

IOF

# INVESTA OFFICE FUND Half Year 2013 Results Presentation

22 February 2013



**INVESTA** 

# Important Notice

---

## Disclaimer

This presentation was prepared by Investa Listed Funds Management Limited (ACN 149 175 655 and AFSL 401414) on behalf of the Investa Office Fund, 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 presentation is current as at 22 February 2013 unless otherwise stated.

This presentation is provided for general information purposes only and has been prepared without taking account of any particular recipients financial situation, objectives or needs. Nothing contained in this presentation constitutes investment, legal, tax or other advice. Accordingly, readers should conduct their own due diligence in relation to any information contained in this presentation and, before acting on any information in this presentation, 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. This presentation 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.

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 presentation. This presentation may include forward-looking statements, which are not guarantees or predictions of future performance. Any forward-looking statements contained in this presentation involve known and unknown risks and uncertainties which may cause actual results to differ from those contained in this presentation. By reading this presentation and to the extent permitted by law, the recipient releases Investa Property Group and its affiliates, and any of their respective directors, officers, employees, representatives or advisers 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 presentation.

## Operating earnings

The Responsible Entity considers the non-Australian Accounting Standards (AAS) measure, operating earnings, an important indicator of underlying performance of IOF. 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, 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. Refer to the reconciliation at Appendix 1 and Note 13 of the Financial Statements for further detail.

## Unit consolidation

All calculations in the presentation are after the 4:1 unit consolidation.

# Highlights

## We are outperforming

- Operating earnings up 19.8% from 31 December 2011 to 11.5c per unit following full period contributions from acquisitions, development let up, and reversion from leasing deals secured in FY12
- Upgrading FY13 guidance to 22.2c per unit (10.4% growth) following higher net property income and lower debt costs

## We are delivering on our strategy

- Extending sources and tenor of debt following 5 year \$125m MTN issuance
- Maintaining high occupancy of 97%<sup>1</sup>, underpinned by our de-risked lease expiry profile
- Remained disciplined in our investment decisions to improve portfolio quality

## We are poised for further growth

- Strong balance sheet with gearing of 25%
- Ability to grow earnings with over \$350m in acquisition capacity
- Driven by highly focused management platform providing end-to-end service offering

1. Australian portfolio

# AGENDA

---

1. Financials
2. Portfolio Update
3. Management
4. Governance
5. Market Overview
6. Strategy and Outlook
7. Appendices

# Financial metrics

## Half Year to 31 December 2012

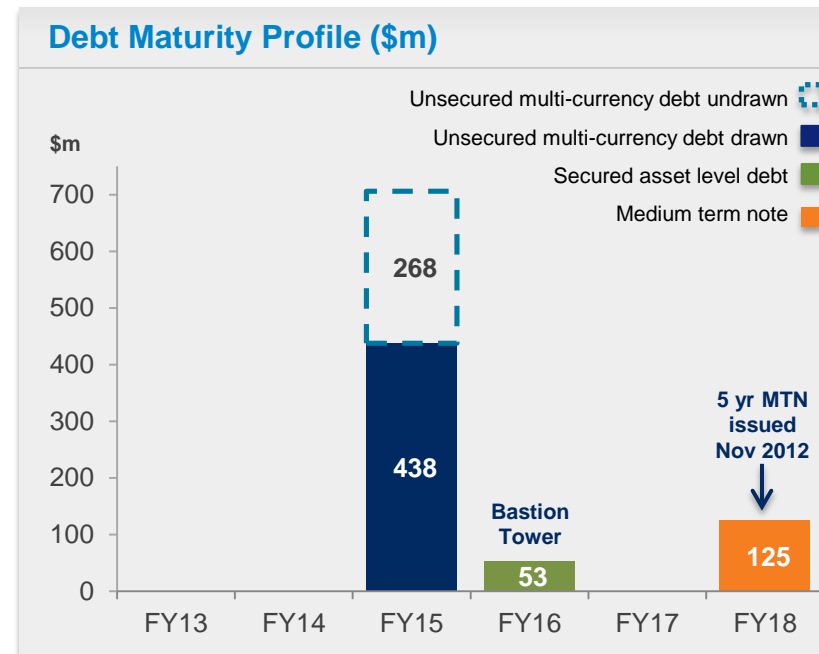
	31 Dec 2012	31 Dec 2011	% Change
Net profit (statutory)	\$53.7m	\$172.3m	↓ (68.8%)
Operating earnings	\$70.9m	\$63.3m	↑ 12.0%
Operating earnings per unit	11.5c	9.6c	↑ 19.8%
Distributions per unit	8.75c	7.80c	↑ 12.2%
	31 Dec 2012	30 Jun 2012	% Change
Gearing (look-through)	24.9%	21.9%	↑ 3.0%
Net Tangible Assets per unit	\$3.14	\$3.14	— 0.0%

- Net profit lower mainly due to \$99m of revaluation uplifts reported in period to 31 December 2011
- Operating earnings per unit stronger following full year contributions from acquisitions, development let up and 10% unit buy-back
- Gearing up slightly following value-add capex spend and acquisition of 66 St Georges Terrace

# Balance sheet positioned for growth

## Extended sources and tenor of debt

Key Indicators	31 Dec 2012	30 Jun 2012
Drawn debt	\$616m	\$511m
Gearing (look-through)	24.9%	21.9%
Weighted average debt cost	4.7%	5.1%
Hedged/fixed <sup>1</sup>	66%	72%
Interest cover ratio (look-through)	5.5x	4.9x
S & P credit rating	BBB+/Stable	N/A



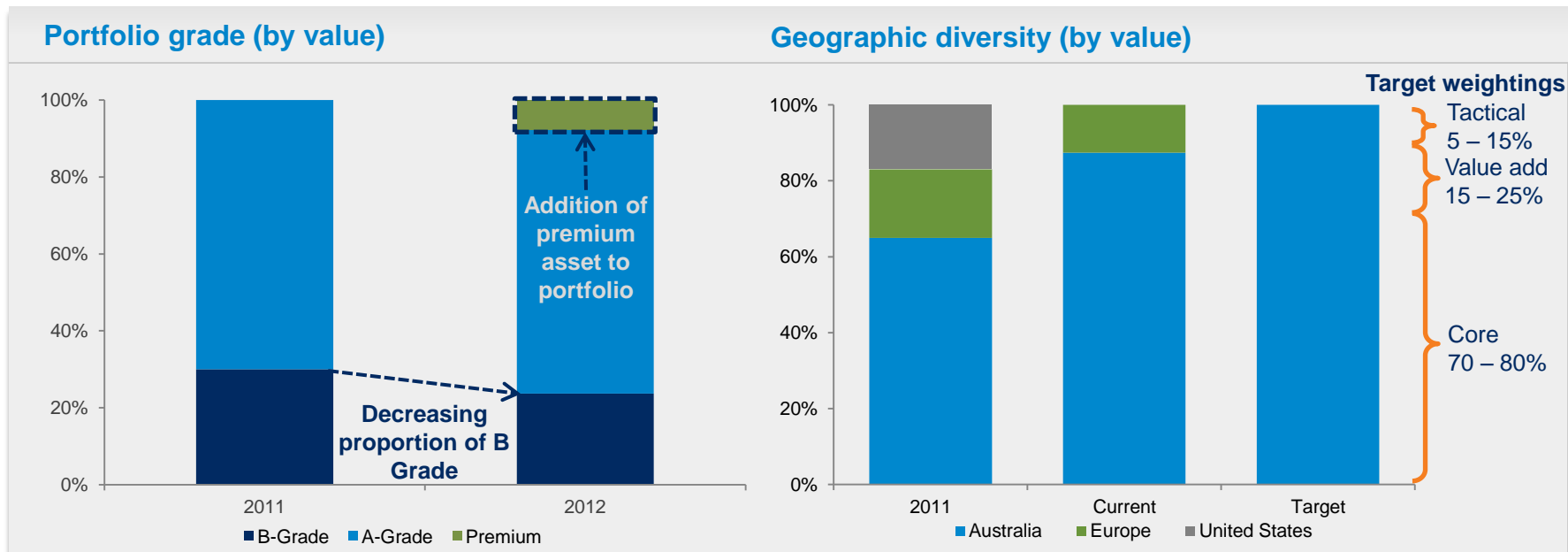
- Reduced FY15 bank debt maturity following inaugural MTN issuance in November 2012, raising \$125m for 5 years at 210bps over BBSW
- Reduced cost of debt to 4.7% by using an appropriate mix of interest rate swaps and caps:
  - Marginal cost of debt ~4% under existing facilities; new facilities ~5%
- We will continue to take advantage of funding windows to further diversify sources of debt and extend tenor at competitive pricing

1. Includes interest rate caps

# Portfolio repositioning on track

## Improving portfolio quality whilst growing earnings

- Acquisitions over the past 12 months have improved portfolio quality and underpinned earnings growth:
  - 126 Phillip St, 242 Exhibition St, 66 St Georges Terrace
- Higher contributions from other parts of the portfolio including 10 – 20 Bond St – now fully income producing
- Continue to be active in seeking to acquire the right assets at the right price and dispose of legacy offshore assets



