



INVESTA
Property Group

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26th May, 2003

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

Dear Madam

Intention to make Takeover Bid for Principal Office Fund (POF)

Investa Properties Limited, as responsible entity of Investa Property Trust, advises of its intention to make an off market scrip and cash offer to acquire all remaining issued units in Principal Office Fund.

A copy of the media release and the presentation material is attached.

Yours faithfully

Brian McGarry
Company Secretary

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MEDIA ANNOUNCEMENT

Investa Property Group Announces its intention to make a Takeover Bid for Principal Office Fund (POF)

- ***Clear and convincing benefits for POF and IPG investors***

Sydney 26 May 2003: Investa Properties Limited ("Investa"), as Responsible Entity for Investa Property Trust, today announced that Investa intends to make an off-market scrip and cash Offer to acquire all remaining issued units in POF. Investa already holds an 8.4 percent interest in POF, acquired on 21 May 2003.

The offer terms are seven IPG securities plus \$4.86 for every 12 POF units. Based on the five day volume weighted average trading price (VWAP) for Investa Property Group ("IPG") securities to market close on 23 May 2003, the offer represents a value of \$1.63 per POF unit.

IPG's Offer (as described above) represents a 18.1% premium to POF's 5 day VWAP to 21 May 2003 (the day IPG acquired 8.4% of POF).

Mr Chris O'Donnell, Managing Director of Investa Property Group, said that the Offer should provide clear and convincing benefits for POF and IPG investors.

"The acquisition should be accretive to expected earnings and distributions per security for Financial Year 2004 for both POF and IPG investors," said Mr O'Donnell.

"For POF unitholders, this Offer represents an opportunity to realise a price on their investment in excess of the recent market price," Mr O'Donnell said.

In the three years to 1 May 2003, IPG securities delivered a 17.0% pa total return to its investors compared with POF's total return of 8.6% pa over the same period.

"Our offer is at a premium to the key measures of value for POF unitholders. In addition to that premium, POF unitholders can also gain access to higher potential earnings from IPG applying its value adding management style to the significantly enlarged portfolio," Mr O'Donnell said.

The fully Merged Entity is expected to have a market capitalisation of approximately \$2.9 billion as compared with POF's recent market capitalisation of around \$1.3 billion. The merged POF and IPG would have interests in 39 office investment properties, located across six capital cities as compared with POF's current 12 (not including 185 Macquarie Street, Sydney) properties located across three states.

By bringing together POF and IPG, investors in both will be part of what will be a dominant listed office property trust and investment business in Australia.

For IPG, this is another opportunity to 'leapfrog' the growth of its businesses by acquiring a quality portfolio from which we can extract multiple earnings streams through IPG's funds management, development and asset management activities.

"The assets held by POF are an excellent strategic fit with Investa's integrated property platform. The acquisition provides opportunities for our wholesale and syndication activities in the short term together with longer term asset development opportunities," Mr O'Donnell said.

"In fact, there are close parallels with the opportunity that the acquisition of the Telstra portfolio provided where we were able to add value through our capacity for both integrated and active management of the assets," said Mr O'Donnell.

Mr O'Donnell said he believed POF's investors would see the Offer as an exciting opportunity to participate in Investa's growth as a major participant in the Australian property market.

The Offer is subject to Investa becoming entitled to at least 50.1 percent of POF units on issue as well as other conditions described in the attachment to this announcement.

Acceptance of the Offer by POF unitholders can only be made in respect of all their POF units.

Investa's Bidder's Statement is expected to be lodged in the near future.

ENDFor Media Enquiries:

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Editors Note: A presentation to investors has been lodged with the ASX.

Attachment 1 Offer Conditions

Consideration offered

Seven Investa Property Group Securities and \$4.86 for every 12 Principal Office Fund units.

Conditions to the Offer

(a) No material acquisitions, disposals or changes in the business

Except for any proposed transaction publicly announced by POF prior to the Announcement Date, none of the following events occur during the period from the Announcement Date to the end of the Offer Period:

- (1) POF or any POF subsidiary or associated trust acquires or agrees to acquire one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than A\$20 million;
- (2) POF or any POF subsidiary or associated trust disposes, or agrees to dispose of one or more companies, businesses or assets (or an interest in one or more companies, businesses or assets) for an amount in aggregate greater than A\$20 million;
- (3) POF or any POF subsidiary or associated trust enters into or announces that it proposes to enter into any joint venture or partnership, involving a commitment of greater than one year or a commitment of greater than A\$20 million; and
- (4) POF or any POF subsidiary or associated trust disposes, or agrees to dispose of any part of its interest in any joint venture, trust or partnership:
 - (A) in which POF or any POF subsidiary or associated trust has an interest which is valued in the most recent statement of financial position of POF at A\$20 million or more; and
 - (B) which results in a change of control of the assets the subject of the joint venture, trust or partnership,

in each case other than as a result of the exercise of co-ownership rights in relation to the QV1 and Maritime Trade Towers properties as disclosed to ASX prior to the Announcement Date.

(b) Minimum acceptance condition

Before the end of the Offer Period, Investa Properties Limited and its associates have relevant interests in 50.1% or more of the POF Units then on issue.

(c) No material adverse change

There does not occur, be discovered, be announced or otherwise become public during the Offer Period any material adverse change (from that publicly announced to the market before the Announcement Date) in the business, financial or trading position or condition, assets, liabilities or profitability or prospects of POF and its

subsidiaries and associated trusts taken as a whole, or any event or action proceeding from a circumstance or change in circumstance, which is reasonably likely to result in a material adverse change (from that publicly announced to the market before the Announcement Date) of the kind mentioned above.

(d) No persons exercising rights under certain agreements or instruments

There is no person:

- entitled to exercise;
- exercising or purporting to exercise; or
- stating an intention to exercise,

any rights under any provision of any agreement or other instrument:

- to which POF or any POF subsidiary or associated trust is a party;
- which give rise to a right of indemnity out of the assets of POF or any POF subsidiary or associated trust; or
- by which or to which POF or any POF subsidiary or associated trust or any of its assets may be bound or be subject;

which results or could result in:

- (1) any amount in excess of A\$10 million being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- (2) any amount in excess of A\$5 million being or becoming payable by way of fee, penalty or premium in satisfaction of any other contingent right or entitlement;
- (3) any such agreement or other such instrument being terminated or modified or any action being taken or arising thereunder to an extent which is material in the context of POF and its subsidiaries and associated trusts as a whole;
- (4) the interest of POF or any POF subsidiary or associated trust in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified;
- (5) the business of POF or any POF subsidiary or associated trust with any other person being materially adversely affected; or
- (6) POF or any POF subsidiary or associated trust disposing, or being required to dispose of, any interest in any asset for an amount in aggregate greater than A\$20 million (including without limitation pursuant to the exercise of any pre-emptive right or right of first refusal),

other than in relation to co-ownership rights in relation to the QV1 and Maritime Trade Towers properties as disclosed to ASX prior to the Announcement Date.

(e) No long term arrangements

Neither the Responsible Entity of POF, nor any of its related entities, is, becomes a party to or announces an intention to enter into any property management, leasing or development management agreement in relation to POF:

- (1) which has a term or remaining term in excess of one year;
- (2) which is not in the ordinary course of activities of POF; or
- (3) which has a total value or involves total expenditure over the term of the agreement in excess of A\$10 million,

where such agreement has not been disclosed in full to the ASX prior to the Announcement Date.

(f) No increased indebtedness

Except for any transaction publicly announced by POF prior to the Announcement Date, during the period from the Announcement Date to the end of the Offer Period, neither POF nor any POF subsidiary or associated trust incurs or guarantees financial indebtedness of any kind in excess of A\$10 million.

(g) S&P/ASX 200 property trust index

The S&P/ASX 200 Property Trust Index is not below 1330 (a decline of approximately 15% from the closing level of that index on the trading day before the Announcement Date) at any time on any ASX trading day during the period from the Announcement Date to the end of the Offer Period.

