

Investa Property Group

Consisting of the combined reports of Investa Property Trust ARSN 088 705 882 and
Investa Properties Limited ABN 54 084 407 241

Combined Half-Year Report **31 December 2001**

Investa Property Group

Combined Half-Year Report – 31 December 2001

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Investa Property Group

Directors' Report

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

This report includes the results of Investa Properties Limited (IPL) and Investa Property Trust (IPT) for the half-year ended 31 December 2001.

Directors

The following persons held office as directors of Investa Properties Limited 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 during the whole financial reporting period except for J L Arthur who was appointed on 2 July 2001.

Principal activities

During the period, the principal activities of the Group consisted of investment in commercial property, property funds management and property development.

Dividends and distributions

Dividends and distributions paid and payable by the Group for the half-year ended 31 December 2001 were \$40,027,230 (2000: \$30,934,000) which is equivalent to 7.3 cents per stapled security to the stapled securityholders (2000: 6.7 cents per stapled security). All dividends were fully franked.

Review of operations

A summary of combined revenue and results are set out below:

	31 December 2001 \$'000	31 December 2000 \$'000
Total revenue from ordinary activities	67,211	53,109
Net profit after company tax attributable to securityholders of Investa Property Group (including net revaluation increments)	44,586	53,567
Transfer of net valuation increments to asset revaluation reserve	(6,876)	(24,676)
Transfer from contributed equity to amounts available for distribution	2,801	160
Amounts available for distribution brought forward from previous period	1,403	2,843
Dividends & distributions paid and payable	(40,027)	(30,934)
Amounts available for distribution carried forward at 31 December 2001	1,887	960
Total value of Group assets at 31 December	1,419,145	1,098,946

Investa Property Group

Directors' Report (continued)

Rounding of amounts to nearest thousand dollars

The Group is a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investment Commission, relating to '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.

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

I K Payne
Director

Sydney
12 February 2002

Investa Property Group

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

		31 December 2001 \$'000	31 December 2000 \$'000
	Notes		
Revenue from operating activities		57,117	45,980
Share of distribution from associates		9,598	6,730
Interest revenue		496	399
Total revenue from ordinary activities	2	67,211	53,109
Cost of goods sold		(2,480)	-
Property outgoing		(8,620)	(9,646)
Employee expenses		(4,903)	(391)
Repairs and maintenance		(947)	(1,390)
Borrowing costs		(7,883)	(9,305)
Amortisation of intangibles		(1,285)	(175)
Net increment on revaluation of investment properties	10(b)	6,876	24,676
Other expenses from ordinary activities		(2,919)	(3,095)
Profit from ordinary activities before income tax expense	2	45,050	53,783
Company income tax expense		(464)	(216)
Net profit after company income tax expense attributable to stapled securityholders of Investa Property Group		44,586	53,567
Net increase in asset revaluation reserve	10(b)	132	-
Total revenues, expenses and valuation adjustments attributable to stapled securityholders of Investa Property Group recognised directly in equity		132	-
Total changes in equity other than those resulting from transactions with stapled securityholders as owners		44,718	53,567
Distribution paid and payable	11	40,027	30,934
Distribution paid and payable in cents per stapled security	11	7.30	6.668
		Cents	Cents
Basic earnings per stapled security		8.19	11.60
Basic earnings per stapled security (before revaluation)		6.92	6.23
Basic earnings per stapled security (before revaluation and amortisation)		7.16	6.27

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

Investa Property Group

Combined Statement of Financial Position As at 31 December 2001

	Notes	31 December 2001 \$'000	30 June 2001 \$'000
Current assets			
Cash assets		46,686	12,098
Receivables		25,947	12,941
Investment in associates	5	25,937	-
Other investments	6	19,691	-
Property inventories	4	65,052	-
Total current assets		<u>183,313</u>	<u>25,039</u>
Non-current assets			
Deferred tax asset		298	340
Intangibles	7	53,727	40,879
Property, plant and equipment		2,040	554
Loans to employees		5,303	1,173
Investment properties	3	1,101,813	1,091,885
Property inventories	4	72,651	-
Total non-current assets		<u>1,235,832</u>	<u>1,134,831</u>
Total assets		<u>1,419,145</u>	<u>1,159,870</u>
Current liabilities			
Payables		16,721	4,970
Interest bearing liabilities	8(a)	68,000	80,000
Current tax liabilities		8,101	434
Provisions		25,902	18,768
Total current liabilities		<u>118,724</u>	<u>104,172</u>
Non-current liabilities			
Interest bearing liabilities	8(b)	260,500	168,200
Deferred tax liability		6,748	-
Total non-current liabilities		<u>267,248</u>	<u>168,200</u>
Total liabilities		<u>385,972</u>	<u>272,372</u>
Net assets		<u>1,033,173</u>	<u>887,498</u>
Equity			
Contributed equity	9(a)	1,031,154	892,971
Reserves	10(b)	132	(6,876)
Amounts available for distribution	10(a)	1,887	1,403
Total equity		<u>1,033,173</u>	<u>887,498</u>

