement and balance sheet
- > Differentiated management fee incentivises performance and aligns manager and unitholder interests – 55bps of market capitalisation:
  - Subject to cap and floor of 2.5% per quarter
  - Offshore management fees reduced 71% following asset sales
  - MER equivalent to 36 basis points
- > Ongoing ATO audit of IOF income tax returns for FY08 – 10

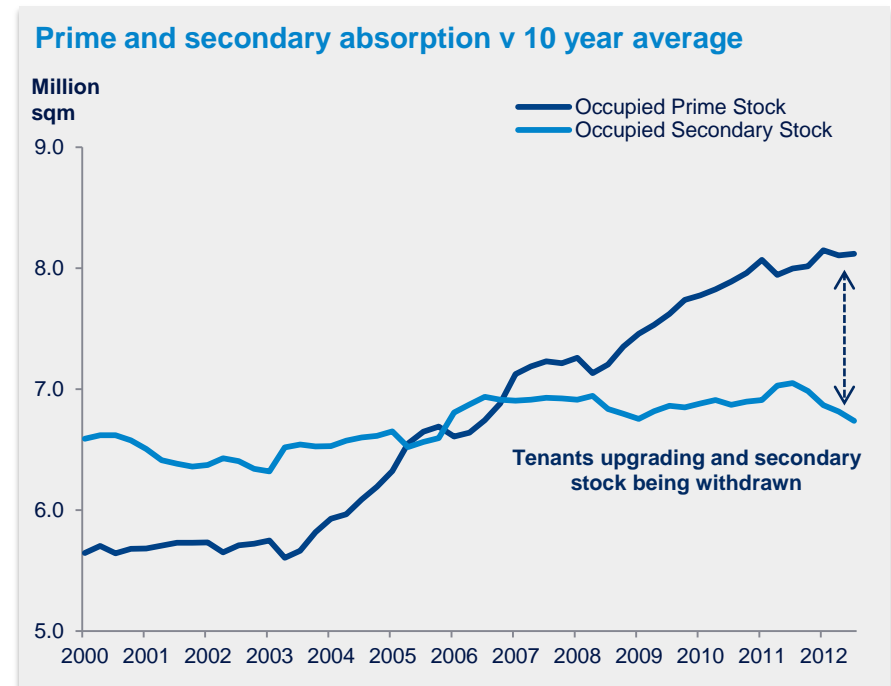
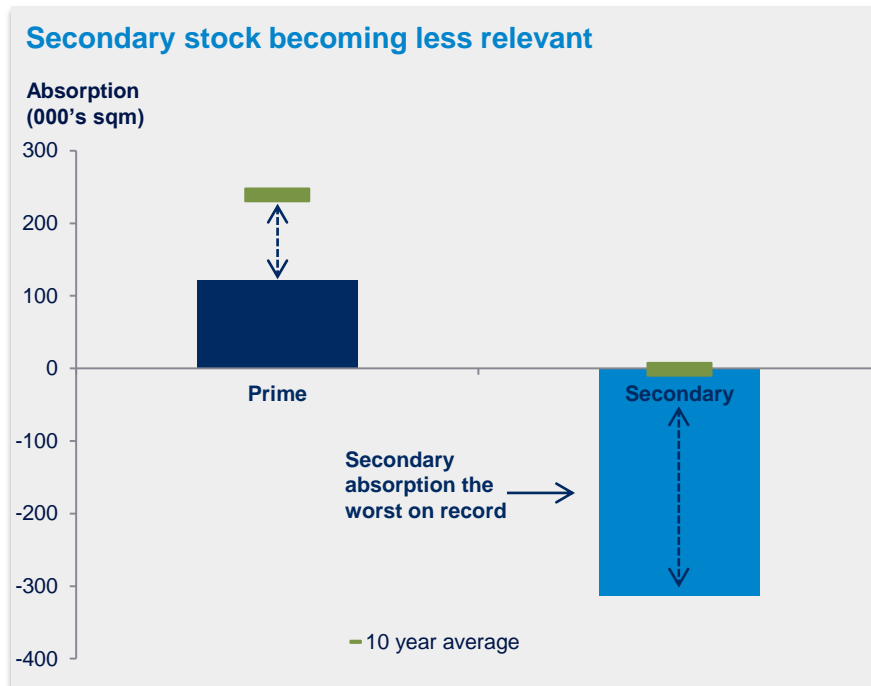
# Market Update



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# Secondary product driving headline vacancy

- > 12 month secondary absorption negative 314,000sqm – the worst on record
- > Prime absorption is below average and not strong enough to offset moderate levels of supply
- > Secondary stock is older with inefficient floor plates - hence CBD withdrawals average over 200,000sqm p.a.
- > We expect structurally high secondary vacancy to reduce over time as alternative uses are sought



Source: Jones Lang LaSalle Research and Investa Research

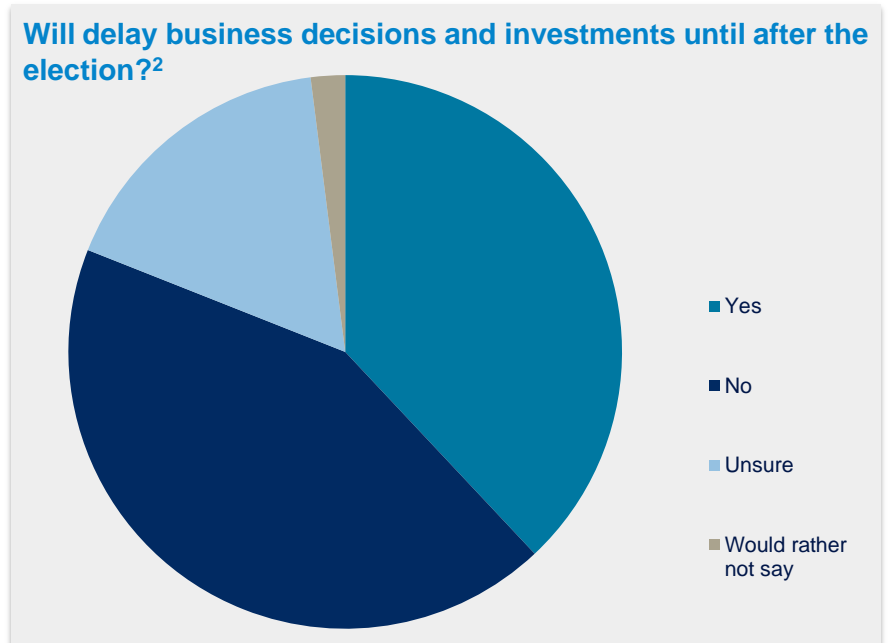
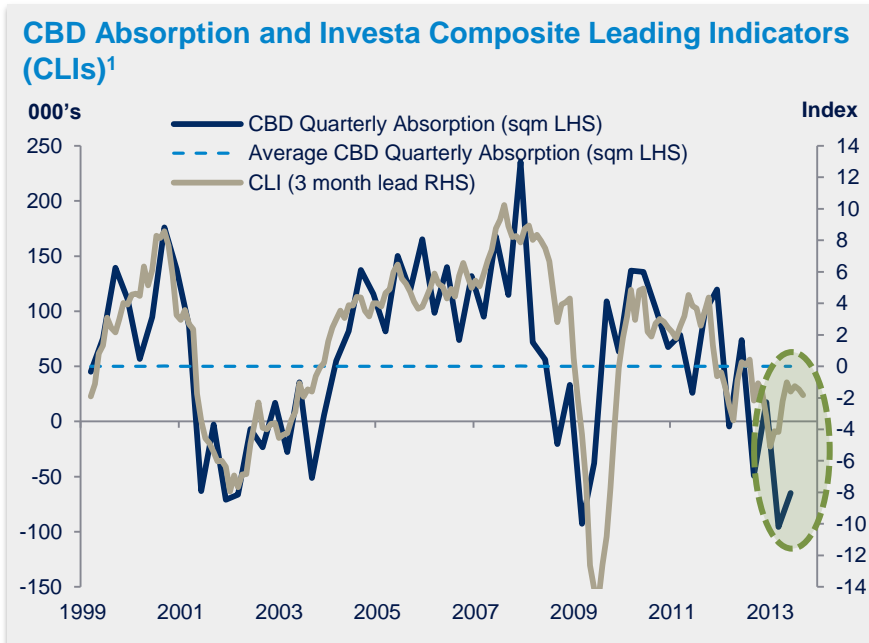
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# Confidence weak due to ongoing uncertainty

