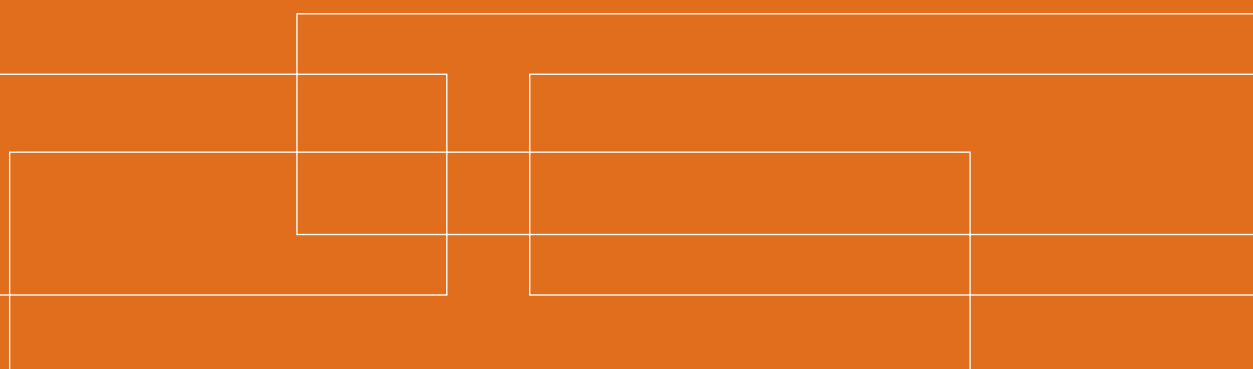


## 2002 Contents

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–	Investa Property Trust
	IBC Directory



Sustainable growth and resilience  
underpinned by an integrated  
property platform.



# Key Information

## 30 June 2002

### Investa Property Group

Total Assets	\$1.5 billion
Gearing	21.9%
Net Tangible Asset Backing	\$1.73 per security
Funds Under Management	\$2.1 billion
Employees	97

### Investment Management

#### Investa Property Trust

21 Commercial office buildings	333,000m <sup>2</sup>
Occupancy Rate*	98%
Average remaining lease term*	4.6 years

\* weighted by ownership share

### External Funds Management

#### Syndicates

Investa First Industrial Trust	\$54 million
Investa Second Industrial Trust	\$64 million
Investa North Sydney Property Trust	\$47 million
Investa Brisbane Commercial Trust	\$54 million
Collins Property Trust	\$48 million

### Wholesale Funds Management

Martin Place Wholesale Fund	\$90 million
Investa Commercial Property Fund	\$255 million

### Asset Management

Real Estate Licences in New South Wales, Victoria and Queensland

### Development

Residential/Office/Industrial project inventory	\$118 million
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### Corporate Property Services

Westpac Banking Corporation Contract

### ASX Trading Performance (1 July – 30 June 2002)

Closing trade price	\$2.07 per security
12 month high	\$2.16 per security
12 month low	\$1.74 per security
Market Capitalisation (30 June 2002)	\$1.2 billion

# 2002 Highlights

The Group's total return to Securityholders for the year was 21.5%, outperforming the UBS-W Commercial 200 property trust index and the ASX listed property trust index.

Income distribution for the year at 14.75 cents per security exceeded forecast against the November 2000 Explanatory Memorandum and is up 6.9% on the previous year.

Net profit before tax, amortisation and revaluation for the year exceeded forecast, increasing by 40.4% to \$88.9 million, reflecting strong underlying earnings from the Group's investment activities as well as a solid first time contribution from Investa Developments.

NTA as at 30 June 2002 was \$1.73 per security, an increase of 5.5% over the year.

The Group issued a tailored, AAA-rated, \$250 million Commercial Mortgage Backed Securities programme, achieving significant savings in borrowing costs.

Capital management maintained a strong balance sheet.

## Investments

Investment portfolio key facts:

- 21 properties with a total value of \$1,177 million
- Revaluation increases of \$53.4 million
- Rental income up 10.5% on a like for like basis
- 98.0% occupancy.

209 Kingsway, South Melbourne, Victoria was acquired in January 2002, and is under construction with an expected value of \$100 million on completion in January 2003. The property is fully pre-leased to ANZ Banking Group and BMW Australia.

## Funds Management

Launched two new syndicates, increasing funds under management to \$267.3 million:

- Investa First Industrial Trust, and
- Investa Second Industrial Trust.

Purchase of Lysaght Street, Acacia Ridge in June 2002 for future syndication.

Launched Wholesale Funds business, increasing funds under management by \$345.4 million in new funds:

- Martin Place Wholesale Syndicate, and
- Investa Commercial Property Fund.

## Developments

Strategic business platform set in place with the acquisition of Silverton Limited in November 2001, including development assets of \$144.5 million.

Purchase of 55 Forbes Street, West End, Brisbane in June 2002 for future redevelopment.

## Asset Management

Opened Brisbane property management office in April 2002 to service the Queensland assets of the various trusts managed by Investa.

Properties under management increased from 11 to 31 across three states.

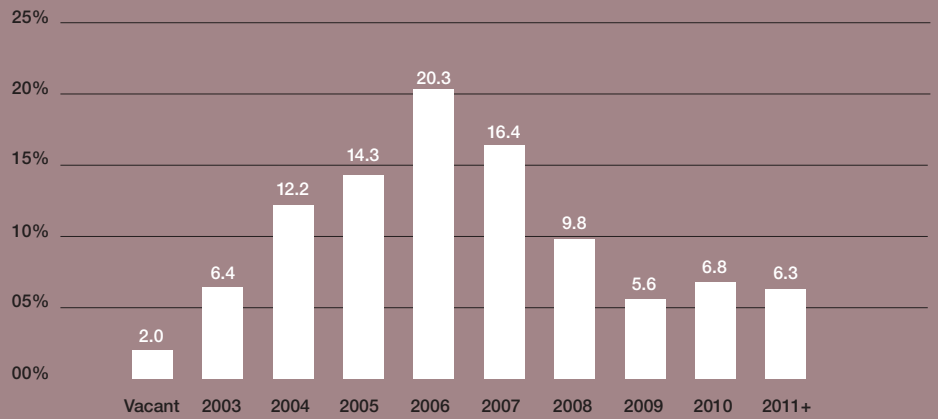
Rated first among Australian real estate investment trusts by international sustainability, research and investment company, Sustainable Asset Management, in terms of Investa's performance in social, economic and environmental dimensions.

# Summary of Results

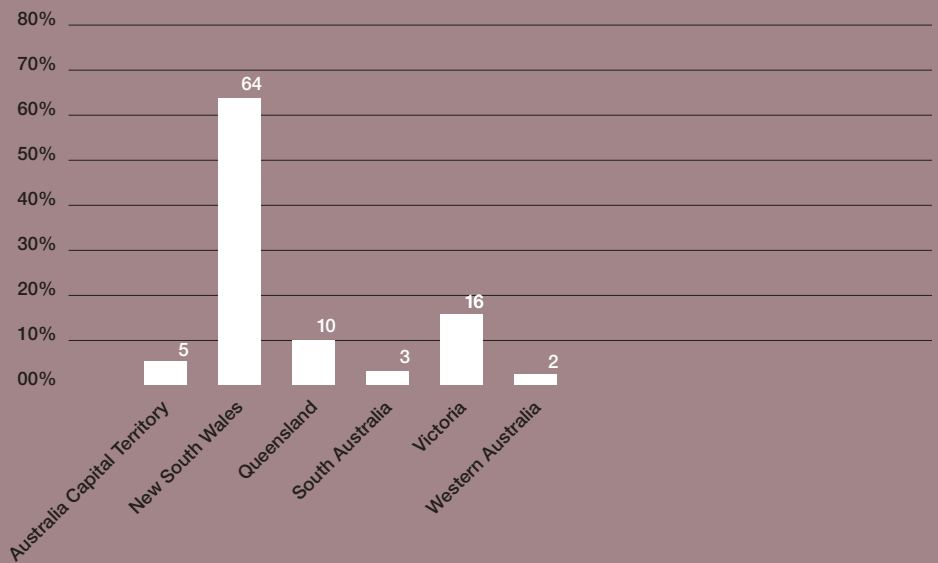
	2002 \$m	2001 \$m
Net Rental and Investment Income	96.8	82.2
Net Development Income	12.2	-
Corporate Property Services Income	8.3	4.2
Funds Management Income	3.1	1.8
Asset Management Income	3.0	0.5
Other Income	3.0	1.0
<b>Total Income</b>	<b>126.4</b>	<b>89.7</b>
Operating Expenses	19.1	9.1
<b>EBITDA</b>	<b>107.3</b>	<b>80.6</b>
Interest	18.4	17.5
Tax	3.8	0.6
Depreciation & Amortisation	3.3	1.1
<b>Net Profit</b>	<b>81.8</b>	<b>61.4</b>
Transfers From Contributed Equity	4.6	2.5
<b>Amounts Available for Distribution</b>	<b>86.4</b>	<b>63.9</b>
Amount Available for Distribution Brought Forward	1.4	2.9
Amount Distributed	84.7	65.4
<b>Amount Available for Distribution Carried Forward</b>	<b>3.1</b>	<b>1.4</b>
<hr/>		
Revaluation Movements		
- taken to Combined Statement of Financial Performance	6.9	56.0
- taken directly to Asset Revaluation Reserve	46.5	-
<hr/>		
Distribution Per Unit	13.69c	13.62c
Dividend Per Share	1.06c	0.18c
<b>Total Amount Distributed per Security</b>	<b>14.75c</b>	<b>13.80c</b>
<hr/>		
Management Expense Ratio	0.29%	0.44%
Net Tangible Assets per Security	\$1.73	\$1.64

# Property Portfolio Snapshot

Lease Expiry Profile (by area)



Geographical Allocation (by value)



# Chairman's Report

Investa Property Group has successfully implemented its strategy of building a resilient, integrated platform.

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Against the backdrop of global investment uncertainty, Investa Property Group has successfully implemented its strategy of building a resilient, integrated property platform that is poised for long-term earnings growth.

On behalf of the Board, I am pleased to report that the Group has achieved a very creditable result for the year to 30 June 2002.

Strong performance against all targets set out in the Explanatory Memorandum and forming the basis for the November 2000 restructure, validates the Group's strategy

of creating an integrated property group that will deliver sustainable investment returns.

Distributions increased 6.9% over the previous year, ahead of forecast. For the coming year, the Group is well positioned to deliver another increase.

Importantly, the market has substantially re-rated the Group and, as a result, our investors have benefited with a strong total return of 21.5% for the year, outperforming the UBS-W Commercial 200 property trust index, which returned 12.8%, and the ASX 200 listed property trust index, which returned 14.9%.

Earnings before revaluation and amortisation were up 14.6% on the previous year, including a pleasing result for the Company, which contributed 11.7% to the Group's earnings.

This result has been achieved through the strength of the underlying earnings from the Group's investment portfolio, and robust contributions from other areas of the Group, particularly Investa Developments, which was formed following the acquisition of development company, Silverton Limited, in November 2001.



# The Group continues to be highly focused and is well positioned to deliver sound investment returns.

This acquisition typifies the value added from the Group's integration strategy, providing the opportunity to deliver returns from a broader range of activities than pure property investment.

The Group continues to be highly focused and is well positioned to deliver sound investment returns from the management of a broadly based commercial investment portfolio, and earnings from a range of other property based activities. These include Investments, Funds Management, Corporate Property Services, Asset Management, and Property Development.

It is through the earnings growth from these activities that Investa will be further differentiated from its competitors of today.

Crucial to Investa's continued advancement is the presence of a strong Board and its capacity to constructively oversee the Group's strategic development.

We are pleased to welcome Mrs Deborah Page and Mr John Messenger to the Board as non-executive Directors. Deborah's depth of experience in accounting, investment, development, property and auditing activities and John's background in insurance, risk management and human resources further strengthen the Board.

The Board would like to take this opportunity to thank the entire team at Investa Property Group for its efforts in a year that has seen the Group establish a firm, integrated platform from which it can derive significant investment returns for all stakeholders.

#### Acquisition of Telstra office portfolio

After successfully participating in the tender process begun in February 2002, Investa Property Group exchanged contracts with Telstra Corporation Ltd (Telstra) on 1 August 2002 for the \$570 million acquisition of a portfolio of seven office buildings, including Telstra's Melbourne Head Office.

The transaction is a milestone for the Investa Property Group as it creates Australia's largest office trust with total assets of \$2.1 billion and further strengthens the Group's capacity to deliver sustainable earnings growth for investors.

The acquisition is being funded by a raising of debt and equity and has received good support from investors.

On behalf of the Board and management we thank you, our investors, for your continued support and look forward to your participation in the opportunities that await Investa Property Group in the years ahead.

Ian Payne  
Chairman



- 01 55 Market St, Sydney
- 02 80 Pacific Hwy, North Sydney
- 03 32 Phillip St, Parramatta

01



**Vale Peter Carney 1940 – 2002**

The Board, management and staff of Investa were deeply saddened by the loss of Peter Carney, who passed away on 7 August 2002 as a result of a motor accident.

Our hearts go out to his wife, Ann and their three daughters.

Peter gave a lifetime of service to industry and government in environmental law, banking and property, and was a tireless

advocate for reform, transparency and good governance.

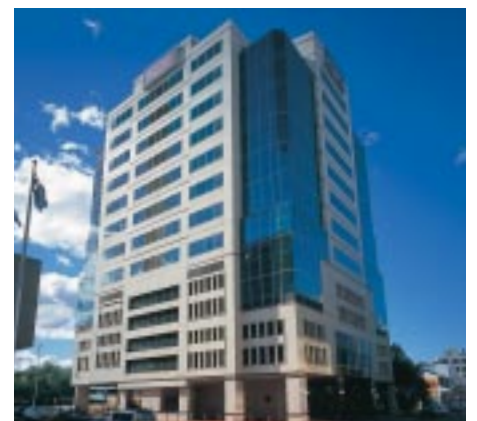
As a Foundation Director of Investa, Peter will be remembered for his tremendous contribution to the development of the Group, his intellectual rigour and energy and most of all his winning ways with people. I am sure you will join me in paying tribute to Peter and his achievements.



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# Managing Director's Report

‘The value chain – The best results are obtained when developer, manager and prospective investor are united in their pursuit of a common cause – the right property, the right management, the right price.’

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During the year, we continued to implement our strategy of maximising opportunities across the property value chain and consolidating new activities into the Group.

The Group has been helped greatly in this task by the strong and dedicated support of the Board and our employees during this period. We look forward to continuing this successful relationship as the Group forges ahead in its aim to become Australia's leading end-to-end property group.

The Group has now firmly established its core business activities of Property Development, Investments, Asset Management and Funds Management.

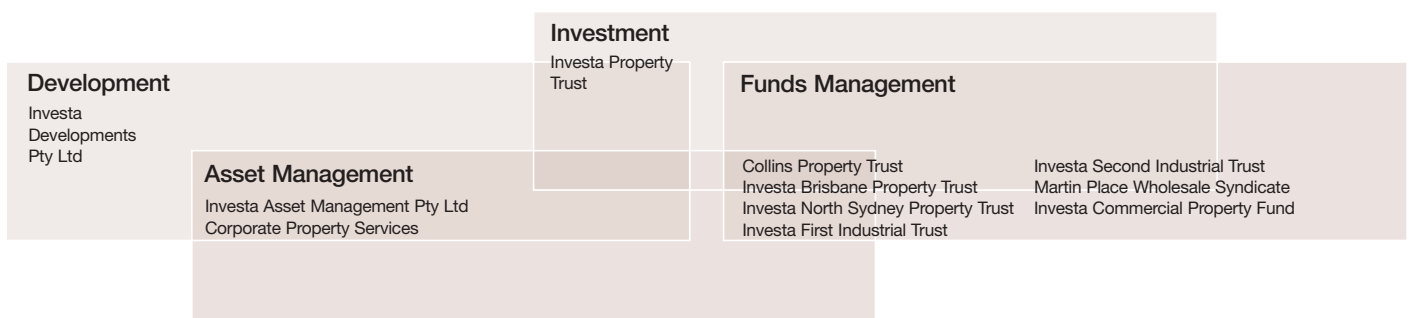
The opportunity represented by the value chain has, we believe, been recognised by the investment markets and is now reflected in higher trading prices. The closing price for IPG securities as at 30 June 2002 was \$2.07 per security, 15.6% higher than 12 months prior.

The market re-rating recognises the Group's strengths of identifying and leveraging potential synergies between development and funds management operations.

Importantly, earnings exceeded the Explanatory Memorandum forecasts and investors have received a distribution for the 12 months of 14.75 cents per security – up 6.9% on the previous year.

This reflects a higher contribution from business activities and is consistent with our objectives of deriving a significant proportion of earnings from fund, asset and property management and development activities. Our aim is to have the Company account for 10-15% of earnings within two years.

The improved management expense ratio for the Trust reflects in the lower cost base resulting from the November 2000 restructure. The ratio was down to 0.29% of total assets, from 0.44% the previous year.



