



**INVESTA PROPERTY GROUP
ANNUAL GENERAL MEETING
OCTOBER 15TH, 2002**

CHAIRMAN'S ADDRESS

Year in Review

When I spoke to you last year I made the commitment on behalf of your Board and senior management team that Investa would continue to build its momentum and add significant value to your investments.

As you are aware Investa has achieved a very creditable result, particularly given the increasing uncertainty associated with the broader equity market.

A brief summary of our key financial achievements this year confirm our efforts:

- We expected to achieve increased distributions – this year's distribution was 14.75 cents per security, an increase of 6.9% over the corresponding previous period
- We expected your securities would continue to represent strong value following last year's re-rating. At June 30, 2001, the price was \$1.80., and at June 30 2002 your securities were worth \$2.07 in an equities market that has been beset with uncertainty
- We expected to increase net profit before amortisation and revaluation – this year we exceeded forecast, increasing by 40.4% to \$88.7 million
- We have continued to create value for investors through Group diversity – this year the development business accounted for a considerable 9.6% of Group income, funds management income grew by \$2.5 million, while asset management income increased by \$2.2 million
- The overall Company contribution to net profit increased from 2% in 2001 to 11% this year.

Overall, the Group's total return for the year was 21.5%, clearly outperforming the UBS-W 200 Commercial Property index which returned 12.8%, and the S&P/ASX property index, which returned 14.9%.

Among our many business achievements this year, Investa began to generate encouraging returns from the consolidation of the Silverton development acquisition, whilst the Group's investment portfolio of commercial assets made a significant contribution to overall earnings growth.

During the year, the Group took several steps to strengthen its corporate governance.



An independent review of our operations was commissioned by the Board to further strengthen the Corporate Governance of the Group. This review included a series of one-on-one interviews with each director and with our senior executives, to define our corporate governance framework against best practice standards.

The Board is progressively implementing each of the major recommendations. As a consequence, the Board established an Audit and Risk Management Committee and a Nominations and Remunerations Committee. These new committees are in addition to the Due Diligence Committee that has been in operation for some time. Separate charters for the Board, and for each Committee have been defined; and programs for the work to be undertaken by each Committee have been established.

A separate Director chairs each Committee. Any Director is entitled to attend any meeting of any Committee. Each Committee reports to the Board.

The corporate governance program incorporates a review of the performance of each Director and of the Board as a whole.

In general, the non-executive directors serve on at least one Committee of the Board and / or one of the Boards of the Development or Asset Management Companies.

Continuing Investa's commitment to high standards of corporate governance, your Board has been strengthened with the appointment of Deborah Page and John Messenger as Non-Executive Directors, bringing the total to five Non-Executive Directors and the Managing Director

Deborah brings a wealth of experience in accounting and auditing activities to Investa, whilst John's expertise in corporate risk management and human resources will support our strategic business directions.

Sadly, one of our foundation Directors, Peter J A Carney died in tragic circumstances this August.

It goes without saying that we have all been deeply affected by his passing.

Peter gave a lifetime of service to industry and government in environmental law, banking and property, and was a tireless advocate for reform, transparency and good governance.

Peter's unstinting commitment to excellence and passion for the property sector will be sadly missed.

Turning now to Investa's future, we are committed to building momentum across all our fundamental businesses.



We anticipate continued solid earnings contributions from all our business divisions, particularly our actively managed trust portfolio and our property and facilities management services, which are rapidly emerging as a key market differentiator for Investa.

Strengthening our presence in the three key east coast markets, in February 2002 Investa opened its Brisbane property management office to service the Queensland assets of our various managed trusts.

As I foreshadowed last year, we have launched two new syndicates - Investa First Industrial Trust, and Investa Second Industrial Trust - increasing funds under management to \$267.3 million.

Investa also launched its Wholesale Funds business consisting of the Martin Place Wholesale Syndicate, and the Investa Commercial Property Fund. As a result, new funds under management increased by \$345.4 million.

In January 2002, Investa secured another key acquisition, 209 Kingsway in South Melbourne Victoria, whilst in June 2002, Investa purchased 55 Forbes Street, West End, Brisbane for future redevelopment, and Lysaght Street for future syndication.

I might also add that since balance date, Investa has continued to pursue growth opportunities. In August we acquired the \$570 million Telstra property portfolio, which incorporates that company's Melbourne Headquarters.

This major achievement positions Investa as one of Australia's largest property trusts with total assets of \$2.1 billion. It also demonstrates our commitment to delivering sustainable value underpinned by end-to-end property solutions.

The Telstra portfolio acquisition complements the already impressive performance achieved by the Group's investment portfolio. Including the 7 Telstra properties, the Group's investment portfolio increased from 20 to 28 properties with a secure 98% occupancy level.

Finally, on behalf of the Board, I take this opportunity to thank the entire team at Investa for their effort and the results they have achieved. The result would not have been possible without the skills and commitment of the team, and the Board recognises them as the Group's most important asset. Thanks to those efforts, I am confident Investa will continue to deliver on Securityholders' distribution expectations for 2003.

Ian Payne
Chairman
Investa Property Group