Investa Office Fund

Half Year Results

December 2017

20 February 2018

Agenda

Fund Highlights

Penny Ransom, IOF Fund Manager

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1H18 Achievement of Objectives

PERFORMANCE
- 12 month Return on Equity[1] 14.8%
- 12 month Portfolio Return[2] 12.9%
- 3.0% pa compound average distribution growth since December 2012

ACTIVE ASSET MANAGEMENT
- 60%[3] of FY18 expiry secured
- ANZ HoA at 347 Kent Street (minimum of 15,821 sqm)
- FY19 expiry reduced from 25.0% to 19.2%[4]
- Occupancy remains strong at 97%

MANUFACTURING CORE ASSETS
- Barrack Place development on schedule and pre-commitment increased to 57%
- 347 Kent Street repositioning and 388 George Street refurbishment progressing

TRANSACTIONS
- No transactions during the period
- Continually reviewing compelling acquisition and disposal opportunities

CAPITAL MANAGEMENT
- Prudent gearing at 23.8%
- Repaid $125 million of MTNs
- Accretive 2.5% buy-back of IOF units
- Low cost of debt at 4.0%

STRONG GOVERNANCE AND ETHICAL STANDARDS
- Gai McGrath, new Independent Director, appointed
- 100% independent RE Board
- Leadership in sustainability

1. Increase in Net Tangible Assets (NTA) plus distributions.
2. Total return based on movement in portfolio book value plus portfolio net income.
3. Including Heads of Agreement (HoA).
4. Including ANZ HoA.

Half Year in Review

Profit and Loss	31 Dec 2017	31 Dec 2016	Change
FFO[1]	$92.9m	$91.3m	1.8%
FFO per unit	15.3c	14.9c	2.7%
Distributions per unit	10.15c	10.00c	1.5%
Statutory Net Profit	$151.2m	$224.0m	(32.5%)
- Property Revaluations	$80.8m	$160.9m	(49.8%)

Balance Sheet	31 Dec 2017	30 Jun 2017	Change
Gearing (look-through)	23.8%	21.4%	240bps
NTA per unit	$4.95	$4.79	3.3%

- FFO supported by a 5.1% increase in like-for-like[2] FFO portfolio performance, offset by the impact of two asset sales in early 2017 and funding the recent buy-back of units
- FFO per unit enhanced by the buy-back of units
- Statutory Net Profit of $151.2m supported by $80.8m of valuation uplifts
- Gearing of 23.8% provides capacity to fund committed value add/development projects
- NTA increased by 3.3% to $4.95 per unit due primarily to property revaluations

1. The Responsible Entity considers the non-AAS measure, Funds From Operations (FFO), an important indicator of the 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 in line with the Property Council of Australia definition of FFO.
2. Excludes two asset sales (383 La Trobe St and 800 Toorak Rd in Melbourne) and Barrack Place development.

High Quality Office Portfolio

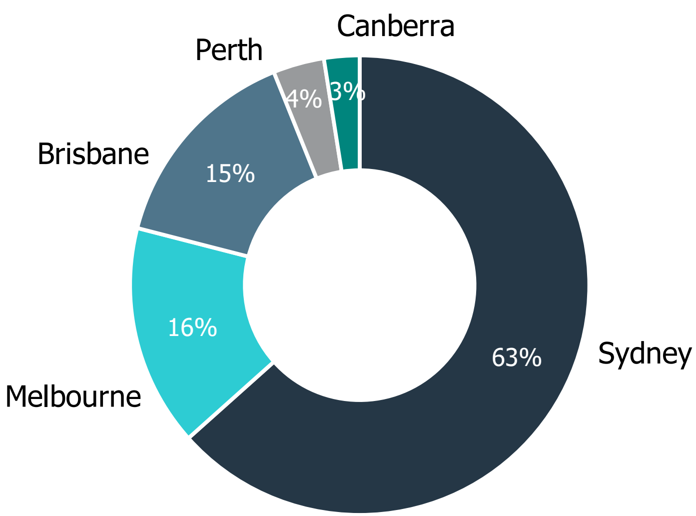
$4.0bn
TOTAL PORTFOLIO VALUE

430
TENANTS

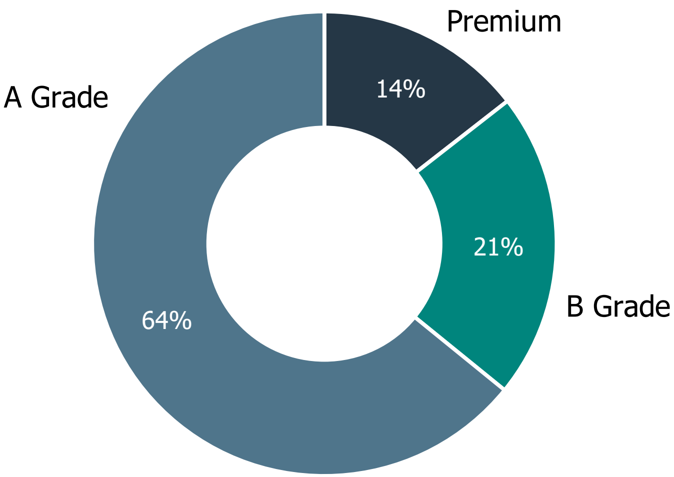
20
OFFICE BUILDINGS

100%
AUSTRALIAN EXPOSURE

Portfolio Composition by CBD[1]



Portfolio Composition by Grade[1]

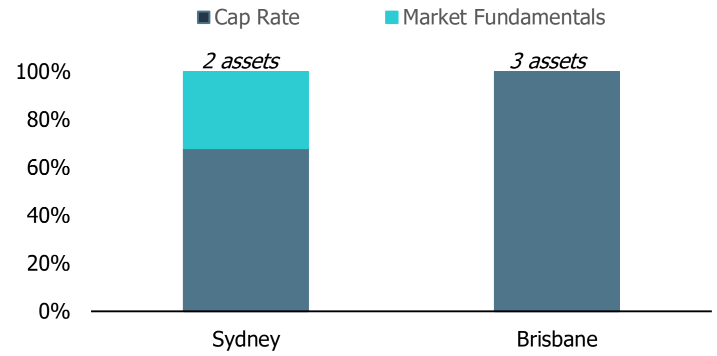


1. Totals do not add to 100% due to rounding.

Valuation Uplift

- Entire portfolio previously independently valued in April 2017
- Five assets independently valued at 31 December 2017 (23% of portfolio value):
  - Comprising two strong performing Sydney assets and three high quality Brisbane assets
  - $80.8m (9.0%) uplift versus book value, equating to a 2.1% increase in total portfolio value
  - Sydney valuation uplift was supported by effective rental growth and capitalisation rate compression, whilst Brisbane valuation uplift was predominantly driven by capitalisation rate compression
  - Portfolio weighted average capitalisation rate (WACR) decreased from 5.74% to 5.65%

31 Dec 2017 Independent Valuation Drivers



Movement in Capitalisation and Discount Rates

Total IOF Portfolio	31 Dec 2017		30 Jun 2017	
	Cap Rate	Disc Rate	Cap Rate	Disc Rate
Sydney	5.30%	6.78%	5.41%	6.88%
North Sydney	6.03%	7.16%	6.03%	7.16%
Melbourne	5.00%	6.75%	5.00%	6.75%
Brisbane	6.51%	7.27%	6.77%	7.49%
Perth	6.96%	7.73%	6.96%	7.73%
Canberra	5.85%	7.50%	5.85%	7.50%
Weighted Avg	**5.65%**	**6.98%**	**5.74%**	**7.05%**

Key Case Studies

6 O'Connell Street, Sydney

- Purchased in June 2014 for $135m
- Upgraded lobbies, retail, end of trip facilities
- Avg passing rent increased 29% (since June 2014)
- 23.7% unlevered IRR (since June 2014)

140 Creek Street, Brisbane

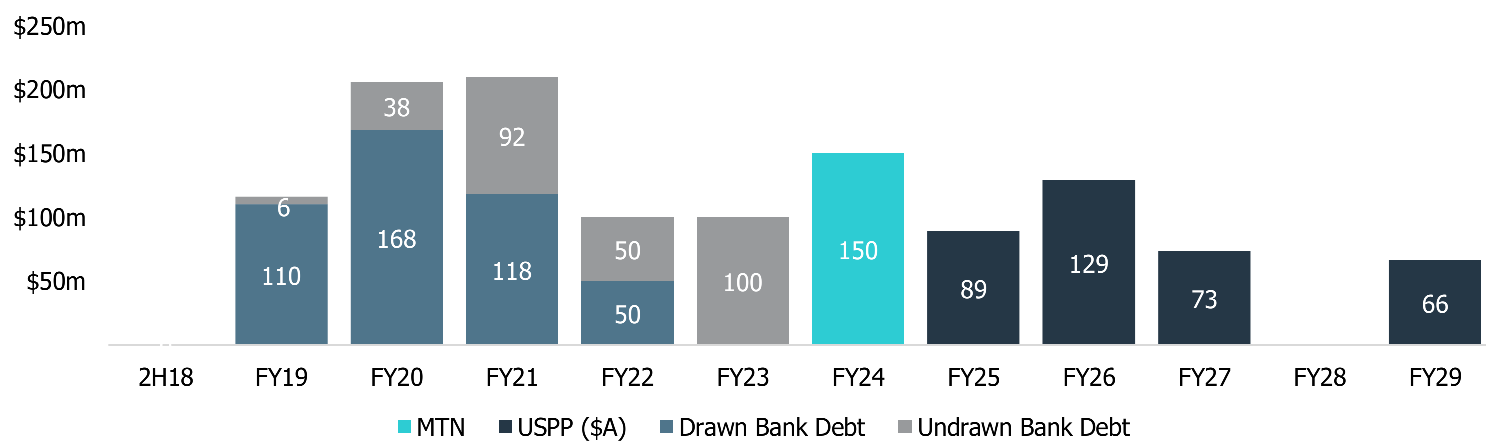
- Asset de-risked and repositioned during challenging market conditions (~15% market vacancy)
- Occupancy improved from 61% in June 2014 to 100%
- 10.7% unlevered IRR (since June 2014)

Capital Management

- Low gearing supports anticipated future capital expenditure
- Increased hedging to upper end of target band (50% to 80%)
- Repayment of $125m A$MTN
- $150m of new bank debt facilities
- On-market buy-back of 2.5% of units

Key Indicators	31 Dec 2017	30 Jun 2017
Drawn debt[1]	$954m	$826m
Gearing[2]	23.8%	21.4%
Weighted average debt cost	4.0%	4.1%
Weighted average debt maturity	4.7yrs	4.7yrs
Weighted average debt hedged	81.2%	50.1%
Interest cover ratio	5.0x	4.8x
S&P credit rating	BBB+	BBB+

Debt Maturity Profile as at 31 December 2017 ($m)



1. Calculated using the foreign exchange hedge rate of the US Private Placements (USPP).
2. Calculated on a look-through basis, see Appendices.