- > Businesses continue to delay investment decisions due to political uncertainty and weak confidence
- > Fundamentals seem stronger than the performance of the underlying occupational market:
  - Leading indicators including ASX performance, ABS labour force data, ANZ job ads and global PMI all indicate demand should rebound in calendar year 2014
  - Negative absorption particularly impacted by State Government job cuts in Brisbane CBD

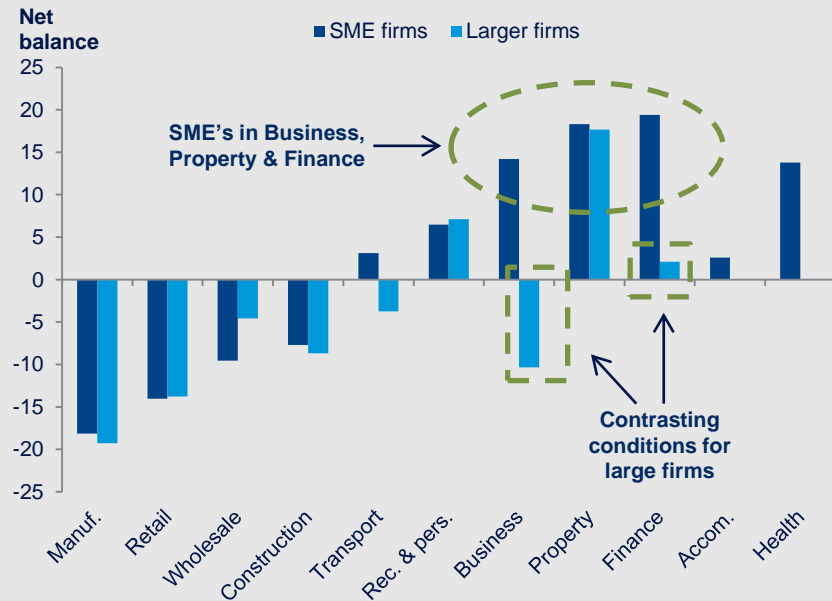


1. Source: Markit, NAB, RBA, ANZ, JLL and Investa Research. Composite Leading index comprised of ASX performance, hours worked, ANZ job ads, NAB business survey data and global manufacturing PMI  
 2. Source: Dunn & Bradstreet National Business Expectations Survey

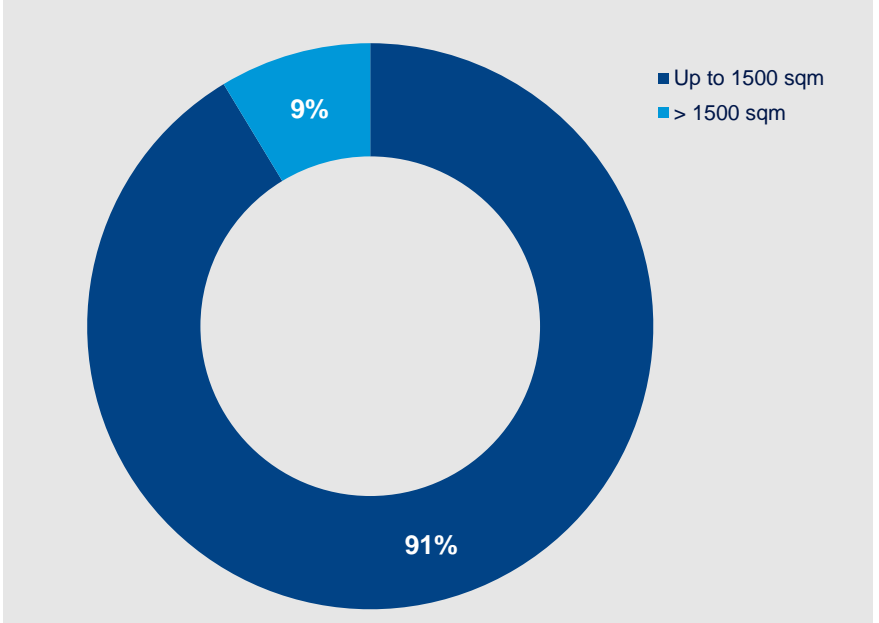
# SME's experiencing improving conditions

- > SME's in Business Services, Property and Finance are all showing increasing confidence
- > Leasing results in Sydney reflect this – with the majority of activity being in the smaller end of the market<sup>1</sup>:
  - 45% of leases signed over the last 24 months were for space between 500 – 1000 sqm
  - 30% of leases signed over the last 24 months were for space between 1000 – 2000 sqm
  - 40% of these tenants are in the Business Services sector