# Australian portfolio update

## Strong NPI growth and occupancy

- Like-for-like growth boosted by the inclusion of 10 – 20 Bond St; 4.4% excluding 10 – 20 Bond St
- FY13 substantially de-risked with less than 10,000sqm expiring in 1H13:
  - Retention mainly impacted by two floors vacated at 151 Clarence St, Sydney, where only short term leasing is available
  - Retention will be lower for FY13 due to upcoming vacancy at 16 – 18 Mort St, Canberra
- WALE impacted by acquisition of 66 St Georges Terrace

Key Metrics	31 Dec 2012	31 Dec 2011
Net Property Income (NPI)	\$81.6m	\$60.3m
Like-for-like NPI growth	9.0%	1.5%
Tenant retention (by income)	63% <sup>1</sup>	90%
Occupancy (by income)	97%	97%
Weighted average lease expiry	4.6yrs	5.3 years
Face rent renewal growth	1.7%	7.5%
Average passing face rent	\$530psqm	\$505psqm
Number of investments	19	16

1. Excluding 151 Clarence St the retention rate was 77%



# Australian major lease expiries

## Portfolio well let with limited short term expiry risks

- Occupancy 97% – with vacancy mainly limited to 3 buildings including:
  - 151 Clarence St – redevelopment options being refined
  - 126 Phillip St – building continues to perform in line with assumptions
- Mort St – unable to agree on commercially acceptable terms for renewal
- 66 St Georges Terrace performing well after leasing 3,000sqm ahead of budget
- Discussions ongoing at 140 Creek St regarding FY14 expiries

Property	Location	Tenant	Area (sqm) <sup>1</sup>	Expiry
Vacant				
628 Bourke St	Melbourne	-	3,909	Vacant
151 Clarence St	Sydney	-	2,159	Vacant
126 Phillip St	Sydney	-	970	Vacant
FY13				
16-18 Mort St	Canberra	DEEWR	14,309	Mar '13
66 St Georges Tce	Perth	Dept of Def	2,412	Jun '13
FY14				
151 Clarence St	Sydney	Westpac	10,571	Jul '13
140 Creek St	Brisbane	ATO	10,948	Feb '14
140 Creek St	Brisbane	Centrelink	2,473	Feb '14
FY15				
10 Bond St	Sydney	Origin Energy	2,330	Nov '14
628 Bourke St	Melbourne	V Line	2,673	May '15
FY16				
126 Phillip St	Sydney	Deutsche	3,131	Oct '15
140 Creek St	Brisbane	Centrelink	4,813	Sep '15
140 Creek St	Brisbane	State of QLD	8,819	Jun '16

1. Weighted by ownership

# European portfolio update

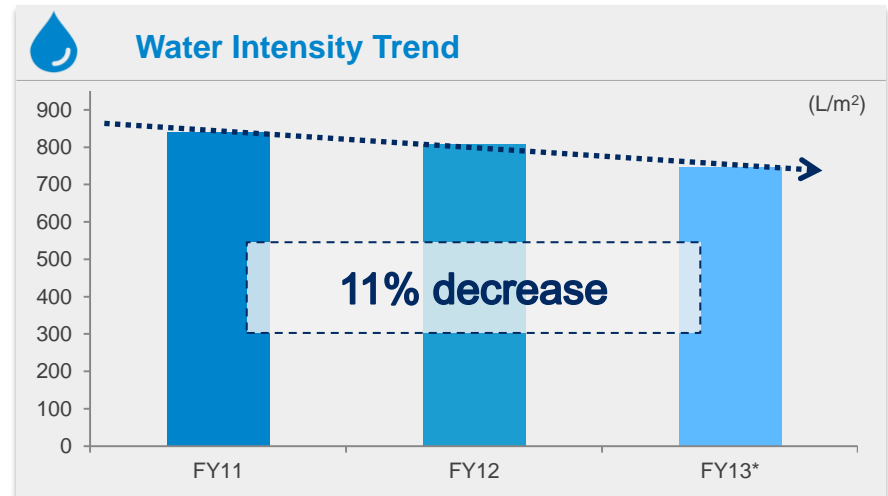
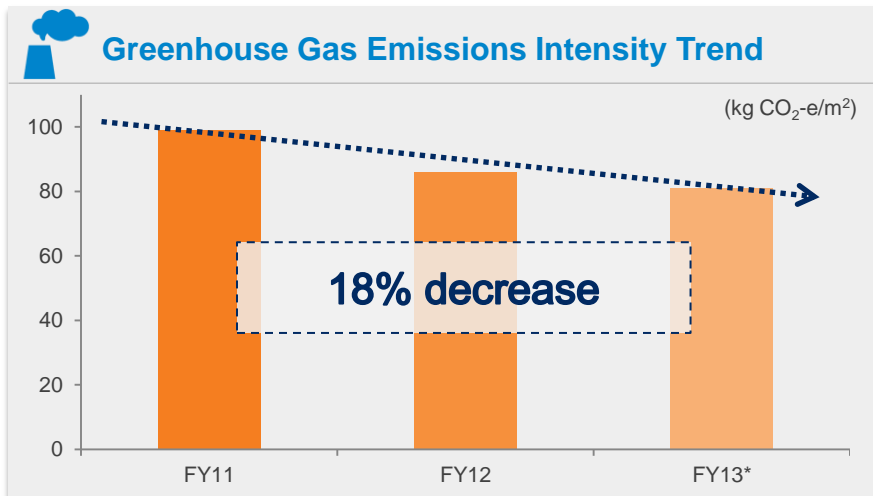
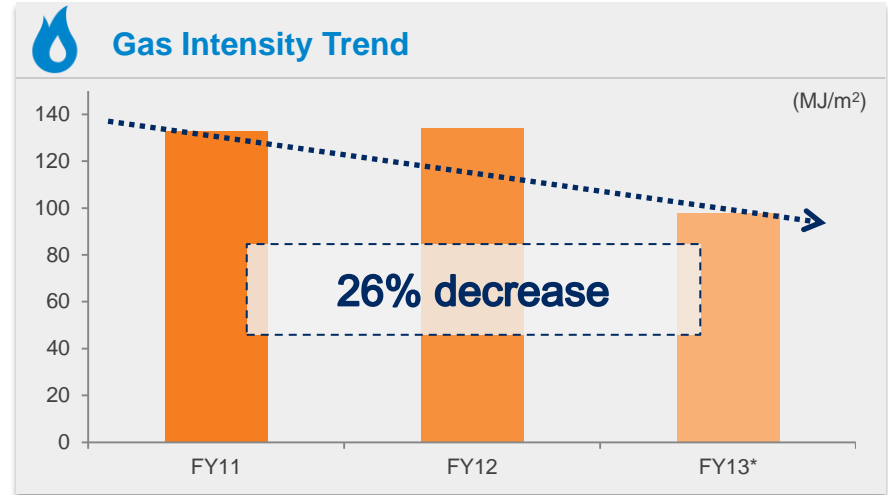
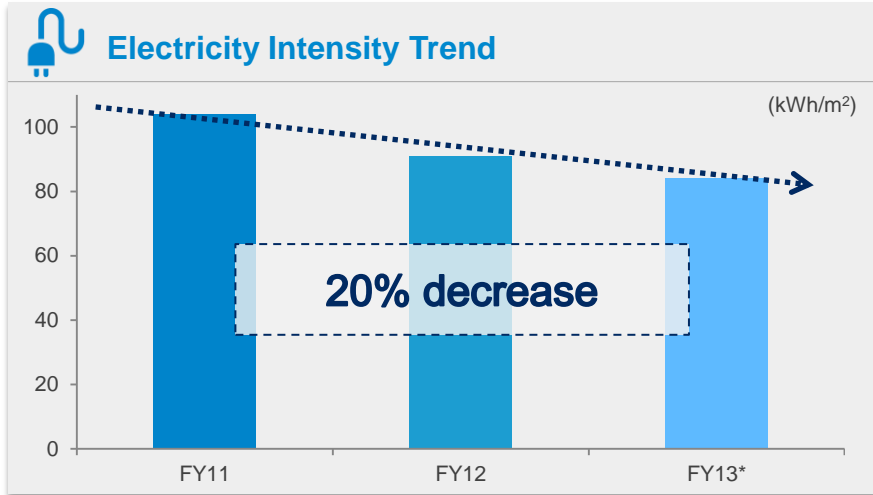
## Continued commitment to dispose of offshore assets

Key Metrics	31 Dec 2012	31 Dec 2011
Net Property Income (NPI)	€7.8m	€9.6m
Like-for-like NPI growth	(2.5%)	(8.6%)
Occupancy (by income)	88%	87%
Tenant retention	66%	80%
Weighted average lease expiry	5.0yrs	5.2yrs
Number of investments	2	2

