



**INVESTA**  
Property Group

Investa Properties Limited  
ABN 54 084 407 241  
Level 17, 135 King Street  
Sydney NSW 2000  
GPO Box 4180  
Sydney NSW 2001  
Tel: 02 8226 9300

30 July 2003

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

Dear Madam

**Investa Property Group  
Annual Results Presentation 30 June 2003**

Please find attached the Annual Results presentation for the year ending 30 June 2003.

If you have any further queries please contact Chris O'Donnell on (02) 8226 9301 or Andrew Junor on (02) 8226 9305.

Yours faithfully

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

Tel: (02) 8226 9303  
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**INVESTA**  
Property Group

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**Full Year Results – June 2003**

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## Results

# Results

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◆ Distribution paid 15.60 cps	↑	5.8% on pcp
◆ Earnings before revaluation and amortisation 16.28 cps	↑	9.4% on pcp
◆ NTA is \$1.81	↑	4.6% on pcp
◆ Total Assets of \$2.6 billion	↑	76% on pcp
◆ Assets Under Management of \$3.2 billion	↑	50% on pcp
◆ Market Capitalisation of \$1.8 billion	↑	48% on pcp
◆ Business Activities <sup>1</sup> contributed 18% of Group Earnings <sup>2</sup> (2002: 13%)	↑	39%
◆ MER at 0.20% (2002: 0.29%)	↓	
◆ Gearing @ 32.9% (2002: 21.8%)	↑	

1. Business activities include the Services and Development businesses and short term investments

2. Earnings after tax, before interest, revaluations amortisation and depreciation

# 2003 – Performance Indices

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◆ IPG outperformed relevant LPT indices for 3 and 5 years to 30 June 2003

to June 2003	1 Year	3 Year	5 Year
IPG	4.9% pa	14.3% pa	11.4% pa
UBS-W Commercial 200	3.7% pa	10.5% pa	9.5% pa
S&P/ASX 200 Prop Acc. Index	12.1% pa	13.6% pa	11.4% pa

*Source: UBS Warburg*

◆ Property Trust Manager of the year

◆ Finalist National Banksia Environmental Awards

◆ 5-star rating from NSCA for commitment to workplace safety

## Achievements

# Achievements – Exploiting Value Chain

## Achievements

## Value Chain

Purchase of Strategic stake in POF	☆	☆	☆	☆
Purchase of Telstra properties		☆	☆	☆
Purchase of 50% Penrhyn House, Woden ACT		☆	☆	☆
Purchase of 589 Collins Street, Melbourne	☆	☆	☆	☆
Completion of 209 Kingsway, South Melbourne		☆	☆	☆
Sale of 260 Queen Street, Brisbane			☆	
Sale of 115 Grafton Street, Cairns			☆	
Sale of 7-13 Tomlins Street, Townsville			☆	
<b>Restocking development land bank continuing</b>				
- Purchase of Forbes & Ferry Streets, West End	☆			
- Purchase of Hillarys, WA	☆			
- Purchase of Sippy Downs, Sunshine Coast	☆			
<b>Launched 6th &amp; 7th Syndicate</b>				
- Investa Fourth Commercial Trust		☆		☆
- Investa Fifth Commercial Trust	☆	☆		☆
Like for like property income ↑ 2.6%		☆	☆	
	<b>Manufacturer</b>	<b>Manager</b>	<b>Owner</b>	<b>Distributor</b>



# Achievements – Transaction Summary

◆ Over \$1 billion in transactions

◆ Telstra portfolio

- On-sale gains booked at \$5.5 million<sup>1</sup>
- Outgoing savings (\$3 million +)
- Cairns sold
- Townsville sold (settled 1 July 2004)
- Syndication of Pirie and Stirling Street