**NAB business conditions – SME's and larger firms**



**Sydney CBD tenant % by number<sup>2</sup>**

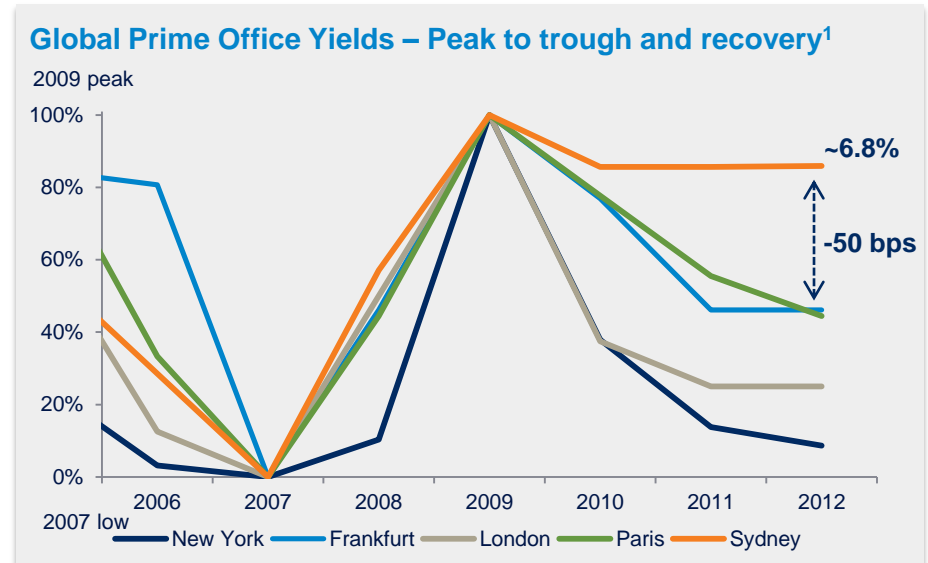


1. Source: Savills Research, by number of leases completed

2. Source: Colliers Research

## Prime yields well above 2007 lows

- > Australia is the only major global market that has not seen material cap rate compression since the crisis
- > The RBA has now cut interest rates 225bps in less than two years – and we expect this to be reflected in prime office yields as risk premiums reduce:
  - There is recent evidence of transactions at low-8% IRR's
  - 50 bps of compression would correspond to a Frankfurt/Paris “scenario” (i.e. a mid-point)
  - 75 bps would correspond to a London “scenario”
- > Significant capital remains focused on Australian office markets:
  - Private equity increasingly active in secondary assets and locations
- > Lack of availability of high quality assets is restricting evidence to support sentiment and stated investor intentions



1. Source: Jones Lang LaSalle Research and Investa Research

# Summary and Outlook



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# Summary

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## Building our track record – portfolio performance

- > Over the past 24 months we have de-risked the short term outlook and delivered strong performance:
  - ~13% EPU and ~11% NTA growth
  - ~25% of the portfolio has been re-leased
  - Almost 50% of the asset base has been recycled
- > Focus on risk-adjusted returns – with recent acquisitions delivering earnings and NTA growth whilst improving portfolio quality
- > Continued discipline in capital allocation with focus on yield on cost and value creation opportunities
- > European conditions remain challenging but commitment to sell continues

## Proven ability to manage the balance sheet

- > In 24 months over \$950m has been refinanced, with FY13 financing activities delivering average margin of ~165bps across 3, 5 and 12 year maturities
- > Accessed capital markets, delivering extended maturity of debt book and diversifying sources of debt
- > Hedging profile delivering benefits of lower short-term rates

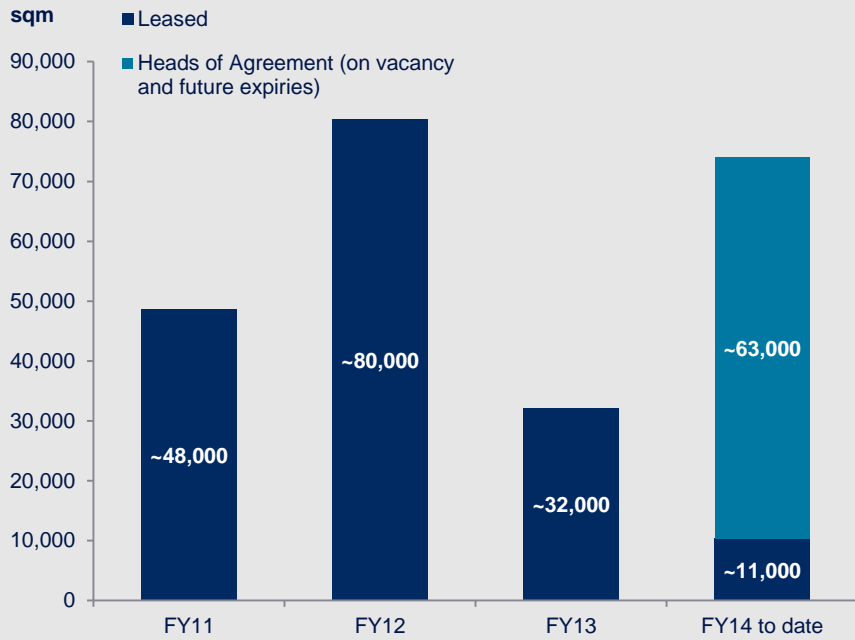
# Australian major lease expiries

## FY14 has been de-risked

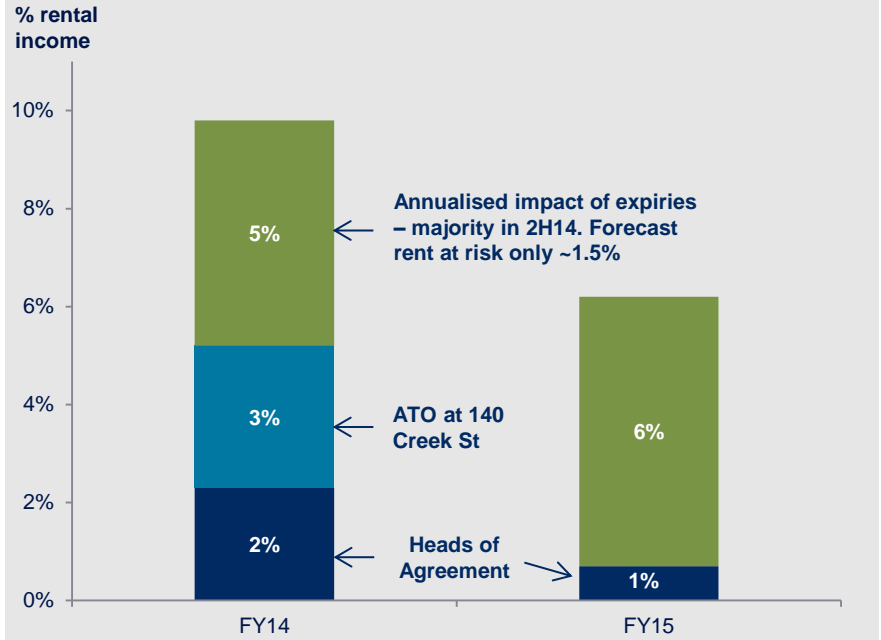
> FY14 rent at risk is only ~1.5% (~\$2m):

- Terms agreed on ~25% of FY14 expiries
- 140 Creek St will be refurbished – and makes up ~30% of FY14 expiries
- Majority of lease expiries fall in 2H14
- Conservative lease up assumptions applied on remainder of expiries

### Leasing track record and outlook



### Short term expiries



# Outlook

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## Market conditions

- > Reducing interest rates, a lower A\$ and impending Federal election should see occupational demand stabilise before growth into 2014
- > Continued investor demand, particularly for well-let core assets, should lead to further cap rate compression

## Portfolio well positioned for further outperformance

- > Our active approach to leasing, with a further ~63k sqm in Heads of Agreement, is de-risking income and creating potential for further valuation upside
- > Opportunities exist for further improvement in quality and performance across the existing portfolio
- > Market continues to offer selective opportunities for value creation and attractive risk-adjusted returns

## FY14 Guidance

- > 26.5 cpu FFO - 6% growth on FY13 (25.0 cpu)
- > Distributions per unit 18.5 cpu - 4% growth on FY13 (based off 70% of FFO)
- > Subject to prevailing market conditions

A photograph of three business professionals (two men and one woman) walking together in a modern office building. They are dressed in business attire. The image has a strong blue color cast. A white horizontal line is positioned above the text.

