Annual Report – 30 June 2002

Contents

Directors' Report

The directors of Investa Properties Limited present their report together with the financial report of Investa Properties Limited and the consolidated financial report of Investa Properties Limited and its controlled entities for the year ended 30 June 2002.

Directors

The following persons were directors of Investa Properties Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

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

J L Arthur was appointed a director on 2 July 2001.
D R Page was appointed a director on 17 April 2002.

Statement on comparative results

This report has been prepared for the 12 month period ended 30 June 2002. The prior periods results were for a nine month period ending 30 June 2001 as the company had previously been part of the Westpac Group (which had a 30 September year end) prior to the establishment of the Investa Property Group in December 2001.

Principal activities

During the year the principal continuing activities of the consolidated entity consisted of property funds management. During the year, there was a significant change in the nature of the activities of the consolidated entity due to the acquisition of a controlled entity, subsequently resulting in property development becoming a principal activity. Both business segments operate in one geographical area, Australia. The company had 97 employees at 30 June 2002 (June 2001: 74) with the growth due to expansion of operations.

Dividends

Dividends paid and payable for the year ended 30 June 2002 were $6,290,056 (for the period 1 October 2000 to 30 June 2001: $1,233,373). All dividends were fully franked.

Review of operations and significant changes in the state of affairs

During the period the principal activities of the consolidated entity were property funds management and property development, operating in one geographical area, Australia.

A summary of the results is as follows:

	30 June 2002 (12 months) $'000	30 June 2001 (9 months) $'000
Profit from ordinary activities after income tax expense	**8,790**	992
Total assets	**224,421**	8,070
Shareholders Equity	**3,502**	443

The results include the impact of the acquisition of Silverton Limited in November 2001, which is the development operation of the Investa Property Group. The development operations contributed $6.631 million to group profits after tax.

Directors' Report (continued)

Review of operations and significant changes in the state of affairs (continued)

The growth in assets also occurred as a result of investments totalling $57 million to expand the operations of the company:

- in conjunction with the launch of the Martin Place Trust, the company invested $26 million in this Trust.
- the company acquired the management rights for two Suncorp Metway Property Funds with effect from December 2001 and became the Responsible Entity for the Suncorp Metway Balanced Property Fund (renamed the Investa Commercial Property Fund) on 3 January 2002. Related to this acquisition of management rights from Suncorp, Investa Properties Limited also invested $20m in the Investa Commercial Property Fund.
- the company acquired a property at 27- 53 Lysaght Street Brisbane for $11 million. This property will form the basis of the Investa Third Industrial Trust which is proposed to be launched in the next financial year.

In addition, the company expanded its syndication business during the year:

- in October 2001 the wholesale syndicate, Martin Place Trust was launched.
- in February and June 2002 respectively, the two new retail syndicates were launched, Investa First Industrial Trust and Investa Second Industrial Trust.

The company also expanded its property management operations by taking responsibility for additional properties. Allied to this was the opening of a property management office in Brisbane in February 2002 to service the Queensland assets of the various trusts which are managed by Investa. The total number of properties under management by Investa is now 33 located in NSW, Victoria and Queensland.

Matters subsequent to the end of the financial year

Since the end of the financial period, the directors of the company have not become aware of any matter or circumstances that has significantly or may significantly affect the operations of the company, the results of these operations, or state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The company is subject to significant environmental regulation in respect of its property activities.
The directors of the company are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the directors are not aware of any material breaches to these requirements and to their best knowledge all activities have been undertaken in compliance with environmental requirements.

Directors' Report (continued)

Information on directors

Director	Experience	Special responsibilities
I K Payne M.Ec	Ian has been Chairman since 1999. Previously he was Deputy Chief Executive and Executive Director of Commonwealth Bank of Australia from 1992 to 1997 and Chairman of Commonwealth Financial Services Limited. Ian is currently Chairman of Export Finance and Insurance Corporation and a Director of SFE Corporation Limited and Legalco Limited.	Non Executive Chairman
C J O'Donnell Dip.Bus. NZCB, FAICD, AIQS (Affil)	Chris has been Managing Director of Investa Property Group since December 2000. Prior to the formation of Investa, Chris was Executive Director of Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and Managing Director of Capital Property Limited.	Managing Director
S A Mays B.Sc (Hons) M.Sc, MBA, FAICD	Shaun is the Managing Director of Westpac Financial Services. Prior to joining Westpac he was Chief Investment Officer of Commonwealth Financial Services and Managing Director & Chief Investment Officer of Mercury Asset Management.	Non Executive Director
J L Arthur LLB (Hons)	John has been a partner of Freehills since 1981, except for the period of 1992-1995, when he was General Counsel for the Lend Lease Group. John was a Director of the Manager of General Property Trust from 1989 to 1995 and is currently a Director of CSR Limited.	Non Executive Director Chairman Nominations and Remuneration Committee
P J Carney LLB	Peter has a long experience and understanding of the commercial and banking industry. Previously a partner of 21 years in Freehills and Deputy Chairman of the Advance Bank Group from 1987 to 1997.	Non Executive Director Chairman Due Diligence Committee
D R Page B.Ec, FCA MAICD	Deborah was a partner in Touche Ross/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. She is currently Chair of the NSW Cancer Council and a Director of Macquarie Generation and the Internal Audit Bureau of NSW. She is also a member of the Audit Committee of the Department of Community Services of NSW and the Sydney Harbour Federation Trust.	Non Executive Director Chairman Audit and Risk Management Committee

At 30 June 2002, interests in the shares of Investa Properties Limited were held by I K Payne (7,595 shares), C J O'Donnell (1,017,760 shares) and P J Carney (1,021 shares).

