Investa Office Fund

Full Year Results
Financial Year 2018

8 August 2018



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Fund Highlights

Penny Ransom, IOF Fund Manager

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Fund Highlights

PERFORMANCE

- 18.4% 12 month Return on Equity[1]
- 15.9% 12 month Portfolio Return[2]
- 2.4% pa compound average distribution growth since Jun 13

•MANUFACTURING CORE ASSETS

- Barrack Place nearing completion and 84%[3] leased
- ANZ renewed over 68% of office NLA at 347 Kent St
- 388 George St refurbishment approaching with IAG expiry in Oct 18

CAPITAL MANAGEMENT

- 23% gearing
- Accretive 2.5% buy-back of IOF units
- 4.0% cost of debt

ACTIVE ASSET MANAGEMENT

- 76% of FY18 expiry retained
- FY19 expiry reduced from 25.0% to 18.2%[3]
- Stable occupancy of 97% and WALE of 4.9 years

•TRANSACTIONS

- Conditional terms agreed for the sale of 836 Wellington St post renewal to the Federal Government to 2027 for $91.3m
- 20% premium to Dec 17 book value

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

- 8%[4] reduction in carbon emissions
- Top 2% GRESB[5] position
- Inaugural stakeholder ESG briefing

1. (Change in NTA + total distributions declared) / opening NTA for the relevant period.
2. Total return based on movement in portfolio book value to 30 June 2018 plus portfolio net income over the same period, as a percentage of total book value.
3. On executed deals, excluding Heads of Agreement.
4. Subject to assurance.
5. Global Real Estate Sustainability Benchmark.

Year in Review

Profit and Loss	30 June 2018	30 June 2017	Change
FFO[1]	$184.0m	$182.6m	0.8%
FFO per unit	30.6c	29.7c	3.0%
Distributions per unit	20.3c	20.2c	0.5%
Statutory Net Profit	$521.6m	$471.6m	10.6%
- Core Property Revaluations[2]	$399.2m	$356.6m	11.9%

Balance Sheet	30 June 2018	30 June 2017	Change
Gearing (look-through)	23.0%	21.4%	160bps
NTA per unit	$5.47	$4.79	14.2%

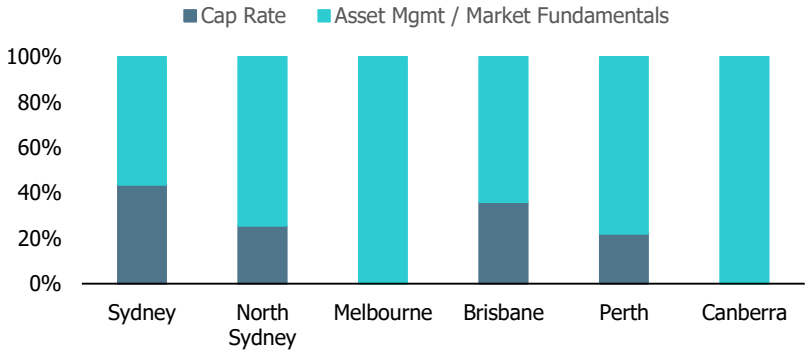
- FFO up 0.8% supported by a 3.6% increase in like-for-like FFO portfolio performance driven by the Sydney, North Sydney and Melbourne markets, offset by the impact of two asset sales in early 2017
- FFO on a per unit basis increased by 3.0% supported by the buy-back of units in the first half of the year
- Statutory Net Profit of $521.6m supported by $399.2m of valuation uplifts
- Gearing of 23.0% provides capacity to fund development and refurbishment projects
- NTA increased by 14.2% to $5.47 per unit due primarily to property revaluations

1. Property Council Funds from Operations defined as IOF's underlying and recurring earnings from its operations, determined by adjusting statutory net profit (under Australian equivalent to the International Financial Reporting Standards) for non-cash and other items such as the amortisation of tenant incentives and rent free periods, fair value gains / losses on investment property, fair value gains / losses on the mark to market of derivatives, the straight-lining of rent, non-FFO deferred tax benefits and expenses, foreign currency translation reserves recognised in net profit, and any other unrealised or one-off items.
2. Excludes the impact of straight-lining.

Valuation Uplift Driven by Sydney Portfolio

- Entire portfolio independently valued in May 18
- **$399.2m** (**10.5%**) uplift in book value over FY18:
  - $80.8m uplift in Dec 17 (5 assets)
  - $316.1m uplift in May 18 (20 assets)
  - $2.3m in Jun 18 additional uplift from conditional agreement to sell 836 Wellington St
- Key drivers of full year uplift include:
  - Sydney valuation uplift of **16.0%** (11.0% excl. 151 Clarence St) driven by active asset management, effective rental growth and capitalisation rate compression
  - 151 Clarence St (**66.2%**), 6 O'Connell St (**21.4%**) and 347 Kent St (**18.6%**) experienced the largest increases
  - **64%** of uplift over FY18 was due to asset management initiatives and positive leasing fundamentals
  - Portfolio weighted average capitalisation rate (WACR) decreased 26bps over FY18 from 5.74% to **5.48%** at Jun 18 (17bps since Dec 17)

FY18 Independent Valuation Drivers



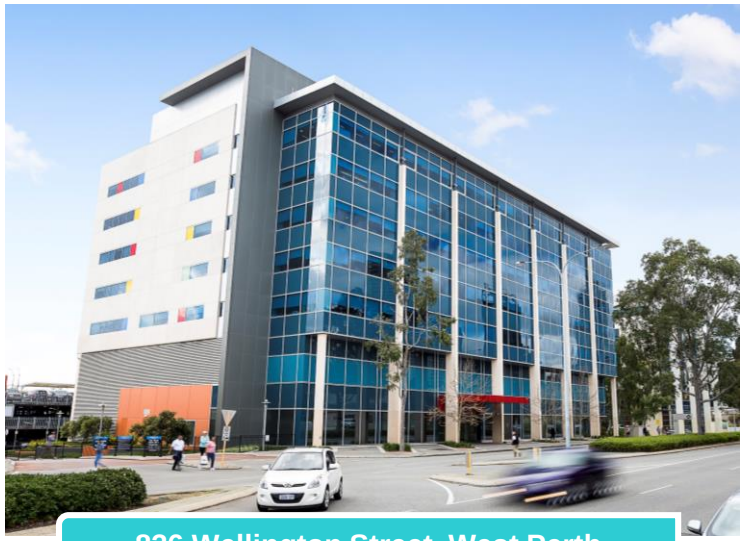
Movement in Capitalisation and Discount Rates

Total IOF Portfolio	30 June 2018		30 Jun 2017	
	Cap Rate	Disc Rate	Cap Rate	Disc Rate
Sydney	5.09%	6.62%	5.41%	6.88%
North Sydney	5.78%	6.91%	6.03%	7.16%
Melbourne	5.00%	6.56%	5.00%	6.75%
Brisbane	6.36%	7.19%	6.77%	7.49%
Perth	6.78%	7.21%	6.96%	7.73%
Canberra	5.85%	7.50%	5.85%	7.50%
Weighted Avg	**5.48%**	**6.79%**	**5.74%**	**7.05%**

Sale of 836 Wellington Street, Perth

- Conditional agreement for the sale of 836 Wellington St, Perth, announced Jul 18
- $91.3m sale value reflects **20% premium** to Dec 17 book value and a 2.6% premium to recent May 18 valuation
- Sale represents net passing yield of **5.6%** and market capitalisation rate of 6.25%
- Follows recent long term lease renewal to Federal Government to February 2027
- In line with the Fund's strategy to focus on core CBD assets and takes advantage of strong capital markets
- Settlement anticipated Oct 18