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

Investa Property Group

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

	Notes	31 December 2001 \$'000	31 December 2000 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		58,407	44,093
Cash payments in the course of operations		(16,946)	(14,436)
Interest received		510	399
Distributions from associates		9,454	6,621
Borrowing costs paid		(7,683)	(8,499)
Income taxes paid		(275)	(67)
Net cash inflow from operating activities		43,467	28,111
Cash flows from investing activities			
Payment for purchase of controlled entity, net of cash acquired	13	(50,519)	-
Payment for purchase of intangible assets		(8,159)	(39,272)
Payment for investment in associates		(31,215)	-
Payment for other investments		(19,691)	-
Proceeds from sale of investment in associates		5,000	-
Loans to employee share plan		(4,130)	-
Payment for property, plant and equipment		(135)	-
Payment for due diligence costs		(1,627)	-
Capital expenditure on investment properties		(2,676)	(2,345)
Net cash outflow from investing activities		(113,152)	(41,617)
Cash flows from financing activities			
Repayment of borrowings		(268,475)	(15,000)
Proceeds from issue of units		132,056	33,850
Payment for costs associated with issue of units		(4,044)	-
Proceeds from commercial bond issue		249,405	-
Payment for costs associated with issue of commercial notes		(1,018)	-
Proceeds from borrowings		20,000	3,500
Dividends/distributions paid		(23,651)	(15,167)
Net cash inflow from financing activities		104,273	7,183
Net increase / (decrease) in cash held		34,588	(6,323)
Cash at the beginning of the financial period		12,098	17,372
Cash at the end of the financial period		46,686	11,049
Non-cash financing and investing activities	12	12,972	14,971

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

Investa Property Group

Note 1. Basis of Preparation of Combined Financial Report

This general purpose combined financial report for the interim half-year period ended 31 December 2001 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and other authoritative pronouncements.

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 announcements made by Investa Property Group during the half-year ended 31 December 2001 in accordance with the continuous disclosure requirements of the Australian Stock Exchange.

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 unless stated otherwise below.

(a) 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 is reflected in the Combined Statement of Financial Position as a 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 Combined 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.

(b) Inventory

- i) 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 borrowing costs and other holding costs are expensed as incurred.
- ii) Classification*
Amounts are disclosed as current where it is anticipated that costs will be recovered within 12 months after balance date.

(c) 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 – developments	5 years
Payment for management rights	20 years

Note 1. Basis of Preparation of Combined Financial Report (continued)

Investa Property Group

(d) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value 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.

(e) 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.

(f) Rounding

The Company is an entity 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
Half-year ended 31 December 2001	\$'000	\$'000	\$'000
Revenue from ordinary activities	64,348	2,863	67,211
Segment result	44,667	383	45,050
Half-year ended 31 December 2000			
Revenue from ordinary activities	53,109	-	53,109
Segment result ¹	53,783	-	53,783

¹ - The segment result for the 6 months to 31 December 2000 is greater than revenue from ordinary activities due to net property revaluations exceeding total Group expenses.