Directors' Report (continued)

Meetings of directors
The numbers of meetings of the company's board of directors and of each board committee held during the year to 30 June 2002, and the numbers of meetings attended by each director at the time the director held office or was a member of the committee during the year were:

	Board meeting		Audit & Risk Management Committee meeting		Due Diligence Committee meeting		Nominations & Remuneration Committee meeting	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
I K Payne	11	10	-	-	-	-	-	-
P J Carney	11	11	1	1	9	9	-	-
C J O'Donnell	11	11	1	1	9	6	-	-
S A Mays	11	9	-	-	-	-	-	-
J L Arthur	11	10	-	-	-	-	-	-
D R Page	2	2	1	1	-	-	-	-

An Audit & Risk Management Committee was established in April 2002 with D R Page as the Chairman. The Committee met for the first time in June 2002.

The Nominations and Remuneration Committee was established in June 2002 and is chaired by J L Arthur. The Committee met for the first time in July 2002. The Committee advises the board on remuneration policies and makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors and other senior executives.

During the year, there were numerous project due diligence meetings. These meetings were in relation to new acquisitions, new syndications and the preparation of prospectuses relating thereto. All these meetings were chaired by P J Carney.

Directors' and executives' emoluments
Details of the nature and amount of each element of the emoluments of each director of Investa Properties Limited and each of the 5 officers of the company and the consolidated entity receiving the highest emoluments are set out in the following tables.

Non-executive directors of Investa Properties Limited

Name	Directors' base fee $	Committee fees $	Subsidiary company fees $	Super-annuation $	Total $
I K Payne (Chairman)	95,084	-	-	8,558	103,642
P J Carney	55,066	20,000	10,000	6,936	92,002
S A Mays	22,915	-	-	2,062	24,977
J L Arthur	54,838	-	7,000	4,935	66,773
D R Page	11,282	-	-	1,015	12,297

Executive director of Investa Properties Limited

Name	Base salary $	Super-annuation $	Other benefits $	Total $
C J O'Donnell	452,579	41,641	278,877	773,097

Directors' Report (continued)

Other executives of Investa Properties Limited

Name	Base salary $	Super-annuation $	Other benefits $	Total $
A J Martin	171,761	14,717	130,000	316,478
A S Junor	219,975	19,732	71,010	310,717
K P Dickinson	169,378	23,381	56,327	249,086
P D Bolton-Hall	195,221	17,570	25,000	237,791
B V McGarry	180,184	16,217	37,500	233,901

Indemnification and Insurance of officers and auditors

During the financial year Investa Properties Limited, paid a premium of $60,928 to insure the directors and officers of the company and its controlled entities, Investa Asset Management Pty Limited, Investa Asset Management (QLD) Pty Limited, Investa Nominees Pty Limited, and Investa Development Holdings Pty Limited and its controlled entities. The auditors of the Company are in no way indemnified out of the assets of the Company.

Country of incorporation

Investa Properties Limited was incorporated in Australia on 12 November 1998.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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

Director
P J Carney
30 July 2002

Statements of Financial Performance
For the year ended 30 June 2002

	Note	Consolidated		Parent entity	
		30 June 2002	30 June 2001 (9 months)	**30 June 2002**	30 June 2001 (9 months)
		$'000	$'000	**$'000**	$'000
Revenue from ordinary activities	3	**92,948**	8,261	**20,911**	7,080
Cost of goods sold		**(57,273)**	-	**-**	-
Employee expenses		**(11,727)**	(3,723)	**(7,443)**	(2,767)
Accommodation expenses		**(1,123)**	(386)	**(705)**	(279)
Purchased services – external consultants		**(2,797)**	(786)	**(2,669)**	(653)
Depreciation and amortisation expenses		**(1,378)**	(122)	**(555)**	(121)
Borrowing costs		**(3,987)**	(205)	**(2,224)**	(205)
Other expenses from ordinary activities		**(2,077)**	(1,414)	**(1,148)**	(1,360)
Profit from ordinary activities before income tax expense	4	**12,586**	1,625	**6,167**	1,695
Income tax expense	5	**(3,796)**	(633)	**(63)**	(633)
Net profit attributable to members of Investa Properties Limited		**8,790**	992	**6,104**	1,062
Total revenues, expenses and valuation adjustments attributable to members of Investa Properties Limited recognised directly in equity		**-**	-	**-**	-
Total changes in equity other than those resulting from transactions with owners as owners		**8,790**	992	6,104	1,062

	Note		
		Cents	Cents
Basic and diluted earnings per share	28	**1.54**	0.26

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

Statements of Financial Position
As at 30 June 2002

		Consolidated		Parent entity	
	Notes	**30 June 2002 $'000**	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Current assets					
Cash assets		**11,203**	644	**999**	338
Receivables	6	**25,353**	1,960	**15,109**	2,299
Tax asset		**-**	-	**333**	-
Investments in associates	29	**-**	-	**-**	-
Investments	10	**45,629**	-	**19,692**	-
Property inventories	11	**39,561**	-	**-**	-
Total current assets		**121,746**	2,604	**36,133**	2,637
Non-current assets					
Investments in controlled entities	25	**-**	-	**-**	-
Deferred tax asset		**1,643**	341	**323**	341
Property, plant and equipment	7	**1,177**	554	**532**	535
Property inventories	11	**78,004**	-	**-**	-
Loans to employees	8	**5,561**	1,173	**5,561**	1,173
Intangible assets	9	**16,290**	3,398	**11,834**	3,398
Total non-current assets		**102,675**	5,466	**18,250**	5,447
Total assets		**224,421**	8,070	**54,383**	8,084
Current liabilities					
Payables	12	**7,920**	492	**1,625**	447
Income tax liability		**7,080**	433	**-**	433
Provisions	13	**7,843**	1,502	**5,386**	1,491
Total current liabilities		**22,843**	2,427	**7,011**	2,371
Non-current liabilities					
Interest and non interest bearing liabilities	14	**193,586**	5,200	**46,486**	5,200
Deferred tax liabilities		**4,490**	-	**-**	-
Total non-current liabilities		**198,076**	5,200	**46,486**	5,200
Total liabilities		**220,919**	7,627	**53,497**	7,571
Net assets		**3,502**	443	**886**	513
Equity					
Contributed equity	15 (b)	**559**	-	**559**	-
Retained profits	16	**2,943**	443	**327**	513
Total equity	17	**3,502**	443	**886**	513

