



**INVESTA**  
Property Group

Investa Properties Limited  
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28 July 2003

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

Dear Madam

**Investa Property Group  
Notice to Principal Office Fund Unitholders**

We attach a copy of correspondence which will be distributed to Principal Office Fund unitholders today by Investa Property Group.

Yours faithfully

**Brian McGarry**  
**Company Secretary**

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**INVESTA**  
Property Group

**It's time.....  
To accept Investa's  
Offer  
For your POF units**

**and REJECT Principal's high risk, highly conditional and uncertain US expansion proposal**

25<sup>th</sup> July 2003



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**Investa's cash and scrip Offer is due to close on Monday 4 August. Investa's Offer is unconditional and you will be paid within 5 business days if you accept.**

As Principal Office Fund's ("POF") largest Unitholder, (with 23.9% of POF units on issue as at July 25<sup>th</sup> 2003), Investa Property Group ("Investa" or "IPG") holds serious concerns about the risks to POF's future earnings and value from the complex and highly conditional proposal being advanced by Principal Real Estate Investors Australia Limited ("PREIA").

Investa believes that the way PREIA proposes to internalise POF and acquire a portfolio of US suburban office and industrial assets will harm both value and reliability of earnings for POF unitholders. Investa intends to vote its units in POF against PREIA's proposal and so it is very unlikely that PREIA's proposal as it now stands will be implemented.

The advantages of Investa's Offer for your POF units are in stark and compelling contrast to PREIA's highly conditional, complex and high risk proposal, to expand in the US property market.

**Investa is offering 7 IPG Securities and \$5.22 cash for every 12 of your POF units**

**Investa's Offer is due to close very soon – Complete and return the enclosed acceptance form without delay.**

You should note that POF's Target Statement advises that in the absence of Investa's or another Offer (and none has emerged after nearly two months), the trading price of POF units is likely to fall below the levels it has achieved since Investa's initial purchase of POF units on May 21<sup>st</sup> this year.

**★ The implied value of Investa's Offer is \$1.61<sup>1</sup> Per POF Unit ★**

<sup>1</sup> Implied value is based on a volume average weighted price of Investa securities since Investa acquired its initial stake in POF on 21 May 2003.

## It's time... Advantages of Investa's Offer

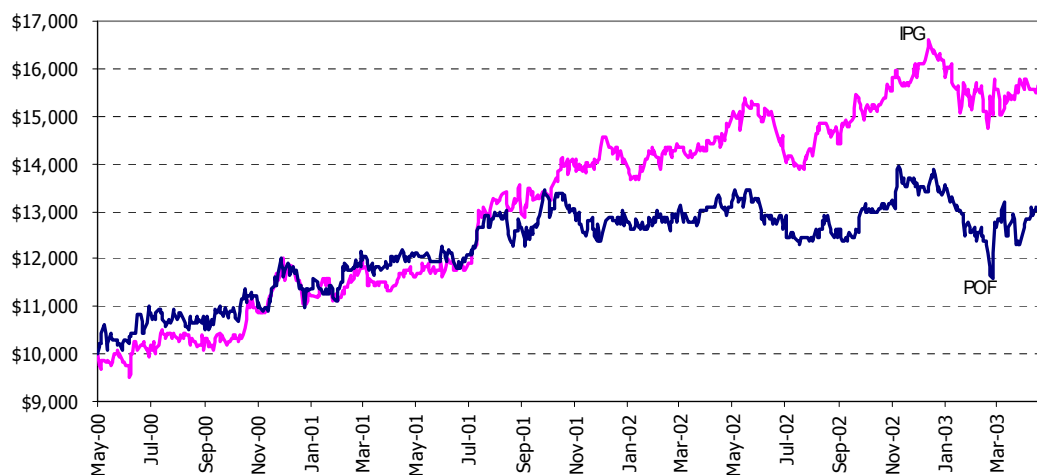
Key Issue	PREIA Proposal	Investa's Offer
<b>Risk profile</b>	Adds high risk suburban US office and industrial assets and a hotel property management business to POF's quality Australian office portfolio which includes one large development project. <b>✗</b>	Lower risk, complementary mix of quality Australian CBD office properties with diversified development, property syndication and funds management activities. <b>✓</b>
<b>Distribution reliability and sustainability</b>	Proforma 2004 distribution is unachievable as it based on the assumption that the proposal is implemented up to six months earlier than it can be. It is heavily dependent on distribution of POF unitholder capital and possibly income support from PREIA's US parent. <b>✗</b>	Forecast 14% to 16% <sup>2</sup> increase in 2004 distributions for POF unitholders if you accept Investa's Offer. <b>✓</b>  No reliance on income support. <b>✓</b>
<b>Internalisation benefits</b>	PREIA only captures \$2 million savings through synergies from internalisation of management. <b>✗</b>  Higher and significant external management fees will be paid to PREIA's US parent. <b>✗</b>	Investa is already internalised, meaning it does not pay funds management fees to a third party. <b>✓</b>  Investa has identified up to \$11 million savings through synergies with POF's operations including elimination of management fees, and other costs which flow straight to the bottom line for increased unitholder distributions. <b>✓</b>
<b>Management track record, focus and accountability</b>	PREIA's proposal entrenches the current PREIA management in Australia. <b>✗</b>  Under PREIA's management, POF has delivered inferior investment returns to that of Investa. <b>✗</b>  PREIA's proposal installs its US parent as the Manager of the proposed US portfolio, extracting a higher rate of fees than currently being paid for managing the Australian assets. <b>✗</b>  PREIA's proposal also creates a management structure split between separate Australian and US businesses, with a number of related party transactions and potential conflicts of interest. <b>✗</b>	Bringing POF together with Investa results in POF's assets being managed within Investa's established and proven internalised business that has all operations under one Australian based management team. <b>✓</b>  Investa has delivered a 21.4% compound increase in distributions since 1998, almost double the 10.8% compound increase delivered by PREIA for POF Unitholders. <b>✓</b>
<b>Certainty of the Proposal</b>	PREIA's proposal requires substantial unitholder approvals. Given Investa's significant holding and opposition, the present proposal is almost certain to fail. <b>✗</b>  It may never be formally put to a unitholder vote. PREIA's US parent could withdraw its US assets and other support under various circumstances. <b>✗</b>	Investa's Offer is unconditional. <b>✓</b>  You will be paid within 5 business days of receipt of a valid acceptance form. <b>✓</b>  The income uplift for you if you accept Investa's Offer is significant. <b>✓</b>

<sup>2</sup> Based on Investa's estimate of distributions to be paid to POF unitholders in the year ending June 2004, assuming the reinvestment of the cash component of the Offer in additional Investa securities

## Investa's Record as a Manager...

### Investa Has Delivered Double POF's Growth

Investa has delivered superior total returns to its securityholders compared to POF. The chart shows the value of \$10,000 invested in either Investa or POF over three years.<sup>3</sup>



**Your Investa Offer Acceptance and Transfer Form accompanies this document.**

**Your acceptance must be received before the scheduled Offer closing time (7pm, Sydney time, 4<sup>th</sup> August 2003).**

#### Further Information

For queries on how to accept Investa's Offer, see the enclosed Acceptance and Transfer Form or call the Investa Property Group Offer information line on 1300 302 124 (callers within Australia) or 61 2 9240 7463 (callers outside Australia). It is a legal requirement that calls to these numbers will be recorded.



<sup>3</sup> See Bidder's Statement, page 7. Refers to the three years to 21 May, 2003