



# ASX Announcement

REAL ESTATE INVESTMENT MANAGEMENT

Date

28 March 2011

Fund

ING Office Fund

## Investa media release

As announced by ING Management Limited (“IML”) as responsible entity for ING Office Fund (ASX: IOF) today, refer attached media update from Investa Property Group.

**For further information, please contact**

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**About ING Office Fund**

*ING Office Fund (ASX code: IOF) is an externally managed ASX listed real estate investment trust and is included in the S&P/ASX100 index. The Fund is a leading owner and manager of investment grade office buildings and receives rental income from a tenant register comprised predominately of Government and blue chip tenants. IOF has total assets under management of \$2.6 billion with investments located in core business markets throughout Australia, US and Europe.*

**About ING Real Estate Investment Management**

*ING Office Fund is one of five listed real estate investment trusts that are managed by ING Real Estate Investment Management Australia on behalf of 60,000 investors.*

*Globally, ING Real Estate Investment Management focuses on the investment management of quality real estate in all major global markets with a total portfolio of more than \$A86 billion. ING Real Estate Investment Management is one of the leading investment management companies and serves a broad client base from five continents, Europe, North America and South America, Asia and Australia.*

*ING Real Estate Investment Management is part of ING Group, a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries.*

**About Investa Property Group**

- One of Australia's largest owners of real estate, who will control assets worth approximately AU\$11.7 billion<sup>1</sup> across the commercial, industrial and residential sectors
- A fully diversified and integrated real estate group providing a full service offering across funds management, facilities management, asset management, project management, development management and property management.
- Will control more than 60 commercial office buildings valued at approximately AU\$8.3 billion<sup>2</sup>
- Funds under management in Investa's unlisted platform approximately AU\$2 billion on behalf of over 4,000 clients, across institutions, superannuation funds, industry funds and retail investors
- Funds under management in Investa's new listed platform (IOF) will be approximately AU\$2.6 billion<sup>3</sup>
- A world leader in environmental sustainability
- A development pipeline exceeding AU\$3.5 billion across commercial, industrial and residential sectors, including over 9000 residential lots and over 500 hectares of industrial land
- Headquartered at Investa's flagship 126 Phillip Street development in Sydney, with offices in Melbourne, Brisbane and Perth

<sup>1</sup>, <sup>2</sup> & <sup>3</sup> Current as at 31 December 2010. Figure includes IOF assets.



## MEDIA RELEASE

**28<sup>th</sup> March 2011**

### **Investa To Take Over Management of the ING Office Fund**

Investa Property Group ("Investa") today announced it agreed terms to assume the management of the ING Office Fund ("IOF") from ING REIM ("ING"), the owner of ING Management Limited ("IML"), the responsible entity ("RE") of IOF. Investa is acquiring the 2.5% stake in IOF currently owned by ING entities (together, the "Transaction").

The Fund will be re-named the "Investa Office Fund" with the existing ASX ticker "IOF" to be retained.

The Transaction will result in a transitional arrangement where IML will remain as the RE of IOF, and Investa will replace ING Real Estate Investment Management Australia ("REIMA") as the Manager of the Fund. It is intended that, in the future, IML will seek unitholder consent to replace IML as RE of IOF with an Investa RE or Investa will acquire IML.

As one of Australia's largest owners and managers of premium office buildings, Investa is well positioned to manage IOF, being a diversified property company, with extensive office management experience. The company has proven capability in operating a public company, having been listed from 2000 – 2007.

Following the transaction Investa will own and/or manage more than 60 office buildings, valued at approximately \$8.3 billion. Almost all are located in the primary commercial centres of Australia's major capital cities.

Mr Scott MacDonald, Chairman and CEO of Investa commented: "The acquisition of the Fund is a natural progression for Investa, leveraging off our integrated, well resourced office management platform, which spans funds management, portfolio, and asset services, development, property services and sustainability."

"The transaction delivers a range of financial and strategic benefits which are designed to create additional unitholder value over time," said Mr MacDonald.

The key benefits available through the agreement include;

#### **1. Restructure of RE fee**

- Subject to IOF unitholder approval, the RE fee will be restructured from a percentage of assets under management ("AUM") to a percentage of market capitalisation with effect from 1 July 2012.

- Investa has agreed to an RE fee of 55 basis points per annum of IOF's market capitalisation, calculated on a quarterly basis. To reduce significant change in RE fees between each quarter due to any volatility in IOF's market capitalisation, a cap / floor in each quarterly period of  $+ / - 2.5\%$  of the fee for the prior quarter will apply. The existing management fee arrangements in respect of IOF's offshore assets will remain unchanged.
- For the period ending 30 June 2012, the fee will be fixed at \$8.6 million, (excluding management fees paid on foreign assets) which is approximately equal to 55 basis points of IOF's current market capitalisation. Any amount in excess of these fees (under the current calculation basis) will be deferred until consideration of a resolution by IOF unitholders to restructure the RE fee. Provided IOF unitholders approve the restructured RE fee, Investa will waive any entitlement they have to receive any excess fees. If the resolution to restructure the RE fee is not approved, Investa will be entitled to receive the deferred amount.

Commenting on the proposed change in the fee structure Mr MacDonald said: "Investa is seeking to transform the way REITs are managed in Australia by basing our fee structure on the market capitalisation of the Fund versus the volume of assets under management."

"We believe this will contribute to the enhancement of unit value and elevate the alignment of interests between the external manager and investors to a level unprecedented in Australia."

## **2. Call option over 50% of 242 Exhibition Street, Melbourne**

- IOF has been granted a call option over Investa's 50% stake in this A-grade asset, worth approximately \$425 million (100% share). The option may be exercised at any time prior to 30 September 2011 with an exercise price equal to fair market value, as supported by an independent valuation.
- Exercise of the option is subject to the pre-emptive rights held by the existing co-owner not being exercised, approval by the majority of IML directors who are independent of Investa; and IOF unitholder approval.

Commenting on the asset option Mr Campbell Hanan, Group Executive and Head of Commercial Property Investments at Investa said: "242 Exhibition Street is a high quality asset in Melbourne's CBD, with a long lease covenant to Telstra. This option would, subject to unitholder approval, provide the Fund with access to an acquisition opportunity that would not otherwise be typically available. It also allows the Fund to advance its stated strategy of focusing on Australian A-grade assets in core CBD markets. Further, it provides an opportunity to re-invest offshore sale proceeds if no better alternatives exist."

## **3. Path to future internalisation**

- IML and Investa have entered into a non-binding memorandum of understanding ("MOU") which contemplates the granting to IOF of a call option over 50% of the Investa

Office Management platform ("IOM"), which currently has approximately \$5.7 billion in AUM.