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

Statements of Cash Flows
For the year ended 30 June 2002

		Consolidated		Parent entity	
		30 June 2002	30 June 2001 (9 months)	**30 June 2002**	30 June 2001 months)
	Notes	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers		**79,119**	12,216	**12,121**	10,412
Payments to suppliers and employees		**(44,123)**	(7,316)	**(15,082)**	(5,921)
Dividends received		**1,673**	-	**539**	21
Interest received		**261**	101	**4**	95
Borrowing costs		**(3,198)**	(148)	**(367)**	(148)
Income taxes paid		**(9,920)**	(3,295)	**(898)**	(3,225)
Net cash inflow /(outflow) from operating activities	27	**23,812**	1,558	**(3,683)**	1,234
Cash flows from investing activities					
Purchase of controlled entity, net of cash acquired	25	**(50,519)**	-	**-**	-
Payments for property, plant and equipment		**(242)**	(529)	**(162)**	(510)
Proceeds from sale of property, plant and equipment		**650**	-	**-**	-
Due diligence costs		**(1,120)**	-	**(1,120)**	-
Payments for investments		**(50,628)**	-	**(19,692)**	-
Proceeds from sales of investments		**5,000**	-	**-**	-
Payment for intangible assets	9	**(8,870)**	(3,500)	**(8,870)**	(3,500)
Loans to employees	8	**(4,388)**	(1,173)	**(4,388)**	(1,173)
Net cash (outflow)/inflow from investing activities		**(110,117)**	(5,202)	**(34,232)**	(5,183)
Cash flows from financing activities					
Proceeds from issues of shares and other equity securities		**559**	-	**559**	-
Proceeds from borrowings from related entity		**172,452**	**-**	**42,173**	**-**
Proceeds from borrowings		**3,000**	5,200	**3,000**	5,200
Repayment of borrowings		**(34,700)**	-	**(4,700)**	-
Repayments of borrowings from related entity		**(41,990)**	-	**-**	-
Payments for shares bought back		**-**	(10,050)	**-**	(10,050)
Dividends paid		**(2,457)**	(807)	**(2,456)**	(807)
Net cash (outflow) from financing activities		**96,864**	(5,657)	**38,576**	(5,657)
Net (decrease)/increase in cash held		**10,559**	(9,300)	**661**	(9,606)
Cash at the beginning of the financial year		**644**	9,944	**338**	9,944
Cash at the end of the financial year		**11,203**	644	**999**	338
Financing activities	14				

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 1. Summary of significant accounting policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

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

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Investa Properties Limited ("parent entity") as at 30 June 2002 and the results of its controlled entities, for the year then ended. Investa Properties Limited and its controlled entities together are referred to in this financial report as the "consolidated entity". The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated Statements of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(b) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the Statements of Financial Performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(c) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(d) Revenue recognition

Revenue is recognised for the major business initiatives as follows:

i. *Rent and property management fees*
Rent and property management fees are brought to account on an accruals basis and, if not received at balance date, are reflected in the Statement of Financial Position as receivable.

ii. *Interest and investment income*
Interest and investment income is brought to account on an accruals basis and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable.

iii. *Development projects*
Revenue is recognised on settlement of contract for sale.

iv. *Residential properties*
Revenue is recognised on settlement of contract for sale.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 1. Summary of significant accounting policies (continued)

(e) Receivables

Receivables to be settled within 30 days are carried at amounts due. The collectability of debts is reviewed on a regular basis and a specific provision is made for any doubtful debts.

(f) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives for property, plant and equipment is 5 years.

(g) Inventory

Valuation

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development costs, holding costs, interest on funds borrowed, and is after crediting, where applicable, rental income relating to such projects during the development period. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the property. When a development is completed and ceases to be a qualifying asset, borrowing costs and other holding costs are expensed as incurred.

Classification

Amounts are disclosed as current where it is anticipated that the assets will be disposed of within 12 months after balance date.

Capitalisation of borrowing costs

Borrowing costs included in the carrying value of the property inventories are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(h) Amortisation of intangible assets

Amortisation is calculated on a straight line basis to write off net costs of each intangible asset over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on an annual basis for all intangible assets. The expected useful lives are as follows:

Corporate property services establishment costs	20 years
Goodwill – development operations	5 years
Payment for management rights	20 years

(i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired, including any restructuring costs, is brought to account as goodwill.

(j) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Investments

Interests in unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and distribution income is recognised in the Statement of Financial Performance when receivable.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 1. Summary of significant accounting policies (continued)

(l) Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(m) Employee entitlements

(i) Annual leave

Liabilities for annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date and discounted by a set percentage.

(ii) Long service leave

A liability for long service leave is recognised in respect of services provided by employees up to reporting date. The amount of long service leave is based on current pay rates and discounted by a set percentage to reflect the expected future cash outflow.

(iii) Superannuation

The amount charged to the Statements of Financial Performance in respect of superannuation is disclosed as employee benefits and includes the contributions made by the consolidated entity and its controlled entity to the Investa Staff Superannuation Plan. The Superannuation Plan is an accumulated benefit fund, and therefore no other liability arises for the employer except payment of monthly contributions. There are no contributions outstanding as at 30 June 2002.

(n) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets – refer note (g).

(o) Cash

For purposes of the Statements of Cash Flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(p) Earnings per share

(a) Basic Earnings per share

Basic earnings per share is determined by dividing the net profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

(b) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the period.

(q) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through net cash inflows arising from its continued use and subsequent disposal. Where the carrying amount of an individual non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. To the extent that the revaluation decrement reverses a revaluation increment previously credited to and still included in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise, the decrement is recognised as an expense in the Statement of Financial Performance.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market, risk-adjusted discount rate. The discount rates used ranged from 7.5% - 9.0%, depending upon the nature of the assets.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 1. Summary of significant accounting policies (continued)

(r) Rounding
The Consolidated entity is of 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 to the nearest thousand dollars, in accordance with that class order, unless otherwise indicated.