01 209 Kingsway, Melbourne  
02 242 Exhibition St, Melbourne

01



#### Acquisition of \$570m Telstra portfolio

Shortly after year-end, the Group exchanged contracts with Telstra Corporation Ltd for the purchase of a portfolio of seven Telstra office buildings for \$570 million, including its Head Office in Melbourne.

The purchase has been funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per security, and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

The acquisition of the Telstra portfolio represents a significant and strategically important step forward for the Group, reinforcing our weighting to the key target markets of New South Wales and Victoria.

The Group's expertise in providing single-point corporate property services is expected to generate significant savings and operational efficiencies for Telstra and rewards for Investa through a benefit sharing agreement.

This acquisition reinforces the strength of the Group's underlying earnings, given the purchase price reflects an average initial property yield of 8.23% per annum, and importantly delivers enhanced value to our investors.

The Group is now clearly positioned on the ASX at the forefront of the Australian office sector.

#### Property Development

The acquisition of Silverton Limited, completed in November 2001 has been a crucial step in establishing the development component of the Group's property value chain.

This major strategic move broadens Investa's business platform and will form an important part of the Group's earnings.

Longer term, property development will provide an important means of generating quality assets for potential investment by property trusts and syndicates under Group management.

During the year, four commercial/industrial assets were sold to the Investa Second Industrial Trust. Residential lot sales continue

at a healthy rate at Quinns Beach, Western Australia and Mill Park Lakes, Victoria. 320 contracts have been exchanged across the residential projects with settlement due in the next 12 months.

Work progressed on obtaining a development approval for a 12-story office building at Macquarie Street, Parramatta, while further progress in planning for mixed commercial and industrial developments at Lorimer Street Port Melbourne, Victoria and Eden Park North Ryde, NSW is expected in the next 12 months.

As development projects near completion, the Group will pursue opportunities to replenish stock and sustain investment growth. As a first step the Group has acquired a property for redevelopment in the Brisbane suburb of West End for \$8.9 million. The property represents a residential redevelopment opportunity, planned to be undertaken in 2005/2006 once rezoning is effected.

Development activities contributed \$12.2 million in net income in the financial year.



After year-end the Group exchanged contracts with Telstra Corporation for the purchase of a portfolio of seven Telstra office buildings.

02



# Longer term, property development provides an important means of generating quality assets for potential investment by property trusts and syndicates under Group management.

## Funds Management

Since its launch in 2000, the Company has seen strong growth in its funds management activities, which are an integral part of the Investa story - providing funds management to the Investa Property Trust and our wholesale and syndicated funds.

In the past year, two wholesale funds were launched together with two syndicates, increasing external funds under management to over \$600 million, 29% of total funds under management.

## Wholesale Funds Management

Designed to appeal to the needs of institutional investors, the wholesale funds management business is now established, with two investment vehicles having total assets of approximately \$345 million.

These funds comprise the 'Martin Place Wholesale Syndicate' (MPWS) owning a 50% interest in 60 Martin Place, Sydney; and the 'Investa Commercial Property Fund' (ICPF), an open ended fund owning a portfolio of office buildings in Brisbane and Sydney.

The sale of these funds to wholesale investors is underway with 58% of the units in the MPWS having been sold to date.

Wholesale funds management contributed \$1.4 million to Group revenue for the financial year.

## Syndication

The retail investor market continues to demonstrate a strong appetite for syndicated property investment vehicles.

The Company has launched five syndicates to date, representing approximately \$267 million of assets. These syndicates invest in commercial and industrial assets, with further diversification of products expected in the future.

During the year, two industrial property trusts were launched - the Investa First Industrial Trust and the Investa Second Industrial Trust, the latter comprising a number of Queensland and New South Wales assets acquired from Silverton Limited.

At the close of the year, an industrial property at Lysaght Street in Acacia Ridge, Brisbane was acquired for inclusion in a further syndicate to be established during the current year.

Syndication contributed revenue of \$1.7 million for the financial year.

## Investa Property Trust

The investment portfolio (Investa Property Trust) is the key generator of earnings for the Group, providing 88% of total earnings in the year. The portfolio of 21 office buildings is spread across Australia and is focused on the country's top three workforce locations. With a total value of approximately \$1.2 billion, the portfolio is substantially invested in Sydney.

Strong rent reviews provided significant impetus to the Group's earnings growth, with like on like income up 10.5% on the previous financial year. The full year revenue benefit of these rent review increases will occur during 2002/2003.

This increase in income was reflected in the results of the re-valuation of 11 assets during the year, which generated a \$53.4 million increase and was the major contributor to a nine cent increase in the NTA of the Group to \$1.73 per unit.

The portfolio is well positioned to capture strong tenant demand, thus reinforcing the prospect of secure and growing returns over the medium to long term. Management seeks to boost performance by identifying opportunities to enhance each asset and ultimately the portfolio.

### Asset Management

The management of the assets of the Wholesale, Syndicate's and Group's (Investa Property Trust) investment portfolios is undertaken by Investa Asset Management Pty Limited.

This business has expanded substantially over the past 12 months, having commenced operations in Brisbane in April 2002 to service the Queensland assets of the various trusts managed by Investa. The Group now manages 31 properties across New South Wales, Victoria and

Queensland, an increase from 11 properties at 30 June 2001.

The business has delivered valuable benefits for clients, including the implementation of risk management and sustainability initiatives and the provision of enhanced operational management of each asset.

Among our major achievements during this period has been the delivery of consistent service to tenants, rationalisation of suppliers and the introduction of the Investa Help Desk in Queensland, New South Wales and Victoria.

The Group also recognises it is fundamentally important to deliver safe workplaces and environmentally sustainable outcomes in the operation of its buildings.

Various initiatives have been undertaken including the National Safety Council of Australia's 5-Star Health and Safety Management Programme and Building Greenhouse Ratings Programme managed by the Sustainable Energy Development Authority (SEDA). The Group was also rated by international organisation Sustainable

Asset Management as Australia's leading real estate investment trust in terms of its economic, environmental and social performance.

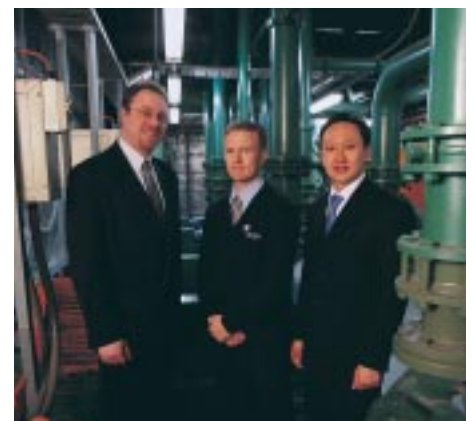
### Corporate Property Services

The Corporate Property Services (CPS) business continues to service the needs of Westpac Banking Corporation's accommodation requirements. Using the expertise of a team of 31 staff, CPS has successfully integrated several property service capabilities.

Our outsourcing services strategy is a proven model that reinforces value for clients via strategic and operational control of total property expenditure.

The Group is looking to leverage its CPS capabilities by providing similar integrated property services to other major Australian corporates.

Income derived from Corporate Property Services for the financial year was \$8.3 million.





# Teamwork and foresight have delivered strong investment and business earnings - accelerating the Group toward its objective of becoming the leading end-to-end property investment group in Australia.

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The Group believes these initiatives address our social and environmental responsibilities whilst bringing long-term investment benefits and enhancements to the commercial appeal of the properties.

Moving forward, the property management business is well positioned to preserve and enhance the Group's asset values by achieving its objectives of ensuring tenant comfort and satisfaction and protecting the owners' interests.

In satisfying these primary objectives the business will continue to take all opportunities to reduce operating expenditure.

The asset management business earned fee income of \$3.0 million during the financial year.

## Finance and Capital Management

An integral part of the Group's major restructure of its debt arrangements during the period was the launch of a tailored \$250 million Commercial Mortgage Backed Securities (CMBS) programme.

This programme has enabled the Group to achieve meaningful savings in its borrowing costs and more effectively manage its debt exposures. Additional debt facilities are in place to provide funding flexibility. New equity capital was raised during the year to support new business activities, such as the purchase of Silverton Limited, and general ongoing funding requirements. This included an offer to all Securityholders at the time of the Silverton Placement to increase their investment in the Group via the Securityholder Purchase Plan (SPP).

This facility enabled Securityholders to acquire additional securities at the same price as the placement to institutions which occurred at around that time. The SPP together with the four issues under the Distribution Re-investment Plan (DRP) raised a total of \$35.0 million in new equity.

At 21.9%, the Group was conservatively geared at 30 June 2002, providing the flexibility to take advantage of further opportunities such as the purchase of the Telstra Portfolio which has since been completed.

## Corporate Governance

During the year, the Group took several steps to strengthen its corporate governance, including the appointment of two additional non executive directors bringing the total to five non executive directors and the Managing Director.

To further strengthen the Corporate Governance of the Group, the Board commissioned an independent review of our business operations. This review included a series of one-on-one interviews with each director and with our senior executives to define our corporate governance framework against best practice standards.

The Board is progressively implementing each of the major recommendations made to it. As a consequence, the Board established an Audit and Risk Management Committee and a Nominations and Remunerations Committee. These new committees are in addition to the Due Diligence Committee that has been in operation for some time. Separate charters for the Board, and for each Committee have been defined; and programmes for the work to be undertaken by each Committee have been established.



Each Committee is chaired by a separate director. The Chairman of the Board of Directors is entitled to attend any meeting of any Committee. Each Committee reports to the Board.

The corporate governance programme incorporates a review of the performance of each Director and of the Board as a whole.

In general, the non executive directors serve on at least one Committee of the Board and/or one of the Boards of the Development or Asset Management Companies.

#### People

The achievements of 2002 would not have been delivered without the energy and drive of our dedicated team of people. Our numbers have grown from 74 to 97 during the year, reflecting the purchase of businesses and organic growth.

The strength of the Group comes from our people, and it has been pleasing to see the emergence of a strong culture of innovation and leadership, founded on the principles of integrity and fair play.

It is these ideals that are generating intellectual capital to take the Group forward.

#### Peter J A Carney Award

Recognising the importance of these attributes, as Peter Carney did, together with the tremendous contribution Peter made to Investa Property Group, the Board has established the Peter J A Carney Award. This annual award will celebrate the essential qualities of Peter's contribution to Investa, and to society:

***“The pursuit of excellence and intellectual rigour to be applied to everything we do or contemplate.”***

We will recognise that contribution in a way that is rewarding for employees generally and supports the future development of Investa Property Group. The Award will be made by a grant toward studies being undertaken by a staff member demonstrating these qualities.

#### Positive Outlook

Despite operating in a challenging environment, the Group is in a strong position to maintain the momentum established during this period.

Portfolio occupancy is 98% and our diversified businesses are making a growing contribution to Group earnings.

We will continue to drive scale benefits from pursuing a strategy of broadening the future earning streams of our Company activities.

By leveraging the expertise and support of our Board and people, the Group is confident it will continue to deliver solid investment performance and value for investors.

Chris O'Donnell  
Managing Director

# Investa Developments in Focus

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The Silverton acquisition was a major step forward for the Group, completing our business platform and complementing its existing core skills.

The acquisition brought to the Group an experienced development team and approximately \$144.5 million worth of development stock spread across New South Wales, Victoria, Queensland and Western Australia.

Investa Developments is active in retail, commercial and industrial development as well as large-scale residential estates.

The development company's strategic intent is a measured expansion of its activities to

encompass a wider geographic and sectoral spread of projects.

Current development activities combined with core development skills have positioned the Group to generate substantial income from the development and on-sale of new property assets.

The benefit of this strategy has been confirmed with promising initial results from the sale of four commercial developments achieved during the year.

The task of replenishing stock for development has begun with the purchase of Forbes Street, West End, Brisbane a property fronting the Brisbane River. While

the property is presently leased for commercial purposes, a rezoning application for a residential use incorporating the construction and sale of over 130 dwellings is planned.

Investa Developments is committed to developing high quality assets for distribution to the public and among the Group's managed funds, reinforcing its importance in advancing the Group along the value chain.

By managing development risk and optimising the return on shareholders' equity, the development company remains focussed on its core competencies of having skilled people, strong development credentials and timely delivery.

- 01 Mill Park Lakes Estate, Victoria
- 02 Mill Park Lakes Estate, Victoria
- 03 Quinns Beach Estate, Western Australia

02



03



### Residential Development Snapshot

#### 01/02 Mill Park Lakes

The Mill Park Lakes Estate is situated in Melbourne’s northern growth corridor within the City of Whittlesea. The City of Whittlesea provides a significant proportion of Victoria’s demand for new housing, where the Mill Park Lakes Estate is the current major development. This municipality has been and will continue to be a key market for new home buyers.

Mill Park Lakes offers quality residential land unlike any other development in Melbourne’s north. All allotments are fully serviced and many offer unique uninterrupted lakeside views as well as views towards the Melbourne skyline and Dandenong Ranges.

The 20 hectare lake/wetlands system provides the main theme for the Estate and as well as aesthetic appeal, it also assists with drainage and water management of the existing creek flows. The lake/wetlands system incorporates “best practice” water sensitive urban design and environmental principles and is engineered to be self-sustaining and to create a cleaner discharge of water into neighbouring rivers.

On completion, the Estate will see approximately 2,400 new allotments created providing homes for some 6,000 people.

#### 03 Quinns Beach Estate

The Quinns Beach Estate in Western Australia comprises some 450 prime residential allotments within a masterplanned oceanside setting with spectacular views over the Indian Ocean.

This Estate has one kilometre of Indian Ocean frontage and is located in Perth’s North-west corridor which is the catchment area for the Joondalup Regional Centre and is one of the fastest growing population areas in Australia.

# Investa Developments in Focus

01



- 01 Macquarie Street, Parramatta\*
- 02 Eden Park, North Ryde\*
- 03 Port Melbourne, Victoria\*

\*Artists impressions

## Mayfair on Manly

Mayfair on Manly is a residential development comprising 131 homesites in one of Brisbane's prime coastal areas, 15 kilometres east of the CBD.

The development is situated on a high profile corner allotment on Manly Road, Manly, which is a primary thoroughfare linking the Brisbane CBD and the bayside suburbs of Wynnum, Manly and Redland Bay.

Supporting the new community, a 6,000m<sup>2</sup> neighbourhood shopping centre is planned, providing a local supermarket and speciality shops.

## 55 Forbes Street, West End, Brisbane

On a site overlooking the Brisbane River and situated 3.5 kilometres south west of the Brisbane General Post Office, a medium density residential project is planned incorporating 130 units.

The 8,300m<sup>2</sup> site has a long frontage to the river which has been capitalised on in the initial planning for the site.

This development is subject to a re-zoning application, which is in keeping with other residential re-zonings which have occurred further along the river. While this application is progressing, the Group will continue to receive rental income from the commercial buildings currently occupying the site.

## Commercial Development Snapshot

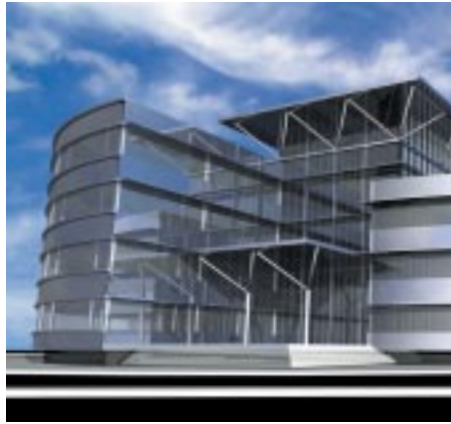
### 01 Macquarie Street, Parramatta

Parramatta is the geographical and demographic centre of the Sydney metropolitan region and is considered a prime commercial growth area. It is the third largest office market in Sydney. The NSW State Government has committed to infrastructure projects centering on the Parramatta CBD, comprising the Parramatta to Chatswood rail line and rapid transit bus way connecting it to commercial areas of Liverpool, Blacktown and Strathfield.

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The proposed development features a building designed by Kann Finch Architects. The development will feature the retention of the façade of the heritage classified Exeter Manor. The development will include a podium structure rising from Macquarie Street with the main tower rising 12 stories, comprising 10,000m<sup>2</sup> net lettable office space and to include associated retail space, a brasserie, and a north facing landscaped public plaza.

**02 Eden Park, North Ryde, New South Wales**

North Ryde is one of Australia’s most established hi-tech office and industrial markets. The location is characterised by modern business park developments and is home to some of the biggest names in information technology and telecommunications including Microsoft, Siemens, Fujitsu and Canon.

Situated adjacent to the proposed “Macquarie Park” rail station, the next development site in the Eden Park Estate is ready for construction. A 10,000m<sup>2</sup> high-tech office/production development is proposed for the site.

**03 Turner & Lorimer – Port Melbourne, Victoria**

The Port.IT Business Centre incorporates two innovative commercial property projects in Port Melbourne, aimed at the growing demand from businesses seeking a ‘business park’ environment in Port Melbourne.

The twin Port.IT@Lorimer and Port.IT@Turner developments will be built at prime locations in Lorimer and Turner Streets, Port Melbourne. The design and functionality of the twin Port.IT developments are unlike any other in the area and will appeal to businesses that are now looking to Port Melbourne as a desirable and convenient commercial address.

