



INVESTA
Property Group

Investa Properties Limited
ABN 54 084 407 241
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Sydney NSW 2000
GPO Box 4180
Sydney NSW 2001
Tel: 02 8226 9300

2 August 2004

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

Dear Madam

**Investa Property Group
Annual Results Presentation 30 June 2004**

Please find attached the Annual Results presentation for the year ending 30 June 2004.

If you have any further queries please contact Chris O'Donnell on (02) 8226 9300 or Graham Monk on (02) 8226 9304.

Yours faithfully

Brian McGarry
Company Secretary

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Fax: (02) 8226 9499
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Development

Asset
Management

Investment

Funds
Management

Investa Property Group

June 2004

Annual Results

For Discussion

- **Highlights**
- **Strategy**
- **Results**
- **Capital Management**
- **Resourcing**
- **Development**
- **Asset Management**
- **Investment**
- **Funds Management**
- **Key Priorities**
- **Appendix**



Development

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Highlights

Highlights

- Bidders Statement target DPS & EPS delivered
- Investment Portfolio delivers 2.1% like for like income growth
- Leased/renewed 97,200m² for the full year (74,300m² since 1/04)
- Debt reduction: Gearing 38.4% at 10/03 reduced to 36.3% at 6/04
- Increased company activities – 34% growth in earnings to \$46m
- Suncorp CPS contract
- Wholesale continues to attract investors (\$37m) – not as quickly as targeted
- Investment profits on sale – \$4.4m
- Debt restructure/capital management
- Sustainability: Banksia award & NSCA 5 Star award
- Depth of team strengthened



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Strategy

Strategy: Grow the Value Chain

- **December 2000:** Investa launched out of Westpac Property Trust
- **Objective:** To build a range of businesses across the Property Value Chain
- **Results:** IPG is now a manager of \$5 billion of property assets, operating across the Property Value Chain and a leader in providing integrated property solutions to our clients

Delivered 5.9% pa compound growth in DPS (2000 to 2004)

Strategy: Grow the Value Chain

- Establish Syndication Business: \$500m
- Establish Wholesale Business: \$350m
- Development Business: \$169m landbank
- CPS Business: WBC + Suncorp
- Asset Management: Point of difference
- Increase size and quality of Investment Portfolio:
 - Telstra: \$570m
 - DOF acquisition: \$1.8b
 - Other acquisitions inc.: 209 Kingsway, Penrhyn House, 589 Collins St
- Depth & quality of people



Strategy: Moving forward

- Add the provision of property solutions (“ideas”) to the Value Chain



- Customer focus to extract more from the value chain
- Grow company activities (towards 75:25)
- Leasing
- Debt reduction
- People/Culture

Performance in line with Strategy

Achievements

Value Chain

DOF Acquisition	★	★	★	★
Purchase of 441 St Kilda Rd, Melbourne		★	★	
Sale of 115 Grenfell Street, Adelaide		★	★	★
Sale of 32 Phillip Street, Sydney		★	★	★
Sale of 241 Adelaide Street, Brisbane		★	★	★
Wholesale sell down continues		★		★
Restocking development land bank continuing				
- Purchase of Bellbird Park	★			
- Purchase of Cunnings Land	★			
- Purchase of Even Drive	★			
- Purchase of Henley Brook	★			
Launched 8th Syndicate				
- Investa Sixth Commercial Trust		★	★	★
Like for like property income ↑ 2.1%		★	★	
	Manufacturer	Manager	Owner	Distributor



Development






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Results

Results: Financial Highlights

- Distribution paid 16.50 cps  5.8% on pcp
- Earnings before revaluation and amortisation 16.55 cps  1.7% on pcp
- NTA is \$1.78  1.7% on pcp
- Market Capitalisation \$2.8 billion  56% on pcp
- Funds Under Management \$5.1 billion  59% on pcp
- Business Activities contributed 13% of Group Earnings  2003: 18%
- Gearing @ 36.3%  from 36.6% at 12/03

Results: Summary Distribution Statement

- Company earnings up from \$34.0 million to \$45.7 million
- Carry forward \$8.7 million or 0.60 cps