Note 2. Segment information

	Property Funds Management	Property Development	Consolidated
Year ended 30 June 2002	$'000	$'000	$'000
Revenue from ordinary activities	26,202	66,746	**92,948**
Segment net profit	2,159	6,631	**8,790**
Segment assets	92,637	131,784	**224,421**
Total assets			**224,421**
Segment liabilities	92,072	128,847	**220,919**
Total liabilities			**220,919**
Depreciation and amortisation expense	563	815	**1,378**
Acquisition of property, plant and equipment	175	1,167	**1,342**
9 month period ended 30 June 2001			
Revenue from ordinary activities	8,261	-	8,261
Segment net profit	1,625	-	1,625
Segment assets	8,070	-	8,070
Total assets			8,070
Segmented liabilities	7,627	-	7,627
Total liabilities			7,627
Depreciation and amortisation expense	122	-	122
Acquisition of property, plant and equipment	573	-	573

The Consolidated Entity operates solely in Australia.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 3. Revenue from ordinary activities

	Consolidated		Parent entity	
	30 June 2002	30 June 2001 (9 months)	**30 June 2002**	30 June 2001 (9 months)
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Development revenue	**66,746**	-	**-**	-
Management fees	**17,484**	8,149	**13,746**	6,974
Rent	**1,718**	-	**-**	-
Dividend and distribution income	**3,400**	-	**6,658**	-
Other income	**2,000**	-	**-**	-
	91,348	8,149	**20,404**	6,974
Revenue from outside the operating activities				
Interest	**1,215**	112	**507**	106
Other revenue	**385**	-	**-**	-
	1,600	112	**507**	106
Revenue from ordinary activities	**92,948**	8,261	**20,911**	7,080

Note 4. Operating profit

	Consolidated		Parent entity	
	30 June 2002	30 June 2001 (9 months)	**30 June 2002**	30 June 2001 (9 months)
	$'000	$'000	**$'000**	$'000
Profit from ordinary activities before income tax expense includes the following specific expenses:				
Depreciation – property, plant and equipment	**252**	19	**122**	18
Amortisation – intangibles	**1,126**	102	**433**	102
Borrowing costs:				
Interest and finance charges paid/payable	**3,987**	205	**2,224**	205
Rental expenses relating to operating leases:				
Lease payments – office rent	**907**	333	**527**	227
Computers & equipment	**185**	35	**158**	35

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 5 Income tax

	Consolidated		Parent entity	
	30 June 2002	30 June 2001 (9 months)	**30 June 2002**	30 June 2001 (9 months)
	$'000	$'000	**$'000**	$'000
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**12,586**	1,625	**6,167**	1,695
Income tax calculated @ 30% (2001 – 34%)	**3,776**	552	**1,850**	576
Tax effect of permanent differences:				
Non-deductible amortisation of intangibles	**338**	35	**130**	35
Tax deferred distributions	**(469)**	-	**(192)**	-
Other permanent differences	**151**		**193**	
Rebateable dividends	**-**	-	**(1,602)**	(7)
Income tax adjusted for permanent differences	**3,796**	587	**379**	604
Net adjustment to deferred income tax asset to reflect the decrease in company tax rate to 30%	**-**	45	**-**	45
Transfer of loss from controlled entity	**-**	**-**	**(316)**	(17)
Income tax expense	**3,796**	633	**63**	633

Note 6. Receivables

	Consolidated		Parent entity	
	30 June 2002	30 June 2001	**30 June 2002**	30 June 2001
	$'000	$'000	**$'000**	$'000
Trade debtors	**3,594**	881	**2,362**	817
Amount receivable from related entity (refer note 24)	**19,295**	355	**3,109**	226
Amount receivable from controlled entity	**-**	-	**7,016**	549
Other debtors	**2,464**	724	**2,622**	707
	25,353	1,960	**15,109**	2,299

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 7. Property, plant and equipment

	Consolidated		Parent entity	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Property, plant & equipment				
At cost	**2,292**	573	**672**	553
Less: Accumulated depreciation	**(1,115)**	(19)	**(140)**	(18)
Total property, plant and equipment	**1,177**	554	**532**	535

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Consolidated	Parent
	Fixtures & Fittings $'000	**Fixtures & Fittings $'000**
Carrying amount at 1 July 2001	**554**	**535**
Additions	**1,342**	**118**
Disposals	**(467)**	**-**
Depreciation	**(252)**	**(121)**
Carrying value at 30 June 2002	**1,177**	**532**

Note 8. Loans to employees

	Consolidated		Parent entity	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Loans to employees	**5,561**	1,173	**5,561**	1,173

These are non-interest bearing non-recourse loans to employees, for the acquisition of Investa Property Group securities under the Investa Employee Share Acquisition Plan. The securities were purchased on-market on behalf of employees in accordance with individual allocations approved by the Board. Net distributions and dividends from the Investa Property Group securities, as received, are directed towards repayment of the loan.

Securities acquired under the plan during the current year totalled 2,291,500 (2001: 657,500).

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 9. Intangible assets

	Consolidated		Parent	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Corporate property services establishment costs	**3,500**	3,500	**3,500**	3,500
Less: accumulated amortisation	**(277)**	(102)	**(277)**	(102)
	3,223	3,398	**3,223**	3,398
Goodwill – development[1]	**5,148**	-	**-**	-
Less: accumulated amortisation	**(692)**	-	**-**	-
	4,456	-	**-**	-
Payment for management rights[2]	**8,870**	-	**8,870**	-
Less: accumulated amortisation	**(259)**	-	**(259)**	-
	8,611	-	**8,611**	-
	16,290	3,398	**11,834**	3,398

1 Represents goodwill for the purchase of Silverton Limited.
2 Represents the payment to acquire the management rights to the Investa Commercial Property Fund (formerly Suncorp Metway Balanced Property Fund).