836 Wellington Street, West Perth

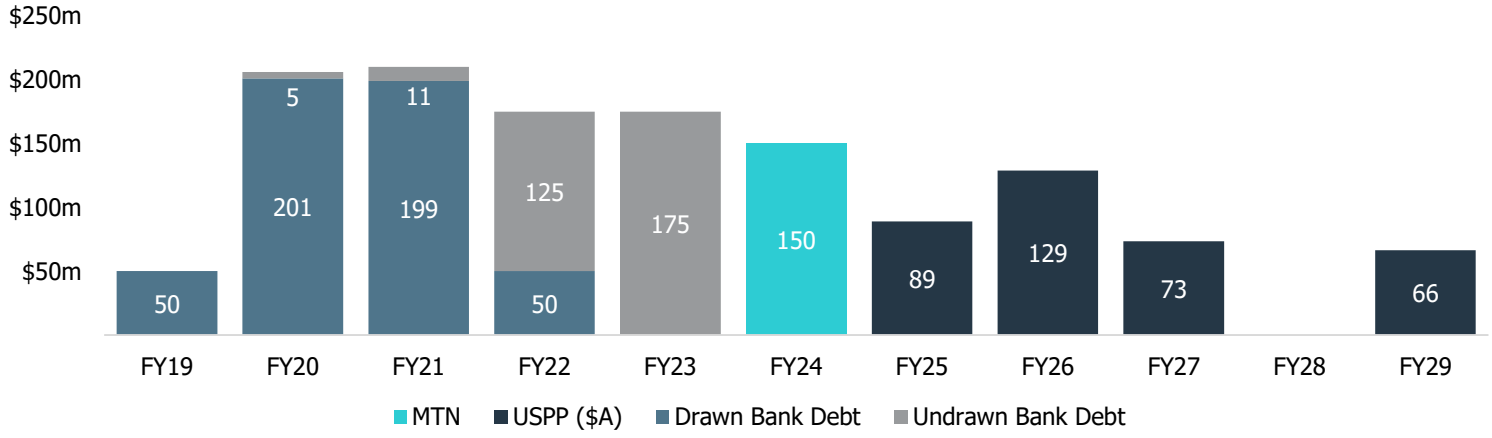


Capital Management

- Gearing of 23% supports anticipated future capital expenditure (target range 25% to 35%)
- Increased hedging to upper end of target band (50% to 80%)
- Repayment of $125m A$MTN and $66m bank debt
- $300m of new bank debt facilities
- On-market buy-back of 2.5% of units

Key Indicators	30 June 2018	30 June 2017
Drawn debt[1]	$1,008m	$826m
Gearing[2]	23.0%	21.4%
Weighted average debt cost	4.0%	4.1%
Weighted average debt maturity	4.4yrs	4.7yrs
Weighted average debt hedged	77.9%	50.1%
Interest cover ratio	4.9x	4.8x
S&P credit rating	BBB+	BBB+

Debt Maturity Profile as at 30 June 2018 ($m)



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

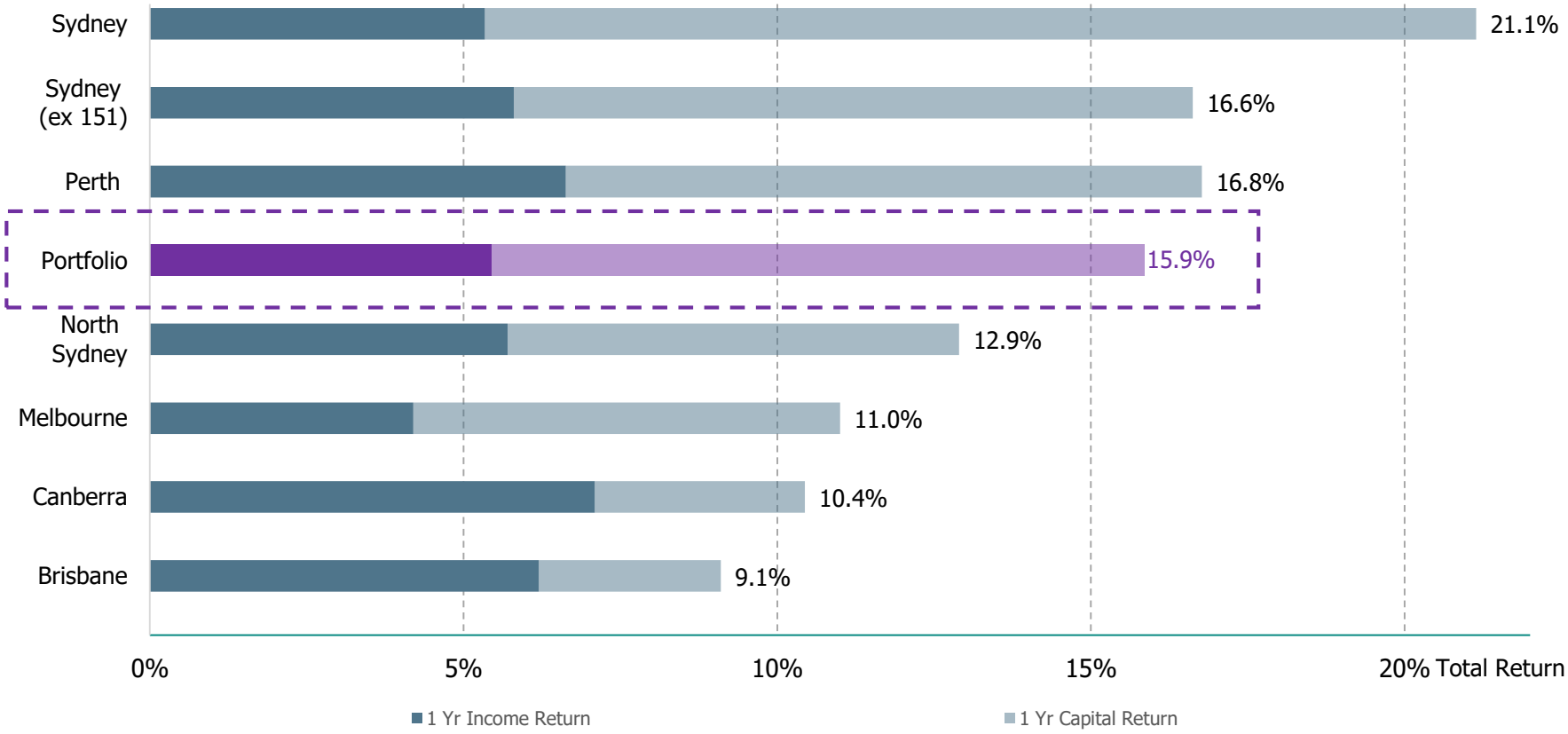
Property Portfolio Update

Nicole Quagliata, IOF Assistant Fund Manager

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Total Returns

- 15.9% one-year portfolio total return[1]
- Strategic asset management and market fundamentals driving returns



1. Total return based on movement in portfolio book value plus portfolio net income over 12 months to 30 June 2018, as a percentage of total book value.

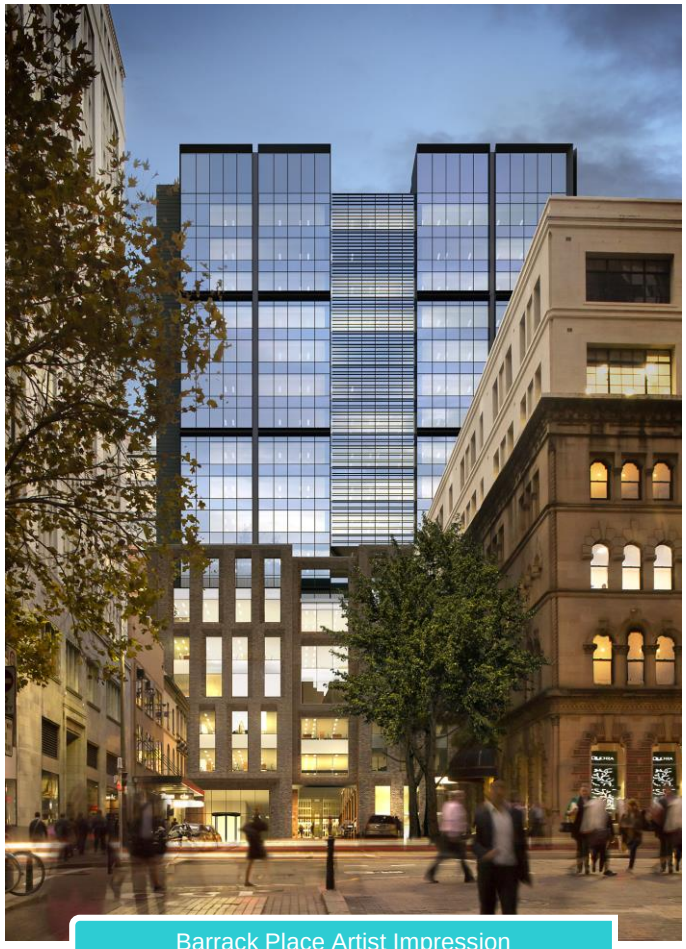
Portfolio Overview

- Stable portfolio occupancy of 97% and WALE of 4.9 years
- NPI lower due to full year impact of two asset sales in early 2017
- Like-for-like portfolio NPI growth of 2.1% influenced by:
  - 3.0% like-for-like NPI growth in Sydney and 4.2% like-for-like NPI growth in North Sydney
  - Incentive amortisation on 140 Creek St and 836 Wellington St coming off a zero base (excluding these assets like-for-like portfolio NPI growth was 3.3%)
- Face rent growth of -3.3% impacted by the over-rented 347 Kent St (10.9% excluding 347 Kent St)

