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Investa Office Fund (ASX:IOF)

Acquisition of Piccadilly Complex

Investa Office Fund ("IOF") announces it has entered into a contract to acquire 50% of The Piccadilly Complex, Sydney ("Piccadilly"), for \$194.25 million, subject to adjustments for lease incentives. As a result of the acquisition, FY14 FFO guidance provided at the 1H14 results announcement is being upgraded by 0.2 cents per unit to 26.3 cents per unit, representing 5% growth on FY13.

Piccadilly is comprised of two office buildings totalling ~42,000sqm located on Pitt and Castlereagh Streets, connected by a two level retail mall and serviced by a 229 bay car park. The complex has a long weighted average lease expiry of 5.3 years, 93% occupancy and attractive net office rents ranging from ~\$350psm to ~\$690psm, with annual fixed increases. The asset is highly complementary to IOF's existing Sydney portfolio in terms of location, income profile and rental price point. Value-add opportunities exist in the short-term through the lease-up of vacant space and the opportunity to capture rental upside.

The surrounding area has recently undergone significant improvement with the development of 161 Castlereagh Street, home to ANZ and Freehills, and the upgrade of Pitt Street Mall. Longer term opportunities exist to make more of this strategic location.

Performance of the asset will be driven by a joint approach between Investa and Stockland¹. This approach will leverage the respective skills of the two organisations, with Investa utilising its specialist expertise in the office sector to drive value creation from the office component of the complex, whilst Stockland will leverage their core capability in retail management to operate and improve the retail mall.

The price represents a 6.9% yield on cost after acquisition costs and a cap rate of 7.1%. The acquisition is in line with Stockland's book value and is scheduled to settle on 31 March 2014. The acquisition will be funded with available debt facilities, and 31 December 2013 pro forma look-through gearing post settlement will increase to 29.2%.

Toby Phelps, Fund Manager IOF said: "The purchase of Piccadilly brings IOF's Australian acquisitions to approximately \$1 billion in less than two years, redeploys the proceeds from the sale of DOF, and is in line with our strategy of reinvesting offshore proceeds into high quality Australian assets with attractive risk adjusted returns. We are excited to be growing our relationship with Stockland and exploiting the complementary skills that sit across our two organisations."

- ENDS -

1. Change of control provisions exist in the event of a change of Responsible Entity

About Investa Office Fund

Investa Office Fund (ASX code: IOF) is an ASX-listed real estate investment trust (A-REIT) and is included in the S&P/ASX100 index. IOF is a leading owner of investment grade office buildings and receives rental income from a tenant register comprised predominately of Government and blue chip tenants. IOF has total assets under management of AU\$2.9 billion with 21 investments located in core CBD markets throughout Australia, and one remaining legacy asset in Brussels, Belgium. IOF's focus is on delivering attractive risk-adjusted returns to its unitholders from a portfolio of high quality assets located in the key CBD office markets of Australia.

About Investa Office

Investa Office is Australia's leading owner and manager of commercial office buildings, controlling assets worth \$8 billion in key CBD markets across Australia. Our end-to-end real estate platform incorporates funds, portfolio and asset management, property services, development, sustainability, capital transactions and research.

We strive to be the first choice in Australian office, by delivering consistent outperformance for our investors and exceeding the expectations of our tenants and staff. Investa Office is a global leader in sustainability and is committed to responsible property investment and the ongoing pursuit of sustainable building ownership and management.

We are a signatory of the United Nations Principles for Responsible Investment.

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