Note 10. Investments

	Consolidated		Parent	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Investment in Martin Place Trust	**25,937**	-	**-**	-
Investa Commercial Property Fund (formerly Suncorp Metway Balanced Property Fund)	**19,692**	-	**19,692**	-
	45,629	-	**19,692**	-

On 3 January 2002, Investa Properties Limited became the Responsible Entity of the Investa Commercial Property Fund (ICPF) (formerly Suncorp Metway Balanced Property Fund) which manages $248million of commercial property assets. These assets include 100% of the State Law Building, Brisbane, 100% of Kings Row Office Park, Brisbane and a 50% interest in 1 Market Street, Sydney. As part of the transaction on 28 November 2001, Investa Properties Limited purchased $19.7million of units in ICPF, representing approximately 12% of the units on issue. Under the terms of the agreement with Suncorp Metway, Investa Properties Limited will sell down to external wholesale investors all the units in ICPF which are owned by Suncorp Metway entities, currently with an aggregate value of $150 million. The company is seeking to sell down a number of these units by 19 January 2003. Any units remaining unsold by 19 January 2003 will be purchased by the company.

Investa Nominees Pty Limited purchased 30,936,750 units for $30,936,750 in the Martin Place Trust, a wholesale syndicate on 28 October 2001 when the Syndicate was launched. It sold 5,000,000 units for $5,000,000 on 24 December 2001.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 11. Property inventories

	Consolidated		Parent	
	2002	2001	**2002**	2001
	$'000	$'000	**$'000**	$'000
Current - development projects				
Cost of acquisition	**36,479**	-	**-**	-
Development costs	**2,040**	-	**-**	-
Rates and taxes	**416**	-	**-**	-
Borrowing costs capitalised during development	**626**	-	**-**	-
	39,561	-	**-**	-
Non-current - development projects				
Cost of acquisition	**69,647**	-	**-**	-
Development costs	**5,498**	-	**-**	-
Rates and taxes	**1,141**	-	**-**	-
Borrowing costs capitalised during development	**1,718**	-	**-**	-
	78,004	-	**-**	-

Note 12. Payables

	Consolidated		Parent entity	
	30 June 2002	30 June 2001	**30 June 2002**	30 June 2001
	$'000	$'000	**$'000**	$'000
Trade creditors	**7,920**	492	**1,625**	447

Note 13. Provisions

	Consolidated		Parent entity	
	30 June 2002	30 June 2001	**30 June 2002**	30 June 2001
	$'000	$'000	**$'000**	$'000
Employee entitlements	**1,337**	1,075	**1,126**	1,064
Other provisions	**2,246**	-	**-**	-
Dividends	**4,260**	427	**4,260**	427
	7,843	1,502	**5,386**	1,491

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 14. Interest and non-interest bearing liabilities

	Consolidated		Parent entity	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Related party loans (refer to Note 24)	**142,086**	-	**42,986**	-
Cash advance facilities	**51,500**	5,200	**3,500**	5,200
Total	**193,586**	5,200	**46,486**	5,200

Financing arrangements
Access was available at balance date to the following lines of credit:

Cash advance and contingent liability arrangements	Consolidated		Parent entity	
Total facilities:	**30 June 2002 $'000**	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Related party loans	**149,937**	-	**45,000**	-
Cash advance facilities	**74,175**	7,675	**4,175**	7,675
Contingent liability facilities	**15,278**	8,325	**11,825**	8,325
	239,390	16,000	**61,000**	16,000
Used at balance date				
Related party loans	**142,086**	-	**42,986**	-
Cash advance facilities	**51,500**	5,200	**3,500**	5,200
Contingent liability facilities	**12,620**	8,325	**11,825**	8,325
	206,206	13,525	**58,311**	13,525
Unused at balance date	**33,184**	2,475	**2,689**	2,475

The cash advance facilities comprised two lines of credit being $4.175 million available to the Parent Entity and $70.0 million available to Silverton Limited for development activities, which expire on 11 July 2004 and 30 September 2002 respectively. Both facilities are guaranteed by Investa Property Trust and in addition, the Parent Entities facility is secured over the assets of the Trust and the company while the development group facility is secured over the assets of Silverton. The current interest rate on the Parent Entity facility is 5.89% and for the development group facility is 4.96%.

Note 15. Contributed equity

	Consolidated		Parent entity	
	30 June 2002 No. shares	30 June 2001 No. shares	**30 June 2002 No. shares**	30 June 2001 No. shares
(a) Share capital				
Ordinary shares on issue				
Fully paid	**600,822,175**	515,489,952	**600,822,175**	515,489,952

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 15. Contributed equity (continued)

(b) Movements in ordinary share capital

Date	Details		Number of shares	Issue price per share	$'000
01/10/00	Opening balance		**10,050,000**	$0.00001	**-**
01/12/00	Issue of shares	*	**475,079,640**	-	**-**
31/01/01	Dividend reinvestment plan issues		**2,644,795**	-	**-**
30/04/01	Dividend reinvestment plan issues		**200,724**	-	**-**
02/05/01	Placement of shares		**27,514,793**	-	**-**
30/06/01	**Closing balance**		**515,489,952**	**-**	**-**
31/07/01	Dividend reinvestment plan issues		**3,871,000**	**-**	**-**
24/09/01	Placement of shares		**21,669,823**	**-**	**-**
05/11/01	Placement of shares		**45,212,766**	**-**	**-**
30/11/01	Dividend reinvestment plan issues		**3,142,359**	**-**	**-**
31/12/01	Security purchase plan		**3,475,876**	**-**	**-**
28/02/02	Dividend reinvestment plan issues		**4,667,747**	$0.0696267	**325**
30 /05/02	Dividend reinvestment plan issues		**3,292,652**	$0.0710673	**234**
30/06/02	**Closing balance**		**600,822,175**	-	**559**

* On 1 December 2000, the company issued 475,079,640 shares in the company as part of the structural reorganisation of the Investa Property Group. As Investa Properties Limited together with Investa Property Trust form the stapled security, Investa Property Group, the number of shares on issue in the company and the number of units on issue in the Trust must always be equal. Although the number of shares on issue has increased, there was no additional value attributed to equity in the company as the value was attributed to the Trust.

