

Investa Property Trust

ARSN 088 705 882

Half-Year Report

31 December 2001

Half-Year Report –31 December 2001

Contents

Directors' Report	3
Consolidated Statement of Financial Performance	4
Consolidated Statement of Financial Position.....	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
Directors' Declaration	13
Independent Audit Report to the Unitholders of Investa Property Trust	14

Directors' Report

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust, present their report for the half-year ended 31 December 2001.

Directors

The following persons held office as directors at the date of this report:

I K Payne (Chairman)
C J O'Donnell (Managing Director)
P J Carney
S A Mays
J L Arthur

All directors held office for the whole of the financial reporting period except for J L Arthur who was appointed on 2 July 2001.

Principal activities

During the period the principal continuing activities of the Trust consisted of investment in commercial properties.

Distributions

Distributions totalling \$39,192,174 (7.15 cents per unit) were paid and payable by the Trust for the half-year ended 31 December 2001 (31 December 2000: \$30,607,000 equivalent to 6.5976 cents per unit).

Review of operations

The performance of the Trust was as follows:

	31 December 2001 \$'000	31 December 2000 \$'000
Net profit (including net revaluation of investment properties)	43,545	53,194
Income carried forward	960	2,843
Transfer from contributed equity	2,801	160
Net transfers to reserves	<u>(6,876)</u>	<u>(24,676)</u>
Amount available for distribution	<u>40,430</u>	<u>31,521</u>
Distribution paid and payable (\$'000)	39,192	30,607
Value of Trust assets at 31 December 2001	1,315,772	1,090,492

Rounding of amounts to nearest thousand dollars

The Trust is a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order unless otherwise indicated.

This report is made in accordance with a resolution of the directors.

I K Payne
Director
Sydney
12 February 2002

**Consolidated Statement of Financial Performance
For the half-year ended 31 December 2001**

		31 December 2001 \$'000	31 December 2000 \$'000
	Notes		
Rent		47,994	44,955
Distribution from associates		9,070	6,730
Interest		1,077	389
Total revenue from ordinary activities		58,141	52,074
Property outgoings		(9,915)	(9,645)
Repairs and maintenance		(946)	(1,390)
Borrowing costs		(7,665)	(9,279)
Amortisation of intangibles		(965)	(160)
Other expenses from ordinary activities		(1,981)	(3,082)
Increment on revaluation of investment properties	6(a)	6,876	24,676
Net profit		43,545	53,194
Net increase in asset revaluation reserve	6(a)	132	-
Total revenues, expenses and valuation adjustments attributable to unitholders of Investa Property Trust recognised directly in equity		132	-
Total changes in equity other than those resulting from transactions with unitholders as owners		43,677	53,194
Distribution paid and payable	4	39,192	30,607
Distribution paid and payable per unit (CPU)	4	7.15	6.59
Basic earnings per unit (CPU)		8.00	11.43
Basic earnings per unit (before revaluation)		6.73	6.15
Basic earnings per unit (before revaluation and amortisation)		6.91	6.18

The above Consolidated Statement of Financial Performance should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position
As at 31 December 2001**

	Notes	31 December 2001 \$'000	30 June 2001 \$'000
Current assets			
Cash assets		39,679	11,454
Receivables		15,035	11,564
Loans to related entities	3	122,728	-
Total current assets		177,442	23,018
Non-current assets			
Investment properties	2	1,101,813	1,091,885
Intangibles		36,517	37,481
Total non-current assets		1,138,330	1,129,366
Total assets		1,315,772	1,152,384
Current liabilities			
Payables		5,726	5,063
Interest bearing liabilities	7(a)	-	80,000
Provision for distribution	4	20,522	17,266
Total current liabilities		26,248	102,329
Non-current liabilities			
Interest bearing liabilities	7(b)	257,000	163,000
Total non-current liabilities		257,000	163,000
Total liabilities		283,248	265,329
Net assets		1,032,524	887,055
Equity			
Contributed equity	5	1,031,154	892,971
Reserves	6(a)	132	(6,876)
Amounts available for distribution	6(b)	1,238	960
Total equity		1,032,524	887,055

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows
For the half-year ended 31 December 2001**