# Investment Portfolio Details

Property	Date Purchased	Independent Valuation (\$'000)	Valuation Date/ Cap Rate	Discount Rate/ Terminal Yield	Current Vacancy	Net Lettable Area (NLA)/ Car Spaces
<b>New South Wales</b>						
1 Market St Sydney <sup>(1)</sup>	Jan '96	102,500	Jun 02 7.67%	10.00% 7.75%	3,735m <sup>2</sup> 12.5%	29,791 666
255 Elizabeth St Sydney	Sept '94	153,500	Mar 01 7.50%	10.25% 7.75%	230m <sup>2</sup> 0.8%	28,455 148
55 Market St Sydney	July '98	138,000	Jun 02 7.50%	10.50% 7.75%	90m <sup>2</sup> 0.4%	22,627 49
60 Martin Pl Sydney <sup>(2)</sup>	Nov '99	88,750	Jun 02 7.25%	10.25% 7.50%	NIL	28,385 82
80 Pacific Hwy North Sydney <sup>(3)</sup>	Apr '01	45,375	Mar 01 7.50%	10.50% 8.00%	NIL	13,696 86
73 Miller St North Sydney	Jun '97	90,000	Jun 02 7.75%	10.50% 8.25%	NIL	14,703 159
110 George St Parramatta	Oct '97	66,500	Jun 02 9.30%	10.75% 9.25%	363m <sup>2</sup> 1.7%	20,970 347
32 Phillip St Parramatta	Nov '99	21,100	Sep 00 8.50%	10.75% 8.75%	NIL	6,759 104
50 – 60 Talavera Rd North Ryde	Nov '99	31,400	Dec 00 8.75%	11.00% 9.75%	NIL	11,323 128
<b>Victoria</b>						
485 LaTrobe St Melbourne	Sept '98	111,000	Jun 02 8.50%	10.25% 8.75%	NIL	34,045 208
469 LaTrobe St Melbourne	July '88	53,100	Jun 02 9.50%	10.75% 9.75%	NIL	19,830 47
420 St Kilda Rd Melbourne	Dec '86	27,000	Jun 01 9.00%	11.00% 10.00%	399m <sup>2</sup> 3.8%	10,534 135
209 Kingsway South Melbourne <sup>(4)</sup>	Jan '02	26,410	At cost			
<b>Queensland</b>						
410 Ann Street Brisbane	Nov '87	62,500	Jun 01 9.25%	11.25% 10.25%	NIL	20,488 693
241 Adelaide St Brisbane	Sept '98	18,100	Jun 02 9.25%	11.00% 9.84%	132m <sup>2</sup> 1.8%	7,412 76
260 Queen St Brisbane	Nov '99	23,000	Mar 01 8.75%	11.00% 9.25%	NIL	13,255 12
<b>Australian Capital Territory</b>						
62 Northbourne Ave Canberra	Feb '88	27,500	Jun 02 9.75%	11.50% 10.25%	48m <sup>2</sup> 0.5%	9,964 110
64 Northbourne Ave Canberra	July '94	16,100	Jun 02 10.00%	11.70% 10.50%	71m <sup>2</sup> 1.1%	6,508 35
73 Northbourne Ave Canberra	May '94	17,000	Dec 00 9.35%	11.00% 10.25%	NIL	6,237 86
<b>South Australia</b>						
115 Grenfell St Adelaide	May '89	26,500	Mar 01 10.50%	12.75% 11.00%	NIL	13,895 38
<b>Western Australia</b>						
109 St Georges Tce Perth	Nov '99	25,500	Jun 02 9.00%	11.75% 9.25%	1,314m <sup>2</sup> 9.4%	14,046 79
<b>Total Portfolio</b>					<b>7,812m<sup>2</sup> 2.0%*</b>	<b>332,923 3,288</b>

<sup>(1)</sup> IPT has a 50% interest in Sunpac Property Fund which owns 1 Market Street, Sydney

<sup>(2)</sup> IPT has a 50% interest in 60 Martin Place Unit Trust which owns 60 Martin Place, Sydney

<sup>(3)</sup> IPT has a 50% interest in 80 Pacific Highway Trust which owns 80 Pacific Highway, North Sydney

<sup>(4)</sup> 20,000m<sup>2</sup> building currently under construction and fully preleased to ANZ and BMW.

The value on completion in January 2003 is expected to be \$100 million reflecting an 8.00% yield.

\* weighted by ownership



01



02



03



04



01

### 55 Market Street, Sydney

18 level office tower completed in 1990, positioned above 4 levels of retail space which consists of a monorail station and 12 retail outlets with frontages to both Pitt and Market Streets. Average floor size is 1,062m<sup>2</sup>.

#### Net Lettable Area

22,627m<sup>2</sup>

#### Car Parks

49

#### Major Tenants

Rail Access Corporation,  
Administrative Appeals  
Tribunal, St George Bank

#### Valuation

\$138.0m

#### Valuation Details

Cap Rate	7.50%
Discount Rate	10.50%
Terminal Yield	7.75%
Occupancy	99.6%

#### Lease Expiry

2002/03	16%
2003/04	32%
2004/05+	52%

02

### 1 Market Street, Sydney

The property was completed in 1991 and comprises a 34 level office tower, with a 3 level podium and ground retail space. Adjoining the office tower is a 10 level car park complex. Average floor size is 1,095m<sup>2</sup> for the lower levels and 1,135m<sup>2</sup> for the higher levels.

#### Net Lettable Area

29,791m<sup>2</sup>

#### Car Parks

666

#### Major Tenants

BT Australia, Horwarth,  
Japan Travel Bureau, ANZ

#### Valuation

\$102.5m \*50% interest

#### Valuation Details

Cap Rate	7.67%
Discount Rate	10.00%
Terminal Yield	7.75%

Occupancy 87.5%

#### Lease Expiry

2002/03	29%
2003/04	13%
2004/05+	45%

03

### 60 Martin Place, Sydney

Westpac's Head Office was constructed in 1971 and recently underwent a major refurbishment. It features a lower ground banking chamber, ground floor plaza area, two retail premises and 28 upper levels of office space. The average floor size is on the upper levels is approximately 850m<sup>2</sup>.

#### Net Lettable Area

28,385m<sup>2</sup>

#### Car Parks

82

#### Major Tenants

Westpac

#### Valuation

\$88.75m \*50% interest

#### Valuation Details

Cap Rate	7.25%
Discount Rate	10.25%
Terminal Yield	7.50%

Occupancy 100%

#### Lease Expiry

2002/03	0%
2003/04	0%
2004/05+	100%

04

### 255 Elizabeth Street, Sydney

The property was completed in 1990 and consists of 15 office levels, ground floor foyer and 5 retail outlets. Average floor size is 1,772m<sup>2</sup>.

#### Net Lettable Area

28,455m<sup>2</sup>

#### Car Parks

148

#### Major Tenants

Westpac, Phillips Fox, Telstra,  
NSW Farmers Association

#### Valuation

\$153.5m

#### Valuation Details

Cap Rate	7.50%
Discount Rate	10.25%
Terminal Yield	7.75%

Occupancy 99.2%

#### Lease Expiry

2002/03	0%
2003/04	3%
2004/05+	96%



# New South Wales

05



06



07



08



05

## 80 Pacific Highway, North Sydney

Completed in April 2000, the property consists of 4 basement car parking levels, 8 ground floor retail shops and 14 levels of office accommodation. Typical floor sizes are approximately 950m<sup>2</sup>.

### Net Lettable Area

13,696m<sup>2</sup>

### Car Parks

86

### Major Tenants

Cisco Systems, Siebel Systems

### Valuation

\$45.375m \*50% interest

### Valuation Details

Cap Rate	7.50%
Discount Rate	10.50%
Terminal Yield	8.00%

Occupancy 100%

### Lease Expiry

2002/03	0%
2003/04	0%
2004/05+	100%

06

## 73 Miller Street, North Sydney

An 11 level office building completed in 1990, consisting of 2 basement car parking levels plus ground floor retail area. Floor sizes vary from approximately 1,000-1,500m<sup>2</sup>.

### Net Lettable Area

14,703m<sup>2</sup>

### Car Parks

159

### Major Tenants

Health Administration Corporation, Open Telecommunications, Wilson Car Parking

### Valuation

\$90.0m

### Valuation Details

Cap Rate	7.75%
Discount Rate	10.50%
Terminal Yield	8.25%

Occupancy 100%

### Lease Expiry

2002/03	2%
2003/04	3%
2004/05+	95%

07

## 110 George Street, Parramatta

Ground floor retail comprising of 19 retail outlets and 6 upper levels of office accommodation contained within 8 separate suites per floor. Average pod floor size is 350m<sup>2</sup>.

### Net Lettable Area

20,970m<sup>2</sup>

### Car Parks

347

### Major Tenants

NRMA, Proctor & Gamble, RTA

### Valuation

\$66.5m

### Valuation Details

Cap Rate	9.30%
Discount Rate	10.75%
Terminal Yield	9.25%

Occupancy 98.3%

### Lease Expiry

2002/03	5%
2003/04	4%
2004/05+	89%

08

## 32 Phillip Street, Parramatta

Constructed in 1991, the building comprises 4 upper levels of car parking and 8 levels of office accommodation. Average floor size is 836m<sup>2</sup>.

### Net Lettable Area

6,759m<sup>2</sup>

### Car Parks

104

### Major Tenants

AGC

### Valuation

\$21.1m

### Valuation Details

Cap Rate	8.50%
Discount Rate	10.75%
Terminal Yield	8.75%

Occupancy 100%

### Lease Expiry

2002/03	0%
2003/04	0%
2004/05+	100%

09



**09**  
**50-60 Talavera Road, North Ryde**  
 4 storey high-tech/office building incorporating 1 basement plant, ground floor entry, storage and 2 levels of office/high-tech space and an open space car park. Average floor size is 3,200m<sup>2</sup>.

**Net Lettable Area**  
 11,323m<sup>2</sup>

**Car Parks**  
 128

**Major Tenants**  
 Westpac

**Valuation**  
 \$31.4m

**Valuation Details**

Cap Rate	8.75%
Discount Rate	11.00%
Terminal Yield	9.75%

**Occupancy** 100%

**Lease Expiry**

2002/03	0%
2003/04	0%
2004/05+	100%

10



**10**  
**485 La Trobe Street, Melbourne**  
 2 office towers linked by a 6 storey glass atrium and lobby. The tower on La Trobe Street comprises a 9 storey office building completed in mid 1988. The 20 storey building has a frontage to little Lonsdale Street, which was completed in 1990. Car spaces are provided over 4 basement levels. Average floor sizes are 1,126m<sup>2</sup> and 1,388m<sup>2</sup> for each of the two towers.

**Net Lettable Area**  
 34,045m<sup>2</sup>

**Car Parks**  
 208

**Major Tenants**  
 CGU, ASIC, ABS

**Valuation**  
 \$111.0m

**Valuation Details**

Cap Rate	8.50%
Discount Rate	10.25%
Terminal Yield	8.75%

**Occupancy** 100%

**Lease Expiry**

2002/03	6%
2003/04	0%
2004/05+	94%

11



**11**  
**469 La Trobe Street, Melbourne**  
 19 level office building completed in 1988, consisting of 17 office levels, 2 parking levels, ground floor foyer and 2 retail outlets. Average floor size is 1,230m<sup>2</sup>.

**Net Lettable Area**  
 19,830m<sup>2</sup>

**Car Parks**  
 47

**Major Tenants**  
 CGU, AGC, Tress Cocks & Maddox, Russell Kennedy

**Valuation**  
 \$53.1m

**Valuation Details**

Cap Rate	9.50%
Discount Rate	10.75%
Terminal Yield	9.75%

**Occupancy** 100%

**Lease Expiry**

2002/03	1%
2003/04	15%
2004/05+	84%

12



**12**  
**420 St Kilda Road, Melbourne**  
 The property comprises ground floor retail, 10 upper office levels and two basement parking levels. The property was constructed in 1982.

**Net Lettable Area**  
 10,534m<sup>2</sup>

**Car Parks**  
 135

**Major Tenants**  
 GE Capital, Australian Outback Travel, Intergraph Public Safety, Salmat, ANZ

**Valuation**  
 \$27.0m

**Valuation Details**

Cap Rate	9.00%
Discount Rate	11.00%
Terminal Yield	10.00%

**Occupancy** 96.2%

**Lease Expiry**

2002/03	18%
2003/04	22%
2004/05+	56%

13



**13**  
**209 Kingsway South Melbourne**  
 A 19,800m<sup>2</sup> office building is under construction and due to be completed in January 2003.

The building comprises six office levels above a four level, 752 bay carpark, all of which having been preleased to ANZ Banking Group. On the ground floor and two basement parking levels, a showroom, offices and workshop will be occupied by BMW Australia.

On completion the property is expected to be worth approximately \$100 million reflecting an 8% income yield.

The property is 50% owned within the Investment Portfolio, with the intention of the balance being held by another fund managed Investa.

**14**  
**410 Ann Street, Brisbane**  
 Twin tower commercial building incorporating 10 ground floor retail outlets, 2 connected levels of podium office accommodation and 10 upper levels to the eastern tower and 4 upper levels to office accommodation to the western tower. There are 2 basement car-parking levels. Average floor sizes are 1,240m<sup>2</sup>E and 833m<sup>2</sup>W.

**Net Lettable Area**  
 20,488m<sup>2</sup>

**Car Parks**  
 693

**Major Tenants**  
 Telstra, MIM

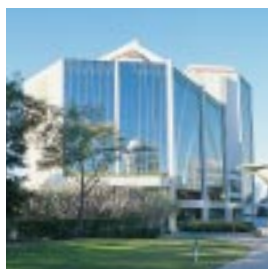
**Valuation**  
 \$62.5m

<b>Valuation Details</b>	
Cap Rate	9.25%
Discount Rate	11.25%
Terminal Yield	10.25%

**Occupancy** 92.6%

<b>Lease Expiry</b>	
2002/03	9%
2003/04	63%
2004/05+	21%

14



15



**15**  
**241 Adelaide Street, Brisbane**  
 22 storey commercial office tower comprising basement car parking, ground floor retail, mezzanine and 19 levels of office accommodation. Average floor size is 509m<sup>2</sup>. The Brisbane Club occupies levels 1-5.

**Net Lettable Area**  
 7,412m<sup>2</sup>

**Car Parks**  
 76

**Major Tenants**  
 Thompson Law, Australian Hearing Services, Curragh Coal

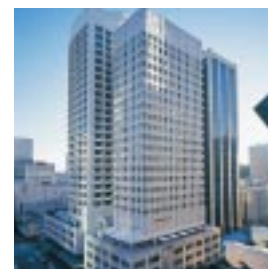
**Valuation**  
 \$18.1m

<b>Valuation Details</b>	
Cap Rate	9.25%
Discount Rate	11.00%
Terminal Yield	9.84%

**Occupancy** 98.2%

<b>Lease Expiry</b>	
2002/03	23%
2003/04	17%
2004/05+	58%

16



**16**  
**260 Queen Street, Brisbane**  
 Located on a prominent corner in the centre of the Brisbane CBD this 24 level office building was completed in 1970. It comprises 21 office levels, ground floor and basement banking chambers and parking. Westpac occupy 87% of the building including the banking chamber.

**Net Lettable Area**  
 13,255m<sup>2</sup>

**Car Parks**  
 12

**Major Tenants**  
 Westpac

**Valuation**  
 \$23.0m

<b>Valuation Details</b>	
Cap Rate	8.75%
Discount Rate	11.00%
Terminal Yield	9.25%

**Occupancy** 100%

<b>Lease Expiry</b>	
2002/03	4%
2003/04	5%
2004/05+	91%

# Australian Capital Territory

17



18



19



17

## 62 Northbourne Avenue, Canberra

The property comprises a modern seven storey office building constructed in 1987. The property has a ground floor atrium, which rises through the building, a lower ground level with access from Mort Street and two and a half car parking levels.

### Net Lettable Area

9,964m<sup>2</sup>

### Car Parks

110

### Major Tenants

AusAid

### Valuation

\$27.5m

### Valuation Details

Cap Rate	9.75%
Discount Rate	11.50%
Terminal Yield	10.25%

Occupancy 99.5%

### Lease Expiry

2002/03	0%
2003/04	0%
2004/05+	99%

18

## 64 Northbourne Avenue, Canberra

Completed in 1984, the property comprises two basement levels of parking, ground floor retail and six upper levels of commercial office space. The building has 3 separate street frontages.

### Net Lettable Area

6,508m<sup>2</sup>

### Car Parks

35

### Major Tenants

DEWRSB, KFPW

### Valuation

\$16.1m

### Valuation Details

Cap Rate	10.00%
Discount Rate	11.70%
Terminal Yield	10.50%

Occupancy 98.9%

### Lease Expiry

2002/03	7%
2003/04	0%
2004/05+	92%

19

## 73 Northbourne Avenue, Canberra

A six level office building completed in 1987. The property consists of ground floor office space and 2 basement car parking levels. Average floor size is 1,023m<sup>2</sup>. The property forms a complex of four similar buildings in the area to the rear.