# Questions and Answers

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# For any questions please contact us

Should you have any questions regarding the Fund, please call Investor Relations on 1300 130 231 or email: [investorrelations@investa.com.au](mailto:investorrelations@investa.com.au)

If you have any questions about your unitholding, distribution statements or any change of details, please call the unitholder information line on 1300 851 394 (within Australia) or +61 2 8280 7912 (outside Australia).

More information about the Fund can be accessed and downloaded at [investa.com.au/IOF](http://investa.com.au/IOF)

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# Appendices

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## Content

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1. Exchange rate assumptions: period end 30 June 2013 AUD: EUR 0.7095

# Appendix 1

## Reconciliation of statutory profit to operating earnings

Operating earnings for the year is calculated as follows:	30 June 2013 (A\$m)	Cents per unit	30 June 2012 (A\$m)	Cents per unit
Statutory profit attributable to unitholders	158.7	25.8	101.9	16.0
Adjusted for:				
Net (gain)/loss on change in fair value in:				
Investments	(28.8)	(4.7)	(82.0)	(12.9)
Derivatives	4.9	0.8	22.5	3.5
Transfer foreign currency translation reserve to profit and loss	-	-	131.1	20.6
Net gain on disposal of investments	(0.2)	-	(6.1)	(1.0)
Net foreign exchange gain	(2.0)	(0.3)	(19.9)	(3.1)
Other (primarily straight-lining and tax)	4.9	0.8	(19.4)	(3.0)
<b>Operating earnings<sup>1</sup></b>	<b>137.5</b>	<b>22.4</b>	<b>128.1</b>	<b>20.1</b>

1. The Responsible Entity considers the non-Australian Accounting Standards ("AAS") measure, operating earnings, an important indicator of underlying performance of the Group and Prime. To calculate operating earnings, net profit attributable to unitholders is adjusted to exclude unrealised gains or losses, certain non-cash items, fair value gains or losses on investments and other amounts that are non-recurring or capital in nature. These adjustments may change from time to time, depending upon changes to AAS and/or the Responsible Entity's assessment of non-recurring or capital items. No adjustments have been made for amortisation of lease incentives or lease fees as the Responsible Entity considers these to be a component of rental income and/or property expenses. Operating earnings is also included in the Segment information note of the Financial Statements, refer to Note 25.

## Appendix 2

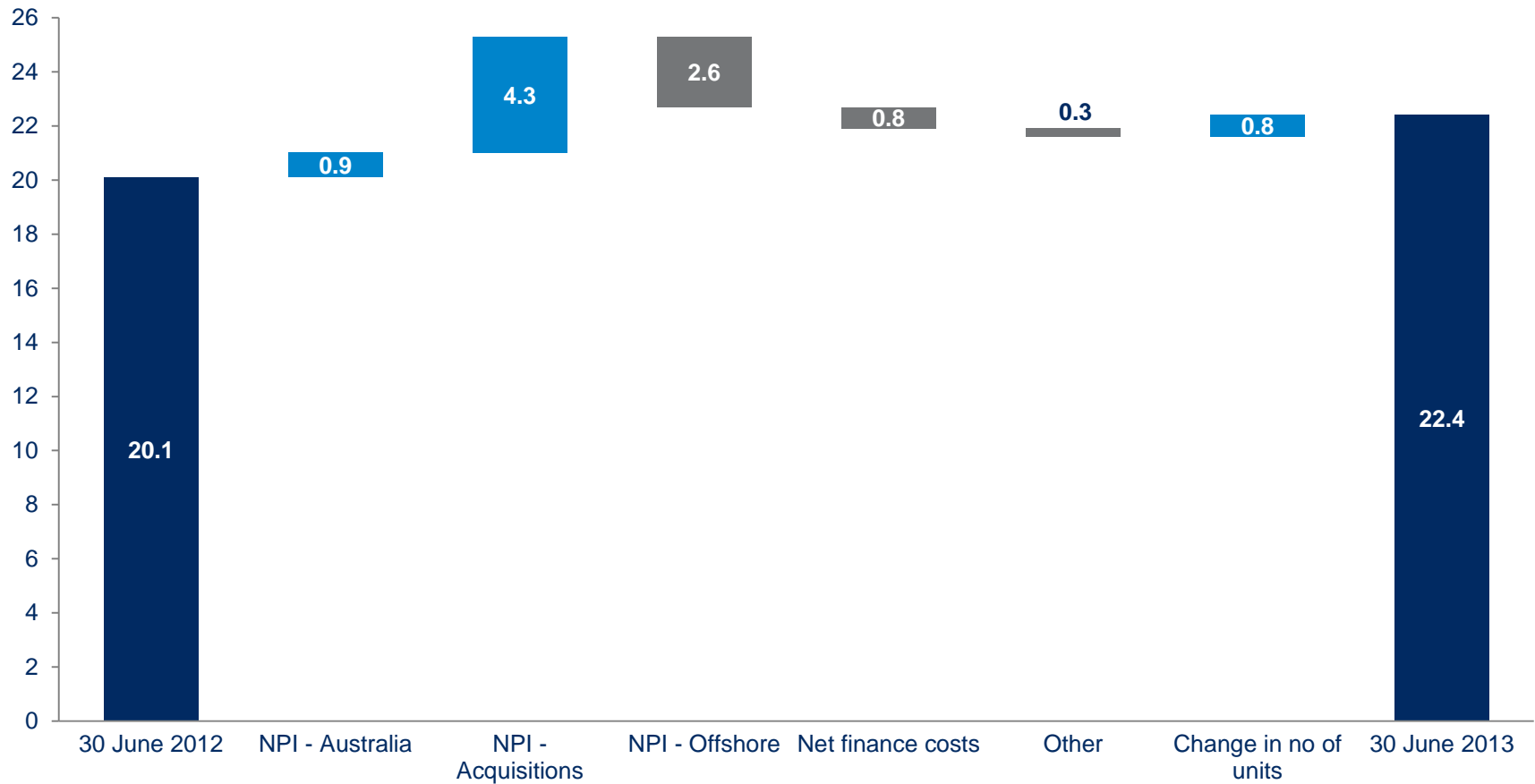
### Operating earnings (look-through)