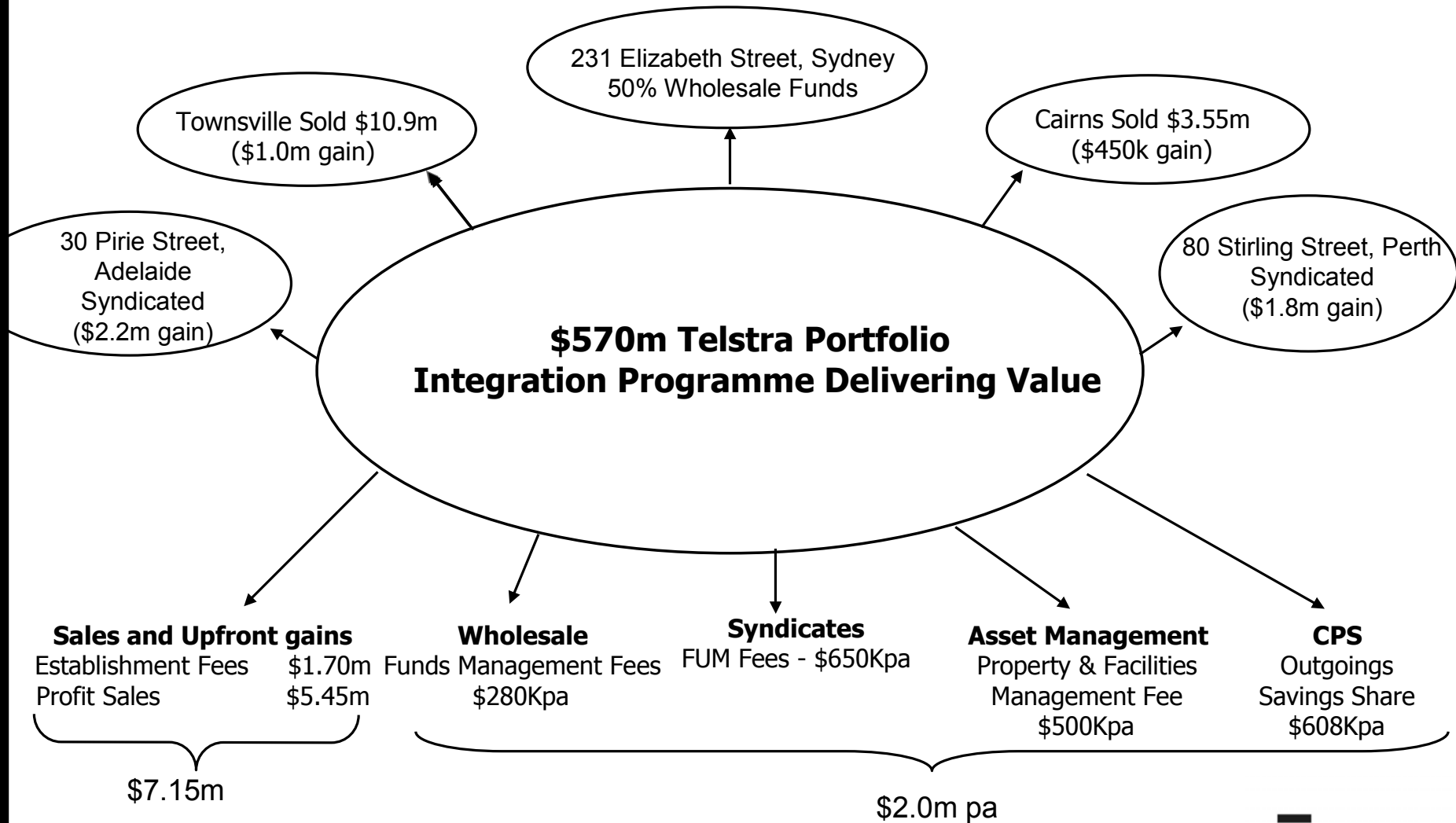
◆ Sale of 260 Queen St, Brisbane

◆ ICPF restructure

Acquisitions	\$ Millions
242 Exhibition Street, Melbourne VIC	\$260.00
310 – 322 Pitt Street, Sydney NSW	\$118.80
231 Elizabeth Street, Sydney NSW	\$110.50
30 Pirie Street, Adelaide SA	\$39.80
80 Stirling Street, West Perth WA	\$29.20
111 – 115 Grafton Street, Cairns QLD	\$2.80
7 – 13 Tomlins Street, Townsville QLD	\$8.90
50 Ann Street, Brisbane QLD	\$83.00
50 – 52 McDougall Street, Milton QLD 50%	\$31.70
Bowes Street, Woden ACT (50%)	\$19.30
589 Collins Street, Melbourne VIC	\$54.00
Cook Avenue, Hillarys WA	\$4.78
Forbes & Ferry Streets, West End QLD	\$12.00
Sippy Downs, Sunshine Coast QLD	\$26.00
<b>Sales</b>	
260 Queen Street, Brisbane QLD	\$24.20
111 – 115 Grafton Street, Cairns QLD	\$3.55
7 – 13 Tomlins Street, Townsville QLD <sup>(1)</sup>	\$10.90
30 Pirie Street, Adelaide SA	\$44.10
80 Stirling Street, West Perth WA	\$33.00
209 Kingsway, South Melbourne (50%)	\$51.43
231 Elizabeth Street, Sydney (50%)	\$58.36
589 Collins Street, Melbourne (50%)	\$30.00

*(1) Profit on sale of Townsville (\$1.0 m) recorded in FY04*

# IPG Delivers on Strategy



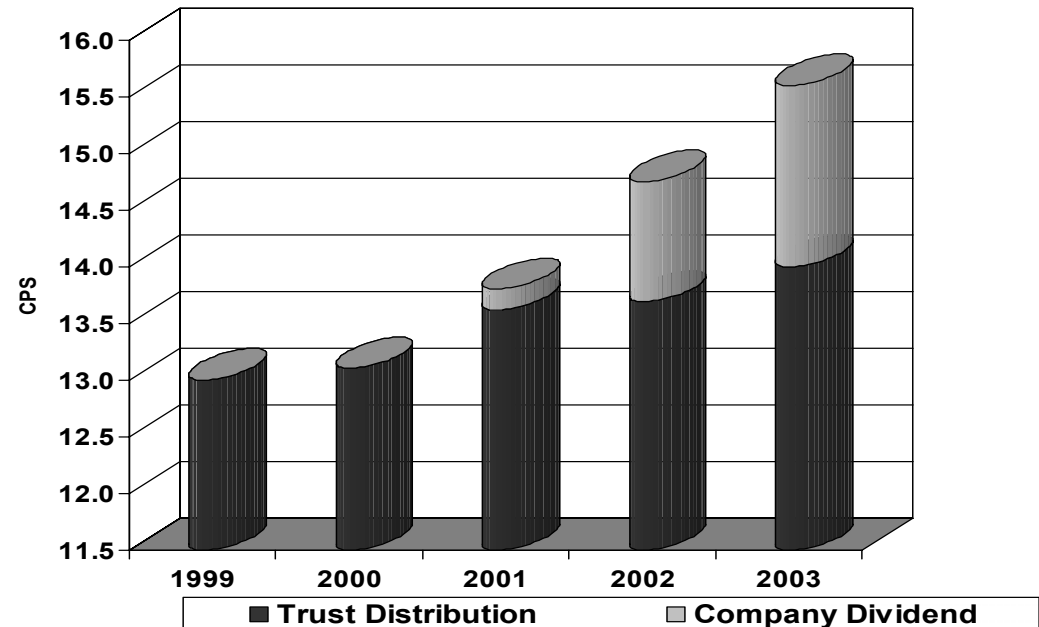
# Achievements – Broadening Revenue

2003 Financial Year	Distribution	Earnings *
IPT	14.00	14.35
IPL	1.60	1.96
<b>Cents per Security</b>	<b>15.60</b>	<b>16.28**</b>