- Dutch Office Fund:
  - Asset quality is driving solid leasing outcomes – DOF portfolio represents 1.7% of the Dutch market yet had 6.2% market share of all new leasing deals
  - Occupancy 89% (91% excluding pre-let building under refurbishment) and forecast to remain steady in 2H13
  - 15% discount to DOF NAV maintained, carrying value reduced 1.1% after exchange rate impacts
  - Continued focus on exit strategies
- Momentum continues at Bastion Tower:
  - Terms agreed for major lease renewal that will extend WALE to >7 years, facilitating a potential sale

# Leveraging the Investa platform

## Improved environmental performance boosts financial performance



\* Forecast outcomes for FY13

# Recognised globally for best practice

## Innovation and environmental leadership in action

- IOF ranked fourth globally in the 2012 Global Real Estate Sustainability Benchmark (GRESB)
- Investa's innovative approach recognised in 2012 Banksia Environmental Awards:
  - ✓ Finalist in Clean Technology
  - ✓ Finalist in Built Environment
- Investa's membership of UN PRI voluntary framework recognises ESG issues are incorporated into investment decision-making and ownership practices



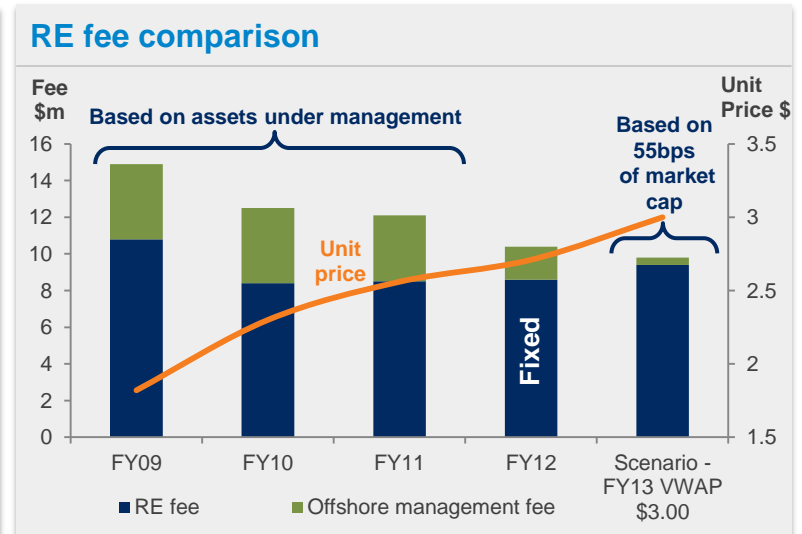
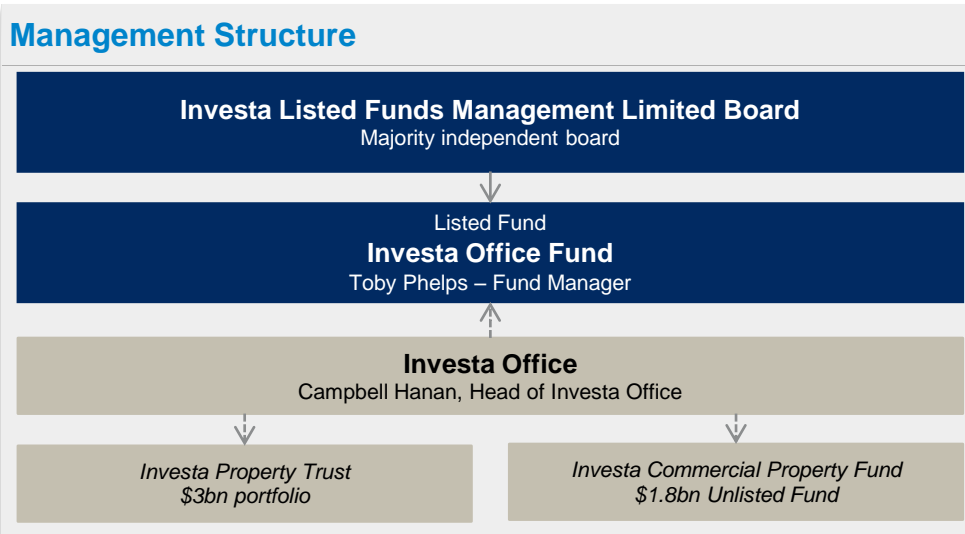
*Signatory of:*



# Investa's strong focus on governance and disclosure

## Independent Board and aligned incentive structure

- Majority independent IOF board
- IOF benefits from Investa's office expertise and end-to-end service platform
- Market leading management fee representing 55bps of market capitalisation, incentivising performance and aligning manager and unitholder interests:
  - Subject to cap and floor of 2.5% per quarter
- MER equivalent to 35 basis points
- As previously disclosed, the ATO are auditing the income tax returns for IOF for FY08 – 10

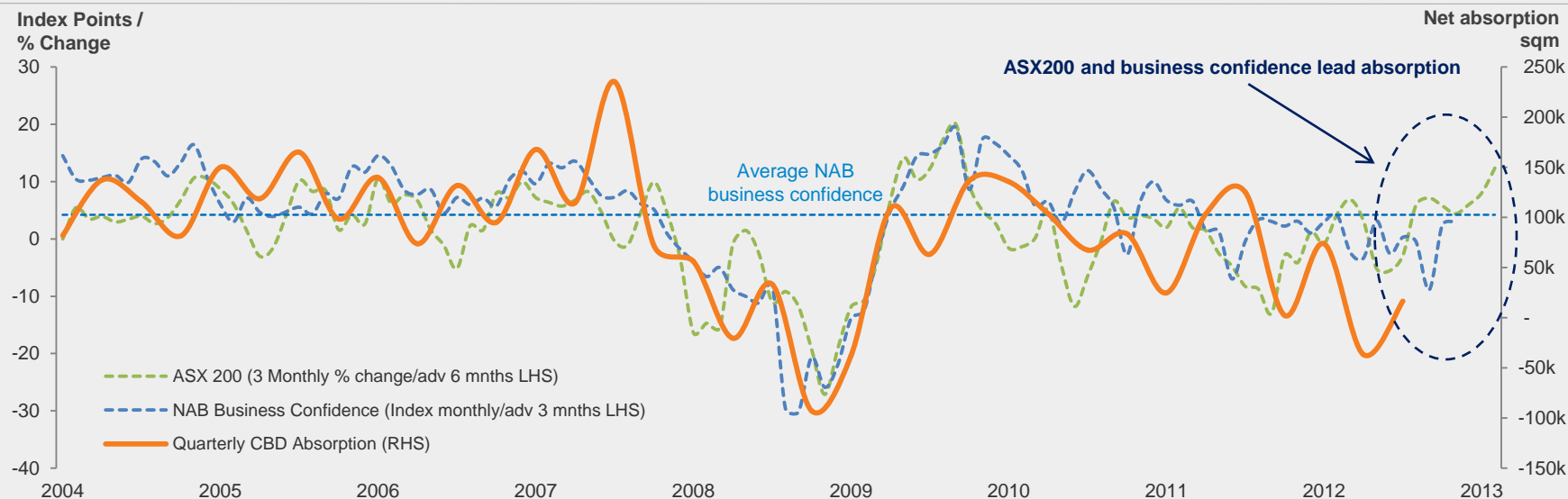


# Tenant demand has moderated

However leading indicators suggest absorption should recover in 2013

- Business confidence remained low for most of 2012 – as a result:
  - Labour markets and employment growth slowed
  - Tenant demand was soft and net absorption fell in the 6 months to December
- Confidence rebounded in December, and the outlook for 2013 is more positive:
  - The ASX200, a leading indicator, has rallied implying that business confidence and in turn absorption should improve

## ASX 200, NAB business confidence and quarterly CBD absorption



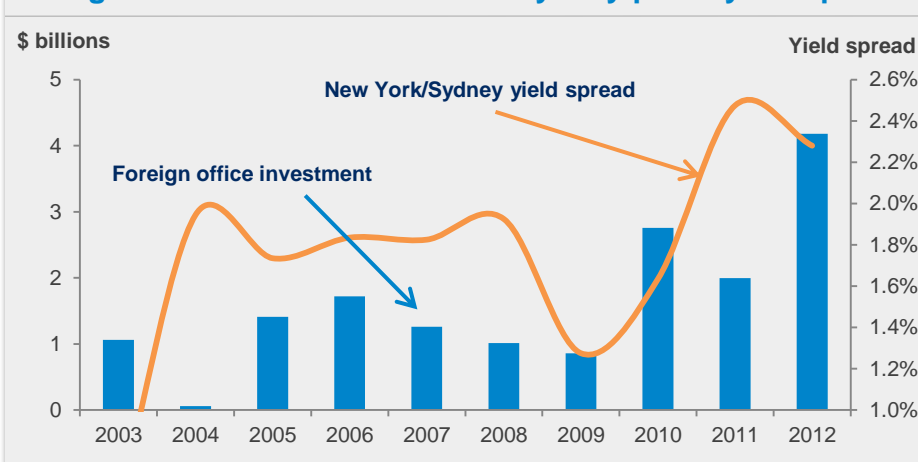
Source: Jones Lang LaSalle Research, NAB, ASX and Investa Research