	30 June 2013 (A\$m)	30 June 2012 (A\$m)
Australia	162.1	130.3
United States	-	12.2
Europe	20.3	23.9
<b>Segment result</b>	<b>182.4</b>	<b>166.4</b>
Interest income	0.9	1.3
Finance costs	(33.3)	(28.8)
Responsible Entity's fees	(9.4)	(8.6)
Net foreign exchange gain	2.8	5.9
Foreign asset management fees	(0.4)	(1.4)
Other expenses	(3.6)	(3.7)
Current income tax expense	(1.9)	(2.9)
External non-controlling interests share of operating earnings	-	(0.1)
<b>Operating earnings</b>	<b>137.5</b>	<b>128.1</b>

## Appendix 3

### Operating earnings waterfall

Operating earnings per unit (cents)



## Appendix 4

### Balance sheet

	30 June 2013 (A\$m)	30 June 2012 (A\$m)
Property investments	1,926.8	1,770.7
Equity accounted investments	427.6	425.3
Financial asset at fair value through profit or loss (DOF)	257.3	247.2
Derivatives	6.3	9.4
Assets classified as held for sale	60.2	26.2
Cash	12.4	18.2
Other	33.2	5.6
<b>Total assets</b>	<b>2,723.8</b>	<b>2,502.6</b>
Borrowings	616.5	457.8
Derivatives	13.1	9.9
Deferred tax liabilities	-	0.2
Liabilities directly associated with assets classified as held for sale	27.6	23.4
Distributions payable	55.3	59.6
Other	24.7	24.9
<b>Total liabilities</b>	<b>737.2</b>	<b>575.8</b>
<b>Net assets</b>	<b>1,986.6</b>	<b>1,926.8</b>
Units on issue (million)	614.1	614.1
NTA per unit (A\$)	3.23	3.14

## Appendix 5

### Operating earnings and Property Council FFO and AFFO

	30 June 2013 (A\$m)	30 June 2012 (A\$m)
Operating earnings	137.5	128.1
add: amortisation of tenant incentives <sup>1</sup>	16.0	13.7
<b>Property Council FFO<sup>2</sup></b>	<b>153.5</b>	<b>141.8</b>
less: maintenance capex and incentives incurred during the year	(26.9)	(23.3)
Property Council AFFO <sup>3</sup>	126.6	118.5
Operating earnings per unit	22.4	20.1
<b>Property Council FFO per unit</b>	<b>25.0</b>	<b>22.3</b>
Property Council AFFO per unit	20.6	18.6
Distributions per unit	17.75	17.50 <sup>4</sup>
Payout ratio (% of operating earnings)	79%	87%
<b>Payout ratio (% of Property Council FFO)</b>	<b>71%</b>	<b>78%</b>
Payout ratio (% of Property Council AFFO)	86%	94%

1. Includes rent-free amortisation of \$7.5m and tenant fit-out amortisation of \$8.5m (30 June 2012: \$5.3m and \$8.4m respectively)

2. Property Council Funds From Operations ("Property Council FFO") is defined as the Group'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.

3. Property Council Adjusted FFO ("Property Council AFFO") is defined by adjusting Property Council FFO for other non-cash and other items which have not been adjusted in determining Property Council FFO such as maintenance capex, incentives given for the accounting period, derivative close out costs and other one-off items.

4. Includes 1.9 cent per unit special distribution.

## Appendix 6

### Debt facilities and covenants

Facility Type	Currency	Facility Limits (A\$m)	Drawn (A\$m look-through)	Undrawn (A\$m)	Maturity Date
<b>Corporate Facility:</b>					
Facility A (AUD)	Multi-currency	353.1	275.0	78.1	Aug-14
Facility C (EUR) <sup>1</sup>	EUR	211.4	211.4	-	Aug-14
Facility D (EUR) <sup>1</sup>	EUR	12.7	6.5	6.2	Aug-14
Bilateral Debt	Multi-currency	150.0	-	150.0	Aug-16
<b>Secured facilities:</b>					
Bastion Tower (50%) <sup>1</sup>	EUR	58.9	58.9	-	Oct-15
<b>Medium Term Note:</b>					
MTN	AUD	125.0	125.0	-	Nov-17
<b>Total</b>		<b>911.1</b>	<b>676.8</b>	<b>234.3</b>	
USPP <sup>2</sup>	USD	128.9	128.9	-	Aug-25
<b>Total including USPP/Weighted average</b>		<b>1,040.0</b>	<b>805.7</b>	<b>234.3</b>	<b>3.2 years</b>

	Actual	Covenant
<b>Unsecured facilities and Medium Term Notes:</b>		
Total liability (look-through liabilities/look-through assets)	29.9%	50.0%
Actual interest cover	5.7x	2.5x
<b>Bastion Tower property level debt</b>		
Loan to value actual <sup>3</sup> (based on last testing period – Dec 12)	64%	65%
Debt service coverage (based on last testing period – Dec 12)	1.4x	1.1x

1. Converted at the EUR foreign exchange rate prevalent at the period end of 0.7095

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

3. Sufficient headroom and liquidity to cure Bastion Loan to Value covenant if required

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## Appendix 7

### Gearing (look-through)

	30 June 2013 (A\$m)
<b>Gearing – statutory</b>	<b>22.6%</b>
Total assets (headline)	2,723.8
Less: financial asset at fair value (DOF)	(257.3)
Less: equity accounted investments (242 Exhibition St, 126 Phillip St, 567 Collins St)	(427.6)
Less: assets classified as held for sale (NVH, Bastion Tower)	(59.4)
Add: share of equity accounted investments (242 Exhibition St, 126 Phillip St, 567 Collins St)	443.8
Add: share of financial assets at fair value (DOF)	333.2
Add: share of assets classified as held for sale (NVH, Bastion Tower)	119.4
Less: receivables and payables to equity accounted investments (NVH, Bastion Tower, 567 Collins St)	(43.4)
<b>Look-through assets</b>	<b>2,832.5</b>
Total debt (headline)	616.5
Add: share of debt of financial assets at fair value (DOF)	69.4
Add: share of assets classified as held for sale (Bastion Tower)	58.8
<b>Look-through debt</b>	<b>744.7</b>
<b>Look-through gearing</b>	<b>26.3%<sup>1</sup></b>

1. Look through gearing including 99 Walker Street = 29.4%

## Appendix 8

### Balance sheet hedging

	Australia (A\$m)	Europe (A\$m) <sup>1</sup>	United States (A\$m)	Total (A\$m)
<b>Total look-through assets</b>	2,388.1	438.4	6.0	2,832.5
Look-through debt	398.6	346.1	-	744.7
Other liabilities	84.0	16.8	0.4	101.2
<b>Total look-through liabilities</b>	<b>482.6</b>	<b>362.9</b>	<b>0.4</b>	<b>845.9</b>
Unitholders' interest	1,905.5	75.5	5.6	1,986.6
<b>Balance sheet hedging (TL/TA)</b>	<b>20.2%</b>	<b>82.8%</b>	<b>6.7%</b>	<b>29.9%</b>