\* Before revals & amortisation, after tax

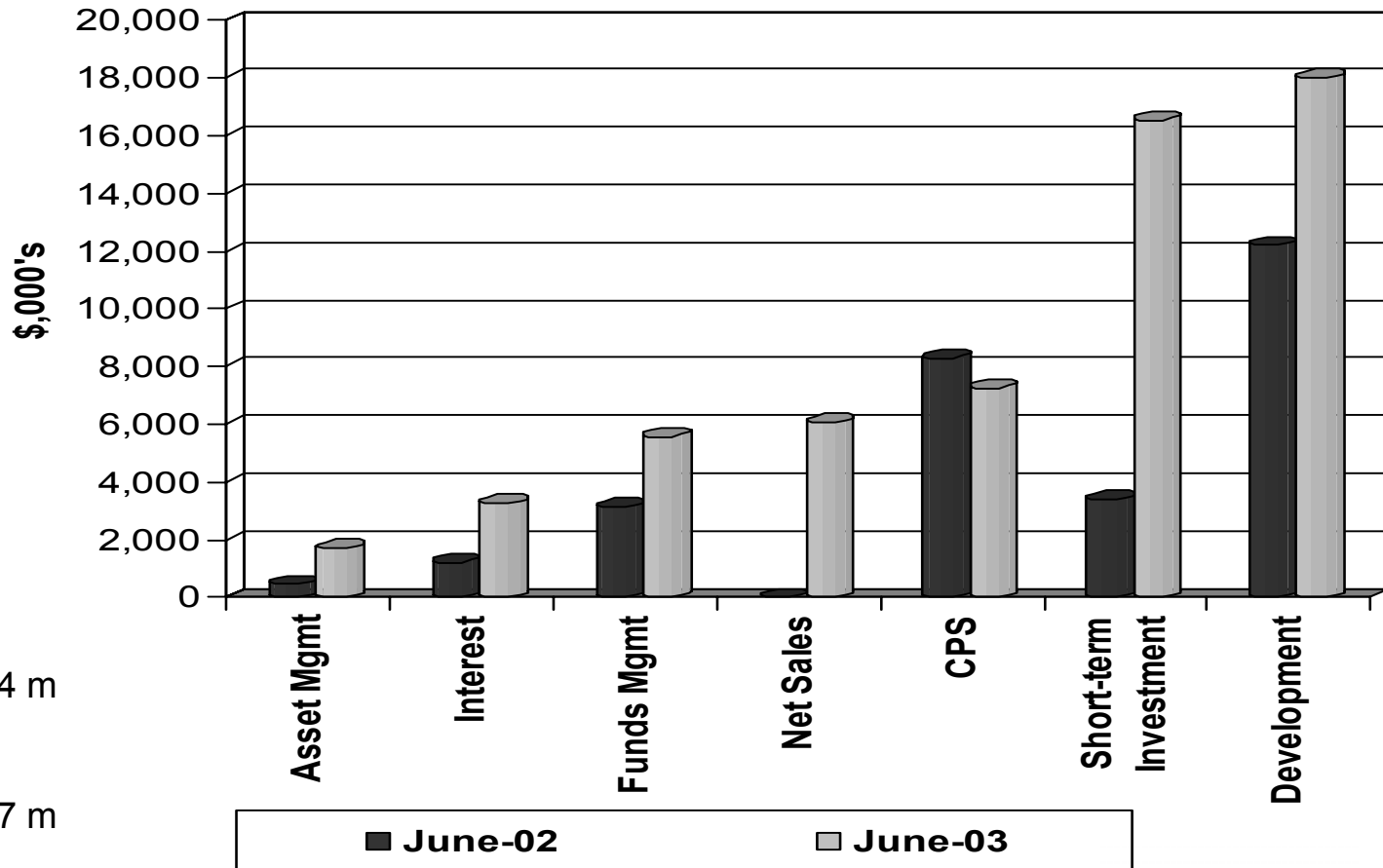
\*\* Total reflects elimination on consolidation

- 6.0% average annual distribution growth over 3 years
- Distribution increase to 16.2 cps forecast for 2004



# Achievements – Growing Net Income

- Company Net Income Contribution - by Business

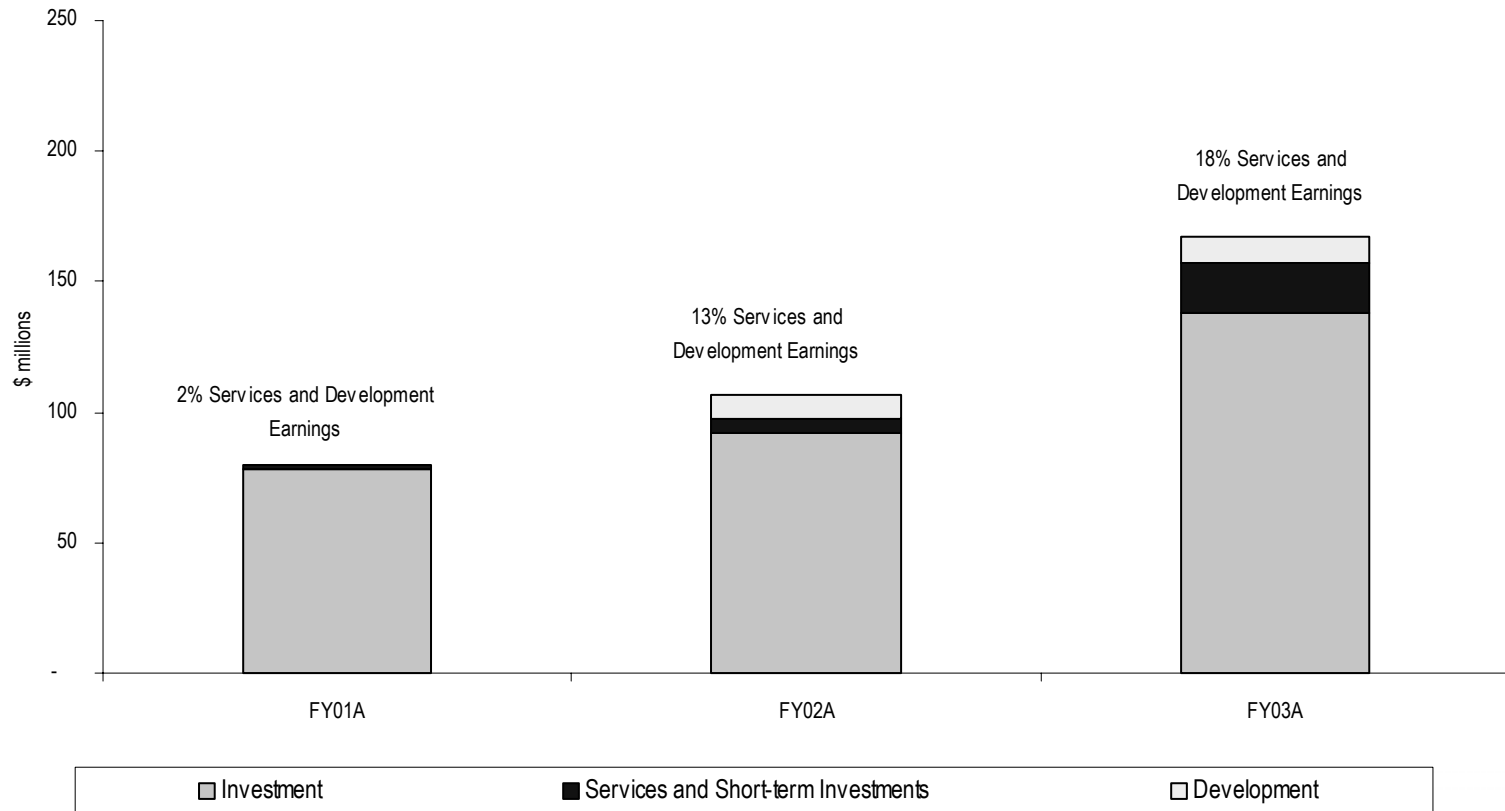


◆ Total June 03      \$58.4 m

◆ Total June 02      \$28.7 m

# Investa – Business/Investment Contribution

◆ IPG FY03 earnings\*: Businesses contributed 18%



\*earning: after tax, before interest, revaluations, amortisation and depreciation

