Investa Properties Limited

ABN 54 084 407 241

Annual Report

30 June 2003

Annual Report – 30 June 2003

Contents

Directors' Report

The directors of Investa Properties Limited present their report together with the financial report of Investa Properties Limited and the consolidated financial report of Investa Properties Limited and its controlled entities for the year ended 30 June 2003.

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
J I Messenger
D R Page

J I Messenger was appointed a director on 15 August 2002.
P J Carney passed away on 7 August 2002.

Principal activities

During the year the principal continuing activities of the consolidated entity consisted of property and funds management, property development and holding short term investments prior to syndication. During the year the activity in the consolidated entity's investment segment increased substantially with investments increasing from $45,629,000 to $401,785,000 accounting for the increase in total assets during the year. All business segments operate in one geographical area, Australia. The company had 132 employees at 30 June 2003 (2002: 97).

Dividends

Dividends paid to members during the financial year were as follows:

	2003
	$'000
Final dividend for the year ended 30 June 2002 of 0.709 cents per share paid on 24 August 2002	**4,260**
Interim dividend of 0.50 cents per share paid on 22 November 2002	**3,899**
Interim dividend of 0.45 cents per share paid on 21 February 2003	**3,763**
Interim dividend of 0.40 cents per share paid on 23 May 2003	**3,512**
	15,434

In addition to the above dividends, the directors declared a final dividend on 17 June 2003 of 0.25 cents per share ($2,213,821) to be paid on 22 August 2003.

Dividends paid and payable for the year ended 30 June 2003 were $13,386,708, representing 1.60 cents per share, increasing 51% from 1.059 cents per share in 2002 or $6,290,056. All dividends were fully franked.

Directors' Report (continued)

Review of operations and significant changes in the state of affairs

A summary of the consolidated results is as follows:

	2003 $'000	2002 $'000
Total revenue from ordinary activities	**237,741**	92,948
Net profit after tax	**15,352**	8,790
Profit attributable to outside equity interests*	**(1,182)**	-
Profit attributable to members of Investa Properties Limited	**14,170**	8,790
Retained profits brought forward	**2,943**	443
Dividend paid and payable	**(13,387)**	(6,290)
Retained profits at 30 June	**3,726**	2,943
Total assets	**569,987**	224,421

* This represents the profit attributable to the outside equity interests in Investa Commercial Property Fund and Townsville Trust.

Profit for the Company after taxation and outside equity interests is $14,170,000 compared to $8,790,000 in the previous corresponding year, an increase of $5,380,000 or 61%. Earnings per share before amortisation and depreciation has increased from 1.78 cents per share in 2002 to 2.00 cents per share in the current year. The increase in earnings has resulted in the dividend per share increasing 51% from 1.059 cents per share in 2002 to 1.60 cents per share in the current year.

The increase in assets is due to the growth in investments being held by the Company prior to syndication or disposal to third parties. Assets held as at 30 June 2003 include:

- an 89% interest in Investa Commercial Property Fund $245,381,000
- a 55% interest in 7 – 13 Tomlins Street, Townsville $9,325,000
- an 18% interest in Investa Fifth Commercial Trust $8,603,000
- a 100% interest in Macarthur Central Shopping Centre, Brisbane $100,796,000

For a more detailed explanation of the results for the year refer to the discussion and analysis on the consolidated financial statements.

Directors' Report (continued)

Matters subsequent to the end of the financial year

Principal Office Fund

On 21 May 2003 Investa Property Trust acquired 78,351,484 units in Principal Office Fund, representing an 8.4% holding. On 26 May 2003 Investa Properties Limited as responsible entity of Investa Property Trust announced its intention to make an off market scrip and cash offer to acquire the remaining units in Principal Office Fund under the terms set out in the bidder's statement lodged with the Australian Securities and Investments Commission (ASIC) on 2 June 2003. The bidder's statement was issued to Principal Office Fund unitholders on 20 June 2003. The offer was declared unconditional on 14 July 2003. On 21 July 2003 the cash component of the offer consideration was increased by 3 cents per Principal Office Fund unit, which resulted in a 14 day extension of the offer period to 4 August 2003.

In the period from 1 July 2003 to 28 July 2003 Investa Property Trust acquired a further 148,415,738 units for an approximate consideration of $230 million, which increased its holding to 24.3% of the units in Principal Office Fund. The acquisition of those units has been funded out of a debt facility arranged with Commonwealth Bank of Australia and the issue of stapled securities in Investa Property Group Group (comprising of shares in Investa Properties Limited and units in Investa Property Trust).

The financial effects of the shares issued by Investa Properties Limited to assist in the funding of the acquisition in the period from 1 July 2003 to 28 July 2003 have not been bought to account at 30 June 2003.

Other matters

On 1 July 2003 the Group settled on the sale of 7-13 Tomlins Street, Townsville for $10.9 million (55% owned by Investa Properties limited). On 3 July 2003 Investa Properties Limited sold the remainder of its units in Investa Fifth Commercial Trust for $9.5 million, therefore completing the syndication of that trust. The financial effects of these transactions have not been brought to account as at 30 June 2003.

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

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

Directors' Report (continued)

Information on directors

Director	Experience	Special responsibilities
I K Payne M.Ec	Ian has been Chairman since 1999. Previously he was Deputy Chief Executive and Executive Director of Commonwealth Bank of Australia from 1992 to 1997 and Chairman of Commonwealth Financial Services Limited. Ian was also Chairman of Export Finance and Insurance Corporation from 1996 to August 2002 and is currently a Director of SFE Corporation Limited, Legalco Limited and Zurich Financial Services Australia Limited.	Non Executive Chairman
C J O'Donnell Dip.Bus., NZCB, FAICD, AIQS (Affil),FAPI	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
J L Arthur LLB (Hons)	John has been a partner of major law firms in Sydney 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 Rinker Group Limited.	Non Executive Director Chairman Nominations and Remuneration Committee
S A Mays B.Sc (Hons) M.Sc, MBA, FAICD	Shaun retired as the Managing Director of Westpac Financial Services in 2003. Prior to joining Westpac he was Chief Investment Officer of Commonwealth Financial Services and Managing Director & Chief Investment Officer of Mercury Asset Management. His current appointments include Non-Executive Director, Babcock and Brown Direct Investment Fund, a Member of the National Environmental Education Council, a Member of the Australian Stock Exchange Listing Appeals Committee, a Member of the Environment Minister's Roundtable and a Director of Plan International Australia.	Non Executive Director Chairman Sustainability Committee
J I Messenger ANZIF Snr. Assoc	John has extensive international insurance broking and risk management experience. Between 1986 and 1995, John was the Managing Director of MLC Insurance Limited and a director of Lend Lease Learning Pty Limited. From 1997 to 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 of Territory Insurance Office, Darwin.	Non Executive Director Chairman Due Diligence Committee
D R Page B.Ec, FCA MAICD	Deborah was a partner in Touche Ross/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. She is currently Chair of the NSW Cancer Council and a Director of Macquarie Generation and the Internal Audit Bureau of NSW. She is also a member of the Audit Committee of the Department of Community Services of NSW.	Non Executive Director Chairman Audit and Risk Management Committee

Directors' Report (continued)

Directors interests in shares of Investa Properties Limited are as follows:

	Number of shares **2003**	2002
I K Payne	**22,278**	7,595
C J O'Donnell	**1,566,347**	1,017,760
J L Arthur	**10,215**	-
S A Mays	**30,375**	-
J I Messenger	**30,769**	-
D R Page	**18,521**	-

Meetings of directors

The number of meetings of the company's board of directors and of each board committee held during the year to 30 June 2003, and the number 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		Sustainability Committee	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
I K Payne	23	22								
C J O'Donnell	23	23	4	4	18	18	4	4	1	1
J L Arthur	23	23					4	4	1	1
P J Carney	4	4	2	2						
S A Mays	17	16	8	6					1	1
J I Messenger	18	18	7	7	21	21				
D R Page	23	22	10	10	5	5	4	4		

Held reflects the number of meetings which the relevant director was eligible to attend.