- The MOU contemplates that the option may be exercised within 12 months of the date on which IOF's total Australian assets are valued at \$3.5 billion. The exercise price will be equal to fair market value, as supported by an independent valuation. If exercised, IOF will be granted a pre-emptive right to acquire the remaining 50% of IOM, should Investa elect to sell its remaining interest in the platform.
- Investa and IML must use their best endeavours to enter into a binding agreement to give effect to the MOU as soon as practical.
- At 31 December 2010, total Australian AUM of IOF was A\$1.6 billion with total AUM including offshore assets of A\$2.6 billion.

Commenting on the MOU Mr Hanan said: "We are very pleased that a clear pathway to an internalised management structure has been allowed for through this option that can be considered by unitholders at the appropriate time."

#### **4. Unitholder input into RE Board composition**

- On termination of the transitional management arrangements, following IOF unitholder approval for Investa to replace IML as the RE, or acquisition by Investa of IML, Investa is proposing that new governance measures, which build on their currently well regarded governance structure be introduced, subject to unit holder approval. Central to this is the proposal that when the RE Board becomes an Investa entity unitholders would have a right to ratify the appointment of independent Directors to the Board.
- The proposed governance structure would involve the majority of the Board, including the Chairman, being independent of Investa.

Investa intends to apply an active approach to capital management, which may include a unit buy back and refinancing of IOF's Australian syndicated debt facility on market competitive terms.

Commenting on the focus for the management of the Fund Mr Hanan said: "Our key priorities will be to commit capital to the Australian assets, evaluate the benefits of a unit buy back, sell the offshore assets and drive property performance."

"Long-term, our management strategy will have a total return focus, concentrating on core and strategic asset spreads, with a focus on A-grade Australian assets in core CBD markets."

An integration plan is underway to ensure an orderly transition from ING REIMA to Investa. The Fund will have a dedicated team of employees, including a number of key IOF staff. The team will be led by current IOF CEO Tino Tanfara, who will become a senior executive at Investa.



“Investa has established an integrated program to ensure a seamless transition of IOF into Investa’s operation. Internal resources available to the Fund include property services, fund’s management, portfolio management, asset management, finance, and legal,” said Mr Hanan.

Investa plans to take over Australian property management operations from an external agent effective 1 July, 2011. From here Investa intends to introduce additional sustainability programs and practices to IOF.

Commenting on the company’s ability to optimise the environmental performance of office buildings, Craig Roussac, General Manager Sustainability, Safety and Environment at Investa commented: “Investa has a long history of market leadership in the application of real estate sustainability initiatives, and can demonstrate sustained improvements in building quality, and subsequent investment returns of the properties we acquire and manage.”

Analysis shows that major improvements have generally been made in the first three years under Investa’s management, and we are confident that we will be able to generate similar environmental performance improvements for the IOF portfolio.”

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#### FURTHER INFORMATION

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##### **Investa Property Group**

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## About Investa Property Group

- One of Australia's largest owners of real estate, who will control assets worth approximately AU\$11.7 billion<sup>1</sup> across the commercial, industrial and residential sectors
- A fully diversified and integrated real estate group providing a full service offering across funds management, facilities management, asset management, project management, development and property management.
- Will control more than 60 commercial office buildings valued at approximately AU\$8.3 billion<sup>2</sup>
- Funds under management in Investa's unlisted platform approximately AU\$2 billion on behalf of over 4,000 clients, across institutions, superannuation funds, industry funds and retail investors
- Funds under management in Investa's new listed platform (IOF) will be approximately AU\$2.6 billion<sup>3</sup>
- A world leader in environmental sustainability
- A development pipeline exceeding AU\$3.4 billion across commercial, industrial and residential sectors, including over 9000 residential lots and over 500 hectares of industrial land
- Headquartered at Investa's flagship 126 Phillip Street development in Sydney, with offices in Melbourne, Brisbane and Perth

## Buildings owned or managed by Investa include:

- Deutsche Bank Place, 126 Phillip Street, Sydney
- Grosvenor Place, 225 George Street, Sydney
- 400 George Street, Sydney
- Centennial Plaza, 260, 280 and 300 Elizabeth Street, Sydney
- Coca-Cola Place, 40 Mount Street, North Sydney
- 120 Collins Street, Melbourne
- Telstra's Headquarters, 242 Exhibition Street, Melbourne
- 241 Adelaide Street, Brisbane
- 30 Pirie Street, Adelaide
- QV1, 250 St Georges Terrace, Perth

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<sup>1</sup> & <sup>2</sup> Current as at 31 December 2010. Figure includes IOF assets.

<sup>3</sup> Current as at 31 December 2010.





**IOF**

March 2011

**INVESTA** 



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## SECTION ONE: Introduction to Investa





# Introduction to Investa

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Investa Property Group (“Investa”) is Australia’s leading owner and operator of quality CBD office properties:

- Fully integrated funds management, asset management, property management, leasing and development functions
- 240 employees based in Sydney, Melbourne, Brisbane and Perth
- 41 properties currently owned or managed, over 830,000 m<sup>2</sup>, valued at approximately \$5.7 billion<sup>(1)</sup>
- ASX listed until taken private in September 2007 by funds managed by Morgan Stanley – has maintained the same high level standards in corporate governance, capital management, reporting and sustainability