# Investa - Summary Distribution Statement

- ◆ Distribution (15.60 cps) up by 5.8% on pcp
- ◆ Earnings<sup>1</sup> (16.28 cps) up by 9.4% on pcp
- ◆ Carry forward increased to \$8.5m (0.96 cps)

	FY03 \$'000	FY02 \$'000
Net Rental Income	138,892	95,920
Fee Income - Syndication	3,557	1,721
Fee Income - Wholesale	2,006	1,426
Fee Income - CPS	7,259	8,288
Fee Income - Asset Mgmt	1,717	470
Development Income	18,004	12,209
Investment sales profit	6,053	-
Investment income	16,524	3,400
Interest Income	3,272	2,983
<b>Total Net Income</b>	<b>197,284</b>	<b>126,417</b>
Operating Expenses	22,879	19,129
Borrowing Costs	35,007	18,353
<b>Total Expenses</b>	<b>57,886</b>	<b>37,482</b>
<b>Earnings before Amort &amp; Tax</b>	<b>139,398</b>	<b>88,935</b>
Amortisation	3,620	3,056
Depreciation	338	252
Tax	7,213	3,796
<b>Earnings after Amort &amp; Tax</b>	<b>128,227</b>	<b>81,831</b>
Transfers from Contributed Equity	9,034	4,573
Income Brought Forward	3,141	1,403
<b>Distributable Income</b>	<b>140,402</b>	<b>87,807</b>
Amount Carried Forward	8,507	3,141
<b>Total Distributed</b>	<b>131,895</b>	<b>84,666</b>
Carry forward (cents per security)	0.96	0.52

1. Earnings before revals & amortisation, after tax

# Combined Statement of Financial Position

◆ Assets up 76% to \$2.6 billion

◆ 3.5% of S&P/ASX200 Prop Acc. Index

◆ NTA: \$1.81, up 4.6%

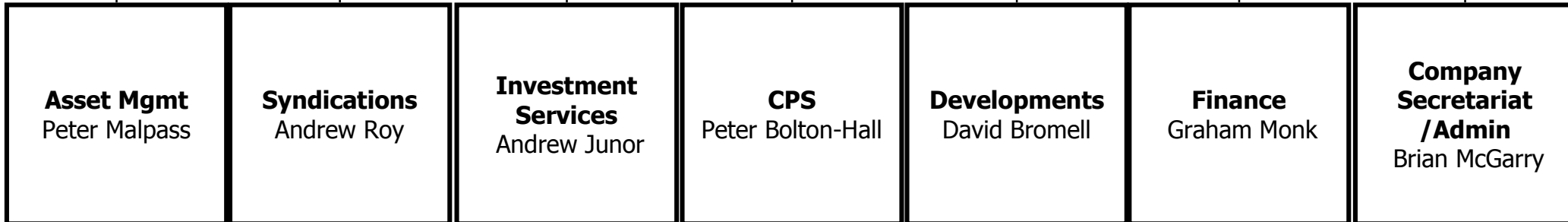
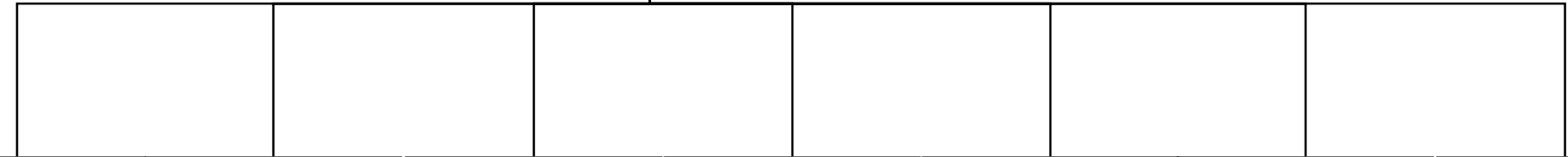
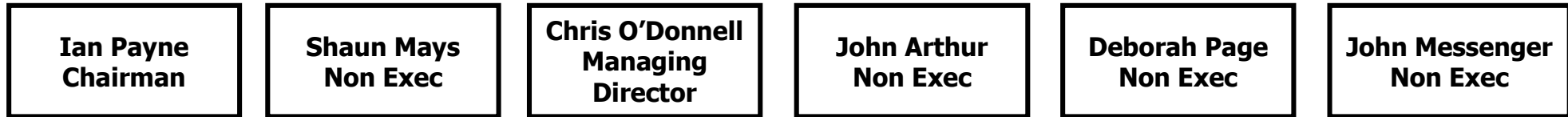
◆ Gearing: 32.9%

30 June	2003 \$m	2002 \$m
<b>Assets</b>		
Property and investments	2,351	1,196
Loans to associates	-	29
Inventory	133	118
Receivables	48	48
Intangibles	40	52
Cash	10	23
<b>Total Assets</b>	<b>2,582</b>	<b>1,466</b>
<b>Liabilities</b>		
Payables	24	15
Provisions	39	26
Borrowings	850	320
Tax	10	12
<b>Total Liabilities</b>	<b>923</b>	<b>373</b>
<b>Net Assets</b>	<b>1,659</b>	<b>1,093</b>
<b>Equity</b>		
Contributed Equity	1,580	1,044
Outside Equity Interests	20	-
Reserves	50	46
Undistributed Income	9	3
<b>Total Equity</b>	<b>1,659</b>	<b>1,093</b>