Directors' and executives' emoluments

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

Non-executive directors of Investa Properties Limited

Name	Directors' base fee $	Retirement allowance $	Super-annuation $	Total $
I K Payne (Chairman)	110,000	-	9,900	119,900
P J Carney	16,250	59,518	1,463	77,231
S A Mays	82,916	-	7,462	90,378
J L Arthur	88,875	-	7,999	96,874
D R Page	76,667	-	6,900	83,567
J I Messenger	70,359	-	6,332	76,691

As at 30 June 2003 a further entitlement of $105,864 has been accrued by I K Payne.

Directors' Report (continued)

Executive director of Investa Properties Limited

Name	Base salary $	Superannuation $	Other benefits $	Total $
C J O'Donnell	490,700	44,163	344,216	879,079

Other executives of Investa Properties Limited

Name	Base salary $	Superannuation $	Other benefits $	Total $
G B Monk	345,000	31,050	70,000	446,050
A S Junor	260,048	23,404	118,239	401,691
P D Bolton-Hall	216,250	19,463	40,000	275,713
B V McGarry	196,250	17,663	55,000	268,913
P J Malpass	220,000	19,800	20,000	259,800

Indemnification and Insurance of officers and auditors
During the financial year, Investa Properties Limited paid a premium of $267,000 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.

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

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.

I K Payne
Chairman
Sydney
29 July 2003

Discussion and analysis on the consolidated financial statements

Consolidated Statement of Financial Performance

Profit for the company after taxation and outside equity interests was $14,170,000 compared to $8,790,000 in the previous corresponding year, an increase of $5,380,000 or 61%. Earnings per share before amortisation, depreciation and after tax has increased from 1.78 cents per share in 2002 to 2.00 cents per share in the current year. The increase in earnings has supported the dividend per share increasing 51% from 1.059 cents per share in 2002 to 1.60 cents per share in the current year.

Total revenue for the year ended 30 June 2003 was $237,741,000 compared to $92,948,000 in 2002, a 256% increase. Revenue by segment is as follows:

- Revenue from "Services" totalled $21,980,000 (2002 - $19,484,000) and comprises:

    - Syndicate establishment and management fees of $3,543,000 (2002 - $1,721,000), which includes fees in respect to the launch of two new retail property syndicates during the year being the Investa Fourth Commercial Trust and the Investa Fifth Commercial Trust. Ongoing management fees were received from the five syndicates established prior to 30 June 2002;
    - Management fees of $1,575,000 in respect of wholesale property funds (2002 – $1,429,000);
    - Property management fees of $4,851,000 driven by the growth in operations in NSW, Victoria and Queensland (2002 – $3,029,000);
    - $608,000 being the Company's share of 2003 operating cost savings delivered to Telstra in relation to its tenancies under the incentive arrangements incorporated into the acquisition agreement for the Telstra properties;
    - Fee revenue of $7,259,000 from Westpac Banking Corporation in respect of the corporate property services contract which reduced from $8,288,000 in 2002 due to a reduction in the operating costs of providing the service (these costs are recovered from Westpac);
    - Management fees of $1,944,000 from Investa Property Trust (2002- $2,667,000); and
    - Expense recovery and management fees from the vendor of Silverton Limited of $2,200,000 for the management of property sale agreements executed prior to the acquisition (2002 – $2,350,000).

- Revenue from "Property Development" totalled $52,808,000 (2002 - $66,746,000) and comprises sales of property inventory:
    - Residential lots at Manly, Queensland of $12,813,000, Quinns Beach, Western Australia of $6,049,000, and Mill Park Lakes, Melbourne of $26,697,000;
    - Commercial/industrial units at Turner Street, Melbourne of $4,049,000 and land at Eden Park, North Ryde Sydney of $3,200,000;
    - The fall in revenue is due to the sale in the prior period of 4 relatively large industrial properties totalling $51,650,000.

- Revenue from "Investments" totalled $162,953,000 (2002 - $6,718,000) and comprises:
    - Sales of short term investments totalling $140,653,000 (2002 - nil) relating to the sale of small Telstra properties in Perth and Adelaide and a 50% interest in 589 Collins Street, Melbourne into Investa managed retail syndicates, the sale of a non-core Telstra property in Cairns and the sale of a 10.75% interest in Investa Commercial Property Fund;
    - Rental and distribution income from short term investments held prior to syndication/sale, completed developments prior to sale and other rental income of $21,672,000 (2002- $1,718,000); and
    - Interest income of $578,000 (2001 - $1,215,000).

Discussion and analysis on the consolidated financial statements (Continued)

Consolidated Statement of Financial Performance (continued)

Significant profit growth has been achieved in each of the three segments:

- Services up 68% to $5,245,000 reflecting the increased activities detailed above in the description of the movements in revenue;
- Property development up 14% to $10,090,000 reflecting greater margins achieved on sales of development inventory, with the margin on cost increasing from 17% in 2002 to 44% in the current year;
- Investments up 564% to $14,285,000 as a result of increased profit on the holding of investments which includes a profit of $5,311,000 on the sale of short term interests in unit trusts and investments; and
- This profit growth has been achieved in the context of increases in expenses reflecting the significantly expanded size of operations:

    - Higher property outgoings and repairs and maintenance (increased from nil in 2002 to $2,182,000) attributable to interests in properties acquired during the year;
    - Higher employee and accommodation expenses due to increased headcount (from 97 to 132 during the year) and the full year impact of increases that occurred in the prior year resulting in total increases of $5,196,000 to $18,046,000;
    - Higher amortisation and depreciation (increased by $651,000 to $2,029,000) due to the full year impact of the goodwill created on the acquisition of the development business; and
    - Higher borrowing costs (increased by $11,970,000 to $15,957,000).

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position for Investa Properties Limited at 30 June 2003 reflects the significant increase in activity of the Company since 1 July 2002. Total assets have increased from $224,421,000 as at 30 June 2002 to $569,987,000 as at 30 June 2003.

The major contributor to the increase in assets was the acquisition of a number of properties, either directly or as investments in partly owned sub-trusts. Investments have increased from $45,629,000 to $401,785,000 due to holding the following investments at 30 June 2003:

- an 89% interest in Investa Commercial Property Fund ($245,381,000);
- a 55% interest in 7 – 13 Tomlins Street, Townsville ($9,325,000);
- an 18% interest in Investa Fifth Commercial Trust ($8,603,000); and
- a 100% interest in Macarthur Central Shopping Centre, Brisbane ($100,796,000).

Both the property in Townsville and the interest in Investa Fifth Commercial Trust were sold to external parties in July 2003.

In implementing its strategy to replenish its development inventory as current developments are completed and sold, the Company also increased its property development inventory from $117,565,000 at 30 June 2002 to $133,486,000 at 30 June 2003.

The expansion in the company was primarily funded by loans from Investa Property Trust. Investa Property Trust provided total loans amounting to $378,530,000 out of a total debt level for the company of $498,130,000 as at 30 June 2003. The external loans are associated with the development operations and a loan within Investa Commercial Property Fund of $60,000,000.

In order to assist in the funding of the acquisitions during the year the Company raised a net $19,574,000 through share issues and through the dividend reinvestment plan.

Discussion and analysis on the consolidated financial statements (Continued)

Consolidated Statement of Cash Flows

Significant movements in cash flow reflect the expansion activity of the company during the year.

