Investa Property Group

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

Combined Annual Report

30 June 2004

Annual Report – 30 June 2004

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Directors' Report

The directors of Investa Properties Limited present their report together with the combined financial report of Investa Property Group ("the Group") for the year ended 30 June 2004.

This report includes the combined results for the year ended 30 June 2004 for Investa Properties Limited ("the Company") and its controlled entities and for Investa Property Trust ("the Trust") and its controlled entities.

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
S A Mays
J I Messenger
D R Page

S A Mays was a director from the beginning of the financial year until his resignation on 12 May 2004.

Principal activities

During the year the principal activities of the Group continued to consist of investment in commercial property, funds and property management and property development. All business segments operate in one geographical area, Australia. The Group had 190 employees at 30 June 2004 (June 2003: 132).

Dividends and distributions

Distributions and dividends paid to stapled security holders during the financial year were as follows:

	2004 **$'000**
Final payment for the year ended 30 June 2003 of 3.95 cents per security paid on 22 August 2003	**34,978**
Interim payment of 4.05 cents per security paid on 21 November 2003	**56,421**
Interim payment of 4.10 cents per security paid on 20 February 2004	**57,304**
Interim payment of 4.15 cents per security paid on 21 May 2004	**59,284**
	207,987

In addition to the above payments, the directors declared a final payment on 25 June 2004 of 4.20 cents per security, or $60,265,000 to be paid on 20 August 2004.

Dividends and distributions paid and payable by the Group for the year ended 30 June 2004 were $233,274,000 (June 2003: $131,895,000), which is equivalent to 16.50 cents per stapled security (June 2003: 15.60 cents).

Securities on issue	**2004** **No.'000**	2003 No.'000
Opening securities on issue	**885,529**	600,822
Securities issued in relation to the acquisition of DOF (Delta Office Fund, formerly Principal Office Fund)	**498,308**	-
Securities issued via placements	**26,042**	255,047
Securities issued via the distribution reinvestment plan	**25,011**	24,276
Securities issued via the security purchase plan	**-**	5,384
Closing securities on issue	**1,434,890**	885,529

Directors' Report (continued)

Review of operations and significant changes in the state of affairs

During the period the Group completed the acquisition of DOF. A summary of Group combined revenue and results is set out below:

	2004 $'000	2003 $'000
Total revenue from ordinary activities	**639,375**	413,830
Net profit after company tax attributable to securityholders of Investa Property Group	**215,378**	128,227
Transfer from contributed equity to distributable income	**18,058**	9,034
Undistributed income brought forward from previous year	**8,507**	3,141
Dividends & distributions paid and payable	**(233,274)**	(131,895)
Income carried forward at 30 June	**8,669**	8,507
Total value of Group assets at 30 June	**4,459,351**	2,581,770

For a more detailed explanation of the results for the year refer to the discussion and analysis of the Combined Financial Statements.

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 Director of Investa Development Group Director of Investa Asset Management Companies
J L Arthur LLB (Hons)	John is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. He is a partner at law firm Gilbert and Tobin and was previously a partner at Freehills. Prior to that, John was general counsel at the Lend Lease Group and was a director of the Manager of General Property Trust. He is currently a non-executive director of Rinker Group Limited.	Non Executive Director Chairman Nominations and Remuneration Committee Acting Chairman Sustainability Committee Chairman of Investa Development Group Chairman of Investa Asset Management Companies
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

Directors' Report (continued)

Information on directors (continued)		
Director	**Experience**	**Special responsibilities**
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 Director of Investa Development Group

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 2004, 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		Sustainability Committee meeting	
	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended	Held[2]	Attended
I K Payne	20	20	1	1	-	-	-	-	-	-
C J O'Donnell	20	20	-	-	3	3	7	7	4	4
J L Arthur	20	20	-	-	-	-	7	7	4	4
S A Mays (resigned 12 May 2004)	17	12[1]	8	7	-	-	-	-	2	2
J I Messenger	20	20	10	10	6	6	-	-	-	-
D R Page	20	20	10	10	-	-	7	7	-	-

[1] Shaun Mays was granted leave of absence for 4 meetings held to discuss the Group's takeover bid for Principal Office Fund (POF) to avoid a conflict of interest. His spouse was a director of the Responsible Entity of POF at that time. (refer Note 26 for full details of acquisition)
[2] "Held" reflects the number of meetings which the director was eligible to attend.

The Audit and Risk Management Committee is chaired by D R Page. It reviews and makes recommendations on the financial reporting process, the system of internal control and management of financial and operational risks, the audit process and the Group's process for monitoring compliance with laws and regulations and its own code of conduct.

The Due Diligence Committee is chaired by J I Messenger. It reviews and makes recommendations in respect of new acquisitions, new syndications, the preparation of associated prospectuses, post acquisition performance reviews and amendments to constitutions.

The Nominations and Remuneration Committee is chaired by J L Arthur and makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors and other senior executives.

The Sustainability Committee is chaired by J L Arthur and was established to reflect the belief that securityholder value will be enhanced through formalising and integrating the management of the Group's environmental, social and economic responsibilities.

Meetings of Subsidiary Boards
In addition to the abovementioned meetings, the development group and asset management companies convene separate board meetings to review and consider the operations, strategy and governance of these subsidiary businesses. The development group board met on 11 occasions and the asset management companies' board met on 6 occasions during the year.

Directors' Report (continued)

Specified directors' and specified executives' emoluments
Details of the nature and amount of each element of the emoluments of each specified director and each specified executive of Investa Properties Limited are set out in the following tables. Further information on specified directors' and specified executives' emoluments is included in Note 29.

Specified directors
(i) Non-executive directors

2004	Primary							Post - employment	Total $
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee	Development Group Board	Asset Mngmt Board	Superannuation Contribution	
I K Payne[1]	170,000	-	-		-	-		15,300	**185,300**
J L Arthur	85,000	-	-	10,000	-	15,000	10,000	10,800	**130,800**
S A Mays *(From 1/7/2003 - 12/5/2004)*	73,575	-	-	-	8,656	-	-	7,401	**89,632**
J I Messenger	85,000	-	25,000	-	-	-	-	9,900	**119,900**
D R Page	85,000	15,000	-	-	-	10,000	-	9,900	**119,900**
Total Non-executive directors	**498,575**	**15,000**	**25,000**	**10,000**	**8,656**	**25,000**	**10,000**	**53,301**	**645,532**

[1] A retirement allowance of $105,864 was accrued in 2003 in respect of I K Payne and will be preserved in real value terms until payment becomes due.

The Chairman's base fee includes allowance for attendance at board committee meetings while non-executive directors receive a base fee and additional fees for chairmanship of board committees and membership of subsidiary boards.

(ii) Executive Director

2004	Primary			Post-employment		Total $
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
C J O'Donnell	543,200	300,000	203,780	48,888	-	**1,095,868**

Specified executives

2004	Primary			Post-employment		Total $
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
D F Bromell	281,750	80,000	17,645	25,358	-	**404,753**
W W Grounds	222,500	50,000	12,131	20,025	-	**304,656**
A S Junor	276,860	85,000	49,784	24,917	-	**436,561**
B V McGarry	215,000	50,000	32,917	19,350	-	**317,267**
G B Monk	350,000	175,000	81,501	31,500	-	**638,001**
Total	**1,346,110**	**440,000**	**193,978**	**121,150**	**-**	**2,101,238**

Specified directors' and specified executives' interests in securities of Investa Property Group

Specified directors' and specified executives' interests in securities of Investa Property Group during 2004 were as follows:

	Balance at the start of the year	Purchases/ (sales)	Balance at the end of the year
Specified directors **Stapled Securities in Investa Property Group**			
I K Payne	22,278	6,000	28,278
C J O'Donnell	1,566,347	250,000	1,816,347
J L Arthur	10,215	21,742	31,957
S A Mays (resigned 12 May 2004)	30,375	-	Not Applicable
J I Messenger	30,769	2,644	33,413
D R Page	18,521	7,873	26,394

Specified executives **Stapled Securities in Investa Property Group**			
D F Bromell	100,000	50,000	150,000
W W Grounds	70,000	40,000	110,000
A S Junor	325,500	100,000	425,500
B V McGarry	253,600	100,000	353,600
G B Monk	552,475	100,000	652,475

Matters subsequent to the end of the financial year

US Private Placement

The Group has agreed to issue AUD326m of bonds to investors in the United States Private Placement market with effect from 27 July 2004. The issue comprises a tranche of USD170m of fixed rate 6.03% notes maturing 27 July 2014 and a tranche of AUD79.56m floating rate notes yielding three month bank bills plus 0.88%, maturing 27 July 2016.

Coincident with agreeing to issue these bonds, the Group entered into a cross currency interest rate swap to convert the USD denominated ten year notes into a floating rate Australian dollar obligation. The USD cash flows under the bond and the swap offset to protect the Group from movements in US interest rates, and from movements in the rate of exchange of Australian and US dollars.

The proceeds of the bond issue will be used to retire short term bank debt, thereby lengthening the term to maturity of the Group's loan liabilities.

Since the end of the financial year, the directors of the Group have not become aware of any other matter or circumstance that has significantly affected, or may significantly affect the operations of the Group, the results of these operations, or the state of affairs in future financial years.

Environmental regulation

Whilst the Group is not subject to significant environmental regulation in respect of its property activities, the directors 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 of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

Indemnification and insurance of officers and auditors

During the financial year, Investa Properties Limited paid a premium of $494,548 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.

Directors' Report (continued)

Likely developments and expected results of operations

The Group is required to adopt International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board for reporting periods beginning on or after 1 January 2005. A summary of how the Group is managing this transition and what the likely impact will be, is contained in Note 35 to the Combined Financial Statements.

Rounding of amounts

The Group 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 2004

Discussion and Analysis of the Combined Financial Statements

The following commentary will help securityholders when reviewing and interpreting the results of the Group for the year ended 30 June 2004.

Combined Statement of Financial Performance

Profit for the Group after tax and outside equity interests was $215,378,000 compared to $128,227,000 in the previous year reflecting the significant increase in the property investment portfolio of the Group due mainly to the acquisition of DOF (Delta Office Fund, formerly Principal Office Fund) in August 2003.

Earnings per security before amortisation and after tax has increased to 16.55 cents per security from 16.28 cents per security in the prior year. The distribution for the year has increased from 15.60 cents per security to 16.50 cents per security. Both the earnings and distribution per security equal or exceed the forecast as disclosed in the Bidders Statement prepared in relation to the Group's bid to acquire DOF and lodged with ASIC on 2 June 2003.

The following summary highlights the key contributors to the performance of the Group for the period.

1. Analysis of Revenue by Segment

Excluding proceeds from the sale of investments, revenue from operating activities is up 78% from $268,817,000 to $478,277,000. Key contributors to this growth are:

a. Investment Portfolio

Portfolio net income has increased from $137,300,000 to $259,000,000 due to the acquisition of DOF, a full twelve month effect of properties purchased during the prior period, including the Telstra properties, 209 Kingsway, South Melbourne, Penrhyn House, ACT, 589 Collins Street, Melbourne, State Law Building, Brisbane, Kings Row, Brisbane and 441 St Kilda Road, Melbourne.

b. Services

The Services business continued to grow in 2004 due to the full year impact of syndications launched in prior years, the increased scale of the asset management business arising from the properties acquired through the DOF acquisition and continued provision of corporate property services to Westpac Banking Corporation and other corporate clients.

Overall services revenue is higher than the prior year, however an increase in operating costs particularly in the asset management business has resulted in a reduction in segment profit from $5,835,000 to $4,832,000.

- **Fund management fees** from the Unlisted Funds business has increased from $5,600,000 to $6,500,000. These are comprised of fees earned from the retail syndicates and wholesale funds managed by the Group and are broken down as follows:

    - **Syndication fee income** has increased from $3,600,000 to $4,900,000 reflecting higher funds under management and fees from the launch of the Investa Sixth Commercial Trust in December 2003. Investa continues to broaden its syndication fee base by earning equity placement fees on units placed directly with investors.