1 MARKET STREET, SYDNEY



120 COLLINS STREET, MELBOURNE



126 PHILLIP STREET, SYDNEY



410 ANN STREET, BRISBANE



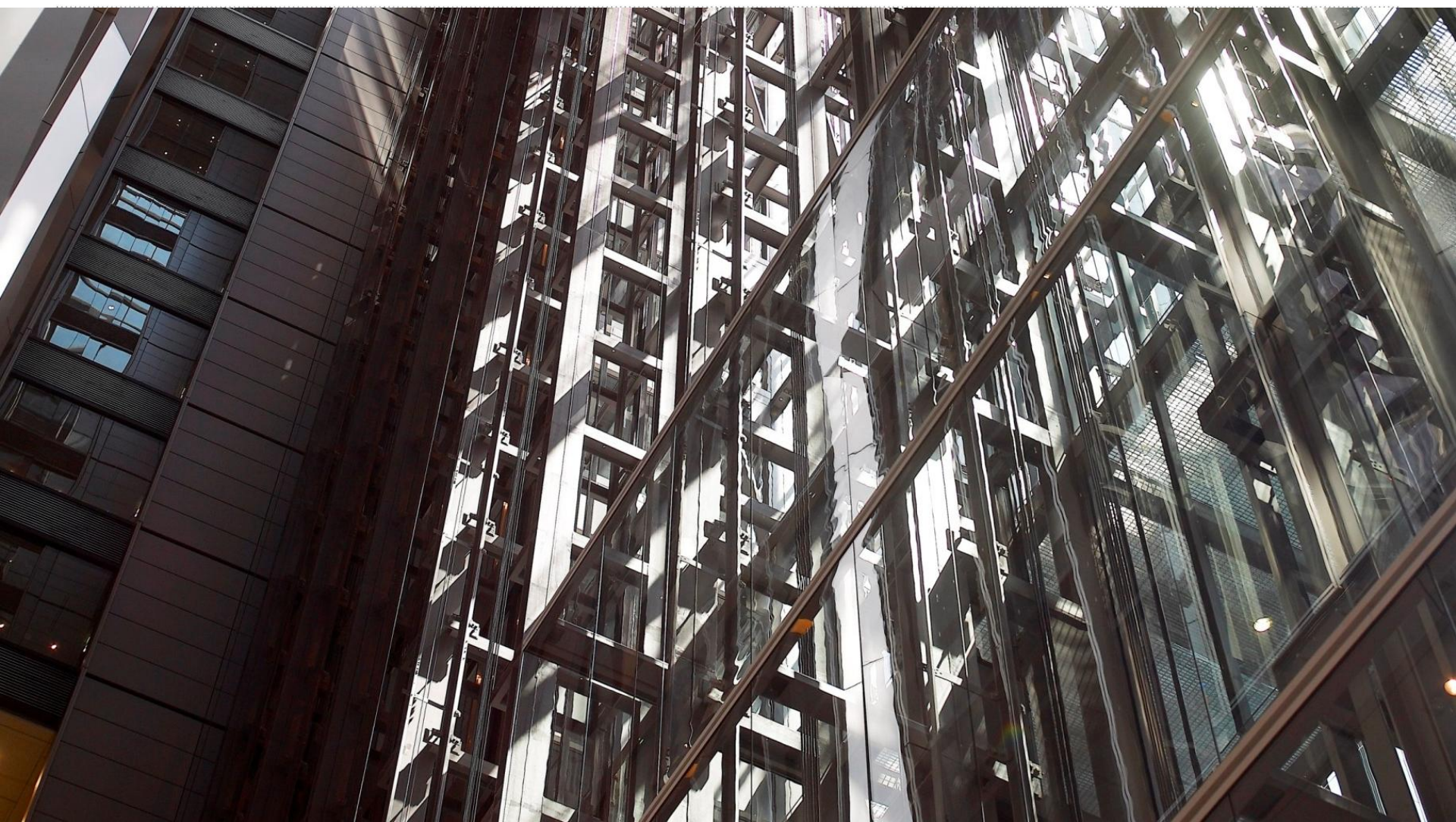
40 MOUNT STREET, NORTH SYDNEY

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1. Prior to IOF transaction



## SECTION TWO: Transaction Summary



## Transaction Summary

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- Investa has entered into an agreement to manage the ING Office Fund:
  - ING Group will continue to own and control the current Responsible Entity (“RE”), ING Management Limited (“IML”)
  - IML’s existing Board members will remain in place and Scott MacDonald will join the Board
  - Investa will assume day-to-day management of IOF and report to the IML Board
  - IOF staff led by Fund Manager, Tino Tanfara, will join Investa. Tino will join as a senior executive
  - ING will provide transitional services until systems, data, and staff are fully transitioned
  - Investa will take over Australian property management from external agents effective 1 July, 2011
- Investa is acquiring ING Group’s stake in IOF totaling 68 million units or 2.5% of the Fund
- IOF will be renamed Investa Office Fund (ASX ticker will remain IOF)
- Subject to certain pre conditions being satisfied, unitholders will be provided with the opportunity to vote on, amongst other proposals:
  - Investa becoming the new responsible entity (unless IML is acquired by Investa)
  - Changes to the fee structure designed to more closely align Investa’s and unitholders’ interests
  - Improved corporate governance
  - Other value-adding initiatives



## SECTION THREE: Investa's Proposals for IOF

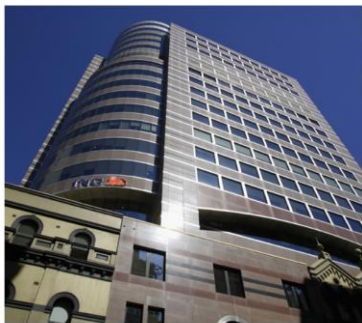




# Key Strategic Initiatives

## 1. Reposition IOF into Australia's pre-eminent CBD Office Fund

- Utilise Investa's leading integrated management platform and market position to enhance portfolio returns
- Reposition portfolio to focus on high quality assets in core CBD markets with superior growth prospects
- Take industry leadership position on environmental sustainability
- Continue the phased exit of offshore assets and reinvest proceeds into quality Australian office properties
- Pursue opportunities to grow profitably including redeveloping assets
- Optimise investment returns via capital management initiatives
- Establish market leading governance
- Maximise appeal of IOF units to investors to close the gap between NTA and unit price



347 KENT STREET, SYDNEY



16 MORT STREET, CANBERRA



836 WELLINGTON STREET, PERTH



383 LA TROBE STREET, MELBOURNE



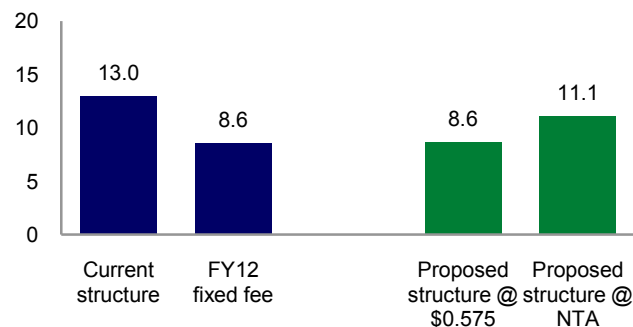
239 GEORGE STREET, BRISBANE

# Key Strategic Initiatives

## 2. Align Fees to Performance

- RE fees will be better aligned with returns to unitholders:
  - Fee fixed at \$8.6 million pa for the period ending 30 June 2012 (regardless of growth in asset value) and fee arrangements on offshore assets remain the same until assets are sold <sup>(3)</sup>
  - Subject to unitholder approval - 0.55% per annum (calculated quarterly) of IOF's total equity market capitalisation subject to cap and floor of 2.5% per quarter
- Based on IOF's strategy of selling offshore assets and redeploying capital to Australian assets:<sup>(1)</sup>
  - The fixed management fee of \$8.6 million pa is expected to be less than the total fees payable under current arrangements
  - Once the market capitalisation based fee has been introduced, if the units continue to trade at around current levels, the management fee will be materially less than using the current methodology
  - If the stock trades back to NTA, the fee would increase but:
    - Still be less than the fee calculated using the current methodology<sup>(2)</sup>
    - Unitholders would have received the benefit of the share price trading back to NTA

**Assumed sale of offshore assets & reinvestment in Australia<sup>(1)(2)</sup>**



1. Pro-forma fee levels based on total assets & issued units as at 31 December 2010; debt levels remain unchanged  
2. Assumes sale of all offshore assets and reinvestment in Australian assets  
3. Any amount in excess of this fee (under the current calculation basis) is deferred until consideration by IOF unitholders of a resolution.

