INVESTA Property Group

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Media and ASX Announcement

INVESTA PROPERTY GROUP HALF YEAR END RESULTS 31 DECEMBER 2003

Continued Growth Delivers Increased Earnings per Security

Sydney, 29 January 2004: Investa Property Group has delivered a strong operating and financial result for the half year ended 31 December 2003. Distributions per security were up 5.8% over the previous corresponding period and Earnings[1] were up 3.5%.

Compared with the previous corresponding period, the result shows significantly increased total earnings, increased earnings per security, a solid leasing and re-leasing performance, and growth in the syndications and development businesses.

Commenting on the result, Mr Chris O'Donnell, Managing Director said: "Given a challenging commercial office market, this strong result underscores the value of the strategic initiatives undertaken by Investa over the last two years.

"The Group's performance for the half year reflects the combination of continued solid performance of the underlying business with the completion of the acquisition and integration of Principal Office Fund (subsequently renamed Delta Office Fund or DOF) and a six month effect of the Telstra portfolio acquired on August 1st 2002," he said.

Based on the result for the half year and the Group's forecast for the second half of the current financial year, Investa is on track to deliver full year earnings of 16.52 per security and distribution of 16.50 cents per security as disclosed in the Bidder's Statement lodged with ASIC on 2 June 2003. As expected, the expanded scale of the business is reflected in increased borrowing costs and operating expenses, which are in keeping with the Bidder's Statement (see attached Summary Distribution Statement).

The Investment Portfolio remains the mainstay and contributed 83% of Group Earnings[2] with the Business Services, Development and Short Term investments contributing 17% of Group Earnings.

Reflecting the significant acquisition activities and in particular the acquisition of DOF, the Group assets have increased since 30 June 2003 by 69% to $4.4 billion. In the same period assets under management also increased by over $1.9 billion to $5.1 billion reflecting solid growth across all operating divisions of the Group.

	Actual HY 12/03	Actual HY 12/02	Change
Revenue	$372.6 million	$161.7 million	+ 130.4%
Earnings[1]	$147.5 million	$76.0 million	+ 94.1%
Earnings per Security[1]	8.35 cents	8.07 cents	+ 3.5%
Distribution per Security	8.15 cents	7.70 cents	+ 5.8%
NTA per security	$1.81	$1.78	+ 1.7%

1 Earnings after tax and before revaluations and amortization
2 Earnings after tax and before revaluation, interest, amortization and depreciation

INVESTMENTS – CONTINUING SOLID LEASING PROFILE

The Investment Portfolio net income has increased from $60.7 million to $122.9 million due to the acquisition of DOF, a full six month effect of the Telstra properties purchased during the corresponding prior period and other acquisitions including 209 Kingsway, South Melbourne; Penrhyn House, ACT; 589 Collins Street, Melbourne; State Law Building and Kings Row, Brisbane.

The integration of the DOF portfolio has been completed smoothly, within schedule and budget, as planned. All staff required to manage the enlarged portfolio are in place.

In accordance with the Group's asset revaluation policy, which requires that assets are to be revalued at least once every three years (or more regularly if required), four properties were revalued. The net valuation movement was a $17.4 million (0.4% of Group total assets) reduction in the carrying value of investment properties. The main item included in this total is a $8.5 million decrease in the value of 109 St Georges Terrace, Perth where the property is being refurbished in accordance with an agreement to lease recently entered into with Westpac Banking Corporation over 6,900 square metres.

The average lease term of the portfolio stands at 4.4 years, and occupancy levels remain high at 96% with a relatively flat profile of expiry risk looking forward. Leasing remains a key focus for the Group with recent announcements on new leases, renewals and extensions demonstrating that there are early signs that the commercial office markets are improving especially in Sydney.

Lease Expiry Profile (by area)

Year ending June	2004	2005	2006	2007	2008	2009	2010+
Percentage of Portfolio Expiring	7.5%	8.4%	14.8%	16.6%	12.1%	8.2%	28.4%

The Group's leadership position on sustainability continues with Investa owning three of the top ten energy efficient greenhouse friendly buildings in Sydney, as announced by the NSW Government on 22 January 2004.

BUSINESS SERVICES[3], DEVELOPMENT AND SHORT TERM INVESTMENTS – EARNINGS GROW BY 55%

Earnings[1] from Business Services, Development and Short-term Investments have grown from the previous corresponding period by 55% to $24.7 million.