Note 3. 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
Non current assets									

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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	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
41 Adelaide Street, Brisbane, QLD	Offices/ 75 yrs Leasehold	100%	10/09/98	21,102	30/09/00	18,400	Knight Frank D Mohr, AAPI CB Richard Ellis	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	C Chatwood AAPI JLL Advisory	62,565	62,500
260 Queen Street, Brisbane, QLD	Offices/ Freehold	100%	01/11/99	23,983	31/03/01	23,000	W Wiermann, AAPI JLL Advisory	23,070	23,005
469 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	01/07/88	80,813	31/12/00	42,100	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 CB Richard Ellis	101,074	101,074
420 St Kilda Road, Melbourne, VIC	Offices/ Freehold	100%	12/12/86	24,566	30/06/01	27,000	C Plant JLL Advisory	27,039	27,000
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	24,645	30/09/00	23,750	GN Kennedy, FAPI JLL Advisory	25,019	23,812
Total Parent				651,215				614,966	612,674
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
Total- Investa Property Growth Trust				115,948				93,433	93,202
Lizabeth 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
Total – Lizabeth trust				155,219				153,712	153,594
Total				922,382				862,111	859,470
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 - associates				211,842				239,702	232,415
Total				1,134,224				1,101,813	1,091,885

*These properties and units are used as security for the issue of commercial notes referred to in Note 8.

Properties not independently valued during the last 12 months are carried at director's valuation at 31 December 2001.

Note 4. Property inventories

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	31 December 2001 \$'000	30 June 2001 \$'000
Current – land held for resale	<u>65,052</u>	-
Non-current – land held for resale	<u>72,651</u>	-

Note 5. Investment in associate

	31 December 2001 \$'000	30 June 2001 \$'000
Investment in Martin Place Trust	<u>25,937</u>	-
	<u>25,937</u>	<u>-</u>

On 2 October 2001, Investa Properties Limited established the Martin Place Trust which purchased 50% of the units in 60 Martin Place Unit Trust which owns 100% of the property located at 60 Martin Place, Sydney. The units held by the company at 31 December 2001 represent 42% of the issued units for Martin Place Trust. The remaining 58% of units have already been sold to wholesale investors and it is the expectation that the units still held by the company will also be sold down to external investors.

Note 6. Other investment

	31 December 2001 \$'000	30 June 2001 \$'000
Suncorp Metway Balanced Property Fund	<u>19,691</u>	-
	<u>19,691</u>	<u>-</u>

On 3 January 2002, Investa Properties Limited became the Responsible Entity of the 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 Suncorp Metway Balanced Property Fund, representing approximately 8% 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 Suncorp Metway Balanced Property Fund which are owned by Suncorp Metway entities, with the exception of \$75million of the units which will be retired through a new debt facility within the fund. The company is expecting to sell down these units by 19 January 2003 (including Investa Properties Limited's existing holding of \$19.7million). Any units remaining unsold by 19 January 2003 will be purchased by the company.

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Note 7. Intangible assets

	31 December 2001 \$'000	30 June 2001 \$'000
Corporate property services establishment costs	3,500	3,500
Less: accumulated amortisation	(190)	(102)
	3,310	3,398
Goodwill ¹	5,973	-
Less: accumulated amortisation	(199)	-
	5,774	-
Payment for restructuring and management rights ²	46,758	38,598
Less: accumulated amortisation	(2,115)	(1,117)
	44,643	37,481
	53,727	40,879

¹ Represents goodwill for the purchase of Silverton Limited.

² Includes the payment to acquire the management rights to the Suncorp Metway Balanced Property Fund together with restructuring costs associated with the formation of the Group and for the relinquishment of the management rights over Investa Property Trust.

Note 8. Interest bearing liabilities

	31 December 2001 \$'000	30 June 2001 \$'000
8(a) Current - secured		
Cash advance facility	-	80,000
Bills of exchange facility	68,000	-
	68,000	80,000
8(b) Non-current - secured		
Cash advance facility	10,500	168,200
Commercial notes	250,000	-
	260,500	168,200
8(c) Facility limits		
Bills of exchange facility	70,000	-
Cash advance facility	82,675	254,675
Commercial notes	250,000	-
	402,675	254,675

Commercial notes

On 28 November 2001, the Investa Property 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 6.0% 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 & Pears and are secured by first mortgages over investment property as detailed in note 3. The floating tranche has been fully hedged through the use of interest rate swaps.

Note 8. Interest bearing liabilities (continued)

Investa Property Group

Cash advance facilities

A \$75,000,000 cash advance facility has been established with the Commonwealth Bank of Australia in addition to the existing line of \$7,675,000, both loans are secured by the assets of the Group.

Bills of exchange facility

A bills of exchange facility for \$70,000,000 was acquired as part of the purchase of Silverton Limited. This facility will be renegotiated within 12 months.