Property Portfolio Update

Nicole Quagliata, IOF Assistant Fund Manager

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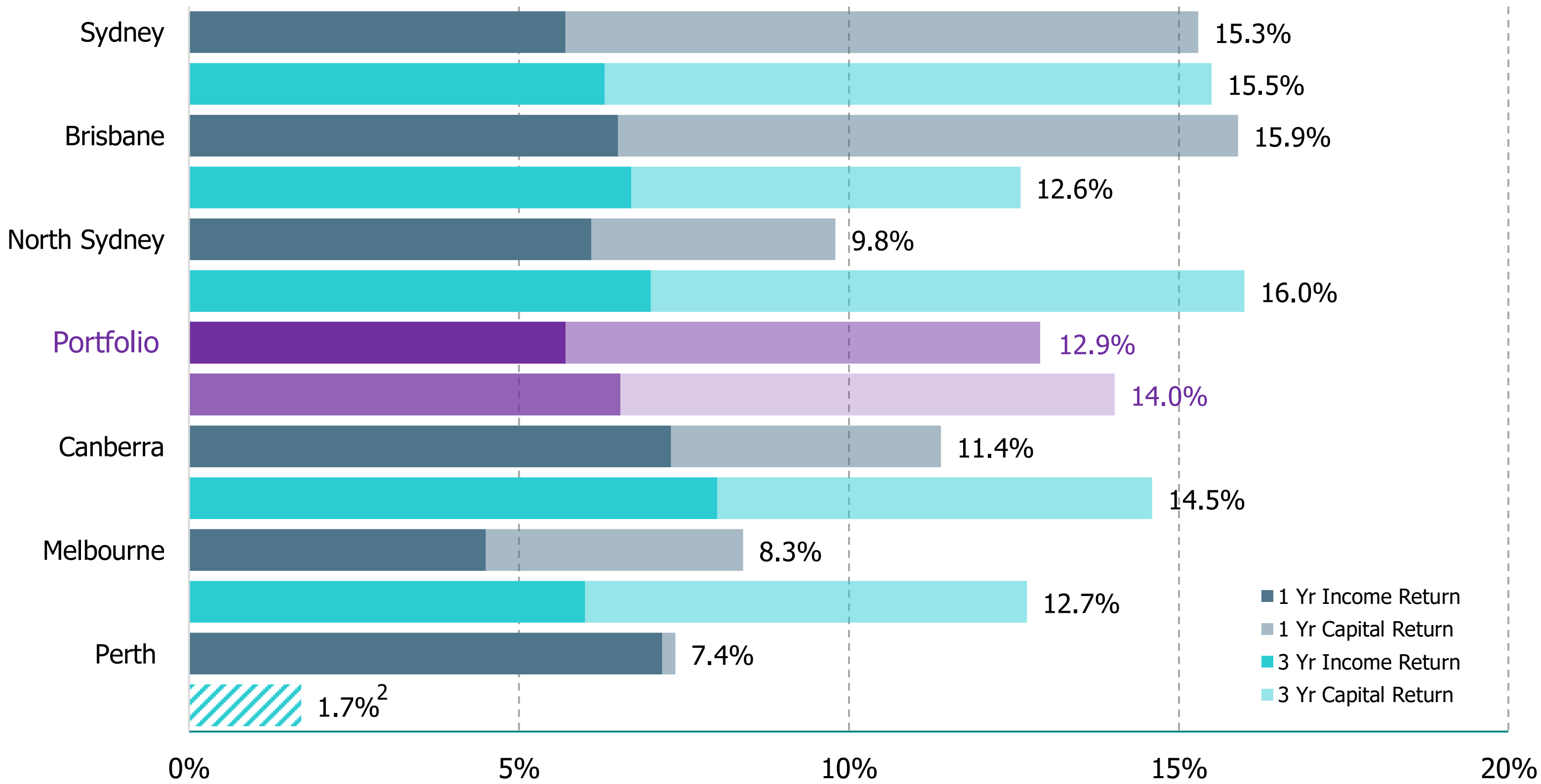
Portfolio Performance

- 12.9% one-year and 14.0% three-year per annum portfolio total return[1]
- Continued strength in market fundamentals driving returns in Sydney and Brisbane



1. Total return based on movement in portfolio book value plus portfolio net income over 12 and 36 months to 31 December 2017, as a percentage of total book value.
2. Perth three-year total return of 1.7% made up of 6.4% income return and -4.7% capital return.

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

FY18 Portfolio Overview

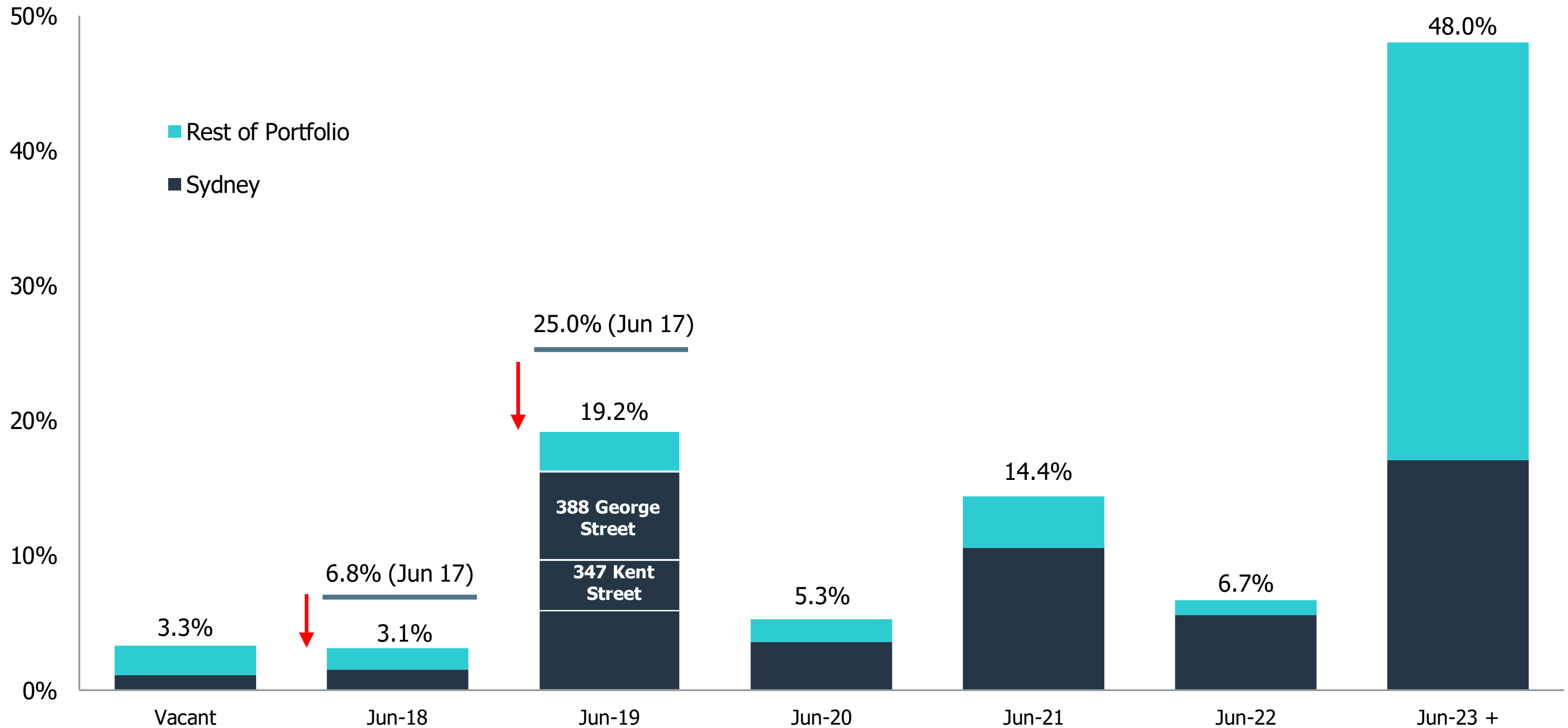
- Portfolio remains stable and well positioned with 97% occupancy and 4.8 year WALE
- NPI reduced due to two asset sales in 2H17 (NPI of $6.2m 1H17)
- Like-for-like portfolio NPI growth of 2% influenced by:
  - 6.5% like-for-like growth from IOF's A and B grade Sydney and North Sydney assets (52% of total portfolio value)
  - incentive amortisation on two major lease deals at 836 Wellington Street and 140 Creek Street coming off a zero base (excluding these assets, like-for-like portfolio NPI growth was 4.5%)
- Leasing of 20,934 sqm is reflective of the portfolio's relatively low FY18 expiry profile
- Attractive face rent growth of 6.8% achieved on completed deals

	31 Dec 2017	**30 Jun 2017**
Occupancy (by income)	97%	97%
Weighted average lease expiry (WALE)	4.8 years	5.1 years
Average passing face rent	$665 psm	$661 psm

	31 Dec 2017	**31 Dec 2016**
Net Property Income (NPI)	$99.0m	$103.3m
Effective like-for-like[1] NPI growth	2.0%	4.5%
Leased	20,934 sqm	95,092 sqm
Tenant retention	61%	89%
Face rent growth (deals completed)	6.8%	-4.7%
Weighted average incentive (renewal / new)	21% (16% / 22%)	16% (15% / 25%)

1. Excludes two asset sales (383 La Trobe St and 800 Toorak Rd) and Barrack Place development.

Lease Expiry Profile by Income[1]



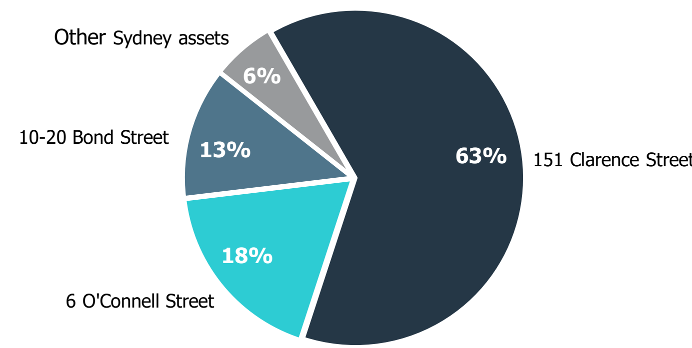
1. As at 31 December 2017 and includes ANZ Heads of Agreement (HoA).