# Management Structure

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## Board of Directors



## Senior Management Team



# Management – Scale brings depth

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- ◆ Management Reinforced

  - Increasing from 97 to 132 people

- ◆ Key Appointments

  - David Bromell, General Manager, Development

  - Tony Dixon and Michael Cook, Portfolio Managers

- ◆ Strong culture and value set entrenched

- ◆ Objectives set against business plan

- ◆ ESAP for all staff – interests aligned



## Group Overview

# Investment Portfolio

## Leasing Success

Address	Tenant	Area	Expiry
469 La Trobe St, Melbourne	Tress Cox & Maddox	2,719	Jun-09
485 La Trobe St, Melbourne	PKF Australia	2,187	Sep-07
410 Ann St, Brisbane	Manpower Services	1,666	Apr-08
420 St Kilda Rd, Melbourne	Australian Outback Travel	1,451	Feb-06
420 St Kilda Rd, Melbourne	Australian Outback travel	1,426	Mar-06
1 Market St, Sydney	BT Australasia	1,343	Apr-06
410 Ann St, Brisbane	MIM	1,218	Jun-07
1 Market St, Sydney	Argyl Partnership	780	Dec-12
469 La Trobe St, Melbourne	TC Enterprises	559	Dec-05
241 Adelaide St, Brisbane	Fastenshire Pty. Ltd	509	Jan-08
1 Market St, Sydney	Berkeley Group	435	Mar-14

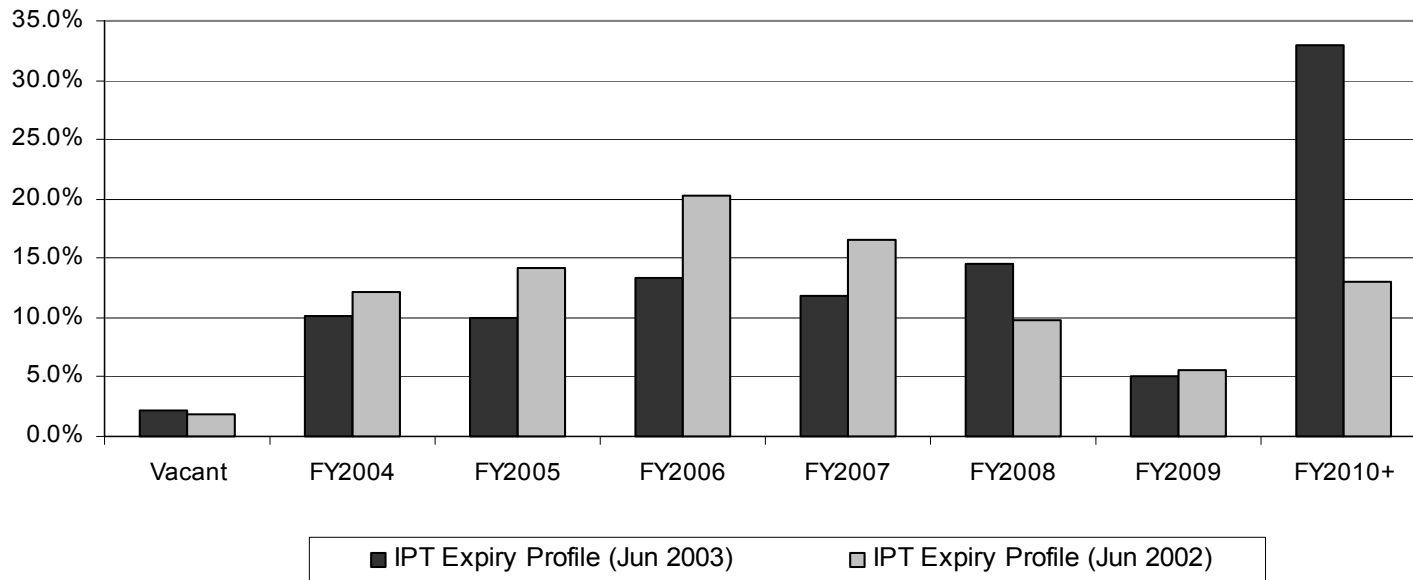
## Market Rent Reviews Concluded

Property	Tenant	Date	Area (m <sup>2</sup> )	Old Rent (\$/m <sup>2</sup> )	New Rent (\$/m <sup>2</sup> )
469 La Trobe St, Melbourne	AGC	Aug-02	4,775	125n	255n
55 Market St, Sydney	Tinase	Apr-02	1,064	420g	485g
55 Market St, Sydney	St George*	Jun-01	3,520	366g	461g
469 La Trobe St, Melbourne	RK&C	Jun-02	3,036	106g	250n
469 La Trobe St, Melbourne	Rigby Cook	Oct-02	1,812	150n	250n
255 Elizabeth St, Sydney	Phillips Fox	Aug-02	7,709	453g	453g
115 Grenfell St, Adelaide	Spherion	Aug-02	1,367	275g	295g
115 Grenfell St, Adelaide	SSb/Citigroup	Apr-03	467	252g	290g
60 Martin Place, Sydney	WBC	Nov-02	9,040	505g	520g

# Investment Portfolio

- ◆ Well spread, low risk lease expiry profile
- ◆ Average remaining lease expiry term to 5.1 years (6/2002: 4.6)
- ◆ Occupancy at 97.7% (2002: 98.1%)

## Lease Expiry Profile (by area)



# Investment Portfolio

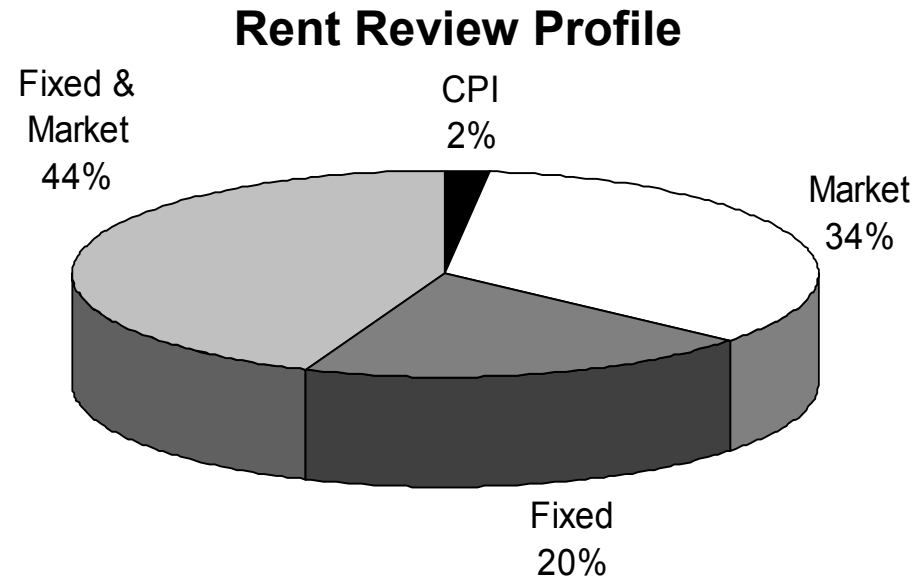
◆ Fixed rental review structures represent 20% of leases