1. Includes DOF's share of assets and liabilities

## Appendix 9

### Interest and income hedging profile

Forecast hedge profile	FY14	FY15	FY16	FY17	FY18
<b>Weighted average interest rate derivatives</b>					
AUD interest rate swaps and caps <sup>1</sup>	\$300.7m	\$344.5m	\$214.7m	\$100.1m	\$75.6m
AUD fixed rate swaps and caps	3.2%	3.1%	4.0%	4.1%	4.1%
EUR interest rate swaps and caps <sup>1</sup>	€105.0m	€84.3m	€45.0m	€6.8m	-
EUR fixed rate swaps and caps	2.0%	2.0%	2.0%	2.0%	-
EUR Bastion interest rate swaps <sup>2</sup>	€5.2m	-	-	-	-
EUR Bastion fixed rate swaps	1.2%	-	-	-	-
<b>Weighted average income hedging</b>					
EUR hedged	€8.0m	-	-	-	-
EUR / AUD average rate	0.50	-	-	-	-

1. Assumes interest payable at the cap rate

2. Bastion derivatives held at the Associate's level and this amount reflects IOF's 50% share

## Appendix 10

### Portfolio snapshot

	Australia	Europe	Total Portfolio 30 June 2013	Total Portfolio 30 June 2012
Occupancy (by income)	96%	84%	94%	96%
Retention	54%	62%	56%	79%
Weighted average lease expiry (WALE)	4.8yrs	5.4yrs	4.9yrs	5.1yrs
Like-for-like NPI growth (local currency)	4.5%	(1.5%)	3.7%	0.2%
Over/(under) renting – face rents	(1.1%)	5.1%	(0.3%)	(1%)
Portfolio NLA <sup>1</sup> (sqm)	369,188	133,057	502,244	477,533
No. of property investments	21	2	23 <sup>2</sup>	20
Book value (A\$m)	2,493.0	348.3	2,841.3	2,492.3

1. Weighted for ownership

2. Includes 567 Collins Street, Melbourne at completion and the post 30 June acquisition of 99 Walker Street, North Sydney

# Appendix 11

## Australian portfolio overview



1. Includes construction cost to 30 June 2013 for 567 Collins Street, Melbourne

2. Includes post 30 June acquisition of 99 Walker Street, North Sydney

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# Appendix 12

## European portfolio overview

### Netherlands<sup>1</sup>

Number of properties	1
Book Value	€182.5m
% of IOF portfolio value	9.1%

### Brussels, Belgium

Number of properties	1
Book Value	€64.6m
% of IOF portfolio value	3.2%



1. IOF has a 14.2% investment in the Dutch Office Fund portfolio

## Appendix 13

### Australian portfolio book values

Property	Location	Book Value (A\$m)	% Change in Book Value <sup>1</sup>	Cap rate (%)	Discount rate (%)
126 Phillip Street (25%)	NSW	176.2	-	6.35	8.75
10-20 Bond Street (50%)	NSW	183.8	7.7%	6.63	8.50
388 George Street (50%)	NSW	207.5	8.8%	6.88	8.75
347 Kent Street	NSW	254.5	-	7.00	9.00
151 Clarence Street	NSW	81.6	-	8.25	9.50
99 Walker Street	NSW	124.9 <sup>2</sup>	-	8.00	9.50
105-151 Miller Street	NSW	172.0	6.8%	8.13	9.25
111 Pacific Highway	NSW	123.7	-	8.00	9.25
239 George Street	QLD	122.5	(4.3%)	8.50	9.25
15 Adelaide Street	QLD	53.0	(6.8%)	8.50	9.25
140 Creek Street	QLD	167.9	-	8.00	9.25
295 Ann Street	QLD	114.6	-	8.00	9.50
232 Adelaide Street	QLD	17.5	-	8.75	9.75
567 Collins Street (50%)	VIC	31.3 <sup>3</sup>	-	6.75	8.75
242 Exhibition Street (50%)	VIC	233.8	7.5%	6.85	8.75
628 Bourke Street	VIC	105.8	-	7.75	9.25
383 La Trobe Street	VIC	52.0	-	8.00	9.50
800 Toorak Road (50%)	VIC	62.5	0.3%	8.13	9.75
66 St Georges Terrace	WA	89.5	8.2%	8.25	9.75
836 Wellington Street	WA	77.5	6.1%	8.50	10.50
16-18 Mort Street	ACT	40.9	0.4%	7.50	9.50
<b>Total Australia</b>		<b>2,493.0</b>	<b>5.7%</b>	<b>7.50<sup>4</sup></b>	<b>9.16<sup>4</sup></b>

1. Represents change in book value resulting from external valuations as at 30 June 2013

2. Exchanged in June 2013 and settled in July 2013

3. The property at 567 Collins St, Melbourne VIC is an investment property under construction with an anticipated practical completion date in mid-2015

4. Excludes 567 Collins Street, Melbourne

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## Appendix 14

### Australian book values by CBD

	Book value (A\$m) <sup>1</sup>	Book value <sup>2</sup> (A\$/sqm)	Average Passing Face Rent (A\$/sqm)	Weighted Average Lease Expiry (yrs)	Weighted Average cap rate (%)
Sydney	903.6	9,866	756.2	4.5	6.88
North Sydney	420.6	6,677	456.8	5.2	8.05
Brisbane	475.5	5,353	595.9	3.7	8.21
Melbourne	485.4	5,134	369.2	5.6	7.37
Perth	167.0	7,131	523.3	3.8	8.37
Canberra	40.9	2,939	385.0	12.5	7.50
<b>Total/Average</b>	<b>2,493.0</b>	<b>6,688<sup>3</sup></b>	<b>541.6<sup>2</sup></b>	<b>4.8<sup>3</sup></b>	<b>7.50<sup>3</sup></b>

1. Includes post 30 June acquisition of 99 Walker Street, North Sydney

2. Book value/sqm is weighted by IOF's share of NLA. This was previously calculated based on 100% NLA

3. Excludes 567 Collins Street, Melbourne



## Appendix 15

### European portfolio book values

Property	Location	Book Value (€m) <sup>1</sup>	% Change in Book Value <sup>2</sup>	Cap rate (%)	Discount rate (%)
Dutch Office Fund (14.2%)	Europe	182.5	(8.8%)	5.90%	6.90%
Bastion Tower (50%)	Europe	64.6	(2.3%)	5.95%	8.00%
<b>Total Europe</b>		<b>247.1</b>	<b>(7.1%)</b>	<b>5.91%</b>	<b>7.15%</b>

> DOF investment continues to be carried at a 15% discount to DOF's reported Net Asset Value

1. At 30 June 2013 the book value for the Dutch Office Fund and Bastion Tower in AUD was \$257.3m and \$91.0m respectively

2. The change for the Dutch Office Fund represents a change in book value from 30 June 2012. The change for Bastion Tower represents a change in book value resulting from external independent valuations as at 30 June 2013