	31 December 2001 \$'000	31 December 2000 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	47,151	44,080
Cash payments in the course of operations	(13,254)	(13,495)
Interest received	477	389
Distributions from associates	9,454	6,621
Borrowing costs paid	(7,357)	(8,499)
Net cash inflow from operating activities	36,471	29,096
Cash flows from investing activities		
Capital expenditure on investment properties	(2,676)	(2,345)
Loans to related entities	(127,728)	-
Repayment of loans by related parties	5,000	-
Payments for investments in associates	(278)	-
Payments for intangible assets	-	(35,772)
Net cash outflow from investing activities	(125,682)	(38,117)
Cash flows from financing activities		
Proceeds from issue of units	132,056	33,850
Payment for costs associated with issue of units	(4,044)	-
Proceeds from borrowings	17,000	-
Proceeds from issue of commercial notes	249,405	-
Payment for costs associated with issue of commercial notes	(1,018)	-
Repayment of borrowings	(253,000)	(15,000)
Distributions paid	(22,963)	(15,167)
Net cash inflow from financing activities	117,436	3,683
Net increase/(decrease) in cash held	28,225	(5,338)
Cash at the beginning of the reporting period	11,454	14,844
Cash at the end of the reporting period	39,679	9,506
Non-cash financing and investing activities	4	14,971

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2001**

Note 1. Basis of preparation of half-year Financial Report

This general purpose consolidated Financial Report for the half-year ended 31 December 2001 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements, the Corporations Act 2001, and the Trust Constitution dated 15 July 1977 (as amended).

This interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly this report should be read in conjunction with the Annual Report for the year ended 30 June 2001 and any public announcements made by Investa Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The units in Investa Property Trust are 'stapled' to the shares in Investa Properties Limited. From 1 December 2000, all transactions in either security can only be in the form of transactions in Investa Property Group stapled securities.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year.

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2001**
Note 2. Non-current assets – Investment properties

Property	Type	Ownership	Acquisition date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31/12/01	Consolidated book value 30/06/01 \$'000
Non current assets									
Investa Property Trust									
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,744	30/06/01	25,800	A Hall, GAPI Arthur Andersen	25,800	25,800
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	23,648	31/03/01	12,000	A Martin, AAPI	12,010	12,000
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	23,324	31/12/00	17,000	JLL Advisory P Dempsey, FAPI Arthur Andersen	17,134	17,115
73 Miller Street, North Sydney, NSW *	Offices/ Freehold	100%	12/06/97	75,436	31/12/00	76,000	TM Phelan, FAPI	77,410	76,758
50-60 Talavera Road, North Ryde, NSW *	Offices/ Freehold	100%	01/11/99	32,739	30/09/00	31,400	Knight Frank R Lawrie, AAPI	31,400	31,400
32 Philip Street, Parramatta, NSW	Offices/ Freehold	100%	01/11/99	21,784	30/09/00	21,100	JLL Advisory A Martin, AAPI	21,100	21,100
55 Market Street, Sydney, NSW *	Offices/ Freehold	100%	31/07/98	121,881	30/06/01	130,000	JLL Advisory K Goddard, FAPI	130,015	130,000
241 Adelaide Street, Brisbane, QLD	Offices/ 75 yrs Leasehold	100%	10/09/98	21,102	30/09/00	18,400	Knight Frank D Mohr, AAPI	19,012	18,952
410 Ann Street, Brisbane, QLD *	Offices/ Freehold 120 yr leasehold	100%	23/11/87	57,684	30/06/01	62,500	CB Richard Ellis C Chatwood AAPI	62,565	62,500
260 Queen Street, Brisbane, QLD	Offices/ Freehold	100%	01/11/99	23,983	31/03/01	23,000	JLL Advisory W Wiermann, AAPI	23,070	23,005
469 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	01/07/88	80,813	31/12/00	42,100	JLL Advisory R Scrivener, FAPI-FRICS, Arthur Andersen	42,318	42,158
485 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	10/09/98	90,866	30/09/00	101,000	S L Bourke, AAPI	101,074	101,074
420 St Kilda Road, Melbourne, VIC	Offices/ Freehold	100%	12/12/86	24,566	30/06/01	27,000	CB Richard Ellis C Plant	27,039	27,000
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	24,645	30/09/00	23,750	JLL Advisory GN Kennedy, FAPI	25,019	23,812
				<u>651,215</u>			JLL Advisory	<u>614,966</u>	<u>612,674</u>
Total Parent Investment in controlled entities									
Investa Real Property Growth Trust									
115 Grenfell Street, Adelaide, SA *	Offices/ Freehold	100%	04/05/89	48,847	31/03/01	26,500	James Pledge AAPI, Knight Frank	26,681	26,675
110 George Street, Parramatta, NSW *	Offices/ Freehold	50% 50%	02/10/97 15/12/98	67,101	31/12/00	66,500	W M Retallick, Bec FAPI, Knight Frank	66,752	66,527
				<u>115,948</u>				<u>93,433</u>	<u>93,202</u>
Total - Investa Real Property Growth Trust									
Lizbeth Trust									
255 Elizabeth Street, Sydney, NSW*	Offices/ Freehold	50% 10% 40%	21/09/94 11/12/98 01/11/99	155,219	31/03/01	153,500	A Pannifex, AAPI Knight Frank	153,712	153,594
				<u>155,219</u>				<u>153,712</u>	<u>153,594</u>
Total investment in controlled entities									
Investments in associates									
60 Martin Place Unit Trust									
60 Martin Place, Sydney, NSW	Offices/ Freehold	50%	01/11/99	79,745	31/12/01	88,500	Hamish Roth AAPI, JLL Advisory	88,196	87,130
SUNPAC Property Fund*									
1 Market Street, Sydney, NSW	Offices/ Freehold	50%	09/01/96	81,534	30/09/01	101,250	SH Fairfax, MRICS, AAPI CB Richard Ellis	100,943	95,000
80 Pacific Highway Trust									
80 Pacific Highway, North Sydney, NSW		50%	04/05/01	45,743	31/03/01	45,375	MS Smallhorn, FAPI JLL Advisory	45,743	45,465
Investa Brisbane Commercial Trust									
		20%	08/05/01	4,820	-	-	-	4,820	4,820
Total investment in associates									
				<u>211,842</u>				<u>239,702</u>	<u>232,415</u>
Total									
				<u>1,134,224</u>				<u>1,101,813</u>	<u>1,091,885</u>