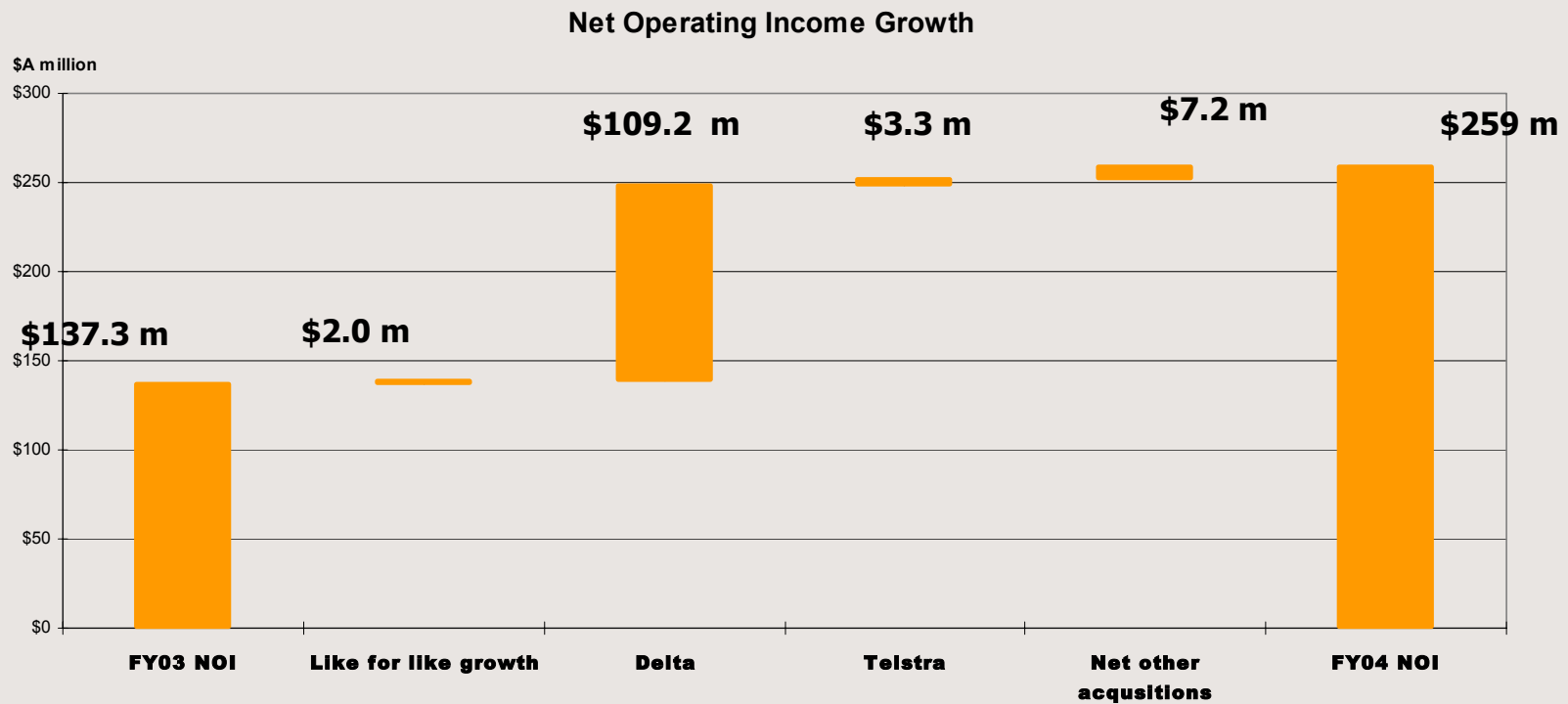
	2004 \$m	2003 \$m
Investment Portfolio	259.0	137.3
Development Income	27.1	15.8
Services Income	18.5	16.9
Short term Investment Income	24.2	20.4
Interest Income	2.3	3.3
Total Income	331.1	193.7
Trust Operating Expenses	4.5	2.2
Company Operating Expenses	26.7	17.1
Total Expenses	31.2	19.3
EBITDA	299.9	174.4
Borrowing costs	73.6	35.0
Amortisation and depreciation	7.9	4.0
Tax	3.0	7.2
Earnings after Amort & Tax	215.4	128.3
Transfers from Contributed Equity	18.1	9.0
Income Brought Forward	8.5	3.1
Distributable Income	241.9	140.4
Amount Carried Forward	8.7	8.5
Total Distributed	233.3	131.9
Carry forward (cents per security)	0.60	0.96

Results: What were the drivers?

- EPS up 1.7% on last year
- DPS up 5.8% on last year
- Investment Portfolio contributed 87% to Group earnings up from 82% last year
 - **Investment**
 - Investment Portfolio property income up 89% to \$259.0 million
 - Income from short term investments up \$5.5 million
 - **Development**
 - Sale of Manly and 289 lots delivering \$27.1 million in gross profit
 - **Asset Management**
 - Scale expanded
 - Suncorp added to CPS client list
 - **Funds Management**
 - New syndicate launched