# Increasing competition for prime office assets

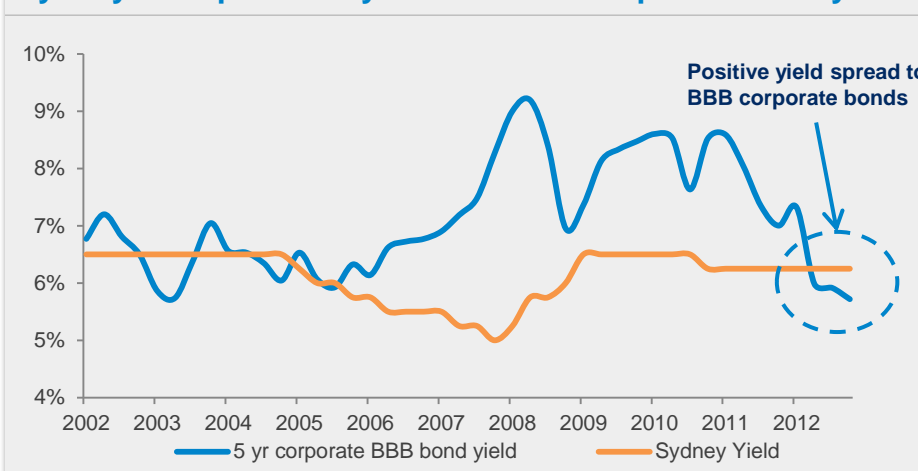
## Foreign and domestic investors seeking increased Australian office exposure

- Foreign investment has increased as the yield spread to global comparables has increased
- The cost of debt for Australian investors has fallen sharply
- Currently Sydney premium office assets are valued on a higher yield than the BBB corporate bond
- However, there are few sellers of premium grade office – preventing benchmark evidence flowing through the market:
  - Direct transactions are mooted to provide evidence of cap rate compression in the coming months

Foreign investment and New York/Sydney prime yield spread<sup>1</sup>



Sydney CBD premium yield and BBB corporate bond yield<sup>2</sup>



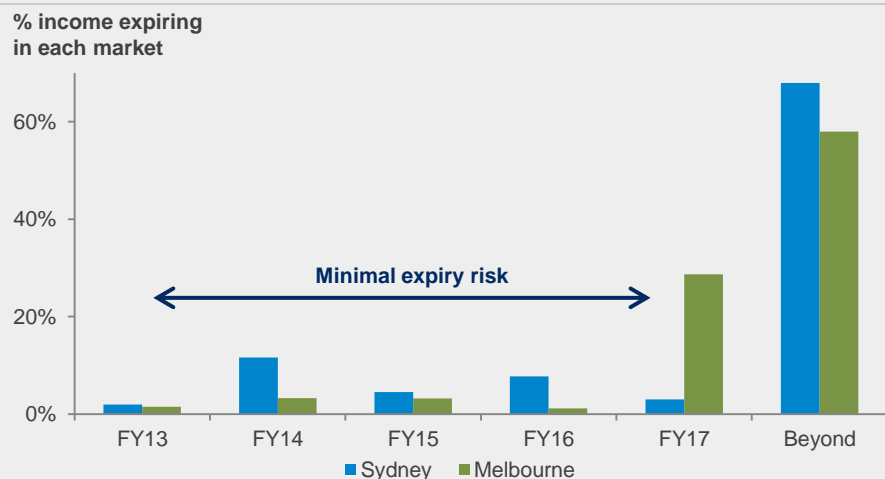
1. Jones Lang LaSalle Research and Investa Research  
 2. Jones Lang LaSalle Research, Morgan Stanley Research and Investa Research

# IOF's Sydney and Melbourne assets are mainly de-risked

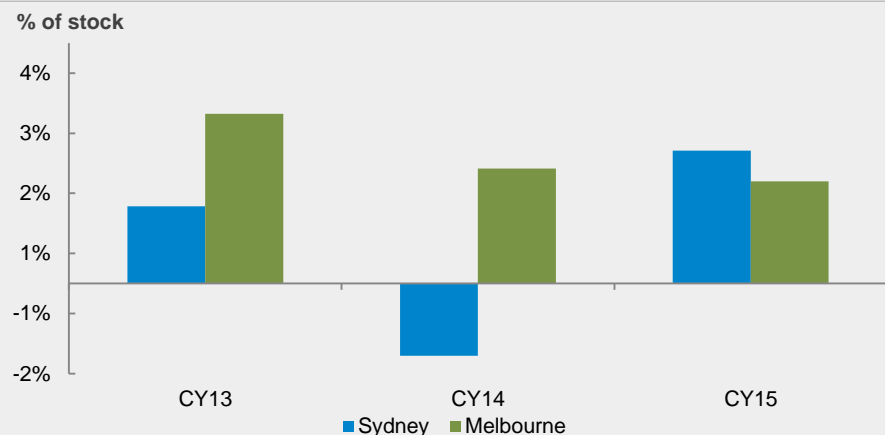
## Well positioned against future supply

- IOF has no major lease expiry in Sydney or Melbourne for 4 years
- Sydney supply will be below average over the next few years before an increase in 2015 with Barangaroo
- Melbourne supply threat is immediate – with over 300,000sqm being delivered in the next 3 years, predominantly in Docklands

Sydney and Melbourne lease expiry profile<sup>1</sup>



Net supply<sup>2</sup>



1. Includes North Sydney

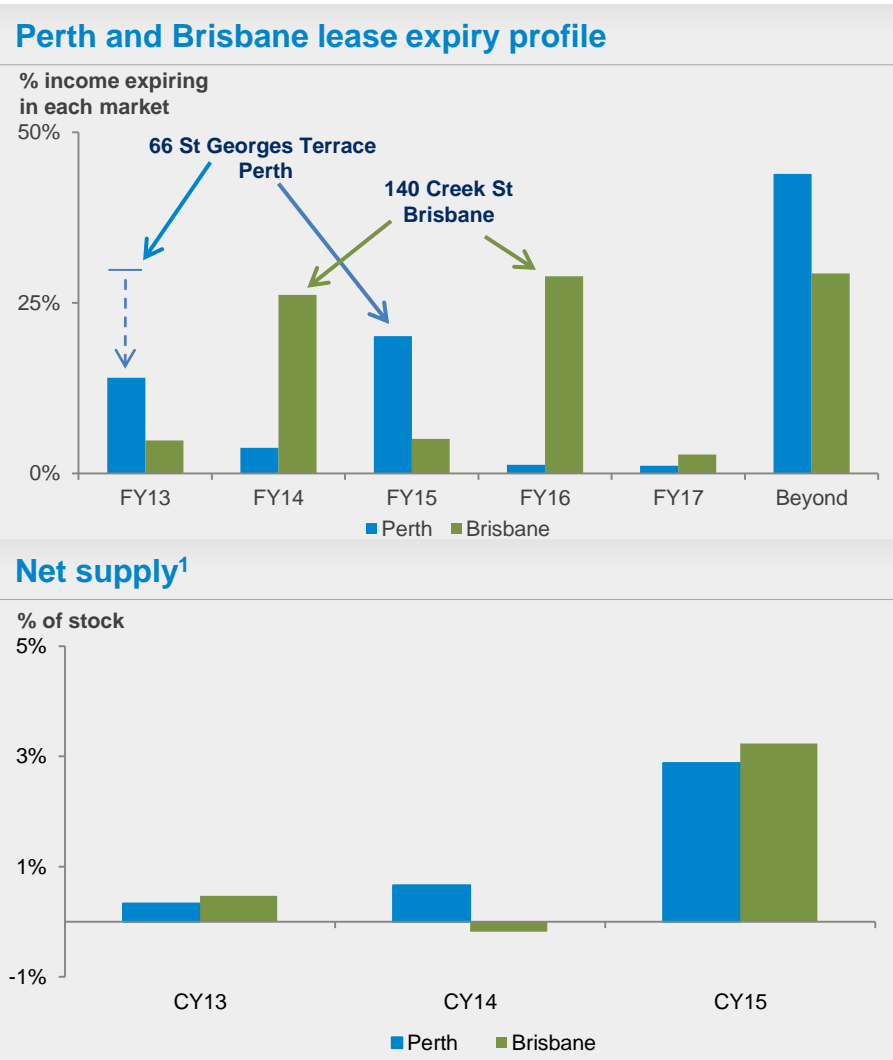
2. Investa Research, includes North Sydney



# Perth and Brisbane expiries concentrated in two assets

## Strategies in place to capture value through lease expiries

- 66 St Georges Terrace performing ahead of August 2012 acquisition assumptions and forecast to deliver >15% increase in rents
- 140 Creek St upcoming expiries to be addressed through refurbishment to modernise building
- Low supply under construction:
  - Future supply requires substantial pre-commitments and financing to proceed – and is likely to be delayed