### Net Lettable Area

6,237m<sup>2</sup>

### Car Parks

86

### Major Tenants

Civil Aviation Safety Authority

### Valuation

\$17.0m

### Valuation Details

Cap Rate	9.35%
Discount Rate	11.00%
Terminal Yield	10.25%

Occupancy 100%

### Lease Expiry

2002/03	0%
2003/04	0%
2004/05+	100%

# Western Australia

# South Australia

20



21



20

**109 St Georges Terrace, Perth**  
Constructed in 1973, the property comprises 19 levels of office accommodation, a banking chamber and 2 basement levels of parking.

**Net Lettable Area**  
14,046m<sup>2</sup>

**Car Parks**  
79

**Major Tenants**  
Westpac, Corsers Solicitors

**Valuation**  
\$25.5m

**Valuation Details**

Cap Rate	9.00%
Discount Rate	11.75%
Terminal Yield	9.25%

**Occupancy** 90.6%

**Lease Expiry**

2002/03	0%
2003/04	0%
2004/05+	91%

21

**115 Grenfell Street, Adelaide**  
The property comprises a 14 level commercial office building with ground floor retail, and a basement parking level. The property was constructed in 1990.

**Net Lettable Area**  
13,895m<sup>2</sup>

**Car Parks**  
38

**Major Tenants**  
KPMG, Commonwealth Govt, Spherion

**Valuation**  
\$26.5m

**Valuation Details**

Cap Rate	10.50%
Discount Rate	12.75%
Terminal Yield	11.00%

**Occupancy** 100%

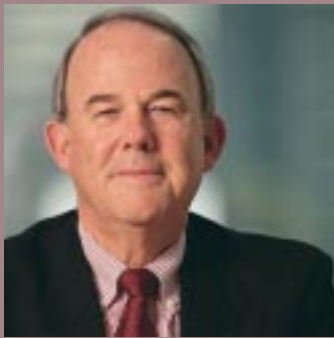
**Lease Expiry**

2002/03	6%
2003/04	34%
2004/05+	60%

# The Board

‘Corporate governance... can help build a solid foundation to create wealth and protect shareholder interests.’

David Knott, Chairman  
Australian Securities  
and Investments  
Commission (ASIC)



Ian Payne



Chris O'Donnell



John Arthur



Shaun Mays



John Messenger



Deborah Page

The Board is committed to establishing and constantly reviewing stringent corporate governance standards, ensuring the Investa Property Group continues to be recognised as a trusted, reliable corporate citizen.

Ian Payne

M.Ec. Age 60

Chairman, Non Executive Director

Ian was appointed Chairman in June 1999. Ian previously held senior positions at the Commonwealth Bank of Australia including Deputy Chief Executive and Executive Director from 1992 to 1997.

During this period he was a director of a number of subsidiaries and associated companies, including Commonwealth Financial Services Limited and Chairman of CBFC Limited. From 1996 until August 2002 he was Chairman of Export Finance and Insurance Corporation. Ian is a Director of SFE Corporation Limited and Legalco Limited.

Chris O'Donnell

Dip.Bus. NZCB, FAICD, AIQS (Affil). Age 45

Managing Director

Chris was appointed Managing Director of Investa Property Group in December 2000 and is responsible for the overall management of the Group.

Chris has wide ranging property experience gained over 25 years working with Lend Lease, Capital Property Group, Leighton Holdings and Westpac.

During this period he held a number of senior executive roles including Executive Director of Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and Managing Director of Capital Property Group.

John Arthur

LLB (Hons). Age 47

Non Executive Director

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.



Shaun Mays

B.Sc (Hons), M.Sc, MBA, FAICD. Age 46  
Non Executive Director

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.

John Messenger

(ANZIF) Snr. Assoc. Age 56  
Non Executive Director

Appointed to the Board on 15 August 2002, John has extensive international insurance broking and risk management experience with major multi-national corporations.

Between 1986 and 1995 John was the Managing Director of MLC Insurance Limited and a director of Lend Lease Learning Pty Limited. From 1997 until 2001, he was the Chief Executive Officer, Corporate Risk Management for the Lend Lease Group.

John is a director of St John Ambulance Australia Limited and related companies and of Territory Insurance Office, Darwin. He is also a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance and has served as a director of the Insurance Council of Australia Limited.

Deborah Page

B.Ec, FCA, MAICD. Age 43  
Non Executive Director

Deborah, who joined the Board on 17 April 2002, is a chartered accountant and 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.



# Corporate Governance

The following is a statement of the company's main corporate governance practices which were in place for the financial year ended 30 June 2002.

As described in the Report of the Managing Director, changes to corporate governance have been implemented since April 2002, following an external review.

## Board of Directors

During the year to 30 June 2002, the Board comprised five members until April 2002, when Mrs D. R. Page was appointed as a Non-Executive Director and Chairman of the Audit and Risk Management Committee. Mr J. I. Messenger was appointed as a Non-Executive Director on 15 August 2002.

The Board comprised six members at 30 June 2002, Mr I. K. Payne, Chairman; Messrs P. J. A. Carney; J. L. Arthur; S. A. Mays and Mrs D. R. Page being Non-Executive Directors. Mr C. J. O'Donnell, the Managing Director, is an Executive Director.

## Appointment and Retirement of Non-Executive Directors

The Directors may appoint a person to be a Director, either to fill a casual vacancy or as an additional Director.

A Director so appointed must retire at the Annual General Meeting next following that appointment and is eligible for re-election. The company's Constitution requires that, at each Annual General Meeting of the company, one-third of the remaining Directors must retire by rotation. Directors who retire by rotation are eligible for re-election.

These provisions do not apply to the Managing Director.

## Seeking of Independent Professional Advice by Directors

Subject to the prior consent of the Chairman, any Director may at the expense of the company seek independent professional advice in relation to the carrying out of the Director's duties. When the advice is received, it is made available to all Directors.

## Compensation arrangements for Directors and Executives

The remuneration of Non-Executive Directors is determined by the full Board, having regard to the recommendations of the Nominations and Remuneration Committee and independent professional advice, and subject to the limit approved by the shareholders.

The review of remuneration will have regard to the responsibilities of each Director including service as Chairman of a Board Committee and as a Director of major subsidiary companies.

The Board, again having regard to the recommendations of the Nominations and Remuneration Committee and independent professional advice, will at least annually review the remuneration of the Managing Director and of the other senior executives.

## Board of Committees

The Board has established three Board Committees, as follows, each with an approved Charter and each reporting regularly to the Board. The following arrangements apply:

### Audit and Risk Management Committee

Chairman:

D. R. Page

Members:

S. A. Mays

J. I. Messenger

C. J. O'Donnell

The function of the Committee includes:

- Reviewing the Financial Reports of the Company; Investa Property Trust; all Group subsidiaries and of the external funds managed by the Company;
- Reviewing compliance with statutory responsibilities, asset valuation policies; insurance covers, and observance of the Compliance Plan for the registered schemes operated by the Company;
- Compliance with the Company's Code of Conduct; and
- Approval and oversight of the annual audit programme.

### Due Diligence

Chairman:

J. I. Messenger

Members:

C. J. O'Donnell, Managing Director

A. S. Junor, General Manager,  
Investment Funds

B. V. McGarry, Company Secretary

G. B. Monk, Chief Financial Officer

The function of the Committee includes:

- Review of all proposals for the acquisition, or disposal, of real property;
- Review all proposed offer documents, such as Prospectus documents;

- Review all proposed amendments to Constitutions;
- Review all policies to ensure that conflicts of interest are dealt with in an appropriate and fair manner; and
- Review the post-acquisition performance of assets, results and assumptions.

### Nominations & Remuneration Committee

Chairman

J. L. Arthur

Members:

C. J. O'Donnell

D. R. Page

The functions of the Committee include:

- Advice and recommendations to the Board upon criteria for the selection of Directors;
- Nominations of Directors;
- Criteria for reviewing the performance of Directors, and of the Board;
- Review company observance of employment obligations; and
- Recommendations to the Board on senior executive appointments and the remuneration of senior executives and, within the limits approved by the shareholders, Directors fees.

### Environmental Regulations

Investa is subject to significant environmental legislation and associated regulations. It is committed to the implementation of appropriate practices and procedures to minimise environmental impacts and to ensure compliance.

Investa uses a systematic approach to the management and compliance with environmental legislation.

### Ethical Standards

The company has developed a Code of Conduct (the Code) which has been

approved by the Board and applies to all directors and employees. The Code is regularly reviewed and updated to ensure it reflects the highest standards of behaviour and professionalism. A copy of the Code is available upon request. In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of both the law and company policies.

This Code is discussed with each new employee as part of their induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code.

The purchase and sale of company securities by directors and employees is only permitted during the thirty day period following the release of the half-yearly and annual financial results or disclosure document to the market. Any transactions undertaken must be notified to the Company Secretary.

### Continuous Disclosure

The Company Secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This person is also responsible for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the company and its controlled entities that a reasonable person would expect to have a material effect on the price of the company's securities.

# Securityholder Information

## Distribution / Dividends

Income will be distributed quarterly within two months of the end of each September, December, March and June. The distribution comprises amounts distributed from Investa Property Trust and fully franked dividends from the management company, Investa Properties Limited.

## Distribution Reinvestment Plan

A Distribution Reinvestment Plan is presently in operation. Under the Plan, securityholders may elect to have all or a component of their distribution income reinvested in new securities at the prevailing trading price during the five days up to the record date for the determination of distribution entitlements. Application forms and copies of the rules of the Plan are available from the Share Registry.

Each quarter the Board will decide whether this DRP will continue to apply

## Annual Statement and Tax

A tax statement summarising the distributions paid for the financial year is sent to all securityholders within two months of the end of the financial year.

The Group is obliged to deduct tax at the top marginal rate plus Medicare levy from distributions paid to Australian resident securityholders who have not supplied their Tax File Number or Exemption.

For capital gains tax purposes, an investment in IPG must be considered as separate investments in Investa Properties Limited and Investa Property Trust. For this purpose, the consideration paid or received on transfers of securities must be allocated to each entity. Details of the allocation of value between the company and the trust will be quoted on the annual tax statement. Stated as a ratio, this will form the basis of determining the cost base or sales proceeds allocated between the units and shares of all transactions (purchases and sales) undertaken during the financial year. This information is included on the tax statements provided to Securityholders each year.

## Voting Rights

The voting rights are one vote per stapled security.

## Full Financial Reports

Further financial information can be obtained from the full financial report, which can be downloaded at the web site ([www.investa.com.au](http://www.investa.com.au)) or is available free of charge on request from the share registry.

## Purchase and Sale of Securities

Investa Property Group is listed on the Australian Stock Exchange (ASX) and is classified in the property trust sector with an ASX code of IPG. Each day the newspapers carry the previous day's buying and selling price for the securities. Buying or selling of securities may be transacted through a stockbroker. For assistance contact a stockbroker or investment advisor.

## Notifications

The stapled securities register is maintained by Computershare Investor Services Pty Limited. Please contact the Register in writing to change the manner in which distributions are received or to provide TFN details.

## Privacy Statement

Investa has established a policy in regard to the management of personal information of securityholders. Such information is held to manage your investment including our obligations to pass certain information on to other organisations (including the Australian Taxation Office) in accordance with the various taxation and superannuation laws.

We may also use such information to forward to you from time-to-time details of other investment opportunities available from the company. However, if you request, no information of that nature will be sent to you.

If you would like a copy of the Privacy Policy please contact us by calling the share registry or alternatively it can be downloaded at the website.

## Website

The website for Investa Property Group can be found at [www.investa.com.au](http://www.investa.com.au).

### Profile of Securities Register (30 August 2002)

Number of Securities	Number of Securityholders	% of issued Securities
1 – 1000	1,534	0.11
1001 – 5000	3,778	1.83
5001 – 10000	2,767	3.36
10001 – 100000	2,757	9.64
100001 – over	143	85.06

As at 30 August 2002, there were 425 Securityholders holding parcels of securities with the value less than \$500

### Top 20 Largest Securityholdings (30 August 2002)

Securityholders	Number of Securities	% of issued Securities
1 JP Morgan Nominees Australia Limited	81,305,686	10.87
2 Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	70,215,631	9.39
3 Westpac Custodian Nominees Limited	62,791,363	8.39
4 National Nominees Limited	47,695,394	6.38
5 RBC Global Services Australia Nominees Pty Limited	41,166,001	5.50
6 Commonwealth Custodial Services Limited	33,934,364	4.54
7 AMP Life Limited	29,111,088	3.89
8 Cogent Nominees Pty Limited	23,545,444	3.15
9 Cogent Nominees Pty Limited <SMP Accounts>	23,197,782	3.10
10 MLC Limited C/- Westpac Custodian Nominees Limited	20,375,705	2.72
11 HSBC Custody Nominees (Australia) Limited	17,738,148	2.37
12 Bond Street Custodians Limited <Property Securities A/C>	17,525,384	2.34
13 Queensland Investment Corporation C/- Nominees Limited	14,880,694	1.99
14 ING Life Limited	11,752,061	1.57
15 Westpac Financial Services Limited C/- Westpac Custodian Nominees Limited	10,716,966	1.43
16 United Nations for the United Nations Joint Staff Pension Fund A UN Organ	9,807,379	1.31
17 Zurich Australia Limited	9,621,456	1.29
18 Transport Accident Commission C/- National Nominees Limited	7,737,194	1.03
19 RBC Global Services Australia Nominees Pty Limited <AX A/C>	6,442,609	0.86
20 Colonial Investment Services Limited <LPT No 1 Account>	5,900,950	0.79

### Substantial Securityholder Notifications

Securityholders	Number of Securities
Commonwealth Bank of Australia Limited	79,037,310
Westpac Banking Corporation	75,739,383
AMP Limited	69,812,531
National Australia Bank Limited Group	46,060,749
Lend Lease Corporation Limited	41,438,638
Macquarie Bank Limited	37,797,955

# Concise Financial Reports

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This combined concise report has been derived from the full financial report for the year ended 30 June 2002 for Investa Property Trust and Investa Properties Limited. The full combined financial report and auditors report will be sent to securityholders on request, free of charge. Please call 1800 635 323 (freecall) and for International 612 8234 5222, and a copy will be forwarded to you.

Alternatively, you can access the full combined financial report and the combined concise financial report via the internet on our website: [www.investa.com.au](http://www.investa.com.au)

The combined concise financial report cannot be expected to provide as full an understanding of the combined financial performance, combined financial position and financing and investing activities of Investa Property Group as the full combined financial report.

# Annual Concise Report

Investa Property Group

## Directors' Report

The directors of Investa Properties Limited present their report together with the combined financial report of Investa Property Group for the year ended 30 June 2002.

This report includes the results for the year ended 30 June 2002 for Investa Properties Limited and for Investa Property Trust.

### 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  
D R Page  
S A Mays

J L Arthur was appointed to the board on 2 July 2001.

D R Page was appointed to the board on 17 April 2002.

P J Carney passed away on 7 August 2002.

### Principal activities

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

### Dividends and distributions

Dividends and distributions paid and payable by the Group for the year ended 30 June 2002 were \$84,665,958 (June 2001: \$65,370,000), which is equivalent to 14.75 cents per stapled security (June 2001: 13.80 cents). All dividends were fully franked.

### Review of operations and significant changes

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

	30 June 2002 \$'000	30 June 2001 \$'000
Total revenue from ordinary activities	204,739	137,331
Net profit after company tax attributable to security holders of Investa Property Group (including net revaluation increments)	88,707	117,394
Transfer of net valuation increments to asset revaluation reserve	(6,876)	(56,065)
Loss on sale of investment property transferred to contributed equity	–	82
Transfer from contributed equity to distributable income	4,573	2,519
Undistributed income brought forward from previous year	1,403	2,843
Dividends and distributions paid and payable	(84,666)	(65,370)
Income carried forward at 30 June	3,141	1,403
Total value of Group assets at 30 June	<b>1,466,160</b>	<b>1,159,870</b>

The dividends/distributions paid and payable to securityholders for the year ended 30 June 2002 of 14.75 cents per security is in accordance with forecasts in the Explanatory Memorandum dated 3 November 2000. The contribution of 13.69 cents per security from Investa Property Trust reflects the impact of rental reviews during the year and the effect of a full years holding of investments in associates.

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 \$20 million 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, 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 31 located in NSW, Victoria and Queensland.

The 1.06 cent contribution from Investa Properties Limited was underpinned by the revenues generated by the newly acquired development business.

The assets under management increased during the year as a result of increases in property valuations of \$53,441,000.

#### **Statement on comparative results**

This report has been prepared for the 12 month period ended 30 June 2002. The prior periods results include a 9 month period for Investa Properties Limited and a 12 month period for Investa Property Trust as Investa Properties Limited 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 2000.

#### **Matters subsequent to the end of the financial year**

On 1 August 2002 contracts were exchanged with Telstra Corporation Ltd for the purchase of seven office buildings at a price of \$570 million.