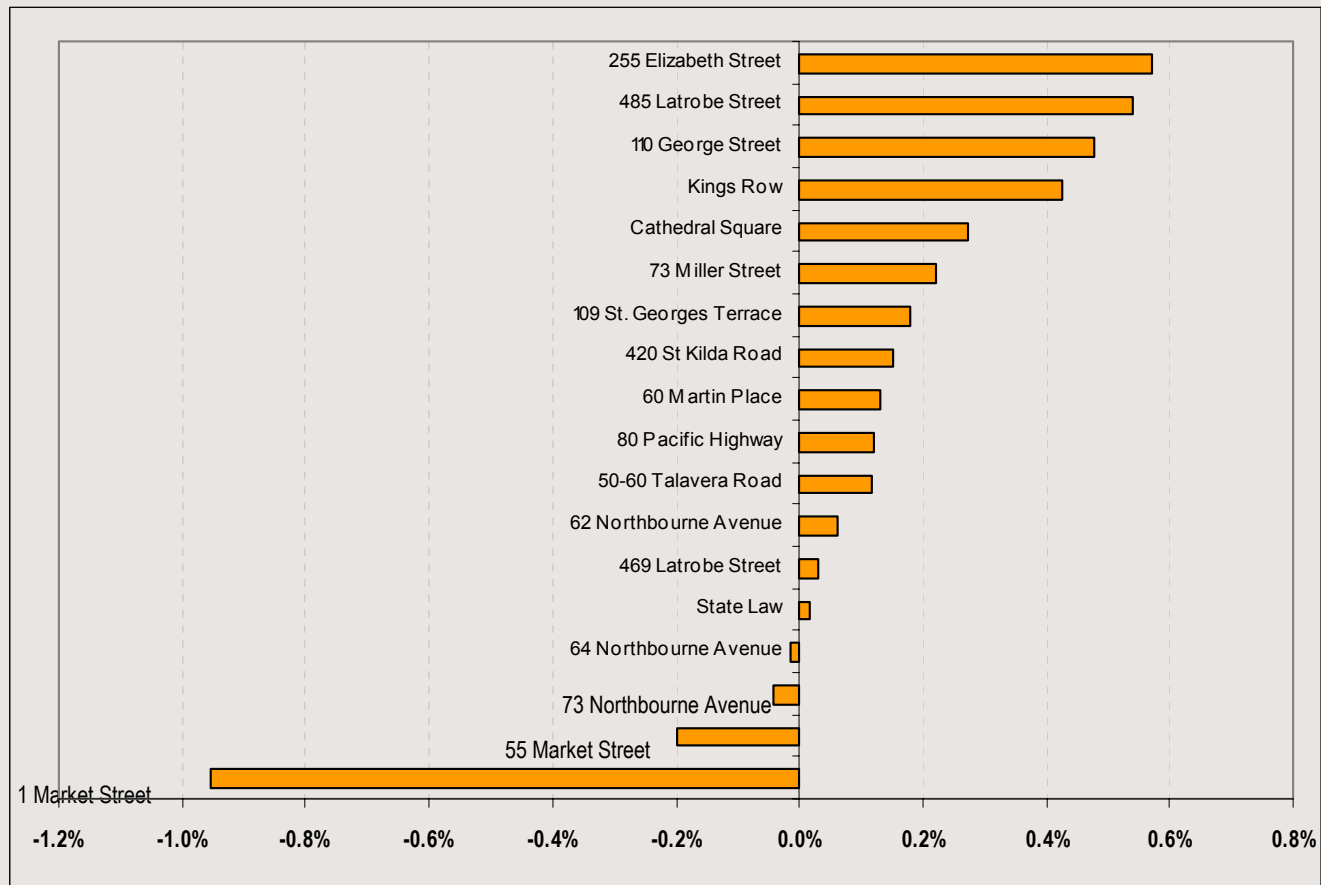
Results: Investment Portfolio

- Like on like income growth: +2.1%
- Portfolio NOI: +89%



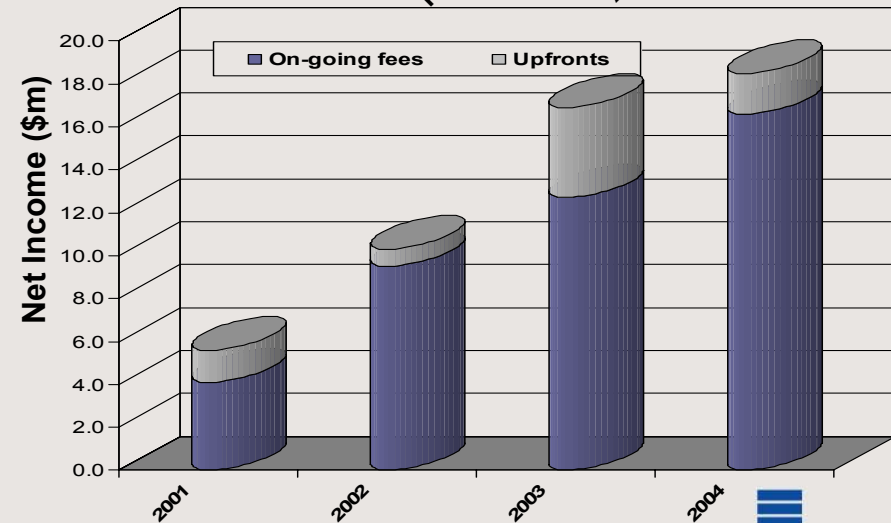
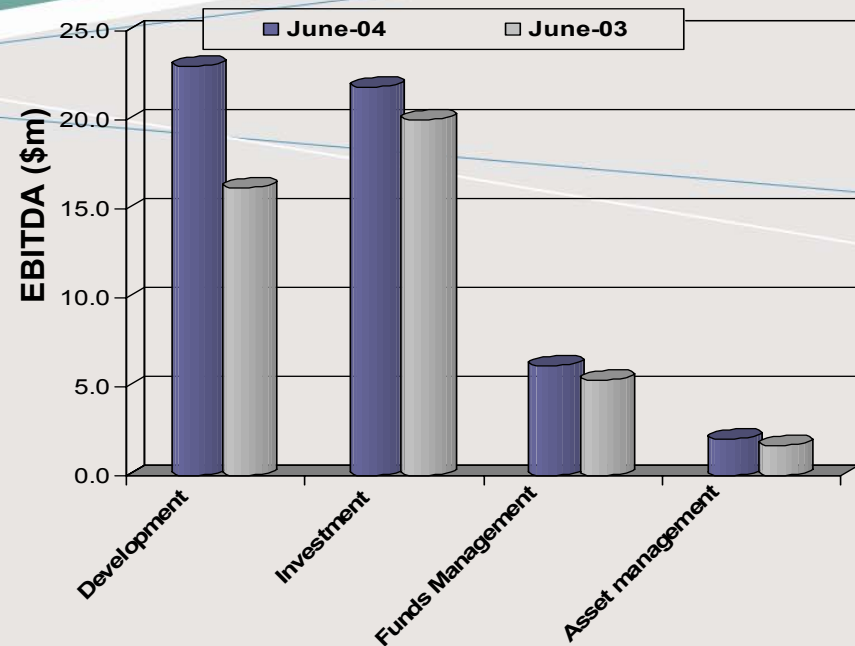
Results: Investment Portfolio