Net cash flow from operating activities has decreased on prior year reflecting on the one hand the following increases:

- Increased receipts from customers of $109,936,000 of which $79,087,000 relates to sales of property inventory including a receipt of $16,151,000 from sale of inventory in the prior period;
- Distributions and dividends received increased to $8,539,000 reflecting the increase in short term investments made during the year; and
- Borrowing costs paid decreased $367,000 due to the lower level of external debt required in Investa Properties Limited during the year.

offset by the following increased outflow:

- Payments to suppliers increased by $56,306,000 to $100,429,000, driven by the payments for restocking of land banks particularly Sippy Downs on the Sunshine Coast for $27,280,000, Hillarys, Western Australia of $5,244,000 and 43 Forbes Street, Brisbane of $6,021,000.

Net cash flow from investing activities for the year was a significant outflow of $318,119,000 reflecting:

- Payment by the Company for property investments totalling $455,560,000 which, include, as part of the restructure of its wholesale fund, a 50% interests in SUNPAC Property Fund (1 Market Street, Sydney), Investa South Melbourne Trust (209 Kingsway, Melbourne) and 231 Elizabeth Street Trust (231 Elizabeth Street, Sydney);
- The purchase of Macarthur Central Shopping Centre, Brisbane for $100,796,000;

partially offset by:

- proceeds on disposal of the Company's interest in Investa Sunlaw Trust to Investa Property Trust, the property located in Cairns and the Company's investment in the Telstra Perth and Adelaide properties for a total of $140,653,000.

To help facilitate the funding of these investment activities, the consolidated entity increased its borrowings primarily from Investa Property Trust, by $448,411,000. However, following the sale of the investments described above and using part of the proceeds from share capital raised, the consolidated entity was able to reduce the borrowings from Investa Property Trust by $216,736,000.

Through a rights issue, two placements and the Shareholder Purchase Plan, the consolidated entity was able to raise a net $17,734,000 during the year.

Statements of Financial Performance
For the year ended 30 June 2003

		Consolidated		Parent entity	
	Notes	**2003 $'000**	2002 $'000	**2003 $'000**	2002 $'000
Revenue from ordinary activities	3	**237,741**	92,948	**110,851**	20,911
Cost of development inventory sold		**(36,784)**	(57,273)	**-**	-
Property Outgoings		**(1,862)**	-	**-**	-
Repairs and Maintenance		**(320)**	-	**-**	-
Employee expenses		**(16,708)**	(11,727)	**(9,225)**	(7,443)
Accommodation expenses		**(1,338)**	(1,123)	**(654)**	(705)
Purchased services – external consultants		**(1,630)**	(2,797)	**(1,198)**	(2,669)
Depreciation and amortisation expenses		**(2,029)**	(1,378)	**(809)**	(555)
Borrowing costs		**(15,957)**	(3,987)	**(4,401)**	(2,224)
Other expenses from ordinary activities	5	**(138,548)**	(2,077)	**(77,853)**	(1,148)
Profit from ordinary activities before income tax expense	4	**22,565**	12,586	**16,711**	6,167
Income tax expense	6	**(7,213)**	(3,796)	**(2,848)**	(63)
Net Profit		**15,352**	8,790	**13,863**	6,104
Net profit attributable to outside equity interests	10	**(1,182)**	-	**-**	-
Net profit attributable to members of Investa Properties Limited	2	**14,170**	8,790	**13,863**	6,104
Total changes in equity other than those resulting from transactions with owners as owners		**14,170**	8,790	**13,863**	6,104

		Cents	Cents
Basic and diluted earnings per share	30	**1.75**	1.54

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

Statements of Financial Position
As at 30 June 2003

		Consolidated		Parent entity	
		2003	2002	**2003**	2002
	Notes	**$'000**	$'000	**$'000**	$'000
Current assets					
Cash assets		**5,460**	11,203	**113**	999
Receivables	7	**10,174**	25,353	**9,064**	15,109
Tax asset		**-**	-	**-**	333
Investments	12	**156,404**	45,629	**21,161**	19,692
Property development inventories	13	**20,056**	39,561	**-**	-
Total current assets		**192,094**	121,746	**30,338**	36,133
Non-current assets					
Investments in controlled entities	27	**-**	-	**5,129**	-
Deferred tax asset		**2,575**	1,643	**802**	323
Property, plant and equipment	8	**1,032**	1,177	**540**	532
Investments	12	**245,381**	-	**-**	-
Property development inventories	13	**113,430**	78,004	**-**	-
Loans to employees	9	**9,232**	5,561	**9,232**	5,561
Intangible assets	11	**6,243**	16,290	**2,818**	11,834
Total non-current assets		**377,893**	102,675	**18,521**	18,250
Total assets		**569,987**	224,421	**48,859**	54,383
Current liabilities					
Payables	14	**6,766**	7,920	**2,789**	1,625
Income tax liability		**4,661**	7,080	**1,394**	-
Interest and non interest bearing liabilities	16	**205,864**	-	**19,232**	-
Provisions	15	**6,335**	7,843	**4,471**	5,386
Total current liabilities		**223,626**	22,843	**27,886**	7,011
Non-current liabilities					
Interest and non interest bearing liabilities	16	**292,266**	193,586	**-**	46,486
Deferred tax liabilities		**6,040**	4,490	**37**	-
Total non-current liabilities		**298,306**	198,076	**37**	46,486
Total liabilities		**521,932**	220,919	**27,923**	53,497
Net assets		**48,055**	3,502	**20,936**	886
Equity					
Contributed equity	17(b)	**20,133**	559	**20,133**	559
Outside equity interest	10	**24,196**	-	**-**	-
Retained profits	18	**3,726**	2,943	**803**	327
Total equity	19	**48,055**	3,502	**20,936**	886

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

Statements of Cash Flows
For the year ended 30 June 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent entity 2003 $'000	Parent entity 2002 $'000
Cash flows from operating activities					
Cash receipts in course of operations		**109,936**	79,119	**22,373**	12,121
Cash payments in course of operations		**(100,429)**	(44,123)	**(15,581)**	(15,082)
Dividends/distributions received		**8,539**	1,673	**20,445**	539
Interest received		**578**	261	**82**	4
Borrowing costs		**(2,831)**	(3,198)	**(165)**	(367)
Income taxes paid		**(7,333)**	(9,920)	**(1,476)**	(898)
Net cash inflow /(outflow) from operating activities	29	**8,460**	23,812	**25,678**	(3,683)
Cash flows from investing activities					
Purchase of controlled entity, net of cash acquired	27	**-**	(50,519)	**-**	-
Payments for property, plant and equipment		**(230)**	(242)	**(159)**	(162)
Proceeds from sale of property, plant and equipment		**-**	650	**-**	-
Due diligence (costs)/recovered		**689**	(1,120)	**-**	(1,120)
Payments for investments		**(455,560)**	(50,628)	**(77,433)**	(19,692)
Proceeds from sales of investments		**140,653**	5,000	**78,823**	-
Investments in controlled entities		**-**	-	**(6,773)**	-
Redemption of share in controlled entities		**-**	-	**1,645**	-
Payment for intangible assets	11	**-**	(8,870)	**-**	(8,870)
Loans to employees	9	**(3,671)**	(4,388)	**(3,671)**	(4,388)
Net cash (outflow)/inflow from investing activities		**(318,119)**	(110,117)	**(7,568)**	(34,232)
Cash flows from financing activities					
Proceeds from issues of shares		**18,170**	559	**18,170**	559
Cost of issue of shares		**(436)**	-	**(436)**	-
Proceeds from borrowings from related entity		**448,411**	172,452	**106,261**	42,173
Proceeds from borrowings		**91,600**	3,000	**-**	3,000
Repayment of borrowings		**(23,500)**	(34,700)	**(3,500)**	(4,700)
Repayments of borrowings from related entity		**(216,736)**	(41,990)	**(125,898)**	-
Dividends paid		**(13,593)**	(2,457)	**(13,593)**	(2,456)
Net cash inflow/(outflow) from financing activities		**303,916**	96,864	**(18,996)**	38,576
Net (decrease)/increase in cash held		**(5,743)**	10,559	**(886)**	661
Cash at the beginning of the financial year		**11,203**	644	**999**	338
Cash at the end of the financial year		**5,460**	11,203	**113**	999
Financing activities	16				

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

Notes to the Financial Statements
For the year ended 30 June 2003

Note 1. Summary of significant accounting policies

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

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

The shares in Investa Properties Limited are 'stapled' to the units in Investa Property Trust. All transactions in either security can only be in the form of transactions in Investa Property Group stapled securities.