# Key Strategic Initiatives

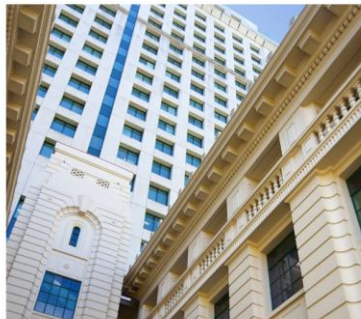
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## 3. Support a Dedicated Management Team

- IOF will have a dedicated team of approximately 8 members, including a number of key IOF staff who are joining Investa. The team will be led by Tino Tanfara and overseen by the RE Board.
- Compensation of key IOF staff including the Fund Manager will be based in part on IOF benchmarked performance
- IOF team will be supported by Investa's extensive end-to-end management platform
- Investa will assume property management of most of IOF's Australian assets effective FY12, replacing external agents



111 PACIFIC HIGHWAY, NORTH SYDNEY



232 ADELAIDE STREET, BRISBANE



151 CLARENCE STREET, SYDNEY



628 BOURKE STREET, MELBOURNE



105 MILLER STREET, NORTH SYDNEY

# Key Strategic Initiatives

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## 4. Active Approach to Capital Management

- Potential unit buy back and refinancing of IOF's Australian syndicated debt facility on market competitive terms



## 5. Enhance Corporate Governance Arrangements

Subject to Investa becoming the new RE:

- IOF Board will be dedicated to IOF with no responsibility for other investments or funds
- RE Board will comprise a majority of Independent Directors including an Independent Chairman
- Independent Directors will serve for maximum 3 year terms with appointments (or continuing appointments) ratified by unitholders at a unitholder meeting



# Key Strategic Initiatives

## 6. Reposition Portfolio with Greater Certainty

- Portfolio will be reweighted back to Australian assets over time to improve risk adjusted returns and focus on core competencies
- Target sale of US assets in 2011 and European assets in 2012
- DOF sale challenging due to illiquidity and unfavorable market conditions
- Investa has granted a call option and pre-emptive right in favour of IOF to acquire a 50% interest in 242 Exhibition Street, Melbourne<sup>(1)</sup> – ensuring offshore sales proceeds can be reinvested profitably if no better alternatives exist, (subject to IOF unitholder approval)
- 242 Exhibition Street is a 43 level A-Grade commercial office tower with ground floor retail and food court worth approximately \$425 million, (100% share)



### PROPERTY OVERVIEW

Ownership Interest	50.0%	Number of Car Bays	346
NABERS Energy Rating	3.5 star	Occupancy	100.0%
Total NLA (m <sup>2</sup> )	65,914	WALE (by income)	9.2 years
Typical Floor Plate (m <sup>2</sup> )	1,600 - 1,700		

### TENANCY OVERVIEW

TENANT	TYPE	EXPIRY	AREA (m <sup>2</sup> )	%
Telstra <sup>(2)</sup>	Office	May-20	63,822	96.8
Retail	Retail	Various	2,092	3.2
<b>Total</b>			<b>65,914</b>	<b>100.0</b>

1. Call option and pre-emptive rights expire 30 September 2011. Exercise price of call option determined by market valuation at time of exercise and both option and pre-emptive rights subject to Investa being manager or Responsible Entity and existing pre-emptive rights in favor of existing co-owner

2. Fixed rent review of 4% p.a. (with mid-term market review)

# Key Strategic Initiatives

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## 7. Define Path to Internalisation

- IOF will continue to be externally managed initially - lowest cost access to Investa's full management platform and lower risk
- Investa and the existing RE have signed a non-binding memorandum of understanding in relation to IOF being granted a call option to acquire a 50% interest in Investa's Office Management Platform ("IOM")
- The acquisition of an interest in IOM provides a clear path to internalisation
- Proposed key terms include:
  - Price will be market value at exercise date (supported by independent valuations)
  - Capable of exercise within 12 months of the date on which IOF's Australian assets are valued at \$3.5 billion
  - IOF also has a pre-emptive right to acquire 100% of IOM if Investa elects to sell prior to exercise of the call option
- Investa and IML must use best endeavours to enter into binding documentation as soon as practical
- Purchase of IOM is subject to unitholder approval at the time



## SECTION FOUR: Concluding Remarks



## Concluding Remarks – A Transformational Approach

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The Investa proposal, accepted and endorsed by ING and the IML Board, is potentially transformational for the AREIT industry

- The alignment of manager fees with market performance is unprecedented
  - For the first time, external manager fees are de-coupled from assets under management
  - The incentive to accumulate assets is significantly mitigated
  - The incentive to increase gearing to fund non accretive asset acquisitions is virtually eliminated
  - The incentive to buy back discounted stock if value enhancing is increased
  - The incentive to control costs and allocate capital to value enhancing activities is increased
- The ability to support a mid sized AREIT with a large full service management platform limits costs whilst potentially driving performance
  - If accretive and attractive to unitholders, a path for future internalisation is available when scale is sufficient to sustain a full service platform
  - Operating costs are contained through the external fee structure
  - Unitholders gain the benefit of large company expertise and market knowledge even whilst operating at a smaller scale