◆ Like on like income up 2.6%

◆ Near-term focuses

- 255 Elizabeth Street, Sydney
- 1 Market Street, Sydney
- 410 Ann Street, Brisbane

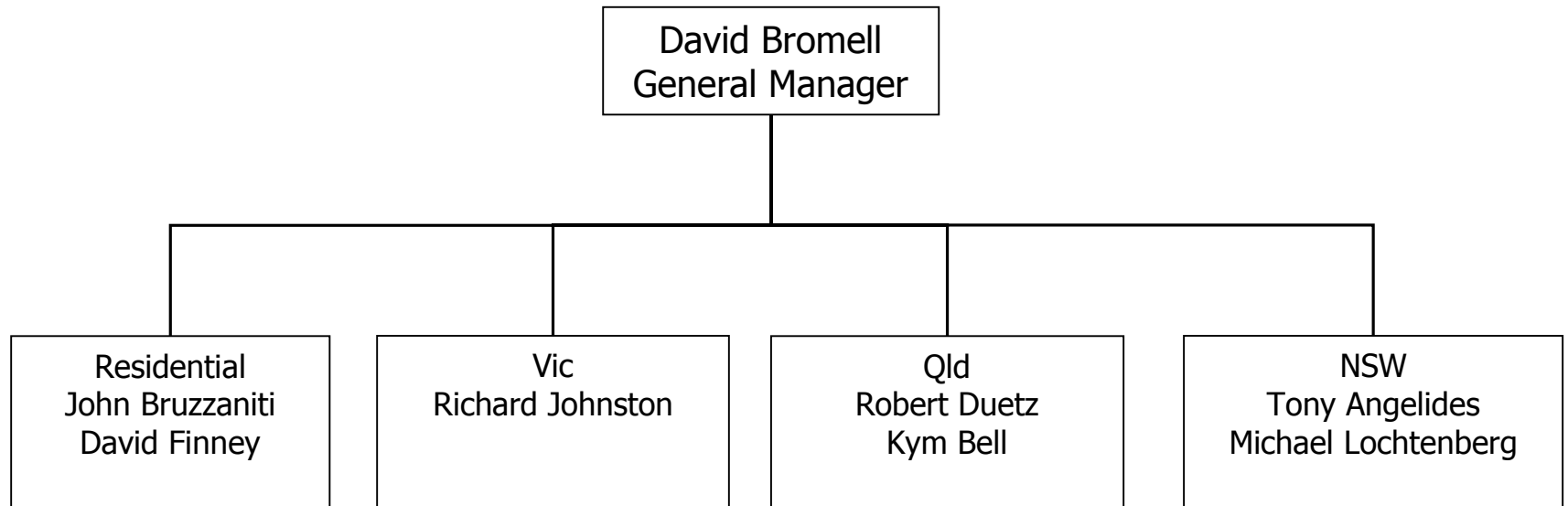
◆ Market conditions expected to remain soft for the remainder of 2003



# Investa Developments

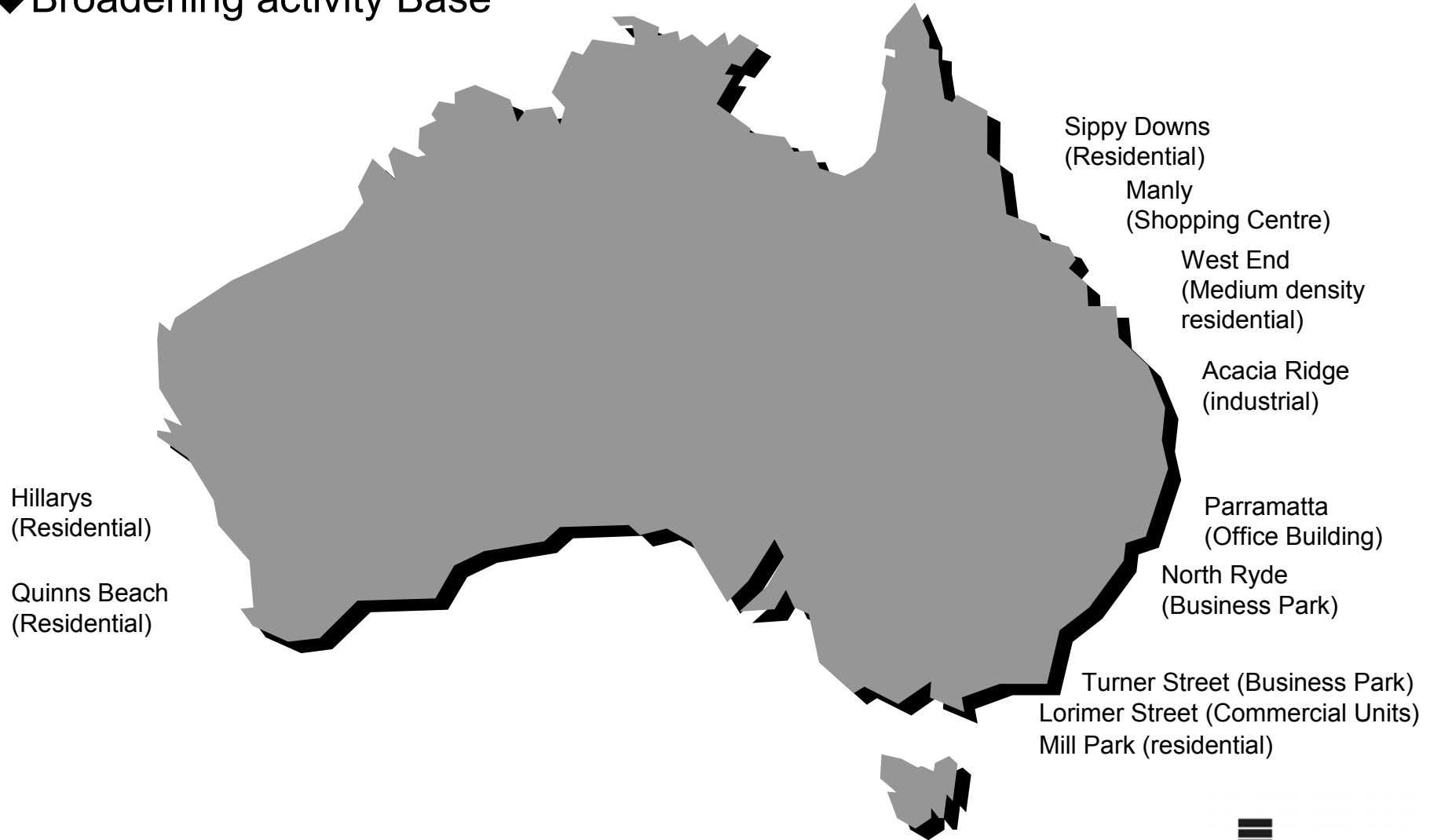
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◆ Team Progressively strengthened