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Investa Properties Limited ("parent entity") as at 30 June 2003 and the results of its controlled entities, for the year then ended. Investa Properties Limited and its controlled entities together are referred to in this financial report as the "consolidated entity". The effects of all transactions between entities in the consolidated entity are eliminated in full.

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

(b) Income tax

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

(c) Acquisitions of assets

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

(d) Revenue recognition

Revenue is recognised for the major business initiatives as follows:

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

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

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

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

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 1. Summary of significant accounting policies (continued)

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

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

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

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

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

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

Corporate property services establishment costs	5 years
Payment for management rights	20 years

(i) Goodwill
Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired, including any restructuring costs, is brought to account as goodwill. Goodwill is amortised over 5 years.

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

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

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 1. Summary of significant accounting policies (continued)

(l) Interest bearing liabilities

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

(m) Employee entitlements

(i) Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors and are measured at amounts expected to be paid when liabilities are settled.

(ii) Long service leave

Long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields that match as closely as possible the estimated future cash outflows.

(iii) Superannuation

The amount charged to the Statements of Financial Performance in respect of superannuation is disclosed as employee benefits and includes the contributions made by the consolidated entity and its controlled entity to the Investa Staff Superannuation Plan. The Superannuation Plan is an accumulated benefit fund, and therefore no other liability arises for the employer except payment of monthly contributions. There are no contributions outstanding as at 30 June 2003.

(n) Borrowing costs

Borrowing costs include interest expense and other costs incurred in respect of obtaining finance. Other costs incurred including loan establishment fees in respect of obtaining finance are deferred and written off over the term of the respective agreement. Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets – refer note (g).

(o) Cash

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

(p) Earnings per share

i) Basic Earnings per share

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

ii) Diluted Earnings per Share

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

(q) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through net cash inflows arising from its continued use and subsequent disposal. Where the carrying amount of an individual non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. To the extent that the revaluation decrement reverses a revaluation increment previously credited to and still included in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise, the decrement is recognised as an expense in the Statement of Financial Performance. The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market, risk-adjusted discount rate.

Note 1. Summary of significant accounting policies (continued)

(r) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

Change in accounting policy for providing for dividends

The above policy was adopted with effect from 1 July 2002 to comply with AASB 1044 *Provisions for Contingent Liabilities and Contingent Assets* released in October 2001. In previous years, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the financial year where the dividend was proposed, recommended or declared between the end of the financial year and the completion of the financial report. Had the policy been applied in the prior year the provision for dividends at 30 June 2002 would have been reduced by $4,260,000.

(s) Derivatives

The company has entered into interest rate swap agreements to hedge against the risk of an increase in interest rates on the company's debt. Derivative financial instruments are not held for speculative purposes and are not recognised in the financial statements on inception. The net payments or receipts due under the swap agreement are accounted for on an accrual basis and included in borrowing costs expense.

(t) Rounding

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

Note 2. Segment information

The consolidated entity operates in the following business segments:

Services

Investa Properties Limited is the Responsible Entity for Investa Property Trust and for ten registered schemes. Annual management fees and establishment fees are earned. The Company also provides asset, property and facilities management services to properties managed by Investa Property Group.

Property development

Investa Properties Limited engages in retail, commercial and industrial development as well as medium density and broad acre residential subdivision.

Investments

Investa Properties Limited holds short-term investments prior to either syndication, disposal, or sell down to external investors.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 2. Segment information (continued)

30 June 2003	Services $'000	Property Development $'000	Investments $'000	Consolidated $'000
Revenue from ordinary activities	**21,980**	**52,808**	**162,953**	**237,741**
Segment ordinary profit[1]	**5,245**	**10,090**	**14,285**	**29,620**
Net profit after tax	**4,415**	**8,455**	**1,300**	**14,170**
Segment assets	**2,818**	**133,486**	**401,785**	**538,089**
Unallocated assets				**31,898**
Total assets				**569,987**
Segment liabilities	**-**	**59,600**	**378,530**	**438,130**
Unallocated liabilities				**83,802**
Total liabilities				**521,932**
Depreciation and amortisation expense	**830**	**1,199**	**-**	**2,029**
Acquisition of property, plant and equipment	**181**	**49**	**-**	**230**
30 June 2002[2]				
Revenue from ordinary activities	19,484	66,746	6,718	92,948
Segment ordinary profit[1]	3,124	8,880	2,151	14,155
Net profit after tax	320	7,987	483	8,790
Segment assets	3,223	117,565	45,629	166,417
Unallocated assets				58,004
Total assets				224,421
Segmented liabilities	-	48,000	38,096	86,096
Unallocated liabilities				134,823
Total liabilities				220,919
Depreciation and amortisation expense	815	563	-	1,378
Acquisition of property, plant and equipment	1,167	175	-	1,342

[1] Segment ordinary profit represents earnings before interest, amortisation, depreciation and after tax.
[2] The 2002 comparative segment analysis has been restated to include the results of the investment business segment.

The Consolidated Entity operates solely in Australia.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 3. Revenue from ordinary activities

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Management fees	**21,980**	17,484	**16,177**	13,746
Sale of property inventory	**52,808**	66,746	**-**	-
Rental income	**9,653**	1,718	**-**	-
Dividend and distribution income	**12,046**	3,400	**15,105**	6,658
Proceeds from sale of investments	**140,653**	-	**78,823**	-
Other income	**23**	2,000	**669**	-
	237,163	91,348	**110,774**	20,404
Revenue from outside the operating activities				
Interest	**578**	1,215	**77**	507
Other revenue	**-**	385	**-**	-
	578	1,600	**77**	507
Revenue from ordinary activities	**237,741**	92,948	**110,851**	20,911

Note 4. Operating profit

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Profit from ordinary activities before income tax expense includes the following specific expenses:				
Depreciation – property, plant and equipment	**339**	252	**150**	122
Amortisation – intangibles	**1,690**	1,126	**660**	433
Borrowing costs:				
Gross Interest and finance charges paid/payable	**17,839**	6,544	**4,401**	2,224
Less: Interest and finance charges capitalised*	**(1,882)**	(2,557)	**-**	-
Interest and finance charges paid/payable	**15,957**	3,987	**4,401**	2,224
Rental expenses relating to operating leases:				
Lease payments – office rent	**1,059**	907	**502**	527
Computers & equipment	**215**	185	**153**	158

* The interest rate applied during the year was 7.55% and relates to development inventory.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 5. Other expenses from ordinary activities

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Carrying amount of investments sold	**135,343**	-	**75,963**	-
Other expenses	**3,205**	2,077	**1,890**	1,148
	138,548	2,077	**77,853**	1,148

Note 6. Income tax

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**22,565**	12,586	**16,711**	6,167
Income tax calculated @ 30% (2002 – 30%)	**6,770**	3,776	**5,013**	1,850
Tax effect of permanent differences:				
Non-deductible amortisation of intangibles	**507**	338	**198**	130
Other permanent differences	**(64)**	(318)	**22**	1
Rebateable dividends	**-**	-	**(2,385)**	(1,602)
Income tax adjusted for permanent differences	**7,213**	3,796	**2,848**	379
Transfer of loss from controlled entity	**-**	-	**-**	(316)
Income tax expense	**7,213**	3,796	**2,848**	63