(h) IPG Securities price decline

Between the Announcement Date and the date of the Offer, IPG Securities do not trade below \$1.99 on ASX at any time on any ASX trading day.

(i) Finance

During, and at the end of the Offer Period:

- (1) each of the preconditions to the availability of the facility to fund the Offer is and remains satisfied (excluding preconditions that have been waived by Commonwealth Bank of Australia);
- (2) there is no event of default, or potential event of default or review event under the facility to fund the Offer (excluding events of default, potential events of default or review events that have been waived by Commonwealth Bank of Australia).

(j) No related party transactions

Except for any transaction publicly announced by POF prior to the Announcement Date, during the period from the Announcement Date to the end of the Offer Period, neither POF nor any POF subsidiary or associated trust enters into or otherwise becomes a party to any transaction with a related party (as that term is defined in the Corporations Act).

(k) Regulatory issues

Between the Announcement Date and the end of the Offer Period:

- (1) there is not in effect any preliminary or final decision, order or decree issued by any government, governmental agency, court or public authority;
- (2) no action or investigation is announced, commenced or threatened by any government, governmental agency, court or public authority; and
- (3) no application is made to any government, governmental agency, court or public authority (other than by Investa Properties Limited and its associates),

in consequence of or in connection with the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer and the completion of the transactions contemplated by the bidder's statement.

(l) Distributions

POF does not;

- (1) make any distribution that is not in the ordinary course of its activities or that is capital in nature; or
- (2) reactivate its distribution reinvestment plan or commence operation of any other distribution reinvestment plan.

(m) Principal agreements

There is no agreement between the Responsible Entity of POF and Principal Real Estate Investors (Australia) Limited, or any other entity associated with the Principal Financial Group, which cannot be terminated by the Responsible Entity of POF on one month's notice without fee, penalty or any other additional payment.

(n) Quotation

Permission for admission to official quotation by the ASX of the IPG Securities to be issued pursuant to the Offer being granted no later than 7 days after the end of the Offer Period.

(o) No prescribed occurrences

None of the following occurrences (each a **prescribed occurrence**) happening during the period from the Announcement Date to the end of the Offer Period:

- (1) POF converting all or any of its Units into a larger or smaller number of Units;
- (2) POF or any subsidiary trust of POF entering into a buy back agreement in relation to POF Units or resolving to approve the terms of a buy back of POF Units;
- (3) The Responsible Entity of POF or a subsidiary of the Responsible Entity of POF making an issue of POF Units or granting an option over POF Units or agreeing to make such an issue or grant such an option;

- (4) The Responsible Entity of POF or a subsidiary of the Responsible Entity of POF disposing or agreeing to dispose, of the whole, or a substantial part, of POF's business or property;
- (5) The Responsible Entity of POF or a subsidiary of the Responsible Entity of POF charging, or agreeing to charge, the whole, or a substantial part, of POF's business or property;
- (6) POF Unitholders resolving that POF be wound up;
- (7) The making of an order by a court for the winding up of POF or of a subsidiary trust of POF; or
- (8) The appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of POF or of a subsidiary trust of POF.

For the purposes of this announcement, the Announcement Date means 26th May, 2003.

Attachment 2 About Investa

Investa Property Group is an ASX listed integrated property group with a range of businesses associated with the development, management and ownership of real estate. It trades on the ASX under the code IPG and is among the largest 80 entities listed on the ASX, having a market capitalisation of approximately \$1.8 billion as at May 2003.

The activities of Investa Property Group include:

- property investment;
- property development;
- funds management;
- asset management; and
- corporate property services.

One IPG Security consists of one unit in the Investa Property Trust and one ordinary share in Investa Properties Limited which are stapled together. Investa Properties Limited is the Responsible Entity of the Investa Property Trust.

END



INVESTA
Property Group

**Offer for Principal Office Fund
(POF)**

Delivering Mutual Benefits

Investa Property Group

Disclaimer

This presentation sets out information in relation to the proposed conditional, off-market, scrip and cash takeover bid ("**Takeover Bid**") by Investa Properties Limited as responsible entity of Investa Property Trust ("**IPG**") for all the issued ordinary units in Principal Office Fund ("**POF**") and related matters.

Information in this presentation in relation to POF, together with pro forma information on the combined IPG/POF group ("the **Merged Entity**"), has been prepared by IPG using publicly available information in relation to POF, and has not been independently verified. Accordingly IPG does not, and its officers, employees and advisers do not, (subject to provisions of the Corporations Act and any other law to the contrary), make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of such information.

The information on the Takeover Bid contained in this presentation should not be considered to be comprehensive or to comprise all information which a POF unitholder may require in order to determine whether or not to accept IPG's offer under the Takeover Bid. Full details in relation to the Takeover Bid (including the full text of all conditions to the offer) will be set out in a Bidder's Statement to be lodged with the Australian Securities and Investments Commission. The Bidder's Statement (together with the Target's Statement to be issued by POF in response) should be read in its entirety before making any decision in relation to the Takeover Bid.

This presentation does not comprise or form part of an offer of or invitation to subscribe for any securities of IPG in any jurisdiction and should not be relied upon in connection with, or act as an inducement to enter into, any contract or commitment for such subscription.

This presentation may contain statements in the nature of forward looking statements. Those statements are only predictions based on certain assumptions and are subject to inherent risks and uncertainties. Actual results may differ materially from those predicted or implied by any forward looking statements for a range of reasons outside the control of Bidder. Accordingly, no representation or warranty is given by IPG or its directors, officers, employees or advisers (subject to provisions of the Corporations Act and any other law to the contrary) in relation to the accuracy or likelihood of fulfilment of those forward looking statements or of any underlying assumptions.

This presentation does not take into account the financial situations, investment objections and particular needs of any person to whom it is addressed. It does not amount to advice or any recommendation in relation to IPG securities or POF units, or in relation to the Takeover Bid generally.

This presentation refers to the impact of the Takeover Bid on Investa and the implications of the Takeover Bid for POF and POF unitholders. These matters assume IPG's 100% ownership of POF. A reference in the presentation to the "Merged Entity" is a reference to IPG owning 100% of POF.

Investa Property Group Contents

- ◆ Offer Overview
- ◆ Benefits of the Offer
- ◆ IPG Strategy
- ◆ Financial Impact of the Merger
- ◆ Property Portfolio
- ◆ Conclusion

Offer Overview

Offer Overview

- ◆ IPG is offering to buy all Principal Office Fund ('POF') units on issue
- ◆ Offer is 7 IPG securities plus \$4.86 cash for every 12 POF units
- ◆ Implied price of the offer is \$1.63* per POF unit (using IPG's 5 day VWAP to 23 May 2003 of \$2.10)
- ◆ This offer provides benefits to POF unitholders and IPG securityholders

*A reference in this presentation to a VWAP to a date includes trading on that day.