# Investa Developments – Geographic Spread

## ◆ Broadening activity Base



# Investa Developments - Sales

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## ◆ Residential sales

- rates and prices ahead of expectations
- Margins remain healthy

### **Residential**

**\$52.8 million in sales**

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#### Lots settled

Mill Park, VIC 288 lots @ \$93,000/lot avg

Quinns Beach, WA 24 lots @ \$252,000/lot avg

Manly, QLD 83 lots @ \$154,000/lot avg

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#### Contracts on foot

225 lots (settlement due 2004)

## ◆ Commercial Sales

- Turner Street, Port Melbourne Stage 1 sold. Stage 2 progressing
- CPSA Eden Park, North Ryde Sold (2004 profit recognition)

## ◆ Other Progress

- Demolition at Macquarie Street, Parramatta completed
- Heads of Agreement with major retailer on Manly retail



# Developments - Inventory

- ◆ Planning for consistent contributions continues for residential
- ◆ Medium term target of 400 lots per annum from existing inventory

	Potential Lots Remaining*
Residential	
Mill Park Lakes	680
South Morang	870
Quinns Beach	70
Hillary's	60
Manly	50
Sippy Downs (stage 1)	170
Sippy Downs (stage 2)	3,400
TOTAL	5,300

	Potential Lots Remaining*
Medium Density	
West End	300

\*Subject to zoning and final planning

# Development - Inventory

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Commercial	Floor Space Available*	Use
Turner St, Port Melbourne (st. 2 - 5)	14,300	Industrial/Office
Lorimer St, Port Melbourne	25,000	Commercial
Macquarie St, Parramatta	10,700	Office
Eden Park, North Ryde	32,000	Office/Industrial
Manly Shopping Centre, Brisbane	4,600	Retail

\*Subject to zoning and final planning

- Restocking continuing

# Services Business

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**Funds Management**

**IPT**

Tony Dixon  
Michael Cook

**Syndicates**

Andrew Roy  
Tina Raftopoulos  
Peter Menagazzo

**Wholesale**

Bill Grounds  
Adam Learmonth

**Asset  
Management**

Peter Malpass  
Kevin Dickinson  
Sean Hamer

**Corp Prop  
Services**

Peter Bolton-Hall  
Grant Alexander  
Mike Wood  
Scott Jordan

# Funds Management - Syndications

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- ◆ Seven syndicates reflecting FUM of \$420 million
- ◆ Two new syndicates launched during the year (approximately \$150 million in FUM)

<b>Investa Fourth Commercial Trust</b>	<b>Investa Fifth Office Trust</b>
◆ 50% Stirling Street, Perth	◆ 50% Stirling Street, Perth
◆ 50% Pirie Street, Adelaide	◆ 50% Pirie Street, Adelaide
◆ 50% Penrhyn House, Woden	◆ 50% 589 Collins Street, Melbourne
	◆ 100% CPSA development, North Ryde

## ◆ Revenues for 2003

- Management fees     \$1,500K
- Establishment fees     \$1,500K
- Underwriting fees     \$500K

# Funds Management - Syndications

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- ◆ Focus has been on leveraging Value Chain
  - Joint ownership providing diversification
  - Purchasing from developments increasing velocity of capital
  - Scale providing asset management efficiencies
  - Distribution capabilities through client base
  
- ◆ Targeting \$150 million in new funds each year
  - Macarthur Central, Brisbane to be Syndicated in 2004

# Funds Management - Wholesale

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- ◆ 2 Schemes under management: \$340 million
  
- ◆ ICPF Re-Launched in April
  - Restructured to 66% Sydney weighting
  - Backed by approx \$500 million of assets
  - \$20 million of \$186 million sold down
  
- ◆ SRI accreditation in place
  
- ◆ Continuing focus on delivering sell down

# Asset Management

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- ◆ Integrated asset and facilities management operation
  - Strong point of difference
- ◆ 47 properties under management
  - 790,000 m<sup>2</sup> NLA
  - \$280 million rent roll
  - 450 tenants
- ◆ Environmental Management System to ISO:14001 rolled out
- ◆ 5 star NSCA achieved for OH & S platform
- ◆ Energy, water and waste management initiatives in place

# Asset Management

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◆ New lettings	36,900m <sup>2</sup>
◆ Reviews	over 80,000m <sup>2</sup>
– Rent reviews and Leasing fees	\$0.4million
– Property & Facilities Management fees	
– IPT	\$3.3 million
– External	\$1.1 million
◆ Positive profit contribution	



# Corporate Property Services

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- ◆ Earnings contribution \$1.7 million
- ◆ WBC Client Service expanded
  - BT and Rothschild
  - Retail, network and call centres
- ◆ Key supplier to WBC's Greenhouse Challenge Programme
  - Delivered 10% in reduction in WBC's GHG emissions
- ◆ Integral role to successful Telstra purchase
- ◆ Guaranteed \$1 million savings
  - Delivered \$3 million
  - IPG's 30% share \$600K
- ◆ Project specific work for national organisations

# Sustainability – Good Business Practice

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- ◆ Sustainability is an increasing priority to Corporates
  - Encourages like minded business partnering
  - Focuses on efficiencies and work practices
  
- ◆ Board Sustainability Committee established
  
- ◆ Sustainability Framework in place
  - Roadmap to initiatives against business objectives
  
- ◆ Recognition enhances reputation
  - Banksia Award finalist – Leader in Socially Responsible Investment
  - Rated Australia’s leading REIT by SAM Sustainable Asset Management
  - 5 star OH & S Rating for portfolio a first
  - Portfolio wide SEDA ratings in place
  - Benchmarking systems in place for water, energy and waste stream management

## Capital Structure

# Capital Structure

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## ◆ Equity - \$556.0 million raised

- Weighted average issue price of \$1.95 per security
- 885.5 million securities on issue
- DRP: 24.3 million securities issued in the twelve months to 30 June 2003
- Placements: 255.0 million securities issued in the twelve months to 30 June 2003
- SPP: 5.4 million securities issued in the twelve months to 30 June 2003