Note 7. Receivables

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Trade debtors	**3,610**	3,594	**1,870**	2,362
Distributions receivable from associates	**4,511**	19,295	**1,198**	3,109
Amount receivable from controlled entity	**-**	-	**2,995**	7,016
Other debtors	**2,053**	2,464	**3,001**	2,622
	10,174	25,353	**9,064**	15,109

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 8. Property, plant and equipment

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Property, plant & equipment				
At cost	**2,486**	2,292	**830**	672
Less: Accumulated depreciation	**(1,454)**	(1,115)	**(290)**	(140)
Total property, plant and equipment	**1,032**	1,177	**540**	532

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

	Consolidated	**Parent entity**
	Fixtures & Fittings $'000	**Fixtures & Fittings $'000**
Carrying amount at 1 July 2002	**1,177**	**532**
Additions	**230**	**158**
Disposals	**(36)**	**-**
Depreciation	**(339)**	**(150)**
Carrying value at 30 June 2003	**1,032**	**540**

Note 9. Loans to employees

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Loans to employees	**9,232**	5,561	**9,232**	5,561

These are non-interest bearing non-recourse loans to employees, for the acquisition of Investa Property Group securities under the Investa Employee Share Acquisition Plan. The securities were purchased on-market on behalf of employees in accordance with individual allocations approved by the Board. Net distributions and dividends from the Investa Property Group securities, as received, are directed towards repayment of the loan. Under the terms of the Plan any shortfall between the market value of the securities at the date of an employee leaving the Group and the cost of the securities is borne by the Group. The market value of the securities held at 30 June 2003 was $10,170,270. Securities acquired under the plan during the current year totalled 2,187,500 (2002: 2,291,500).

Note 10. Outside equity interest

	Consolidated	
	2003	2002
	$'000	$'000
Interest in:		
Unitholders' equity	**24,196**	-
	24,196	-

The outside equity interest represents a 45% interest in Townsville Trust and Cairns Trust held by Investa Real Property Growth Trust a wholly owned sub trust of Investa Property Trust and a 10.75% interest held by an external investor in Investa Commercial Property Fund. In the Consolidated Statement of Financial Performance the outside equity interest represents the portion of profit attributable to external investors.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 11. Intangible assets

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Corporate property services establishment costs	**3,500**	3,500	**3,500**	3,500
Less: accumulated amortisation[1]	**(682)**	(277)	**(682)**	(277)
	2,818	3,223	**2,818**	3,223
Goodwill	**5,148**	5,148	**-**	-
Less: accumulated amortisation	**(1,723)**	(692)	**-**	-
	3,425	4,456	**-**	-
Payment for management rights	**8,870**	8,870	**8,870**	8,870
Less: accumulated amortisation	**(513)**	(259)	**(513)**	(259)
Less: Relinquishment of management rights[2]	**(8,357)**	-	**(8,357)**	-
	-	8,611	**-**	8,611
	6,243	16,290	**2,818**	11,834

[1]The amortisation of the corporate property services establishment costs has been accelerated from 1 January 2003 with the remaining balance as at 1 January 2003 being written off over 5 years from that date.

[2]During the year the Company relinquished its management rights to the Investa Sunlaw Trust as part of the sale of its interest in Investa Sunlaw Trust to Investa Real Property Growth Trust, a 100% sub trust of Investa Property Trust.

Note 12. Investments

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Current				
Investments in properties:				
7 - 13 Tomlins Street, Townsville	**9,325**	-	**-**	-
Macarthur Central Shopping Centre, Brisbane	**100,796**	-	**12,558**	-
39 - 41 Lysaght Street, Brisbane	**11,743**	-	**-**	-
Investments in unlisted property trusts:				
Investa Fifth Commercial Trust	**8,603**	-	**8,603**	-
Martin Place Trust	**25,937**	25,937	**-**	-
Investa Sunlaw Trust	**-**	19,692	**-**	19,692
Total current	**156,404**	45,629	**21,161**	19,692
Non current				
Investments in properties:				
Kings Row, Brisbane[3]	**32,965**	-	**-**	-
Investments in unlisted property trusts:				
SUNPAC Property Fund[3]	**102,629**	-	**-**	-
231 Elizabeth Street Trust[3]	**58,362**	-	**-**	-
Investa South Melbourne Trust[3]	**51,425**	-	**-**	-
	245,381	-	**-**	-

[3]These investments are held by Investa Commercial Property Fund. Investa Nominees Pty Limited, a 100% subsidiary of Investa Properties Limited, owned 89% of Investa Commercial Property Fund at 30 June 2003.

Note 13. Property development inventories

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Current - development projects				
Cost of acquisition	**11,066**	36,479	**-**	-
Development costs	**8,030**	2,040	**-**	-
Rates and taxes	**556**	416	**-**	-
Borrowing costs capitalised during development	**404**	626	**-**	-
	20,056	39,561	**-**	-

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Non-current - development projects				
Cost of acquisition	**103,955**	69,647	**-**	-
Development costs	**5,492**	5,498	**-**	-
Rates and taxes	**1,938**	1,141	**-**	-
Borrowing costs capitalised during development	**2,315**	1,718	**-**	-
Less: Provision for diminution in value	**(270)**	-	**-**	-
	113,430	78,004	**-**	-

Note 14. Payables

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Trade creditors	**6,766**	7,920	**2,789**	1,625

Note 15. Provisions

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Employee entitlements:				
Annual leave	**827**	535	**532**	339
Long service leave	**359**	140	**333**	248
Performance bonuses	**1,523**	662	**1,287**	539
Other provisions	**994**	2,246	**106**	-
Dividends[1]	**2,632**	4,260	**2,213**	4,260
	6,335	7,843	**4,471**	5,386

[1] Consolidated entity includes $419,000 payable to outside equity interest.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 15. Provisions (continued)

Movements in provisions
Movements in each class of provision during the financial year are set out below:

Consolidated	Annual leave $'000	Long service leave $'000	Performance bonuses $'000	Other provisions $'000	Dividends $'000	Total $'000
Carrying amount at start of year	**535**	**140**	**662**	**2,246**	**4,260**	**7,843**
Movement in the year	**292**	**219**	**861**	**(1,252)**	**-**	**120**
Paid out during the year	**-**	**-**	**-**	**-**	**(15,434)**	**(15,434)**
Additional provisions recognised	**-**	**-**	**-**	**-**	**13,806**	**13,806**
Carrying amount at end of the year	**827**	**359**	**1,523**	**994**	**2,632**	**6,335**

Parent entity	Annual leave $'000	Long service leave $'000	Performance bonuses $'000	Other provisions $'000	Dividends $'000	Total $'000
Carrying amount at start of year	**339**	**248**	**539**	**-**	**4,260**	**5,386**
Movement in the year	**193**	**85**	**748**	**-**	**-**	**1,026**
Paid out during the year	**-**	**-**	**-**	**-**	**(15,434)**	**(15,434)**
Additional provisions recognised	**-**	**-**	**-**	**106**	**13,387**	**13,493**
Carrying amount at end of the year	**532**	**333**	**1,287**	**106**	**2,213**	**4,471**

Note 16. Interest and non-interest bearing liabilities

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Current				
Loans from related parties (refer to Note 26)	**205,864**	-	**19,232**	-
Total current	**205,864**	**-**	**19,232**	**-**
Non current				
Loans from related parties (refer to Note 26)	**172,666**	142,086	**-**	42,986
Cash advance facilities	**119,600**	51,500	**-**	3,500
Total non current	**292,266**	193,586	**-**	46,486

Note 16. Interest and non-interest bearing liabilities (continued)

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

Cash advance and contingent liability arrangements	**Consolidated**		**Parent entity**	
	2003 $'000	2002 $'000	**2003 $'000**	2002 $'000
Total facilities:				
Related party loans	**303,180**	149,937	**19,232**	45,000
Cash advance facilities	**150,675**	74,175	**15,675**	4,175
Contingent liability facilities	**325**	15,278	**325**	11,825
	454,180	239,390	**35,232**	61,000
Used at balance date:				
Related party loans	**303,180**	142,086	**19,232**	42,986
Cash advance facilities	**119,600**	51,500	**-**	3,500
Contingent liability facilities	**325**	12,620	**325**	11,825
	423,105	206,206	**19,557**	58,311
Unused at balance date	**31,075**	33,184	**15,675**	2,689

The cash advance facilities comprised three lines of credit being $15.675 million available to the Parent Entity, $70.0 million available to Silverton Limited for development activities and $65.0 million for Investa Commercial Property Fund, which expire on 11 July 2004 , 31 March 2004[1] and 28 February 2008 respectively. With the exception of the Investa Commercial Property Fund facility, the facilities are guaranteed by Investa Property Trust and in addition, the Parent Entitiy's facility is secured against the assets of the Trust and the company while the development group facility is secured against the assets of Silverton Limited. The loan relating to Investa Commercial Property Fund is secured against the assets within Investa Commercial Property Fund.