1. Investa Research

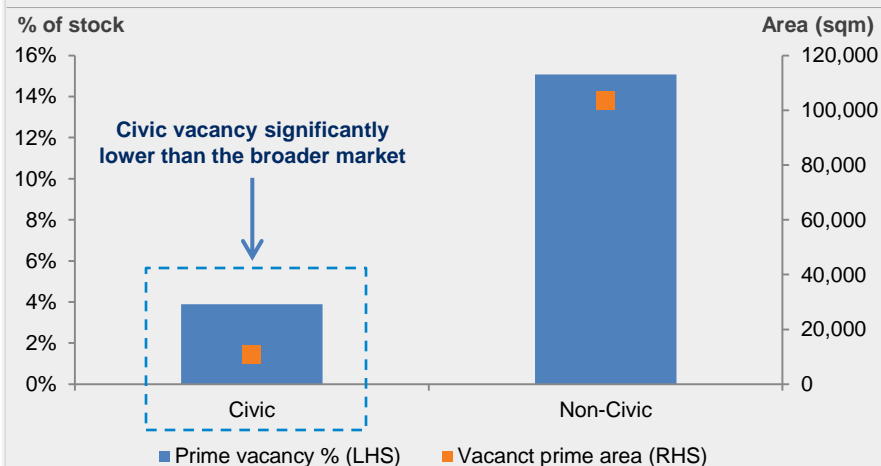
# IOF's Canberra asset to be refurbished

## Civic market performing well

- 16 – 18 Mort St to be vacated in March 2013
- Major refurbishment planned including update of façade, new floors and upgrade to 4.5 star NABERS
- Planned cost of ~\$10 – 12m and completion date of January 2014
- Civic has the lowest vacancy in Canberra – under 4% – and the building is well positioned in the heart of Canberra



### Canberra Prime grade vacant area<sup>1</sup>



# Summary and outlook

## Delivering earnings growth whilst transforming IOF

### Delivering on strategic objectives

- Maximise portfolio occupancy and proactively address future income and capex risk by leveraging Investa's end-to-end management platform
- Continue to improve portfolio quality through selling offshore exposure whilst acquiring domestic assets with attractive risk-adjusted returns
- Target upper end of 25 – 35% leverage range, and further diversify sources and extend tenor of debt
- Maintain high standards of governance and delivering on stated commitments

### Earnings outlook

- Upgrading FY13 Operating earnings guidance to 10.4% growth – 22.2 cents per unit
- Distribution guidance increased to 17.75 cents per unit

# Questions and Answers

---

# 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)

Alex Abell  
Investor Relations Manager  
Phone: +61 2 8226 9341  
Mobile: 0466 775 112  
Email: [aabell@investa.com.au](mailto:aabell@investa.com.au)

Toby Phelps  
IOF Fund Manager  
Phone: +61 2 8226 9439  
Mobile: 0466 775 367  
Email: [tphelps@investa.com.au](mailto:tphelps@investa.com.au)

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

# APPENDICES

---

# Contents

---

1. Reconciliation of statutory profit to operating earnings
2. Operating earnings (look-through)
3. Operating earnings waterfall
4. Balance sheet
5. Operating earnings and AFFO
6. Debt facilities and covenants
7. Gearing (headline to look-through)
8. Balance sheet hedging
9. Interest and income hedging profile
10. Portfolio snapshot
11. Australian portfolio overview
12. European portfolio overview
13. Australian portfolio book values
14. European portfolio book values
15. Australian book values
16. Portfolio NPI
17. Portfolio NPI (cont'd)
18. Tenant profile
19. Dutch Office Fund and Bastion Tower
20. Portfolio leasing metrics

Exchange rate assumptions: period end 31 December 2012 AUD: EUR 0.7868

---

# Appendix 1

## Reconciliation of statutory profit to operating earnings

Operating earnings for the year is calculated as follows:	31 Dec 2012 (A\$m)	Cents per unit	31 Dec 2011 (A\$m)	Cents per unit
Statutory profit attributable to unitholders	53.7	8.7	172.3	26.1
Adjusted for:				
Net (gain)/loss on change in fair value in:				
Investments	15.1	2.5	(99.3)	(15.1)
Derivatives	3.6	0.6	15.7	2.4
Net gain on disposal of investments	(0.1)	-	(0.3)	-
Net foreign exchange gain	(0.5)	(0.1)	(15.1)	(2.3)
Other (primarily straight-lining and tax)	(0.9)	(0.2)	(10.0)	(1.5)
<b>Operating earnings<sup>1</sup></b>	<b>70.9</b>	<b>11.5</b>	<b>63.3</b>	<b>9.6</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 13.



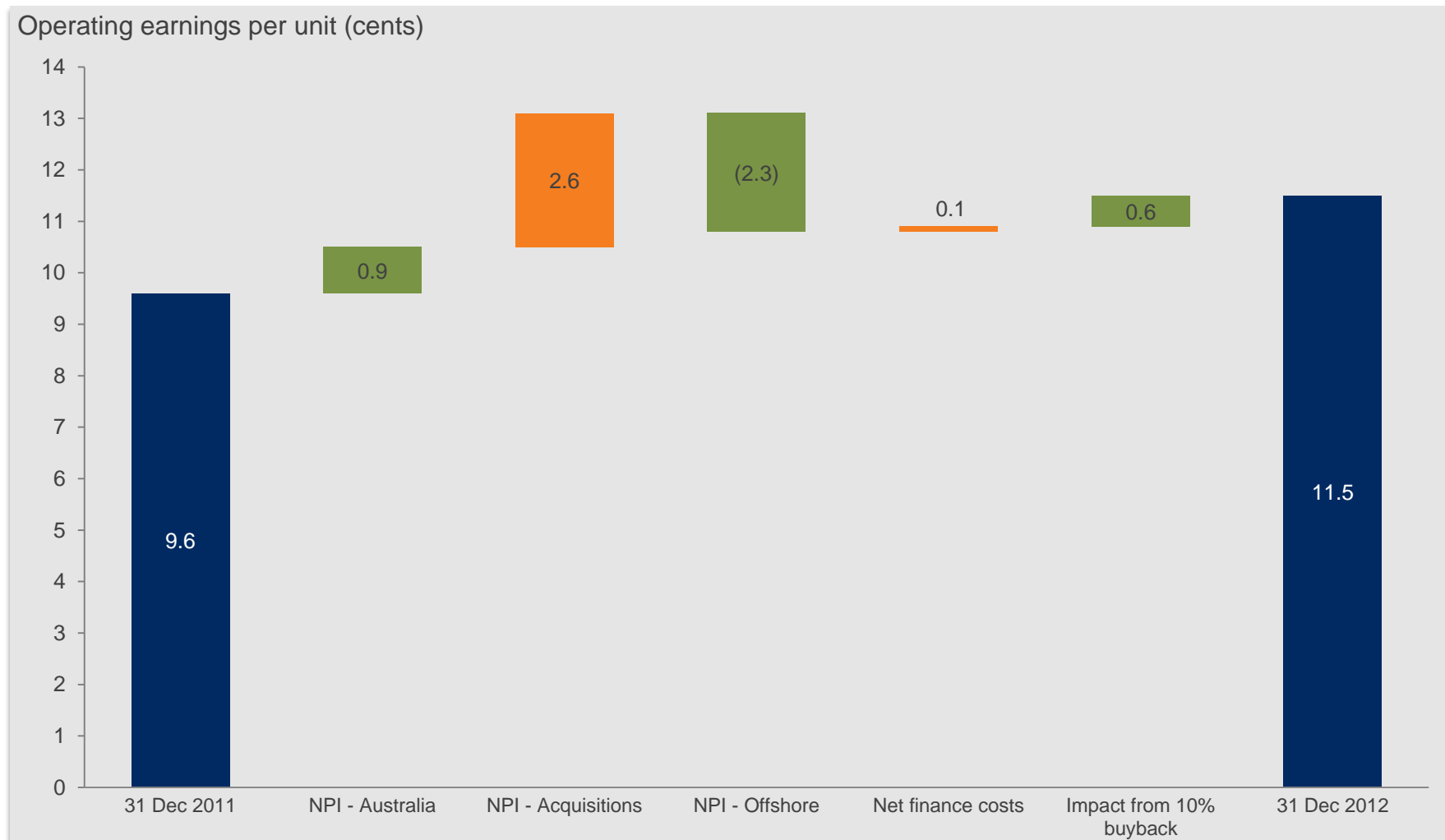
## Appendix 2

### Operating earnings (look-through)

	31 Dec 2012 (A\$m)	31 Dec 2011 (A\$m)
Australia	81.6	60.3
United States	-	10.5
Europe	9.6	13.0
<b>Segment result</b>	<b>91.2</b>	<b>83.8</b>
Interest income	0.5	0.7
Finance costs	(14.6)	(15.3)
Responsible Entity's fees	(4.6)	(4.3)
Net foreign exchange gain	1.6	3.0
Foreign asset management fees	(0.2)	(1.1)
Other expenses	(1.9)	(1.7)
Current income tax expense	(1.1)	(1.5)
External non-controlling interests share of operating earnings	-	(0.3)
<b>Operating earnings</b>	<b>70.9</b>	<b>63.3</b>