    - **Wholesale fee income** is $400,000 below the prior period (down to $1,600,000) as the prior period fee included non-recurring items. Wholesale fee income is derived from the two wholesale schemes managed by the Group, Martin Place Wholesale syndicate and Investa Commercial Property Fund.

- **CPS** has continued to provide services to Westpac and other corporate clients generating a net contribution of $2,100,000 (up from $1,700,000 in 2003).

- **Asset management fees** continue to grow, increasing by $2,000,000 to $7,500,000 due to the acquisition of DOF, other acquisitions made by the Group and growth in assets managed on behalf of the syndication business.

Discussion and analysis of the Combined Financial Statements (continued)

Consolidated Statement of Financial Performance (continued)

c. Property Development

Development income is up from $52,808,000 to $85,308,000. The result for the development business was underpinned by sales of 289 residential lots and the retail shopping centre at Manly, Queensland which was opened in late June 2004.

The following table summarises residential lots sales in the year:

Project	
Mill Park, VIC	217 lots @ $100,000/lot average
Quinns Beach, WA	24 lots @ $230,000/lot average
Manly, QLD	48 lots @ $155,000/lot average
Total	**289 lots**

In addition, there have been sales of 15 units at Turner Street, Melbourne plus land at Eden Park, North Ryde, Sydney and Acacia Ridge, Brisbane. The land at Eden Park was sold to the Investa Fifth Commercial Trust and construction on the high tech office building is almost complete. Profit will be recognised progressively over the life of the project.

d. Investments

Short Term Investment Income

Investment income includes distribution and rental income derived from assets either held in preparation for syndication, sell down or assets for sale. This represents a key element of the Group's strategy as we are able to draw on the strength of the Group's balance sheet as we hold assets either for future sale or syndication.

Investment earnings continued to grow in 2004 off the back of a number of acquisitions in 2003, resulting in an increase in investment income of $5,400,000 to $19,800,000.

Investment income was earned from the following investments:

Investment	**$**
Investa Commercial Property Fund	10,100,000
Martin Place Wholesale Syndicate	1,400,000
Macarthur Central	7,200,000
Investa Brisbane Commercial Trust	500,000
Investa Sixth Commercial Trust	600,000
Total	**19,800,000**

Discussion and analysis of the Combined Financial Statements (continued)

Consolidated Statement of Financial Performance (continued)

Short Term Investment and Investment Property disposals

Profit on the sale of investments (both short term investments and investment properties) is down $1,682,000 to $4,370,000. During the year the Group sold the following investments:

	Gross Proceeds on Sale $'000	Book Value of asset sold $'000	Profit / (Loss) on Sale $'000
115 Grenfell Street, Adelaide	30,500	29,389	1,111
241 Adelaide Street, Brisbane	17,500	17,713	(213)
32 Phillip Street, Parramatta, Sydney	23,000	23,643	(643)
185 Macquarie Street, Sydney	17,300	15,508	1,792
Part interest in Martin Place Trust	16,589	15,438	1,151
7-13 Tomlins Street, Townsville	11,847	10,900	947
Part interest in Investa Fifth Commercial Trust	9,000	8,603	397
Part interest in Investa Commercial Property Fund	23,701	23,689	12
29-41 Lysaght Street, Acacia Ridge	11,661	11,845	(184)
Total	**161,098**	**156,728**	**4,370**

2. Analysis of Expenses

During the year the Group considerably grew the scale of operations with the acquisition of the DOF portfolio and the full year impact of acquisitions made in 2003.

- Company operating expenses have increased by $9,600,000 during the year reflecting the increased scale of operations. The bulk of these increases occurred as a result of the additional resources required to manage the DOF and other assets acquired during the past two years. A large portion of the increase is due to the growth in employee numbers from 132 at 30 June 2003 to 190 at 30 June 2004, reflected in an increase in personnel costs from $16,708,000 to $24,640,000.

  Trust expenses are also higher due to the absorption of DOF's expense base and the payment of external Responsible Entity fees during the period in which Investa was not the Responsible Entity for DOF.

- Borrowing costs include interest expense and line facility fees and have increased from the previous corresponding period by $41,636,000 to $79,519,000, due to the increase in borrowings required to partly fund the acquisition of DOF with debt plus the existing debt within DOF.

- Amortisation of intangibles and depreciation is up by $3,831,000 due to the goodwill created on the acquisition of DOF. This goodwill will be written off in the period over which the benefits are expected to extend, which is estimated to be 20 years.

Discussion and Analysis of the Combined Financial Statements (continued)

Statement of Financial Position

Total assets within the Group increased 73% from $2,581,770,000 at 30 June 2003 to $4,459,351,000 at 30 June 2004, due to the acquisition of DOF and 441 St Kilda Road, Melbourne. In implementing its strategy to replenish its development inventory as current developments are completed and sold, the Group also increased its property development inventory from $133,486,000 at 30 June 2003 to $169,435,000 at 30 June 2004.

The total debt outstanding as at 30 June 2004 was $1,618,500,000 (2003: $849,600,000). The gearing for the Group has increased to 36.3%, up from 32.9% at 30 June 2003.

Interest bearing liabilities have increased due to the acquisition of DOF and the assumption of the debt on its balance sheet at the time of acqusition.

During the year to 30 June 2004, the Group raised $1,048,196,000 from the issue of new equity securities. This was comprised of equity issued as part consideration for the DOF acquisition ($968,849,000), the reinvestment of distributions ($49,077,000) under the Distribution Reinvestment Plan and an institutional placement ($50,000,000) offset by transfers from contributed equity to distributable income ($18,058,000) and cost of issue of new securities ($1,672,000).

The net tangible asset backing as at 30 June 2004 was $1.78 (2003: $1.81).

Statement of Cash Flows

Cash flow for the Group was significantly enhanced this year due to the acquisition of DOF and a growing contribution from the development business.

Net cash flow from operating activities has increased by $90,964,000 on the prior year to $204,600,000 reflecting the growth of the business on the larger asset base post the DOF acquisition.

Net cash flow from investing activities for the period was a significant outflow of $432,975,000 reflecting:

- the current year cash component of the acquisition of DOF amounting to $414,593,000;
- capital expenditure on investment properties of $101,560,000 (the majority of which was incurred on the 126 Phillip Street development);
- payment to acquire 441 St. Kilda Road, Melbourne for $47,535,000; and
- payment to acquire an interest in Investa Sixth Commercial Trust for $13,949,000

which was partially offset by proceeds received on disposal of investment properties and other short term investments of $147,993,000.

Net cash flow from financing activities for the period was a net inflow of $227,452,000. The acquisitions and capital expenditure noted above were funded by increased net debt of $340,288,000 and an equity raising of $50,000,000. This cash inflow was partially offset by payment of distributions of $161,164,000 during the financial period.

Combined Statement of Financial Performance
For the year ended 30 June 2004

	Notes	**2004 $'000**	2003 $'000
Revenue from ordinary activities			
Revenue from operating activities	2	**450,723**	245,788
Distributions from associates		**20,196**	16,411
Other revenue from ordinary activities	3	**168,456**	151,631
Total revenue from ordinary activities		**639,375**	413,830
Cost of development inventory sold		**(58,222)**	(36,784)
Employee expenses		**(24,640)**	(16,708)
Property outgoings		**(64,544)**	(32,424)
Repairs and maintenance		**(9,094)**	(4,436)
Borrowing costs		**(79,519)**	(37,883)
Depreciation of property, plant and equipment		**(536)**	(339)
Amortisation of intangibles		**(7,451)**	(3,620)
Other expenses from ordinary activities	4	**(172,757)**	(145,828)
Profit from ordinary activities before income tax expense	5	**222,612**	135,808
Company income tax expense	8	**(3,020)**	(7,213)
Profit from ordinary activities after income tax expense		**219,592**	128,595
Net profit attributable to outside equity interest		**(4,214)**	(368)
Net profit after company tax attributable to stapled securityholders of Investa Property Group		**215,378**	128,227
Net increment/(decrement) in asset revaluations	22(a)	**(15,098)**	3,397
Total revenues, expenses and valuation adjustments attributable to stapled securityholders of Investa Property Group recognised directly in equity		**(15,098)**	3,397
Total changes in equity other than those resulting from transactions with stapled securityholders as owners		**200,280**	131,624
Distributions and dividends paid and payable	23	**233,274**	131,895
		Cents	Cents
Distributions and dividends paid and payable (cents per stapled security)	23	**16.50**	15.60
Basic and diluted earnings (cents per stapled security)	34	**15.99**	15.83
Basic and diluted earnings per stapled security (before revaluation)	34	**15.99**	15.83
Basic and diluted earnings per stapled security (before revaluation and before amortisation)	34	**16.55**	16.28

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

Combined Statement of Financial Position
As at 30 June 2004

	Notes	**2004** **$'000**	2003 $'000
Current assets			
Cash assets	9	**9,016**	9,939
Receivables	10	**54,021**	37,470
Property development inventories	11	**34,519**	20,056
Other investments	12	**111,654**	156,404
Investment properties	16	**24,132**	-
Total current assets		**233,342**	223,869
Non-current assets			
Deferred tax asset		**5,358**	2,574
Intangibles	13	**125,153**	39,870
Property, plant and equipment	14	**1,029**	1,032
Loans to employees	15	**12,012**	9,232
Other investments	12	**248,513**	374,186
Property development inventories	11	**134,916**	113,430
Investment properties	16	**3,699,028**	1,817,577
Total non-current assets		**4,226,009**	2,357,901
Total assets		**4,459,351**	2,581,770
Current liabilities			
Payables	17	**50,637**	23,021
Interest bearing liabilities	18	**120,000**	-
Provisions	19	**66,058**	39,025
Current tax liabilities		**1,269**	4,661
Total current liabilities		**237,964**	66,707
Non-current liabilities			
Interest bearing liabilities	18	**1,498,500**	849,600
Deferred tax liabilities		**6,077**	6,041
Total non-current liabilities		**1,504,577**	855,641
Total liabilities		**1,742,541**	922,348
Net assets		**2,716,810**	1,659,422
Equity			
Contributed equity	20	**2,628,237**	1,580,041
Outside equity interest in controlled entities	21	**44,128**	20,000
Reserves	22(a)	**35,776**	50,874
Amounts available for distribution	22(b)	**8,669**	8,507
Total equity		**2,716,810**	1,659,422

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

Combined Statement of Cash Flows
For the year ended 30 June 2004

	Notes	2004 $'000	2003 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		**517,937**	287,046
Cash payments in the course of operations		**(250,870)**	(137,916)
Interest received		**1,080**	2,630
Distributions and dividends received		**14,509**	6,283
Borrowing costs paid		**(68,916)**	(37,074)
Income taxes paid		**(9,140)**	(7,333)
Net cash inflow from operating activities	31	**204,600**	113,636
Cash flows from investing activities			
Payments for investments in property		**(47,535)**	(563,352)
Payment for purchase of controlled entity, net of cash acquired	26	**(414,593)**	(147,466)
Capital expenditure on investment properties		**(101,560)**	(9,432)
Payments for investment in unlisted unit trust		**(13,949)**	-
Refund of due diligence costs		**-**	689
Payments for investment in listed property trust		**-**	(127,159)
Proceeds from sale of investments		**147,993**	156,853
Payments for investments		**-**	(322,801)
Proceeds from sale of for property, plant and equipment		**31**	-
Payments for property, plant and equipment		**(582)**	(230)
Loans to employees	15	**(2,780)**	(3,671)
Net cash (outflow) from investing activities		**(432,975)**	(1,016,569)
Cash flows from financing activities			
Proceeds from issues of securities		**50,000**	506,208
Proceeds from borrowings		**1,515,722**	747,300
Repayment of borrowings		**(1,175,434)**	(496,200)
Proceeds from issues of commercial notes		**-**	213,000
Payments for costs associated with issue of securities		**(1,672)**	(9,789)
Payments for costs associated with issue of commercial notes		**-**	(1,040)
Distributions paid		**(161,164)**	(69,480)
Net cash inflow from financing activities		**227,452**	889,999
Net decrease in cash held		**(923)**	(12,934)
Cash at the beginning of the financial year		**9,939**	22,873
Cash at the end of the financial year	9	**9,016**	9,939
Non-cash financing and investing activities	33		
Financing arrangements	18		

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

Notes to the Combined Financial Statements
For the year ended 30 June 2004

Note 1. Summary of significant accounting policies

(a) Basis of preparation of the Combined Financial Report

This general purpose financial report for the year ended 30 June 2004 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 on the going concern basis and historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except to the extent that investments have been revalued. It is recommended that this report be read in conjunction with any public pronouncements made by the Group during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise below.