The purchase is to be funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per Security and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

Further details of these transactions are explained in the replacement prospectus dated 6 August 2002.

This disclosure did not form part of the full Financial Report signed on 30 July 2002, as agreement to the transactions occurred on 1 August 2002, being the date upon which Telstra Corporation Ltd advised Investa Property Group that it had been selected as the successful bidder.

#### **Likely developments and expected results of operations**

Information on likely developments in the operations of the combined 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 Group.



# Annual Concise Report

Investa Property Group

## Directors' Report (continued)

### Environmental regulation

The Group is subject to significant environmental regulation in respect of its property activities.

The directors of the Group 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.

### Information on directors

Director	Experience	Special Responsibilities
<b>I K Payne</b> 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
<b>C J O'Donnell</b> 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
<b>S A Mays</b> 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
<b>J L Arthur</b> 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
<b>P J Carney</b> LLB	Peter had a long experience and understanding of the commercial property 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
<b>D R Page</b> 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 securities of Investa Property Group were held by I K Payne (7,595 securities), C J O'Donnell (1,017,760 securities) and P J Carney (1,021 securities).

## 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 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 Group receiving the highest emoluments are set out in the following tables:

### Non-executive directors of Investa Properties Limited

	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

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

### Other executives of Investa Properties Limited

	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

# Annual Concise Report

Investa Property Group

## Directors' Report (continued)

### Indemnification and insurance of officers and auditors

During the financial periods, Investa Properties Limited, paid a premium of \$60,928 to insure the directors and officers of the company and its controlled entity, Investa Asset Management Pty Limited. The insurance is in respect of Directors' and Officers Liability insurance. The auditors of the Group are in no way indemnified out of assets of the Group.

### Rounding of amounts

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

### 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

I K Payne

15 August 2002

## Discussion and Analysis of the Concise Combined Financial Statements

The Group results include Investa Property Trust (IPT) and its controlled entities and Investa Properties Limited (IPL) and its controlled entities for the year to 30 June 2002.

The prior periods results included a 9 month period ending 30 June 2001 for the company, as it had previously been part of the Westpac Group which had a 30 September year end, and a 12 month period for the Trust.

### Combined Statement of Financial Performance for year ended 30 June 2002

Overall profit for the Group after taxation was \$88,707,000 compared to the previous years net profit of \$117,394,000. The decrease was attributable to prior year revaluation increments of \$56,065,000 being recorded in the Statement of Financial Performance reflecting the reversal of previous revaluation decrements. Revaluation increments of \$6,876,000 have been recorded in the Statement of Financial Performance for the year to 30 June 2002 thereby reversing all previous revaluation decrements. The balance of revaluation increments (\$46,565,000) in the year to 30 June 2002 have been taken directly to the Asset Revaluation Reserve. The results also include the impact of the acquisition of Silverton in November 2001, adding a significant property development capability and inventory to the combined entity. For the year to 30 June 2002, property development operations contributed \$6,631,000 to profit after tax.

The distribution per unit from the Group has increased from 13.80 cents to 14.75 cents for the year to 30 June 2002. The contribution from IPL to the total Group distributions was 1.06 cents.

The Group's total revenue in 2002 was \$204,739,000 compared to \$137,331,000 in 2001, with the main contributions in 2002 coming from:

- rental income increasing 7.5% to \$97,562,000, reflecting positive market rental reviews during the year particularly in 55 Market Street, Sydney, 109 St Georges Terrace, Perth and 469 Latrobe Street, Melbourne;
- distributions from associates have increased 23.3% to \$17,685,000 reflecting a full years income from both Investa Brisbane Commercial Trust and 80 Pacific Highway Trust and rental increases in 60 Martin Place, Sydney;
- sales of property inventory of \$66,746,000, including Rydecorp of \$34,450,000, Acacia Ridge of \$17,200,000 and Quinns Beach of \$8,296,000. (2001 – nil);
- fee revenue of \$1,400,000 from Westpac Banking Corporation in respect to the corporate property services contract (2001 – \$816,666);
- syndicate establishment and management fees of \$1,721,000 (2001 – \$1,832,000), include fees in respect to the launch of two new retail property syndicates. These syndicates were the Investa First Industrial Trust and Investa Second Industrial Trust. Ongoing management fees were received from Collins Property Trust, Investa Brisbane Commercial Trust and Investa North Sydney Property Trust, which were launched in the previous reporting period;
- establishment fees and management fees of \$1,429,000 in respect of wholesale property syndicates. The new wholesale syndicates were Martin Place Trust and Investa Commercial Property Fund (2001 – nil);
- expense recovery and management fees from the vendor of Silverton Limited of \$2,351,000 for the management of property sale agreements executed prior to the acquisition (2001 – nil);
- rental income from completed developments prior to sale of \$1,718,000 (2001 – nil);
- interest income of \$2,985,000 (2001 – \$992,000);
- profit on sale of property of \$385,000 (2001 – nil).

Property related expenses have decreased to \$21,045,000 from \$22,111,000 in the previous corresponding period due mainly to the internalisation of property management services for the Group's properties in New South Wales, Victoria and more recently Queensland. Employee expenses and amortisation of intangibles are significantly higher compared to the prior period, as the prior period only incurred 9 months of expenditure.

Borrowing costs have increased by 5% to \$18,353,000 from \$17,449,000 for the previous period. This is attributable to the increase in Group activity in the second 6 months of the year with the purchase of 3 new properties in the Group.

# Annual Concise Report

Investa Property Group

## Discussion and Analysis of Combined Financial Statements (continued)

### Combined Statement of Financial Position as at 30 June 2002

The Combined Statement of Financial Position for Investa Property Group at 30 June 2002 reflects the significant activity of the Group since 1 July 2001. Total assets have increased from \$1,159,870,000 in 2001 to \$1,466,630,000 in 2002.

The major contributors to the increase in assets included was the acquisition of Silverton Limited in November 2001 contributing \$131,784,000 with the majority being property inventories of \$117,565,000 and by the increase in investment property valuations of \$53,411,000. Contributing to this increase were significant increases in the value of 469 Latrobe Street, 73 Miller Street and 55 Market Street. In addition, the company acquired property inventory of \$11,110,000 which will form the basis of the Investa Third Industrial Trust.

The Group acquired the management rights at a total cost of \$8,870,000 for two Suncorp Property Funds with effect from December 2001 and became the Responsible Entity for the Suncorp Metway Balanced Property Fund, which has been renamed Investa Commercial Property Fund. This acquisition of management rights in addition to the acquisition of Silverton Limited resulted in an increase in intangible assets from \$40,879,000 in 2001 to \$51,847,000 in 2002.

Further increases in assets of \$45,629,000 occurred as a result of investments of \$25,937,000 in Martin Place Trust in conjunction with its launch in October 2001, and \$19,692,000 in the Investa Commercial Property Fund, as part of the purchase of management rights from Suncorp Metway Investment Management Limited in December 2001.

During the period the Group restructured its funding arrangements. As part of the restructure, the Trust issued \$250,000,000 of commercial notes in the form of commercial mortgage backed securities and utilised the proceeds to retire existing bank facilities. A new bank facility for \$100,000,000 was established, which was drawn down to \$19,000,000 at 30 June 2002. The Group has increased borrowings by \$72,300,000 during the period which is primarily due to a new \$70,000,000 facility acquired when Silverton Limited was purchased.

The gearing for the Group has increased to 22% as at 30 June 2002, up from 21% for the previous period.

During the year to 30 June 2002, the Group raised \$161,000,000 from the issue of new equity securities. This was comprised of institutional placements of 66,900,000 stapled securities (\$125,500,000), the reinvestment of dividends (\$29,000,000) under the Distribution Reinvestment Plan and \$6,500,000 raised through the Group's Security Purchase Plan.

### Combined Statement of Cash Flows for the year ended 30 June 2002

The expansion activity of the Group is illustrated by significant movements in cashflow. These movements include:

- cash flow from operating activities increased to \$96,935,000 (2001 – \$55,957,000) mainly as a result of receipts from the sales of property inventories and increased rental flows;
- the total outflow from investing activities increased from \$73,311,000 in 2001 to \$154,782,000 in 2002. The company paid \$50,519,000 for the purchase of Silverton Limited in November 2001 and paid \$39,669,000 in loans to related entities through the year.  
The acquisition of investments in Martin Place Trust and Investa Commercial Property Fund resulted in an outflow of \$50,628,000 which was reduced by the sale of \$5,000,000 worth of units in Martin Place Trust in December 2001. The acquisition of management rights in the two Suncorp Property Funds resulted in an outflow of \$8,870,000. A total amount of \$4,388,000 was advanced to employees to expand participation in the Employee Share Plan.
- financing cash inflows increased from an outflow of \$12,098,000 in 2001 to an inflow of \$68,621,000 in 2002 primarily as a result of increases in borrowings and proceeds from the issue of securities.

## Combined Statement of Financial Performance

For the year ended 30 June 2002

	Notes	30 June 2002 \$'000	30 June 2001 \$'000
<b>Revenue from ordinary activities</b>			
Revenue from operating activities		180,284	96,495
Distributions from associates		17,685	14,344
Other revenues from ordinary activities		6,770	26,492
<b>Total revenue from ordinary activities</b>	2	<b>204,739</b>	<b>137,331</b>
Cost of goods sold		(57,273)	–
Employee expenses		(11,727)	(3,723)
Property outgoings		(18,657)	(19,455)
Repairs and maintenance		(2,388)	(2,656)
Borrowing costs		(18,353)	(17,449)
Net increment on revaluations of investment properties		6,876	56,065
Depreciation of property, plant and equipment		(252)	(19)
Amortisation of intangibles		(3,056)	(1,219)
Other expenses from ordinary activities		(7,406)	(30,858)
<b>Net profit from ordinary activities before income tax expense</b>		<b>92,503</b>	<b>118,017</b>
Company income tax expense		(3,796)	(623)
<b>Net profit after company tax attributable to stapled securityholders of Investa Property Group</b>		<b>88,707</b>	<b>117,394</b>
Net increase in asset revaluation reserve		46,565	–
<b>Total revenues, expenses and valuation adjustments attributable to stapled securityholders of Investa Property Group recognised directly in equity</b>		<b>46,565</b>	<b>–</b>
<b>Total changes in equity other than those resulting from transactions with stapled securityholders as owners</b>		<b>135,272</b>	<b>117,394</b>
Distributions and dividends paid and payable	4	84,666	65,370
		<b>Cents</b>	<b>Cents</b>
Distributions and dividends paid and payable cents per stapled security	4	14.75	13.80
Basic and diluted earnings per stapled security		15.55	24.40
Basic and diluted earnings per stapled security (before revaluation)		14.35	12.74
Basic and diluted earnings per stapled security (before revaluation and amortisation)		14.88	12.98

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

# Annual Concise Report

Investa Property Group

## Combined Statement of Financial Position

As at 30 June 2002

	Notes	30 June 2002 \$'000	30 June 2001 \$'000
<b>Current assets</b>			
Cash assets		22,873	12,098
Receivables		39,969	12,941
Loan to related entity		29,577	–
Property inventories		39,561	–
Other investments		45,629	–
<b>Total current assets</b>		<b>177,609</b>	<b>25,039</b>
<b>Non-current assets</b>			
Deferred tax asset		1,643	340
Intangibles		51,847	40,879
Property, plant and equipment		1,177	554
Loans to employees		5,561	1,173
Property inventories		78,004	–
Investment properties	3	1,150,319	1,091,885
<b>Total non-current assets</b>		<b>1,288,551</b>	<b>1,134,831</b>
<b>Total assets</b>		<b>1,466,160</b>	<b>1,159,870</b>
<b>Current liabilities</b>			
Payables		14,670	4,970
Provisions		25,964	18,768
Interest bearing liabilities		–	80,000
Current tax liabilities		7,080	434
<b>Total current liabilities</b>		<b>47,714</b>	<b>104,172</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		320,500	168,200
Deferred tax liabilities		4,490	–
<b>Total non-current liabilities</b>		<b>324,990</b>	<b>168,200</b>
<b>Total liabilities</b>		<b>372,704</b>	<b>272,372</b>
<b>Net assets</b>		<b>1,093,456</b>	<b>887,498</b>
<b>Equity</b>			
Contributed equity		1,043,750	892,971
Reserves		46,565	(6,876)
Amounts available for distribution		3,141	1,403
<b>Total equity</b>		<b>1,093,456</b>	<b>887,498</b>

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



## Combined Statement of Cash Flows

For the year ended 30 June 2002

Notes	30 June 2002 \$'000	30 June 2001 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	175,514	104,308
Cash payments in the course of operations	(73,198)	(42,955)
Interest received	2,637	990
Distributions and dividends received	19,957	13,447
Borrowing costs paid	(18,055)	(16,605)
Income taxes paid	(9,920)	(3,228)
<b>Net cash inflow from operating activities</b>	<b>96,935</b>	<b>55,957</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property	–	25,500
Payment for purchase of controlled entity, net of cash acquired	(50,519)	–
Capital expenditure on investment properties	(4,996)	(4,726)
Payment for due diligence costs	(1,120)	–
Payments for other investments	(50,628)	–
Loans to related entities	(95,872)	–
Repayment of borrowings from related entities	56,203	–
Proceeds from sale of investments	5,000	–
Payments for investments in associates	–	(50,285)
Proceeds from sale of property, plant and equipment	650	–
Payment for property, plant and equipment	(242)	(529)
Loans to employees	(4,388)	(1,173)
Payment for intangible assets	(8,870)	(42,098)
<b>Net cash (outflow) from investing activities</b>	<b>(154,782)</b>	<b>(73,311)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issues of securities	161,562	80,268
Proceeds from borrowings	84,800	12,700
Repayment of borrowings	(340,500)	(38,000)
Proceeds from issues of commercial notes	249,405	–
Payment for costs associated with issue of securities	(5,649)	–
Payment for costs associated with issue of commercial notes	(1,018)	–
Distributions paid	(79,978)	(42,889)
<b>Net cash inflow from financing activities</b>	<b>68,622</b>	<b>12,079</b>
<b>Net increase/(decrease) in cash held</b>	<b>10,775</b>	<b>(5,275)</b>
Cash at the beginning of the financial period	12,098	17,373
<b>Cash at the end of the financial period</b>	<b>22,873</b>	<b>12,098</b>

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

# Annual Concise Report

Investa Property Group

## Notes to the Combined Financial Statements

For the year ended 30 June 2002

### Note 1. Basis of preparation of concise financial report

The combined concise financial report has been prepared in accordance with the requirements of Accounting Standard AASB1039 "Concise Financial Reports", applicable Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements and specific disclosures included in the combined concise financial report have been derived from the aggregated full financial report for the financial period. The combined concise financial report cannot be expected to provide as full an understanding of the combined financial performance, combined financial position and financing and investing activities of Investa Property Group as the full financial report.

The accounting policies adopted are consistent with those of the previous year, except in respect of new policies adopted in the year as described below for business operations acquired in the year:

#### (a) Revenue recognition

Revenue is recognised as follows:

##### *i. Development projects*

Revenue is recognised on settlement of contract for sale.

##### *ii. Residential properties*

Revenue is recognised on settlement of contract for sale.

#### (b) 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.

#### (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 – development operations	5 years
Payment for management rights	20 years

**Note 2. Segment information**

<b>Year ended 30 June 2002</b>	<b>Property Funds Management \$'000</b>	<b>Property Development \$'000</b>	<b>Aggregated \$'000</b>
Revenue from ordinary activities	137,993	66,746	204,739
Segment net profit	82,076	6,631	88,707
<hr/>			
Segment assets	1,334,376	131,784	1,466,160
Unallocated assets			–
Total assets			1,446,160
<hr/>			
Segment liabilities	243,857	128,847	372,704
Unallocated liabilities			–
Total liabilities			372,704
<hr/>			
Distributions from associates	17,685	–	17,685
Depreciation and amortisation expense	2,493	815	3,308
Investments in associates	240,919	–	240,919
Acquisition of property, plant and equipment	175	1,167	1,342
<hr/>			
<b>Year ended 30 June 2001</b>	<b>Property Funds \$'000</b>	<b>Property Management \$'000</b>	<b>Aggregated Development \$'000</b>
Revenue from ordinary activities	137,331	–	137,331
Segment net profit	118,017	–	118,017
<hr/>			
Segment assets	1,159,870	–	1,159,870
Unallocated assets			–
Total assets			1,159,870
<hr/>			
Segment liabilities	272,372	–	272,372
Unallocated liabilities			–
Total liabilities			272,372
<hr/>			
Distributions from associates	14,344	–	14,344
Depreciation and amortisation expense	1,238	–	1,238
Investments in associates	232,415	–	232,415
Acquisition of property, plant and equipment	573	–	573

The combined entity operates solely in Australia.