	30 June 2018	**30 June 2017**
Occupancy (by income)	97%	97%
Weighted average lease expiry (WALE)	4.9 years	5.1 years
Average passing face rent	$690psm	$661psm
Net Property Income (NPI)	$197.8m	$201.2m
Effective like-for-like NPI growth	2.1%	4.7%
Leased	61,425sqm	116,805sqm
Tenant retention	76%	85%
Face rent growth (on leasing deals completed)	-3.3%	-1.4%
Face rent growth (excl. ANZ renewal)	10.9%	n/a
Weighted average incentive (renewal / new)	23% (23% / 22%)	18% (17% / 25%)

Leasing Overview

- 61,425sqm[1] of leasing completed
- Commitment by four major tenants accounting for 65% of income:
  - ANZ renewal at 347 Kent St provides commitment to 68% of office NLA
  - Pfizer and Mills Oakley at Barrack Place with combined effective rents 12% above Apr 17 valuation
  - Nokia commitment to 4,880sqm at 111 Pacific Highway resulting in 1 month of downtime between tenants and 16% face rent increase
- Above leasing activity has substantially de-risked FY19 exposures
- Early progress at 388 George St with non-binding Heads of Agreement over 8,024sqm (22% of office NLA), anticipated to benefit FFO from FY21



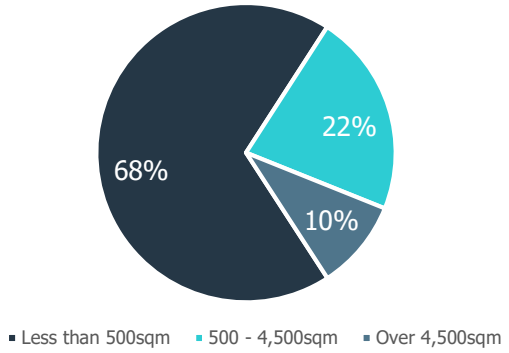
Barrack Place Artist Impression

1. Excluding Heads of Agreement.

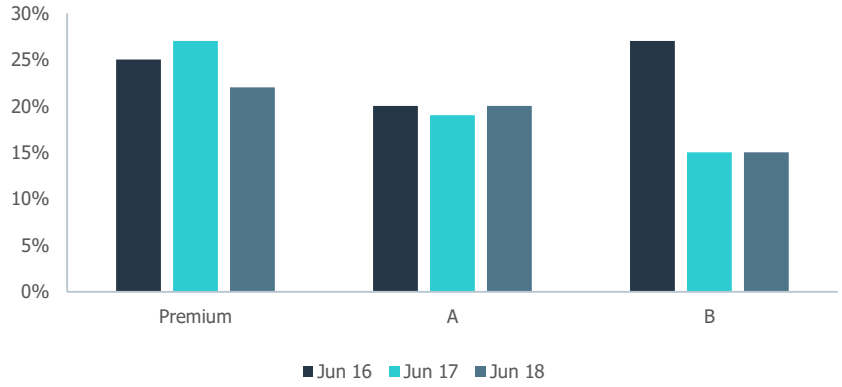
Sydney/North Sydney Portfolio Leasing

- 47,857sqm[1] of leasing in Sydney and North Sydney comprising 78% of total portfolio leasing
- Significant activity in <500sqm market (68% of total leasing by number), particularly 6 O'Connell St, 126 Phillip St and 111 Pacific Hwy
- Largest leasing deals contributing greatest share of income (76% over 4,500sqm)
- -3.0% average face rent growth (16% excluding 347 Kent St)
- Premium incentives have tightened and A & B grade incentives have stabilised

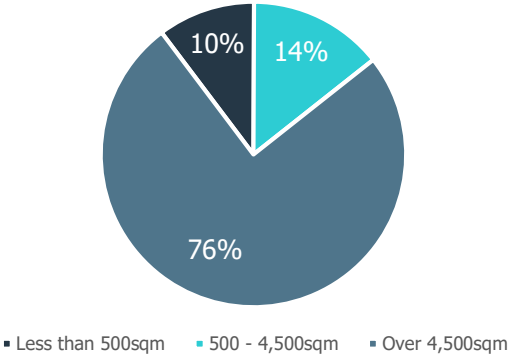
IOF FY18 Sydney/North Sydney leasing by number



IOF FY16-FY18 Sydney/North Sydney leasing incentives



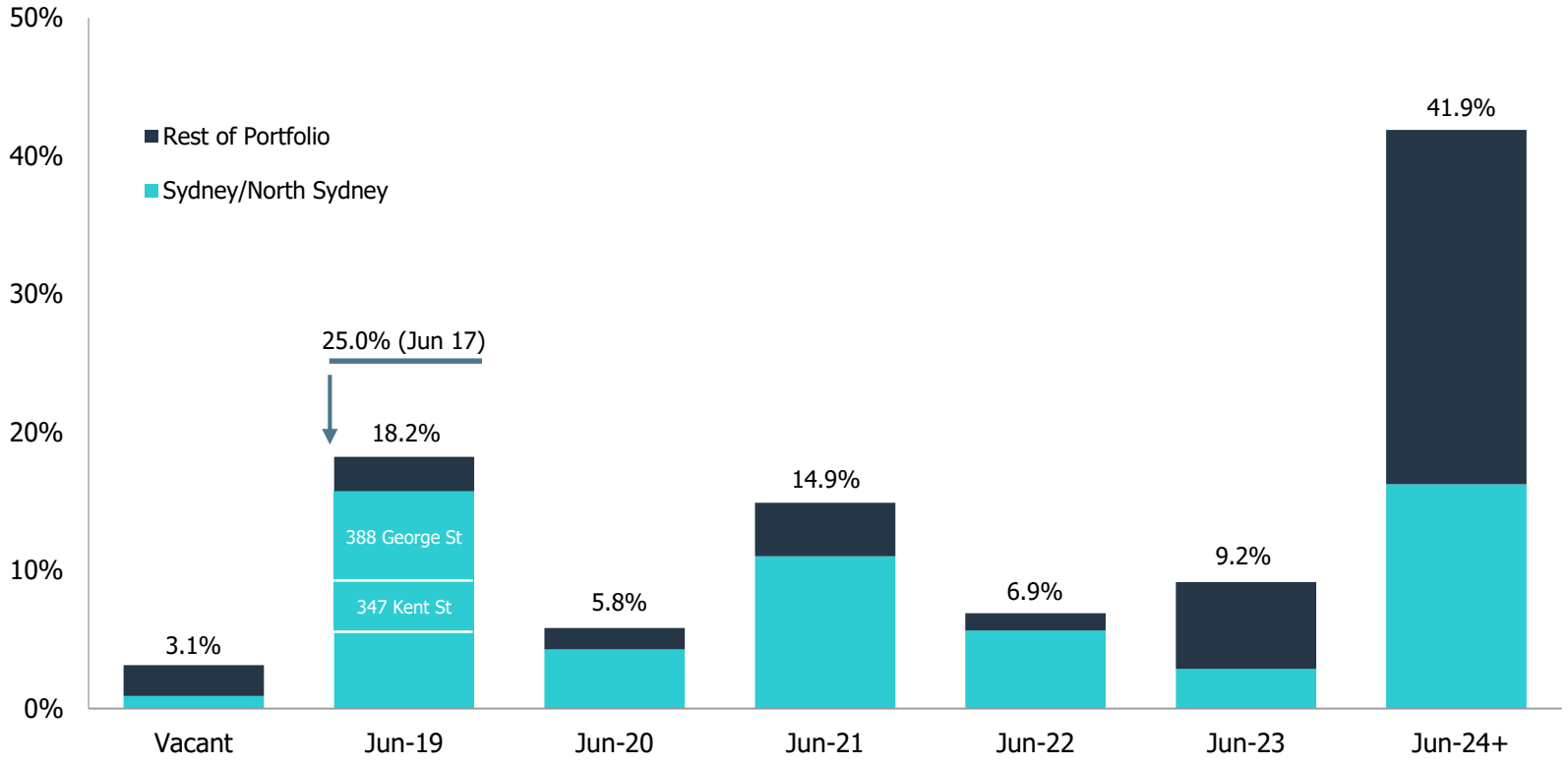
IOF FY18 Sydney/North Sydney leasing by income