As at 30 June 2003 the Parent Entity did not have any outstanding draw downs on its cash advance facility. The interest rate on this facility is the 90-day BBSW plus margin. The interest rate on the development group facility is currently 4.85% (2002: 4.96%) and Investa Commercial Property Fund is 5.82%(2002 – nil).

Investa Commercial Property Fund has entered into an Interest Rate Swap with the rate fixed at 6.15% until January 2008 for $48.0 million.

[1] This loan is currently being re-negotiated and the lender has indicated that, subject to agreement of terms and credit approval, an extension to the term can be reasonably expected.

Note 17. Contributed equity

(a) Number of shares		Consolidated		Parent entity	
		2003	2002	**2003**	2002
		No.'000	No.'000	**No.'000**	No.'000
Opening balance		**600,822**	515,490	**600,822**	515,490
Dividends reinvested	- 31/07/01 @$1.78 per unit	**-**	3,871	**-**	3,871
Placement of shares	- 24/09/01 @$1.87 per unit	**-**	21,670	**-**	21,670
Placement of shares	- 05/11/01 @$1.88 per unit	**-**	45,212	**-**	45,212
Dividends reinvested	- 30/11/01 @$1.96 per unit	**-**	3,142	**-**	3,142
Security Purchase Plan	- 28/12/01 @$1.88 per unit	**-**	3,476	**-**	3,476
Dividends reinvested	- 28/02/02 @$1.99 per unit	**-**	4,668	**-**	4,668
Dividends reinvested	- 31/05/02 @$2.03 per unit	**-**	3,293	**-**	3,293
Placement of shares	- 16/08/02 @$1.89 per unit	**142,500**	-	**142,500**	-
Dividends reinvested	- 24/08/02 @$1.97 per unit	**4,278**	-	**4,278**	-
Placement of shares	- 14/09/02 @$1.89 per unit	**32,104**	-	**32,104**	-
Placement of shares	- 22/10/02 @$2.05 per unit	**45,000**	-	**45,000**	-
Dividends reinvested	- 23/10/02 @$2.02 per unit	**6,056**	-	**6,056**	-
Security Purchase Plan	- 30/12/02 @$2.02 per unit	**5,384**	-	**5,384**	-
Placement of Units	- 28/01/03 @$2.10 per unit	**35,443**	-	**35,443**	-
Dividends reinvested	- 21/02/03 @$2.10 per unit	**6,344**	-	**6,344**	-
Dividends reinvested	- 08/05/03 @$2.06 per unit	**7,598**	-	**7,598**	-
Closing balance		**885,529**	600,822	**885,529**	600,822

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
(b) Value of shares				
Opening balance	**559**	-	**559**	-
Issue of shares	**20,010**	559	**20,010**	559
Cost for issue of shares	**(436)**	-	**(436)**	-
Closing balance	**20,133**	559	**20,133**	559

Dividend reinvestment plan issues (DRP)
The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Under the stapled security structure the capital raised under the dividend reinvestment plan can be attributed to either Investa Property Trust or the Company. Up to February 2002, the capital raised was allocated to the Investa Property Trust. The placement of securities in the Investa Property Group from the DRP during February 2002 and May 2002 resulted in 3.5% of the value of the DRP being allocated to the company, with Investa Property Trust being allocated the balance of the value totalling 96.5%. In the year ended 30 June 2003, the percentage allocated to the company increased to 3.7%.

Security purchase plan
The security purchase plan was established to provide an opportunity for all eligible securityholders to buy additional securities in Investa Property Group. One issue is allowed to be made each 12 months with the most recent in December 2002. This was made at the same price as made under the placement to institutions.

Placement of shares
The company issued shares in August 2002, September 2002, October 2002 and January 2003 to raise funds to assist in the acquisition of the Telstra portfolio and to support the restructure of Investa Commercial Property Fund. The allocation of the placements are made using the same ratios as described above.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 18. Retained profits

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Retained profits at the beginning of the financial year	**2,943**	443	**327**	513
Net profit attributable to members of Investa Properties Limited	**14,170**	8,790	**13,863**	6,104
Dividends provided for or paid	**(13,387)**	(6,290)	**(13,387)**	(6,290)
Retained profits at the end of the financial year	**3,726**	2,943	**803**	327

Note 19. Total equity

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Total equity at the beginning of the financial year	**3,502**	443	**886**	513
Total changes in equity recognised in the Statements of Financial Performance	**14,170**	8,790	**13,863**	6,104
Transactions with owners as owners:				
Issue of shares	**19,574**	559	**19,574**	559
Dividends provided for or paid	**(13,387)**	(6,290)	**(13,387)**	(6,290)
Outside equity interest[1]	**24,196**	-	**-**	-
Total equity at the end of the financial year	**48,055**	3,502	**20,936**	886

[1] Outside equity interest relates to external interests in Investa Commercial Property Fund, Townsville Trust and Cairns Trust.

Note 20. Dividends

	Consolidated	
	2003	2002
	$'000	$'000
Ordinary shares		
Interim dividends		
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
Franked @30% - 0.709 cents per share – 30 June 2002	**-**	4,260
Franked @30% - 0.50 cents per share – 30 September 2002	**3,899**	-
Franked @30% - 0.45 cents per share – 31 December 2002	**3,763**	-
Franked @30% - 0.40 cents per share – 31 March 2003	**3,512**	-
Final dividend of 0.25 cents per share – 30 June 2003 *	**2,213**	-
Total dividends provided or paid	**13,387**	6,290

* The 30 June 2003 dividend will be paid on 22 August 2003.

Note 20. Dividends (continued)

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

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2002: 30%)	**3,574**	15,046	**573**	1,120

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 21. Financial instruments

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

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

(c) Off-balance sheet financial instrument financial assets/(liabilities)

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Interest rate swaps	**(1,247)**	-	-	**-**

The off-balance sheet value of financial liabilities represents the present value of estimated future cash flows which have not been recognised as an on-balance sheet asset or liability. The swap relates to the loan within Investa Commercial Property Fund.