- Like for like net property income up 2.1% on pcp



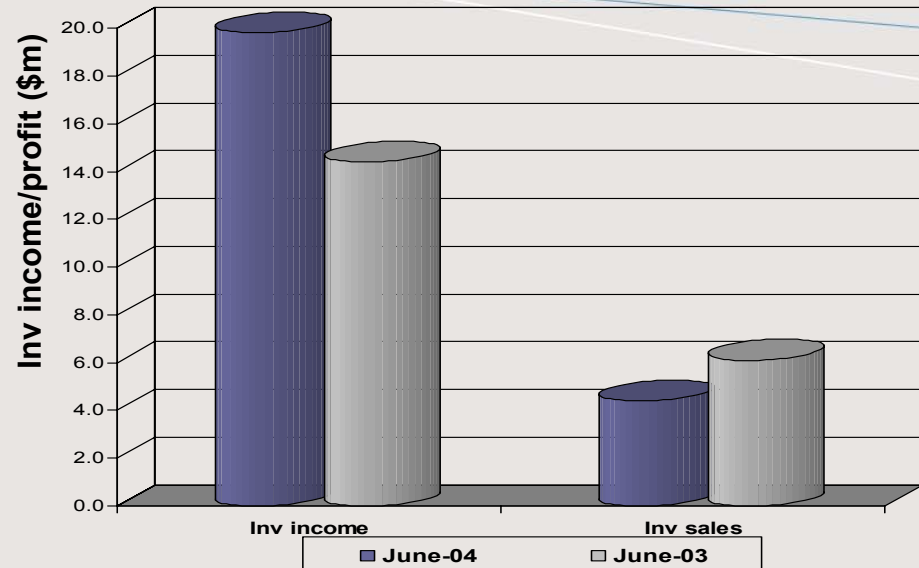
Results: Company activities

- Development and Investment income significant contributors to earnings
- Funds management includes Unlisted Funds and IPL's RE function to IPT
- Asset management includes CPS business
- Services
 - Services net income up from \$16.9 million to \$18.5 million
 - Annuity income up from \$12.7m to \$16.7m



Results: Investment

- Short term investment income comprised
 - Investment income: \$19.8 m (2003: \$14.4 m)
 - Investment sales profit: \$4.4 m (2003: \$6.1 m)
- Investment income up due to:
 - Full year ownership of Macarthur Central
 - Investment in ICPF
- Investment sales profit comprised profits on sale of:
 - 115 Grenfell Street, Adelaide
 - 15 million units in Martin Place Wholesale Syndicate
 - 7 – 13 Tomlins Street, Townsville
 - 185 Macquarie Street, Sydney



Results: Development

Residential

- Average 47% margin on costs across all sales
- Continued strong residential margins and sales rates

Residential	\$34.7 million in sales
Lots settled	
Mill Park, VIC	217 lots @ \$100,000/lot avg*
Quinns Beach, WA	24 lots @ \$230,000/lot avg*
Manly, QLD	48 lots @ \$155,000/lot avg*
Total	289 lots
Contracts on foot	135 lots

*Gross Sales less GST

Results: Development

Other

- Manly Shopping centre sold for \$21m at 7.25% yield
- CPSA Eden Park, North Ryde
 - 75% complete
 - Provision for rental guarantee maintained
- Acacia Ridge, Brisbane
 - 4 lots sold (project completed)
- Turner Street, Melbourne
 - 15 units sold (Stage 2 completed)



Development

Asset
Management

Investment

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Capital Management

Statement of Financial Position

- Assets of \$4.5 billion
- Gearing: 36.3%
- Facility Limits: \$1,748 million
- Debt drawn: \$1,619 million
- Amount hedged: \$1,120 million (69%)
- Ave cost of debt funds: 6.20% (inc. margin)
- Securities on issue: 1.4 billion