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

(b) Principles of aggregation

The Combined Financial Statements incorporate the assets and liabilities of all entities controlled by Investa Properties Limited and Investa Property Trust as at 30 June 2004 and their results for the year ended 30 June 2004. Investa Properties Limited and its controlled entities and Investa Property Trust and its controlled entities are referred to in this financial report as the "Group". The effects of all transactions between entities in the Group are eliminated in full. Certain property investments are held via joint ownership arrangements (refer Note 28). These joint ownership arrangements include the ownership of units in single purpose unlisted Trusts over which the Trust exercises significant influence but does not control ("Associates"). Investments in Associates are recorded at cost in the year of acquisition and at the net asset value of the Associate thereafter.

Where control of an entity is obtained during a financial year, its results are included in the combined Statement 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.

(c) Revenue recognition

Revenue is recognised for the major business activities 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 Combined Statement of Financial Position as a receivable.

ii) Interest and investment income

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

iii) Development projects

Revenue is recognised on settlement of contract for sale.

iv) Residential properties

Revenue is recognised on settlement of contract for sale.

v) Disposal of assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of the disposal and the proceeds on disposal and is included in the Combined Statement of Financial Performance in the year of disposal. Any related revaluation increment remaining in the asset revaluation reserve at the time of the disposal is transferred to contributed equity.

vi) Construction Projects

Revenue is recognised based on the value of work performed using the percentage complete method, which is measured by reference to actual costs to date as a percentage of total forecast costs for each contract.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 1. Summary of significant accounting policies (continued)

(d) Expenses
Property expenses
Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of the Trust and are brought to account on an accruals basis.

Borrowing costs
Borrowing costs include interest expense and other costs incurred in respect of obtaining finance except where they are included in the costs of qualifying assets in accordance with Note 1(k) or 1(n). Other costs incurred, including loan establishment fees in respect of obtaining finance, are deferred and written off over the term of the respective agreement.

(e) Maintenance and repairs
Plant of the Group is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(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 Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life for property, plant and equipment is 5 years.

(g) Amortisation of intangible assets
Amortisation is calculated on a straight line basis to write off the net cost of each intangible asset over its expected useful life to the Group. An annual assessment of the appropriateness of the carrying value and remaining useful life is made for each intangible asset. The expected useful lives are as follows:

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

(h) Earnings per stapled security
Basic Earnings per stapled security
Basic earnings per stapled security is determined by dividing the net profit attributable to stapled securityholders of the Group by the weighted average number of securities outstanding during the period.

Diluted Earnings per stapled security
Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security by taking into account amounts unpaid on securities and any reduction in earnings per security that will probably arise from the exercise of options outstanding during the period. Where there is no difference between basis earnings per stapled security and diluted earnings per stapled security, the term basic and diluted earnings per stapled security is used.

(i) Cash
For the purposes of the Combined Statement 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.

(j) 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.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 1. Summary of significant accounting policies (continued)

(k) Investment properties
The Trusts' Constitution requires that all Trust property investments are valued at intervals of not more than three years and that such valuations be reflected in the Financial Report of the Trust. It is the policy of the Responsible Entity to formally review the carrying value of each property within the Group through external valuers every three years, or earlier where the Responsible Entity believes there may be a material change in the carrying value of the property.

The basis of valuation of investment properties is fair value being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each investment property does not differ materially from its fair value at the reporting date.

A revaluation increment is credited directly to the asset revaluation reserve, unless it is reversing a previous decrement charged as an expense in the Combined Statement of Financial Performance in respect of that same class of assets, in which case the increment is credited directly to the Combined Statement of Financial Performance.

A revaluation decrement is recognised directly as an expense in the Combined Statement of Financial Performance, unless it is reversing a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve in respect of that same class of assets, in which case it is debited directly to the asset revaluation reserve.

Land and buildings are an investment and are regarded as a composite asset. Accounting standards do not require investment properties to be depreciated. Accordingly, the building and any component thereof (including plant and equipment) are not depreciated. Expenses capitalised to properties may include the cost of acquisition, additions, refurbishment, redevelopment and fees incurred. Properties under development are held in investment property and, as qualifying assets, all costs of development are capitalised against those properties.

(l) 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.

(m) Investments
Interests in unlisted securities, other than controlled entities and associates in the Combined Financial Statements, are brought to account at cost and distribution income is recognised in the Combined Statement of Financial Performance when receivable. Investments in associates are initially recorded at cost and subsequently at net asset backing.

(n) Inventory
(i) Valuation
Land held for development and resale is held 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 qualifying asset, borrowing costs and other holding costs are expensed as incurred.

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

(iii) 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 period are recognised as expenses.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 1. Summary of significant accounting policies (continued)

(o) Goodwill
Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any restructuring costs, is brought to account as goodwill. Goodwill is amortised over the lesser of estimated useful life and 20 years.

(p) 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 Combined 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.

(q) Payables
These amounts represent liabilities for amounts owing by the Group at year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition and also include rent in advance and tenant security deposits.

(r) 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 wage 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 timing of future cash outflows.

(iii) Superannuation
The amount charged to the Combined Statements of Financial Performance in respect of superannuation is disclosed as employee benefits and includes the contributions made by the Group to the Investa Staff Superannuation Plan. The Superannuation Plan is an accumulation 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 2004.

(s) 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.

(t) Derivatives
The Group enters into interest rate and exchange rate hedging contracts in order to minimise exposure to fluctuations in interest rates and exchange rates. Derivative financial instruments are not held for speculative purposes.

Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the statement of financial performance, as an adjustment to interest expense when the designated hedge transaction occurs. Foreign exchange differences on hedges of monetary items are brought to account in the reporting period in which they arise, and any costs or gains arising at the inception of the hedge are deferred and amortised over the lives of the hedges.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 1. Summary of significant accounting policies (continued)

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

(v) Taxation
Under current legislation, the Trusts are not liable for income tax, provided that the taxable income and taxable realised gains are fully distributed to stapled securityholders each year.

The Company and IPG Finance Pty Ltd, adopt tax effect accounting procedures whereby income tax expense in the Statement of Financial Performance is matched with the accounting profit after allowing for permanent differences. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates that are expected to apply when those timing differences reverse.

The Company has opted not to implement the tax consolidation legislation for the year ended 30 June 2004. There are no financial effects of this decision that are required to be recognised in the Financial Statements for the year ended 30 June 2004.

(w) Rounding of amounts
The Group 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. Revenue from ordinary activities

	2004	2003
	$'000	$'000
Rent	**348,332**	177,468
Sale of property inventory	**85,308**	52,808
Management fees	**17,083**	15,512
	450,723	245,788

Note 3. Other revenue from ordinary activities

	2004	2003
	$'000	$'000
Other revenue from operating activities:		
Interest income	**2,335**	2,650
Other	**5,023**	3,968
Revenue from outside operating activities:		
Proceeds from the sale of investment property	**161,098**	145,013
Other revenue from ordinary activities	**168,456**	151,631

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 4. Other expenses from ordinary activities

	2004 $'000	2003 $'000
Carrying amount of property sold	**156,728**	138,961
Legal	**465**	122
Regulatory compliance	**554**	314
Insurance	**868**	426
Disposal cost on sale of property	**21**	141
Bad and doubtful debts	**785**	306
Remuneration of auditors (refer note 7)	**777**	446
Other expenses	**12,559**	5,112
	172,757	145,828

Note 5. Operating profit

	2004 $'000	2003 $'000
Profit from ordinary activities before income tax expense includes the following specific expenses:		
Depreciation – property, plant and equipment	**536**	339
Amortisation – intangibles	**7,451**	3,620
Borrowing costs:		
Gross Interest and finance charges paid/payable	**92,801**	39,765
Less: Interest and finance charges capitalised [1]	**(13,282)**	(1,882)
Interest and finance charges paid/payable	**79,519**	37,883
Rental expenses relating to operating leases:		
Lease payments – office rent	**1,200**	1,059
Computers & equipment	**346**	215

[1] The interest rate applied during the year was 7.55% (2003: 7.55%) and relates to qualifying assets.

Note 6. Segment information

The Group operates solely in Australia in the following business segments:

Investment portfolio

Investa Property Trust invests directly in properties located throughout Australia and also has indirect property holdings through investments in units in listed and unlisted property trusts.

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.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 6. Segment information (continued)

Property development

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

Short term investments

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

30 June 2004	Investment Portfolio $'000	Services $'000	Property Development $'000	Short Term Investments $'000	Elimination/ Unallocated $'000	Consolidated $'000
Revenue from ordinary activities	**422,031**	**25,541**	**85,308**	**106,495**	**-**	**639,375**
Segment ordinary profit [1]	**258,047**	**4,832**	**17,999**	**22,895**	**(889)**	**302,884**
Net profit after tax	**199,251**	**3,830**	**10,554**	**2,632**	**(889)**	**215,378**
Segment ordinary profit contribution (%)	**87%**	**1%**	**6%**	**8%**	**(2%)**	**100%**
Segment assets	**3,699,028**	**2,190**	**169,435**	**384,299**	**204,399**	**4,459,351**
Segment liabilities	**1,555,500**	**-**	**-**	**63,000**	**124,045**	**1,742,545**
Depreciation and amortisation expense	**5,794**	**1,038**	**1,155**	**-**	**-**	**7,987**
Acquisition of property, plant and equipment	**5,260**	**497**	**84**	**-**	**-**	**5,841**

30 June 2003	Investment Portfolio $'000	Services $'000	Property Development $'000	Short Term Investments $'000	Elimination/ Unallocated $'000	Consolidated $'000
Revenue from ordinary activities	175,276	21,980	52,808	163,766	-	413,830
Segment ordinary profit [1]	137,834	5,835	12,116	16,060	(1,776)	170,069
Net profit after tax	114,430	5,005	8,455	2,113	(1,776)	128,227
Segment ordinary profit contribution (%)	82%	4%	7%	10%	(3%)	100%
Segment assets	1,813,381	2,818	133,486	534,786	97,299	2,581,770
Segment liabilities	730,000	-	59,600	60,000	72,748	922,348
Depreciation and amortisation expense	1,930	830	1,199	-	-	3,959
Acquisition of property, plant and equipment	-	181	49	-	-	230

[1] Segment ordinary profit represents earnings before interest, amortisation and depreciation and after tax. Segment ordinary profit for the short term investment segment is after accounting for proceeds of the sale of short term investments of $140,653,000 and deducting the carrying amount of investments sold of $135,343,000 included in other expenses from ordinary activities in the Combined Statement of Financial Performance.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 7. Remuneration of auditors

	2004 $	2003 $
Remuneration for audit of the financial reports of the Group and its combined entities:		
Auditor of the Group – PricewaterhouseCoopers	**624,520**	360,071
Remuneration for other services		
Auditor of the Group – PricewaterhouseCoopers:		
Tax compliance services – review of tax returns	**54,580**	29,824
Taxation advice in relation to the acquisition of DOF[1]	**56,820**	-
Advice in relation to the accounting for the acquisition of DOF[1]	**35,000**	-
IFRS Technical advice	**25,000**	-
Real Estate procedures review	**3,000**	-
Investigating accountant's advice	**70,000**	-
Technical accounting advice	**-**	56,600
Total auditors remuneration	**868,920**	446,495

[1] Capitalised DOF acquisition costs.