IOF Sydney Portfolio Outperforming

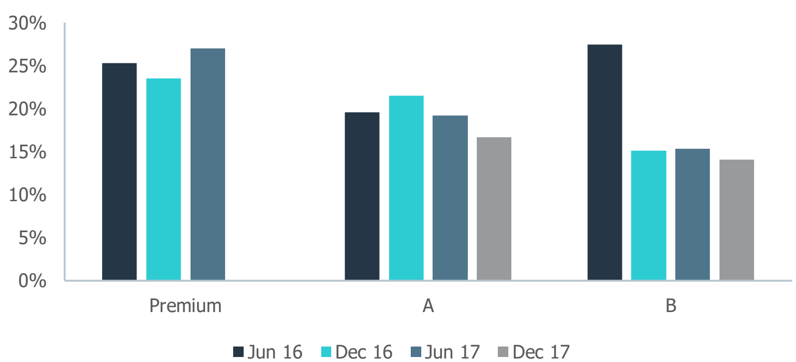
IOF's Sydney portfolio[1] continues to perform (6 months to 31 Dec 2017):

- 11,692 sqm of leasing completed
- 15.4% average face rent growth
- 29% effective rental growth[2]
- 8% increase in effective rents compared to prior valuation (April 2017)

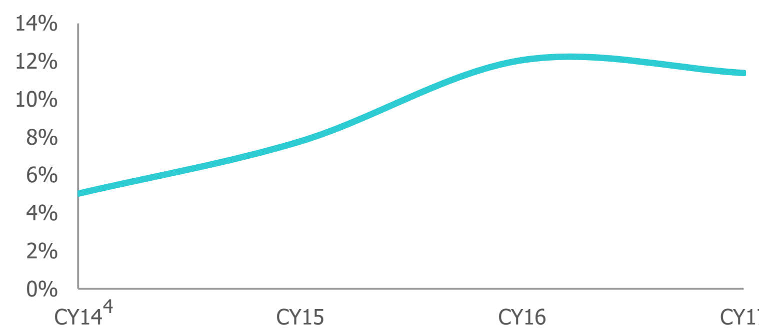
IOF Sydney Portfolio[1]
Leasing (by Income) 6 months to 31 Dec 2017



IOF Sydney Portfolio[1]
Completed Leasing Incentives[3]



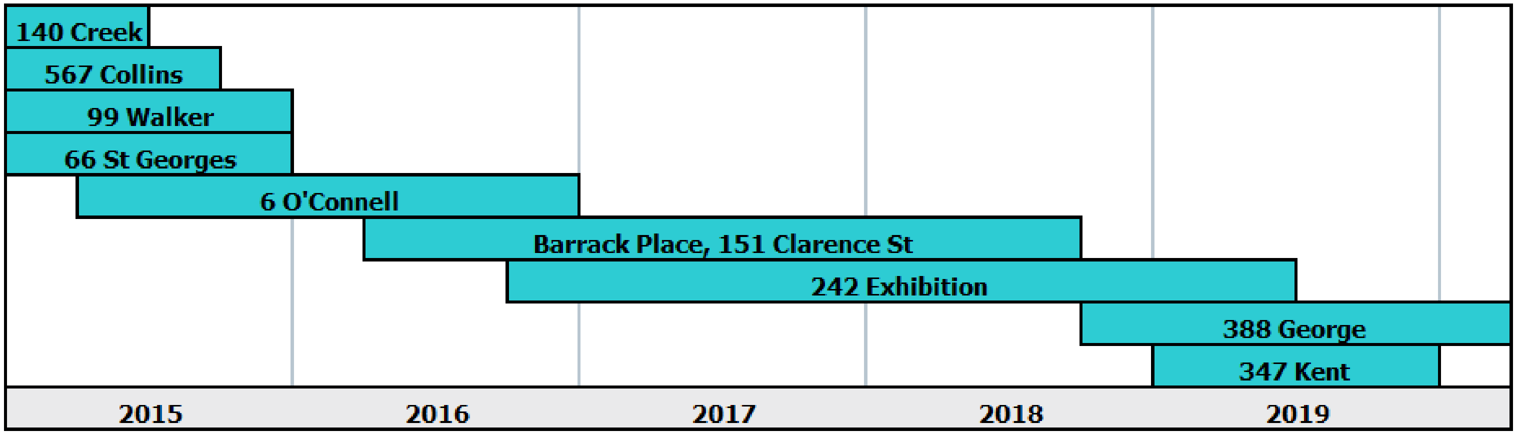
IOF Sydney Portfolio[1]
Completed Leasing Face Rental Growth (%)



1. Includes Sydney CBD and North Sydney.
2. Includes all leasing deals where a comparable prior incentive is available.
3. Note, no comparable Premium deals in 6 months to Dec 17.
4. Six months to Dec 14.

Transformation of IOF Portfolio

Recent and Near Term Major Projects



- IOF is undergoing a significant period of transformation
- Repositioning works will enhance the quality of the portfolio and drive total returns
- c.$185 million committed in value enhancing projects over the next 2.5 years
- Forecast capital expenditure for FY18 unchanged:
  - Maintenance Capex: $20-25 million
  - Incentive Capex: $60-70 million

Future Capital Requirements[1]	
242 Exhibition St, Melbourne (50%)	~$27m
151 Clarence Street, Sydney	~$70m
388 George Street, Sydney (50%)	~$45m
347 Kent Street, Sydney	~$43m
2.5 year requirement	**~$185m**

1. Remaining future capital requirements inclusive of value add and maintenance capital expenditure, but not including incentives.

Responsible Investment

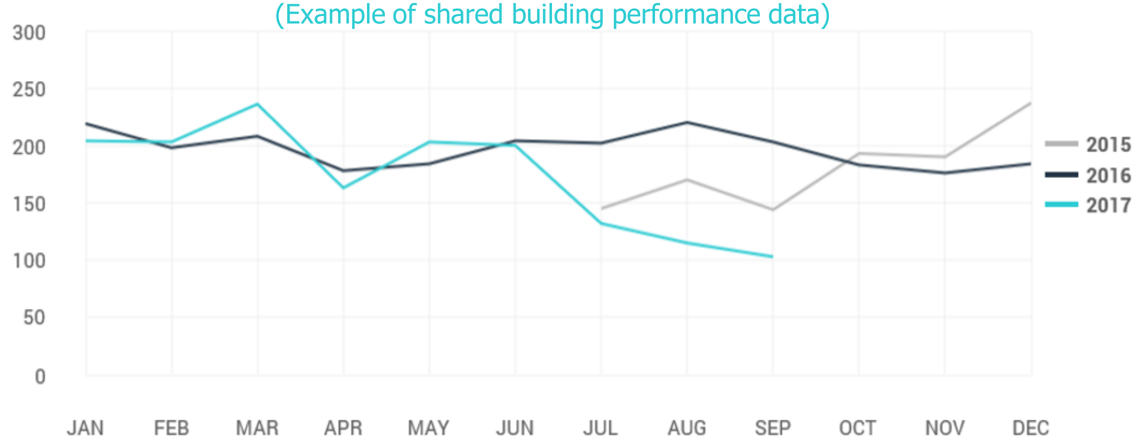
Progress on Net Zero by 2040

- Reduction in carbon emissions intensity and electricity consumption of 6.3%[1] and 5.2%[1] respectively, equating to savings in excess of $160,000
- 6.4%[1] reduction in water consumption
- Portfolio NABERS energy rating: 4.76 Stars, water rating: 4.00 Stars
- Maintained global GRESB participant top 2% position

Tenant Engagement Focus

- Imminent launch of the Tenant Sustainability Toolkit and High Performance Lease
- Sharing monthly base building environmental performance data
- Carbon Offset Program for Investa and tenants

Monthly carbon emissions measured in tonnes of CO_2
(Example of shared building performance data)



1. Compared to previous corresponding period (six months to 31 December 2016).

Development Update

Nicole Quagliata, IOF Assistant Fund Manager

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Barrack Place, 151 Clarence Street, Sydney

Project

New office development

- ~22,000 sqm A grade building
- Strong Sydney market fundamentals
- Attractive yield on cost of over 7.5%
- Versatile floor plates (1,160 to 1,590 sqm)
- Dynamic retail offering (1,458 sqm) providing improved amenity

Cost

- $130 million total development cost (excluding incentives)

Timing

- Completion anticipated October 2018

Update

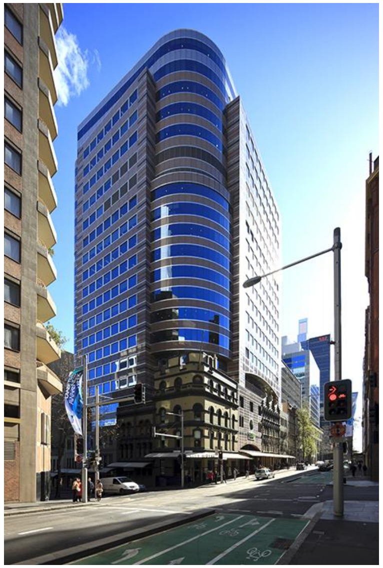
- Construction on schedule:
  - Structure complete to level 13
  - Services installation commenced
- Awarded 6 Star Green Star Office Design rating
- Leasing pre-commitment increased to 57%
- Six out of 19 retail tenancies leased/in HoA

Development status photo – 31 January 2018

Retail precinct

347 Kent Street, Sydney

Project	**Building enhancement** • Major repositioning in a dynamic inner city location • Relocation and upgrade of ground floor lobby • Activation of underutilised space to create additional income • Upgrade of common and tenancy areas not being renewed by ANZ • New end of trip facilities • Full mechanical upgrade
Cost	• $40 million to $45 million (subject to ANZ's final tenancy requirements)
Timing	• Nine to 12 months (major works commencing January 2019)
Update	• ANZ HoA over at least 15,821 sqm (63% of office NLA) for five years on an as-is basis • Potential for ANZ to commit to a further 4,170 sqm (17% of office NLA) by 31 May 2018 • Lift replacement program commenced


347 Kent Street, Sydney


Planned new entrance

388 George Street, Sydney

Project

Office refurbishment and retail redevelopment

- Transformation of a landmark office tower
- Activation of five atriums creating vertical villages
- Upgrade of common and tenancy areas
- New end of trip facilities
- Full services and mechanical upgrade
- Retail redevelopment potential on a prominent central CBD retail corner

Cost

- Office: $85 million to $95 million (100% share and excluding incentives)
- Retail: subject to design outcome

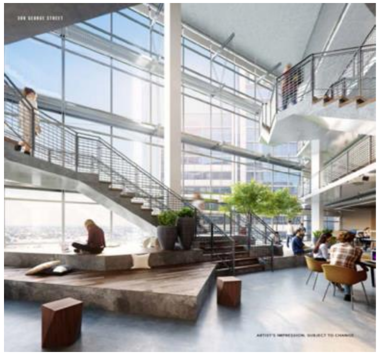
Timing

- 15 to 18 months for major works commencing on IAG departure (October 2018)

Update

- Early Contractor Involvement with Multiplex underway (pre D&C contract)
- Leasing campaign progressing
- Retail value add strategy under consideration with key stakeholders

388 George Street, Sydney



Activated atrium (proposed)