Benefits of the Offer

Key Benefits of the Offer to POF Unitholders*

- ◆ 18.1% premium to POF's 5 day VWAP (\$1.38) up to 21 May 2003 (& 17.3% premium to POF's 30 day VWAP (\$1.39))
- ◆ Attractive 25.4% premium to POF's 5 day VWAP (\$1.30) prior to CEP's bid for ART
- ◆ 7.2% premium to POF's adjusted NTA of \$1.52**
- ◆ 16.4% forecast distribution increase for FY04 POF investors
- ◆ Access to IPG's dedicated funds, asset management and development resources
- ◆ The aggregate contribution of synergies in FY04 has been estimated to be \$11.2m

*Based on IPG's 100% ownership of POF

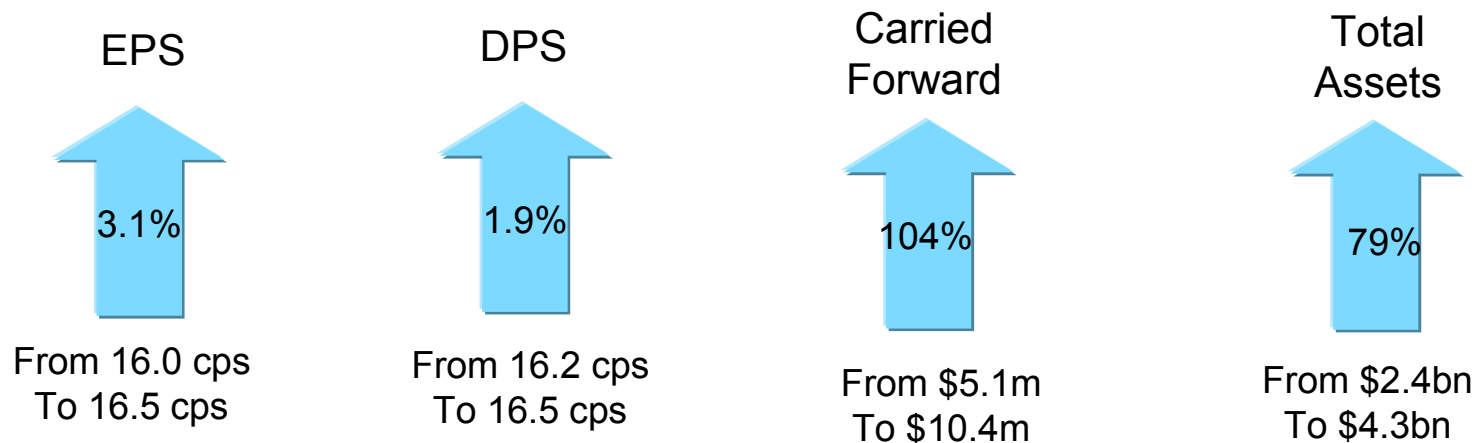
** Adjusted NTA: - Includes reduction by IPG to reflect \$30m aggregated writedown in value of 120 Collins Street, Melbourne and Kindersley House, Sydney

Key Benefits of the Offer to POF Unitholders* (cont)

- ◆ Top 50 ASX entity post takeover with increased index weighting and greater liquidity
- ◆ Larger market capitalisation should result in a lower cost of capital enabling future transactions on better terms
- ◆ Greater alignment of interests of RE and unitholders through stapled structure
- ◆ Exposure to more diverse development portfolio
- ◆ Improved lease expiry profile (lease duration in the Merged Entity is 4.5 years vs. 3.6 years in POF)
- ◆ Move to an LPT with a superior performance record, greater management depth and a reputation for delivering on stated objectives
- ◆ Opportunity to maximise returns from IPG value chain strategy across increased portfolio of assets

*Based on IPG's 100% ownership of POF

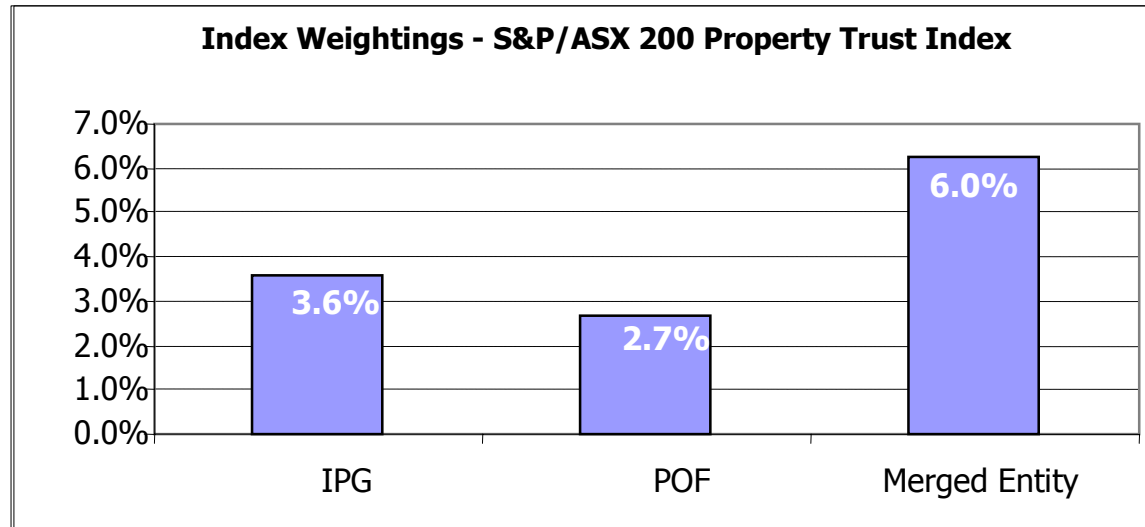
Financial Impact of Merger Financial Year '04*



*Based on IPG's 100% ownership of POF

Greater Index Weighting in IPG

- ◆ The larger Merged Entity will enjoy a substantially greater index weighting



- ◆ \$2.9bn post merger index market capitalisation of Merged Entity and 5th largest LPT by market capitalisation
- ◆ IPG is also represented in the international MSCI Index.
 - The Merged Entity should have increased representation in that index

Investa's Track Record

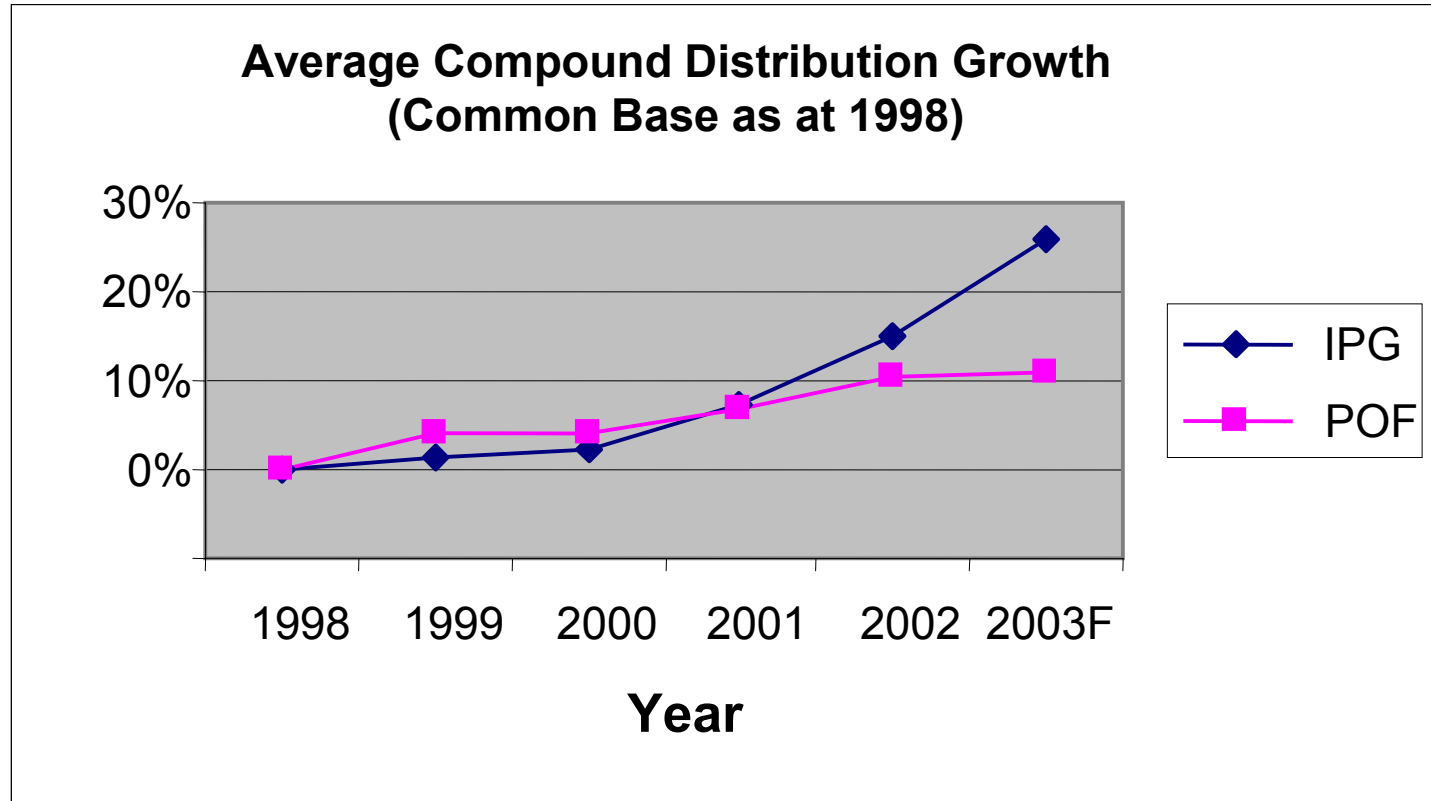
- ◆ IPG outperformed both POF and UBS-W Commercial 200 indices for 1, 3 and 5 years to 1st May 2003

