

1 August 2002

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir

INVESTA PROPERTY GROUP (IPG) ACQUIRES \$570M TELSTRA OFFICES PORTFOLIO

Acquisition to be funded by equity and short term debt

Investa is pleased to announce that contracts were exchanged today with Telstra Corporation Ltd (Telstra) for the purchase of seven office buildings at a price of \$570 million. The purchase price reflects an average initial property yield of 8.25% per annum.

The seven properties being acquired represents Telstra's key offices in each location, including its Head Office in Melbourne. They are as follows:

- 242 Exhibition Street, Melbourne
- 231 Elizabeth Street, Sydney
- 310-322 Pitt Street, Sydney
- 30 Pirie Street, Adelaide
- 80 Stirling Street, East Perth
- 7-13 Tomlins Street, Townsville
- 111-115 Grafton Street, Cairns

The leases to Telstra have an average expiry of 9.4 years, representing 97% of the income from the properties. Rents generally increase by 3% per annum with market reviews held at the third and sixth anniversaries (subject to a collar and cap of between 95% and 110% of the previous years rent).

The purchase is to be funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per Security and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

Chris O'Donnell, Managing Director of Investa Properties Limited, said: "This is a significant and strategically measured step forward for the Group."

"The acquisitions reinforce the Group's investment strategy of weighting to New South Wales and Victoria.

"IPG is now clearly positioned at the forefront of the office sector, reinforcing the strength of its underlying earnings and further evidencing the greater capital efficiency of the stapled security structure in delivering greater value and flexibility for investors," he said.

"The Telstra transaction significantly expands the Group's investment portfolio and underpins its earnings growth profile through the strength of the Telstra leases and rental review provisions. In addition, the average remaining lease duration over our overall portfolio has been extended by just over a third, from 4.6 to 6.2 years, thereby reducing the proportion of lease expiries within the next five years from 63% to 43% total," said Mr O'Donnell.

"Importantly, through a benefit sharing agreement, Investa will participate in savings generated by a number of corporate property initiatives on which Telstra and Investa will focus.

"These include working with Telstra to reduce the operating costs of its buildings, and provide advice and support in relation to improving workspace environments and accommodation efficiencies.

"In this way, Telstra has the opportunity to tap into the wealth of expertise we have developed in providing single-point corporate property services," he said

Existing investors will be given priority to participate in the pro-rata entitlement issue through a Prospectus to be forwarded to each investor shortly. The Prospectus is also posted on the Investa website at www.investa.com.au. The public will be able to participate to the extent that existing investors do not take up their entitlement.

The issue of Securities is fully underwritten by UBS Warburg. Valid applications must be received by 28 August 2002.

For further information, please contact Chris O'Donnell on (02) 8226 9301 or Andrew Junor on (02) 8226 9305.

Yours sincerely

BRIAN McGARRY
Company Secretary

EDITORS NOTES.

TELSTRA PORTFOLIO

**242 Exhibition Street,
Melbourne;**

47 Level office tower built in 1992
NLA 65,539m²
42 Levels of office accommodation
Conference facilities and Theatrette
Retail arcade and food court
346 car spaces

310 – 322 Pitt Street, Sydney;

32 Level office tower built in 1989
NLA 29,159m²
30 levels of office accommodation
1 retail tenancy

30 Pirie Street, Adelaide;

25 Level office tower built in 1987
NLA 24,782m²
23 Levels of office accommodation
1 retail tenancy and a theatrette

111 – 115 Grafton Street, Cairns;

3 Level office building built in 1987
NLA 2,749m²
2 Levels of office accommodation
57 Car spaces

231 Elizabeth Street, Sydney;

17 Level office tower built in 1987
NLA 23,269m²
16 Levels of office accommodation
80 car spaces

80 Stirling Street, East Perth;

8 level office tower built in 1982
NLA 19,775m²
7 levels of office accommodation
31 car spaces

**7 – 13 Tomlins Street,
Townsville;**

8 level office building built in 1989
NLA 9,413m²
5 Levels of office accommodation
800m² of retail tenancies
152 Car spaces

Telstra will lease approximately 97 percent of the total Net Lettable Area ("NLA") (comprising 99 percent of the office area) of the Portfolio with the remainig 3 percent of NLA let to third parties.

ABOUT INVESTA PROPERTY GROUP

From its inception in 2000, the strategy of the Investa Property Group has been to build a range of business activities as a key driver to generating superior investment performance against its peers for the benefit of investors.

These initiatives have included the establishment of a \$600 million funds management business, the purchase of a development company with inventory of \$145 million, and creation of a property management business with responsibility (at 30/6/2002) for over 450,000 square metres of office and industrial space.

The strategy of Investa has and continues to be the expansion of the business activities being undertaken, leveraging off a sound corporate infrastructure and experienced management team.

The acquisition of Silverton Limited, completed last year considerably broadened Investa's business platform and its attraction to multiple segments of the investment community and is forming an important part of the Group's earnings.

Underpinning the growth in business activities is the strength of earnings delivered from the investment portfolio. The ongoing expansion of these activities will continue to support that of the business activities and together are central to the overall delivery of sustained out-performance into the future.

Investa Property Group's stapled securities are listed on the ASX where it is a top-100 organisation with assets under management of \$2.0 billion and a market capitalisation of \$1.2 billion. The Group's total return for the year ended 30 June 2002 was 21.5%, outperforming the listed property trust indices.

THE INVESTA PROPERTY TRUST

The pre-Telstra Investa property portfolio comprises interests in 21 commercial properties totalling approximately 350,000m² valued at approximately \$1.2 billion.

INVESTA PROPERTIES LIMITED

Investa Properties Limited is the Responsible Entity for Investa Property Trust and in addition provides external property funds management services together with property and facilities management and development services.

During the year, Investa Property Group acquired development company, Silverton Ltd, and also launched two property syndicates and two wholesale funds.

END