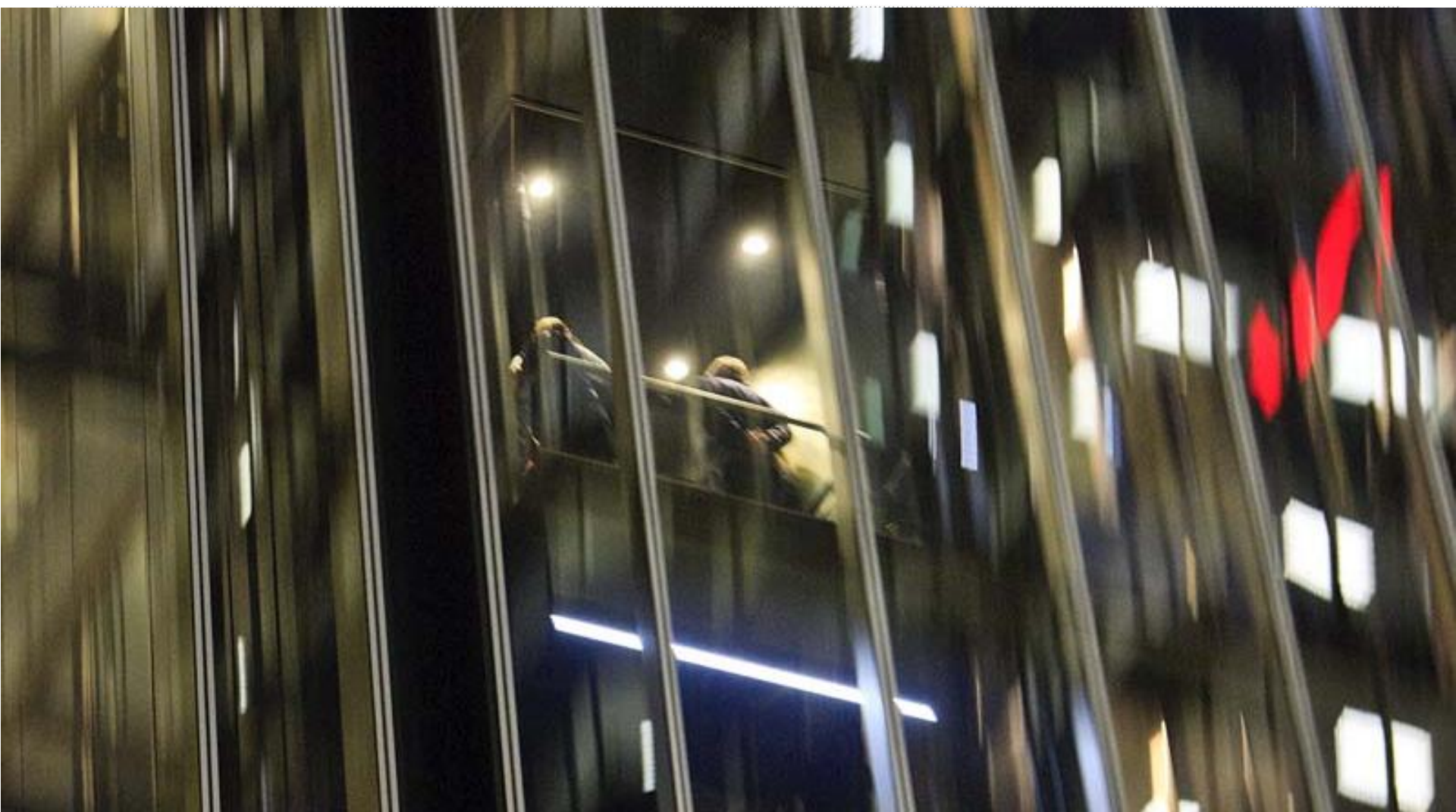
## Concluding Remarks – A Transformational Approach

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- Unitholders' interests are protected by an Independent Chairman and a majority of Independent Directors
  - The ability to ratify or reject the appointment of Independent Directors is unprecedented in externally managed AREITs
  - The ability to vote on Independent Directors including the Chairman should ensure independence and unitholder alignment
- This proposal draws upon the best features of external management whilst mitigating the problems that have characterised some of the past practices. It potentially sets a new paradigm for the industry
  - Unitholders will have the right to vote on all key elements of this proposal following a period of consultation and mitigation of change of control issues associated with a change in RE



## APPENDIX: Investa Property Group Overview



# Investa Property Group: Senior Management Team



## **Scott MacDonald, Chairman and CEO**

Scott MacDonald has worked in the real estate industry for more than 30 years, serving as CEO or President of five operating companies (including President of a NYSE REIT). Scott has developed specialised expertise in corporate management and leadership, as well as formulating and executing corporate repositioning.



## **Ming Long, CFO**

Ming Long is responsible for the financial strategy, treasury, debt and risk management, internal and external reporting and taxation. She also provides significant input to the strategic direction of Investa. Prior to this role, Ming held the position of Investa's Group Financial Controller, joining the group in 2005. Prior to this she was at APN News & Media Limited as the Group Financial Controller. She has over 15 years experience in finance.



## **Campbell Hanan, Head of Commercial Property Investments**

Campbell Hanan is responsible for the strategic direction and leadership of the (CPI) at Investa with over 17 years of experience in the property and funds management industry. Prior to joining Investa in 2003, Campbell worked at UBS Securities as a research sales trader specialising in Australian REITS, Colliers International and Savills specialising in major leasing projects in Sydney CBD.



## **Jonathan Callaghan, General Counsel**

Jonathan Callaghan oversees the legal, compliance and corporate governance functions. Working closely with the various business units of Investa, Jonathan assists on most commercial transactions and is a standing member of the Due Diligence Committee. Prior to joining Investa in 2006, Jonathan was at Gilbert & Tobin where he specialised in the areas of corporate and funds management transactions.



## **Emily Lee-Waldo, General Manager Marketing**

Emily Lee-Waldo is responsible for the company's overall marketing strategy, including branding, PR, marketing communications, digital marketing and sustainability positioning. Emily has over 14 years experience in the property industry and prior to joining Investa was Head of Sales and Marketing for Ashington. Prior to this Emily held senior marketing and sales management roles with Walker Corporation and Jones Lang LaSalle.



## **Michael Cook, Commercial Property Investments**

Michael Cook is the Group Executive, CPI with responsibility for Investa's capital transaction group. Prior to joining Investa in 2003, Michael was based in Hong Kong working on the \$5 billion International Finance Centre Project. Before that Michael worked at AMP and BT Funds Management.



## **Craig Roussac, Sustainability, Safety & Environment**

Craig Roussac is responsible for Investa's sustainability, safety and environmental management platforms. In this role he also directs the Investa Sustainability Institute's action research for sustainability in the built environment. Craig is a member of the steering group for the University of Sydney's Low Energy High Rise project and sits on various task forces and advisory bodies.



## **Ian Schilling, Commercial Property Investments, Funds and Operations**

Ian Schilling is responsible for the strategic direction and leadership of the Funds Management business at Investa. Ian's previous experience includes holding the position of Joint Managing Director of Evolution Funds Management and various roles within Colonial First State Property including the Head of Closed Core Funds and Mandates, Fund Manager of Private Property Syndicate.



## **Tina Tang, Developments**

Tina Tang is the Group General Manager, with overall responsibility for commercial developments. Tina has over 22 years international experience in the property industry, having worked in London, Hong Kong and Australia managing mixed-use, commercial, retail, high-rise residential, and infrastructure developments. Prior to joining Investa in 2008, Tina was a Director of Capital Transactions at Brookfield Multiplex. Tina has also held senior positions with Citta Group, Lend Lease and MTR Corporation.