Dividend reinvestment plan issues (DRP)
The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Under the stapled security structure the capital raised under the dividend reinvestment plan can be attributed to either Investa Property Trust or the Company. Up to February 2002, the capital raised was allocated to the Investa Property Trust. The placement of securities in the Investa Property Group from the DRP during February 2002 and May 2002 resulted in 3.5% of the value of the DRP being allocated to the company, with Investa Property Trust being allocated the balance of the value totalling 96.5%.

Security purchase plan
The security purchase plan was established to provide an opportunity for all eligible shareholders to buy additional shares in Investa Properties Limited at the same price as those shares issued under the placements.

Placement of shares
The company issued shares in September and November 2001 to raise funds to acquire units in Martin Place Wholesale Syndicate and the acquisition of Silverton Limited respectively. All the funds raised by these placements were allocated to Investa Property Trust.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 16. Retained profits

	Consolidated		Parent entity	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Retained profits				
Retained profits at the beginning of the financial year	**443**	684	**513**	684
Net profit attributable to members of Investa Properties Limited	**8,790**	992	**6,104**	1,062
Dividends provided for or paid	**(6,290)**	(1,233)	**(6,290)**	(1,233)
Retained profits at the end of the financial year	**2,943**	443	**327**	513

Note 17. Equity

	Consolidated		Parent entity	
	30 June 2002 $	30 June 2001 $	**30 June 2002 $**	30 June 2001 $
Total equity at the beginning of the financial year	**443**	10,734	**513**	10,734
Total changes in equity recognised in the Statements of Financial Performance	**8,790**	992	**6,104**	1,062
Transactions with owners as owners:				
Repayment of share capital(1)	**-**	(10,050)	**-**	(10,050)
Issue of shares	**559**		**559**	
Dividends provided for or paid	**(6,290)**	(1,233)	**(6,290)**	(1,233)
Total equity at the end of the financial year	**3,502**	443	**886**	513

(1) The repayment of share capital was made to Westpac Banking Corporation as part of the restructure to form Investa Property Group.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 18. Dividends

	Consolidated	
	30 June 2002 $'000	30 June 2001 $'000
Ordinary shares		
Interim dividends		
Franked @ 34% – 0.0367 cents per share – 30 November 2000		385
Franked @ 34% – 0.0702 cents per share – 31 December 2000		328
Franked @ 34% – 0.0200 cents per share – 31 March 2001		93
		806
Franked @ 30% (2001 – 30%) – 30 June 2001		427
Franked @30% - 0.05 000 cents per share – 30 September 2001	**261**	
Franked @30% - 0.1000 cents per share – 31 December 2001	**574**	
Franked @30% - 0.2000cents per share – 31 March 2002	**1,195**	
Final dividend of 0.7090 cents (2001 – 0.0859 cents) per share recognised as a liability and is to be paid on 23 August 2002 (2001 – 31 July 2001)	**4,260**	
Total dividends provided or paid	**6,290**	1,233

Franked dividends

The dividends are fully franked from franking credits arising from the payment of income tax during the year.

	Consolidated		Parent entity	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2001: 34%)	**15,046**	1,591	**1,120**	1,464

The above amounts represent the balance of the franking account as at the end of the year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
(d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

Note 19. Financial instruments

(a) Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised in the Statements of Financial Position is generally the carrying amount, net of any provisions for doubtful debts.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 19. Financial instruments (continued)

(b) Interest rate risk exposures
The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity period is set out in the following table:

2002			**Fixed interest maturing in:**				
		Floating interest rate	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-Interest Bearing**	**Total**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash		11,203	-	-	-	-	11,203
Receivables	6	-	-	-	-	25,353	25,353
Loans to employees	8	-	-	-	-	5,561	5,561
		11,203	-	-	-	**30,914**	**42,117**
Weighted average interest rate		**4.02%**					
Financial liabilities							
Cash advance facility	14	51,500	-	-	-	-	51,500
Related party loans	14	81,082	-	-	-	61,004	142,086
Payables		-	-	-	-	7,920	7,920
		132,582	-	-	-	**68,924**	**201,506**
Weighted average interest rate		**5.42%**					
Net financial (liabilities)/assets		**(121,379)**	-	-	-	**(38,010)**	**(159,389)**

2001			**Fixed interest maturing in:**				
		Floating interest rate	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-Interest Bearing**	**Total**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash		644	-	-	-	-	644
Receivables	6	-	-	-	-	1,960	1,960
Loans to employees	8	-	-	-	-	1,173	1,173
		644	-	-	-	3,133	3,777
Weighted average interest rate		3.9%					
Financial liabilities							
Cash advance facility	14	5,200	-	-	-	-	5,200
Payables		-	-	-	-	492	492
		5,200	-	-	-	492	5,692
Weighted average interest rate		6.02%					
Net financial (liabilities)/assets		(4,556)	-			2,641	(1,915)

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 19. Financial instruments (continued)

(c) Net fair value of financial assets and liabilities

On-balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts. The carrying amounts and net fair value of financial assets and liabilities at balance date are as stated in the Statements of Financial Position.