1. Excluding Heads of Agreement.

Lease Expiry Profile (by Income)

- FY19 expiry reduced by 6.8%[1] over FY18, driven by ANZ renewal at 347 Kent St
- 83% of expiries over next two years in Sydney/North Sydney markets
- 8% FY19 expiry excluding 347 Kent St and 388 George St



1. Excluding Heads of Agreement.

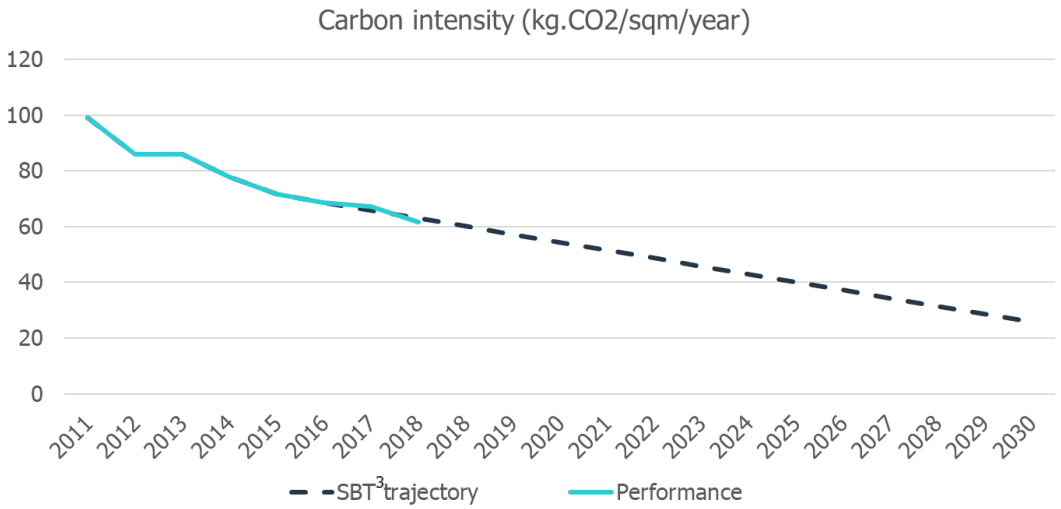
Responsible Investment

Progress on Net Zero by 2040

- Reduction in carbon emissions intensity and electricity consumption of 8% and 8% respectively[1], equates to savings of >$450,000
- GRESB[2] top 2% global respondents
- Maintained Green Bond compliance headroom

Stakeholder Engagement Focus

- Tenant Sustainability Toolkit and High Performance Lease
- Inaugural Investor ESG Briefing
- Initiated Task Force on Climate Related Financial Disclosure (TCFD) key material risk response





1. From April 2017 to March 2018. Figures subject to assurance.
2. Global Real Estate Sustainability Benchmark (GRESB).
3. Science Based Target.

Development and Refurbishment Update

Nicole Quagliata, IOF Assistant Fund Manager

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Barrack Place, 151 Clarence Street, Sydney

Circa 22,000sqm Prime Office Development

Project

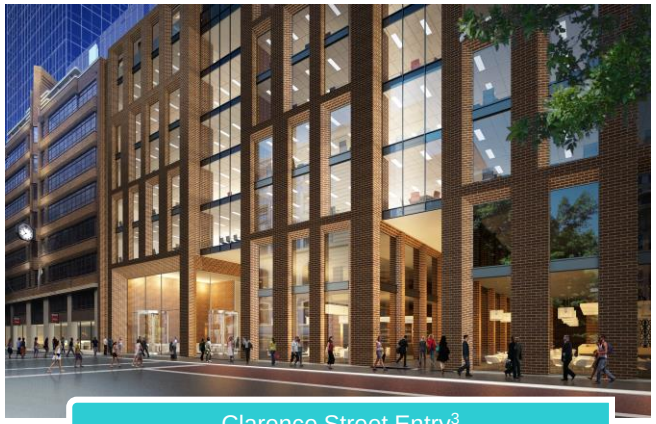
- 84%[1] leased with a 9.6 year WALE
- 51% project IRR to 30 Jun 18
- Circa 8% yield on cost[2]

Cost

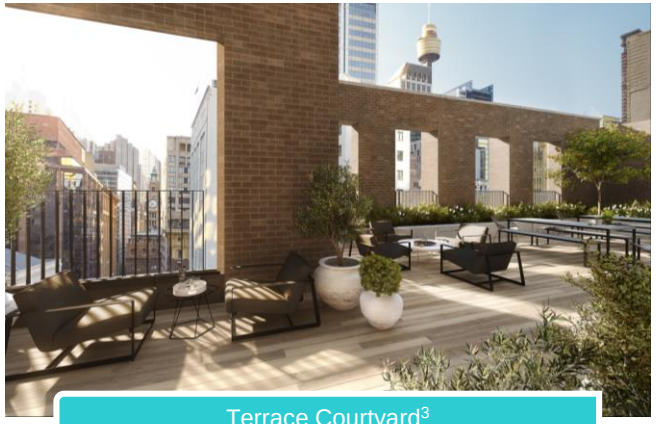
- Circa $130 million total cost excluding incentives
  - $31 million remaining to complete

Timing

- Completion anticipated Oct 18



Clarence Street Entry[3]



Terrace Courtyard[3]

1. On executed leases, excluding Heads of Agreement.
2. Forecast net income once fully leased over total cost (including incentives).
3. Artist impression.

347 Kent Street, Sydney

Circa 26,000sqm Prime Office Refurbishment

Project

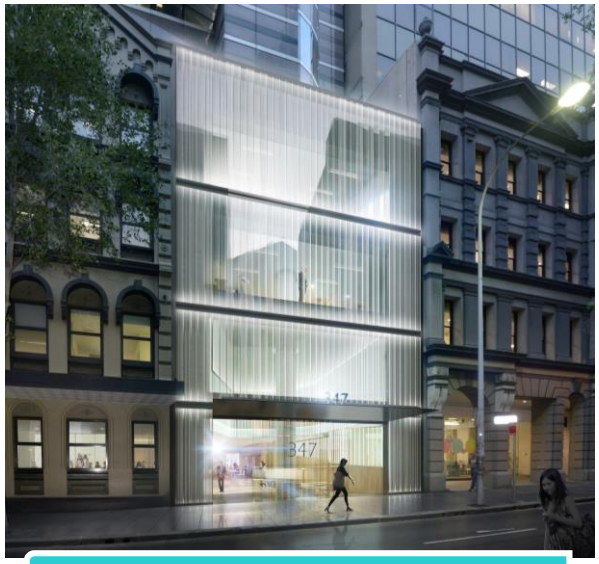
- 68% leased to ANZ for a further 5 years
- 6.5% yield on cost[1]

Cost

- $40-45 million capital spend (excluding incentives)

Timing

- Lift refurbishment well underway
- 9-12 months to complete from Jan 19



Kent Street Entry[2]



New lobby / café[2]

1. Forecast net income once fully leased over total cost (including incentives).
2. Artist impression.

388 George Street, Sydney

Circa 39,000sqm Prime Office Refurbishment

Project

- Development application lodged for ground floor retail podium
- Leasing progress with non-binding Heads of Agreement over 8,024sqm (22% of office NLA), anticipated to benefit FFO from FY21
- 6.0-6.5% yield on cost[1]

Cost

- $55-75 million capital spend (IOF 50% interest) – range dependent upon retail DA outcome and excludes incentives

Timing

- IAG lease expiry Oct 18
- 18 month construction period



Retail podium artist impression

1. Forecast net income once fully leased over total cost (including incentives).

FY19 Guidance

Penny Ransom, IOF Fund Manager

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FY19 Guidance

FFO guidance of 29.2cpu, -4.6% movement on FY18. Key influences:

- Reduced income due to:
  - anticipated refurbishment of 388 George St (whole building downtime from Nov 18 for at least 18 months)
  - anticipated refurbishment of 347 Kent St (32% of office NLA downtime from mid Jan for at least 9 months)
  - anticipated settlement of 836 Wellington St (lost income from Oct 18)
  - increased finance costs associated with anticipated higher capital expenditure
- Increased income due to:
  - anticipated make good receipts for both 388 George St and 347 Kent St
  - Barrack Place development completing with staged occupancy from Oct 18
  - NPI growth of circa 2% (excluding 388 George St, 347 Kent St, 836 Wellington St and Barrack Place), and FFO growth of 2.2% on the same basis
- Forecast AFFO adjustments:
  - Maintenance Capex: $25-30 million
  - Incentive Capex: $70-75 million (assumes incentives are taken upfront unless otherwise known[1])
- Distribution remaining flat of 20.3cpu

1. Including ANZ's incentive at 347 Kent St.



Questions and Answers

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Appendices

Profit / FFO / Cashflow

24. Reconciliation of Statutory Profit to Property Council FFO
25. Property Council FFO and AFFO (Look-Through)
26. Property Council FFO Waterfall
27. Reconciliation of Cash Flow to FFO

Balance Sheet / Debt

28. Balance Sheet
29. Change in Net Tangible Assets
30. Gearing (Look-Through)
31. Debt Facilities
32. Hedge Maturity Profile and Debt Covenants

Portfolio

33. Portfolio Book Values
34. Book Values by CBD
35. Investment Properties – Reconciliation of Fair Value Gain
36. Portfolio NPI

Portfolio (continued)

37. Portfolio NPI's (cont'd)
38. Key Lease Expiries
39. Portfolio Over/(Under) Renting
40. Tenant Profile
41. Portfolio Overview

Reconciliation of Statutory Profit to Property Council FFO

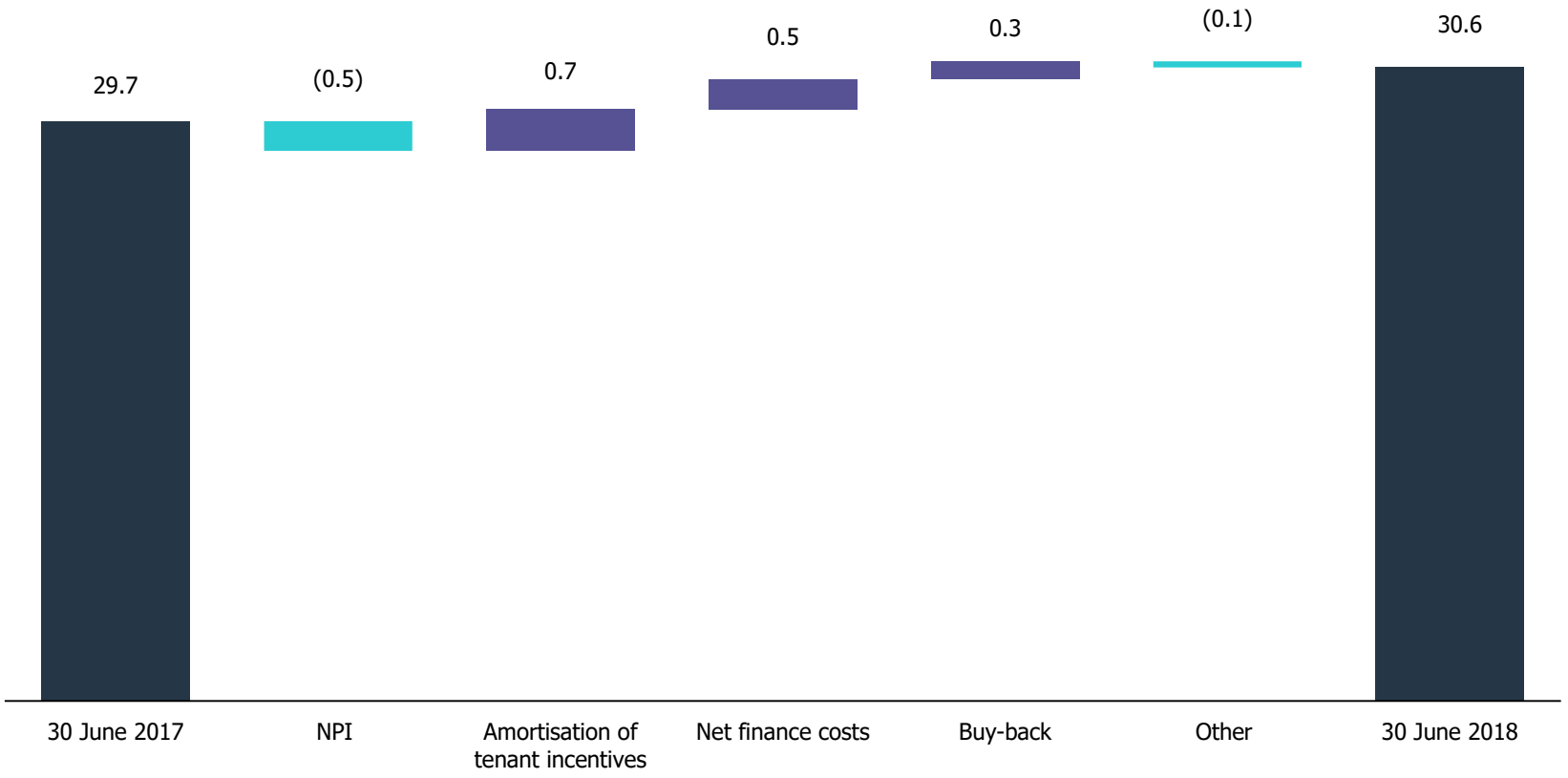
Property Council FFO is calculated as follows:	**30 June 2018 ($m)**	**Cents per unit**	**30 June 2017 ($m)**	**Cents per unit**
Statutory profit attributable to unitholders	521.6	86.6	471.6	76.8
Adjusted for:				
Net (gain)/loss on change in fair value in:				
Investments	(409.8)	(68.1)	(360.4)	(58.7)
Derivatives	6.4	1.1	47.5	7.7
Net foreign exchange (gain)/loss	17.1	2.9	(15.1)	(2.5)
Amortisation of incentives	39.8	6.6	36.0	5.9
Straight-lining of lease revenue	10.6	1.8	3.8	0.6
Other	(1.7)	(0.3)	(0.8)	(0.1)
Property Council FFO	**184.0**	**30.6**	**182.6**	**29.7**

Property Council FFO and AFFO (Look-Through)

	30 June 2018 ($m)	30 June 2017 ($m)
Net property income	197.7	201.2
Interest income	0.3	0.4
Finance costs	(35.9)	(38.2)
Responsible Entity's fees	(14.8)	(13.5)
Net foreign exchange loss	(0.5)	(0.2)
Other expenses	(2.6)	(1.3)
Operating earnings	**144.2**	**146.6**
Amortisation of tenant incentives	39.8	36.0
Property Council FFO	**184.0**	**182.6**
Maintenance Capex	(13.2)	(10.5)
Incentives paid during the period	(52.1)	(37.1)
AFFO	**118.7**	**135.0**
Property Council FFO per unit	30.6c	29.7c
AFFO per unit	19.7c	22.0c
Distributions per unit	20.3c	20.2c

Property Council FFO Waterfall

Property Council FFO per unit (cents)



Reconciliation of Cash Flow to FFO

		30 June 2018 ($m)	30 June 2017 ($m)
Cash flow from operating activities		**129.9**	**152.7**
Add:	Adjustments for equity accounted distributions[1]	35.0	18.3
Add:	Rent free income	17.4	14.4
Add:	Capitalised interest	2.5	0.8
Less:	Amortisations (includes leasing fee and borrowing costs)	(4.0)	(4.6)
	Other working capital movements	3.2	1.0
FFO		**184.0**	**182.6**

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

Balance Sheet

	30 June 2018 ($m)	30 June 2017 ($m)
Property investments[1]	3,440.9	2,973.2
Equity accounted investments	915.7	848.6
Derivatives	82.4	89.1
Receivables	9.1	8.1
Cash	3.8	4.0
Total assets	**4,451.9**	**3,923.0**
Borrowings[2]	1,085.9	887.2
Distribution payable	60.7	62.6
Payables	26.4	24.2
Derivatives	4.9	5.1
Total liabilities	**1,177.9**	**979.1**
Net assets	**3,274.0**	**2,943.9**
Units on issue (thousands)	598,419	614,047
NTA per unit ($)	5.47	4.79

1. Includes $91.3m for 836 Wellington Street, Perth which is classified as an asset held for sale as at 30 June 2018.
2. USPP translated at 30 June AUD/USD spot rate of 0.7391 (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[1]	399.2	0.65
Retained earnings	64.4	0.10
Amortisation of tenant incentives	(39.8)	(0.06)
Fair value movements[2]	(23.6)	(0.04)
Share buy-back	(70.1)	0.03
Closing Net Tangible Assets (30 June 2018)	**3,274.0**	**5.47**

1. Property revaluations excludes straight-lining.
2. Includes market to market movements on derivatives and foreign currency translation of USPP's.