Market Update
Penny Ransom, IOF Fund Manager
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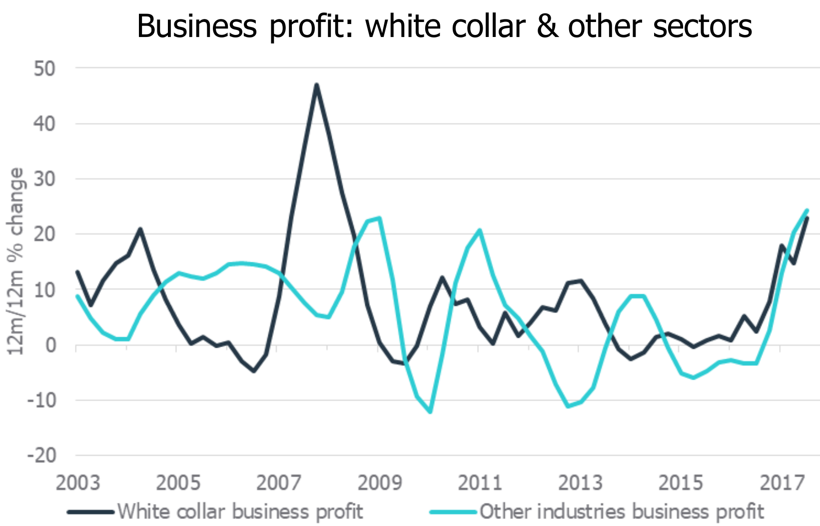
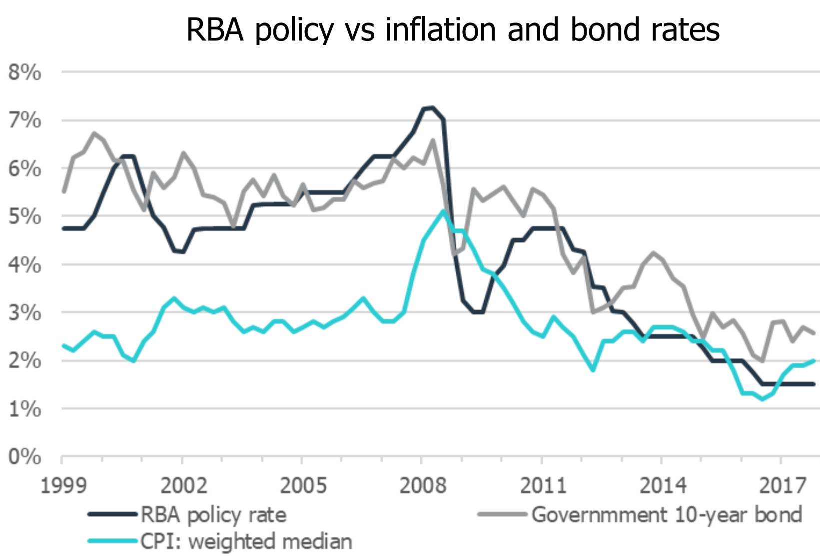
Economic Overview

Buoyant business conditions supporting positive white collar business outlook





Sources: ABS, RBA & Investa Research.

Positive business conditions support office outlook:

- *White collar business profit growth is at the strongest rate since 2008*. Positive business conditions, subdued labour costs and improving global growth to support the outlook for office-based businesses

- *Elevated office-based business confidence is expected to support growth in white collar employment.* An optimistic outlook in business profits and employment to drive solid underlying demand for, and net absorption of office space

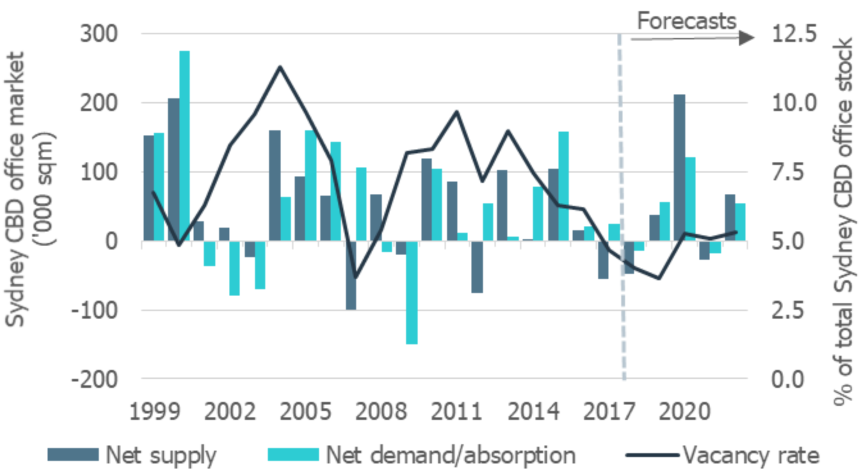
Economic conditions support lower for longer view:

- *Underlying cost pressures remain weak,* however strong employment growth and lower spare capacity are expected to create some growth in wages
- *Inflation expected to be at, or slightly below 2% by the end of 2018*
- *Consensus indicates moderate upward bias in RBA policy,* with the cash rate to be between 1.50-2.00% by the end of 2018

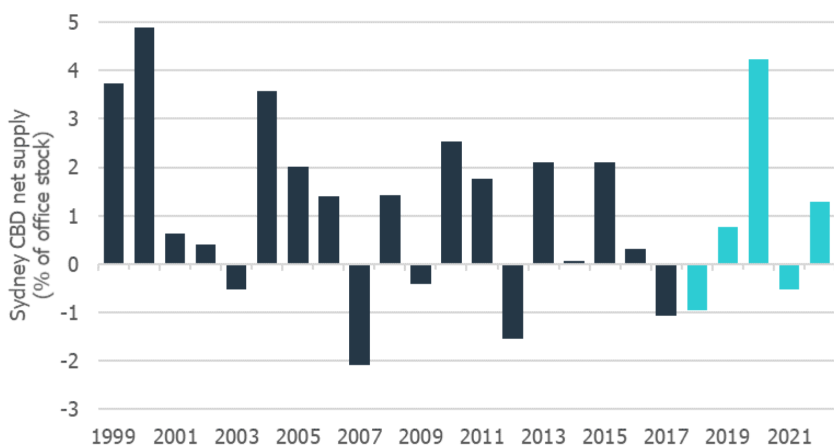
Sydney CBD Outlook

Approaching a multi-year strong office market cycle

Office leasing: market balance



Supply outlook as a % of total office stock



Sources: JLL, PCA & Investa Research.

Supply cycle to dominate leasing market conditions:

- *Near-term*: *weak supply through 2018* to reflect further pipeline of office withdrawals and little new supply. Absorption to be softer and constrained by limited supply
- *Medium to long-term*: the development cycle is activating and *the supply outlook is improving.* Underlying demand is expected to largely absorb future supply

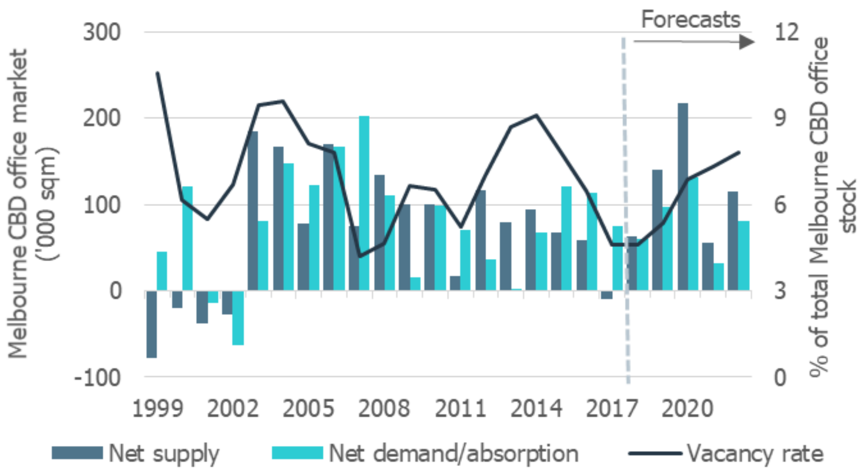
The next supply cycle is supportable:

- *Developers are responding to strong conditions*: Sydney CBD office development is activating, however the supply outlook remains modest
- *Ebb and flow.* Temporary withdrawals in the current financial year will make way for redevelopment of existing sites
- *Generational refresh.* Office development will rejuvenate Sydney's CBD office market, with the share of stock under 10 years old to increase from 19% in 2017 to 21% by 2022

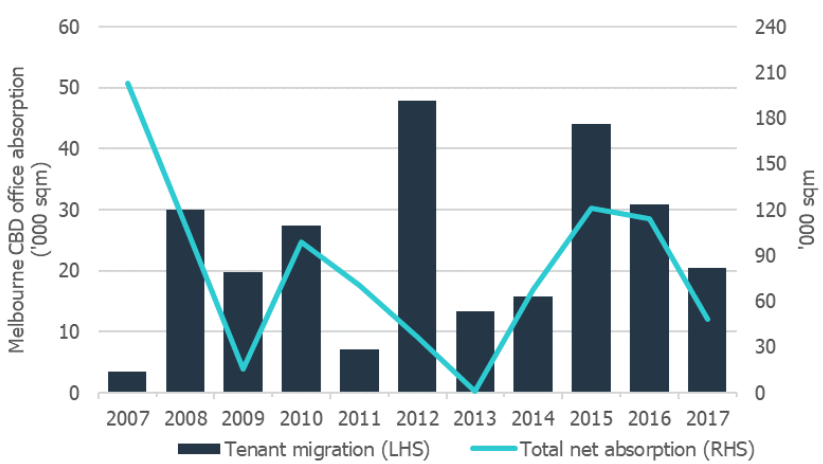
Melbourne CBD Outlook

Office market conditions to continue to attract solid absorption

Office leasing: market balance



Net absorption from tenant migration



Melbourne development cycle to ease market conditions:

- *Short-term*: *Melbourne market has another strong year ahead* before the next supply cycle starts to impact market conditions
- *Medium to long-term*: from 2019, ANZ Docklands, Vic Police Headquarters, Collins Arch, Olderfleet, 80 Collins South will begin the supply cycle

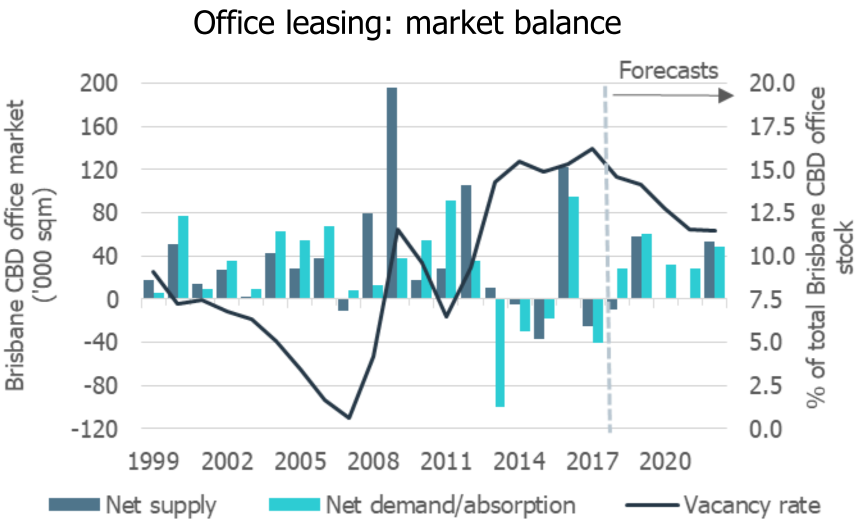
Relocation from suburban and fringe markets:

- *Strong absorption trend*: attraction of suburban and fringe tenants to Melbourne CBD has supported strong absorption, particularly in recent years
- *Office demand conditions positive*: underlying demand for Melbourne CBD office supported by *positive economic conditions, office tenant-base diversity, strong population growth and affordability benefit*
- *New office supply expected to provide further attraction* for external tenants to migrate to Melbourne CBD and support elevated absorption

Sources: JLL, PCA & Investa Research.