## **Tino Tanfara, Fund Manager, IOF**

Tino Tanfara is IOF's Fund Manager and has over 20 years' experience in the property funds management and financial services industry. Tino has the overall responsibility for the day to day management and performance of IOF. Tino's responsibilities include formulating and implementing the overall strategic direction of the Fund and executing efficient investment, portfolio and capital management strategies to ensure returns to investors are maximised and the Fund's mission and objectives are met.



# Investa's Balance Sheet Assets: \$3.9 Billion Prime Australian Office Portfolio

126 Phillip Street  
Sydney (75.0%)



225 George Street  
Sydney (30.0%)



400 George Street  
Sydney (55.1%)



60 Martin Place  
Sydney (50.0%)



120 Collins Street  
Melbourne (100.0%)



QV1, 250 St Georges  
Terrace, Perth (50.0%)



St Martins Tower, 31 Market Street  
Sydney (100.0%)



BT Tower, 1 Market Street  
Sydney (50.0%)



255 Elizabeth Street  
Sydney (100.0%)



55 Market Street  
Sydney (100.0%)



260-300 Elizabeth Street  
Sydney (80.0%)



595 Collins Street  
Melbourne (10.0%)



231 Elizabeth Street, Sydney  
(50.0%)



The Ark, 40 Mount Street  
North Sydney (50.0%)



242 Exhibition Street  
Melbourne (50.0%)



73 Miller Street, North  
Sydney (100.0%)



410 Ann Street  
Brisbane (100.0%)



469 La Trobe Street  
Melbourne (100.0%)



363 Adelaide Street,  
Brisbane (100.0%)



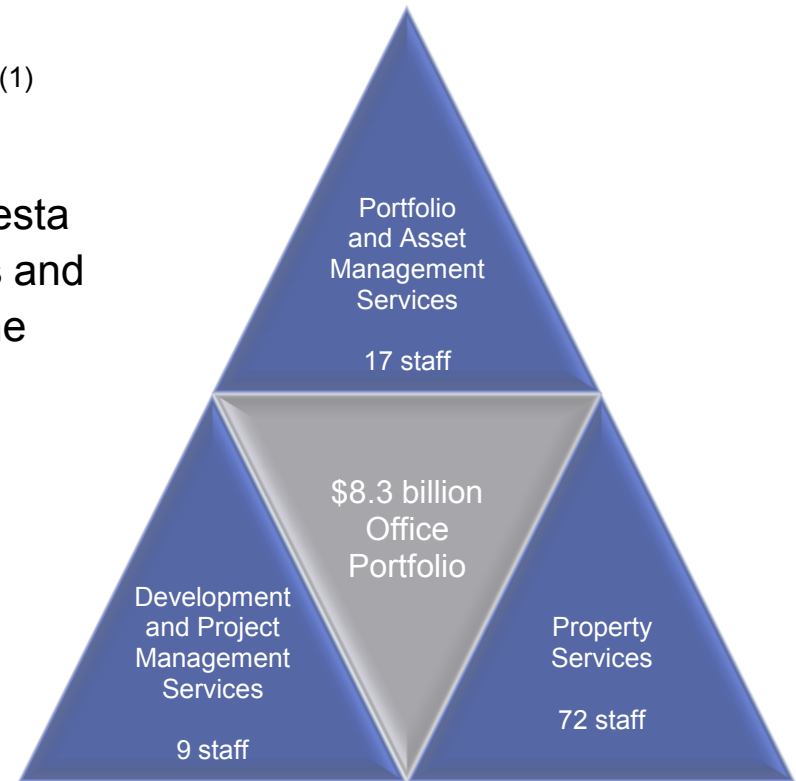
80 Pacific Highway  
Sydney (100.0%)





## Integrated Property Platform

- Investa was established in 2000 by internalising the management of the \$900 million Westpac Property Trust
- One of Australia's largest owners of real estate, currently controlling Australian assets worth approximately \$11.7 billion<sup>(1)</sup> across the commercial, industrial and residential sectors
- Owns or manages approximately \$8.3 billion<sup>(1)</sup> of commercial office assets
- Through its integrated property platform, Investa possesses the expertise, scale, relationships and opportunity to maximise the potential of all the property it manages
- Existing offices in Sydney, Melbourne, Brisbane and Perth



1. Current as at 31 December 2010. Includes IOF assets

# Integrated Property Platform

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## Active Management Delivering Results for Tenants And Owners

- Local property-based teams
- Appropriate asset valuation policies
- Coordinating leasing campaigns, deal approvals
- Analysing portfolio, divestment or re-development
- Compliance and reporting
- Implementation of strategic asset plans
- Strong tenant relationships
- Regular budget reviews
- Controlling expenditure
- Monitoring environmental sustainability

## Broad Range of Development Skills

- Experience with major refurbishments, re-developments
- Ability to source attractive opportunities
- Proven ability to secure major pre-commitments
- Rigorous monitoring and reporting to mitigate risk
- Demonstrated track record with construction of The Ark and Deutsche Bank Place

## Property Management and Leasing

- Integral link between tenants, service providers and portfolio and asset management teams
- Management of revenues and operational expenditure
- Property supervisors onsite