Gearing (Look-Through)

	30 June 2018 ($m)
Gearing – Statutory	**24.4%**
Total assets (headline)	4,451.9
Less: equity accounted investments[1]	(915.7)
Add: share of total assets – equity accounted investments[2]	919.8
Less: Cross currency swap assets	(80.4)
Look-through Assets	**4,375.6**
Total debt (headline)	1,089.7
Less: USPPs debt translated at 30 June 2018 USD/AUD foreign exchange rate	(439.7)
Add: USPPs based on foreign exchange hedge rate	358.0
Look-through Debt	**1,008.0**
Look-through Gearing	**23.0%**

1. Equity accounted investments comprise: 242 Exhibition Street, 126 Phillip Street, 567 Collins Street.

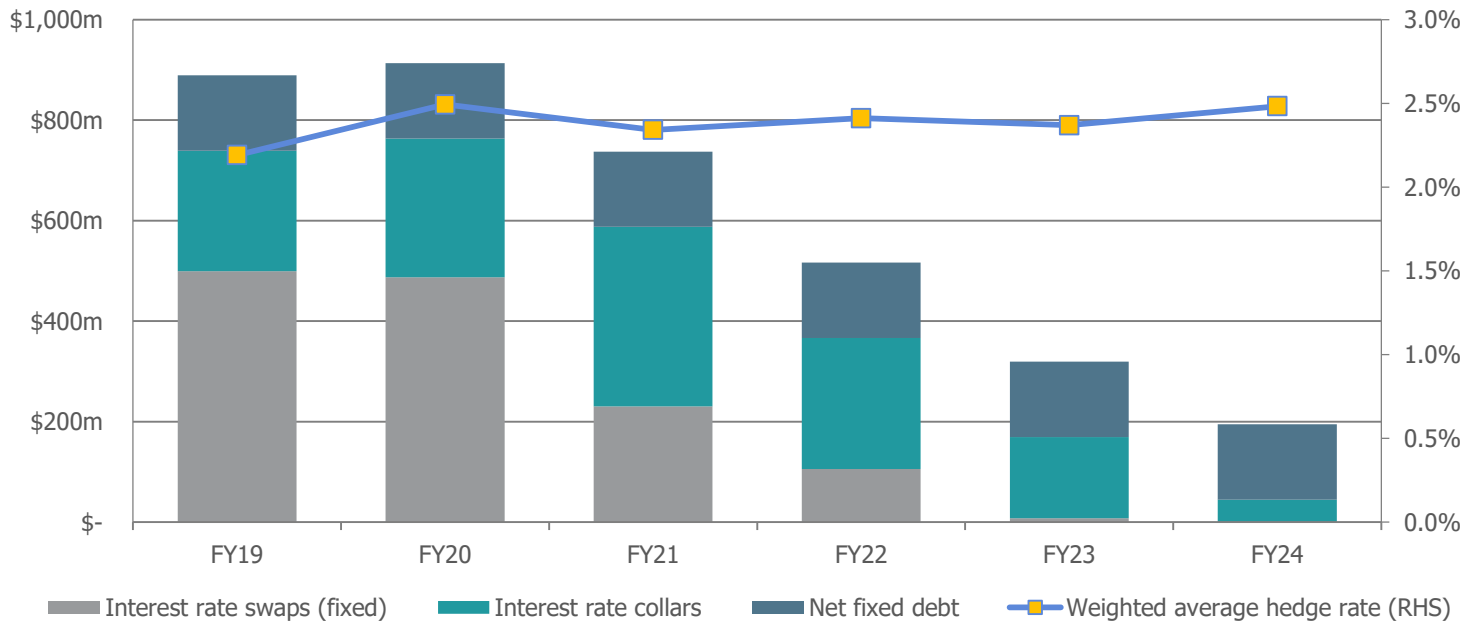
Debt Facilities

Facility Type	Base Currency	Facility Limit (A$m)	Drawn (A$m)	Undrawn (A$m)	Maturity Date
Corporate Facility:					
Bank Debt	AUD	50.0	50.0	-	Jun-19
Bank Debt	AUD	140.0	140.0	-	Jul-19
Bank Debt	AUD	66.0	61.0	5.0	Aug-19
Bank Debt	AUD	210.0	199.0	11.0	Jul-20
Bank Debt	AUD	50.0	-	50.0	Jul-21
Bank Debt	AUD	125.0	50.0	75.0	Jan-22
Bank Debt	AUD	100.0	-	100.0	Nov-22
Bank Debt	AUD	75.0	-	75.0	Feb-23
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		1,323.9	1,007.9[2]	316.0	4.4 years

- As at June 2018 one debt facility expires within the next 12 months and has been classified as current, $50 million in the Annual Financial Report
- In February 2018 two new debt facilities totalling $150 million with expiries between 2022 and 2023 were agreed with one of the facilities being utilised to early repay a $66m facility that was due to expire in July 2018
- In November 2017 two new debt facilities totalling $150 million with expiries between 2021 and 2022 were agreed
- In November 2017 the $125m MTN's were repaid in full

1. Facility limit and drawn amount based on the hedge rate for the USPPs.
2. Does not equal Look-through Debt on the previous slide due to rounding.

Hedge Maturity Profile[1,2] and Debt Covenants



Debt Covenants

	Actual	Covenant
Covenant calculation		
Covenant gearing	25.2%	50.0%
Actual interest cover	4.9x	2.5x

1. IOF was 74.4% hedged (including fixed debt) as at 30 June 2018.
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.

Portfolio Book Values

Property	Location	Book Value ($m)	% Net Change in Fair Value[1]	Cap Rate (%)	Discount Rate (%)
126 Phillip Street (25%)	NSW	258.8	2.0	4.75	6.38
10-20 Bond Street (50%)	NSW	310.3	9.0	5.00	6.50
388 George Street (50%)	NSW	244.0	3.8	5.13	6.88
347 Kent Street	NSW	351.6	18.4	5.13	6.75
151 Clarence Street[2]	NSW	346.3	44.8	4.88	-
Piccadilly Complex (50%)	NSW	323.0	1.9	5.46	6.68
6 O'Connell Street	NSW	276.0	4.1	5.00	6.50
105-151 Miller Street	NSW	233.0	1.2	5.75	7.00
111 Pacific Highway	NSW	236.4	11.7	6.00	7.00
99 Walker Street	NSW	267.0	9.6	5.63	6.75
242 Exhibition Street (50%)	VIC	326.5	7.1	5.00	6.50
567 Collins Street (50%)	VIC	330.2	2.8	5.00	6.63
239 George Street	QLD	136.0	1.7	6.50	7.50
15 Adelaide Street	QLD	60.5	(0.2)	7.50	8.00
140 Creek Street	QLD	237.3	(0.1)	6.00	6.75
295 Ann Street	QLD	138.4	(1.6)	6.25	7.25
232 Adelaide Street	QLD	20.5	0.1	7.00	7.50
66 St Georges Terrace	WA	65.0	(1.6)	7.50	7.50
836 Wellington Street	WA	91.3[4]	19.9	6.25	7.00
16-18 Mort Street	ACT	104.3	5.7	5.85	7.50
Total/Weighted Average		**4,356.4**	**7.9**	**5.48[3]**	**6.79[3]**

1. Represents the change in book value resulting from the 31 May 2018 independent valuations.
2. 151 Clarence Street, Sydney cap rate and discount rate are on completion of development.
3. Excludes 151 Clarence Street, Sydney.
4. Book value as at 30 June includes $2.325m of uplift due to conditional sale price of $91.3m.