* These properties and units are used as security for the issue of commercial notes referred to in Note 7. Properties not independently valued during the last 12 months are carried at director's valuation at 31 December 2001.

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2001**

Note 3. Loans to related entities

	31 December 2001 \$'000	30 June 2001 \$'000
Unsecured loans		
Investa Properties Limited ¹	16,403	-
Investa Nominees Pty Limited ¹	45,629	-
Investa Developments Pty Limited ²	60,696	-
	<u>122,728</u>	<u>-</u>

These loans arise as new capital is principally sourced by Investa Property Trust and loaned to Investa Properties Limited (or its subsidiaries) as required to support their investment activities. Under this arrangement the loans forwarded are at times non-interest bearing.

1 – These loans accrue interest at market rates and are repayable on demand.

2 – This loan does not presently accrue interest and is repayable on demand.

Note 4. Distribution paid and payable

	31 December 2001 \$'000	31 December 2001 CPU	31 December 2000 \$'000	31 December 2000 CPU
Timing of distributions				
The distributions were paid/ payable as follows:				
30 September	18,670	3.575	15,171	3.2875
31 December	20,522	3.575	15,436	3.3101
	<u>39,192</u>	<u>7.150</u>	<u>30,607</u>	<u>6.5976</u>

The 31 December 2001 distribution is due to be paid on 28 February 2002.

Distributions actually paid or satisfied by issue of units under the distribution reinvestment plan during the half-year were:

	31 December 2001 \$'000	31 December 2000 \$'000
Paid in cash	22,963	15,020
Satisfied by issue of units	12,973	14,971
	<u>35,936</u>	<u>29,991</u>

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2001

Note 5. Contributed equity

	31 December 2001 \$'000	30 June 2001 \$'000
(a) Contributed equity		
Opening balance	892,971	791,132
Issue of units	145,028	100,490
Costs for issue of units	(4,044)	(81)
Loss on sale of investment property	-	(82)
Transfer to distributable income	(2,801)	(2,519)
Transfer from asset revaluation reserve	-	4,031
Closing balance	<u>1,031,154</u>	<u>892,971</u>
(b) Number of units		
	'000	'000
Opening balance	515,490	456,999
Placement of units	66,883	46,321
Distributions reinvested	7,013	12,170
Security Participation Plan	3,476	-
Closing balance	<u>592,862</u>	<u>515,490</u>

Note 6. Reserves

(a) Asset revaluation reserve

	31 December 2001 \$'000	31 December 2000 \$'000
Opening balance	(6,876)	(58,910)
Increment on revaluation of investment properties	132	-
Transfer from distributable income	6,876	24,676
Closing balance	<u>132</u>	<u>(34,234)</u>

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2001**

Note 6. Reserves (continued)

	31 December 2001 \$'000	31 December 2000 \$'000
Increases/(decreases) on revaluation of investment properties		
55 Market Street, Sydney	-	178
73 Miller Street, North Sydney	-	3,388
32 Phillip Street, Parramatta	-	475
50-60 Talavera Road, North Ryde	-	400
485 Latrobe Street, Melbourne	-	10,160
469 Latrobe Street, Melbourne	-	7,443
420 St Kilda Road, Melbourne	-	-
410 Ann Street, Brisbane	-	1,760
241 Adelaide Street, Brisbane	-	(2,047)
260 Queen Street, Brisbane	-	232
62 Northbourne Avenue, Canberra	-	-
64 Northbourne Avenue, Canberra	-	-
73 Northbourne Avenue, Canberra	-	(31)
109 St Georges Terrace, Perth	-	1,488
255 Elizabeth Street, Sydney	-	-
110 George Street, Parramatta	-	(833)
115 Grenfell Street, Adelaide	-	-
Revaluation of investments in associates		
SUNPAC Property Fund	5,943	2,063
60 Martin Place Unit Trust	1,065	-
Total increment on revaluation of investment properties	7,008	24,676
Less revaluation (increment) taken to (revenue) as reversal of previous (decrement)	(6,876)	(24,676)
Net increment/(decrement) recognised directly in asset revaluation reserve	132	-

Properties are now valued on a rotational basis whereby approximately one-third of the assets are valued each year, with a period no longer than 3 years to expire between valuations for each property. The properties were previously valued annually. The properties owned by the associated entities as outlined above are valued quarterly.