	30/6/04 \$m	30/6/03 \$m
Assets		
Investment Portfolio	3,699	1,818
Short Term Investments	384	531
Inventory	169	133
Receivables	73	50
Intangibles	125	40
Cash	9	10
Total Assets	4,460	2,582
Liabilities		
Payables	51	24
Provisions	65	39
Borrowings	1,619	850
Tax	7	10
Total Liabilities	1,742	923
Net Assets	2,717	1,659
Equity		
Contributed Equity	2,628	1,580
Outside Equity Interests	44	20
Reserves	36	50
Undistributed Income	9	9
Total Equity	2,717	1,659

Capital Management

- Debt reduction well underway

- Peak at 38% post DOF acquisition
- Target 28 – 32%
- Actual June 2004 – 36.3%

Gearing post POF	38.4%
Asset sales	(2.2%)
DRP	(1.4%)
Investment Portfolio capex	0.2%
Working capital	(0.2%)
Underlying core gearing	34.8%
126 Phillip Street capex	0.9%
Development acquisitions	0.6%
Gearing at 30 June 2004	36.3%

- Further initiatives

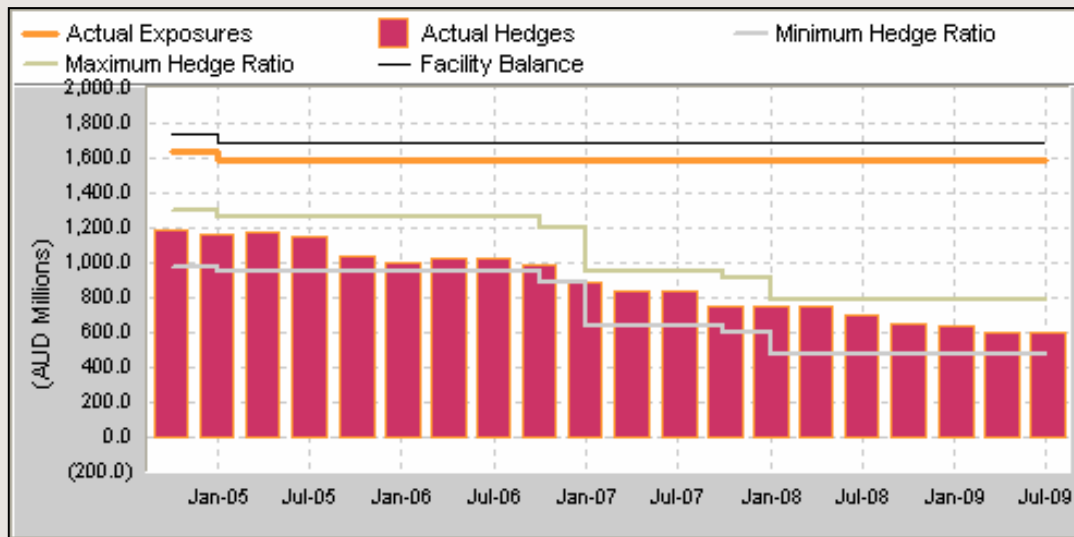
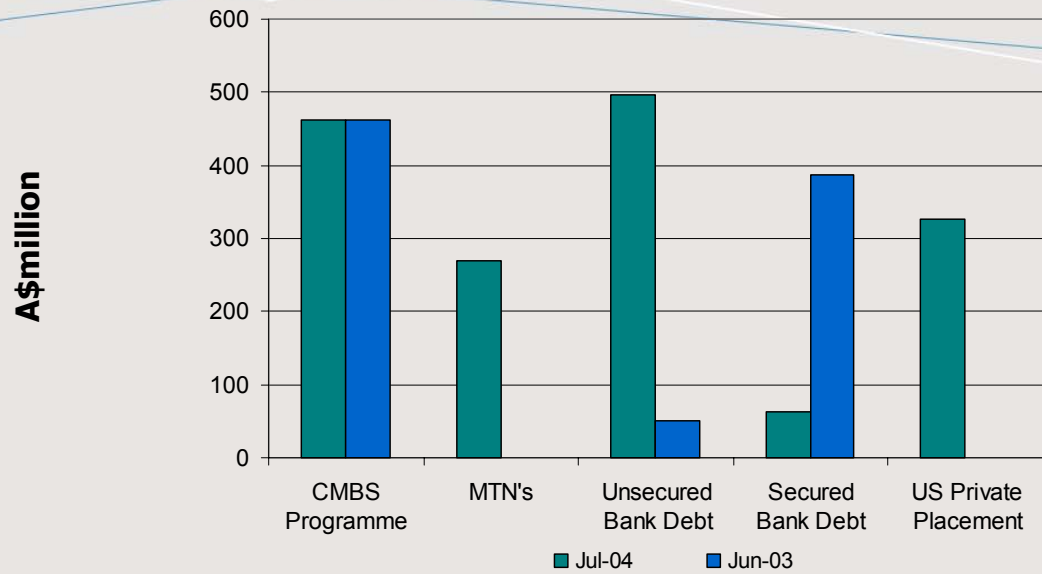
- Macarthur Central
- Further non-core asset sales
- Build on growing momentum for ICPF sell down