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 (%)[2]
Sydney	2,110.0	15,326	908.3	3.1	5.09
North Sydney	736.4	11,062	567.7	3.8	5.78
Melbourne	656.7	10,869	573.4	11.1	5.00
Brisbane	592.7	6,741	648.3	4.1	6.36
Perth	156.3	6,686	537.8	6.4	6.78
Canberra	104.3	7,369	460.4	7.6	5.85
Total / Average	**4,356.4**	**10,911**	**689.9**	**4.9**	**5.48**

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

Investment Properties – Reconciliation of Fair Value Gain

	FY18 ($m)
External 31 December 2017 valuations	80.8
External 31 May 2018 valuations	316.1
Valuation increase of 836 Wellington St (held at sale price)	2.3
Straight-lining of lease revenue	10.6
Total	**409.8**
Valuation increase disclosed as:	
Investment properties held through direct ownership	374.1
Investment properties held through interests in associates	35.7
Total	**409.8**

Portfolio NPI

Property	State	30 Jun 2018 NPI ($m)	30 Jun 2017 NPI ($m)	Movement ($m)	Movement (%)[1]	Comments
10-20 Bond Street (50%)	NSW	11.2	10.8	0.4	3.3	Increased occupancy in FY18
388 George Street (50%)	NSW	15.7	15.2	0.5	3.3	
347 Kent Street	NSW	27.0	25.9	1.1	4.2	
105-151 Miller Street	NSW	15.1	14.5	0.6	3.6	
6 O'Connell Street	NSW	10.4	9.8	0.6	5.8	Fixed rent reviews and new deals at higher passing rent
111 Pacific Highway	NSW	10.8	10.1	0.7	7.2	Fixed rent reviews and lower amortisation
Piccadilly Complex (50%)	NSW	15.0	14.2	0.8	5.6	
126 Phillip Street (25%)	NSW	9.7	10.4	(0.7)	(6.3)	One off makegood payment in FY17 and higher vacancy
99 Walker Street	NSW	11.7	11.4	0.3	2.2	
242 Exhibition Street (50%)	VIC	16.1	15.4	0.7	4.4	
567 Collins Street	VIC	13.4	13.3	0.1	0.4	
15 Adelaide Street	QLD	3.1	2.6	0.5	17.5	Increased occupancy in FY18
232 Adelaide Street	QLD	1.2	1.4	(0.2)	(10.8)	One off makegood payment in FY17
295 Ann Street	QLD	7.0	6.5	0.5	7.4	Fixed rent reviews and full year impact of 2H17 leasing
140 Creek Street	QLD	10.1	10.8	(0.7)	(7.0)	Introduction of incentive amortisation on State gov. lease
239 George Street	QLD	6.8	6.5	0.3	4.4	
66 St Georges Terrace	WA	3.7	4.2	(0.5)	(9.9)	Extended vacancy through FY18
836 Wellington Street	WA	5.0	5.8	(0.8)	(14.3)	Impact of new 10 year lease to Commonwealth of Australia
16-18 Mort Street	ACT	4.8	4.6	0.2	4.5	
Like-for-like		**197.8**	**193.4**		**2.1**	

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

Portfolio NPI (cont'd)

	Rest of IOF Portfolio		30 Jun 2018	30 Jun 2017	Movement
	Property	**State**	**NPI ($m)**	**NPI ($m)**	**($m)**
Development	151 Clarence Street	NSW	0.0	0.2	(0.2)
Sold	383 La Trobe Street	VIC	0.0	2.5	(2.5)
	800 Toorak Road	VIC	0.0	5.1	(5.1)
	Total IOF Portfolio		**197.8**	**201.2**	**(3.4)**

Key Lease Expiries

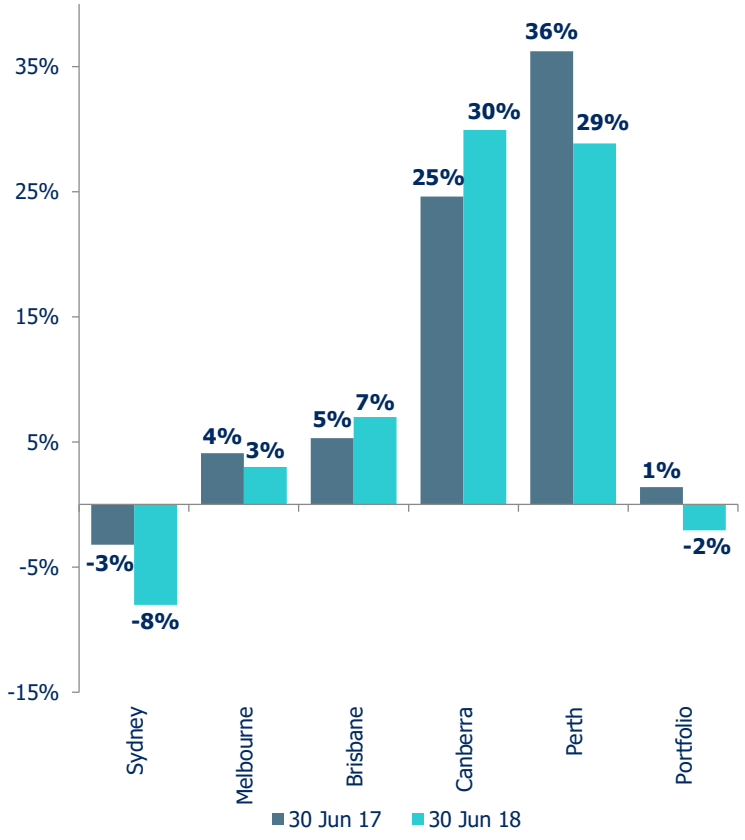
Property	CBD	Tenant		Area (sqm)[1]	Expiry
Vacant					
239 George Street	Brisbane			2,875	Vacant
126 Phillip Street	Sydney			1,444	Vacant
66 St Georges Terrace	Perth			6,129	Vacant
15 Adelaide Street	Brisbane			2,054	Vacant
FY19					
388 George Street	Sydney	IAG	MAJOR REFURB	35,817	Oct-18
347 Kent Street	Sydney	ANZ	MAJOR REFURB	7,665	Jan-19
111 Pacific Highway	North Sydney	Broadspectrum	RE-LEASED[2]	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					
222 Pitt Street	Sydney	The Uniting Church	HOA[3] FOR RENEWAL	4,940	Jul-19
10 - 20 Bond Street	Sydney	Origin Energy		3,746	Nov-19
133 Castlereagh Street	Sydney	GHD Services		3,739	Dec-19
111 Pacific Highway	North Sydney	NBN		3,723	Jan-20
133 Castlereagh Street	Sydney	Energy and Water Ombudsman		1,236	Nov-19

1. Building areas shown on 100% basis.
2. Re-leased to Nokia Solutions and Networks Australia and NBN Co.
3. HoA are non-binding.

Portfolio Over/(Under) Renting

- Analysis reflects passing rents compared to the most recent May 2018 independent valuation of the entire portfolio
- Increased Sydney under-rented position due to:
  - 388 George St valuation market rent reflecting refurbishment plans
  - market rent growth exceeding fixed increases on existing leases
- Canberra movement resulting from fixed increases at 16 Mort St over and above market movements
- Perth movement resulting from:
  - exclusion of over-rented 836 Wellington St due to anticipated sale, and
  - rebasing of passing rents at 66 St Georges Terrace due to renewals/expiries