# Annual Concise Report

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2002

### Note 3. Investment properties

Property	Type	Ownership	Acquisition date	Cost including all additions \$'000
<b>Non current assets</b>				
<b>Investa Property Trust</b>				
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,744
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	23,961
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	23,324
73 Miller Street, North Sydney, NSW *	Offices/Freehold	100%	12/06/97	75,483
50-60 Talavera Road, North Ryde, NSW *	Offices/Freehold	100%	01/11/99	32,739
32 Philip Street, Parramatta, NSW	Offices/Freehold	100%	01/11/99	21,784
55 Market Street, Sydney, NSW *	Offices/Freehold	100%	31/07/98	122,044
241 Adelaide Street, Brisbane, QLD	Offices/75 yrs Leasehold	100%	10/09/98	21,121
410 Ann Street, Brisbane, QLD *	Offices/Freehold 120 yr leasehold	100%	23/11/87	57,730
260 Queen Street, Brisbane, QLD	Offices/Freehold	100%	01/11/99	23,983
469 Latrobe Street, Melbourne, VIC *	Offices/Freehold	100%	01/07/88	81,101
485 Latrobe Street, Melbourne, VIC *	Offices/Freehold	100%	10/09/98	91,058
420 St Kilda Road, Melbourne, VIC	Offices/Freehold	100%	12/12/86	24,686
109 St Georges Terrace, Perth, WA	Offices/Freehold	100%	01/11/99	24,774
<b>Total Parent</b>				<b>652,532</b>
<b>Investment in controlled entities</b>				
<b>Investa Real Property Growth Trust</b>				
115 Grenfell Street, Adelaide, SA *	Offices/Freehold	100%	04/05/89	48,853
110 George Street, Parramatta, NSW *	Offices/Freehold	50%	02/10/97	67,345
		50%	15/12/98	
<b>Total-Investa Real Property Growth Trust</b>				<b>116,198</b>
<b>Lizabeth Trust</b>				
255 Elizabeth Street, Sydney, NSW*	Offices/Freehold	50%	21/09/94	172,172
		10%	11/12/98	
		40%	01/11/99	
<b>Total - Lizabeth Trust</b>				<b>172,172</b>
<b>Total investment in controlled entities</b>				<b>940,902</b>
<b>Investments in associates</b>				
<b>60 Martin Place Unit Trust</b>				
60 Martin Place, Sydney, NSW	Offices/Freehold	50%	01/11/99	79,925
<b>SUNPAC Property Fund*</b>				
1 Market Street, Sydney, NSW	Offices/Freehold	50%	09/01/96	81,534
<b>80 Pacific Highway Trust</b>				
80 Pacific Highway, North Sydney, NSW	Offices/Freehold	50%	04/05/01	45,745
<b>Investa Brisbane Commercial Trust**</b>				
		20%	08/05/01	4,820
<b>Total investment in associates</b>				<b>212,024</b>
<b>Total</b>				<b>1,152,926</b>

\* These properties and units are used as security for the issue of commercial notes.

\*\* The underlying properties are located at 45 Charlotte Street, Brisbane and 363 Adelaide Street, Brisbane.

Independent Valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/02 \$'000	Consolidated book value 30/06/01 \$'000
30/06/02	27,500	P Harding, Knight Frank	27,500	25,800
31/03/02	16,100	A Martin, AAPI, JLL Advisory	16,100	12,000
31/12/00	17,000	P Dempsey, FAPI, Arthur Andersen	17,134	17,115
30/06/02	90,000	A Richard, FAPI, CB Richard Ellis	90,000	76,758
30/09/00	31,400	R Lawrie, AAPI, JLL Advisory	31,400	31,400
30/09/00	21,100	A Martin, AAPI, JLL Advisory	21,100	21,100
30/06/02	138,000	D Castles, AAPI, Landmark White	138,000	130,000
30/06/02	18,100	W Wirmann, AAPI, JLL Advisory	18,100	18,952
30/06/01	62,500	C Chatwood, AAPI, JLL Advisory	62,610	62,500
31/03/01	23,000	W Wiermann, AAPI, JLL Advisory	23,070	23,005
30/06/02	53,100	J Perillo, AAPI, Knight Frank	53,100	42,158
30/06/02	111,000	G Longden, FAPI, JLL Advisory	111,000	101,074
30/06/01	27,000	C Plant, JLL Advisory	27,159	27,000
30/06/02	25,500	S Nuttall, AAPI ASIA, CB Richard Ellis	25,500	23,812
			<b>661,773</b>	<b>612,674</b>
31/03/01	26,500	James Pledge, AAPI, Knight Frank	26,680	26,675
30/06/02	66,500	M Caruana, FAPI, Knight Frank	66,500	66,527
			<b>93,180</b>	<b>93,202</b>
31/03/01	153,500	A Pannifex, AAPI, Knight Frank	154,447	153,594
			<b>154,447</b>	<b>153,594</b>
			<b>909,400</b>	<b>859,470</b>
30/06/02	88,750	M S Smallhorn, FAPI, JLL Advisory	88,325	87,130
30/06/02	102,500	A Pannifex, FAPI, FPD Savills	102,029	95,000
31/03/01	45,375	M S Smallhorn, FAPI, JLL Advisory	45,745	45,465
-	-	-	4,820	4,820
			<b>240,919</b>	<b>232,415</b>
			<b>1,150,319</b>	<b>1,091,885</b>

Properties not independently valued during the last 12 months are carried at directors' valuation at 30 June 2002.

# Annual Concise Report

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2002

### Note 4. Dividends & Distributions

	2002 \$'000	Cents per security	2001 \$'000	Cents per security
Timing of distributions and dividends				
30 September	18,930	3.625	15,171	3.29
31 December	21,097	3.675	15,763	3.38
31 March	22,258	3.725	16,743	3.57
30 June final payable <sup>(1)</sup>	22,381	3.725	17,693	3.56
	<b>84,666</b>	<b>14.750</b>	<b>65,370</b>	<b>13.80</b>

<sup>(1)</sup> To be paid on 23 August 2002.

### Franked dividends

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

	2002 \$'000	2001 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	<b>15,046</b>	<b>1,591</b>

The above amounts represent the balance of the franking account as at the end of the financial 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 combined amounts include franking credits that would be available to the company if distributable profits of its controlled entities were paid as dividends.

### Note 5. Amounts available for distribution

	2002 \$'000	2001 \$'000
Opening balance	1,403	2,843
Profit attributable to securityholders of Investa Property Group	88,707	117,394
Revaluation increments transferred to asset revaluation reserve	(6,876)	(56,065)
Transfer from contributed equity*	4,573	2,519
Loss on sale of property transferred to contributed equity	–	82
Dividends/distributions paid and payable	(84,666)	(65,370)
<b>Closing balance</b>	<b>3,141</b>	<b>1,403</b>

\* This transfer represents \$1,517,000 income support on unit placements and amortisation of intangibles of \$3,056,000.

### Note 6. Earnings per stapled security

	2002	2001
Basic earnings per stapled security (cents)	15.55	24.40
Basic earnings per stapled security before revaluation, after amortisation (cents)	14.35	12.74
Basic earnings per stapled security before revaluation, before amortisation (cents)	14.88	12.98
Weighted average number of stapled securities outstanding during the period used in the calculation of basic earnings per stapled security	570,361,749	480,910,124

The calculation of basic earning per stapled security includes the net increments on revaluation of investment properties.

#### **Note 7. Events occurring after reporting date**

On 1 August 2002 contracts were exchanged with Telstra Corporation Ltd for the purchase of seven office buildings at a price of \$570 million.

The purchase is to be funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per Security and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

Further details of these transactions are explained in the replacement prospectus dated 6 August 2002.

This disclosure did not form part of the full Financial Report signed on 30 July 2002, as agreement to the transactions occurred on 1 August 2002, being the date upon which Telstra Corporation Ltd advised Investa Property Group that it had been selected as the successful bidder.

#### **Note 8. Full financial report**

Further financial information can be obtained from the full financial reports which are available, free of charge, on request from the company, Investa Properties Limited. Copies may be requested by calling 1800 635 323 and for international 612 8234 5222 and it will be forwarded to you. Alternatively, you can access both the combined full financial report and the combined concise report via the internet at: [www.investa.com.au](http://www.investa.com.au)

### **Directors' Declaration**

The directors of Investa Properties Limited declare that in their opinion, the combined concise financial report of Investa Property Group (the Group), comprising Investa Properties Limited and its controlled entities and Investa Property Trust and its controlled entities for the year ended 30 June 2002, as set out on pages 43 to 53, complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this combined concise financial report have been derived from the full combined financial report for the period ended 30 June 2002.

The combined concise financial report cannot be expected to provide as full an understanding of the combined financial performance, combined financial position and financing and investing activities of the Group as the full combined financial report, which as indicated in Note 8, is available on request.

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



I K Payne  
Director  
Sydney  
15 August 2002



# Annual Concise Report

Investa Property Group

## PricewaterhouseCoopers

Darling Park Tower 2  
201 Sussex Street  
GPO Box 2650  
SYDNEY NSW 1171  
Telephone: (02) 8266 0000  
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DX 77 Sydney

## Independent Audit Report to the securityholders of Investa Property Group

### Scope

We have audited the combined concise financial report of Investa Property Group (the Group) which includes Investa Properties Limited and its controlled entities and Investa Property Trust and its controlled entities for the year ended 30 June 2002 as set out on pages 43 to 53 in order to express an opinion on it to the securityholders of the Group. The directors of Investa Properties Limited are responsible for the combined concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the combined concise financial report is free of material misstatement. We have also performed an independent audit of the full combined financial report of the Group for the year ended 30 June 2002. Our audit report on the full combined financial report was signed on 30 July 2002, and was not subject to any qualification.

Our procedures in respect of the audit of the combined concise financial report included testing that the information included in it is consistent with the full combined financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full combined financial report. These procedures have been undertaken to form an opinion as to whether the combined concise financial report complies with Australian Accounting Standard AASB 1039: Concise Financial Reports in that, in all material respects, it is presented fairly in accordance with that standard.

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

### Audit opinion

In our opinion, the combined concise financial report of the Group complies with Accounting Standard AASB 1039: Concise Financial Reports.



PricewaterhouseCoopers  
Chartered Accountants



J A Dunning  
Partner  
Sydney  
15 August 2002

# Annual Concise Report 30 June 2002

Investa Properties Limited

ABN 54 084 407 241

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This concise report has been derived from the full financial report for the year ended 30 June 2002 for Investa Properties Limited. The full financial report and auditors report will be sent to members on request, free of charge. Please call 1800 635 323 (freecall) and for International 612 8234 5222, and a copy will be forwarded to you.

Alternatively, you can access the full financial report and the concise financial report via the internet on our website: [www.investa.com.au](http://www.investa.com.au)

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Properties Limited as the full financial report.

# Annual Concise Report

Investa Properties Limited

## 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  
D R Page  
S A Mays

J L Arthur was appointed a director on 2 July 2001.  
D R Page was appointed a director on 17 April 2002.  
P J Carney passed away on 7 August 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 2000.

### 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 combined revenue and results are set out below:

	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.

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, 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 31 located in NSW, Victoria and Queensland.

#### **Matters subsequent to the end of the financial year**

On 1 August 2002 the Investa Property Group (comprising Investa Properties Limited and Investa Property Trust) exchanged contracts with Telstra Corporation Ltd for the purchase of seven office buildings at a price of \$570 million.

The purchase is to be funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per Security and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

It is intended that Investa Properties Limited in its own right, will wholly own two of the properties and have a share in two further properties the total value of which is approximately \$70 million, with the balance being owned by Investa Property Trust. The acquisitions will be funded by a portion of the funding referred to above.

Further details of these transactions are explained in the replacement prospectus dated 6 August 2002.

This disclosure did not form part of the full Financial Report signed on 30 July 2002, as agreement to the transactions occurred on 1 August 2002, being the date upon which Telstra Corporation Ltd advised Investa Property Group that it had been selected as the successful bidder.

#### **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.

# Annual Concise Report

Investa Properties Limited

## Directors' Report (continued)

### 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.

### Information on directors

Director	Experience	Special Responsibilities
<b>I K Payne</b> 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
<b>C J O'Donnell</b> 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
<b>S A Mays</b> 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
<b>J L Arthur</b> 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
<b>P J Carney</b> LLB	Peter had a long experience and understanding of the commercial property 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
<b>D R Page</b> 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 securities of Investa Property Group were held by I K Payne (7,595 securities), C J O'Donnell (1,017,760 securities) and P J Carney (1,021 securities).

## 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 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 Group receiving the highest emoluments are set out in the following tables:

### Non-executive directors of Investa Properties Limited

	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

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

### Other executives of Investa Properties Limited

	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

# Annual Concise Report

Investa Properties Limited

## Directors' Report (continued)

### **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

I K Payne

15 August 2002



## Discussion and Analysis of the Concise Consolidated Financial Statements

Following the formation of the Investa Property Group on 1 December 2000, Investa Properties Limited and its controlled entities have experienced substantial expansion particularly in the current year. The results for the current year are for a 12 month period, compared to a 9 month period in the previous reporting period. The results also include the impact of the acquisition of Silverton in November 2001, adding a significant property development capability and inventory to the consolidated entity. For the year to 30 June 2002, property development operations contributed \$6,631,000 to profit after tax.

### **Consolidated Statement of Financial Performance for the year ended 30 June 2002**

Overall profit for the consolidated entity after taxation was \$8,790,000 compared to \$992,000 in the previous 9 months.

Dividends paid and payable of \$6,290,000 have increased from \$1,233,000 in 2001, which equates to 1.06 cents per share in 2002 (2001 - \$0.21 cents per share). Earnings per share increased from \$0.26 cents per share in 2001 to \$1.54 cents per share in 2002.

The consolidated entity's total revenue in 2002 was \$92,948,000 compared to \$8,261,000 in 2001, with the main contributions in 2002 coming from:

- sales of property inventory of \$66,746,000, including Rydecorp of \$34,450,000, Acacia Ridge of \$17,200,000 and Quinns Beach of \$8,296,000. (2001 – nil);
- management fees of \$2,667,000 from Investa Property Trust (2001 – \$1,598,000);
- fee revenue of \$1,400,000 from Westpac Banking Corporation in respect to the corporate property services contract (2001 – \$816,666);
- syndicate establishment and management fees of \$1,721,000 (2001 – \$1,832,000), include fees in respect to the launch of two new retail property syndicates. These syndicates were the Investa First Industrial Trust and Investa Second Industrial Trust. Ongoing management fees were received from Collins Property Trust, Investa Brisbane Commercial Trust and Investa North Sydney Property Trust, which were launched in the previous reporting period;
- establishment fees and management fees of \$1,429,000 in respect of wholesale property syndicates. The new wholesale syndicates were Martin Place Trust and Investa Commercial Property Fund (2001 – nil);
- distribution income from investments in Martin Place Trust, Investa First Industrial Trust, Investa Second Industrial Trust and Investa Commercial Property Fund of \$3,400,000 (2001 – nil);
- property Management fees of \$3,028,999 as operations expanded in NSW and Victoria and then to Queensland in March 2002 (2001 – \$511,000);
- expense recovery and management fees from the vendor of Silverton Limited of \$2,351,000 for the management of property sale agreements executed prior to the acquisition (2001 – nil);
- rental income from completed developments prior to sale of \$1,718,000 (2001 – nil);
- interest income of \$1,215,000 (2001 – \$112,000);
- profit on sale of property of \$385,000 (2001 – nil).

Expenses excluding cost of sales of property inventory of \$57,273,000 (2001 – nil), totalled \$23,080,000, inclusive of personnel costs of \$11,727,000 (2001 – \$3,723,000) and borrowing costs of \$3,723,370 (2001 – \$205,000).

### **Consolidated Statement of Financial Position as at 30 June 2002**

The Consolidated Statement of Financial Position for Investa Properties Limited at 30 June 2002 reflects the significant activity of the consolidated entity since 1 July 2001. Total assets have increased from \$8,070,000 in 2001 to \$224,421,000 in 2002.

The major contributor to the increase in assets was the acquisition of Silverton Limited in November 2001. Assets from the Property Development operations total \$131,784,000 with the majority being property inventories of \$106,455,000. In addition, the company acquired property inventory of \$11,110,000 which will form the basis of the Investa Third Industrial Trust, resulting in property inventory totaling \$117,565,000.

# Annual Concise Report

Investa Properties Limited

## Discussion and Analysis of the Concise Consolidated Financial Statements (continued)

### Consolidated Statement of Financial Position as at 30 June 2002 (continued)

The company acquired the management rights at a total cost of \$8,870,000 for two Suncorp Property Funds with effect from December 2001 and became the Responsible Entity for the Suncorp Metway Balanced Property Fund, which has been renamed Investa Commercial Property Fund. This acquisition of management rights in addition to the acquisition of Silverton Limited resulted in an increase in intangible assets from \$3,398,000 in 2001 to \$16,290,000 in 2002.

Further increases in assets of \$45,629,000 occurred as a result of investments of \$25,937,000 in Martin Place Trust in conjunction with its launch in October 2001, and \$19,692,000 in the Investa Commercial Property Fund, as part of the purchase of management rights from Suncorp Metway Investment Management Limited in December 2001.

The company expanded the participation of employees in its Employee Share plan and loaned an additional \$4,388,000 to employees during the year.