Note 20. Remuneration of directors

	Directors of entities in the consolidated entity		**Directors of entities in the parent entity**	
	30 June 2002	30 June 2001 (9 months)	**30 June 2002**	30 June 2001 (9 months)
	$	$	**$**	$
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	**1,072,789**	366,540	**1,072,789**	366,540

The numbers of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

$		$	**Consolidated** **30 June 2002** **No.**	Consolidated 30 June 2001 No.	**Parent** **30 June 2002** **No.**	Parent 30 June 2001 No.
0	-	9,999	**-**	1	**-**	1
10,000	-	19,999	**1**	-	**1**	-
20,000	-	29,999	**1**	-	**1**	-
30,000	-	39,999	**-**	2	**-**	2
60,000	-	69,999	**1**	-	**1**	-
90,000	-	99,999	**1**	-	**1**	-
100,000	-	109,999	**1**	-	**1**	-
290,000	-	299,999	**-**	1	**-**	1
770,000	-	779,999	**1**	-	**1**	-

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 21. Remuneration of executives

	Executive officers of the consolidated entity		Executive officers of the parent entity	
	30 June 2002	30 June 2001 (9 months)	**30 June 2002**	30 June 2001 (9 months)
	$	$	**$**	$
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian based executive officers (including directors) whose remuneration was at least $100,000:				
Remuneration of executive officers	**1,791,200**	943,348	**1,791,200**	833,237

The numbers of Australian based executive officers whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

			Executive officers of the consolidated entity		Executive officers of the parent entity	
			30 June 2002	30 June 2001	**30 June 2002**	30 June 2001
$		$	**$**	$	**$**	$
100,000	-	109,999	**-**	1	**-**	1
110,000	-	119,999	**-**	1	**-**	-
120,000	-	129,999	**-**	1	-	1
130,000	-	139,999	**-**	1	-	1
170,000	-	179,999	**-**	1	-	1
220,000	-	229,999	**2**	-	**2**	-
230,000	-	239,999	**2**	-	**2**	-
240,000	-	249,999	**1**	-	**1**	-
290,000	-	299,999	**-**	1	**-**	1
310,000	-	319,999	**2**	-	**2**	-

Note 22. Remuneration of auditors

	Consolidated		Parent entity	
	30 June 2002	30 June 2001	**30 June 2002**	30 June 2001
	$	$	**$**	$
Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditor of the parent entity – PricewaterhouseCoopers	**133,500**	80,000	**73,500**	60,000
Remuneration for other services				
Auditor of the parent entity – PricewaterhouseCoopers:				
Taxation	**51,600**	9,470	**26,025**	9,407
Other services*	**545,534**	140,141	**136,064**	138,314
	730,634	229,611	**235,589**	207,721

* Other services includes due diligence fees for the current year totalling $410,334, primarily incurred on the acquisition of Silverton Limited.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 23. Commitments for expenditure

	Consolidated		Parent entity	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Lease commitments – office premises				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**746**	622	**612**	592
Later than one year but not later than 5 years	**2,357**	2,272	**1,683**	2,219
Commitments not recognised in the financial statements	**3,103**	2,894	**2,295**	2,811
Representing:				
Cancellable operating leases	**3,103**	2,894	**2,295**	2,811
Operating leases – computer and office equipment				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**203**	151	**203**	151
Later than one year but not later than 5 years	**231**	303	**231**	303
Commitments not recognised in the financial statements	**434**	454	**434**	454

Note 24. Related parties

Directors
The names of persons who were directors of Investa Properties Limited at any time during the financial year were as follows: I K Payne; C J O'Donnell; S A Mays; P J Carney; J L Arthur and D R Page. J L Arthur was appointed on 2 July 2001, and D R Page on 17 April 2002.

Remuneration and retirement benefits
Information on remuneration of directors is disclosed in Note 20.

Loans to directors
An interest free loan of $1,850,504 has been made to C J O'Donnell. The loan is secured on 1,000,000 stapled securities. The terms and conditions are the same as those in Note 8.

Wholly-owned group
The wholly owned group consists of Investa Properties Limited and its wholly owned controlled entities, Investa Asset Management Pty Limited, Investa Nominees Pty Limited, Investa Asset Management (QLD) Pty Limited and Investa Development Holdings Pty Limited and its controlled entities. Ownership interests in the controlled entity are set out in Note 25.

Transactions between Investa Properties Limited, Investa Asset Management Pty Limited and Investa Asset Management (Qld) Pty Limited, Investa Nominees Pty Limited and Investa Development Holdings Pty Limited during the year consisted of the following:

(a) corporate cost allocation expense recovery from Investa Properties Limited to Investa Asset Management Pty Limited; and
(b) the declaration of dividends from Investa Nominees Pty Limited and Investa Development Holdings Pty Limited; and
(c) the payment of operating expenses and costs relating to the acquisition of Silverton Limited by Investa Development Holdings Pty Limited.

Notes to the Consolidated Financial Statements
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Note 24. Related parties (continued)

	Consolidated	
Aggregate amounts included in the determination of profit from ordinary activities before income tax (but eliminated on consolidation) that resulted from transactions with :	**30 June 2002 $'000**	30 June 2001 $'000
Investa Asset Management Pty Limited:		
Corporate cost allocation expense recovery	**1,659**	548
Dividend	**-**	21
Investa Nominees Pty Limited		
Dividend	**290**	-
Investa Development Holding Pty Limited		
Dividend	**5,050**	-

Responsible entity fees and other income from other related parties
Investa Properties Limited is the Responsibly Entity for a number of related entities, and during the year received the following fees:

	30 June 2002 $'000	30 June 2001 $'000
Investa Property Trust	**2,667**	1,598
Collins Property Trust	**170**	732
Investa Brisbane Commercial Trust	**43**	800
Martin Place Trust	**1,807**	300
Investa North Sydney Property Trust	**280**	-
Investa First Industrial Trust	**1,423**	-
Investa Second Industrial Trust	**731**	-
Investa Commercial Property Fund	**2,067**	-

Related party loans
The related party loans are from Investa Property Trust.

	30 June 2002 $'000	30 June 2001 $'000
Investa Properties Limited	**42,986**	-
Investa Nominees Pty Limited	**27,248**	-
Investa Development Holdings Pty Limited	**61,004**	-
Investa Third Industrial Trust	**10,848**	-
	142,086	-

The loans are to Investa Properties Limited, Investa Nominees Pty Limited and Investa Third Industrial Trust are unsecured and charged interest is charged at 6.33% per annum. There is no interest charged on the loan to Investa Development Holdings Pty Limited.