# Appendix 16

## Portfolio NPI

Property	State	30 June 2013	30 June 2012	Movement		Comments
		NPI (A\$m)	NPI (A\$m)	(A\$m)	(%) <sup>1</sup>	
388 George St (50%)	NSW	13.3	12.7	0.6	4.4%	
347 Kent St	NSW	22.2	21.7	0.5	2.5%	
105-151 Miller St	NSW	10.5	9.7	0.8	8.7%	Net \$300k benefit from FY12 outgoings adjustment
151 Clarence St	NSW	5.2	5.5	(0.3)	(5.0%)	Lower occupancy
111 Pacific Hwy	NSW	7.9	7.5	0.4	6.6%	Higher rent and outgoings adjustment
10-20 Bond St (50%)	NSW	8.2	3.7	4.5	120.0%	Fully let up in FY12
239 George St	QLD	9.9	10.6	(0.7)	(6.6%)	Lower occupancy
15 Adelaide St	QLD	4.0	4.1	(0.1)	(3.2%)	
140 Creek St	QLD	12.3	13.4	(1.1)	(7.8%)	Negative reversion from FY12 leases
232 Adelaide St	QLD	1.2	1.3	(0.1)	(3.4%)	
295 Ann St	QLD	7.3	7.5	(0.2)	(2.3%)	
628 Bourke St	VIC	6.3	5.2	1.1	22.9%	Benefit from QBE lease signed in FY12
383 La Trobe St	VIC	4.9	4.2	0.7	15.5%	Higher effective rent from FY12 lease
800 Toorak Rd (50%)	VIC	5.6	5.6	-	(0.1%)	
836 Wellington	WA	5.9	5.7	0.2	2.7%	
16-18 Mort St	ACT	4.4	5.3	(0.9)	(17.6%)	Under refurbishment, leased from November 2013
<b>Like-for-like AU</b>		<b>129.1</b>	<b>123.7</b>	<b>5.4</b>	<b>4.5%</b>	

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

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## Appendix 17

### Portfolio NPI (cont'd)

Property	Location	Currency	30 June 2013 NPI (m)	30 June 2012 NPI (m)	Movement (m)	Movement %	
Dutch Office Investment (14.2%)	Europe	EUR	13.2	13.5	(0.3)	(2.2%)	
Bastion Tower (50%)	Europe	EUR	2.9	2.8	0.1	1.6%	
<b>Like-for-like for Europe</b>			<b>16.1</b>	<b>16.3</b>	<b>(0.2)</b>	<b>(1.5%)</b>	
<b>Rest of IOF Portfolio (acquired or sold during period)</b>							
Acquired	567 Collins Street (50%)	VIC	AUD	-	-	-	
	126 Phillip St (25%)	NSW	AUD	11.0	2.9	8.1	279%
	242 Exhibition St (50%)	VIC	AUD	15.9	3.7	12.2	330%
	66 St George Tce	WA	AUD	6.1	-	6.1	100%
Sold	Homer Building (80%) <sup>1</sup>	USA	USD	-	5.9	(5.9)	(100%)
	900 Third Avenue (49%)	USA	USD	-	5.6	(5.6)	(100%)
	Computer Associates	USA	USD	-	1.1	(1.1)	(100%)
	Neuilly Victor Hugo	Europe	EUR	-	2.0	(2.0)	(100%)
<b>Total IOF Portfolio (AUD)<sup>2</sup></b>			<b>182.4</b>	<b>165.6</b>	<b>16.8</b>	<b>10.1%</b>	

#### 567 Collins St, Melbourne cash flow forecasts

	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15	Dec-15	Jun-16
Forecast timing of payments	31.2	36.3	34.1	47.4	54.4	27.4	-
Property/Coupon income	0.3	1.6	2.5	4.2	6.0	8.7	7.7

1. NPI recorded at 100%.

2. Based on constant foreign exchange rates of USD: 1.0292 and EUR: 0.7931

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## Appendix 18

### Dutch Office Fund and Bastion Tower

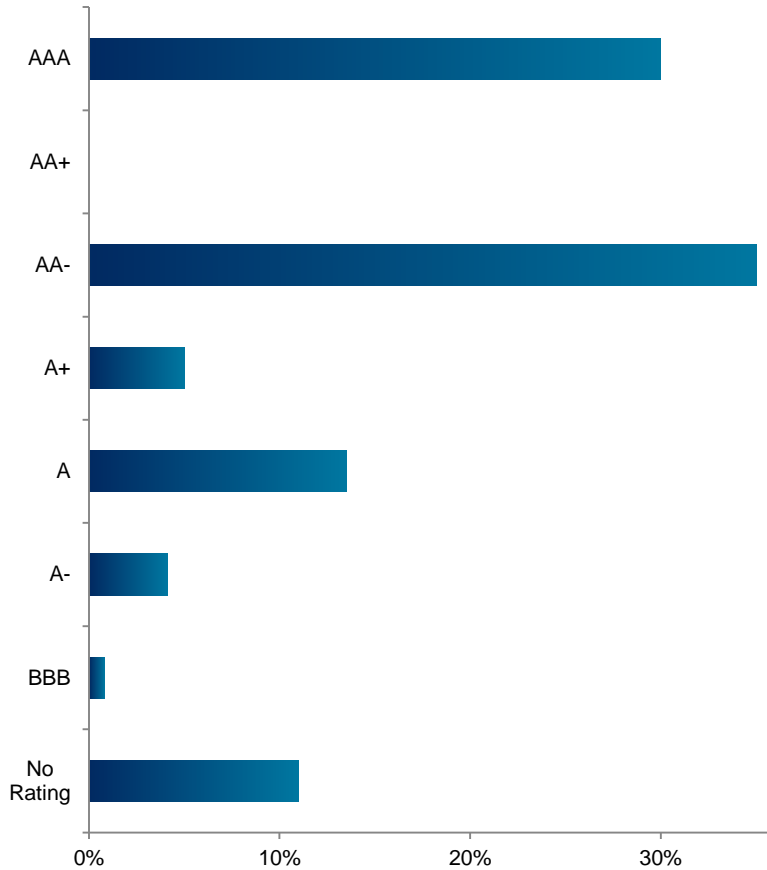
Key Metrics for Dutch Office Fund	30 June 2013	30 June 2012
Net Property Income (NPI)	€13.2m	€13.5m
Like-for-like NPI growth	(2.2%)	-
Occupancy (by income)	84%	86%
Tenant retention	55%	83%
Weighted average lease expiry	5.0yrs	4.4yrs
Number of properties	72	74

Key Metrics for Bastion Tower	30 June 2013	30 June 2012
Net Property Income (NPI)	€2.9m	€2.8m
Like-for-like NPI growth	1.6%	(26.0%)
Occupancy (by income)	85%	84%
Tenant retention	85%	75%
Weighted average lease expiry	8.0yrs	4.9yrs