The fixed interest rate on the swap currently in place is 5.5%. At 30 June 2003, the notional principal amount and periods of expiry of the interest rate swap contract are as follows:

	2003	2002
	$'000	$'000
Less than 1 year	-	-
1 – 2 years	**-**	-
3 – 4 years	**-**	-
4 – 5 years	**48,000**	-

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 21. Financial instruments (continued)

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

2003			**Fixed interest maturing in:**				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial assets							
Cash		5,460	-	-	-	-	5,460
Receivables	7	-	-	-	-	10,174	10,174
Loans to employees	9	-	-	-	-	9,232	9,232
		5,460	-	-	-	**19,406**	**24,866**
Weighted average interest rate		**4.10%**					
Financial liabilities							
Cash advance facility	16	119,600	-	-	-	-	119,600
Interest Rate Swap	16	(48,000)	-	48,000	-	-	-
Related party loans	16	317,526	-	-	-	61,004	378,530
Payables		-	-	-	-	6,766	6,766
		389,126	-	**48,000**	-	**67,770**	**504,896**
Weighted average interest rate		**7.61%**		**6.15%**			
Net financial (liabilities)/assets		**(383,666)**	-	**(48,000)**	-	**(48,364)**	**(480,030)**

2002			**Fixed interest maturing in:**				
	Notes	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial assets							
Cash		11,203	-	-	-	-	11,203
Receivables	7	-	-	-	-	25,353	25,353
Loans to employees	9	-	-	-	-	5,561	5,561
		11,203	-	-	-	30,914	42,117
Weighted average interest rate		4.02%					
Financial liabilities							
Cash advance facility	16	51,500	-	-	-	-	51,500
Related party loans	16	81,082	-	-	-	61,004	142,086
Payables		-	-	-	-	7,920	7,920
		132,582	-	-	-	68,924	201,506
Weighted average interest rate		5.42%					
Net financial (liabilities)/assets		(121,379)	-	-	-	(38,010)	(159,389)

Note 22. Remuneration of directors

	Directors of entities in the consolidated entity		Directors of entities in the parent entity	
	2003	2002	**2003**	2002
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	**1,423,719**	1,072,789	**1,423,719**	1,072,789

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

			Consolidated		Parent entity	
$		$	**2003 No.**	2002 No.	**2003 No.**	2002 No.
10,000	-	19,999	**-**	1	**-**	1
20,000	-	29,999	**-**	1	**-**	1
60,000	-	69,999	**-**	1	**-**	1
70,000	-	79,999	**2**	-	**2**	-
80,000		89,999	**1**	-	**1**	-
90,000	-	99,999	**2**	1	**2**	1
100,000	-	109,999	**-**	1	**-**	1
110,000	-	119,999	**1**	-	**1**	-
770,000	-	779,999	**-**	1	**-**	1
870,000	-	879,999	**1**	-	**1**	-

Note 23. Remuneration of executives

	Executive officers of the consolidated entity		Executive officers of the parent entity	
	2003 $	2002 $	**2003 $**	2002 $
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by Australian based executive officers (including directors) whose remuneration was at least $100,000:				
Remuneration of executive officers	**3,184,050**	1,791,200	**3,184,050**	1,791,200

Note 23. Remuneration of executives (continued)

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

			Executive officers of the consolidated entity		Executive officers of the parent entity	
			2003	2002	**2003**	2002
$		$				
140,000	-	149,999	**1**	-	**1**	-
220,000	-	229,999	**-**	2	**-**	2
230,000	-	239,999	**-**	2	**-**	2
240,000	-	249,999	**1**	1	**1**	1
250,000	-	259,999	**2**	-	**3**	-
260,000	-	269,000	**1**	-	**-**	-
270,000	-	279,999	**1**	-	**1**	-
310,000	-	319,999	**-**	2	**-**	2
400,000	-	409,999	**1**	-	**1**	-
440,000	-	449,999	**1**	-	**1**	-
770,000	-	779,999	**-**	1	**-**	1
870,000	-	879,999	**1**	-	**1**	-

Note 24. Remuneration of auditors

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$	$	**$**	$
Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditor of the parent entity – PricewaterhouseCoopers	**251,702**	133,500	**102,800**	73,500
Remuneration for other services				
Auditor of the parent entity – PricewaterhouseCoopers:				
Taxation	**10,615**	51,600	**10,615**	26,025
Other services*	**56,600**	545,534	**-**	136,064
	318,917	730,634	**113,415**	235,589

* In 2002 other services includes due diligence fees for the year totalling $410,334, primarily incurred on the acquisition of Silverton Limited.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 25. Commitments for expenditure

	Consolidated		Parent entity	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Lease commitments – office premises				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**1,119**	746	**819**	612
Later than one year but not later than 5 years	**1,611**	2,357	**1,103**	1,683
Commitments not recognised in the financial statements	**2,730**	3,103	**1,922**	2,295
Representing:				
Non - cancellable operating leases	**2,730**	3,103	**1,922**	2,295
Operating leases – computer and office equipment				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**268**	203	**268**	203
Later than one year but not later than 5 years	**181**	231	**181**	231
Commitments not recognised in the financial statements	**449**	434	**449**	434

Note 26. Related parties

Directors
The names of persons who were directors of Investa Properties Limited at any time during the financial year were as follows: I K Payne; C J O'Donnell; S A Mays; P J Carney; J L Arthur; J I Messenger and D R Page. J I Messenger was appointed to the board on 15 August 2002. PJ Carney passed away on 7 August 2002.

Remuneration and retirement benefits
Information on remuneration of directors is disclosed in Note 22.

Loans to directors
An interest free loan of $2,189,016 has been made to C J O'Donnell. The loan is secured on 1,250,000 stapled securities. During the year $136,298 has been repaid. The terms and conditions are the same as those in Note 9.

Wholly-owned group
The wholly owned group consists of Investa Properties Limited and its wholly owned controlled entities, Investa Asset Management Pty Limited, Investa Nominees Pty Limited, Investa Third Industrial Trust, Macarthur Central Trust, Investa Asset Management (QLD) Pty Limited and Investa Development Holdings Pty Limited and its controlled entities. Ownership interests in the controlled entity are set out in Note 27.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 26. Related parties (continued)

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

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

Aggregate amounts included in the determination of profit from ordinary activities before income tax (but eliminated on consolidation) that resulted from transactions with :	**2003 $'000**	2002 $'000
Investa Asset Management Pty Limited:		
Corporate cost allocation expense recovery	**480**	1,659
Investa Nominees Pty Limited:		
Dividend	**580**	290
Investa Development Holdings Pty Limited:		
Dividend	**7,370**	5,050
Corporate cost allocation expense recovery	**2,447**	10

Responsible entity fees and other income from other related parties

Investa Properties Limited is the Responsibly Entity for a number of related entities, and during the year received the following fees:

	2003 $'000	2002 $'000
Investa Property Trust	**1,944**	2,667
Collins Property Trust	**169**	170
Investa Brisbane Commercial Trust	**410**	43
Martin Place Trust	**373**	350
Investa North Sydney Property Trust	**330**	280
Investa First Industrial Trust	**687**	827
Investa Second Industrial Trust	**379**	400
Investa Sunlaw Trust (formerly Investa Commercial Property Fund)	**1,173**	1,079
Investa Commercial Property Fund	**421**	-
Investa Fourth Commercial Trust	**500**	-
Investa Fifth Commercial Trust	**1,068**	-
SUNPAC Property Fund	**29**	-

Related party loans

The following related party loans are from Investa Property Trust:

	2003 $'000	2002 $'000
Investa Properties Limited	**19,231**	42,986
Investa Nominees Pty Limited	**211,161**	27,248
Investa Development Holdings Pty Limited	**61,004**	61,004
Investa Third Industrial Trust	**11,784**	10,848
Macarthur Central Trust	**75,350**	-
	378,530	142,086

During the year the consolidated entity paid $14,997,000 in interest on the loans made by Investa Property Trust and its controlled entities (2002: $3,888,000).

Note 26. Related parties (continued)

The loans to Investa Properties Limited, Investa Nominees Pty Limited and Investa Third Industrial Trust are unsecured and interest is charged at commercial rates. There is no interest currently charged on the loan to Investa Development Holdings Pty Limited.