Note 8. Company income tax

The income tax expense for the financial year differs from the amount calculated on the net profit. The differences are reconciled as follows:	2004 $'000	2003 $'000
Net profit from ordinary activities before income tax expense	**222,612**	135,808
Less: net profit attributable to Investa Property Trust	**(207,950)**	(113,243)
Company profit on ordinary activities before income tax expense	**14,662**	22,565
Income tax calculated @ 30% (2003: 30%)	**4,398**	6,770
Tax effect of permanent differences:		
Non-deductible amortisation of intangibles	**497**	507
Other permanent differences	**23**	(64)
Benefit of prior year tax losses recouped	**(1,898)**	-
Income tax expense	**3,020**	7,213

Note 9. Cash assets

	2004 $'000	2003 $'000
Cash at bank[1]	**7,816**	9,939
Deposits at call [2]	**1,200**	-
	9,016	9,939

[1] The weighted average interest rate earned on cash at bank was 4.38% during the 2004 year. (2003: 4.13%)

[2] The deposits are earning floating interest rates of between 4.65% and 5.15%. (2003: 4.60% and 4.65%)

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 10. Receivables

	2004 $'000	2003 $'000
Rental trade debtors	**7,681**	6,194
Development trade debtors	**8,810**	1,425
Other trade debtors	**4,147**	1,943
Less: Provision for doubtful debts	**(381)**	(41)
	20,257	9,521
Prepayments	**15,422**	8,230
Distributions receivable from associates	**3,819**	5,914
Loan [1]	**3,610**	8,000
Deferred foreign exchange hedge contract loss	**280**	-
Other	**10,633**	5,805
Total receivables	**54,021**	37,470

[1] Loan of $2,000,000 represents the balance due on sale of 260 Queen Street which has been paid since balance date and $1,610,000 from Collins Property Trust which is a related entity.

Note 11. Property development inventories

	2004 $'000	2003 $'000
Current - development projects		
Cost of acquisition	**13,258**	11,066
Development costs	**18,984**	8,030
Rates and taxes	**883**	556
Borrowing costs capitalised during development	**1,394**	404
Total current – development projects	**34,519**	20,056
Non-current - development projects		
Cost of acquisition	**122,025**	103,955
Development costs	**6,929**	5,492
Rates and taxes	**3,488**	1,938
Borrowing costs capitalised during development	**3,266**	2,315
Less: Provision for diminution in value	**(792)**	(270)
Total non-current - development projects	**134,916**	113,430

Note 12. Other investments

	2004 $'000	2003 $'000
Current		
Investments in property:		
7 - 13 Tomlins Street, Townsville	**-**	9,325
29 - 41 Lysaght Street, Brisbane	**-**	11,743
Macarthur Central Shopping Centre, Brisbane	**101,154**	100,796
Investments in unlisted property trusts:		
Martin Place Trust (known as the Martin Place Wholesale Syndicate)	**10,500**	25,937
Investa Fifth Commercial Trust	**-**	8,603
Total other investments	**111,654**	156,404

Current investments in properties and unlisted property trusts are recorded at cost.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 12. Other investments (continued)

Non–current		
Investments in property:		
Kings Row, Brisbane[1]	**66,820**	66,073
231 Elizabeth Street, Sydney[1]	**116,915**	116,724
209 Kingsway, Melbourne[1]	**102,804**	102,851
1 Market Street, Sydney[1]	**215,576**	210,446
Total properties	**502,115**	496,094
Less: properties held in investment portfolio (refer to Note 16)	**(253,602)**	(249,067)
	248,513	247,027
Investments in listed property trusts		
DOF [2]	**-**	127,159
Total non–current	**248,513**	374,186

Non-current investments in properties are assets controlled by the Group which are held long term 50% by Investa Property Trust and 50% by Investa Commercial Property Fund. The classification in non-current investments arises on consolidation of Investa Commercial Property Fund.

[1] This investment is held by Investa Commercial Property Fund. Investa Nominees Pty Limited, a 100% subsidiary of IPL, owned 76% of Investa Commercial Property Fund at 30 June 2004 (89% at 30 June 2003).

[2] On 21 May 2003 IPT acquired 78,351,484 units in DOF, representing an 8.4% holding. The investment in the previous period was carried at the cost of the units of $123,795,345 plus acquisition costs. On 14 August 2003, IPT owned 51.18% of the units in DOF therefore effectively gaining control of DOF on this day. Refer to Note 26 for further details.

Note 13. Intangibles

	2004 $'000	2003 $'000
Corporate property services establishment costs	**3,500**	3,500
Less: accumulated amortisation [1]	**(1,310)**	(682)
	2,190	2,818
Goodwill arising on acquisitions [2]	**97,892**	5,148
Less: accumulated amortisation	**(6,625)**	(1,723)
	91,267	3,425
Payment for restructuring and management rights	**38,604**	47,474
Less: accumulated amortisation	**(6,908)**	(5,490)
Less: relinquishment of management rights	**-**	(8,357)
	31,696	33,627
Total intangibles	**125,153**	39,870

[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 to be written off over 5 years from that date.
[2] This includes $92.734m arising on the acquisition of DOF in August 2003, to be amortised over 20 years.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 14. Property, plant and equipment

	2004 $'000	2003 $'000
At cost	**2,679**	2,486
Less: accumulated depreciation	**(1,650)**	(1,454)
Total property, plant and equipment	**1,029**	1,032

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.

	Fixtures & Fittings $'000
Carrying amount at 1 July 2003	**1,032**
Additions	**581**
Disposals	**(48)**
Depreciation	**(536)**
Carrying value at 30 June 2004	**1,029**

Note 15. Loans to employees

	2004 $'000	2003 $'000
Loans to employees	**12,012**	9,232

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 (ESAP). The securities were purchased on-market on behalf of employees in accordance with individual allocations approved by the Board and held as security against the loan. Net distributions and dividends from the Investa Property Group securities, as received, are directed towards repayment of the loan. Under the terms of the ESAP any shortfall between the market value of the securities at the date of an employee leaving the Group and the value of the outstanding loan is borne by the Group. The market value of the securities held at 30 June 2004 was $13,357,000 (2003: $10,170,270).

Securities acquired under the ESAP during the current year totalled 1,713,500 (2003: 2,187,500).

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 16. Investment properties

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30/06/04	Consolidated book value 30/06/03
Current assets									
Investa Sixth Commercial Trust [3]		13%	19/12/03	6,949	-	-	-	**6,949**	-
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	23,413	30/06/03	17,100	R Ford, AAPI FPDSavills	**17,183**	-
Total current assets				30,362				**24,132**	
Non-current assets									
Properties held by Investa Property Trust									
55 Market Street, Sydney, NSW *	Offices/ Freehold	100%	31/07/98	124,128	30/06/02	138,000	D M Castles, AAPI Landmark White	**140,084**	138,516
485 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	10/09/98	91,268	30/06/02	111,000	G Longden, FAPI JLL Advisory	**111,210**	111,046
73 Miller Street, North Sydney, NSW *	Offices/ Freehold	100%	12/06/97	76,075	30/06/02	90,000	A Richard, FAPI CB Richard Ellis	**90,592**	90,319
Cathedral Square 410 Ann Street, Brisbane, QLD *	Offices/ Freehold 120 yr leasehold	100%	23/11/87	60,313	31/12/03	62,500	S Boyd,AAPI Jones Lang LaSalle	**62,604**	64,173
469 Latrobe Street, Melbourne. VIC *	Offices/ Freehold	100%	01/07/88	82,308	31/12/03	48,000	J Perillo, AAPI Knight Frank	**48,439**	53,289
50-60 Talavera Road, North Ryde, NSW *	Offices/ Freehold	100%	01/11/99	32,768	30/06/03	32,000	D McGrath, AAPI FPD Savills	**32,025**	32,000
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,812	30/06/02	27,500	P Harding, FAPI Knight Frank	**27,568**	27,507
420 St Kilda Road, Melbourne,VIC	Offices/ Freehold	100%	12/12/86	25,029	30/06/03	27,500	D Magree, AAPI m3 Property	**27,842**	27,500
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	27,689	31/12/03	17,500	M Crowe, AAPI Knight Frank	**19,963**	25,726
32 Philip Street, Parramatta, NSW[2]	Offices/ Freehold	100%	01/11/99 (19/12/04)	-	30/09/03	23,000	W Retallick Knight Frank	**-**	23,000
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	-	30/06/03	17,100	R Ford, AAPI FPD Savills	**-**	17,100
241 Adelaide Street, Brisbane, QLD[2]	Offices/ 75 yr Leasehold	100%	10/09/98 (19/12/04)	-	30/09/03	17,500	P Willington, FAPI Knight Frank	**-**	17,026
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	24,127	31/03/02	16,100	P Harding, FAPI Knight Frank	**16,266**	16,130
Total Properties held by Investa Property Trust				572,517				**576,593**	643,332
Properties held by controlled entities									
Investa Real Property Growth Trust									
BT Tower 1 Market Street, Sydney, NSW* [1]	Offices/ Freehold	50%	31/01/96	110,279	31/12/03	102,500	S Kearney FPD Savills	**110,334**	106,172
State Law Building, 50 Ann Street, Brisbane, QLD	Offices/ Freehold	100%	31/12/02	85,783	31/12/02	83,000	I Gregory, AAPI, Knight Frank	**83,000**	85,973
The Octagon 110 George Street, Parramatta, NSW *	Offices/ Freehold	50% 50%	02/10/97 15/12/98	68,729	30/06/02	66,500	M Caruana, FAPI Knight Frank	**67,885**	67,071
Kings Row, Brisbane, QLD	Offices/ Freehold	50%	31/12/02	33,482	31/12/02	31,700	J Apted, FAPI, Jones Lang Lasalle	**33,481**	33,108
KPMG House 115 Grenfell Street, Adelaide, SA [2]	Offices/ Freehold	100%	04/05/89 (19/12/04)	-	30/09/03	30,500	A Smithson & N Bell Knight Frank	**-**	28,600
Total - Investa Real Property Growth Trust				298,273				**294,700**	320,924
Connect Property Trust									
242 Exhibition Street, Melbourne, Vic*	Offices/ Freehold	100%	19/08/02	275,252	30/06/02	261,000	A Pannifex, AAPI FPDSavills	**275,251**	274,523
310 Pitt Street, Sydney, NSW*	Offices/ Freehold	100%	30/11/02	125,664	30/06/02	120,000	A Pannifex, AAPI FPDSavills	**125,664**	125,486
231 Elizabeth Street, Sydney, NSW*1	Offices/ Freehold	50%	19/08/02	58,457	30/06/02	57,500	A Pannifex, AAPI FPDSavills	**58,362**	58,362
Total - Connect Property Trust				459,373				**459,277**	458,371