Development: continuing strong sales and margins

Development income is up from $7.8 million to $11.8 million, delivering continued strong margins of 47% on cost (46% in the previous period). The result was underpinned by sales of residential subdivision lots totalling $17.5 million. In addition, there have been sales of 14 units at Turner Street, Melbourne plus land at Eden Park, North Ryde, Sydney and Acacia Ridge, Brisbane. Leveraging the structure of the Group, the land at Eden Park was sold to one of the Group's syndicates and construction of the high tech building is well advanced.

Continued residential sales from existing and recently acquired landbanks, sales of strata units at Turner Street, completion of the development at Eden Park and the development of a retail centre on the residual landholding at Manly, Brisbane will underpin development profits in the short term. Replenishment of the development inventory with significant acquisitions in the buoyant Sunshine Coast market, Queensland, and Bellbird Park, Brisbane will underpin development profit in the medium to long term.

Business Services and Investments: strong growth in fee and investment income

Fees from Business Services have increased significantly from the previous period, reflecting increased funds under management in the syndication business, increased asset management fees from the enlarged portfolio and continued contributions from the Corporate Property Services business. Syndication fee income has grown to $3.2 million for the 6 months, reflecting higher funds under management and fees from the recent launch of Investa Sixth Commercial trust. Investa continues to broaden its syndicate fee base earning equity raising fees on units directly placed with investors.

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3 Business Services comprises funds management, asset management and corporate property services.

Investment income, derived from assets held in preparation for syndication or sale, is up from $5.9 million to $10.4 million. The assets delivering this income include Macarthur Central, Investa Commercial Property Fund (which is a wholesale fund currently being sold down by the Group) and Martin Place Wholesale Syndicate. Demonstrating the Group's ability to add value through successful trading of properties, sales of investment properties has delivered a profit of $4.1 million, which is up from $2.6 million in the previous period.

CAPITAL MANAGEMENT – S&P CONFIRMED BBB+/A-2 RATING

The capital base of the Group has increased significantly due predominantly to the issue of securities as part of the consideration to acquire DOF, with contributed equity increasing by $977 million during the six months.

Growth was also supported by additional debt which has increased from $849 million at 30 June 2003 to $1,599 million at 31 December 2003. This includes bridging debt of $529 million to fund the cash component of the DOF acquisition consideration and $417 million of debt within DOF that is consolidated into the Group upon acquisition. Following the DOF acquisition, Standard & Poor's rated the Group BBB+/A-2. This provides a strong basis from which the Group will undertake significant restructuring of its debt over the next 6 months.

At 31 December 2003, Group gearing was 36.6%. This has reduced from 38.4% at the conclusion of the acquisition of DOF and further reduction in debt remains a key priority. Post balance date, the Dividend Reinvestment Plan operating in conjunction with the December 2003 quarterly distribution was underwritten and raised approximately $60 million, further reducing debt to 35.3%. Interest rates on approximately 66% of outstanding debt are hedged with the weighted average term being 4.0 years and the weighted average interest rate, including margin, being 6.1% per annum.

CONCLUSION – SOLID PERFORMANCE POSITIONS GROUP TO LEVERAGE PROPERTY VALUE CHAIN

The last 2 years have been highlighted by three major transactions (the purchase of the $145 million Silverton landbank, the $600 million acquisition of 7 properties from Telstra and the acquisition of the $1.8 billion portfolio of DOF investment properties) plus a series of smaller individual transactions that total around $400 million.

In addition, the underlying Investment Portfolio has continued to deliver a solid performance with a relatively flat lease expiry profile going forward. The profitability of the Business Services, Development and short term investment activities have grown, thereby providing a good complement to the secure long term earnings of the Investment Portfolio. Acquisitions have been accretive to earnings per security (EPS), thereby delivering continued EPS growth despite the downturn in the commercial office market. Debt reduction, leasing and increasing the contribution from Business Services, Development and Short Term investments remain the Group's focus.

Mr O'Donnell concluded by saying: "The Group is well positioned to benefit from its significantly larger capital base to access the opportunities that are presented to it, thereby delivering on its strategy of leveraging the property value chain to maximise returns for IPG investors.

"The Group will continue to enhance its operating platform, building on the principles of good governance and quality management and is on track to deliver a full year distribution of 16.50 cents per security."

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