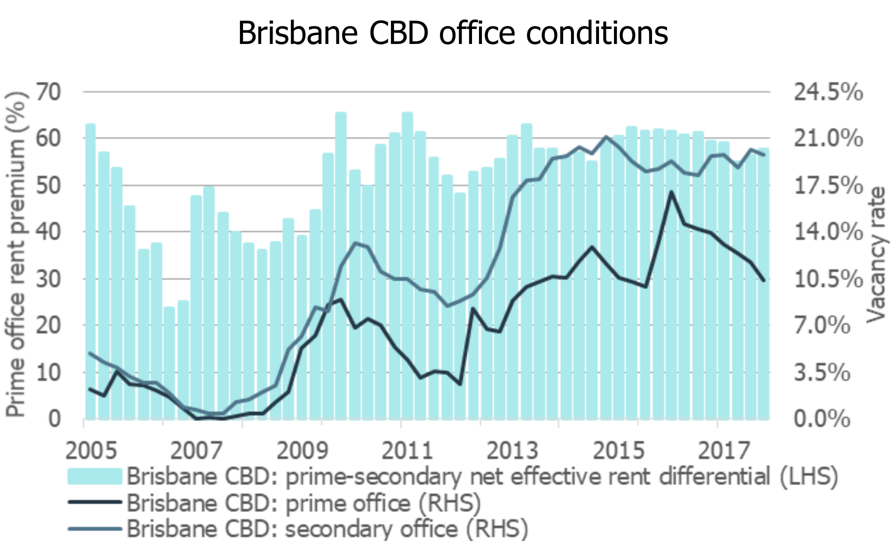
Brisbane CBD Outlook

Office market conditions driven by prime office improvement



Leasing market to find new equilibrium:

- *Withdrawals to drive conditions to 'new norm': weak supply outlook* with no new additions in 2018, while 15-20,000 sqm of office space will be withdrawn
- *10-12% vacancy is the new 6-8%*: latent vacancy of around 4% of Brisbane secondary office stock means *the vacancy rate will understate the strength of market conditions*
- Economic conditions and infrastructure development pipeline to support absorption and cyclical improvement in Brisbane CBD office market



Prime office market leading Brisbane CBD cycle:

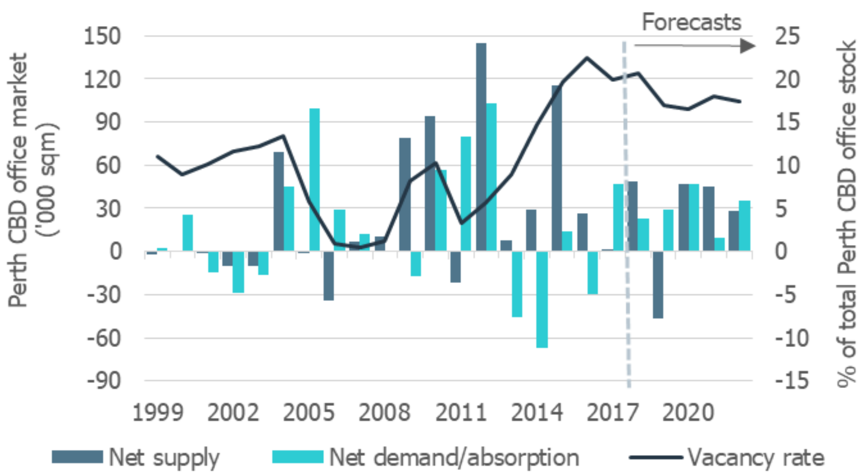
- Prime office market conditions improving while secondary market remains soft
- *Affordability supporting flight to quality*: differential between prime and secondary market effective rents is attracting tenant upgrading activity
- *Stronger leasing market conditions to drive prime office income growth in Brisbane CBD in the coming years*
- Brisbane CBD secondary office market setting itself for redevelopment opportunity

Sources: JLL, PCA & Investa Research.

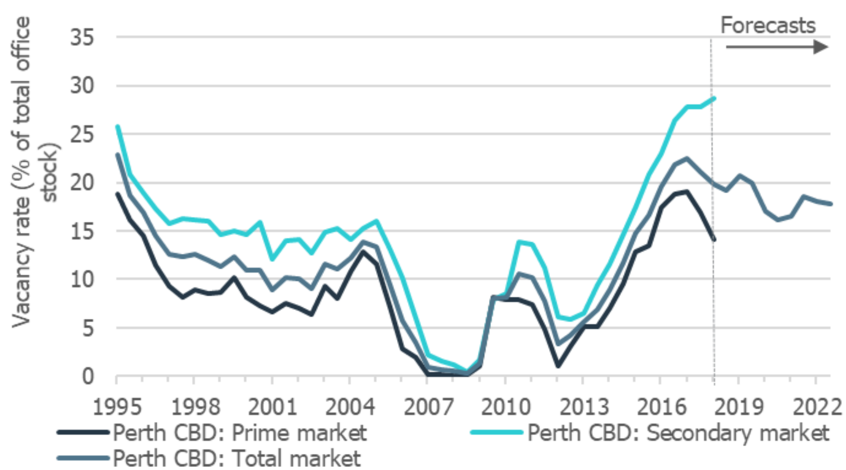
Perth CBD Outlook

On the path to recovery

Office leasing: market balance



Vacancy rate composition



Sources: JLL, PCA & Investa Research.

Leasing market improvement:

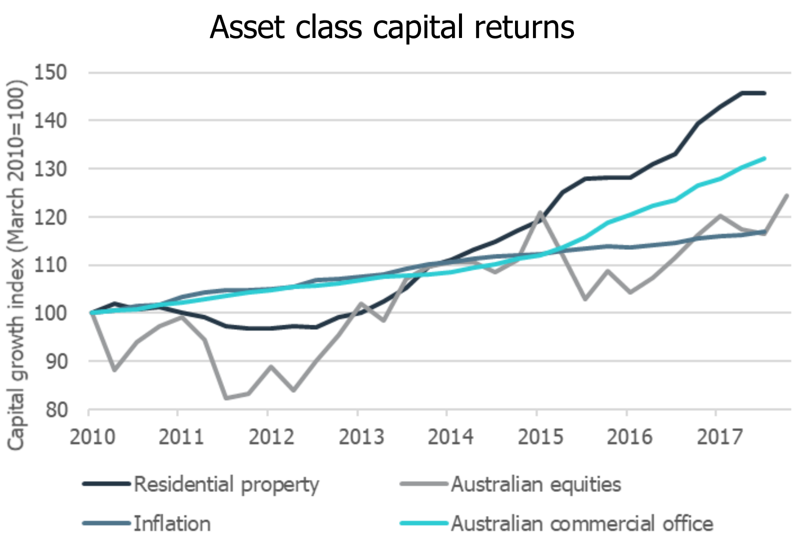
- *Weak development*: one office development project is currently under construction – Woodside at the former Emu Brewery (due for completion FY20)
- *Net absorption has turned the corner: net absorption has been positive for the past 12 months.* Second only to Melbourne CBD for total CBD market net absorption in 2017
- *Mining dependency*: Perth CBD market remains largely dependent on mining sector outlook and commodity prices

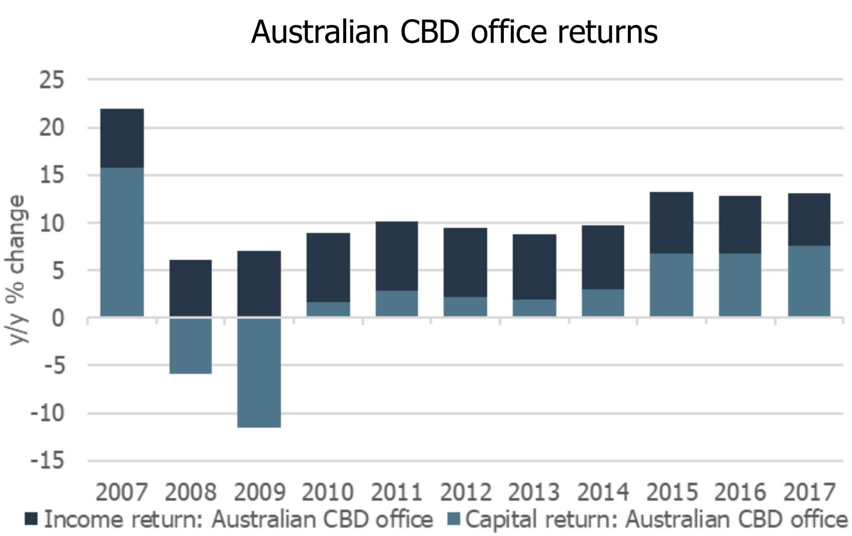
Prime office market has driven improvement:

- *Flight to quality*: elevated incentives, easing face rents and excess capacity has supported tenant upgrading activity
- *Secondary market outlook*: absorption turnaround and largest effective rent differential in 12 years could ease 'flight to quality' trend

Capital Markets

Office transactions reflect solid demand and capital growth





Solid Australian office market capital growth:

- *Cap rates to edge lower in 2018: commercial office market capital growth is reflecting strong investor demand for Australian physical assets*
- Capital returns for Australian CBD office assets have been less volatile than comparable asset classes, including equities and residential property more recently
- Strengthening underlying fundamentals are expected to maintain investor appetite and capital values for Australian CBD office markets in the coming year

Total returns underpinned by strong capital growth:

- Decade-high office market capital growth has underpinned double-digit asset returns
- Stronger leasing market conditions are expected to support rents and income returns in 2018
- Total returns likely to remain steady to slightly higher. Solid income growth is likely to bolster a potential peak in capital growth by the end of 2018

Sources: ABS, ASX, PCA-IPD, RBA & Investa Research.