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 16. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30/06/04	Consolidated book value 30/06/03
Properties held by controlled entities (continued)									
Lizabeth Trust									
255 Elizabeth Street, Sydney, NSW*	Offices/ Freehold	50% 10% 40%	21/09/94 11/12/98 01/11/99	172,805	30/06/03	152,000	D Castles, AAPI Landmark White	**152,195**	152,000
				172,805				**152,195**	152,000
Delta Office Fund									
400 George Street, Sydney	Offices/ Freehold	100%	31/10/99	261,094	30/06/03	387,500	M S Smallhorn, FAPI & C R Carver GAPI Jones Lang LaSalle	**386,697**	-
120 Collins Street, Melbourne	Offices/ Freehold	100%	31/1/94	314,915	31/12/03	320,000	D Gowing, FAPI CBRE	**320,020**	-
30% interest (as tenants-in-common) Grosvenor Place 225-235 George Street, Sydney	Offices/ Leasehold	30%	31/5/88	306,178	30/06/03	230,250	W Doherty, AAPI Colliers International	**233,344**	-
126 Phillip Street, Sydney – Development property	Offices/ Freehold (Develop)	100%	31/12/96	253,120	-	-	Not Applicable	**251,477**	-
50% interest (as tenants-in-common QV1 250 St George's Terrace, Perth	Offices/ Freehold	50%	31/12/98	142,697	30/06/04	159,000	S Nuttall, AAPI & J Fenner, AAPI CBRE	**159,000**	-
St Martins Tower 31 Market Street, Sydney	Offices/ Freehold	100%	30/9/00	105,395	31/12/03	125,000	S Fairfax AAPI & L Tredwell GAPI CBRE	**126,440**	-
50% interest (as tenants-in-common) Maritime Trade Towers 201 Kent Street, Sydney	Offices/ Leasehold	50%	31/12/00	96,964	30/06/03	110,000	D Castles, AAPI Landmark White	**111,615**	-
Centennial Plaza Tower C 300 Elizabeth Street, Sydney	Offices/ Freehold	100%	30/9/00	83,028	30/06/03	87,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	**88,743**	-
Centennial Plaza Tower B 270-280 Elizabeth Street, Sydney	Offices/ Freehold	100%	30/9/00	74,400	30/06/03	74,500	D Hillier, AAPI & W Doherty, AAPI Colliers International	**75,427**	-
Centennial Plaza Tower A 260 Elizabeth Street, Sydney	Offices/ Freehold	100%	30/9/00	53,648	30/06/03	60,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	**60,000**	-
Kindersley House 33 Bligh & 20-26 O'Connell Streets, Sydney	Offices/ Freehold	100%	31/12/01	76,371	31/12/03	60,000	S Fairfax, AAPI & L Tredwell GAPI CBRE	**60,519**	-
Customs House 414 Latrobe Street, Melbourne	Offices/ Freehold	100%	31/7/97	44,800	30/06/03	44,800	R J Scrivener, FAPI, FRICS Urbis	**44,800**	-
Sydney CBD Floor Space	Heritage Floor Space	100%	30/6/00	332	30/06/03	1,000	S Fairfax, AAPI & L Tredwell, GAPI CBRE	**622**	-
Total – Delta Office Fund				1,812,942				**1,918,704**	-

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 16. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30/06/04	Consolidated book value 30/06/03
Properties held by controlled entities (continued)									
441 Trust									
441 St Kilda Road, Melbourne	Offices/ Leasehold	100%	30/10/03	47,558	30/10/03	45,000	B Smith FAPI Knight Frank	**47,691**	-
Total Properties held by Controlled Entities				3,363,468				**3,449,160**	1,574,627
Properties held by Associates									
60 Martin Place Unit Trust									
60 Martin Place, Sydney, NSW	Offices/ Freehold	50%	01/11/99	80,848	30/09/03	93,500	P A Dempsey, FAPI Ernst & Young	**93,144**	91,825
Investa South Melbourne Trust									
209 Kingsway, Melbourne, VIC	Offices/ Freehold	50%	31/01/02	51,401	01/08/02	50,000	G Longden, FAPI JLL Advisory	**51,425**	51,425
80 Pacific Highway Trust									
80 Pacific Highway, North Sydney, NSW	Offices/ Freehold	50%	04/05/01	45,461	31/12/03	44,000	MS Smallhorn, FAPI & D McGrath, Jones Lang LaSalle	**44,304**	45,745
589 Collins Trust									
589 Collins Street, Melbourne, VIC	Offices/ Freehold	50%	28/2/03	28,613	01/12/02	28,000	JA Perillo, AAPI Knight Frank	**28,526**	28,486
Penrhyn House Trust									
Penrhyn House, Woden, ACT*	Offices/ Freehold	50%	06/12/02	20,632	01/09/02	19,300	P Harding, FAPI Knight Frank	**20,649**	20,649
Total Properties held by Associates				226,955				**238,048**	238,130
Interests in unlisted property securities									
Investa Sixth Commercial Trust		15%	19/12/03	7,000				**7,000**	-
Investa Brisbane Commercial Trust		20%	08/05/01	4,820				**4,820**	4,820
Total interests in unlisted property securities				11,820				**11,820**	4,820
Total non-current investment				3,602,243				**3,699,028**	1,817,577

Note: Properties not independently valued during the last 12 months are carried at directors' valuation at 30 June 2004.
* These properties and units are used as security for the issue of a commercial note. (refer Note 18)
[1] These properties are indirectly held through the ownership of units in unlisted property trusts.
[2] These properties were sold to Investa Sixth Commercial Trust In December 2003.
[3] Investa Custodian II Pty Limited holds 13% of Investa Sixth Commercial Trust (I6CT) as a current asset with the intention of selling in the next 12 months, whilst IPT holds 15% of I6CT as a non-current investment.

Reconciliations

Reconciliations of the carrying amounts of investment property for the financial year are set out below:

	2004	2003
	$'000	$'000
Carrying amount at start of year	**1,817,577**	1,150,319
Additions	**1,982,962**	847,312
Disposals	**(86,413)**	(183,451)
Revaluation (decrements) / increments	**(15,098)**	3,397
Carrying amount at end of year	**3,699,028**	1,817,577

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 17. Payables

	2004 $'000	2003 $'000
Trade creditors	**48,424**	22,394
Foreign exchange hedge contract payable	**280**	-
Rent in advance	**793**	440
Tenant deposits	**1,140**	187
Total payables	**50,637**	23,021

Note 18. Interest bearing liabilities

	2004 $'000	2003 $'000
Secured loans		
Secured notes - Commercial Mortgage Backed Securities (CMBS)		
AAA rated 6.00% fixed rate notes	**195,000**	195,000
AAA+ rated floating rate notes with a coupon of three month bank bills plus 0.43%	**235,000**	235,000
AA+ rated floating rate notes with a coupon of three month bank bills plus 0.53%	**33,000**	33,000
Total Secured Notes	**463,000**	463,000
Cash advance facility	**63,000**	336,600
Total secured loans	**526,000**	799,600

The secured notes (CMBS) are issued by Investa Properties Limited in its capacity as Responsible Entity for the Investa Property Trust (IPT). The notes are secured over a pool of interests in fourteen properties (refer Note 16) owned by IPT and have a scheduled maturity of 28 November 2006.

The secured cash advance facility has a limit of $65m and is provided by Westpac Banking Corporation to the Investa Commercial Property Fund (ICPF). The facility is secured over the assets of ICPF and matures in February 2008.

	2004 $'000	2003 $'000
Unsecured loans		
Bank Facilities	**822,500**	50,000
Medium Term Notes		
$120m 5.75% unsecured notes maturing September 2004	**120,000**	-
$150m 6.75% unsecured notes maturing November 2006	**150,000**	-
Total Medium Term Notes	**270,000**	-
Total unsecured loans	**1,092,500**	50,000

In May 2004, the Trust renegotiated its bank facilities, and replaced them with new facilities that have been provided on an unsecured basis to IPG Finance Pty Ltd (IPGF), a newly incorporated subsidiary of the Trust. The obligations of IPGF under its loan arrangements have been guaranteed by Investa Properties Limited in its own capacity, and in its capacity as responsible entity of the Investa Property Trust and as responsible entity of DOF (Delta Office Fund, formerly Principal Office Fund). Lenders to IPGF have the benefit of those guarantees, and the benefit of a Master Negative Pledge that contains the financial covenants and other commercial terms of the loans.

The bank facilities provided to IPGF are fully revolving cash advance facilities and have terms of between 364 days and eighteen months. The Medium Term Notes were issued by DOF prior to its acquisition in August 2003.

In addition to the above, IPGF has agreed to issue $326m of bonds to investors in the United States Private Placement market. A description of this issue, and the associated hedging arrangements, is contained in the Directors' Report. It is intended that the proceeds of the issue be used to repay outstanding unsecured indebtedness under the Group's bank facilities.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 18. Interest bearing liabilities (continued)

Consolidated Financing Arrangements

	Facility Amount as at 30 June 2004 $'000	**Drawn Amount as at 30 June 2004 $'000**	Facility Amount as at 30 June 2003 $'000	Drawn Amount as at 30 June 2003 $'000
Medium Term Unsecured Notes	**120,000**	**120,000**	-	-
Total current	**120,000**	**120,000**	-	-
CMBS Programme	**463,000**	**463,000**	463,000	463,000
Medium Term Unsecured Notes	**150,000**	**150,000**	-	-
Unsecured Bank Debt	**950,000**	**822,500**	50,000	50,000
Secured Bank Debt	**65,000**	**63,000**	911,000	336,600
Total non-current	**1,628,000**	**1,498,500**	1,424,000	849,600
Total	**1,748,000**	**1,618,500**	1,424,000	849,600
Bank Guarantees	**-**	**3,421**	-	325
Available Facilities	**126,079**	**-**	574,075	-

Available facilities may be drawn upon immediately as required to meet working capital requirements.

Note 19. Provisions

	2004 $'000	2003 $'000
Provision for dividend and distribution [1]	**61,109**	35,322
Employee entitlements:		
Annual leave	**998**	827
Long service leave	**440**	359
Other entitlements	**3,485**	1,629
Other	**26**	888
Total provisions	**66,058**	39,025

[1] This provision includes $844,000 payable to the outside equity interests at 30 June 2004.

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

	Annual leave $'000	**Long service leave $'000**	***Other entitlements $'000**	**Other provisions $'000**	**Distributions $'000**	**Total $'000**
Carrying amount at start of year	**827**	**359**	**1,629**	**888**	**35,322**	**39,025**
Movement in the year						
Paid out during the year	**(136)**	**(135)**	**(1,879)**	**(974)**	**(210,166)**	**(213,290)**
Additional provisions recognised	**307**	**216**	**3,735**	**112**	**235,953**	**240,323**
Carrying amount at end of the year	**998**	**440**	**3,485**	**26**	**61,109**	**66,058**

* - This includes provision for performance bonus, director's retirement allowance and managing director's long term incentive allowance.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 20. Contributed equity

Paid up capital	No of securities '000	30 June 2004 $'000	No of securities '000	30 June 2003 $'000
Investa Property Trust	**1,434,890**	**2,550,881**	885,529	1,559,908
Investa Properties Limited	**1,434,890**	**77,356**	885,529	20,133
		2,628,237		1,580,041

		Investa Property Trust		Investa Properties Limited	
Reconciliation of contributed equity	**Date**	**No. of Units '000**	**$'000**	**No. of shares '000**	**$'000**
Opening balance	01/07/03	**885,529**	**1,559,908**	**885,529**	**20,133**
Security issue DOF acquisition	29/07/03	**83,614**	**153,559**	**83,614**	**9,010**
Dividends reinvested	22/08/03	**9,273**	**17,614**	**9,273**	**1,025**
Security issue DOF acquisition	06/08/03	**8,228**	**15,111**	**8,228**	**887**
Security issue DOF acquisition	14/08/03	**33,695**	**61,882**	**33,695**	**3,631**
Security issue DOF acquisition	20/08/03	**106,170**	**194,984**	**106,170**	**11,440**
Security issue DOF acquisition	27/08/03	**102,891**	**188,962**	**102,891**	**11,086**
Security issue DOF acquisition	02/09/03	**102,573**	**188,378**	**102,573**	**11,052**
Security issue DOF acquisition	09/09/03	**31,855**	**58,503**	**31,855**	**3,432**
Security issue DOF acquisition	11/09/03	**3,316**	**6,090**	**3,316**	**357**
Security issue DOF acquisition	14/10/03	**25,966**	**47,687**	**25,966**	**2,798**
Dividends reinvested	21/11/03	**4,534**	**8,506**	**4,534**	**290**
Placement of securities	20/02/04	**26,042**	**48,350**	**26,042**	**1,650**
Dividends reinvested	20/02/04	**4,853**	**9,012**	**4,853**	**308**
Dividends reinvested	21/05/04	**6,351**	**11,915**	**6,351**	**407**
Cost of security placements		**-**	**(1,522)**	**-**	**(150)**
Transfer to amounts available for distribution		**-**	**(18,058)**	**-**	**-**
Closing balance		**1,434,890**	**2,550,881**	**1,434,890**	**77,356**

Distribution reinvestment plan issues (DRP)

The Group has established a distribution reinvestment plan under which holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by being paid in cash. Under the stapled security structure, the capital raised under the distribution reinvestment plan can be attributed to either Investa Property Trust or the Company. In the year ended 30 June 2004, the Group issued 25,011,000 (2003: 24,276,000) securities under the DRP, and allocated 3.3% (2003: 3.7%) to the Company and 96.7% (2003: 96.3%) to the Trust.

