

7 January 2003

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

Dear Sir

**Investa Property Group
Purchase of 589 Collins Street, Melbourne**

Investa Property Group is pleased to announce the execution of unconditional contracts for the purchase of 589 Collins Street, Melbourne, a 31,900m² office building located at the western end of Collins Street.

The property has been purchased from the Victorian Government Superannuation Office for \$54.0million, with settlement scheduled for 31 January 2003. The purchase price represents a rate of \$1,700/m² and an initial passing yield of 16.5% per annum.

The property comprises a 17 level office building, with floor areas averaging approximately 1,850m² arranged as two towers, interlinked by a central serviced core. 156 car spaces are located in 2 basement levels. The building was completed in 1984, from which time it has been occupied by various State Government Departments.

The property is well located near the junction of King and Collins Street, in the block immediately to the west of Rialto and 530 Collins Street. With the completion of the Collins Street extension and proximity to Docklands, this precinct is well positioned to benefit from the gentrification that has been occurring in the immediate area.

Investa's Managing Director, Chris O'Donnell said "The recent negative sentiment in the Melbourne office market has enabled Investa to purchase the asset below replacement cost. The Group plans to leverage its skill base to deliver the full performance potential of the asset over the medium to long term".

The Victorian Government currently occupies the whole of the premises under one lease, expiring in June 2004. An 18 month lease extension over 17,600m² is also in place. In addition, the vendor has provided a rental income guarantee amounting to \$3.5million which will be available to be drawn upon until 2009 to offset the expected impact of revenue shortfalls during the re-leasing programme.

Mr O'Donnell said "The purchase represents an opportunity to undertake an asset repositioning that capitalises on the buildings fundamental features which include large floors, good location, excellent natural light and views. With the support of high initial income, a rent guarantee, and a commitment to a refurbishment programme, this is a sound investment opportunity for the Group".

It is intended that a 50% interest in the property will be applied to a new syndicate that will be launched this year. This will provide further benefits to the Group in the form of additional establishment and management fee income.

For further information on the above announcement, please contact Andrew Roy on 8226 9333.

Brian McGarry
Company Secretary