Note 9. Contributed equity

(a) Paid up capital

	No. of Securities '000	31 December 2001 \$'000	No. of Securities '000	31 December 2000 \$'000
Investa Property Trust	592,862	1,031,154	515,490	892,971
Investa Properties Limited ¹	592,862	-	515,490	-
Total value of securities issued		<u>1,031,154</u>		<u>892,971</u>

¹ - The total value of shares issued by Investa Properties Limited as at 31 December 2001 and 31 December 2000 was \$100.

(b) Reconciliation of contributed equity

At 31 December 2001

	Investa Property Trust		Investa Properties Limited*	
	No. of units	\$'000	No. of shares	\$'000
Opening balance	515,490	892,971	515,490	-
Placement of securities	66,883	125,522	66,883	-
Distributions reinvested	7,013	12,972	7,013	-
Costs for placement of securities	-	(4,044)	-	-
Transfer to distributable income	-	(2,801)	-	-
Security Participation Plan	3,476	6,534	3,476	-
Closing balance	<u>592,862</u>	<u>1,031,154</u>	<u>592,862</u>	<u>-</u>

* The total value of shares issued by Investa Properties Limited at 31 December 2001 was \$100.

Note 9. Contributed equity (continued)

(b) Reconciliation of contributed equity (continued)

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At 30 June 2001	Investa Property Trust		Investa Properties Limited	
	No. of units	\$'000	No. of shares	\$'000
Shares/units on issues prior to stapling of securities	456,999	791,132	10,050	-
Placement of securities	46,321	80,350	27,515	-
Transfer to distributable income	-	(2,519)	-	-
Costs for placement of securities	-	(81)	-	-
Distributions reinvested	12,170	20,140	2,846	-
Loss on sale of property	-	(82)	-	-
Transfer of realised profit on disposal of investment property from asset revaluation reserve	-	4,031	-	-
Issue of shares upon stapling of securities	-	-	475,079	-
Closing balance	<u>515,490</u>	<u>892,971</u>	<u>515,490</u>	<u>-</u>

Note 10. Reserves

(a) Amounts available for distribution

	31 December 2001 \$'000	31 December 2000 \$'000
Opening balance	1,403	2,843
Profit attributable to securityholders of Investa Property Group before transfer from reserves	44,586	53,567
Revaluation increments transferred to asset revaluation reserve	(6,876)	(24,676)
Transfer from contributed equity	2,801	160
Dividends/distribution paid and payable	(40,027)	(30,934)
Closing balance	<u>1,887</u>	<u>960</u>

(b) Reserves

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

Note 10. Reserves (continued)

Increases/(decreases) on revaluation of investment property

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	31 December 2001 \$'000	31 December 2000 \$'000
410 Ann Street, Brisbane	-	1,760
62 Northbourne Avenue, Canberra	-	-
469 Latrobe Street, Melbourne	-	7,443
420 St Kilda Road, Melbourne	-	-
73 Northbourne Avenue, Canberra	-	(31)
64 Northbourne Avenue, Canberra	-	-
73 Miller Street, Sydney	-	3,388
55 Market Street, Sydney	-	178
485 Latrobe Street, Melbourne	-	10,160
241 Adelaide Street, Brisbane	-	(2,047)
32 Phillip Street, Parramatta	-	475
260 Queen Street, Brisbane	-	232
109 St Georges Terrace, Perth	-	1,488
50-60 Talavera Road, North Ryde	-	400
107-109 Mount Street, Sydney	-	-
115 Grenfell Street, Adelaide	-	-
110 George Street, Parramatta	-	(833)
255 Elizabeth Street, Sydney	-	-
Total increment on revaluation of investment property	<u>-</u>	<u>22,613</u>

Share of increment of revaluation of investment property by associate

	31 December 2001 \$'000	31 December 2000 \$'000
SUNPAC Property Fund	5,943	2,063
60 Martin Place, Sydney	1,065	-
Total increment on revaluation of investment property by associate	7,008	2,063
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.

Note 11. Dividends and distributions

31 December 2001 \$'000	31 December 2001 Cents per stapled	31 December 2000 \$'000	31 December 2000 Cents per stapled
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Investa Property Group

	security		security	
Timing of dividends and distributions				
The dividends/distributions were paid/payable as follows:				
30 September paid	18,931	3.625	15,171	3.288
30 November paid	-	-	385 ¹	0.039 ¹
31 December payable	21,096	3.675	15,763	3.380
	40,027	7.300	31,319	6.707

¹ Dividends declared at 30 November 2000 was paid to the shareholders of Westpac Investment Property Limited prior to the formation of Investa Property Group.