Conclusion

Penny Ransom, IOF Fund Manager

Forward Focus

PERFORMANCE
- Optimise Unitholder returns
- Sustained distribution
- Consistent performance

ACTIVE ASSET MANAGEMENT
- Driving net operating income
- Forward leasing focus
- Proactive capital investment in existing assets to sustain and enhance returns
- Progress towards net zero carbon emissions

MANUFACTURING CORE ASSETS

Deliver:
- Barrack Place development
- 388 George Street redevelopment
- 347 Kent Street refurbishment

SELECTIVE TRANSACTIONS
- Selective approach to acquisitions and capital recycling to drive Unitholder returns

PRUDENT CAPITAL MANAGEMENT
- Active debt capital management
- Focused risk management
- Strong equity capital management

FY18 GUIDANCE
- Like-for-like NPI growth of ~2%
- FFO guidance 30.3 cpu[1] (2.0% growth on FY17)
- Distribution of 20.3 cpu[1] (0.5% growth on FY17)

1. Subject to prevailing market conditions and assumes no further acquisitions or disposals and no further on-market buyback of IOF units.

Questions and Answers

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Appendices

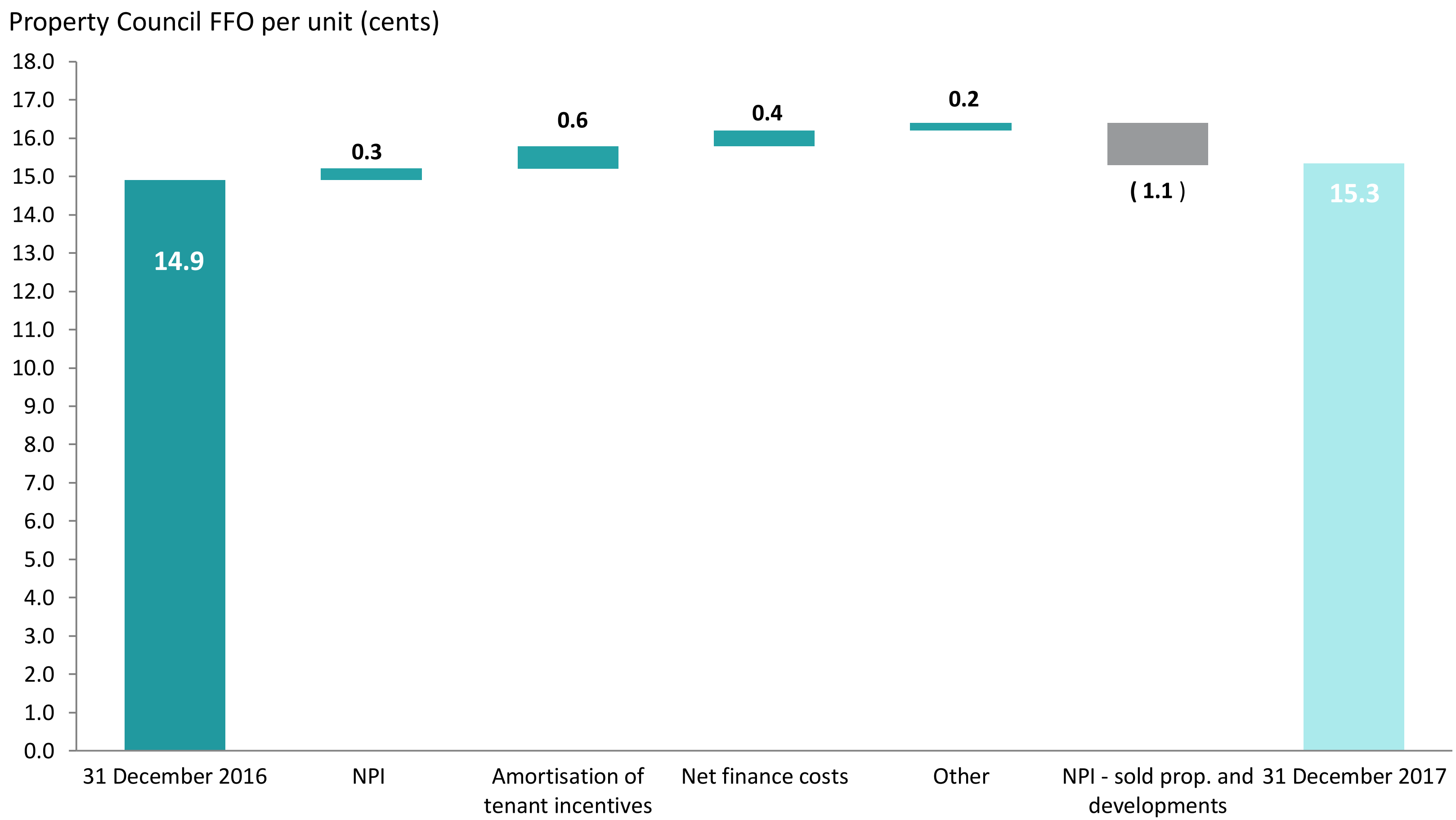
Reconciliation of Statutory Profit to Property Council FFO

Property Council FFO is calculated as follows:	**31 Dec 2017 ($m)**	**Cents per unit**	**31 Dec 2016 ($m)**	**Cents per unit**
Statutory profit attributable to unitholders	151.2	25.0	224.0	36.5
Adjusted for:				
Net (gain)/loss on change in fair value in:				
Investments	(86.6)	(14.3)	(176.0)	(28.7)
Derivatives	10.7	1.8	15.3	2.5
Net foreign exchange (gain)/loss	(5.7)	(1.0)	11.6	1.9
Amortisation of incentives	19.7	3.2	15.9	2.6
Straight lining of lease revenue	5.8	1.0	2.0	0.3
Other	(2.2)	(0.4)	(1.5)	(0.2)
Property Council FFO	**92.9**	**15.3**	**91.3**	**14.9**

Property Council FFO and AFFO (Look-Through)

	31 Dec 2017 ($m)	31 Dec 2016 ($m)
Net property income	99.0	103.3
Interest income	0.2	0.1
Finance costs	(17.3)	(19.8)
Responsible Entity's fees	(7.3)	(6.6)
Net foreign exchange loss	(0.2)	(0.3)
Other expenses	(1.2)	(1.3)
Operating earnings	**73.2**	**75.4**
Amortisation of tenant incentives	19.7	15.9
Property Council FFO	**92.9**	**91.3**
Maintenance Capex	(5.8)	(3.8)
Incentives paid during the period	(32.9)	(12.5)
AFFO	**54.2**	**75.0**
Property Council FFO per unit	15.3c	14.9c
AFFO per unit	9.0c	12.2c
Distributions per unit	10.15c	10.0c

Property Council FFO Waterfall



Reconciliation of Cash Flow to FFO

		31 Dec 2017 ($m)	31 Dec 2016 ($m)
Cash flow from operating activities		**52.8**	**79.8**
Add:	Adjustments for equity account distributions[1]	23.4	4.8
Add:	Rent free income	8.6	6.5
Add:	Capitalised interest	0.8	0.3
Less:	Amortisations (includes leasing fee and borrowing costs)	(1.9)	(2.1)
	Other working capital movements	9.2	2.0
FFO		**92.9**	**91.3**

1. Represents cash retained by equity accounts investments (242 Exhibition Street, 126 Phillip Street, 567 Collins Street), to fund capex and incentive spend, and includes associated rent free income.

Balance Sheet

	31 Dec 2017 ($m)	30 Jun 2017 ($m)
Property investments	3,094.4	2,973.2
Equity accounted investments	870.3	848.6
Derivatives	77.8	89.1
Receivables	16.9	8.1
Cash	4.3	4.0
Total assets	**4,063.7**	**3,923.0**
Borrowings[1]	1,009.3	887.2
Distribution payable	60.8	62.6
Payables	24.9	24.2
Derivatives	4.5	5.1
Total liabilities	**1,099.5**	**979.1**
Net assets	**2,964.2**	**2,943.9**
Units on issue (thousands)	598,419	614,047
NTA per unit ($)	4.95	4.79

1. USPP translated at 31 December 2017 AUD/USD spot rate of 0.7800 (30 June 2017: 0.7692).

Change in Net Tangible Assets

	($m)	Per unit ($)
Opening Net Tangible Assets (30 June 2017)	**2,943.9**	**4.79**
Property revaluations	80.8	0.13
Retained earnings[1]	32.1	0.05
Amortisation of tenant incentives	(19.7)	(0.03)
Fair value movements[2]	(5.0)	(0.01)
Share buy-back	(70.1)	0.02
Other	2.2	-
Closing Net Tangible Assets (31 December 2017)	**2,964.2**	**4.95**

1. Represents FY18 FFO less distributions.
2. Includes market to market movements on derivatives and foreign currency translation of USPP's.

Gearing (Look-Through)

	31 Dec 2017 ($m)
Gearing – Statutory	**24.8%**
Total assets (headline)	4,063.7
Less: equity accounted investments[2]	(870.3)
Add: share of total assets – equity accounted investments[2]	876.9
Less: Cross currency swap assets	(74.0)
Look-through Assets	**3,996.3**
Total debt (headline)	1,009.3
Less: USPPs debt translated at 31 December 2017 USD/AUD foreign exchange rate	(416.7)
Add: USPPs based on foreign exchange hedge rate	358.0
Look-through Debt[1]	**950.6**
Look-through Gearing	**23.8%**

1. Includes $3.4m of unamortised borrowing costs.
2. Equity accounted investments comprise: 242 Exhibition Street, 126 Phillip Street, 567 Collins Street.