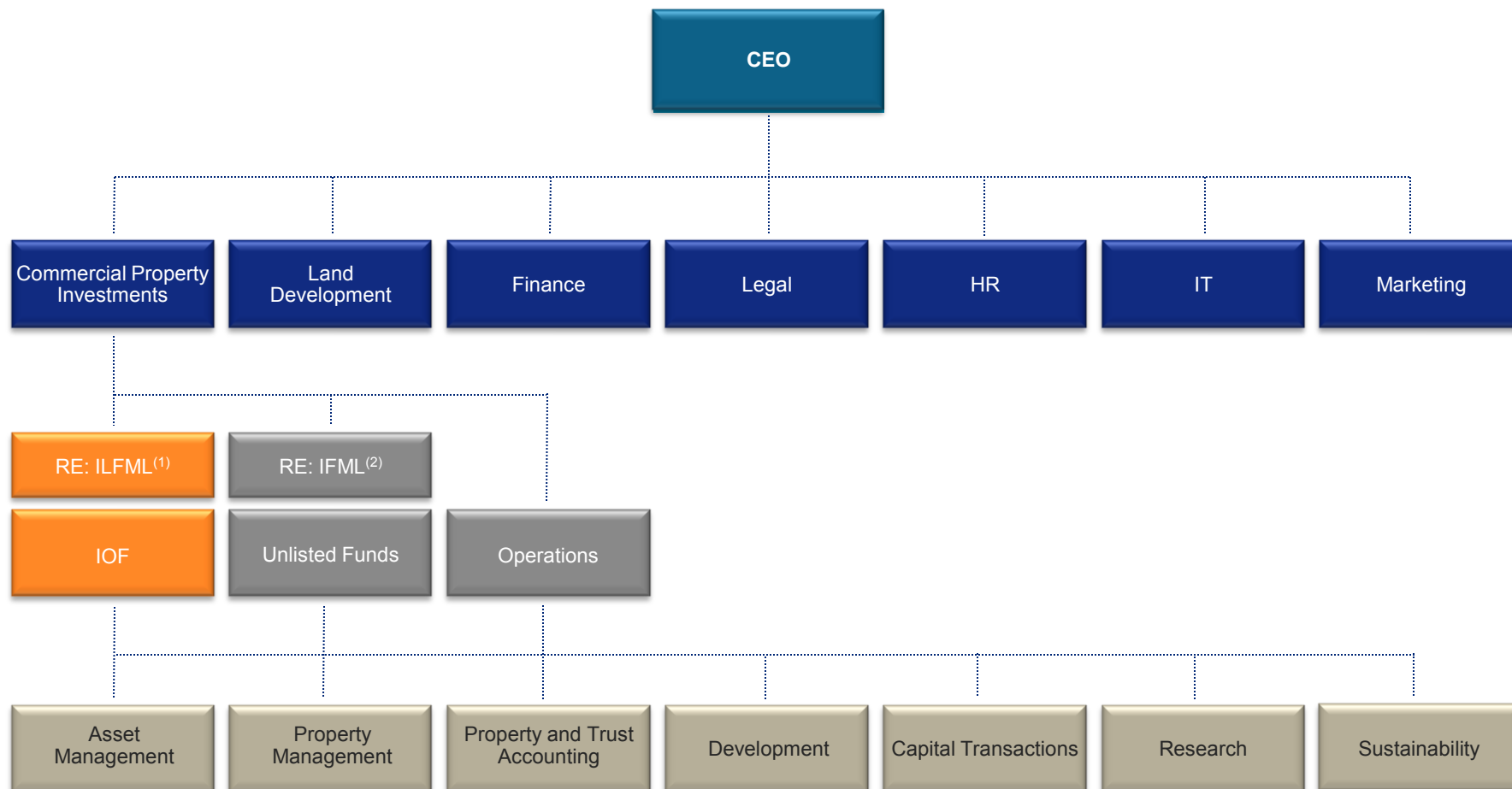
## Facilities Management

- Optimising operational performance
- Facility and technical management services
- Management systems, monitoring and reporting
- OHS compliance
- Design and implement sustainability initiatives

## Funds Management

- Investa Commercial Property Fund
- Investa Enhanced Fund
- Investa Diversified Office Fund
- Investa Fifth Commercial Trust
- Investa Second Industrial Trust

# Organisation structure



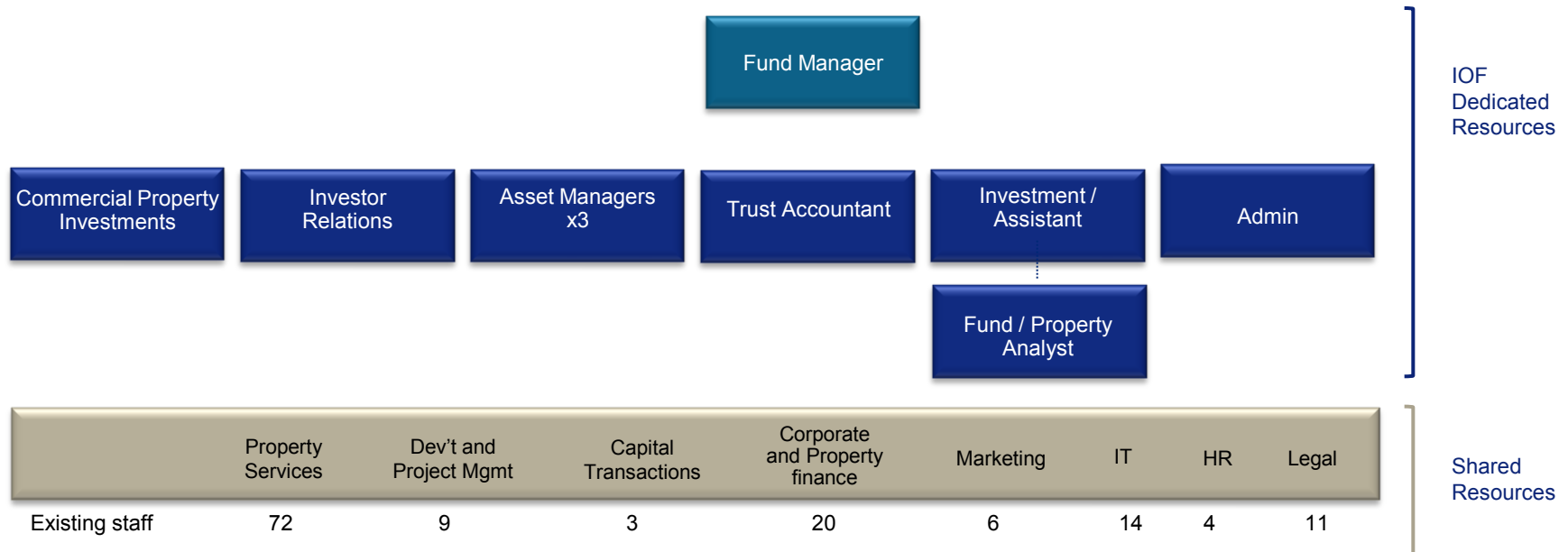
Note: Organisation structure assumes change of responsible entity which is subject to satisfying certain pre-conditions and unitholder vote

1. ILFML = Investa Listed Funds Management Limited

2. IFML = Investa Funds Management Limited

# IOF Management Team

- Management team fully dedicated to IOF and remunerated in part based on IOF performance
- Supported by Investa's wider platform that incorporates property services, funds management, portfolio management, asset management, finance, marketing and legal



# Managing Conflicts

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There are a number of ways in which Investa will manage conflicts of interest:

## 1. Separate governance

- Once transitional arrangements cease Investa will maintain a separate independent board for IOF. Other funds managed by Investa will have an RE separate from the IOF RE

## 2. Alignment of interest

- Alignment of fee structure – fees based on the value of unitholders' equity, not debt (subject to proposed unitholder vote)
- Partnership over the Investa Office Management platform – path to Internalisation (subject to finalisation of terms)
- Co-investment in IOF
- Fund managers' and senior team's compensation will reflect the performance of the fund

## 3. Approvals

- All related party transactions (regardless of value) subject to approval of Independent Directors of the RE
- Asset acquisitions by IOF from Investa or Investa Funds subject to approval by unitholders