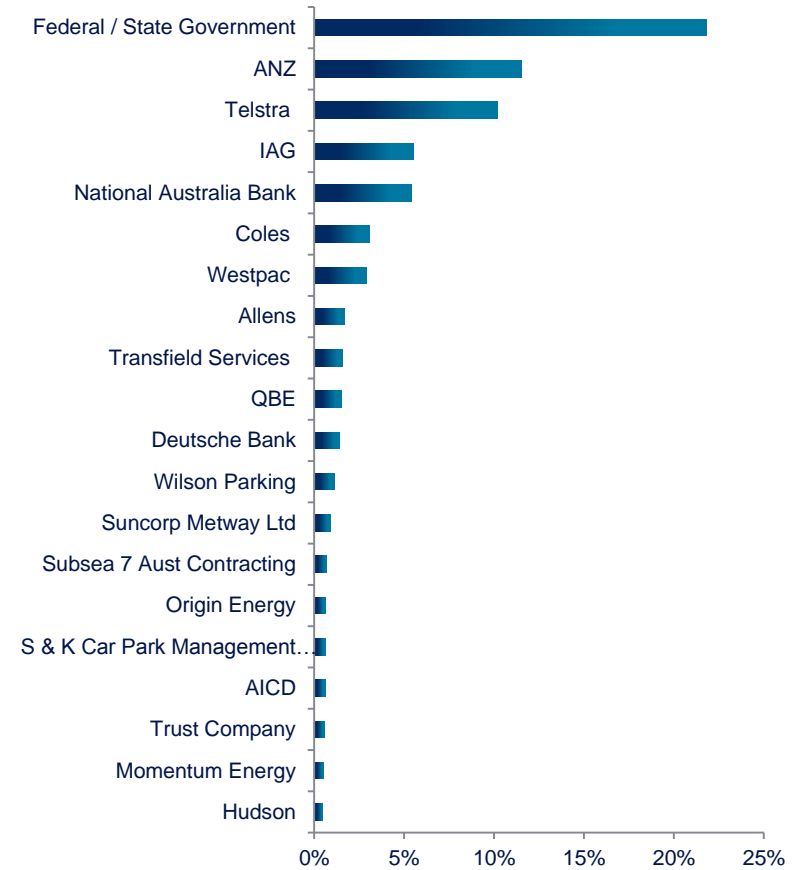
# Appendix 19

## Tenant profile

### IOF Credit Ratings of Top 20 Tenants



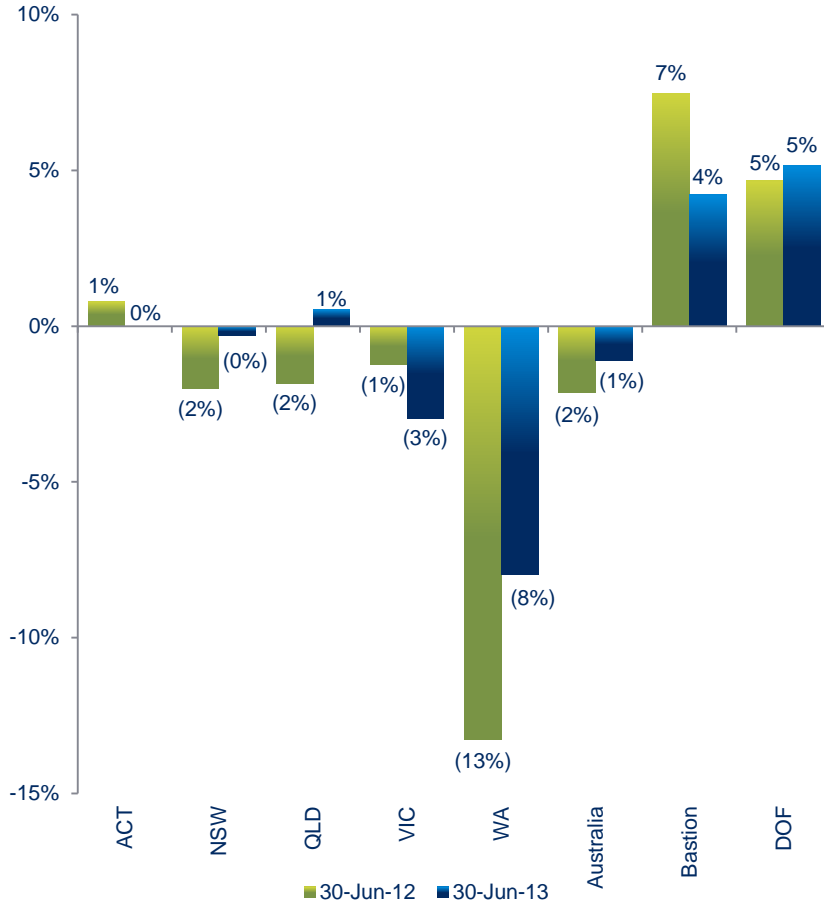
### Top 20 Tenants



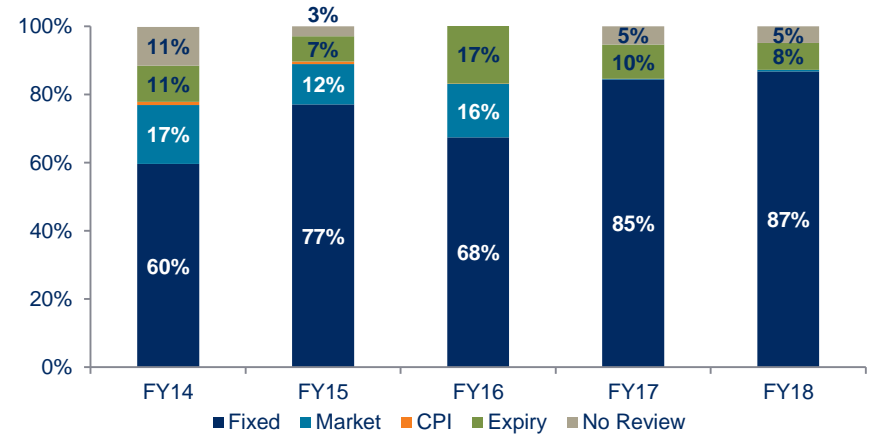
# Appendix 20

## Portfolio leasing metrics

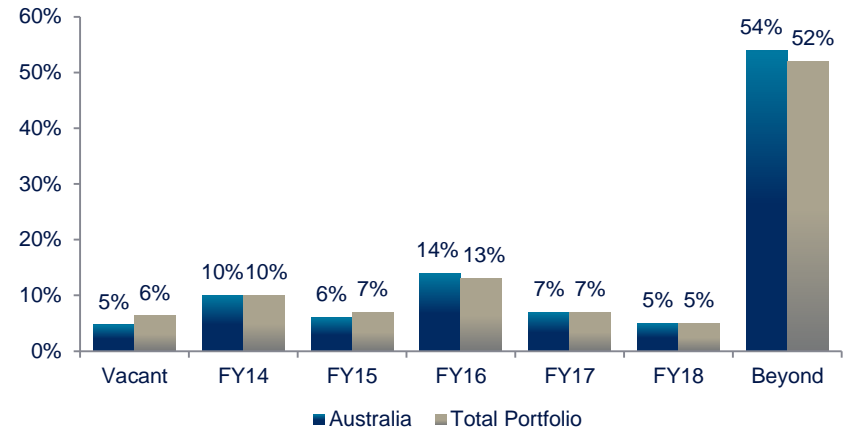
Total portfolio over/(under) renting



Australian rent review profile (by income)



Lease expiry profile (by income)



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