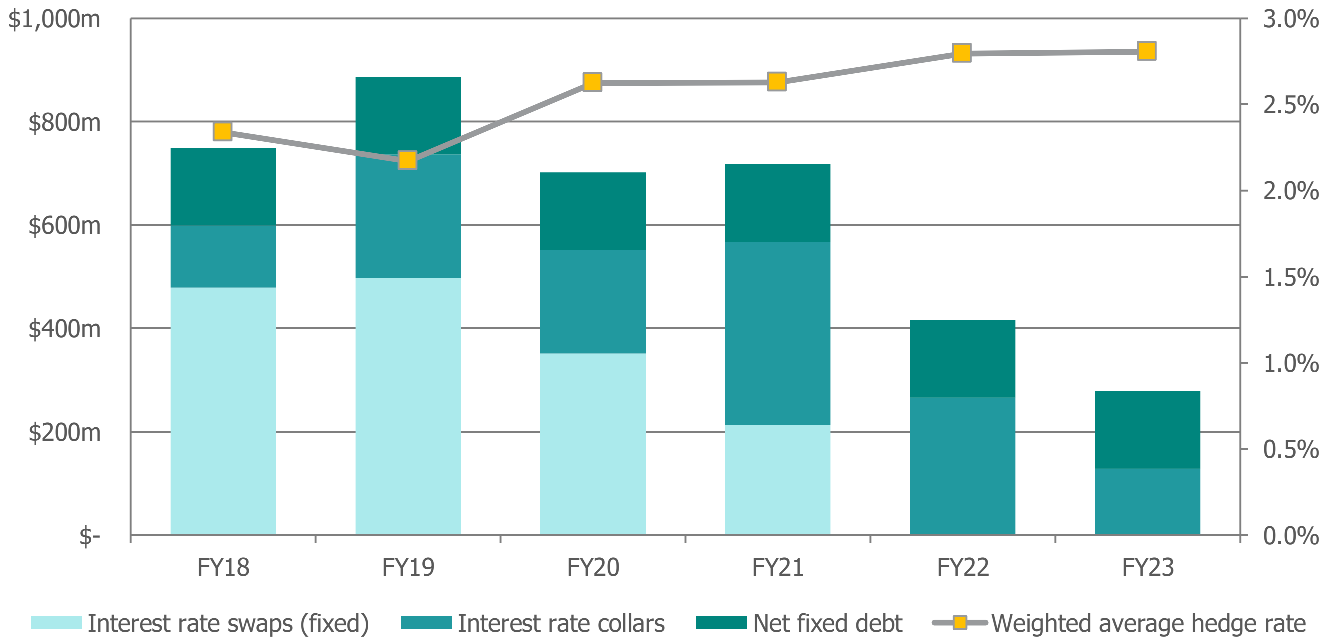
Debt Facilities

Facility Type	Base Currency	Facility Limit (A$m)	Drawn (A$m)	Undrawn (A$m)	Maturity Date
Corporate Facility:					
Bank Debt	AUD	66.0	60.0	6.0	Jul-18
Bank Debt	AUD	50.0	50.0	-	Jun-19
Bank Debt	AUD	140.0	135.0	5.0	Jul-19
Bank Debt	AUD	66.0	33.0	33.0	Aug-19
Bank Debt	AUD	210.0	118.0	92.0	Jul-20
Bank Debt	AUD	50.0	-	50.0	Jul-21
Bank Debt	AUD	50.0	50.0	-	Dec-21
Bank Debt	AUD	100.0	-	100.0	Nov-22
Medium Term Notes:					
MTN (Green bond)	AUD	150.0	150.0	-	Apr- 24
US Private Placements[1]:					
USPP	USD	89.3	89.3	-	Apr-25
USPP	USD	128.9	128.9	-	Aug-25
USPP	USD	73.3	73.3	-	Apr-27
USPP	USD	66.4	66.4	-	Apr-29
Total/Weighted average		1,239.9	953.9	286.0	4.7 years

- As at 31 December 2017 one debt facility expires within the next 12 months and has been classified as current ($60.0 million) in the Interim Financial Report
- In November 2017 new debt facilities of $150 million with expiries between 2020 and 2021 were agreed

1. Facility limit and drawn amount based on the hedge rate for the USPPs.

Hedge Maturity Profile[1,2,3] and Debt Covenants



Debt Covenants

	Actual	Covenant
Covenant calculation		
Covenant gearing	27.1%	50.0%
Actual interest cover	5.0x	2.5x

1. IOF was 78.6% hedged (including fixed debt) as at 31 December 2017.
2. Weighted average rate of interest rate swaps, interest rate collars and fixed debt excluding margin included at the forecast floating rate for the applicable period unless lower or higher than the floor or cap rate is adopted respectively.
3. FY18 represents the forecast hedge profile for 2H18.

Portfolio Book Values

Property	Location	Book Value ($m)	% Net Change in Fair Value[1]	Cap Rate (%)	Discount Rate (%)
126 Phillip Street (25%)	NSW	252.9	-	4.75	6.50
10-20 Bond Street (50%)	NSW	283.7	-	5.27	6.77
388 George Street (50%)	NSW	230.6	-	5.38	7.00
347 Kent Street	NSW	293.7	-	5.63	7.00
151 Clarence Street[2]	NSW	189.2	-	5.25	7.25
Piccadilly Complex (50%)	NSW	317.0	7.6	5.25-6.25	6.50-7.50
6 O'Connell Street	NSW	262.0	16.4	5.13	6.75
105-151 Miller Street	NSW	230.2	-	6.25	7.25
111 Pacific Highway	NSW	210.4	-	6.13	7.25
99 Walker Street	NSW	244.3	-	5.75	7.00
242 Exhibition Street (50%)	VIC	297.9	-	5.00	6.75
567 Collins Street (50%)	VIC	321.9	-	5.00	6.75
239 George Street	QLD	133.4	-	7.00	7.75
15 Adelaide Street	QLD	59.9	-	7.88	8.25
140 Creek Street	QLD	237.5	5.7	6.00	6.75
295 Ann Street	QLD	141.8	5.4	6.25	7.25
232 Adelaide Street	QLD	20.0	7.1	7.00	7.50
66 St Georges Terrace	WA	65.0	-	7.50	8.00
836 Wellington Street	WA	75.9	-	6.50	7.50
16-18 Mort Street	ACT	99.8	-	5.85	7.50
Total/Weighted Average		**3,967.1**	**9.0**	**5.65**[3]	**6.98**[3]

1. Represents the change in book value resulting from the 31 December 2017 independent valuations.
2. 151 Clarence Street, Sydney cap rate and discount rate are on completion of development.
3. Excludes 151 Clarence Street, Sydney.

Book Values by CBD

Market	Book Value ($m)	Book Value ($/sqm)[1,2]	Average Passing Face Rent ($/sqm)[1,2]	Weighted Average Lease Expiry (yrs)[2]	Weighted Average Cap Rate (%)
Sydney	1,829.1	15,887	876.8	2.7	5.30
North Sydney	684.9	10,289	548.0	3.8	6.03
Melbourne	619.8	10,244	551.6	11.5	5.00
Brisbane	592.6	6,731	629.4	4.6	6.51
Perth	140.9	6,030	554.1	5.6	6.96
Canberra	99.8	7,052	443.8	8.1	5.85
Total / Average	**3,967.1**	**10,787**	**666.2**	**4.8**	**5.65**

1. Weighted by IOF's share of NLA.
2. Excludes Barrack Place, 151 Clarence Street, Sydney.

Investment Properties – Reconciliation of Fair Value Gain

	1H18 ($'m)
External 31 December 2017 valuations	80.8
Straight-lining of lease revenue	5.8
Total	**86.6**
Valuation increase disclosed as:	
Investment properties held through direct ownership	86.6
Investment properties held through interests in associates	-
Total	**86.6**

Portfolio NPI

Property	State	31 Dec 2017 NPI ($m)	31 Dec 2016 NPI ($m)	Movement ($m)	Movement (%)[1]	Comments
10-20 Bond Street (50%)	NSW	5.4	5.5	(0.1)	(1.9)	One off makegood payments recognised in 1H17
388 George Street (50%)	NSW	7.8	7.5	0.3	3.6	
347 Kent Street	NSW	13.6	13.0	0.6	4.5	
105-151 Miller Street	NSW	7.8	7.2	0.6	8.7	
6 O'Connell Street	NSW	5.0	4.5	0.5	10.0	
111 Pacific Highway	NSW	5.4	4.9	0.5	10.7	
Piccadilly Complex (50%)	NSW	7.4	6.7	0.7	8.7	
126 Phillip Street (25%)	NSW	4.9	5.1	(0.2)	(4.1)	One off makegood payment in 1H17 and higher vacancy
99 Walker Street	NSW	5.9	5.3	0.6	11.3	
242 Exhibition Street (50%)	VIC	8.1	8.9	(0.8)	(8.8)	Introduction of incentive amortisation on new Telstra lease
567 Collins Street	VIC	6.9	6.7	0.2	3.2	
15 Adelaide Street	QLD	1.5	1.3	0.2	16.5	
232 Adelaide Street	QLD	0.6	0.7	(0.1)	(12.6)	Outgoings reconciliation in Dec 16 and higher vacancy
295 Ann Street	QLD	3.5	3.3	0.2	5.7	
140 Creek Street	QLD	4.5	5.7	(1.2)	(21.2)	Introduction of incentive amortisation on State gov. lease
239 George Street	QLD	3.5	3.0	0.5	16.9	
66 St Georges Terrace	WA	2.3	2.0	0.3	12.2	
836 Wellington Street	WA	2.5	3.3	(0.8)	(25.6)	Impact of new 10 year lease to Commonwealth of Australia
16-18 Mort Street	ACT	2.4	2.3	0.1	6.9	
Like-for-like		**99.0**	**96.9**	**2.1**	**2.0**	

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

Portfolio NPI (cont'd) and 151 Clarence Street Construction Costs Remaining

	Rest of IOF Portfolio		31 Dec 2017	31 Dec 2016	Movement
	Property		**NPI ($m)**	**NPI ($m)**	**($m)**
Development	151 Clarence Street	NSW	0.0	0.2	(0.2)
Sold	383 La Trobe Street	VIC	0.0	2.4	(2.4)
	800 Toorak Road	VIC	0.0	3.8	(3.8)
	Total IOF Portfolio		**99.0**	**103.3**	**(4.3)**

151 Clarence Street

	Jun 18	Dec 18
Forecast construction/consultant costs	$53m	$17m

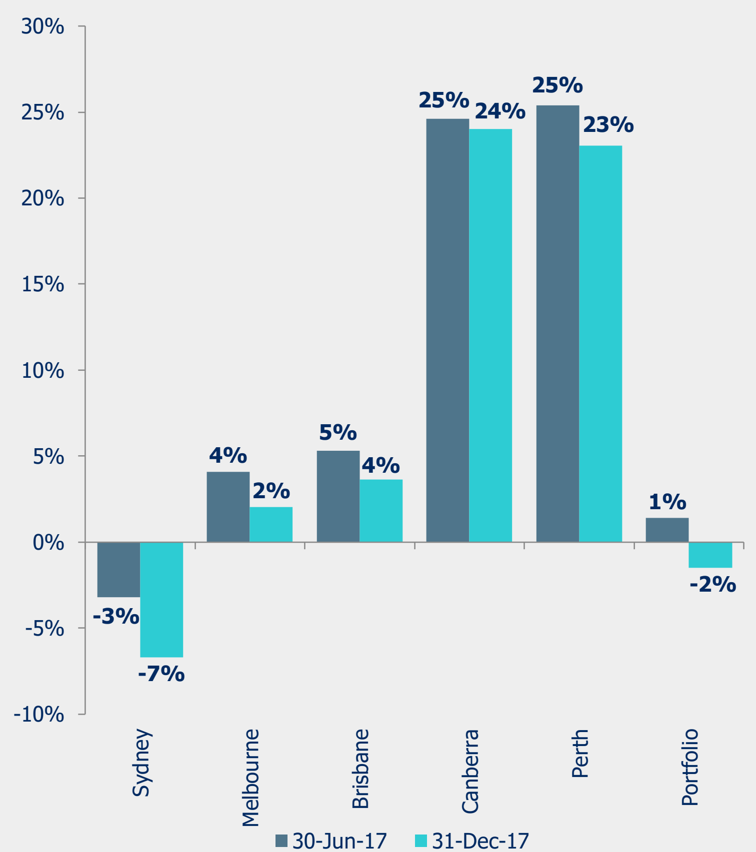
Key Lease Expiries

Property	CBD	Tenant		Area (sqm)[1]	Expiry
Vacant					
239 George Street	Brisbane			3,777	Vacant
126 Phillip Street	Sydney			3,588	Vacant
66 St Georges Terrace	Perth			3,442	Vacant
15 Adelaide Street	Brisbane			2,285	Vacant
FY18					
66 St Georges Terrace	Perth	Subsea		2,014	Feb 18
10-20 Bond Street	Sydney	Civeo		1,606	Mar 18
111 Pacific Hwy	North Sydney	Various		1,452	Various
FY19					
388 George Street	Sydney	IAG	MAJOR REFURB	35,817	Oct 18
347 Kent Street	Sydney	ANZ	MAJOR REFURB	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
FY20					
10-20 Bond Street	Sydney	Origin Energy		3,746	Nov 19
133 Castlereagh Street	Sydney	GHD Services		3,739	Dec 19
567 Collins Street	Melbourne	The Cimic Group		2,376	Jul 19