# Appendix 3

## Operating earnings waterfall



# Appendix 4

## Balance Sheet

	31 Dec 2012 (A\$m)	30 Jun 2012 (A\$m)
Property investments	1,872.1	1,770.7
Equity accounted investments	426.2	425.3
Financial asset at fair value through profit or loss (DOF)	244.6	247.2
Derivatives	7.1	9.4
Assets classified as held for sale	28.3	26.2
Cash	15.1	18.2
Other	12.8	5.6
<b>Total assets</b>	<b>2,606.2</b>	<b>2,502.6</b>
Borrowings	561.1	457.8
Derivatives	12.0	9.9
Deferred tax liabilities	0.2	0.2
Liabilities directly associated with assets classified as held for sale	22.4	23.4
Distributions payable	53.7	59.6
Other	27.8	24.9
<b>Total liabilities</b>	<b>677.2</b>	<b>575.8</b>
<b>Net assets</b>	<b>1,929.0</b>	<b>1,926.8</b>
Units on issue (million)	614.1	614.1
NTA per unit (A\$)	3.14	3.14

## Appendix 5

### Operating earnings and AFFO

	31 Dec 2012 (A\$m)	31 Dec 2011 (A\$m)
<b>Operating earnings</b>	<b>70.9</b>	<b>63.3</b>
add: amortisation of leasing incentives and commissions <sup>1</sup>	8.2	10.1
<b>FFO<sup>2</sup></b>	<b>79.1</b>	<b>73.4</b>
less: leasing commissions, tenant incentives & maintenance capex	(15.7)	(15.6)
<b>AFFO<sup>2</sup></b>	<b>63.4</b>	<b>57.8</b>
<b>Operating earnings per unit</b>	<b>11.5</b>	<b>9.6</b>
<b>FFO per unit</b>	<b>12.9</b>	<b>11.1</b>
<b>AFFO per unit</b>	<b>10.3</b>	<b>8.8</b>
<b>Distributions per unit</b>	<b>8.75</b>	<b>7.80</b>
<b>Payout ratio (% of operating earnings)</b>	<b>76%</b>	<b>81%</b>
<b>Payout ratio (% of FFO)</b>	<b>68%</b>	<b>70%</b>
<b>Payout ratio (% of AFFO)</b>	<b>85%</b>	<b>89%</b>

IOF targets a payout ratio of 70% - 80% of Operating earnings

1. Includes amortisation of rent free incentives of \$2.9m (1H12 \$2.7m)
2. FFO and AFFO are not key earning measures of the Fund and have been included for comparative purposes with our peers

# Appendix 6

## Debt facilities and covenants

As at 31 December 2012

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)	(114.0)	(239.1)	Aug-14
Facility B (AUD) <sup>1</sup>	AUD	(150.0)	(127.0)	(23.0)	Apr-15
Facility C (EUR) <sup>2</sup>	EUR	(190.7)	(190.7)	-	Aug-14
Facility D (EUR) <sup>2</sup>	EUR	(11.4)	(5.9)	(5.5)	Aug-14
<b>Medium Term Notes:</b>					
MTNs <sup>3</sup>	AUD	(125.0)	(125.0)	-	Nov-17
<b>Secured facilities:</b>					
Bastion Tower (50%) <sup>2</sup>	EUR	(53.1)	(53.1)	-	Oct-15
<b>Total/weighted average</b>		<b>(883.3)</b>	<b>(615.7)</b>	<b>(267.6)</b>	
				<b>Actual</b>	<b>Covenant</b>
<b>Unsecured syndicated facility and Medium Term Notes:</b>					
Total liability (look-through liabilities/look-through assets)				28.7%	50.0%
Actual interest cover including realised financial instruments gains/losses				6.1x	2.5x
<b>Bastion Tower property level debt</b>					
Loan to value actual <sup>4</sup>				64%	65%
Debt service coverage				1.4x	1.1x

1. Facility initially expires in April 2013, but subject to certain conditions precedent and at the groups discretion the facility can be extended to April 2015

2. Converted at the EUR foreign exchange rate prevalent at the period end of 0.7868

3. IOF issued a five year Australian denominated \$125m Medium Term Note ("MTN") with a 5.4% coupon rate paid semi-annually, which will mature on 7 November 2017. IOF also entered into Australian denominated \$125m interest rate swaps to swap the MTN coupon to floating.

4. Waiver obtained to change debt service coverage ratio to 1.1x from 1.2x; sufficient headroom and liquidity to cure Bastion Loan to Value covenant if required

## Appendix 7

### Gearing (headline to look-through)

	<b>31 Dec 2012 (A\$m)</b>
<b>Gearing - statutory</b>	<b>21.5%</b>
Total assets (headline)	2,606.2
Less: financial asset at fair value (DOF)	(244.6)
Less: equity accounted investments (Bastion Tower, 242 Exhibition St, 126 Phillip St)	(426.2)
Less: assets classified as held for sale (NVH)	(21.8)
Add: share of equity accounted investments (Bastion Tower, 242 Exhibition St, 126 Phillip St)	482.3
Add: share of financial assets at fair value (DOF)	313.1
Add: share of assets classified as held for sale (NVH)	21.8
Less: receivables and payables to equity accounted investments (NVH, Bastion)	(24.5)
<b>Look-through assets</b>	<b>2,706.3</b>
Total debt (headline)	561.1
Add: debt in equity accounted investments (Bastion Tower)	53.1
Add: share of debt of financial assets at fair value (DOF)	59.8
<b>Look-through debt</b>	<b>674.0</b>
<b>Look-through gearing</b>	<b>24.9%</b>

## 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>	2,290.1	405.6	10.6	2,706.3
Look-through debt	364.5	309.5	-	674.0
Other liabilities	82.3	19.8	1.2 <sup>2</sup>	103.3
<b>Total look-through liabilities</b>	446.8	329.3	1.2	777.3
Unitholders' interest	1,843.3	76.3	9.4	1,929.0
<b>Balance sheet hedging (TL/TA)</b>	19.5%	81.2%	11.3%	28.7%

<b>Other financing indicators</b>	<b>31 Dec 2012</b>	<b>30 Jun 2012</b>
Gearing – statutory	21.5%	18.3%
Weighted average debt maturity	2.8 yrs	2.4yrs
Weighted average debt cost	4.7%	5.1%

1. Includes DOF's share of assets and liabilities

2. Primarily relates to current income tax payable

## Appendix 9

### Interest and income hedging profile

Forecast hedge profile	FY13	FY14	FY15	FY16	FY17
<b>Weighted average interest rate derivatives</b>					
AUD interest rate swaps and caps <sup>1</sup>	\$210m	\$178m	\$85m	\$100m	\$100m
AUD fixed rate swaps and caps	4.16%	4.15%	4.27%	4.15%	4.15%
EUR interest rate swaps and caps <sup>1</sup>	€145m	€125m	€80m	€45m	€4m
EUR fixed rate swaps and caps	2.52%	2.30%	2.00%	2.00%	2.00%
EUR Bastion interest rate swaps <sup>2</sup>	€10m	€10m	-	-	-
EUR Bastion fixed rate swaps	1.18%	1.18%	-	-	-
<b>Weighted average income hedging</b>					
EUR hedged	€3m	€6m	-	-	-
EUR / AUD average rate	0.50	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



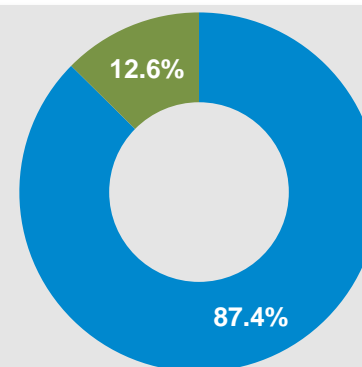
# Appendix 10

## Portfolio snapshot as at 31 December 2012

	Australia	Europe	Total Portfolio 31 Dec 2012	Total Portfolio 30 Jun 2012
Occupancy (by income)	97%	88%	96%	96%
Retention	63%	66%	65%	79%
Weighted average lease expiry (WALE)	4.6yrs	5.0yrs	4.7yrs	5.1yrs
Like-for-like NPI growth (local currency)	9.0%	(2.5%)	7.3%	0.2%
Over/(under) renting – face rents	(2%)	7%	(2%)	(1%)
Portfolio NLA (sqm)	352,520 <sup>1</sup>	133,353	485,872	477,533
No. of property investments	19	2	21	20
Book value (A\$m)	<b>2,265.7</b>	<b>327.0</b>	<b>2,592.7</b>	<b>2,492.3</b>