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. No offers were made under this plan during the current financial year (2003: 5,384,000).

Placement of securities

The Group issued 26,042,000 securities in 2004 (2003: 255,047,000), and allocated the proceeds using the same ratios as described above.

Security issue in relation to the acquisition of DOF

The Group issued 498,308,000 securities during 2004, in relation to the Group's cash and scrip for security offer to the securityholders of DOF.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 21. Outside equity interest

	2004 $'000	2003 $'000
Interest in:		
Unitholders' equity	**44,128**	20,000
	44,128	20,000

The outside equity interest represents 23.68% (2003: 10.75%) interest held by external investors in Investa Commercial Property Fund. In the Combined Statement of Financial Performance the outside equity interest represents the portion of profit attributable to the external investors in Investa Commercial Property Fund and DOF.

Note 22. Reserves

	2004 $'000	2003 $'000
(a) Asset revaluation reserve		
Opening balance	**50,874**	46,565
Net (decrement)/increment on revaluation	**(15,098)**	3,397
Transfer to contributed equity on sale of investment property	**-**	912
Closing balance	**35,776**	50,874

Nature and purpose of asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy Note 1(k).

Increments/(decrements) on revaluation of investment properties	**2004 $'000**	2003 $'000
410 Ann Street, Brisbane	**(2,589)**	-
469 Latrobe Street, Melbourne	**(5,867)**	-
109 St Georges Terrace, Perth	**(8,451)**	-
420 St Kilda Road, Melbourne		341
73 Northbourne Avenue, Canberra	**-**	(42)
241 Adelaide Street, Brisbane	**-**	(1,173)
32 Philip Street, Parramatta	**-**	1,900
50-60 Talavera Road, North Ryde	**-**	597
Revaluation of investment in controlled entities		
250 St Georges Terrace, Perth	**5,364**	-
115 Grenfell Street, Adelaide	**-**	1,201
255 Elizabeth Street, Sydney	**-**	(2,885)
50 Ann Street, Brisbane	**(3,083)**	-
Revaluation of investment in associates		
Investa Sunlaw Trust	**-**	258
60 Martin Place Unit Trust	**970**	3,200
80 Pacific Highway Trust	**(1,442)**	-
Total (decrement)/increment on revaluation of investment properties	**(15,098)**	3,397
Net (decrement)/increment recognised directly in asset revaluation reserve	**(15,098)**	3,397

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 22. Reserves (continued)
(b) Amounts available for distribution

	2004 $'000	2003 $'000
Opening balance	**8,507**	3,141
Profit attributable to securityholders of Investa Property Group	**215,378**	128,227
Transfer from contributed equity [1]	**18,058**	9,034
Dividends/distributions paid and payable	**(233,274)**	(131,895)
Closing balance	**8,669**	8,507

[1] This transfer represents $10,594,000 income support on unit placements and amortisation of intangibles of $7,464,000.

Note 23. Dividends and distributions

	2004 $'000	2004 Cents per stapled security	2003 $'000	2003 Cents per stapled security
Distributions and dividends				
30 September	**56,421**	**4.05**	29,629	3.80
31 December	**57,304**	**4.10**	32,610	3.90
31 March	**59,284**	**4.15**	34,678	3.95
30 June final payable [1]	**60,265**	**4.20**	34,978	3.95
	233,274	**16.50**	131,895	15.60

[1] To be paid on 20 August 2004.

Dividends/distributions actually paid or satisfied by the issue of securities under the Group's distribution reinvestment plan during the year ended 30 June 2004 were as follows:

	2004 $'000	2003 $'000
Paid in cash [1]	**158,911**	69,480
Satisfied by the issue of securities (refer note 33)	**49,076**	49,818
	207,987	119,298

[1] Excludes payments of $2,253,000 paid by ICPF to outside equity interests.

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

	2004 $'000	2003 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	**9,381**	3,574

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.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 24. Financial instruments

(a) Credit risk exposures
Credit risk is the risk that a counterparty to a financial instrument fails to discharge their contractual obligations, resulting in a financial loss to the Group. The Group mitigates credit risk exposure on lease contracts by verifying and monitoring the credit worthiness of tenants and by obtaining bank guarantees where appropriate. The Group mitigates credit risk exposure on derivative financial instruments by spreading its exposure across a range of major reputable financial institutions.

The credit risk on financial assets of the Group which have been recognised in the Statement of Financial Position is generally the carrying amount.

(b) Market risk exposures
Market risk is the risk that the value of the Group's investment portfolio will fluctuate as a result of changes in valuations. The risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market risk analysis is conducted regularly on a total portfolio basis.

(c) Liquidity and cash flow risk exposures
Liquidity risk is the risk that the Group will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments. Cash flow risk is the exposure to unanticipated fluctuations in future cash flows. The Group seeks to minimise refinancing and liquidity risk by ensuring it has access to a range of different financial markets from which to source funds, and that the Group's debt has a diversified maturity profile. Cash flow risk exposure is mitigated by actively monitoring working capital requirements and by ensuring that the Group always has access to sufficient funding in order to manage cash flow fluctuations.

(d) Interest and foreign currency risk exposures
Interest and foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in market rates. The Group is exposed to movements in interest rates on interest bearing financial assets and liabilities. Subsequent to year end, the Group has issued USD denominated bonds which exposes the Group to movements in exchange rates. The Group hedges its exposure to fluctuations in interest and exchange rates by entering into derivatives which fix the interest and exchange rates on its borrowings. The Group does not enter into derivative transactions for speculative purposes. The Group's exposure to interest rate risk is set out in the following table:

Financial Assets and Liabilities

2004	Notes	Floating interest rate $'000	Fixed interest maturing in: 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 assets	9	**9,016**	**-**	**-**	**-**	**-**	**9,016**
Receivables	10	**-**	**2,000**	**-**	**-**	**52,021**	**54,021**
Loans to employees	15	**-**	**-**	**-**	**-**	**12,012**	**12,012**
		9,016	**2,000**	**-**	**-**	**64,033**	**75,049**
Financial liabilities							
Payables	17	**-**	**-**	**-**	**-**	**50,637**	**50,637**
Interest bearing liabilities	18	**1,153,500**	**120,000**	**345,000**	**-**	**-**	**1,618,500**
		1,153,500	**120,000**	**345,000**	**-**	**50,637**	**1,669,137**
Net financial (liabilities)/assets		**(1,144,484)**	**(118,000)**	**(345,000)**	**-**	**12,392**	**(1,594,088)**

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 24. Financial instruments (continued)

2003	Notes	Floating interest rate $'000	Fixed interest maturing in: 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 assets	9	9,939	-	-	-	-	9,939
Receivables	10	-	8,000	-	-	29,470	37,470
Loans to employees	15	-	-	-	-	9,232	9,232
		9,939	8,000	-	-	38,702	56,641
Financial liabilities							
Payables	17	-	-	-	-	23,021	23,021
Interest bearing liabilities	18	654,600	-	195,000	-	-	849,600
		654,600	-	195,000	-	23,021	872,621
Net financial (liabilities)/assets		(644,661)	8,000	(195,000)	-	15,681	(815,980)

(e) Off-balance sheet financial instruments

The Group uses a combination of fixed rate debt and interest rate derivatives to ensure that the rate of interest on debt is predominantly fixed. The Group's portfolio of fixed rate bonds and derivatives can be summarised as follows:

2004 Millions	**June 2005**	**June 2006**	**June 2007**	**June 2008**	**June 2009**	**June 2010**	**June 2011**	**June 2012**	**June 2013**	**June 2014**
Swaps	838	725	810	761	623	471	375	275	250	104
Bonds	365	345	115	-	-	-	-	-	-	-
Total Fixed	**1,203**	**1,070**	**925**	**761**	**623**	**471**	**375**	**275**	**250**	**104**
Average Fixed Rate	5.98%	6.00%	5.89%	5.86%	6.01%	6.04%	6.11%	6.13%	6.14%	6.14%

2003 Millions	**June 2004**	**June 2005**	**June 2006**	**June 2007**	**June 2008**	**June 2009**	**June 2010**
Swaps	494	480	319	276	266	150	104
Bonds	195	195	195	65	-	-	-
Total Fixed	**689**	**675**	**514**	**341**	**266**	**150**	**104**
Average Fixed Rate	5.74%	5.74%	5.73%	5.47%	5.38%	5.66%	5.73%

The table above depicts the notional principal of interest rate swaps, the average outstanding principal of fixed rate bonds, and the weighted average interest rate of those contracts in each financial year.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 24. Financial instruments (continued)

The net fair value of off-balance sheet financial instruments represents the estimated profit/(loss) that could be made on cancellation of these instruments (net of transaction costs) at balance date, and is determined as the net present value of future interest cash flows. The net fair value of off-balance sheet financial instruments at balance date is as follows:

	2004 $'000	2003 $'000
Financial liabilities		
Interest rate swaps	**6,484**	(13,209)

(f) Foreign exchange contract

The foreign exchange hedging contract in respect of the USD denominated bonds at balance date has a notional principal amount of USD170m.

At 30 June 2004, the Group has recorded the following:
Deferred loss on foreign exchange hedge contract payable $280,000 (included in receivables note 10)
Foreign exchange hedge contract payable ($280,000) (included in payables note 17)
Refer to accounting policy note 1(t).

(g) Net fair value of financial assets and liabilities

The net fair value of financial assets and liabilities included in the Statement of Financial Position approximates their carrying value.

Note 25. Commitments for expenditure

	2004 $'000	2003 $'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	**1,575**	1,119
Later than one year but not later than 5 years	**1,824**	1,611
	3,399	2,730
Representing:		
Non-cancellable operating leases	**3,399**	2,730
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	**508**	268
Later than one year but not later than 5 years	**479**	181
Commitments not recognised in the financial statements	**987**	449
Capital commitments		
Commitments for capital expenditure on investment properties contracted for at the reporting date but not recognised as liabilities, payable within one year:		
Investment properties	**42,267**	4,273
126 Phillip Street Development	**130,200**	-
	172,467	4,273

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 26. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares/units	**Equity Holding 2004 %**	Equity holding 2003 %
Lizabeth Trust	Australia	Ordinary	**100**	100
Investa Real Property Growth Trust	Australia	Ordinary	**100**	100
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 Developments Pty Limited	Australia	Ordinary	**100**	100
Investa Nominees Pty Limited	Australia	Ordinary	**100**	100
Investa Custodian 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
Townsville Trust	Australia	Ordinary	**100**	100
Cairns Trust	Australia	Ordinary	**100**	100
Macarthur Central Trust	Australia	Ordinary	**100**	100
Connect Property Trust & controlled entities	Australia	Ordinary	**100**	100
Investa Sunlaw Trust	Australia	Ordinary	**100**	100
Delta Delta Trust*	Australia	Ordinary	**100**	-
Macquarie Street Trust*	Australia	Ordinary	**100**	-
Macquarie Street Sub Trust*	Australia	Ordinary	**100**	-
Phillip Street Trust*	Australia	Ordinary	**100**	-
Phillip Street Sub Trust*	Australia	Ordinary	**100**	-
Floor Space Trust*	Australia	Ordinary	**100**	-
Central Trust*	Australia	Ordinary	**100**	-
Maritime Trade Towers Trust*	Australia	Ordinary	**100**	-
Beta Trust*	Australia	Ordinary	**100**	-
Beta Sub Trust*	Australia	Ordinary	**100**	-
Grosvenor Subsidiary Property Trust*	Australia	Ordinary	**100**	-
O'Connell Holdings Trust*	Australia	Ordinary	**100**	-
O'Connell FH Trust*	Australia	Ordinary	**100**	-
O'Connell LH Trust*	Australia	Ordinary	**100**	-
Fawkner Trust**	Australia	Ordinary	**100**	-
Investa Custodian Two Pty Limited **	Australia	Ordinary	**100**	-
Investa Commercial Property Fund	Australia	Ordinary	**76**	89
IPG Finance Pty Limited **	Australia	Ordinary	**100**	-

* This entity was acquired during the year.
** These entities were formed during the year.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 26. Investments in controlled entities (continued)

Delta Office Fund
On 21 May 2003 the Group acquired 78,351,484 units in DOF, representing an 8.4% holding. On 26 May 2003, the Group announced its intention to make an off-market scrip and cash offer to acquire the remaining units in DOF 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 DOF unitholders on 20 June 2003.