Capital Management

- 11 different (primarily secured) facilities replaced with simple unsecured financing structure
- Five one-year bilateral bank loans totalling \$950m in place with simple legal structure (amount to be reduced with USPP proceeds and de-leverage)
- A\$326m US Private Placement completed with A\$246m ten and A\$80m twelve year maturities at BBSW + 0.8275% and 0.88%, respectively
- Domestic commercial paper/bond program under negotiation
- Refinance will deliver :
 - Reduced cost of funds
 - Simplicity in funding arrangements
 - Longer average term of loan arrangements
 - Greater flexibility
 - Diversification of funding sources
 - Reduced legal costs

Capital Management

Source of debt





Development

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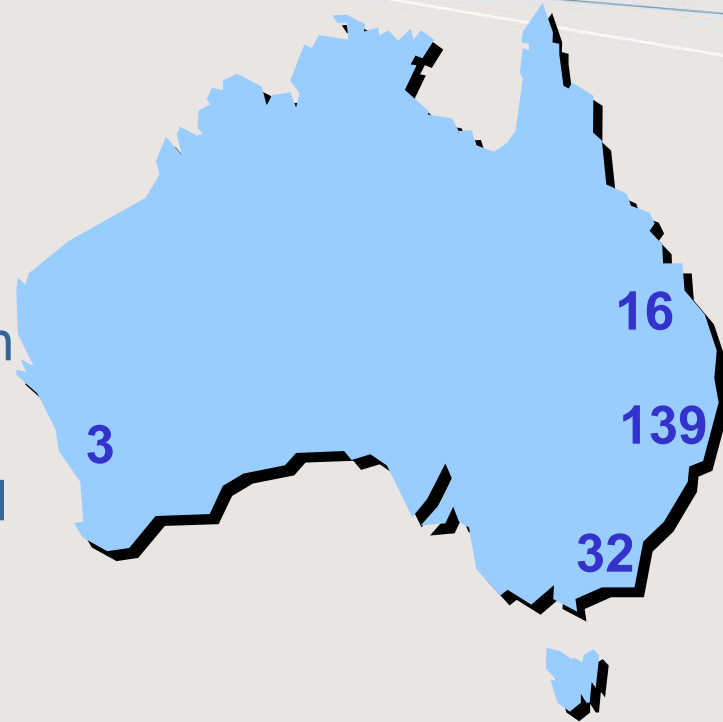
Investment

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Resourcing

Resourcing

- Management team in place
 - Increased to 190 people @ 06/04
- Objectives set against business plan
- ESAP for all staff – interests aligned
- Entrench culture and core values
- Management depth reinforced



Resourcing: Management depth added

Directors

Unlisted Funds	Finance	CPS	Developments	Investment Portfolio	Asset Management	Company Secretary
Bill Grounds (6)	Graham Monk (39)	Peter Bolton-Hall (35)	David Bromell (21)	Michael Cook/ Campbell Hanan (6)	Andrew Junor (72)	Brian McGarry (11)
Adam Learmonth	Damien Cronin	Frank Hack	Kingsley Andrew	Sarah Ballhausen	Simon Cox	Paul Fletcher
Peter Menegazzo	Michelle Dance	Darryl Madden	John Bruzzaniti	Peter Malpass	Kevin Dickinson	Sonia Jacobs
Scott Morgan	Sean Hamer	Greg Phipson	Michael Lochtenberg	Daniel Thompson	Peter Northwood	Simone Lander
Tina Raftopoulos	David Miller		Tim Lakos		Mike Wood	Brian Lang
	Duncan Peacocke		Craig Mercer		Charles Spanjer	
	Kerry Renshaw		David Finney		Kerry Wade	
			Eliza Macrossan		David Stabback	
			Richard Johnston		Scott Jordan	



Development

Asset
Management

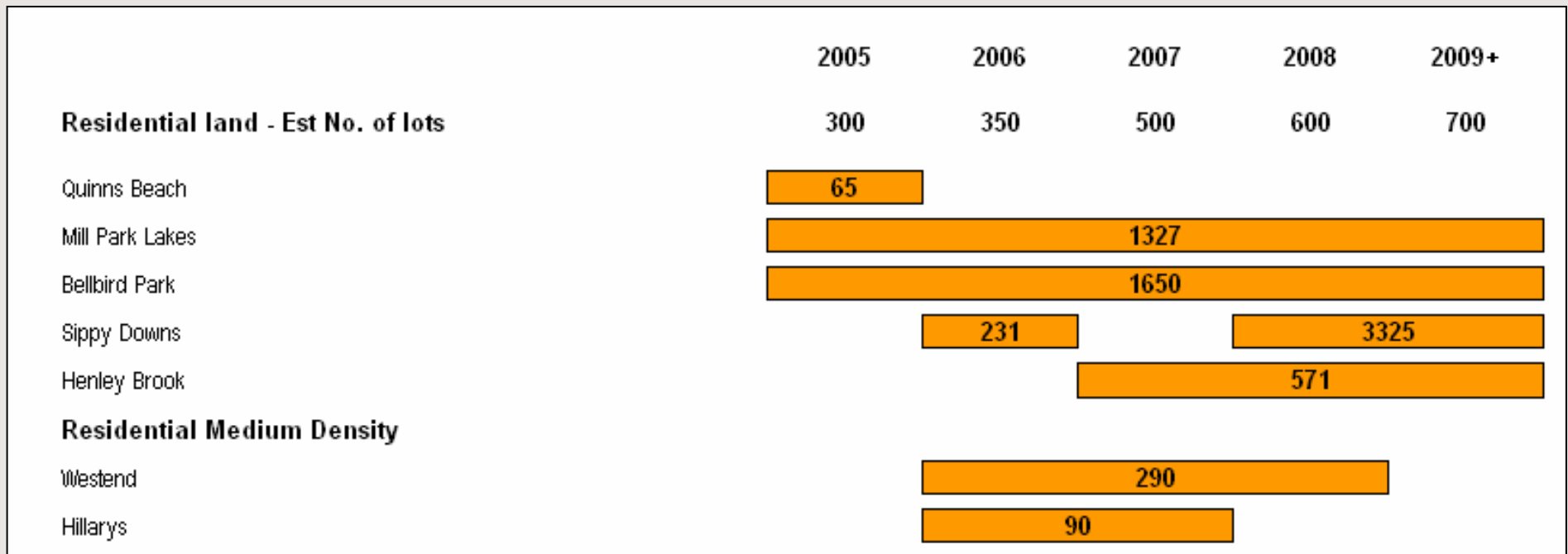
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Development