### Geographic Diversity by value

<span style="color: blue;">■</span> <b>Australia</b>	<b>87.4%</b>	<span style="color: green;">■</span> <b>Europe</b>	<b>12.6%</b>
NSW	44.6%	Netherlands	9.4%
QLD	18.6%	Brussels	3.2%
VIC	16.8%		
WA	6.0%		
ACT	1.4%		



1. The area is weighted and excludes storage space

# Appendix 11

## Australian portfolio overview

### Perth

Number of properties	2
Book Value	\$155.4m
% of IOF portfolio value	6.0%

### Melbourne

Number of properties	4
Book Value	\$436.5m
% of IOF portfolio value	16.8%



### Brisbane

Number of properties	5
Book Value	\$482.2m
% of IOF portfolio value	18.6%

### Sydney/ North Sydney

Number of properties	7
Book Value	\$1,154.6m
% of IOF portfolio value	44.6%

### Canberra

Number of properties	1
Book Value	\$37.0m
% of IOF portfolio value	1.4%

# Appendix 12

## European portfolio overview

### Netherlands

Number of properties	1 <sup>1</sup>
Book Value	€192.4m
% of IOF portfolio value	9.4%

### Brussels, Belgium

Number of properties	1
Book Value	€64.9m
% 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 from 30 Jun 2012 <sup>1</sup>	Cap rate (%)	Discount rate (%)
126 Phillip Street (25%)	NSW	176.1	(0.1)	6.35	8.75
10-20 Bond Street (50%)	NSW	169.7	0.1	6.88	9.00
388 George Street (50%)	NSW	190.7	0.2	7.00	9.00
347 Kent Street	NSW	254.4	0.1	7.00	9.00
151 Clarence Street	NSW	82.0	(0.6)	8.25	9.50
105-151 Miller Street	NSW	159.2	2.8	7.90	9.00
111 Pacific Highway	NSW	122.5	0.4	8.00	9.25
239 George Street	QLD	125.5	1.2	8.63	9.50
15 Adelaide Street	QLD	56.4	0.0	8.63	9.50
140 Creek Street	QLD	167.8	0.2	8.00	9.25
295 Ann Street	QLD	114.9	1.7	8.00	9.50
232 Adelaide Street	QLD	17.6	0.6	8.75	9.75
242 Exhibition Street (50%)	VIC	217.5	0.0	7.00	9.00
628 Bourke Street	VIC	104.7	9.1	7.75	9.25
383 Latrobe Street	VIC	52.0	0.8	8.00	9.50
800 Toorak Road (50%)	VIC	62.3	1.3	9.25	9.25
66 St Georges Terrace	WA	82.4	100.0	8.63	10.00
836 Wellington Street	WA	73.0	0.0	8.75	10.75
16-18 Mort Street	ACT	37.0	0.0	9.75	11.00
<b>Total Australia</b>		<b>2,265.7</b>	<b>4.7%</b>	<b>7.65</b>	<b>9.26</b>

- No Australian assets were independently valued at 31 December 2012

1. Represents change over book value

# Appendix 14

## European portfolio book values

Property	Location	Book Value (€m) <sup>1</sup>	% Change from 30 Jun 2012 <sup>2</sup>	Cap rate (%)	Discount rate (%)
Dutch Office Fund (14.2%)	Europe	192.4	(3.8)	5.80 <sup>3</sup>	6.47
Bastion Tower (50%)	Europe	64.9	(0.2)	6.04	8.00
<b>Total Europe</b>		<b>257.3</b>	<b>(3.0)</b>	<b>5.86</b>	<b>6.86</b>

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

1. At 31 December 2012 the book value for the Dutch Office Fund and Bastion Tower in AUD was \$244.6m and \$82.4m respectively

2. Represents change over book value

3. Cap rate on IOF book value is 7%

# Appendix 15

## Australian book values

	Book value (A\$m)	Book value <sup>1</sup> (A\$/sqm)	Average Passing Face Rent (A\$/sqm)	Weighted Average Lease Expiry (yrs)	Weighted Average cap rate (%)
Sydney	872.9	9,533	732	4.9	6.96
North Sydney	281.7	6,159	428	5.6	7.94
Brisbane	482.2	5,419	576	3.7	8.26
Melbourne	436.5	4,931	362	6.0	7.62
Perth	155.4	6,636	450	3.4	8.68
Canberra	37.0	2,588	388	0.2	9.75
<b>Total/Average</b>	<b>2,265.7</b>	<b>6,427</b>	<b>530</b>	<b>4.6</b>	<b>7.65</b>

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

# Appendix 16

## Portfolio NPI

Property	State	31 Dec 2012	31 Dec 2011	Movement		Comments
		NPI (A\$m)	NPI (A\$m)	(A\$m)	(%)	
388 George St (50%)	NSW	6.6	6.3	0.3	4.8	4% fixed review plus turnover rent
347 Kent St	NSW	10.9	11.4	(0.5)	(4.4)	1H12 inflated due to outgoings adjustment
105-151 Miller St	NSW	5.5	4.8	0.7	14.6	Net \$300k benefit from FY12 outgoings adjustment
151 Clarence St	NSW	3.0	2.9	0.1	3.4	
111 Pacific Hwy	NSW	4.4	3.9	0.5	12.8	Benefit from higher rent and make good income
10-20 Bond St (50%)	NSW	3.6	0.8	2.8	350	Fully let up in FY12
239 George St	QLD	5.4	5.1	0.3	5.9	
15 Adelaide St	QLD	2.0	1.8	0.2	11.1	
140 Creek St	QLD	6.2	6.7	(0.5)	(7.5)	
232 Adelaide St	QLD	0.7	0.3	0.4	133	Increased occupancy plus \$150k one off adjustment
295 Ann St	QLD	3.4	3.6	(0.2)	(5.6)	
628 Bourke St	VIC	3.3	2.5	0.8	32.0	QBE rental increase
383 Latrobe St	VIC	2.5	2.2	0.3	13.6	Net \$300k benefit from FY12 outgoings adjustment
800 Toorak Rd (50%)	VIC	2.8	2.7	0.1	3.7	
836 Wellington	WA	2.9	2.8	0.1	3.6	
16-18 Mort St	ACT	2.5	2.5	-	-	
<b>Like-for-like AU</b>		<b>65.7</b>	<b>60.3</b>	<b>5.4</b>	<b>9.0</b>	

# Appendix 17

## Portfolio NPI (cont'd)

	Property	Location	Currency	31 Dec 2012 NPI (m)	31 Dec 2011 NPI (m)	Movement (m)	Movement %
	Dutch Office Investment (14.2%)	Europe	EUR	6.3	6.6	(0.3)	(4.5)
	Bastion Tower (50%)	Europe	EUR	1.5	1.4	0.1	7.1
	<b>Like-for-like for Europe</b>			<b>7.8</b>	<b>8.0</b>	<b>(0.2)</b>	<b>(2.5)</b>
	<b>Rest of IOF Portfolio (acquired or sold during period)</b>						
Acquired	66 St George Tce	WA	AUD	2.5	-	2.5	100.0
	126 Phillip St (25%)	NSW	AUD	5.6	-	5.6	100.0
	242 Exhibition St (50%)	VIC	AUD	7.8	-	7.8	100.0
Sold	Homer Building (80%) <sup>1</sup>	USA	USD	-	5.7	(5.7)	(100.0)
	900 Third Ave (49%)	USA	USD	-	4.1	(4.1)	(100.0)
	Waltham Woods (50%)	USA	USD	-	(0.1)	0.1	(100.0)
	Computer Associates	USA	USD	-	1.0	(1.0)	(100.0)
	Neuilly Victor Hugo	Europe	EUR	-	1.6	(1.6)	(100.0)
	<b>Total IOF Portfolio (AUD)<sup>2</sup></b>			<b>91.2</b>	<b>82.6</b>	<b>8.6</b>	<b>10.4</b>