On 14 August 2003, the Group owned 51.18% of the units in DOF therefore effectively gaining control of DOF on this day. Subsequent to 14 August 2003, the Group has purchased the remaining 48.82% of the units in DOF.

The assets and liabilities and results of DOF have been included in the Group's financial statements since the date of acquisition. A summary of the acquisition on the date control was gained by the Group is:

Fair value of identified net assets of the controlled entity acquired at 14 August 2003:

	$'000
Investment properties	934,756
Cash	7,172
Receivables and other assets	843
Payables	(215,255)
Goodwill	50,899
	778,415
Cash consideration	313,292
Fair value of equity issued for consideration	450,737
	764,029
Costs of acquisition	14,386
	778,415

IPT completed the purchase of DOF on 31 August 2003 resulting in a total fair value of consideration (excluding acquisition costs) of $1,498,406,000. Fair value of identified net assets of the controlled entity at the date 100% of the units of DOF were acquired and the components of the consideration are:

	$'000
Investment properties	1,834,536
Cash	7,447
Receivables and other assets	17,529
Payables	(438,200)
Goodwill	92,734
	1,514,046
Cash consideration	529,556
Fair value of equity issued for consideration	968,850
	1,498,406
Costs of acquisition	15,640
	1,514,046

Outflow of cash to acquire controlled entity, net of cash acquired:

	$'000
Cash consideration (outflow)	(529,556)
Cash assets acquired	7,447
Capitalised costs of acquisition	(15,640)
Net (outflow) of cash [1]	(537,749)

[1] The amount disclosed in the Combined Statement of Cash Flows as payment for a controlled entity is less than the net outflow of cash shown above due to certain of these payments being made in the year ended 30 June 2003.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 27. Investments in associates

Investments in associates are carried at net asset value by the Group. Information relating to associates is set out below:

Name of Trust	Ownership interest 2004 %	Carrying amount of investment 2004 $'000	Ownership Interest 2003 %	Carrying amount of investment 2003 $'000
60 Martin Place Unit Trust	**50%**	**93,144**	50%	91,825
Investa South Melbourne Trust	**50%**	**51,425**	50%	51,425
80 Pacific Highway Trust	**50%**	**44,304**	50%	45,745
589 Collins Trust	**50%**	**28,526**	50%	28,486
Penrhyn House Trust	**50%**	**20,649**	50%	20,649
Investa Brisbane Commercial Trust	**20%**	**4,820**	20%	4,820
Investa Sixth Commercial Trust	**28%**	**13,949**	-	-
		256,817		242,950

Movements in carrying amounts of investments in associates

	2004 $'000	2003 $'000
Carrying amount at start of year	**242,950**	139,190
Additions	**14,338**	100,560
Revaluation (decrements)/increments	**(471)**	3,200
Carrying amount at end of year	**256,817**	242,950

Results attributable to associates

	2004 $'000	2003 $'000
Operating profits before income tax	**20,196**	16,411
Income tax expense	**-**	-
Operating profits after income tax expense	**20,196**	16,411
Less: Distributions received/receivable	**(20,196)**	(16,411)
Undistributed income attributable to associates' at the beginning of the financial year	**12**	12
Undistributed income attributable to associates' at the end of the financial year	**12**	12

Reserves attributable to associates

	2004 $'000	2003 $'000
Asset Revaluation Reserve		
Balance at the beginning of the financial year	**35,003**	31,420
Share of increment on revaluation of investment properties	**976**	3,583
Balance at the end of the financial year	**35,979**	35,003

Share of associates' capital commitments

	2004 $'000	2003 $'000
Capital commitments	**396**	**-**

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 27. Investments in associates (continued)

The principal activity of all associates is investment in commercial property.

Summary of the performance and financial position of associates. The aggregate 2004 profits, and year end assets and liabilities of associates attributable to all unitholders in those entities was as follows:	**2004 $'000**	2003 $'000
Profits from ordinary activities	**64,302**	55,840
Assets	**865,312**	859,175
Liabilities	**42,312**	43,561

Note 28. Related parties

Directors
The names of persons who were directors of Investa Properties Limited, the Responsible Entity at any time during the financial year were as follows: I K Payne; C J O'Donnell; S A Mays; J L Arthur; J I Messenger and D R Page. S A Mays resigned on 12 May 2004.

Remuneration benefits
Information on remuneration of directors is disclosed in Note 29.

Loans to directors
A non-interest bearing non-recourse ESAP loan, of a kind referred to in Note 15, in the amount of $2,514,390 has been made to C J O'Donnell in respect of 1,500,000 stapled securities. During the year $136,298 has been repaid. The terms and conditions are the same as those in Note 15.

Transactions with directors
A director, J L Arthur and his spouse, are partners in the law firm Gilbert and Tobin. Gilbert and Tobin have provided legal services to Investa Properties Limited, Investa Property Trust and certain of their controlled entities during the year, on normal commercial terms and conditions. The aggregate amount of legal fees for services provided by Gilbert and Tobin during the year was $831,255.

There have been no other transactions with directors or entities related to directors at any time during the year ended 30 June 2004, unless otherwise stated.

Ownership interests in related parties
Interest held in the following classes of related parties are set out in the following notes:

(a) Controlled entities – Note 26
(b) Associates – Note 27

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 28. Related parties (continued)

Responsible entity fees 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:

	2004	2003
	$'000	$'000
Investa Property Trust	**2,321**	1,944
Collins Property Trust	**237**	169
Investa Brisbane Commercial Trust	**380**	410
Martin Place Trust	**380**	373
Investa North Sydney Property Trust	**322**	330
Investa First Industrial Trust	**-**	687
Investa Second Industrial Trust	**471**	379
Investa Sunlaw Trust	**-**	1,173
Investa Commercial Property Fund	**1,261**	421
Investa Fourth Commercial Trust	**780**	500
Investa Fifth Commercial Trust	**1,259**	1,068
SUNPAC Property Fund	**-**	29
Investa Sixth Commercial Trust	**1,254**	-

Custodian
The custodian of the Trust's assets is Investa Properties Limited. The fee for these services, charged at cost, is included in the responsible entity fee.

Conflict of interest
No director of Investa Properties Limited has become entitled to receive any benefits because of a contract made by the Trust or the Company with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest. This includes the transaction referred to earlier in Note 28 in respect of J L Arthur.

Related party transactions
All related party transactions are conducted on normal commercial terms and conditions.

Related party loans

The following related party loans are (to)/from Investa Property Trust and are outstanding at the year end:

	2004	2003
	$'000	$'000
Investa Properties Limited	**(13,296)**	19,231
Investa Nominees Pty Limited	**177,833**	211,161
Investa Development Holdings Pty Limited	**126,191**	61,004
Macarthur Central Trust	**75,800**	75,350
Investa Third Industrial Trust	**-**	11,784
	366,528	378,530

The above loans from Investa Property Trust are unsecured and interest is charged at commercial rates. During the year the Company and its controlled entities paid $25,397,000 in interest income on the loans made by Investa Property Trust and its controlled entities (2003: $14,997,000).

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures

Remuneration of specified directors and specified executives

This section should be read in conjunction with the Remuneration Report within the Directors' Report**.**

(a) Details of specified directors

Specified directors

I K Payne	Chairman (non-executive)
C J O'Donnell	Managing Director
J L Arthur	Director (non-executive)
S A Mays	Director (non-executive)
J I Messenger	Director (non-executive)
D R Page	Director (non-executive)

S A Mays was a director from the beginning of the financial year until his resignation on 12 May 2004.

Remuneration of Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Details of director's attendances at Board and Board Committee meetings are set out in the Directors' Report. Non-executive directors' fees and payments are reviewed annually by the Board after consideration of recommendations from the Nominations and Remuneration Committee. The Board also seeks advice from an independent remuneration consultant to ensure that non-executive directors' fees and payments are appropriate and in line with the market. Consistent with that consultant's advice on market comparatives, the Chairman's fee was set at twice the base fee paid to the non-executive directors. The fee arrangements for various activities undertaken by board members were as follows:

Chairman*	$170,000
Non-executive directors' base fee**	$85,000
Chairman Audit & Risk Management Committee	$15,000
Chairman Due Diligence Committee	$25,000
Chairman Nominations and Remuneration Committee	$10,000
Chairman Sustainability Committee	$10,000
Subsidiary Board Fees	
Development Group Companies Chairman	$15,000
Development Group Companies Director	$10,000
Asset Management Companies Chairman	$10,000

** Includes allowance for attendance at Board Committee meetings*
*** Includes allowance for service as a member of one Board Committee*

Non-executive directors' fees are determined in the context of an aggregate non-executive directors' fee pool limit, which requires the approval of securityholders to be increased. At the 2003 Annual General Meeting, securityholders set the maximum aggregate fees for non-executive directors at $1,000,000 per annum. Payments amounting to $592,231 (excluding superannuation) were made to non-executive directors during the year.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures (continued)

Retirement allowance for directors
As previously disclosed, the retirement benefits scheme for directors was discontinued from 30 June 2003. The sum of $105,864, then accrued in respect of I K Payne, will be preserved until payment becomes due.

Details of remuneration
Details of the remuneration of each specified director of the Group are set out in the following tables.

Non-executive directors

2004	Primary							Post - employment	**Total $**
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee	Development Group Board	Asset Mngmt Board	Superannuation Contribution	
I K Payne	170,000	-	-		-	-		15,300	**185,300**
J L Arthur	85,000	-	-	10,000	-	15,000	10,000	10,800	**130,800**
S A Mays *(From 1/7/2003 - 12/5/2004)*	73,575	-	-	-	8,656	-	-	7,401	**89,632**
J I Messenger	85,000	-	25,000	-	-	-	-	9,900	**119,900**
D R Page	85,000	15,000	-	-	-	10,000	-	9,900	**119,900**
Total Non-executive directors	**498,575**	**15,000**	**25,000**	**10,000**	**8,656**	**25,000**	**10,000**	**53,301**	**645,532**

2003	Primary							Post - employment	Total $
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee	Development Group Board	Asset Mngmt Board	Superannuation Contribution	
I K Payne	110,000	-	-	-	-	-		9,900	119,900 (1)
J L Arthur	67,000	-	-	5,000	-	10,000	6,875	7,999	96,874
P J Carney (3) *(from 1/7/02 to 7/8/02)*	10,000	-	3,333	-	-	2,917	-	1,463	17,713
S A Mays	82,916 (2)	-	-	-	-	-	-	7,462	90,378
J I Messenger *(from 15/8/02 – 30/6/03)*	52,825	-	17,534	-	-	-	-	6,332	76,691
D R Page	60,000	7,500	-	-	-	9,167	-	6,900	83,567
Total Non-executive directors	382,741	7,500	20,867	5,000	-	22,084	6,875	40,056	485,123

(1) In addition, a retirement benefit of $105,864 was accrued as detailed above.
(2) Includes $22,916 paid in relation to fees earned prior to 1 July 2002.
(3) In addition, a retirement benefit of $59,518 was paid to P J Carney who passed away on 7 August 2002.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures (continued)

Executive Director
For details of the principles and components of executive pay, refer to section (b) of this note on page 46.

	Primary			Post-employment		
2004	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**Total $**
C J O'Donnell	543,200	300,000	203,780	48,888	-	**1,095,868**

	Primary			Post-employment		
2003	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	Total $
C J O'Donnell	490,700	300,000	179,216	44,163	-	1,014,079

Aggregate remuneration for all specified directors
The aggregate remuneration of all specified directors of the Group is set out in the following table.