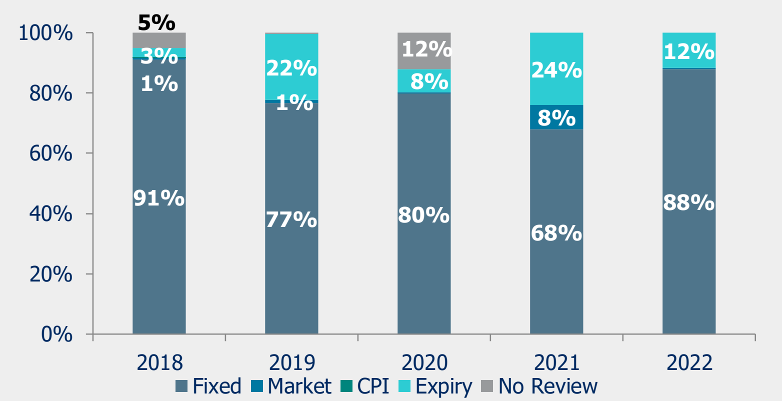
1. Building areas shown on 100% basis.

Portfolio Leasing Metrics

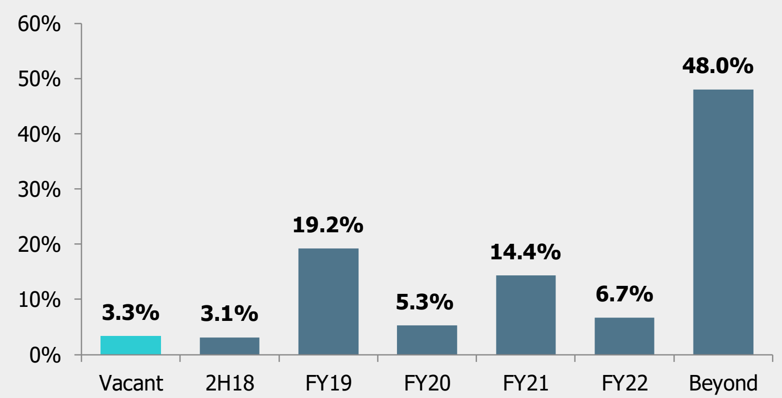
Total portfolio over/(under) renting[1]



Australian rent review profile (by area)

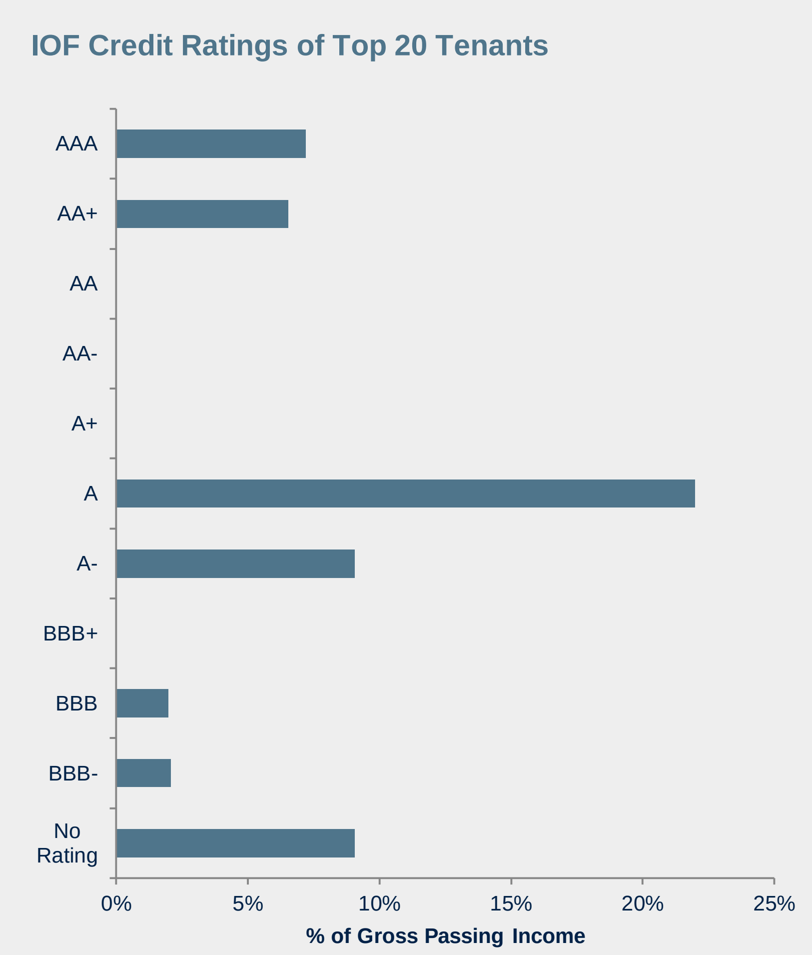


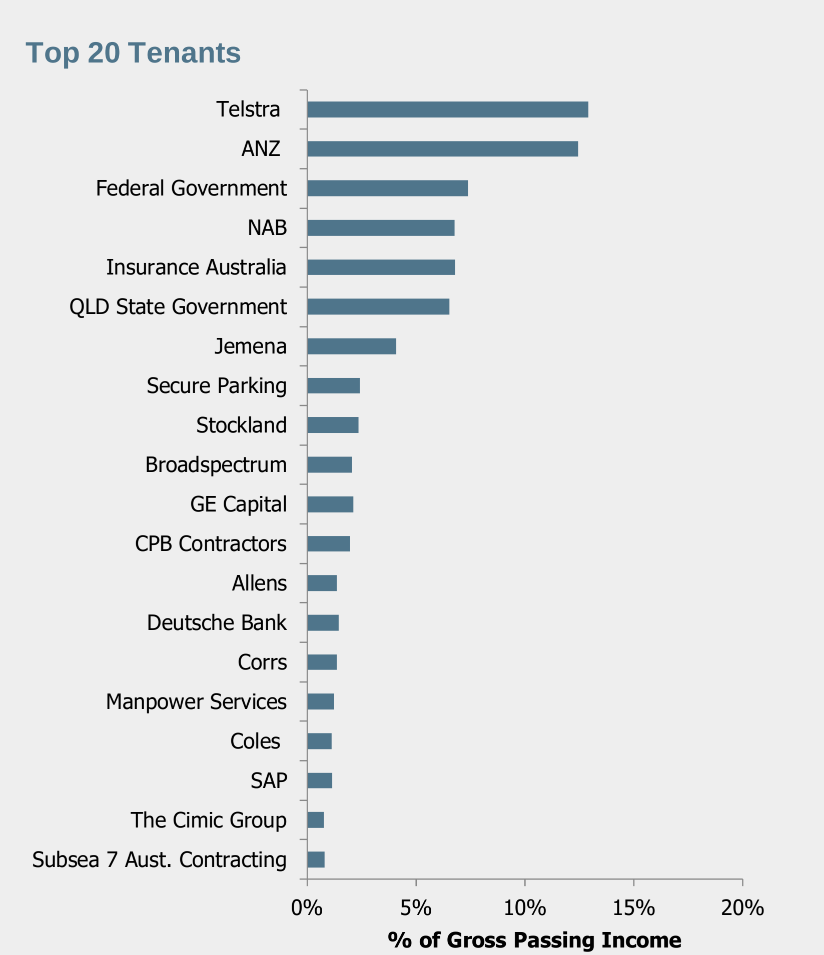
Lease Expiry profile (by income)[2]



1. Passing rents compared to market rents as per most recent valuation.
2. As at 31 December 2017 and includes ANZ HoA at 347 Kent St, Sydney.

Tenant Profile





Portfolio Overview

Perth

Number of properties	2
Book value ($m)	$140.9
% of IOF portfolio value	3.6%
Occupancy[1]	88.9%

Melbourne

Number of properties	2
Book value ($m)	$619.8
% of IOF portfolio value	15.6%
Occupancy[1]	99.8%

Brisbane

Number of properties	5
Book value ($m)	$592.6
% of IOF portfolio value	14.9%
Occupancy[1]	92.1%

Sydney / North Sydney

Number of properties	10
Book value ($m)	$2,514.0
% of IOF portfolio value	63.4%
Occupancy[1]	98.0%

Canberra

Number of properties	1
Book value ($m)	$99.8
% of IOF portfolio value	2.5%
Occupancy[1]	100.0%

1. Weighted by income.

Glossary

1H18	First half of financial year ending 30 June 2018
AFFO	Adjusted FFO (AFFO) is defined by the Property Council of Australia and is calculated by adjusting FFO for items including maintenance capex, incentives and leasing costs paid
CAGR	Compound Annual Growth Rate
ESG	Environmental, Social, and Governance
FY17	Financial year ending 30 June 2017
FFO (Funds from Operations)	IOF determines FFO in accordance with the PCA definition of FFO. FFO comprises net profit/ loss after tax attributable to stapled security holders calculated in accordance with AAS and adjusted for: property revaluations, derivative and foreign exchange mark-to-market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight-line rent adjustments and deferred tax expense/benefit
GRESB	Global Real Estate Sustainability Benchmark
Heads of Agreement (HoA)	Non-binding Heads of Agreement
NABERS	National Australian Built Environment Rating System
NPI	Net Property Income, equating to gross rental income less property expenses less amortisation of tenant incentives and leasing fees
NTA	Net Tangible Assets
Portfolio Return	Portfolio book value movement plus portfolio income

For any questions please contact us

Should you have any questions regarding the Fund, please call Investor Relations on +61 1300 130 231 or email: investorrelations@investa.com.au

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