1. NPI recorded at 100%.

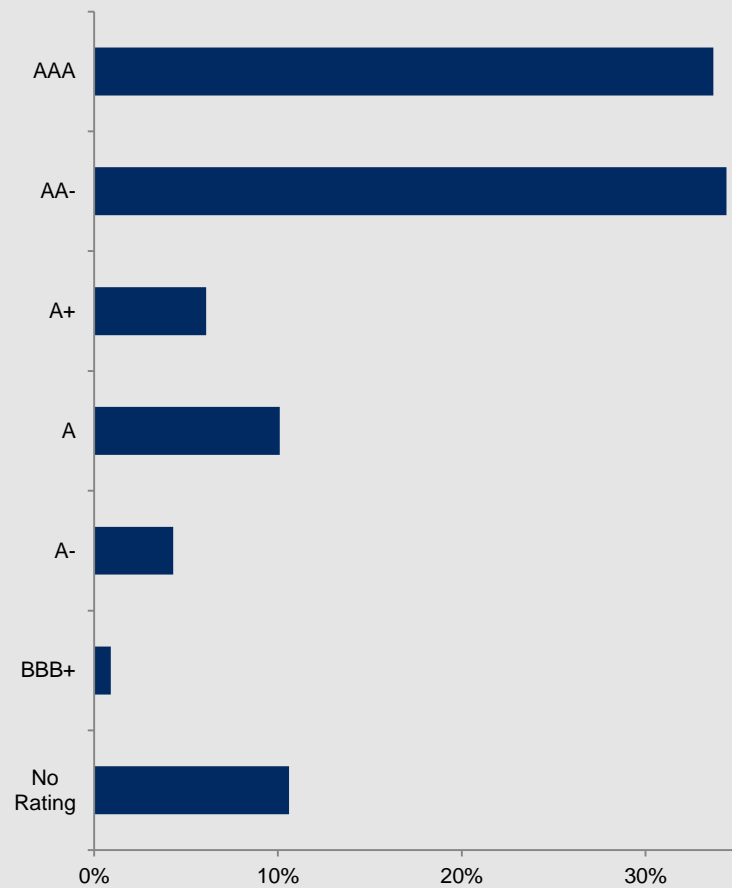
2. Based on constant foreign exchange rates of USD: 1.0292 and EUR: 0.8125



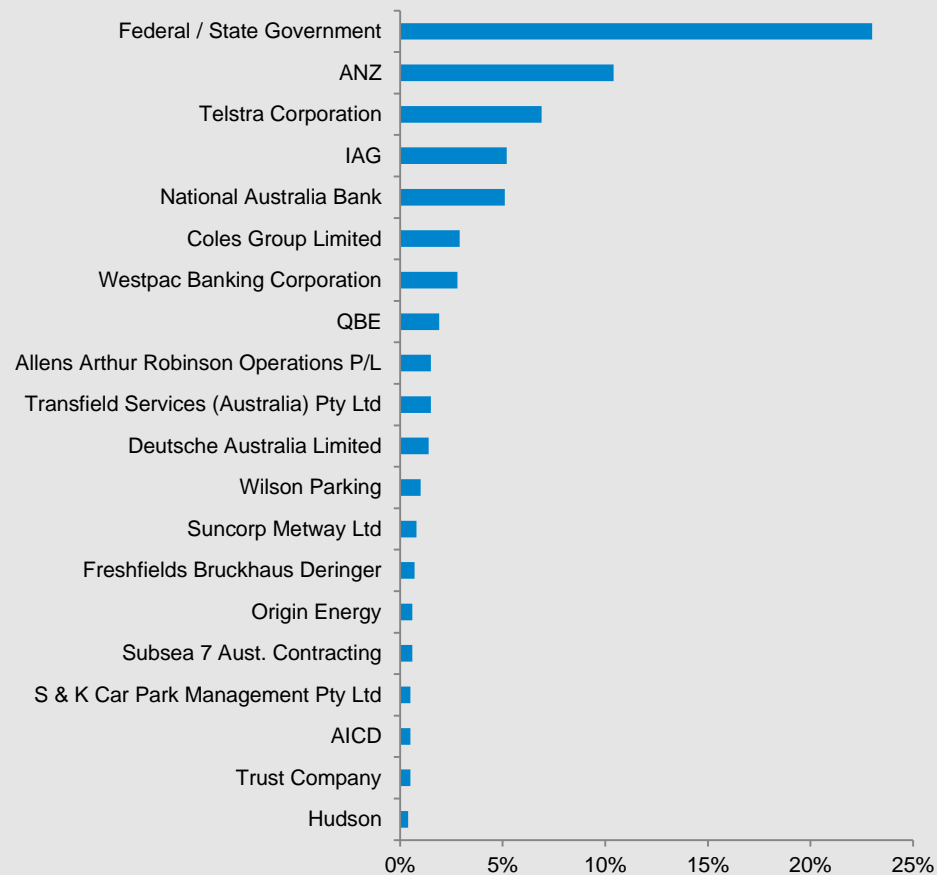
# Appendix 18

## Tenant profile

IOF Credit Ratings of Top 20 Tenants



Top 20 Tenants



# Appendix 19

## Dutch Office Fund and Bastion Tower

<b>Key Metrics for Dutch Office Fund</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
Net Property Income (NPI)	€6.3m	€6.6m
Like-for-like NPI growth	(4.5%)	(1.5%)
Occupancy (by income)	89%	90%
Tenant retention	70%	75%
Weighted average lease expiry	5.0yrs	4.8yrs
Number of properties	73	75

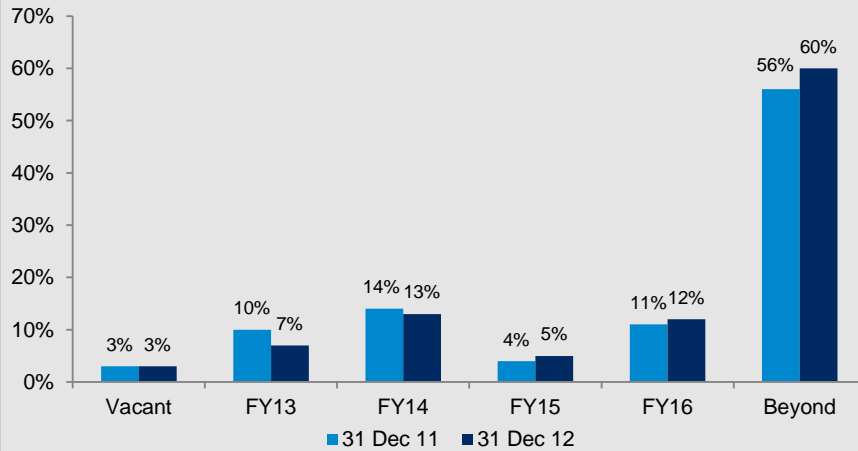
<b>Key Metrics for Bastion Tower</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
Net Property Income (NPI)	€1.5m	€1.4m
Like-for-like NPI growth	7.1%	(30.0%)
Occupancy (by income)	86%	77%
Tenant retention	N/A <sup>1</sup>	100%
Weighted average lease expiry	5.0yrs	5.6yrs

1. No expiries during the period

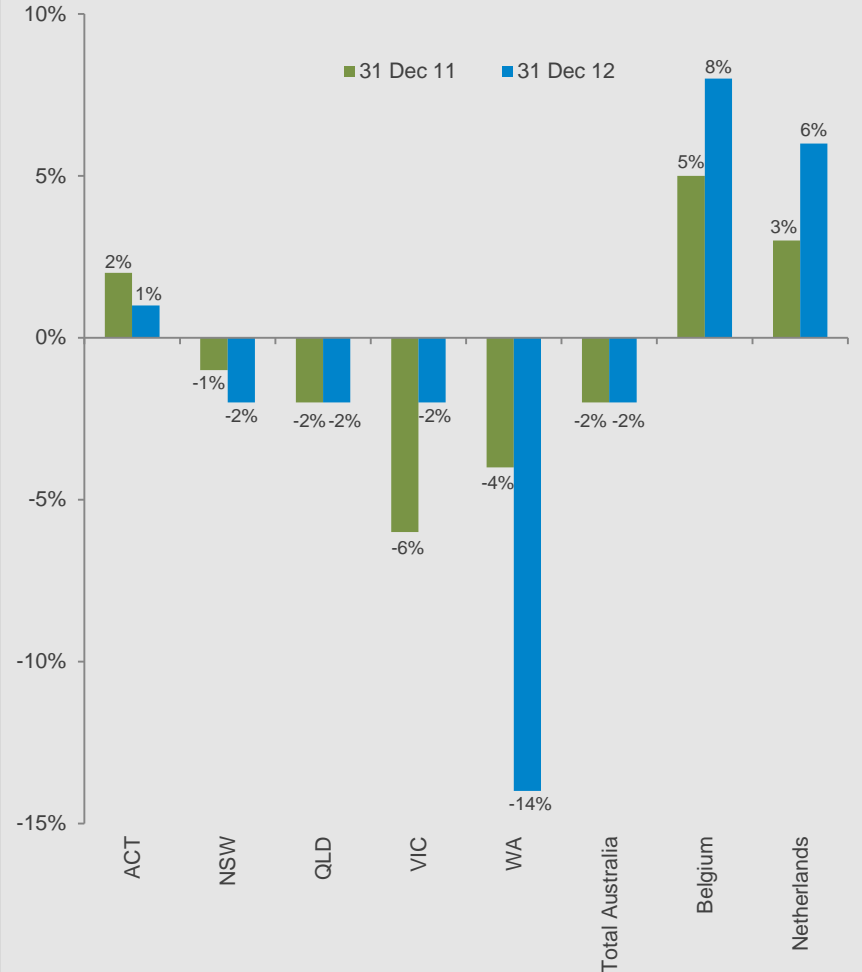
# Appendix 20

## Portfolio leasing metrics

Australian portfolio



Total Portfolio over/(under) renting



Australian Rent review profile (by income)