Annualised	1 Year	3 Year	5 Year
IPG	7.7%	17.0%	10.9%
POF	-1.4%	8.6%	5.2%
UBS-W Commercial 200	2.0%	11.0%	7.7%
S&P/ASX 200 Prop Acc. Index	13.3%	14.2%	9.7%

- ◆ IPG has been among the best performing entities in the office trust sector on the ASX over each of these periods and has significantly outperformed POF.
- ◆ Market performance reflects underlying asset performance
 - IPG 13.55% pa : POF 9.99% pa * (2 years to 30/6/02)

* Source: POF June 2002 Results Summary

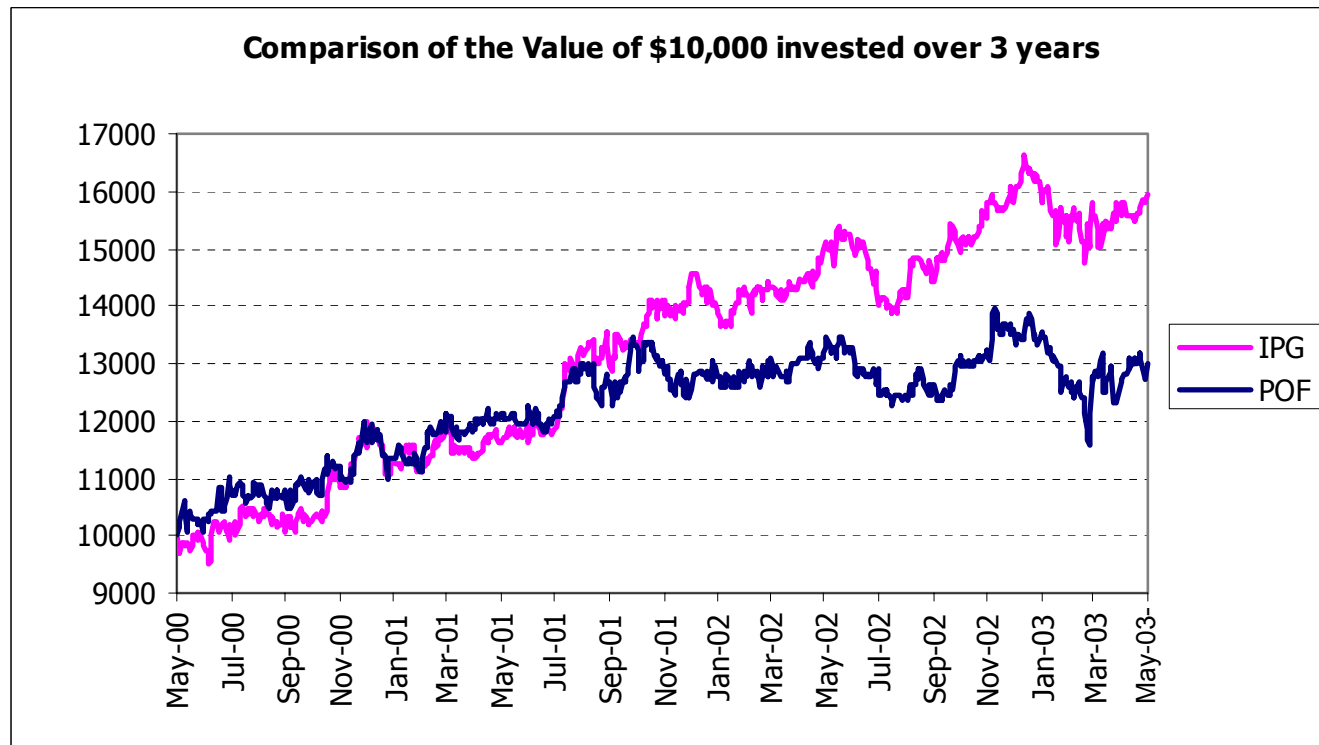
IPG and POF – Comparison of DPU Growth



- ◆ IPG's 5 year DPU growth (4.0% p.a.) has been significantly higher than that achieved by POF (2.1% p.a)

IPG – An Office Market Specialist

- ◆ In a difficult office market environment IPG has performed strongly due to implementing stated strategy
- ◆ Results highlight the benefits of a stapled structure



Management – Stability and Internalisation

- ◆ IPG has stability and continuity of senior management team
- ◆ IPG has substantial depth of management
- ◆ IPG's strategic focus is Australian property
- ◆ Every employee with over 12 months service holds an investment in IPG Securities through the Group Employee Security Acquisition Plan.

Management - Stability and Internalisation (cont)

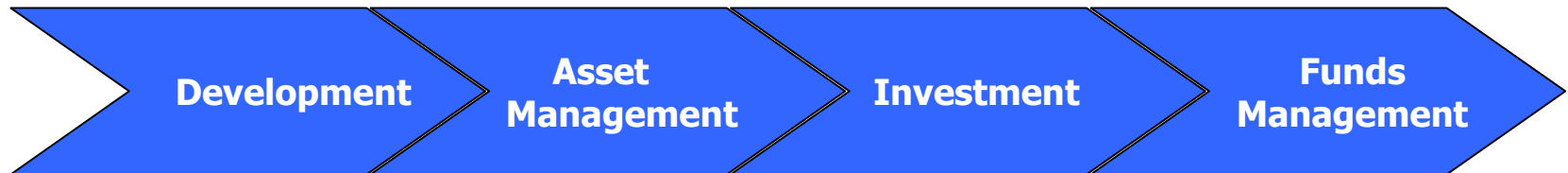
- ◆ IPG provides property related career paths for employees. This helps attract and retain quality people.
- ◆ IPG investors do not pay substantial fees to external managers for funds management, leasing, development management or property management
- ◆ POF paid approximately \$10m to RE and other external managers for the year ended 30 June 2002. Under the merger arrangements, the majority of this fee leakage will be stopped.