The expansion in the company was primarily funded by loans from Investa Property Trust, a related entity. Investa Property Trust provided a total amount of \$142,086,000 out of a total of \$193,586,000 as at 30 June 2002. These loans funded the acquisition of Silverton Limited, the investments in Martin Place Trust and Investa Commercial Property Fund as well as the Investa Third Industrial Trust property inventory. External debt of \$51,500,000 was primarily made up of \$48,000,000 borrowed by Silverton Limited to fund its development activities.

The company raised additional share capital of \$559,000 from the Dividend Reinvestment Plan in February and May 2002.

### Consolidated Statement of Cash Flows for the year ended 30 June 2002

The expansion activity of the consolidated entity is illustrated by significant movements in cash flow. These movements include:

- cash flow from operating activities increased to \$23,812,000 mainly as a result of receipts from the sales of property inventories;
- the total outflow from investing activities increased from \$5,202,000 in 2001 to \$110,117,000 in 2002. The company directly paid \$50,519,000 for the purchase of Silverton Limited in November 2001 (the balance of the acquisition represented by the assumption of debt and other liabilities);
- the acquisition of investments in Martin Place Trust and Investa Commercial Property Fund resulted in an outflow of \$50,628,000 which was reduced by the sale of \$5,000,000 worth of units in Martin Place Trust in December 2001. The acquisition of management rights in the two Suncorp Property Funds resulted in an outflow of \$8,870,000;
- a total amount of \$4,388,000 was advanced to employees to expand participation in the Employee Share Plan;
- financing cash inflows increased from an outflow of \$5,657,000 in 2001 to an inflow of \$96,864,000 in 2002 primarily as a result of loans of \$172,452,000 from Investa Property Trust. The consolidated entity was able to repay \$41,990,000 of these advances from Investa Property Trust during the year. External debt was also used during the year but limited to additional proceeds of \$3,000,000. The consolidated entity was able to repay \$34,700,000 of external debt during the period with \$30,000,000 being repayments from developments operations and the balance from other businesses.

## Consolidated Statement of Financial Performance

For the year ended 30 June 2002

	Notes	30 June 2002	30 June 2001 (9 months)
		\$'000	\$'000
<b>Revenue from ordinary activities</b>	2	92,948	8,261
Cost of goods sold		(57,273)	–
Employee expenses		(11,727)	(3,723)
Accommodation expenses		(1,123)	(386)
Purchased services – external consultants		(2,797)	(786)
Depreciation and amortisation expenses		(1,378)	(122)
Borrowing costs		(3,987)	(205)
Other expenses from ordinary activities		(2,077)	(1,414)
<b>Profit from ordinary activities before income tax expense</b>		<b>12,586</b>	<b>1,625</b>
Income tax expense		(3,796)	(633)
<b>Net profit attributable to members of Investa Properties Limited</b>		<b>8,790</b>	<b>992</b>
<b>Total revenues, expenses and valuation adjustments attributable to members of Investa Properties Limited recognised directly in equity</b>		<b>–</b>	<b>–</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>8,790</b>	<b>992</b>
		<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	4	1.54	0.26

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

# Annual Concise Report

Investa Properties Limited

## Consolidated Statement of Financial Position

As at 30 June 2002

	Notes	30 June 2002 \$'000	30 June 2001 \$'000
<b>Current assets</b>			
Cash assets		11,203	644
Receivables		25,353	1,960
Investments		45,629	–
Property inventories		39,561	–
Total current assets		121,746	2,604
<b>Non-current assets</b>			
Deferred tax asset		1,643	341
Property, plant and equipment		1,177	554
Property inventories		78,004	–
Loans to employees		5,561	1,173
Intangible assets		16,290	3,398
Total non-current assets		102,675	5,466
<b>Total assets</b>		<b>224,421</b>	<b>8,070</b>
<b>Current liabilities</b>			
Payables		7,920	492
Income tax liability		7,080	433
Provisions		7,843	1,502
Total current liabilities		22,843	2,427
<b>Non-current liabilities</b>			
Interest and non interest bearing liabilities		193,586	5,200
Deferred tax liabilities		4,490	–
Total non-current liabilities		198,076	5,200
<b>Total liabilities</b>		<b>220,919</b>	<b>7,627</b>
<b>Net assets</b>		<b>3,502</b>	<b>443</b>
<b>Equity</b>			
Contributed equity		559	–
Retained profits		2,943	443
<b>Total equity</b>		<b>3,502</b>	<b>443</b>

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

## Consolidated Statement of Cash Flows

For the year ended 30 June 2002

Notes	30 June 2002	30 June 2001 (9 months)
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	79,119	12,216
Payments to suppliers and employees	(44,123)	(7,316)
Dividends received	1,673	–
Interest received	261	101
Borrowing costs	(3,198)	(148)
Income taxes paid	(9,920)	(3,295)
<b>Net cash inflow from operating activities</b>	<b>23,812</b>	<b>1,558</b>
<b>Cash flows from investing activities</b>		
Purchase of controlled entity, net of cash acquired	(50,519)	–
Payments for property, plant and equipment	(242)	(529)
Proceeds from sale of property, plant and equipment	650	–
Due diligence costs	(1,120)	–
Payments for investments	(50,628)	–
Proceeds from sales of investments	5,000	–
Payment for intangible assets	(8,870)	(3,500)
Loans to employees	(4,388)	(1,173)
<b>Net cash (outflow) from investing activities</b>	<b>(110,117)</b>	<b>(5,202)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	559	–
Proceeds from borrowings from related entity	172,452	–
Proceeds from borrowings	3,000	5,200
Repayment of borrowings	(34,700)	–
Repayments of borrowings from related entity	(41,990)	–
Payments for shares bought back	–	(10,050)
Dividends paid	(2,457)	(807)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>96,864</b>	<b>(5,657)</b>
<b>Net (decrease)/increase in cash held</b>	<b>10,559</b>	<b>(9,300)</b>
Cash at the beginning of the financial year	644	9,944
<b>Cash at the end of the financial year</b>	<b>11,203</b>	<b>644</b>

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

# Annual Concise Report

Investa Properties Limited

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2002

### Note 1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the requirements of Accounting Standard AASB1039 "Concise Financial Reports", applicable Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements and specific disclosures included in the concise financial report have been derived from the consolidated entity's full financial report for the financial period. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Properties Limited as the full financial report.

The accounting policies adopted are consistent with those of the previous year, except in respect of new policies adopted in the year as described below for business operations acquired in the year:

#### (a) Revenue recognition

Revenue is recognised as follows:

##### *i. Development projects*

Revenue is recognised on settlement of contract for sale.

##### *ii. Residential properties*

Revenue is recognised on settlement of contract for sale.

#### (b) 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.

#### (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 – development operations	5 years
Payment for management rights	20 years

**Note 2. Segment information**

<b>Year ended 30 June 2002</b>	<b>Property Funds Management \$'000</b>	<b>Property Development \$'000</b>	<b>Consolidated \$'000</b>
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
<b>9 month period ended 30 June 2001</b>	<b>Property Funds Management \$'000</b>	<b>Property Development \$'000</b>	<b>Consolidated \$'000</b>
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.



# Annual Concise Report

Investa Properties Limited

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2002

### Note 3. Dividends

	30 June 2002 \$'000	30 June 2001 \$'000
<b>Ordinary shares</b>	–	–
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% – 0.050 cents per share – 30 September 2001	261	–
Franked @ 30% – 0.100 cents per share – 31 December 2001	574	–
Franked @ 30% – 0.200 cents per share – 31 March 2002	1,195	–
Final dividend of 0.7090 cents (2001 – 0.0859 cents) per share recognised as a liability and was paid on 23 August 2002 (2001 – 31 July 2001)	4,260	–
<b>Total dividends provided or paid</b>	<b>6,290</b>	<b>1,233</b>

### Franked dividends

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

	30 June 2002 \$'000	30 June 2001 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2001: 34%)	<b>15,046</b>	<b>1,591</b>

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 4. Earnings per share

	30 June 2002 Cents	30 June 2001 (9 months) Cents
Basic and diluted earnings per share	1.54	0.26
<b>Weighted average number of shares used as the denominator</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>570,362,749</b>	<b>384,134,712</b>

#### **Note 5. Events occurring after reporting date**

On 1 August 2002 the Investa Property Group (comprising Investa Properties Limited and Investa Property Trust) exchanged contracts with Telstra Corporation Ltd for the purchase of seven office buildings at a price of \$570 million.

The purchase is to be funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per Security and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

It is intended that Investa Properties Limited in its own right, will wholly own two of the properties and have a share in two further properties the total value of which is approximately \$70 million, with the balance being owned by Investa Property Trust. The acquisitions will be funded by a portion of the funding referred to above.

Further details of these transactions are explained in the replacement prospectus dated 6 August 2002.

This disclosure did not form part of the full Financial Report signed on 30 July 2002, as agreement to the transactions occurred on 1 August 2002, being the date upon which Telstra Corporation Ltd advised Investa Property Group that it had been selected as the successful bidder.

#### **Note 6. Full financial report**

Further financial information can be obtained from the full financial report which is available, free of charge, on request from the company. A copy may be requested by calling 1800 635 323 and for International 612 8234 5222 and it will be forwarded to you. Alternatively, you can access both the full financial report and the concise report via the internet at: [www.investa.com.au](http://www.investa.com.au)

### **Directors' Declaration**

The directors of Investa Properties Limited declare that in their opinion, the concise financial report, comprising Investa Properties Limited and its controlled entities for the year ended 30 June 2002 as set out on pages 61 to 69 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2002.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 6, is available on request.

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



I K Payne  
Director  
Sydney  
15 August 2002

# Annual Concise Report

Investa Properties Limited

## PricewaterhouseCoopers

Darling Park Tower 2  
201 Sussex Street  
GPO Box 2650  
SYDNEY NSW 1171  
Telephone: (02) 8266 0000  
Facsimile: (02) 8266 9999  
DX 77 Sydney

## Independent Audit Report to the members of Investa Properties Limited

### Scope

We have audited the concise financial report of Investa Properties Limited (the Company), comprising Investa Properties Limited and its controlled entities for the financial year ended 30 June 2002 as set out on pages 61 to 69 in order to express an opinion on it to the members of the Company. The directors of Investa Properties Limited are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of the Company for the year ended 30 June 2002. Our audit report on the full financial report was signed on 30 July 2002, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information included in it is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion as to whether the concise financial report complies with Australian Accounting Standard AASB 1039: Concise Financial Reports in that, in all material respects, it is presented fairly in accordance with that standard.

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

### Audit opinion

In our opinion, the concise financial report of the Company complies with Accounting Standard AASB 1039: Concise Financial Reports.



PricewaterhouseCoopers  
Chartered Accountants



J A Dunning  
Partner  
Sydney  
15 August 2002

# Annual Concise Report 30 June 2002

Investa Property Trust

ARSN 088 705 882

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This concise report has been derived from the full financial report for the year ended 30 June 2002 for Investa Property Trust. The full financial report and auditors report will be sent to unitholders on request, free of charge. Please call 1800 635 323 (freecall) and for International 612 8234 5222, and a copy will be forwarded to you.

Alternatively, you can access the full financial report and the concise financial report via the internet on our website: [www.investa.com.au](http://www.investa.com.au)

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Property Trust as the full financial report.

# Annual Concise Report

Investa Property Trust

## Directors' Report

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust present their report together with the financial report of the Trust and the consolidated financial report of the Trust 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.  
P J Carney passed away on 7 August 2002.

### Principal activities

During the year the principal activity of the Trust continued to consist of investment in commercial properties.

### Distributions

Distributions totalling \$78,375,902 (13.69 cents per unit) were paid or payable by the Trust for the year ended 30 June 2002 (2001: \$64,522,453 equivalent to 13.62 cents per unit). The 30 June 2002 distribution will be paid on 23 August 2002.

### Matters subsequent to the end of the financial year

On 1 August 2002 the Investa Property Group (comprising Investa Property Trust and Investa Properties Limited) exchanged contracts with Telstra Corporation Ltd for the purchase of seven office buildings at a price of \$570 million.

The purchase is to be funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per Security and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

It is intended that Investa Property Trust will wholly own three of the properties and have a share in two further properties the total value of which is approximately \$500 million, with the balance being owned by Investa Properties Limited in it's own right. The acquisitions will be funded by a portion of the funding referred to above.

Further details of these transactions are explained in the replacement prospectus dated 6 August 2002.

This disclosure did not form part of the full Financial Report signed on 30 July 2002, as agreement to the transactions occurred on 1 August 2002, being the date upon which Telstra Corporation Ltd advised Investa Property Group that it had been selected as the successful bidder.

### Likely developments and expected results of operations

Information on the likely developments in operations and the expected results of these operations has not been included because the directors believe that it would be likely to result in unreasonable prejudice to the Trust.

### Units on issue

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

	June 2002 No.'000	June 2001 No.'000
Opening units on issue	515,490	456,999
Units issued via placements	70,358	46,321
Units issue through the distribution reinvestment plan	14,974	12,170
Closing units on issue	600,822	515,490

## Environmental regulation

The Trust is subject to significant environmental regulation in respect of its land and property development activities. The directors of the Responsible Entity 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

## Review of Operations

Distributions from the Trust increased from 13.62 cents per unit in 2001 to 13.69 cents in 2002, with underlying profit attributable to unitholders before asset revaluations increasing from \$60,038,000 in 2001 to \$73,043,000 in 2002, an increase of 21.66%. This increase reflects growth in rental revenue and the effect of a full year of distributions from investments in associates.

Trust assets increased from \$1,152,384,000 in 2001 to \$1,384,155,000 a net increase of \$231,771,000, driven by the increase in loans to related entities and the revaluation of 11 properties.

## Information on directors

Director	Experience	Special Responsibilities
<b>I K Payne</b> 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
<b>C J O'Donnell</b> 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
<b>S A Mays</b> 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
<b>J L Arthur</b> 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
<b>P J Carney</b> LLB	Peter had a long experience and understanding of the commercial property 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
<b>D R Page</b> 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 units of Investa Property Trust were held by I K Payne (7,595 units), C J O'Donnell (1,017,760 units) and P J Carney (1,021 units).

# Annual Concise Report

Investa Property Trust

## Directors' Report (continued)

### Meetings of directors

The numbers of meetings of the Responsible Entity'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.

### Management expense ratio (MER)

The MER of the Trust for the past five years is shown in the following table. The MER figures include the expenses incurred directly and indirectly by the Trust:

	2002	2001	2000	1999	1998
	%	%	%	%	%
MER	0.29	0.44	0.72	0.90	1.00

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided for the directors of the Responsible Entity or the auditors of the Trust. So long as the officers of Investa Properties Limited act in accordance with the constitution and the law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

### Rounding of amounts

The Trust is a registered scheme 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.

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



Director  
I K Payne

15 August 2002

## Discussion and Analysis of the Concise Consolidated Financial Statements

### Consolidated Statement of Financial Performance

The distribution per unit from the Trust has increased from 13.62 cents to 13.69 cents for the year to 30 June 2002. The decrease in net profit from \$116,103,000 to \$79,919,000 is attributable to prior year revaluation increments of \$56,065,000 being recorded in the Statement of Financial Performance reflecting the reversal of previous revaluation decrements. Revaluation increments of \$6,876,000 have been recorded in the Statement of Financial Performance for the year to 30 June 2002 thereby reversing all previous revaluation decrements. The balance of revaluation increments (\$46,565,000) in the year to 30 June 2002 have been taken directly to the Asset Revaluation Reserve.

Net profit before revaluation increments increased 21.6% to \$73,043,000 for the year to 30 June 2002. This increase was driven by rental income increasing 7.5% to \$97,562,000, reflecting positive market rental reviews during the year particularly in 55 Market Street, Sydney, 109 St Georges Terrace, Perth and 469 Latrobe Street, Melbourne.

Distributions from associates have increased 23.3% to \$17,685,000 reflecting a full years income from both Investa Brisbane Commercial Trust and 80 Pacific Highway Trust, and rental increases in 60 Martin Place, Sydney.

Interest income has increased on the previous year due to an increase in related entity loans to assist the funding of Investa Properties Limited's acquisition of Silverton, the acquisition of 209 Kingsway and to purchase units in Investa Commercial Property Fund (formerly SunCorp Metway Balanced Property Fund).

Operating expenses including rates and taxes, property outgoings and repairs and maintenance are comparable to the previous year.

Included in expenses is the management fee paid to Investa Properties Limited, which has decreased by 32.4% to \$2,667,000, reflecting the savings through internalisation of the fund management function.

Amortisation of intangibles has increased to \$1,930,000 due to the full year effect of holding the intangibles.

### Consolidated Statement of Financial Position

Trust assets increased by 20.1% to \$1,384,155,000, mainly driven by the increase in related entity loans of \$171,633,000 to facilitate the funding of Investa Properties Limited's acquisition of Silverton, the acquisition of 209 Kingsway and to purchase units in Investa Commercial Property Fund, and by the increase in investment property valuations of \$53,411,000. Contributing to this increase were significant increases in the value of 469 Latrobe Street, 73 Miller Street and 55 Market Street.