(b) Amounts available for distribution

	31 December 2001 \$'000	31 December 2000 \$'000
Amounts available for distribution at the beginning of the financial period	960	2,843
Net profit	43,545	53,194
Transfer from contributed equity	2,801	160
Transfer to asset revaluation reserve	(6,876)	(24,676)
Distributions provided for or paid	(39,192)	(30,607)
Amounts available for distribution at the end of the financial period	1,238	914

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2001**

Note 7. Interest bearing liabilities

	31 December 2001 \$'000	30 June 2001 \$'000
Secured liabilities		
(a) Current liabilities		
Cash advance facilities	-	80,000
	<u>-</u>	<u>80,000</u>
(b) Non-current liabilities		
Commercial notes	250,000	-
Cash advance facilities	7,000	163,000
Total secured liabilities	<u>257,000</u>	<u>243,000</u>
(c) Limits		
Commercial notes	250,000	-
Cash advance facilities	75,000	247,000
Total facilities	325,000	247,000
Used at balance date	257,000	243,000
Unused at balance date	68,000	4,000

Commercial notes

On 28 November 2001, the Trust issued \$250,000,000 of commercial notes in the form of commercial mortgage backed securities. The notes have been issued for a term of 5 years and consist of a fixed rate tranche of \$100,000,000 with a coupon rate of 6% per annum payable semi-annually and a floating rate tranche of \$150,000,000 at the 90 day BBSW rate plus a margin of 0.43%. The notes have been rated 'AAA' by Standard & Poors and are secured by first mortgages over investment property as detailed in Note 2. The floating tranche has been fully hedged through the use of interest rate swaps.

Cash advance facilities

A \$75,000,000 facility has been established with the Commonwealth Bank of Australia and is secured by the assets of the Trust.

Note 8. Segment information

The Trust operates solely in Australia in one business segment being investment in commercial property. Accordingly all revenues and results relate to that segment.

Note 9. Events occurring after reporting date

Contracts were exchanged on 31 January 2002 for the purchase of 209 Kingsway, South Melbourne by Investa South Melbourne Trust which is jointly owned by Investa Property Trust and a wholly owned subsidiary of Investa Properties Limited. The property is presently under construction and on completion in February 2003 will have a value of approximately \$100 million. The purchase price of \$24.9 million reflects the value of the land and improvements constructed as at 31 January 2002, with further payments pursuant to a Development Agreement with Multiplex Developments No.1 Pty Limited to be made on completion of construction. That payment is determined as net income under leases capitalised at 8% less \$24.9 million payment. The Trust will receive a licence fee from settlement to completion reflecting an 8% yield on the \$24.9 million payment.

Note 10. Contingent liabilities

The Trust has guaranteed the cash advance and contingent liability facilities of Investa Properties Limited with Commonwealth Bank of Australia for \$16 million.

Directors' Declaration

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust declare that the financial statements and notes set out on pages 4 to 12:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Trust and the consolidated entity's financial position as at 31 December 2001 and of its performance, as represented by the results of its operations and its cash flows, for the financial period ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001;
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and
- (c) the consolidated entity has operated in accordance with the provisions of the Constitution dated 15 July 1977 (as amended), during the half-year ended 31 December 2001.

This declaration is made in accordance with a resolution of the Directors of Investa Properties Limited.

I K Payne
Director

Sydney
12 February 2001

Independent Audit Report to the Unitholders of Investa Property Trust

Scope

We have audited the financial report of Investa Property Trust (the Trust) for the half-year ended 31 December 2001 as set out on pages 4 to 13. The directors of Investa Properties Limited (the Responsible Entity) are responsible for the financial report which includes the consolidated financial statements of the consolidated entity comprising the Trust and the entities it controlled at the end of or during, the half-year. We have conducted an independent audit of the financial report in order to express an opinion on it, so as to enable the directors of the Responsible Entity to lodge the financial report with the Australian Securities & Investments Commission.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements and the Corporations Act 2001 and the Trust Constitution (as amended), so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of the Trust is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) the Trust Constitution (as amended); and
- (c) other mandatory professional reporting requirements.

PricewaterhouseCoopers
Chartered Accountants

J A Dunning
Partner

Sydney
12 February 2002