IPG Strategy

IPG Strategy

- ◆ Clear and proven strategy to deliver superior returns through balanced participation in the property value chain – property investment, funds and asset management, and development
- ◆ Management has a reputation for its ability to implement strategy

The Value Chain



- Residential, retail, industrial, commercial projects

- Asset, property and facilities management
- Corporate Property Services
- Project management

- 27 office buildings – NSW, Vic, ACT, Qld, SA, WA

- Syndicates (7)
- Wholesale (2)

IPG Strategy – Key Elements

- ◆ Broaden earnings base to capture more of the property value chain. The integration of POF will capture more value through:
 - Operational efficiencies of scale and purchasing power
 - Hands on and focused management at all levels
 - The elimination of fee leakage in the management of POF
 - Significant reduction in fee leakage in the management of the portfolio
 - New revenues from increased funds management activities

IPG Strategy – Key Elements (cont)

- ◆ Maintain borrowings at around 30%

- Sector average debt FY03(F) 34%

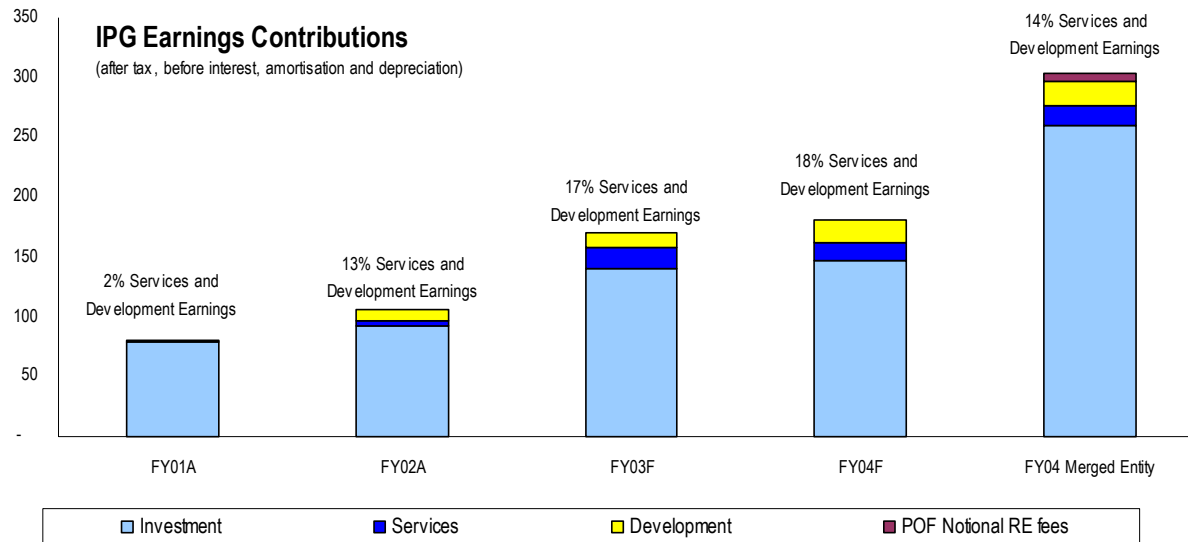
- POF acquisition will increase borrowings to 33.5% as at June '03, and at completion of the transaction 37%

- Clear strategy to reduce to target levels by June '04:-

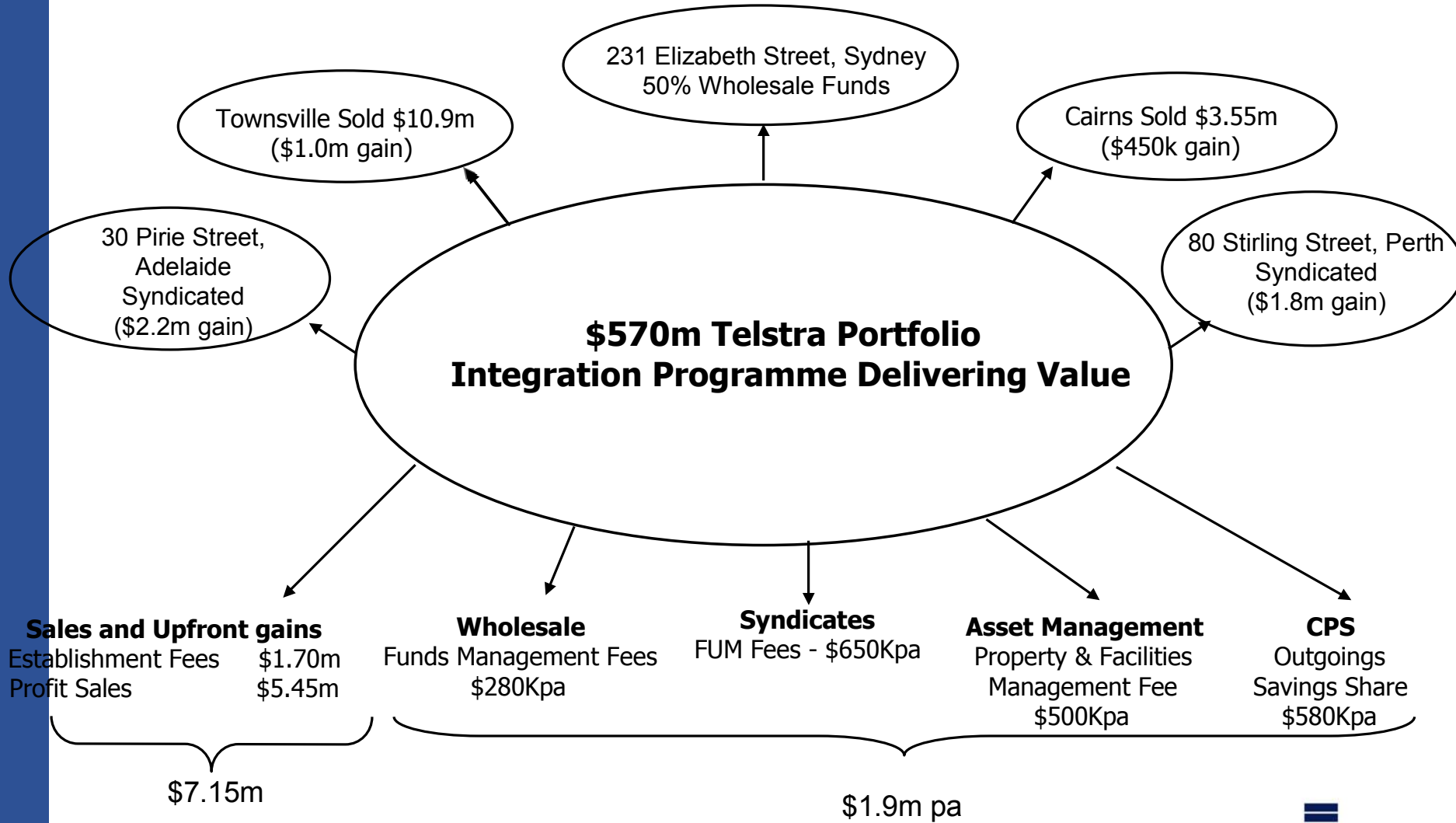
- Asset Sales \$ 21m
 - Syndications \$108m
 - DRP (45% - June
50% - Sep – Dec) \$ 71m
 - Wholesale Selldown \$166m

IPG Strategy – Key Elements (cont)