# Managing Conflicts

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## 4. Experience and Existing Procedures

- Investa possesses a substantial funds management platform:
  - Strong track record of managing multiple office vehicles
  - Appropriate policies covering related party transactions and conflicts of interest already in operation
- Investa's Resolution of Conflict Policy outlines the principles by which Investa and its related parties manage and resolve conflicts in a manner which complies with all parties' legal obligations and is equitable to each party. This policy will apply to IOF
- Key features of the policy include:
  - The Board of IML must approve all related party transactions (regardless of value) – Investa's executive directors on the IML Board will not vote on related party transactions
  - Designated “champions” are appointed for each party whose interests may be in conflict – those “champions” are given the right and responsibility to assess, advance and protect the interests and position of the party whose cause they are to champion
  - No one will persuade, or attempt to persuade, a tenant in another portfolio of Investa or funds under its management, to leave its premises unless that tenant is actively pursuing alternative space in the market place



# Comprehensive In-House Capabilities

## Property Management & Leasing

### Accommodating Tenant Needs Through the Day-to-Day Management of the Property and Its Tenants

- Integral link between tenants, service providers and the portfolio and asset management teams
- In house team directly responsible for property performance

## Asset Management

### Active Portfolio Assessment and Strategic Overlay of a Property's Positioning in the Market

- Improved returns through the minimisation of vacancies and rigorous attention to tenant retention
- Completed Australia's largest leasing deal with Telstra (115,000 m<sup>2</sup> over 3 buildings)

## Project Management & Development

### Delivering Property Development and Major Capital Works on Time and on Budget

- Successful development of 126 Phillip Street, Sydney in March 2006 – 100% leased within one month of completion
  - Awarded the Property Council Overall Innovation & Excellence Award in 2007
- First high rise 6 star Green star (as built) in NSW

## Sustainability, Safety & Environment

### An international Leader in Environmental Sustainability and Proactively Seeks to Reduce Energy, Water and Greenhouse Gas Emissions

- Investa's EcoSpace<sup>(1)</sup> initiative seeks to increase a tenancy's environmental and commercial performance
- Investa maintains the highest safety accreditation from the National Safety Council of Australia
- Prior to delisting, held the No.1 ranking for Real Estate on the Dow Jones Sustainability Index for public companies
- Received the Green Globe award for the most sustainable real estate company in 2010
- Since 2003, reduced portfolio's annual water use by 41%, electricity use by 26% and natural gas use by 49%
- Received the Environment Award at the 2010 Australian Sustainability Awards

1. EcoSpace is Investa's standard offering for newly refurbished office space and includes a number of sustainability initiatives which aim to create a healthier workplace, smarter business and a better environment

# Track Record of Superior Performance

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## ■ Managing Tenant Relationships:

- Tenant satisfaction is paramount
- Dedicated Investa resource on site at each asset
- Most major tenants are represented within our portfolio
- Help desk and tenant portal access for all tenants – tenant feedback analysed when considering capital expenditure agenda
- Less than 2% average aged arrears (30 days) since 2007 and only \$80,000 in bad debts

## ■ Minimum Building Standards:

- KPIs include energy, water and waste consumption
- Difference in expense between 0 and 5 Star NABERS can exceed \$18psm p.a. – significant valuation consequences
- All upgrade finishes are standardised delivering substantial procurement benefits

## ■ Asset Allocation:

- Internal research capability – sets the asset allocation agenda
- Strategic dealing – sold all suburban office assets in 2007 and sold ATO building in Melbourne in 2007
- Dedicated capital transactions team – completed 20 transactions with a value of \$1.39 billion in the last 3 years

# Property Development

- Investa has an 'in-house' property development team
- Our development efforts extend to major refurbishments and re-developments
- Successful delivery of seven office assets worth in excess of \$1.0 billion during the last five years
- We can look after tenants holistically and tailor make property solutions to suit detailed needs
- We conceive and manage development projects from inception to completion, balancing the inherent risks throughout, for an optimal solution



**The Ark**  
**40 Mount Street, North Sydney**

Completion date	2010
Net lettable area	28,530m <sup>2</sup>
Pre-commitment	87%
Key tenants	Coca-Cola, Vodafone



**Deutsche Bank Place**  
**126 Phillip Street, Sydney**

Completion date	2005
Net lettable area	42,258m <sup>2</sup>
Pre-commitment	100%
Key tenants	Deutsche Bank, AAR

## The Ark

- Projects such as the Ark in North Sydney reflect our capacity to move quickly and to meet market needs now and in the future
- Development financing obtained in 2009 in middle of GFC (one of the only two development finance facilities awarded in Australia)
- The 6 Star Green Star rated Ark development is the only significant new building in North Sydney for the foreseeable future
- Key tenants recognise the importance of an energy efficient, environmentally friendly office space to both the company and employees
- Awarded the Urban Taskforce development of the year in 2010

## Deutsche Bank Place

- Deutsche Bank Place in Sydney is another landmark Investa development which opened 100% occupied
- Designed by Lord Norman Foster, this building is a Sydney design icon and received the Property Council of Australia's highest award for innovation and excellence – the 2007 PCA Innovation & Excellence Award
- Development margin on completion was over \$100million
- Most energy efficient Premium tower in Australia (4.5 Star NABERS)

# Leader in Responsible Property Investment

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## World Leader in the Development and Implementation of Real Estate Sustainability Initiatives

Investa applies best practice sustainability initiatives in the management of its properties

- Sustainability is an integral part of Investa's approach to managing its property funds
- In 2009 Investa established the Investa Sustainability Institute which conducts action research for sustainability in the built environment
- Portfolio NABERS energy rating of 3.89 stars out of 5 (market average is 2.5)

### Benefits to tenants:

- Lowers occupancy costs for the tenant and owner by:
  - Reducing base building outgoings (energy, water and waste)
  - Reducing tenant outgoings (especially energy consumption)
- Attracts tenants and improves the credit quality of tenants
- Lowers the level of obsolescence as sustainable buildings retain a higher future value



# Leader in Responsible Property Investment

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## Awards received during 2010:

- 10th Australian Sustainability Awards – “Award for Environment”,
- 10th Australian Sustainability Awards – nominated for “Sustainable Company of the Year”
- 2010 Green Globe Award for “Commercial Property Sustainability”
- Australian Property Institute “Environmental Development Award” for the Ark
- Australian Web Awards (East Coast) for “Innovation” for Investa’s 2009 Sustainability Report
- MBA Excellence in Construction Awards “Energy Efficiency Award” for the Ark
- MBA Excellence in Construction Awards “Best Use of Glass Award” for the Ark
- Highest ranked business in the National Safety Council of Australia’s FiveStar Program





# Important Notice

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## The Disclaimer

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