

## **Investa Office Fund (ASX: IOF)**

### **Acquisition of 567 Collins Street, Melbourne**

Investa Office Fund (“IOF” or the “Fund”) today announces the acquisition of 567 Collins Street, Melbourne, in partnership with Investa Commercial Property Fund. Each partner will own a 50% interest in the partnership. Once built, this premium grade office building, located at the western end of Collins Street at the gateway to Docklands, will be consistent with IOF’s focus of identifying high quality assets with attractive risk adjusted returns.

The new 55,000sqm building is scheduled for completion in mid-2015. Pre-commitments totaling 47% of the building are agreed with tenants including Corrs Chambers Westgarth and Leighton Contractors. The Fund has an income guarantee over vacant space from completion, providing income certainty until mid-2019.

The partnership will acquire the land for ~\$38 million, with payment scheduled to take place in mid-March 2013.

Funds for the construction will be advanced to the developer, Leighton Properties, through progress payments during construction. In consideration for funding the construction the partnership will receive interest and line fees from the developer equivalent to 6.75% per annum of total project costs, increasing to 7.00% per annum after June 2014. Upon completion the building will generate a cash-on-cash yield of 6.70%.

In addition to improving portfolio quality, the acquisition will increase earnings for IOF with income before interest expense of ~\$4 million in FY14, ~\$11 million in FY15, and ~\$15.5 million in FY16 when the building is scheduled to be fully income producing.

Toby Phelps, Fund Manager of IOF said: “We are delighted to be adding this asset to our portfolio – premium grade assets seldom trade, and we have been able to secure this asset on an accretive basis at an attractive cash-on-cash yield. The acquisition allows us to increase our weighting to Melbourne without taking on leasing risk until at least 2019, whilst participating in an improving market over the medium term.”

567 Collins St continues the execution of our strategy of improving the quality of the portfolio and generating attractive risk adjusted returns.”

**-ENDS-**

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## About Investa Office Fund

Investa Office Fund (ASX code: IOF) 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 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\$2.5billion with investments located in core CBD markets throughout Australia and select offshore markets in Europe. IOF's strategy is to reposition the portfolio to an Australian only focus.

## About Investa Property Group

Investa is one of Australia's largest owners and managers of quality real estate controlling assets worth more than AU\$8 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 45 buildings and is valued at over AU\$7 billion. Investa's development pipeline exceeds AU\$2.6 billion and includes more than 9,000 residential lots, and over 580 hectares of industrial land. Funds under management in its listed and unlisted funds total AU\$4.4 billion, managed on behalf of over 17,500 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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## Fund Enquiries

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# 567 Collins St, Melbourne

## Improving portfolio quality at accretive levels

- Located in the Western CBD core – prominent Collins St frontage at the gateway to Docklands
- Premium grade development acquired at an accretive cash-on-cash yield of 6.7% at completion:
  - Attractive pricing – land and project costs totalling \$231m
  - Project costs advanced as progress claims during construction. Interest income to IOF equivalent to 6.75%p.a. of total project costs, escalating to 7.00%p.a. after June 2014
  - Immediate positive earnings impact
  - Ability to improve cash on cash yield from rental upside above target levels
  - 47% pre committed to tenants including Corrs Chambers Westgarth and Leighton Contractors
  - Vacant space at completion supported by 4 year rental guarantee
  - No development or capex risk - both remain with the developer (Leighton Properties)
- Building will be 5 star NABERS and Green Star rated
- 50% partner Investa Commercial Property Fund (ICPF)



# Property Metrics

## Key Features

Property Type	Premium grade office
Ownership	50%
Completion date	Mid 2015
Value (50% ownership)	\$231m
NLA	55,000
\$/sqm	\$8,400/sqm
Average Floor Plate (sqm)	2,000 - 2,500sqm
Net income at completion (50% ownership)	\$15.5m
Cash on cash yield at completion	6.70%
Cash on cash yield during construction	Until July 2014 6.75% Post July 2014 7.00%
Agreed % of pre-commitment (by area)	47%
Rental guarantee at completion	4 years over any vacancy
NABERS Energy rating	5 star
NABERS Water rating	5 star



## Forecast timing of payments



## Property/coupon income