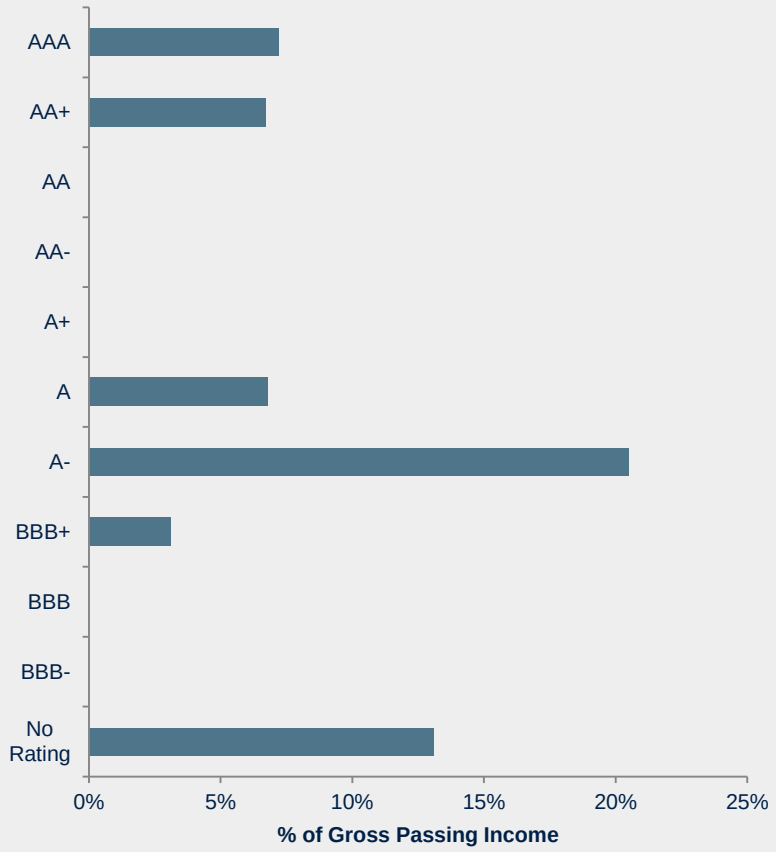
Total portfolio over/(under) renting[1,2]



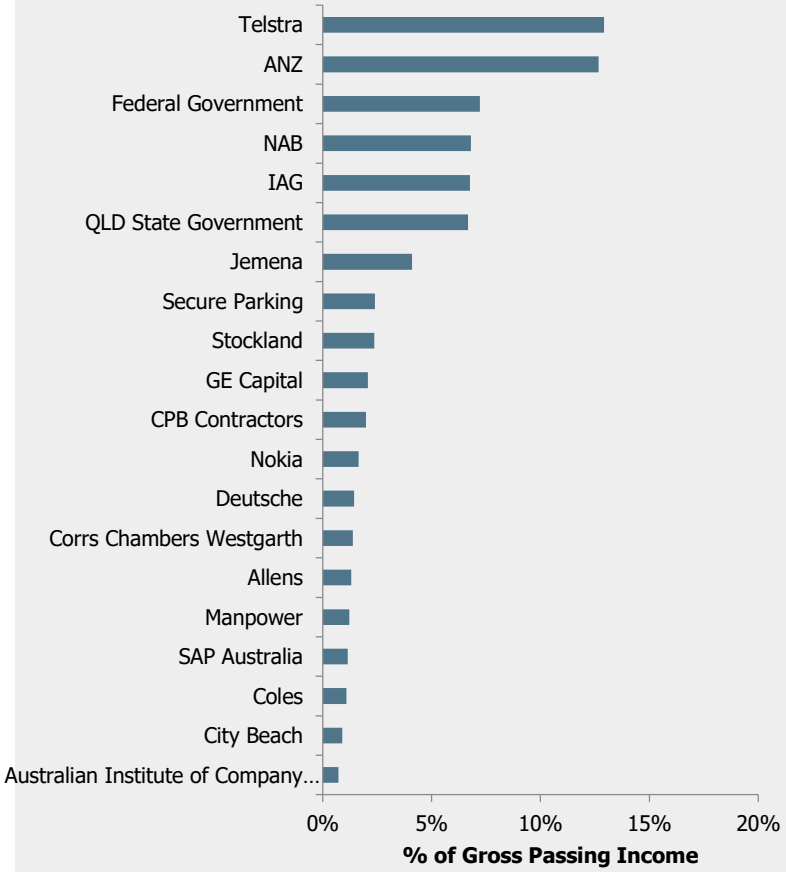
1. Passing rents compared to market rents as per most recent valuation.
2. Excludes 836 Wellington St in Perth due to anticipated sale.

Tenant Profile

IOF Credit Ratings of Top 20 Tenants



Top 20 Tenants



Portfolio Overview



Perth	
Number of properties	2
Book value ($m)	$156.3
% of IOF portfolio value	3.6%
Occupancy[1]	79.5%

Melbourne	
Number of properties	2
Book value ($m)	$656.7
% of IOF portfolio value	15.1%
Occupancy[1]	99.4%

Brisbane	
Number of properties	5
Book value ($m)	$592.7
% of IOF portfolio value	13.6%
Occupancy[1]	94.4%

Sydney / North Sydney	
Number of properties	10
Book value ($m)	$2,846.4
% of IOF portfolio value	65.3%
Occupancy[1]	98.4%

Canberra	
Number of properties	1
Book value ($m)	$104.3
% of IOF portfolio value	2.4%
Occupancy[1]	100.0%

1. Weighted by 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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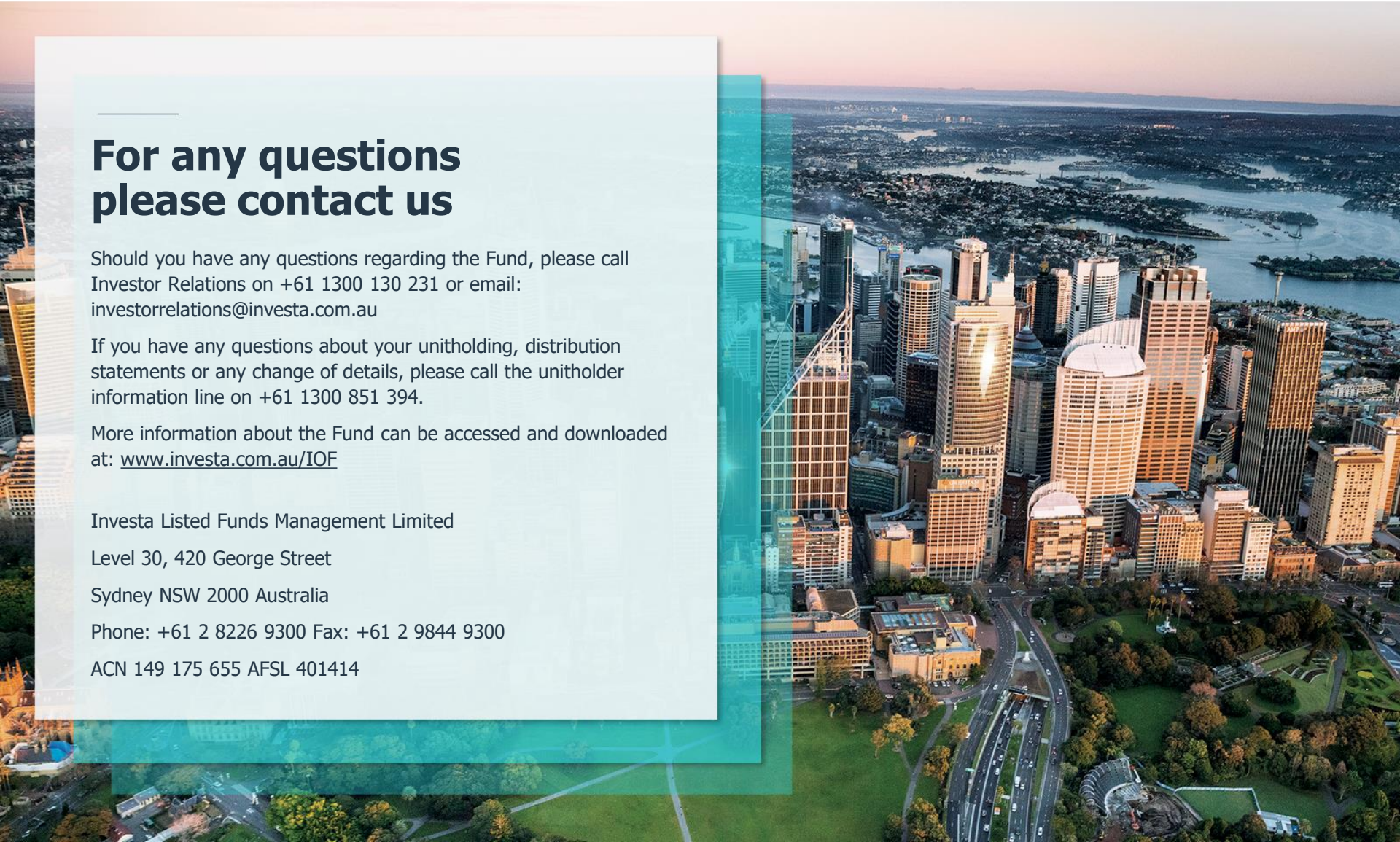
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