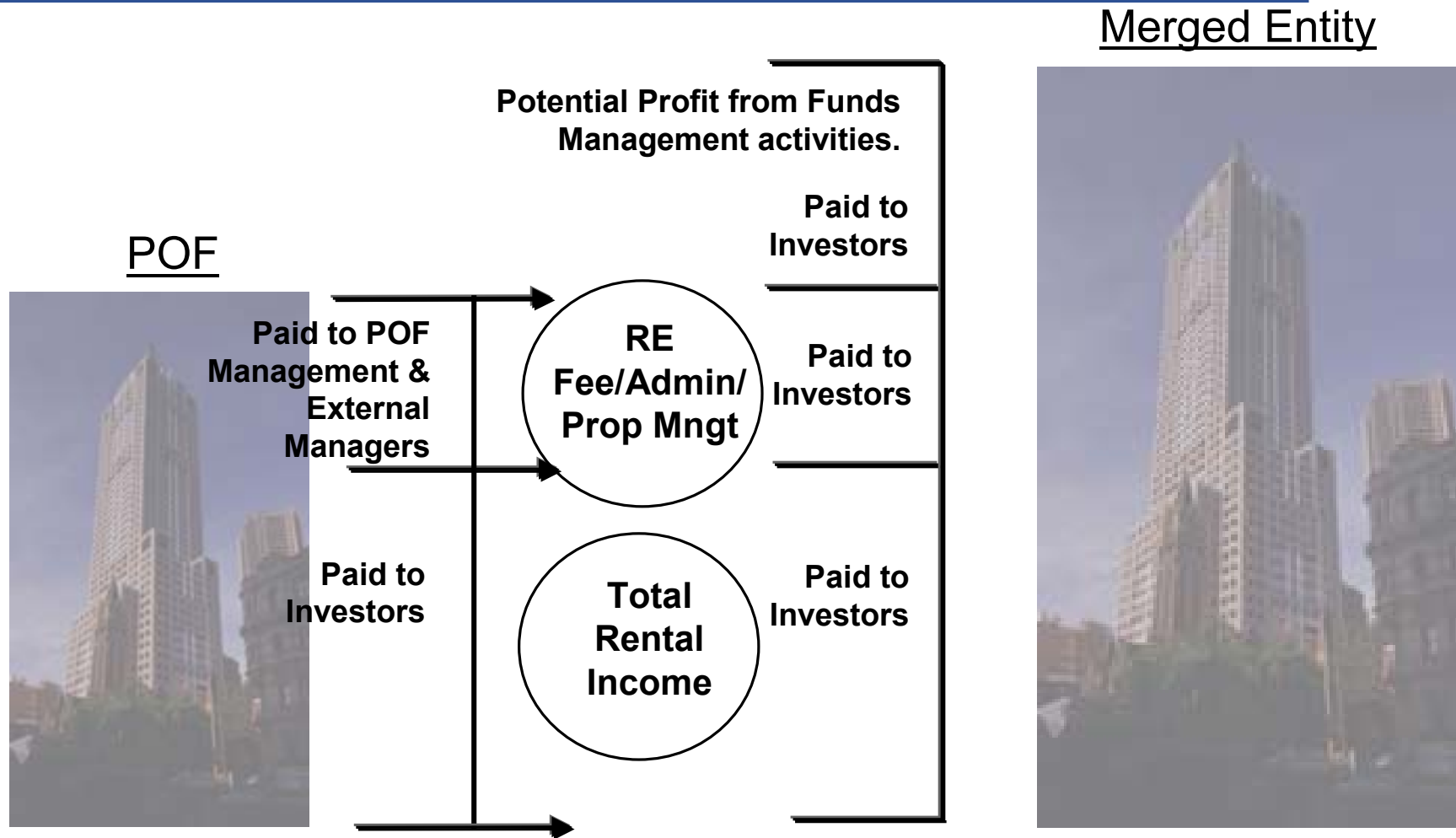
- ◆ **Grow contribution of IPG's services and development related activities**
 - Management intention to grow to 15-20% of Group earnings over time
 - Service and development related revenue will be structured for peak efficiency
 - Acquisition provides strong platform to allow increased focus on service and development activities



IPG Delivers on Strategy



Capturing Value



- Continuation of strategy to acquire assets to complement existing portfolio
- Growth opportunity for IPG services and development business

Financial Impact of Merger

Financial Impact of Merger*

- ◆ IPG's FY04 EPS forecast is 16.50c, an increase of 3.1% per IPG security
- ◆ IPG's FY04 DPS forecast is 16.50c an increase of 1.9% per IPG security
- ◆ Carried forwards increased by \$5.3m
- ◆ 1.7% increase in IPG's NTA (to \$1.83 per security)
- ◆ Exposure of any single asset reduced to 11% (from 22% in POF and 15% in IPG)
- ◆ Elimination of external Funds Management fees and external property management fees substantially reduced
- ◆ Merger benefits achieved in 2004 will provide a solid platform for the future, with potential further upside in the services and development activities.

*Based on IPG's 100% ownership of POF

Financial Impact of Full Merger*

Annualised	IPG⁽¹⁾	POF⁽²⁾	Merged Entity
Total Assets (\$m)	\$2,565	\$1,811	\$4,252
Gearing (%)	33.5%	19.7% ⁽⁴⁾	37.0%
NTA (\$ps)	\$1.80	\$1.52 ⁽²⁾	\$1.83
FY04 EPS (c)	16.00	10.00 ⁽³⁾	16.50
FY04 DPS (c)	16.20	11.00 ⁽³⁾	16.50

(1) IPG Adjusted Statement of Financial Position based on actual 31 December 2002 Statement of Financial Position adjusted for material transactions to date

(2) POF Statement of Financial Position based on actual 31 December 2002 Statement of Financial Position, the sale of 185 Macquarie Street and reduced by IPG to reflect \$30m aggregated writedown in value of 120 Collins Street, Melbourne and Kindersley House, Sydney

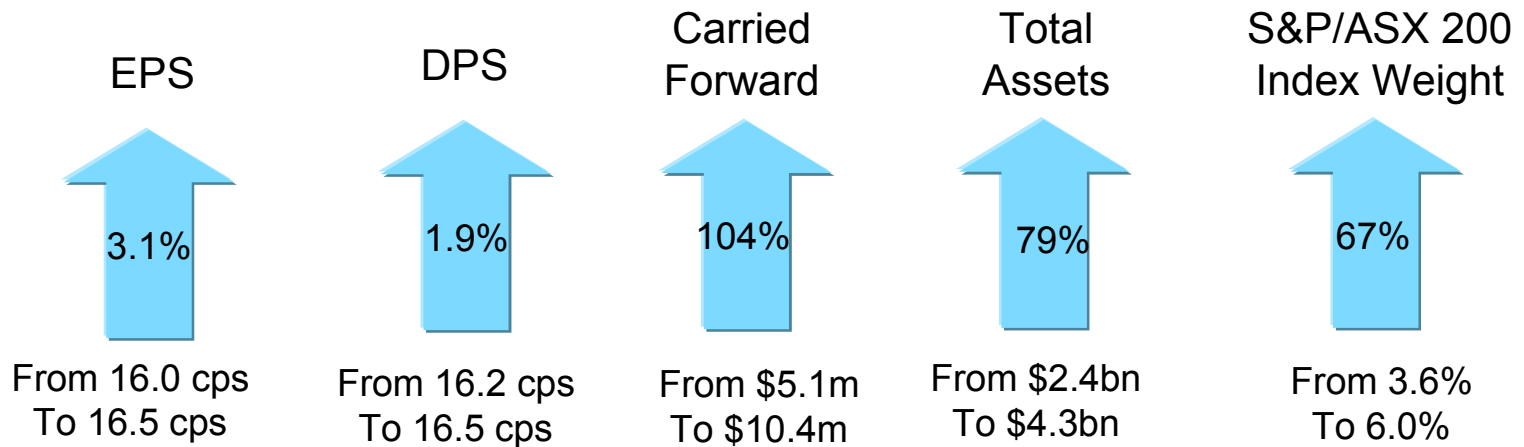
(3) IPG forecast

(4) POF gearing is expected to increase as Phillip Street construction progresses

* Based on IPG's 100% ownership of POF. Investa's Bidders Statement will contain further details.