Note 12. Non-cash financing and investing activities

	31 December 2001 \$'000	31 December 2000 \$'000
Dividends/distributions satisfied by the issue of securities under the Group distribution reinvestment plan were as follows:		
July 2000 - 4,488,853 units @\$1.59	-	7,138
October 2000 - 4,835,332 units @ \$1.62	-	7,833
July 2001 - 3,871,000 units @\$1.76	6,813	-
November 2001 - 3,142,359 units @ \$1.96	6,159	-
	12,972	14,971

Note 13. Investment in controlled entities

Name of entity	Country of Incorporation	Class of Share	Equity 31 December 2001 %	Equity 30 June 2001 %
Investa Asset Management Pty Limited	Australia	Ordinary	100	100

Investa Property Group

Investa Developments Pty Limited	Australia	Ordinary	100	-
Investa Nominees Pty Limited	Australia	Ordinary	100	-
Silverton Limited & controlled entities	Australia	Ordinary	100	-

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 Developments Pty Ltd will acquire all of the issued shares in Silverton for \$50,946,000 subject to final settlement adjustments.

Control of Silverton Limited passed to Investa Developments Pty Ltd on 9 November 2001 with the sale of shares to be completed during 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	(15,043)
	<u>47,446</u>
Goodwill on acquisition	5,973
Less: Deferred consideration	(2,473)
Cash consideration	<u>50,946</u>
Outflow of cash used to acquire controlled entity net of cash acquired	
Cash Consideration	<u>50,946</u>
Less balances acquired:	
Cash	1,202
Bank overdraft	(775)
	<u>427</u>
Outflow of cash	<u>50,519</u>

Note 14. Events occurring after reporting date

On 15 January 2002, the company settled the acquisition of six industrial assets on behalf of the Investa First Industrial Trust. The portfolio was purchased for \$50,572,609 and includes industrial properties in Sydney, Melbourne and Brisbane. The portfolio will be sold through a retail offering with the Prospectus for the Investa First Industrial Trust having been registered with ASIC. It is expected the units will be sold down by the company and settled by the end of February 2002 at which time funds will be returned to the company in full.

Investa Property Group

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 is expected to have a value of approximately \$100 million. The purchase price of \$24.9 million reflects the value of the land and improvements constructed on 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 the \$24.9million. The Trust will receive a licence fee from settlement to completion reflecting an 8% yield on \$24.9million.

The financial effects of these transactions have not been brought to account at 31 December 2001.

On 3 January 2002, Investa Properties Limited became the Responsible Entity of the Suncorp Metway Balanced Property Fund (see Note 6).

Investa Property Group

Directors' Declaration

The directors declare that the combined financial statements and notes set out on pages 3 to 16:

- (a) comply with Accounting Standards, and other mandatory professional reporting requirements; and
- (b) present fairly the combined entity's financial position as at 31 December 2001 and of its combined performance, as represented by the results of its combined operations and combined cash flows for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the combined entity 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 of Investa Properties Limited.

I K Payne
Director

Sydney
12 February 2001

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**Independent Audit Report to the stapled securityholders of
Investa Property Group**

Scope

We have audited the combined financial report of Investa Property Group (the Group) for the half-year ended 31 December 2001 as set out on pages 3 to 17 comprising Investa Property Trust and Investa Properties Limited and the entities they controlled at the end of, or during, the half-year. The directors of Investa Properties Limited (the Responsible Entity) are responsible for the combined financial report. We have conducted an independent audit of the combined financial report in order to express an opinion on it, so as to enable the Group to lodge the combined financial report with the Australian Stock Exchange.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the combined 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 combined 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 combined financial report is presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements, so as to present a view which is consistent with our understanding of the Group's combined 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 combined financial report of the Group presents fairly:

- (i) the combined financial position of the Group as at 31 December 2001 and the results of its combined operations, cash flows and performance for the half-year ended on that date; and
- (ii) in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements.

PricewaterhouseCoopers
Chartered Accountants

J A Dunning
Partner

Sydney
12 February 2002