Development: Residential pipeline

- Restocking continues – Approx. 7,500 lots under control (2,000 lots at 12/02)
- Pipeline lengthened beyond 2008



Development: Other

- Turner St, Melbourne – Stage III (under construction), IV (in design)
- Lorimer St, Melbourne – Subdivision into four lots
- Macquarie St, Parramatta – DA in place
- Eden Park, North Ryde – Up to 35,000m² NLA available for construction
- Restocking opportunities being pursued



Development

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Asset Management

Asset Management: Portfolio

- Integrated asset and facilities management
 - Key point of difference
- Expanded scale
 - 58 properties under management
 - 1.2 million m² NLA
 - \$520 m rent roll
- Sustainability
 - Investa awarded 5 star rating from NSCA
 - Investa awarded 2004 Banksia award – Leadership in Socially Responsible Investment

Asset Management: CPS

- Growing profit contribution to IPG
- WBC contract – business as usual
- Suncorp Metway contract – management of:
 - 179 retail outlets
 - 5 call centres
 - 21 corporate offices
- Discrete assignments for clients



Development

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Management

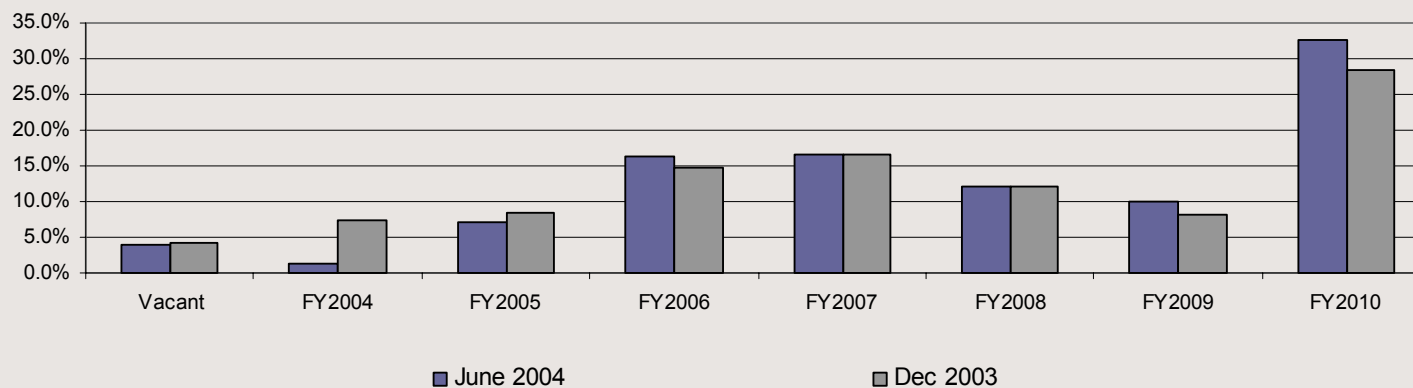
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Investment

Investment: Portfolio Key Stats

- Key points:
 - Like for like net property income up 2.1% on pcp
 - Weighted average lease term 4.4 years (2003: 5.1 years)
 - 97,200 m² leased
 - Occupancy at 96.2%
- Strong portfolio expiry profile as follows:



Investment: Portfolio Vacancies

- Vacancy list at 30 June as follows:

Property	% Owned	Vacant (m2)*	Vacancy (%)
485 LaTrobe Street, Melbourne	100%	1,123	3.3%
1 Market Street, Sydney	50%	1,020	6.9%
55 Market Street, Sydney	100%	1,525	6.7%
QV1, Perth	50%	1,529	4.9%
Grosvenor Place, Sydney	30%	1,367	5.3%
441 St Kilda Rd, Melbourne	100%	1,842	11.5%
120 Collins Street, Melbourne	100%	1,917	3.0%
Kindersley House, Sydney	100%	2,310	12.7%
Centennial Plaza C, Sydney	100%	4,502	20.8%
Centennial Plaza B, Sydney	100%	7,084	39.2%
Total vacancy > 1,000m2		24,219	3.2%
Other vacancy		4,650	0.6%
Portfolio Total %		28,869	3.8%