Acquisition Benefits for IPG*

- ◆ Increasing total assets, index weighting, DPS, EPS and carried forwards



* Based on IPG's 100% ownership of POF

Acquisition Benefits for IPG

- ◆ Complements IPG's current office investment portfolio
- ◆ Increased investment portfolio size with exposure to quality tenants
- ◆ Management's specialised focus on commercial property can enhance the performance of the POF portfolio
- ◆ Increasing the scale of the property portfolio expands the opportunities to exploit the property value chain
- ◆ Synergies from internalisation of services including greater scale efficiencies

Synergies

- ◆ Internalisation of the services will result in cost savings and incremental revenue. This includes:
 - Acting as the Responsible Entity of POF
 - Providing project management services on all existing and future development and refurbishment projects
 - Providing property management on the majority of POF's office properties except those jointly owned

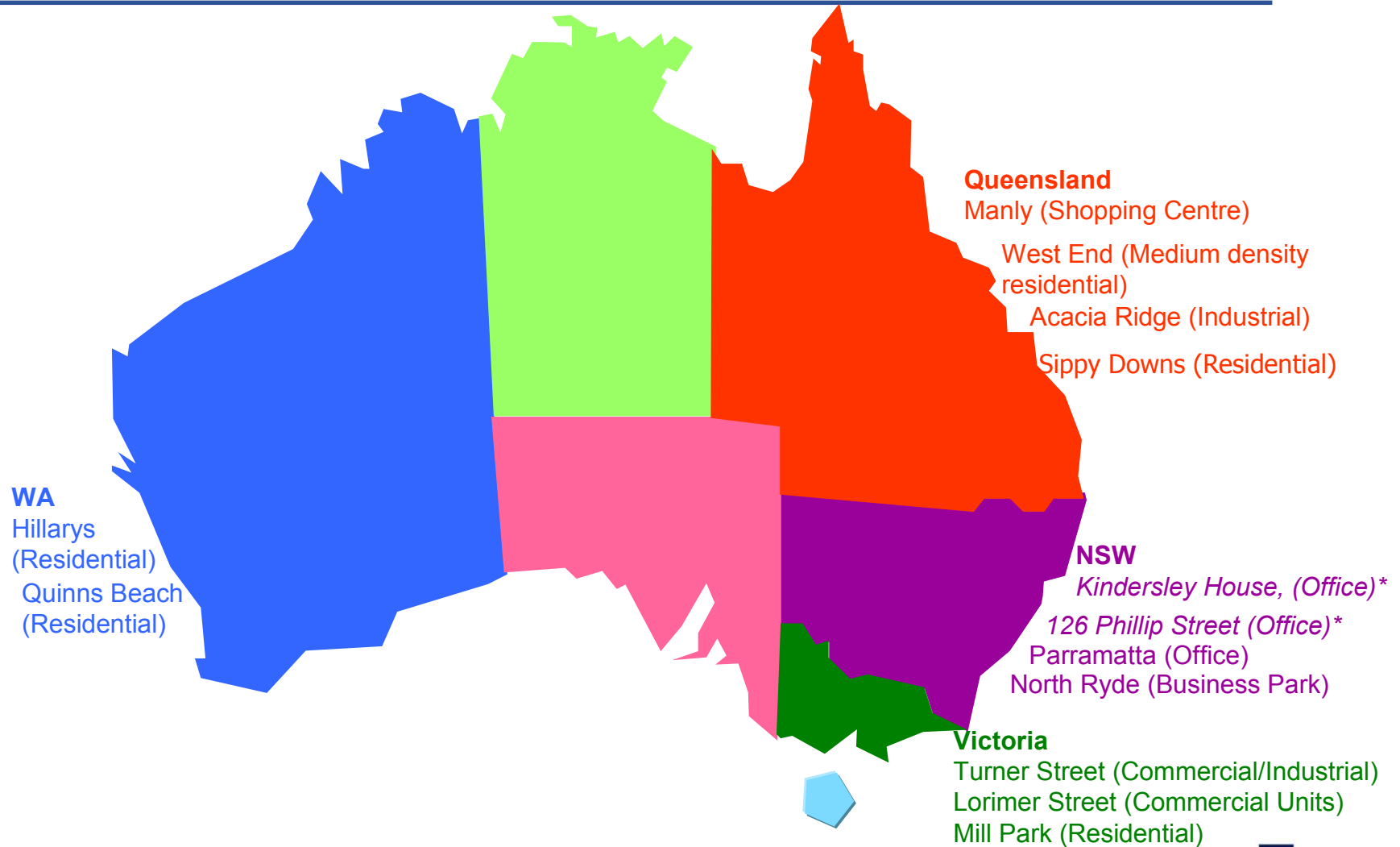
- ◆ The aggregate contribution of synergies in FY04 has been estimated to be:
 - \$11.2m in the 100% ownership scenario
 - \$6.1m in the 50.1% ownership scenario

Property Portfolio

Property Portfolios

- ◆ The Merged Entity will own interests in 39 office investment properties
 - located across 5 states and the ACT
 - Total Value \$3.4bn
 - Weighted average cap rate 7.72%
- ◆ The largest single asset exposure of the Merged Entity will be reduced to 11% (from 22% in POF)
- ◆ Balanced development exposure
 - POF's 126 Phillip St Development would represent approximately 22% of POF's total assets on completion
 - The exposure to this development will be significantly reduced in the Merged Entity