## ◆ DRP Participation at 53% in June quarter

## ◆ Debt

- Amount of debt available      \$1,424 million
- Amount drawn                      \$850 million
- 81%                                      Hedged
- Weighted average Swap life    4.1 years
- Gearing                                 @ 32.9%

# Capital Structure – Borrowings @ 30/06/03

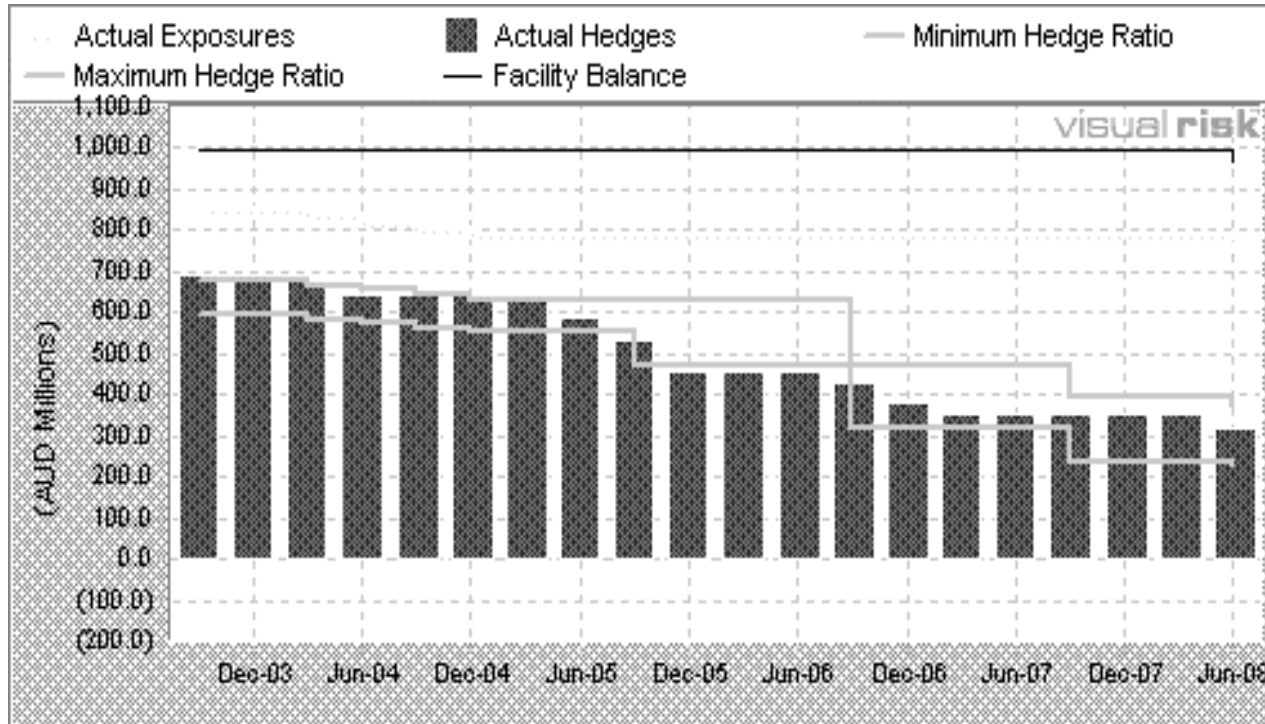
			Amount \$million	Drawn \$million	Maturity Date
IPT	CMBS	- Floating	268.0	268.0	Nov-06
		- Fixed @ 6.0%	195.0	195.0	Nov-06
		WBC Cash Advance Facility	110.0	93.0	Jun-04
		CBA Cash Advance Facility	100.0	-	Jun-04
		CBA Bridge Facility (POF)	550.0	124.0	Apr-04
		Suncorp term facility	50.0	50.0	Mar-04
IPL		CBA Cash Advance Facility	16.0	-	Jul-04
		WBC Development Bill Facility	70.0	59.6	Feb-04
		WBC ICPF term facility	65.0	60.0	Feb-08
Totals			1,424.0	849.6	
<b>Amount Available</b>				<b>574.4</b>	

◆ Hedging in place (excl. Margins)

- \$160.6m floating (19%)
- \$180m Swap to 8/05 @ 5.635%pa
- \$155m Swap to 10/06 @ 5.940%pa
- \$195m CMBS – fixed to 11/06 @ 6.00% pa
- \$50m Swap to 8/06 @ 5.845% pa
- \$48m Swap to 1/08 @ 5.500% pa
- \$56m Swap to 3/09 @ 6.030%
- \$100m Swap to 6/08 @ 4.865%
- \$95m Swap fixed to floating + 0.44%

**5 year average cost of funds 5.96%**

# Hedging Profile\*



◆ 5 year forward average cost of debt: 5.96% pa (post-margin) (6.09% 12/02)

◆ Average hedged interest rate: 5.62%pa (pre-margin) (5.75% 12/02)

\* Facility balance based on total facilities available (\$1,424m) less undrawn portion of POF acquisition facility (\$426m), which equates to \$998m. Forward rates based on market forward curve at 30 June 2003.

## The Future

# POF Takeover

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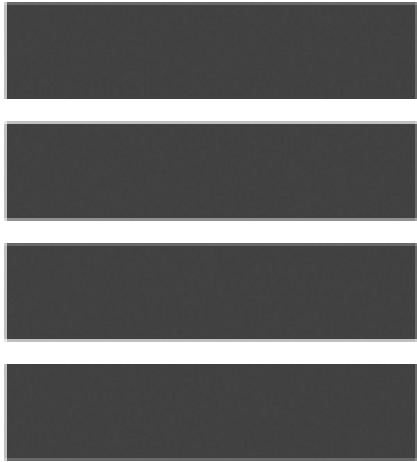
- ◆ IPG holds 24.3% (at 28/07/03) and growing
  
- ◆ IPG will vote against PREIA's Alternative Proposal
  - Distribution forecast relies on capital distribution
  - Merging Australian portfolio and US assets is ill founded and high risk
  - Highly conditional, uncertain and costly
  
- ◆ Alternative Proposal is unlikely to be implemented as it now stands
  
- ◆ IPG has proven capabilities to deliver



# The Future – Medium Term

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- ◆ Continued commitment to Property Value Chain strategy
- ◆ Solid Investment Portfolio Earnings
- ◆ Businesses earnings target 15% - 20% contribution
- ◆ DPS – target growth above sector
- ◆ Strong balance sheet
- ◆ Measured approach
- ◆ Innovative solutions
- ◆ Quality people
- ◆ Vibrant culture



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Property Group