- 10 properties with vacancy over 1,000m²: total 24,219m² (39,379m² @ Dec 03)

* Weighted by ownership

Investment: Portfolio Significant Lease Expiries (next 18 months)

Property	Tenant	Area	Expiry Date
420 St Kilda Rd, Melbourne	Intergraph Public Safety	1,051	Nov-04
1 Market St, Sydney	JTB	1,134	Feb-05
120 Collins St, Melbourne	3601 - Mitsubishi Aust Ltd	1,142	Jan-05
400 George St, Sydney	L7 - Western Union Financial	1,221	Jun-05
469 La Trobe St, Melbourne	John Fairfax	1,341	Aug-05
Kings Row, Brisbane	Thiess	1,978	Dec-04
64 Northbourne Ave, ACT	KFPW	2,557	Jul-04
441 St Kilda, Melbourne	SAP	2,674	Oct-04
55 Market St, Sydney	L5-7 Commonwealth	3,203	Dec-05
64 Northbourne Ave, ACT	DEWR	3,387	Jul-04
469 La Trobe St, Melbourne	Westpac Banking Corporation	4,775	Jul-05
110 George St, Sydney	Procter & Gamble	4,827	Jun-05
109 St Georges Terrace, Perth	WBC	4,964	Nov-04
110 George St, Sydney	NRMA	5,430	Dec-05
120 Collins St, Melbourne	Phillips Fox	5,796	Dec-05
Centennial Plaza Tower C, Sydney	NAB	6,506	Oct-04
255 Elizabeth St, Sydney	Phillips Fox (Landen Pty Ltd)	7,708	Aug-04
120 Collins St, Melbourne	Ernst & Young	14,840	Nov-05
Total		74,534	

Investment: 126 Phillip Street

- Approx 60% leased to Deutsche Bank, Ebsworth & Ebsworth and Investa with a further 18% in negotiation
- Construction on track – due to complete Sep 05
 - North core approaching level 35
 - South core finished
 - Floor slabs poured to level 30
 - Services & finishes following closely behind structure
 - Façade fixed to level 18
- Forecast cost: \$440 million
- End value: \$520+ million



Investment: Kindersely House

- Acquired through DOF acquisition
- Currently income producing
- Details of new concept:
 - Sustainability – 5 star rating;
 - 22,360m² NLA;
 - 24 Office levels (35 floors)
 - 41 Car parks.
- End value \$280 – \$300 million
- Kindersley House Stage 2 DA – in council for approval





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Funds Management

Funds Management

- Wholesale Funds
 - ICPF marketing gaining momentum with target market
 - Investor base expanded (7 investors/ 3 asset consultants)
 - \$23.7 million committed by various new and existing clients during FY04
 - \$13.6 million committed post 30 June 2004
- Syndications
 - Difficult market
 - Likely to deliver \$150 million in new syndicates by June 2005



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Key Priorities

Key Priorities

- Expand value chain strategy – property solutions
- EPS growth
- Growth in business services earnings
- Maximise investment portfolio returns
- Leasing
- Debt reduction
- Culture and people



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Appendix

Appendix: Property by property net income

	2004 \$m	2003 \$m
120 Collins Street	29.7	-
400 George Street	26.6	-
242 Exhibition Street	21.0	17.5
Grosvenor Place	15.4	-
255 Elizabeth Street	12.3	11.8
QV 1	10.6	-
310 Pitt Street	10.2	7.2
55 Market Street	9.8	10.0
St Martins	9.1	-
Maritime Trade Towers	9.0	-
485 Latrobe Street	8.9	8.4
State Law	8.1	8.1
73 Miller Street	7.0	6.8
60 Martin Place	6.7	6.6
110 George Street	6.6	6.1
1 Market Street	6.3	7.2
Centennial C	6.2	-
Cathedral Square	5.9	5.6
469 Latrobe Street	5.1	5.0
589 Collins Street	4.9	2.0
Centennial A	4.9	-
231 Elizabeth Street	4.5	7.6
Centennial B	4.5	-
Customs House	4.2	-
209 Kingsway	4.1	2.7
80 Pacific Highway	3.5	3.4
Kindersley	3.4	-
50-60 Talavera Road	3.3	3.2
Kings Row	3.1	2.7
62 Northbourne Avenue	2.8	2.7
441 St Kilda Rd	2.7	-
420 St Kilda Road	2.5	2.4
109 St. Georges Terrace	2.1	2.0
Penrhyn House	1.9	1.1
73 Northbourne Avenue	1.8	1.8
64 Northbourne Avenue	1.5	1.6
115 Grenfell Street	1.4	3.0
32 Phillip Street	0.9	1.8
241 Adelaide Street	0.8	1.5
260 Queen Street	0.0	1.1
Townsville	-	0.5
Cairns	-	0.3
Adjustments*	(14.4)	(4.4)
Total	259.0	137.3

* FY04 adjustment removes POF properties for July and August as Investa did not hold 100% of the units in POF.