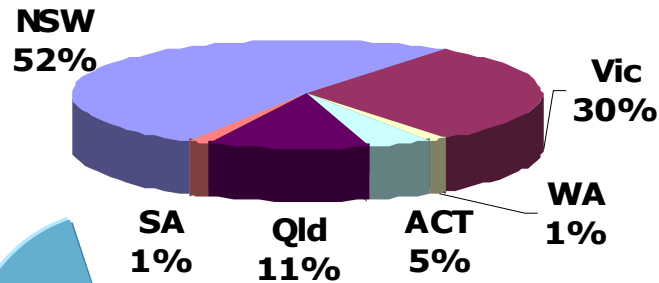
Merged Development Portfolio



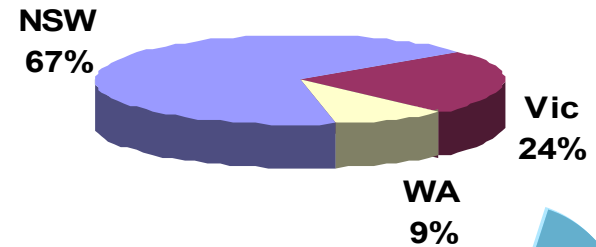
* POF developments

Geographic Diversification (By Value)*

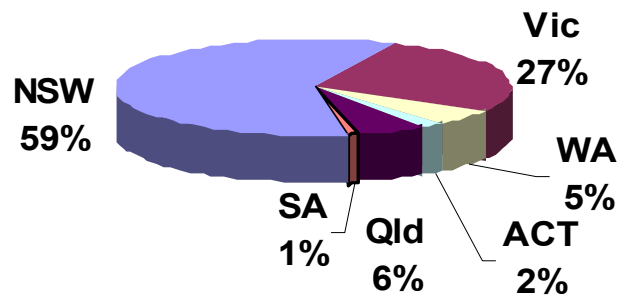
IPG Investment Portfolio



POF

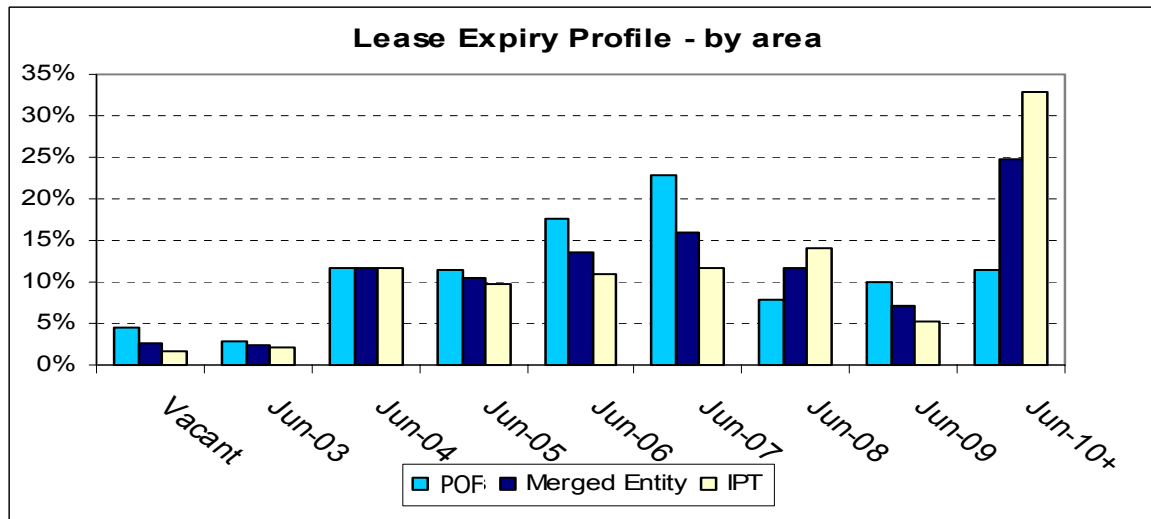
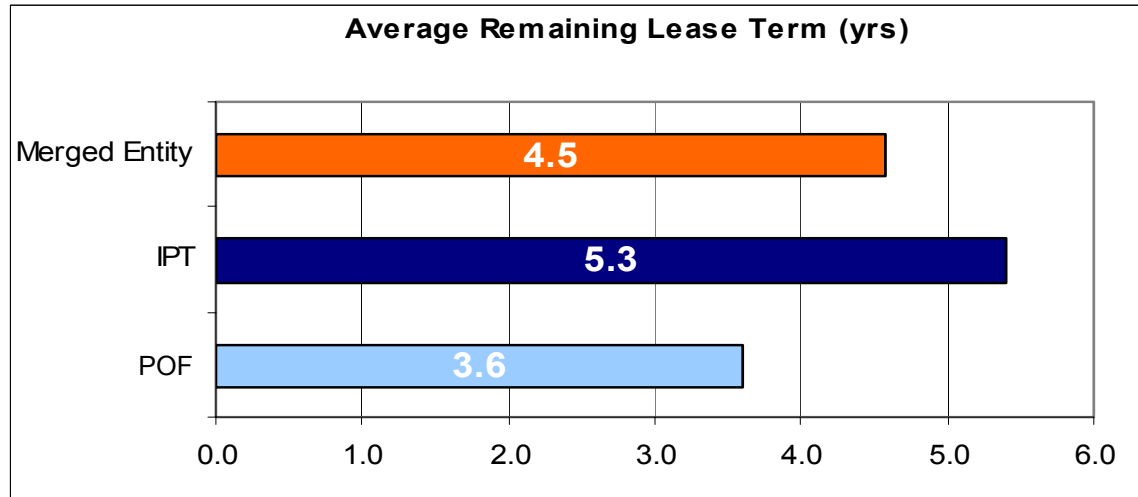


Merged Entity



*Based on IPG's 100% ownership of POF

Property Portfolio – Lease Expiries*



*Based on IPG 's 100% ownership of POF

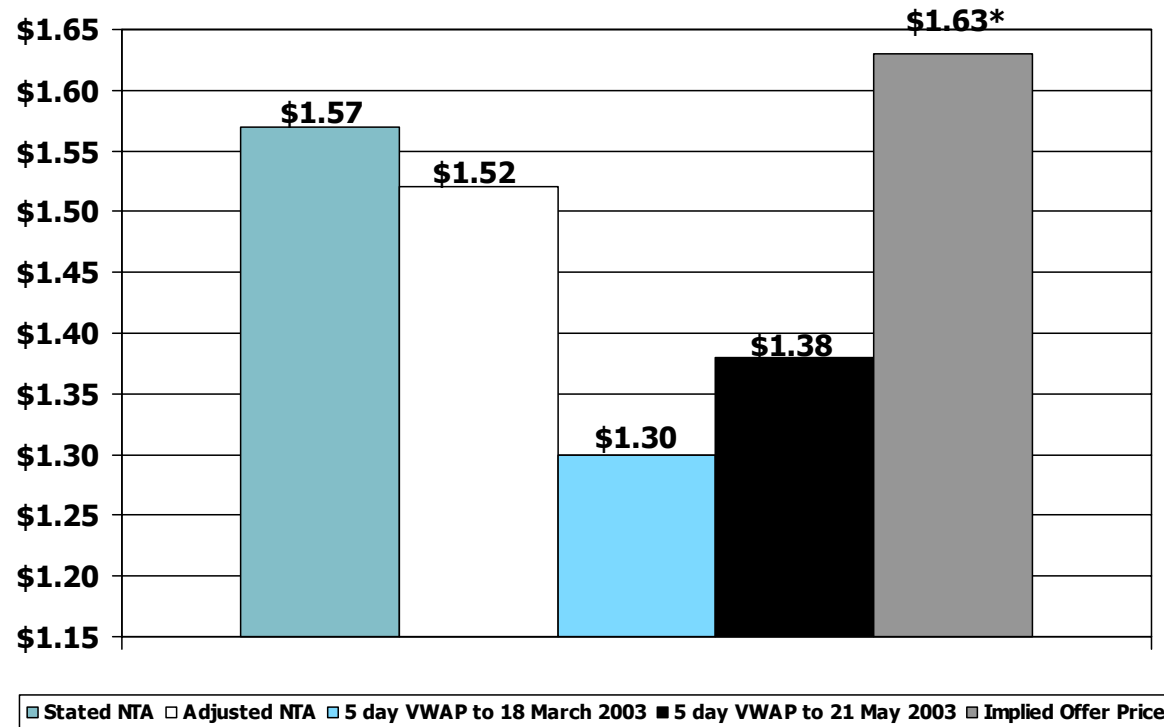
Property Portfolio – Merged Entity Top 10

Tenant	%
Telstra	19.2%
WBC	7.5%
BHP	3.5%
Qld State Govt	3.4%
CGU	3.0%
RTA	2.8%
Minister of Finance	2.1%
Ernst & Young	2.0%
Australian Customs	1.9%
ANZ	1.8%
	47.2%

Conclusion

Offer Price Comparison

- ◆ Implied offer price of \$1.63 is significant
 - 18.1% premium to 5 day POF VWAP (\$1.38) (to 21 May)
 - 25.4% premium to 5 day POF VWAP (\$1.30) prior to CEP Bid for ART
 - 7.2% premium to adjusted POF NTA**



* Based on IPG 5 day VWAP calculated to 23 May 2003

** Adjusted NTA: - Reduced by IPG to reflect \$30m aggregated writedown in value of 120 Collins Street, Melbourne and Kindersley House, Sydney

Conditions to the Offer

- ◆ **The offer is subject to a number of conditions including:**

- Entitlement to a minimum of 50.1% POF units
- No material acquisitions or disposals (excluding QV1/Maritime Trade Towers)
- No material adverse change in POF's circumstances
- No exercise of certain rights by third parties (excluding QV1/Maritime Trade Towers co-ownership agreements)
- Absence of certain long term arrangements
- No increase in indebtedness
- IPG securities not trading below \$1.99 per security in the period between the announcement date and the date of the offer
- The S&P/ASX 200 Property Trust Index does not fall below 1330

Conditions to the Offer (cont'd)

- No “prescribed occurrences”
 - IPG finance facility being available
 - No POF related party transactions
 - No POF distributions that are capital or not in the ordinary course and no reactivation of DRP
 - POF/Principal agreements terminable on one month’s notice without penalty
 - IPG securities admitted to ASX quotation
- ◆ IPG’s announcement of 26 May 2003 contains the text of these conditions

Conclusion

IPG sees many advantages: -

- ◆ An attractive price for POF units
- ◆ IPG provides stability (and depth) of management, clear strategy and is Australian focused
- ◆ IPG has a superior performance record to POF
- ◆ IPG has proven specialist office expertise
- ◆ POF investors will pay substantially reduced fees to external managers
- ◆ Larger IPG will enjoy a greater index weighting
- ◆ Larger IPG with higher forecast distributions, earnings and carried forwards
- ◆ Larger IPG should have a lower cost of capital, improved diversification and enhanced growth prospects across the property value chain



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