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

Note 27. Investments in controlled entities

Name of entity	Country of incorporation	Class of share/ unit	Equity 30 June 2003	Equity 30 June 2002
Investa Asset Management Pty Limited	Australia	Ordinary	100 %	100 %
Investa Asset Management (QLD) Pty Limited	Australia	Ordinary	100 %	100 %
Investa Development Holdings Pty Limited	Australia	Ordinary	100 %	100 %
Investa Nominees Pty Limited	Australia	Ordinary	100 %	100 %
Investa Developments Pty Limited	Australia	Ordinary	100 %	100 %
Investa Third Industrial Trust	Australia	Ordinary	100 %	100 %
Silverton Limited	Australia	Ordinary	100 %	100 %
Helensvale Estate Pty Limited	Australia	Ordinary	100 %	100 %
Triptec Pty Limited	Australia	Ordinary	100 %	100 %
Silverton Real Estate Pty Limited	Australia	Ordinary	100 %	100 %
P.A Shingles Pty Limited	Australia	Ordinary	100 %	100 %
Whitfords Beach Pty Limited	Australia	Ordinary	100 %	100 %
Coombabah Square Pty Limited	Australia	Ordinary	100 %	100 %
Cairns Trust*	Australia	Ordinary	55 %	-
Townsville Trust*	Australia	Ordinary	55 %	-
Macarthur Central Trust*	Australia	Ordinary	100 %	-
Investa Commercial Property Fund*	Australia	Ordinary	89 %	-

* These entities were formed during the current year.

Silverton acquisition
In the prior year, Investa Developments Pty Ltd a 100% owned company of the parent entity acquired 100% of the issued share capital of Silverton Limited. Control of Silverton Limited passed to Investa Development Holdings Pty Ltd on 9 November 2001 with the sale of shares completed in February 2002.

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 27. Investments in controlled entities (continued)

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

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

Note 28. Economic dependency

The controlled entities, Investa Asset Management Pty Limited and Investa Asset Management (QLD) Pty Limited, depend for a significant volume of revenue on Investa Property Trust and its controlled entities as well as a number of Investa related property syndicates.

Note 29. Reconciliation of operating profit after income tax to net cash inflow from operating activities

	Consolidated		**Parent entity**	
	2003	2002	**2003**	2002
	$'000	$'000	**$'000**	$'000
Profit from ordinary activities after income tax	**14,170**	8,790	**13,863**	6,104
Depreciation	**339**	252	**150**	121
Amortisation	**1,690**	1,126	**659**	433
(Decrease)/ increase in provision for income tax payable	**(2,419)**	2,647	**1,727**	(852)
Increase/(decrease) in payables	**11,590**	6,855	**6,535**	2,721
Decrease /(increase) in inventories	**(15,921)**	22,647	**-**	-
Net gain on sale of non current assets	**(5,311)**	(385)	**(2,859)**	-
(Increase)/decrease in other assets	**4,322**	(18,120)	**5,603**	(12,210)
Net cash inflow from operating activities	**8,460**	23,812	**25,678**	(3,683)

Notes to the Financial Statements (continued)
For the year ended 30 June 2003

Note 30. Earnings per share

	2003 Cents	2002 Cents
Basic and diluted earnings per share	**1.75**	1.54

	Number '000	Number '000
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**809,850**	570,362

Note 31. Investments in associates

	Ownership interest		Consolidated Carrying amount	
	2003 %	2002 %	**2003 $'000**	2002 $'000
Investa South Melbourne Trust*[1]	**50%**	50%	**51,425**	-
231 Elizabeth Street Trust[1]	**50%**	-	**58,362**	-
SUNPAC Property Fund[1]	**50%**	-	**102,629**	-
			212,416	-

[1] These entities are associates in Investa Commercial Property Fund.
* In the 2002, the investment was $1.

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

	$'000
Balance as at 30 June 2002	**-**
Additions	**212,416**
Redemptions	**-**
Balance as at 30 June 2003	**212,416**

Share of associate's capital commitments

	2003 $'000	2002 $'000
Capital commitments	**-**	37,500

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

Note 32. Events occurring after reporting date

Principal Office Fund

On 21 May 2003 Investa Property Trust acquired 78,351,484 units in Principal Office Fund, representing an 8.4% holding. On 26 May 2003 Investa Properties Limited as responsible entity of Investa Property Trust announced its intention to make an off market scrip and cash offer to acquire the remaining units in Principal Office Fund under the terms set out in the bidder's statement lodged with the Australian Securities and Investments Commission (ASIC) on 2 June 2003. The bidder's statement was issued to Principal Office Fund unitholders on 20 June 2003. The offer was declared unconditional on 14 July 2003. On 21 July 2003 the cash component of the offer consideration was increased by 3 cents per Principal Office Fund unit, which resulted in a 14 day extension of the offer period to 4 August 2003.

In the period from 1 July 2003 to 28 July 2003 Investa Property Trust acquired a further 148,415,738 units for an approximate consideration of $230 million, which increased its holding to 24.3% of the units in Principal Office Fund. The acquisition of those units has been funded out of a debt facility arranged with Commonwealth Bank of Australia and the issue of stapled securities in Investa Property Group Group (comprising of shares in Investa Properties Limited and units in Investa Property Trust).

The financial effects of the shares issued by Investa Properties Limited to assist in the funding of the acquisition in the period from 1 July 2003 to 28 July 2003 have not been bought to account at 30 June 2003.

Other matters

On 1 July 2003 the Group settled on the sale of 7-13 Tomlins Street, Townsville for $10.9 million (55% owned by Investa Properties Limited). On 3 July 2003 Investa Properties Limited sold the remainder of its units in Investa Fifth Commercial Trust for $9.5 million, therefore completing the syndication of that trust. The financial effects of these transactions have not been brought to account as at 30 June 2003.

Note 33. Contingent assets and liabilities

Principal Office Fund

Under the terms set out in the bidders statement lodged with the Australian Securities and Investments Commission on 2 June 2003 as amended on 21 July 2003, Investa Properties Limited as responsible entity of Investa Property Trust has offered to acquire all of the units in Principal Office Fund. The offer, which was declared unconditional on 14 July 2003, is subject to acceptance by the unitholders of Principal Office Fund and under the terms of the offer a consideration of seven Investa Property Group securities (comprising of shares in Investa Properties Limited and units in Investa Property Trust) and $5.22 cash for every twelve Principal Office Fund units has been offered. It is not possible to reliably measure the amount or timing of the contingency (both an asset and offsetting liability) as it will depend on the level and timing of acceptances by the Principal Office Fund unitholders.

The investment in Principal Office Fund will be held by Investa Property Trust. The proceeds from the issue of shares in Investa Properties Limited, will be loaned to Investa Property Trust to assist in the funding of the acquisition.

The contingent asset represents the loan Investa Properties Limited will make to Investa Property Trust to assist in the acquisition of units in Principal Office Fund with the contingent liability representing the shares required to be issued by Investa Properties Limited.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 11 to 37:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the directors' opinion:

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

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

I K Payne
Chairman
Sydney
29 July 2003

Independent Audit Report to the members of Investa Properties Limited

Audit opinion

In our opinion, the financial report, set out on pages 11 to 38:

(a) presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Investa Properties Limited as at 30 June 2003 and of its performance for the year ended on that date

(b) is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content
The preparation of the financial report for the year ended 30 June 2003 is the responsibility of the directors of Investa Properties Limited. It includes the consolidated financial statements of Investa Properties Limited (the Company), which incorporates Investa Properties Limited and the entities it controlled during the year ended 30 June 2003.

The auditor's role and work
We conducted an independent audit of the financial report in order to express an opinion on it, so as to enable the Company to lodge the financial report with the Australian Securities & Investments Commission and the ASX. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standards and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

The procedures included:

(c) selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence

(d) evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report

(e) obtaining written confirmation regarding material representations made to us in connection with the audit

(f) reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

PRICEWATERHOUSECOOPERS

Independence

As auditor, we are required to be independent of the Company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Group. These services are disclosed in note 24 to the financial statements. In our opinion the provision of these services has not impaired our independence.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

J A Dunning

J A Dunning
Partner
Sydney
29 July 2003