Related party receivable
During the year, property inventory was sold to Investa Second Industrial Trust. Included in receivables is $16,151,052 receivable from Investa Second Industrial Trust as at 30 June 2002.

Transactions with directors
There have been no transactions with directors or entities related to directors at any time during the current financial year unless otherwise stated.

Notes to the Consolidated Financial Statements
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Note 25. Investments in controlled entities

Name of entity	Country of incorporation	Class of share/ unit	Equity 30 June 2002 %	Equity 30 June 2001 %
Investa Asset Management Pty Limited	Australia	Ordinary	100	100
Investa Asset Management (QLD) Pty Limited*	Australia	Ordinary	100	-
Investa Development Holdings Pty Limited*	Australia	Ordinary	100	-
Investa Nominees Pty Limited*	Australia	Ordinary	100	-
Investa Developments Pty Limited*	Australia	Ordinary	100	-
Investa Third Industrial Trust*	Australia	Ordinary	100	-
Investa Kingsway Trust*	Australia	Ordinary	100	-
Silverton Limited & controlled entities	Australia	Ordinary	100	-

*These entities were formed during the current financial year.

Silverton acquisition

On 9 November 2001, Investa Developments Pty Ltd a 100% owned company of the parent entity reached an agreement to acquire 100% of the issued share capital of Silverton Limited. Under the transaction, Investa Development Pty Ltd has acquired a portfolio of commercial and industrial developments and sites in New South Wales, Victoria and Queensland, together with four parcels of residential development land for subdivision in Victoria, Queensland and Western Australia. Investa Development Holdings Pty Ltd acquired all of the issued shares in Silverton for $50,946,000.

Control of Silverton Limited passed to Investa Development Holdings Pty Ltd on 9 November 2001 with the sale of shares completed in February 2002.

Fair value of identified net assets of controlled entity acquired as at 9 November 2001:

Item	$ '000
Plant and equipment	1,524
Trade debtors	1,933
Other debtors	2,667
Inventories	140,212
Cash	1,202
Bank overdraft	(775)
Borrowings	(78,000)
Payables	(6,274)
Provisions	(16,208)
	46,281
Goodwill on acquisition	5,165
Less: Deferred consideration	(500)
Cash consideration	50,946
Outflow of cash used to acquire controlled entity net of cash acquired	
Cash Consideration	50,946
Less balances acquired:	
Cash	1,202
Bank overdraft	(775)
	427
Outflow of cash	50,519

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 26. Economic dependency

The controlled entities, Investa Asset Management Pty Limited and Investa Asset Management (QLD) Pty Limited, depend for a significant volume of revenue on Investa Property Trust and its controlled entities. Investa Properties Limited has provided a letter whereby it confirms that it undertakes to provide financial support to Investa Asset Management Pty Limited to a maximum amount of $500,000. This deficit arising in Investa Asset Management Pty Limited is primarily due to the corporate cost allocation expense recovery amount of $1,658,601.

Note 27. Reconciliation of operating profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	30 June 2002 $'000	30 June 2001 $'000	**30 June 2002 $'000**	30 June 2001 $'000
Profit from ordinary activities after income tax	**8,790**	992	**6,104**	1,062
Depreciation	**252**	19	**121**	18
Amortisation	**1,126**	102	**433**	102
(Decrease)/ increase in provision for income tax payable	**2,647**	(2,662)	**(852)**	(2,592)
Increase/(decrease) in payables	**6,855**	1,169	**2,721**	1,114
Decrease /(increase) in inventories	**22,647**	-	**-**	-
Net gain on sale of non current assets	**(385)**	-	**-**	-
(Increase)/decrease in other assets	**(18,120)**	1,938	**(12,210)**	1,530
Net cash inflow from operating activities	**23,812**	1,558	**(3,683)**	1,234

Note 28. Earnings per share

	30 June 2002	30 June 2001 (9 months)
	Cents	Cents
Basic and diluted earnings per share	**1.54**	0.26
	Number	Number
Weighted average number of shares used as the denominator	**'000**	'000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**570,362**	384,135

Notes to the Consolidated Financial Statements
For the year ended 30 June 2002

Note 29. Investments in Associates

	Ownership interest		Consolidated Carrying amount	
	2002	2001	**2002**	2001
	%	%	**$'000**	$'000
Name of Trust				
Investa South Melbourne Trust	**50%**	-	**-**	-

The investment in Investa South Melbourne Trust is for $1, and during the year the company accrued $28,000 in distribution income.

Share of associate's capital commitments

	2002	2002
	$'000	$'000
Capital commitments	**37,500**	-

The commitments relate to the company's 50% share of the obligation Investa South Melbourne Trust has to make a final payment of approximately $75,000,000 on the completion of the property located at 209 Kingsway, Melbourne in January 2003.

Note 30. Contingent liabilities

As disclosed in note 10, the company has an obligation to purchase any remaining units held by Suncorp Metway entities on 19 January 2003, for approximately $150 million, in Investa Commercial Property Fund.

Note 31. Events occurring after reporting date

Since the end of the year, the directors of the company have not become aware of any matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operations of the company, the results of those operations, or state of the company's affairs in future financial years.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 7 to 30:

(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 company's and the consolidated entity's financial position as at 30 June 2002 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

P J Carney
Director
Sydney
30 July 2002

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Independent Audit Report to the members of Investa Properties Limited

Scope

We have audited the financial report of Investa Properties Limited (the Company) for the year ended 30 June 2002, as set out on pages 7 to 31. The Company's directors are responsible for the financial report which includes the financial statements of the Company and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

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 Standards, other mandatory professional reporting requirements and the Corporations Act 2001, so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their 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 Company is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company’s and consolidated entity’s financial position as at 30 June 2002 and of their performance for the financial year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.

PricewaterhouseCoopers
Chartered Accountants

J A Dunning
Partner

Sydney
30 July 2002