The Trust restructured its financing arrangements during the year through the issue of a commercial mortgage backed security for \$250,000,000. Two new cash advance facilities were also negotiated during the year totaling \$100,000,000.

The Trust's borrowings increasing by 10.7% to \$269,000,000. Contributed equity increased in the year due to the issue of units, raising \$160,441,000 to facilitate the Group's acquisitions.

Gearing has decreased from 21% at 30 June 2001 to 19% at 30 June 2002.

### Consolidated Statement of Cash Flows

The increase in cash flows provided by operating activities is consistent with the increase in the Trust's revenue from market rent reviews and the impact of a full years investment in Investa Brisbane Commercial Trust and 80 Pacific Highway Trust.

The net cash outflow from investing activities reflects the loans to related entities made during the year.

The increase in cash flows from financing activities is due to the placement of units during the year to facilitate Investa Properties Limited's acquisitions offsetting the increase in distributions paid reflecting the increase of units in issue and the increased distribution per unit.



# Annual Concise Report

Investa Property Trust

## Consolidated Statement of Financial Performance

For the year ended 30 June 2002

	Notes	2002 \$'000	2001 \$'000
<b>Revenue from ordinary activities</b>			
Rent		97,562	90,742
Distributions from associates		17,685	14,344
Other revenues from ordinary activities		4,493	26,445
<b>Total revenue from ordinary activities</b>		<b>119,740</b>	<b>131,531</b>
Property outgoings		(21,216)	(19,891)
Repairs and maintenance		(2,388)	(2,655)
Borrowing costs		(17,090)	(17,244)
Increment on revaluations of investment properties		6,876	56,065
Amortisation of intangibles		(1,930)	(1,117)
Other expenses from ordinary activities		(4,073)	(30,586)
<b>Net profit</b>		<b>79,919</b>	<b>116,103</b>
Net increase in asset revaluation reserve		46,565	-
<b>Total revenues, expenses and valuation adjustments attributable to unitholders of Investa Property Trust recognised directly in equity</b>		<b>46,565</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with unitholders as owners</b>		<b>126,484</b>	<b>116,103</b>
Distribution paid and payable	3	78,377	64,522
		<b>Cents</b>	<b>Cents</b>
Distribution paid and payable per unit (CPU)	3	13.69	13.62
Basic and diluted earnings per unit (CPU)		14.01	24.14
Basic and diluted earnings per unit (before revaluation)		12.81	12.48
Basic and diluted earnings per unit (before revaluation and amortisation)		13.14	12.72

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

## Consolidated Statement of Financial Position

As at 30 June 2002

	Notes	2002 \$'000	2001 \$'000
<b>Current assets</b>			
Cash assets		11,670	11,454
Receivables		14,946	11,564
Loans to related entities		29,577	–
<b>Total current assets</b>		<b>56,193</b>	<b>23,018</b>
<b>Non-current assets</b>			
Intangibles		35,557	37,481
Loans to related entities		142,086	–
Investment properties	6	1,150,319	1,091,885
<b>Total non-current assets</b>		<b>1,327,962</b>	<b>1,129,366</b>
<b>Total assets</b>		<b>1,384,155</b>	<b>1,152,384</b>
<b>Current liabilities</b>			
Payables		7,079	5,063
Interest bearing liabilities		–	80,000
Provision for distribution	3	18,121	17,266
<b>Total current liabilities</b>		<b>25,200</b>	<b>102,329</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		269,000	163,000
<b>Total non-current liabilities</b>		<b>269,000</b>	<b>163,000</b>
<b>Total liabilities</b>		<b>294,200</b>	<b>265,329</b>
<b>Net assets</b>		<b>1,089,955</b>	<b>887,055</b>
<b>Equity</b>			
Contributed equity		1,043,191	892,971
Reserves		46,565	(6,876)
Amounts available for distribution	4	199	960
<b>Total equity</b>		<b>1,089,955</b>	<b>887,055</b>

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

# Annual Concise Report

Investa Property Trust

## Consolidated Statement of Cash Flows

For the year ended 30 June 2002

	Notes	2002 \$'000	2001 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		101,495	95,407
Cash payments in the course of operations		(34,175)	(36,307)
Interest received		2,376	943
Distributions from associates		18,284	13,447
Borrowing costs paid		(14,857)	(16,457)
<b>Net cash inflow from operating activities</b>		<b>73,123</b>	<b>57,033</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property		–	25,500
Loans to related entity		(244,233)	–
Repayment from loans to related entities		74,103	–
Payments for investment properties		(4,996)	(4,726)
Payments for investments in associates		–	(50,285)
Payment for intangible assets		–	(38,598)
<b>Net cash (outflow) from investing activities</b>		<b>(175,126)</b>	<b>(68,109)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of units		161,002	80,268
Proceeds from borrowings		81,800	7,500
Repayment of borrowings		(305,800)	(38,000)
Distributions paid		(77,521)	(42,082)
Proceeds from issue of commercial notes		249,405	–
Payments for costs associated with issue of units		(1,018)	–
Payment of costs associated with issue of commercial notes		(5,649)	–
<b>Net cash inflow from financing activities</b>		<b>102,219</b>	<b>7,686</b>
<b>Net (decrease)/increase in cash held</b>		<b>216</b>	<b>(3,390)</b>
Cash at the beginning of the financial year		11,454	14,844
<b>Cash at the end of the financial year</b>		<b>11,670</b>	<b>11,454</b>

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

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2002

### Note 1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the requirements of the Trust Constitution, Accounting Standard AASB1039 "Concise Financial Reports", applicable Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements and specific disclosures included in the concise financial report have been derived from the consolidated entity's full financial report for the financial year. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Property Trust as the full financial report.

The accounting policies adopted are consistent with those of the previous year.

### Note 2. Segment information

The Consolidated Entity operates solely in the business of investment in commercial property in Australia.

### Note 3. Distributions paid and payable

	2002 \$'000	2002 CPU	2001 \$'000	2001 CPU
<b>Timing of distributions</b>				
The distributions were paid/payable as follows:				
30 September	18,670	3.575	15,171	3.288
31 December	20,523	3.575	15,436	3.310
31 March	21,063	3.525	16,649	3.550
30 June final payable*	18,121	3.016	17,266	3.476
	<b>78,377</b>	<b>13.691</b>	<b>64,522</b>	<b>13.624</b>

\* The 30 June 2002 distribution will be paid on 23 August 2002.

### Note 4. Amounts available for distribution

	2002 \$'000	2001 \$'000
Amounts available for distribution at the beginning of the financial year	960	2,843
Net profit	79,919	116,103
Transfer to asset revaluation reserve	(6,876)	(56,065)
Transfer of loss on sale of investment property to contributed equity	–	82
Transfer from contributed equity	4,573	2,519
Distributions provided for or paid	(78,377)	(64,522)
Amounts available for distribution at the end of the financial year	199	960

### Note 5. Earnings per unit

	2002 Cents	2001 Cents
Basic earnings per unit (cents)	14.01	24.14
Basic earnings per unit (cents) before revaluation, after amortisation	12.81	12.48
Basic earnings per unit (cents) before revaluation, before amortisation	13.14	12.72
Weighted average number of units outstanding during the year used in the calculation of basic earnings per unit	570,361,749	480,910,124

Basic earnings per unit is significantly higher for 30 June 2001 due to the increases in the revaluations of investments being recorded in basic earnings to the extent they reverse previous decrements. In the current year, the majority of the revaluations are recorded 'below' basic earnings. Diluted earnings per unit is the same as basic earnings per unit in each of the above cases.

# Annual Concise Report

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2002

### Note 6. Investment properties

Property	Type	Ownership	Acquisition date	Cost including all additions \$'000
<b>Non current assets</b>				
<b>Investa Property Trust</b>				
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,744
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	23,961
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	23,324
73 Miller Street, North Sydney, NSW *	Offices/Freehold	100%	12/06/97	75,483
50-60 Talavera Road, North Ryde, NSW *	Offices/Freehold	100%	01/11/99	32,739
32 Philip Street, Parramatta, NSW	Offices/Freehold	100%	01/11/99	21,784
55 Market Street, Sydney, NSW *	Offices/Freehold	100%	31/07/98	122,044
241 Adelaide Street, Brisbane, QLD	Offices/75 yrs Leasehold	100%	10/09/98	21,121
410 Ann Street, Brisbane, QLD *	Offices/Freehold 120 yr leasehold	100%	23/11/87	57,730
260 Queen Street, Brisbane, QLD	Offices/Freehold	100%	01/11/99	23,983
469 Latrobe Street, Melbourne, VIC *	Offices/Freehold	100%	01/07/88	81,101
485 Latrobe Street, Melbourne, VIC *	Offices/Freehold	100%	10/09/98	91,058
420 St Kilda Road, Melbourne, VIC	Offices/Freehold	100%	12/12/86	24,686
109 St Georges Terrace, Perth, WA	Offices/Freehold	100%	01/11/99	24,774
<b>Total Parent</b>				<b>652,532</b>
<b>Investment in controlled entities</b>				
<b>Investa Real Property Growth Trust</b>				
115 Grenfell Street, Adelaide, SA *	Offices/Freehold	100%	04/05/89	48,853
110 George Street, Parramatta, NSW *	Offices/Freehold	50%	02/10/97	67,345
		50%	15/12/98	
<b>Total-Investa Real Property Growth Trust</b>				<b>116,198</b>
<b>Lizabeth Trust</b>				
255 Elizabeth Street, Sydney, NSW*	Offices/Freehold	50%	21/09/94	172,172
		10%	11/12/98	
		40%	01/11/99	
<b>Total - Lizabeth Trust</b>				<b>172,172</b>
<b>Total investment in controlled entities</b>				<b>940,902</b>
<b>Investments in associates</b>				
<b>60 Martin Place Unit Trust</b>				
60 Martin Place, Sydney, NSW	Offices/Freehold	50%	01/11/99	79,925
<b>SUNPAC Property Fund*</b>				
1 Market Street, Sydney, NSW	Offices/Freehold	50%	09/01/96	81,534
<b>80 Pacific Highway Trust</b>				
80 Pacific Highway, North Sydney, NSW	Offices/Freehold	50%	04/05/01	45,745
<b>Investa Brisbane Commercial Trust**</b>				
		20%	08/05/01	4,820
<b>Total investment in associates</b>				<b>212,024</b>
<b>Total</b>				<b>1,152,926</b>

\* These properties and units are used as security for the issue of commercial notes.

\*\* The underlying properties are located at 45 Charlotte Street, Brisbane and 363 Adelaide Street, Brisbane.

Independent Valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/02 \$'000	Consolidated book value 30/06/01 \$'000
30/06/02	27,500	P Harding, Knight Frank	27,500	25,800
31/03/02	16,100	A Martin, AAPI, JLL Advisory	16,100	12,000
31/12/00	17,000	P Dempsey, FAPI, Arthur Andersen	17,134	17,115
30/06/02	90,000	A Richard, FAPI, CB Richard Ellis	90,000	76,758
30/09/00	31,400	R Lawrie, AAPI, JLL Advisory	31,400	31,400
30/09/00	21,100	A Martin, AAPI, JLL Advisory	21,100	21,100
30/06/02	138,000	D Castles, AAPI, Landmark White	138,000	130,000
30/06/02	18,100	W Wirmann, AAPI, JLL Advisory	18,100	18,952
30/06/01	62,500	C Chatwood, AAPI, JLL Advisory	62,610	62,500
31/03/01	23,000	W Wiermann, AAPI, JLL Advisory	23,070	23,005
30/06/02	53,100	J Perillo, AAPI, Knight Frank	53,100	42,158
30/06/02	111,000	G Longden, FAPI, JLL Advisory	111,000	101,074
30/06/01	27,000	C Plant, JLL Advisory	27,159	27,000
30/06/02	25,500	S Nuttall, AAPI ASIA, CB Richard Ellis	25,500	23,812
			<b>661,773</b>	<b>612,674</b>
31/03/01	26,500	James Pledge, AAPI, Knight Frank	26,680	26,675
30/06/02	66,500	M Caruana, FAPI, Knight Frank	66,500	66,527
			<b>93,180</b>	<b>93,202</b>
31/03/01	153,500	A Pannifex, AAPI, Knight Frank	154,447	153,594
			<b>154,447</b>	<b>153,594</b>
			<b>909,400</b>	<b>859,470</b>
30/06/02	88,750	M S Smallhorn, FAPI, JLL Advisory	88,325	87,130
30/06/02	102,500	A Pannifex, FAPI, FPD Savills	102,029	95,000
31/03/01	45,375	M S Smallhorn, FAPI, JLL Advisory	45,745	45,465
-	-	-	4,820	4,820
			<b>240,919</b>	<b>232,415</b>
			<b>1,150,319</b>	<b>1,091,885</b>

Properties not independently valued during the last 12 months are carried at directors' valuation at 30 June 2002.

# Annual Concise Report

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2002

### Note 6. Investment properties (continued)

#### Reconciliations

Reconciliations of the carrying amounts of investment property at the beginning and end of the current and previous financial year are set out below:

	<b>2002 \$'000</b>	<b>2001 \$'000</b>
Carrying amount at start of year	1,091,885	1,007,382
Additions	4,993	53,948
Disposals	–	(25,510)
Revaluation increments	53,441	56,065
Carrying amount at end of year	1,150,319	1,091,885

### Note 7. Events occurring after reporting date

On 1 August 2002 the Investa Property Group (comprising Investa Property Trust and Investa Properties Limited) exchanged contracts with Telstra Corporation Ltd for the purchase of seven office buildings at a price of \$570 million.

The purchase is to be funded by an underwritten equity issue of 174.6 million new securities, raising \$330 million at \$1.89 per Security and short term debt of \$280 million. It is intended that the debt facility will be refinanced through an issue of Commercial Mortgage Backed Securities (CMBS) within the next nine months.

It is intended that Investa Property Trust will wholly own three of the properties and have a share in two further properties the total value of which is approximately \$500 million, with the balance being owned by Investa Properties Limited in its own right. The acquisitions will be funded by a portion of the funding referred to above.

Further details of these transactions are explained in the replacement prospectus dated 6 August 2002.

This disclosure did not form part of the full Financial Report signed on 30 July 2002, as agreement to the transactions occurred on 1 August 2002, being the date upon which Telstra Corporation Ltd advised Investa Property Group that it had been selected as the successful bidder.

### Note 8. Full financial report

Further financial information can be obtained from the full financial report which is available, free of charge, on request from the unit registry, Computershare Investor Services Pty Limited. A copy may be requested by calling 1800 635 323 (free call) and for international 612 8234 5222. Alternatively, both the full financial report and the concise financial report can be accessed via the internet at: [www.investa.com.au](http://www.investa.com.au)

## Directors' Declaration

The directors of the Responsible Entity declare that in their opinion, the concise financial report, comprising Investa Property Trust and its controlled entities for the year ended 30 June 2002 as set out on pages 75 to 82 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2002.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 8, is available on request.

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



I K Payne  
Director  
Sydney  
15 August 2002



# Annual Concise Report

Investa Property Trust

## PricewaterhouseCoopers

Darling Park Tower 2  
201 Sussex Street  
GPO Box 2650  
SYDNEY NSW 1171  
Telephone: (02) 8266 0000  
Facsimile: (02) 8266 9999  
DX 77 Sydney

## Independent Audit Report to the unitholders of Investa Property Trust

### Scope

We have audited the concise financial report of Investa Property Trust (the Trust), comprising Investa Property Trust and its controlled entities for the financial year ended 30 June 2002 as set out on pages 75 to 83 in order to express an opinion on it to the unitholders of the Trust. The directors of Investa Properties Limited (the responsible entity) are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of the Trust for the financial year ended 30 June 2002. Our audit report on the full financial report was signed on 30 July 2002, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information included in it is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion as to whether the concise financial report complies with Australian Accounting Standard AASB 1039: Concise Financial Reports in that, in all material respects, it is presented fairly in accordance with that standard.

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

### Audit opinion

In our opinion, the concise financial report of the Trust complies with Accounting Standard AASB 1039: Concise Financial Reports.



PricewaterhouseCoopers  
Chartered Accountants



J A Dunning  
Partner  
Sydney  
15 August 2002

## Directory

### **Investa Properties Limited**

#### **Registered Office**

Level 17, 135 King Street  
Sydney NSW 2000

#### **Telephone**

(02) 8226 9300

#### **Directors**

Ian Payne (Chairman) Non Executive

Chris O'Donnell, Managing Director

John Arthur, Non Executive

Shaun Mays, Non Executive

John Messenger, Non Executive

Deborah Page, Non Executive

#### **Company Secretary**

Brian McGarry

#### **Auditors**

PricewaterhouseCoopers

Chartered Accountants

201 Sussex Street

Sydney NSW 2000

### **Share Registry**

Computershare Investor Services Pty Limited

GPO Box 7045

Sydney NSW 1115

#### **Telephone**

1800 635 323 Toll free

613 9611 5988 International

#### **Facsimile**

(02) 8234 5050

If you are interested in receiving details of  
further opportunities to invest in property  
syndicates, please contact

Investa Property Group

on (02) 8226 9300.

Website [www.investa.com.au](http://www.investa.com.au)