	Primary			Post-employment		
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**Total $**
2004	**1,135,431**	**300,000**	**203,780**	**102,189**	**-**	**1,741,400**
2003	935,767	300,000	179,216	84,219	165,382	1,664,584

Stapled security holding of specified directors
The number of securities held during the financial year by each specified director is set out below:

	Balance at the start of the year	**Purchases/ (sales)**	**Balance at the end of the year**
Specified non-executive directors **Stapled Securities in Investa Property Group**			
I K Payne	22,278	6,000	28,278
J L Arthur	10,215	21,742	31,957
S A Mays (resigned 12 May 2004)	30,375	-	Not Applicable
J I Messenger	30,769	2,644	33,413
D R Page	18,521	7,873	26,394

	Balance at the start of the year	**Purchases/ (sales)**	**Balance at the end of the year**
Specified executive director **Stapled Securities in Investa Property Group**			
C J O'Donnell	1,566,347	250,000	1,816,347

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures (continued)

Loans to specified executive directors
Loans are made in relation to the Employee Share Acquisition Plan. For additional details of these loans refer to section (b) of this note on page 46. No loans have been made to non-executive directors.

Details of the loan made to the one specified executive director of the Group at the end of the year are set out below:

2004	Balance at the start of the year $	Imputed value of Interest not charged $	Balance at the end of the year $
C J O'Donnell	**2,188,916**	**153,819**	**2,514,390**

2003	Balance at the start of the year $	Imputed value of Interest not charged $	Balance at the end of the year $
C J O'Donnell	1,850,504	125,576	2,188,916

Specified executive directors with loans above $100,000 during the financial year

2004	Balance at the start of the year $	Imputed value of Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
C J O'Donnell	**2,188,916**	**153,819**	**2,514,390**	**2,684,015**

Other transactions with specified directors and specified executives
The spouse of Mr S A Mays was a director of the Responsible Entity of DOF prior to the acquisition by the Group. Refer to Note 26 for full details of the acquisition. As a consequence, Mr Mays was granted leave of absence from 4 meetings held to consider the Group's takeover bid for DOF.

Service agreements
On 1 October 2002, the Group entered into a five year service agreement with the Managing Director, C J O'Donnell. The agreement stipulates the minimum base salary for each of the first three years; it provides a short-term incentive (which, if earned would be paid as a bonus, each year) and a long-term incentive/retention payment of $1.0 million over the five years, with half being payable in September 2006, and the second half being payable in September 2007, provided the agreed conditions have been satisfied. The reward provision of this agreement may be increased each year at the discretion of the Board.

There are no other executive service agreements.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures (continued)

(b) Details of specified executives

Specified executives

D F Bromell	General Manager, Development
W W Grounds	General Manager, Unlisted Funds
A S Junor	General Manager, Asset Management
B V McGarry	Company Secretary
G B Monk	Chief Financial Officer

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive remuneration framework is to ensure that reward for performance is transparent, reasonable, competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and the creation of value for securityholders, and was designed consistently with advice received from independent remuneration consultants on market best practice for delivery of rewards to executives.

The framework provides a mix of fixed and variable pay, with a blend of short and long-term incentives. As an executive undertakes more senior roles within the Group, the balance of his or her mix can shift to a higher proportion of 'at risk' rewards, depending upon the nature of the executive's new role.

Executive pay

The executive pay and reward framework has three components, the combination of which comprises the executive's total remuneration:

- base pay and benefits (fixed)
- short-term performance incentives (variable)
- long-term incentive/retention (variable).

Base Pay

Executives are offered a competitive base pay that comprises the fixed component of their remuneration. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for comparable roles. Base pay is reviewed annually. An executive's pay is also reviewed on promotion. The base pay for the Chief Executive and his direct reports requires the specific approval of the Board, following review by the Nominations and Remuneration Committee.

Base pay reviews are undertaken each year within a target total base pay allocation for the Group set in consultation with the Nominations and Remuneration Committee, and approved by the Board.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures (continued)

Short-Term Incentives (STI)
The short term incentive arrangements in place at Investa have been designed to link annual STI bonus awards to executive performance against agreed key performance indicators (KPIs) including financial performance during the year in question.

Each year the Board, on the recommendation of the Nominations and Remuneration Committee, sets the total of the STI bonus pool for the Group, and approves the individual STI targets and KPIs for the Chief Executive and his direct reports.

The Board, after review by the Nominations and Remuneration Committee, also approves guiding principles for the setting of STI targets and KPIs for Group executives generally.

As a general rule the STI target set for an executive depends upon his or her accountabilities and the potential impact of his or her role on the financial performance of the relevant business unit and the Group itself.

STI bonus payments are referred to the Nominations and Remuneration Committee for consideration ahead of their payment in September each year. STI bonus payments for the Chief Executive and his direct reports require the specific approval of the Board.

The Board retains the discretion to approve higher than target STI bonus payments to some or all executives to reward significant over performance against agreed KPIs. Any such higher payments are made from the Group STI bonus pool set by the Board as noted above.

Long-term incentive/retention (LTI)
The Employee Share Acquisition Plan (ESAP) in place at Investa has been designed to enable employees to share in the long term growth of the Group by being awarded securities under the Plan, potentially on an annual basis. The intention is to align employee wealth creation interests with those of the Group's securityholders over the longer term, and also to encourage executives to remain with the Group and continue to add value for the benefit of all stakeholders.

Annual ESAP allocations are made within a total award framework approved by the Board after recommendations from the Nominations and Remuneration Committee.

Individual awards to the Chief Executive and his direct reports require specific Board approval.

The Nominations and Remuneration Committee approves the principles and criteria governing ESAP awards to other employees within the total award framework referred to above.

Unless the Board in its absolute discretion permits otherwise, employees cannot access securities allocated to them under the ESAP until after the third anniversary of the allocation being made.

The ESAP functions through Investa making non-interest bearing non-recourse loans to employees to enable the acquisition on market of Investa securities under the ESAP for the employees in question. Net distributions and dividends from the securities, as received, are directed towards repayment of the employees' loans on an individual account basis. Under the terms of the ESAP any shortfall between the market value of an employee's ESAP securities at the date he or she leaves the Group, and that employee's outstanding loan balance at the same date, is borne by the Group. The non-monetary benefit to an employee attributable to the ESAP is equivalent to the net interest that would otherwise have been borne on the loan, determined using the Group's average weighted interest rate.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures (continued)

Retirement benefits for employees
No benefits are payable, except through Superannuation arrangements.

Details of remuneration
Details of the remuneration of each of the five specified executives of the Group is set out below:

2004	Primary			Post-employment		**Total**
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**$**
D F Bromell	281,750	80,000	17,645	25,358	-	**404,753**
W W Grounds	222,500	50,000	12,131	20,025	-	**304,656**
A S Junor	276,860	85,000	49,784	24,917	-	**436,561**
B V McGarry	215,000	50,000	32,917	19,350	-	**317,267**
G B Monk	350,000	175,000	81,501	31,500	-	**638,001**
Total	**1,346,110**	**440,000**	**193,978**	**121,150**	**-**	**2,101,238**

Total remuneration of specified executives of the Group for the year ended 30 June 2003 is set out below.

2003	Primary			Post-employment		Total
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	$
P D Bolton-Hall	216,250	40,000	22,593	19,463	-	298,306
A S Junor	260,048	110,000	43,591	23,404	-	437,043
P J Malpass	220,000	20,000	4,043	19,800	-	263,843
B V McGarry	196,250	55,000	21,354	17,663	-	290,267
G B Monk	345,000	70,000	70,771	31,050	-	516,821
Total	1,237,548	295,000	162,352	111,380	-	1,806,280

Stapled Security holding of specified executives
The number of securities held during the financial year by each of the five specified executives is set out below:

	Balance at the start of the year	**Purchases/ (sales)**	**Balance at the end of the year**
Stapled Securities in Investa Property Group			
D F Bromell	100,000	50,000	150,000
W W Grounds	70,000	40,000	110,000
A S Junor	325,500	100,000	425,500
B V McGarry	253,600	100,000	353,600
G B Monk	552,475	100,000	652,475

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 29. Director and executive disclosures (continued)

Remuneration of directors and executives (continued)

Loans to specified executives
Details of loans made to the five specified executives of the Group are set out below:

Aggregate for specified executives

2004	Balance at the start of the year $	Imputed value of Interest not charged $	Balance at the end of the year $	Number in group at the end of the year
Specified executives	**2,306,204**	**173,794**	**2,894,938**	**5**

2003	Balance at the start of the year $	Imputed value of Interest not charged $	Balance at the end of the year $	Number in group at the end of the year
Specified executives	2,047,206	144,875	2,470,769	5

Specified individuals with loans above $100,000 during the financial year

2004	Balance at the start of the year $	Imputed value of Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
D F Bromell	**204,073**	**16,831**	**286,814**	**303,073**
W W Grounds	**127,949**	**11,317**	**195,320**	**207,149**
A S Junor	**558,919**	**42,551**	**709,622**	**756,920**
B V McGarry	**383,786**	**32,103**	**547,443**	**581,786**
G B Monk	**1,031,477**	**70,992**	**1,155,739**	**1,229,476**
Total	**2,306,204**	**173,794**	**2,894,938**	**3,078,404**

No write-down or allowance for doubtful receivables has been recognised in relation to any loan made to specified executives.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 30. Events occurring after reporting date

US Private Placement

The Group has agreed to issue AUD326m of bonds to investors in the United States Private Placement market with effect from 27 July 2004. The issue comprises a tranche of USD170m of fixed rate 6.03% notes maturing 27 July 2014 and a tranche of AUD79.56m floating rate notes yielding three month bank bills plus 0.88%, maturing 27 July 2016.

Coincident with agreeing to issue these bonds, the Group entered into a cross currency interest rate swap to convert the USD denominated ten year notes into a floating rate Australian dollar obligation. The USD cash flows under the bond and the swap offset to protect the Group from movements in US interest rates, and from movements in the rate of exchange of Australian and US dollars.

The proceeds of the bond issue will be used to retire short term bank debt, thereby lengthening the term to maturity of the Group's loan liabilities.

Since the end of the financial year, the directors of the Group have not become aware of any other matter or circumstance that has significantly affected or may significantly affect the operations of the Group, the results of these operations, or the state of affairs in future financial years.

Note 31. Reconciliation of net profit to net cash inflow from operating activities

	2004 $'000	2003 $'000
Net profit after company tax attributed to stapled securityholders of Investa Property Group	**215,378**	128,227
Amortisation of intangibles	**7,451**	3,620
(Increase) in receivables	**(16,551)**	(2,629)
Increase in payables	**41,497**	8,471
(Increase) in inventories	**(35,949)**	(15,921)
Net gain on sale of investment property	**(4,370)**	(6,052)
Depreciation of assets	**536**	339
(Decrease) in provision for income tax payable	**(3,392)**	(2,419)
Net cash inflow from operating activities	**204,600**	113,636

Note 32. Capital expenditure payments

	2004 $'000	2003 $'000
Capital expenditure payments in respect of the investment property portfolio	**27,289**	9,432
Capital expenditure payments in respect of the 126 Phillip Street development property	**74,271**	-
Total capital expenditure payments	**101,560**	9,432

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 33. Non-cash financing and investing activities

	2004 $'000	2003 $'000
Issuance of securities under Distribution Reinvestment Plan:		
Distributions reinvested – 24 August 2002	-	8,428
Distributions reinvested – 23 October 2002	-	12,415
Distributions reinvested – 21 February 2003	-	13,323
Distributions reinvested – 23 May 2003	-	15,652
Distributions reinvested – 23 August 2003	**18,639**	-
Distributions reinvested – 21 November 2003	**8,796**	-
Distributions reinvested – 20 February 2004	**9,319**	-
Distributions reinvested – 21 May 2004	**12,322**	-
	49,076	49,818

Note 34. Earnings per stapled security

	2004	2003
Basic and diluted earnings (cents per stapled security)	**15.99**	15.83
Basic and diluted earnings per stapled security (before revaluation) (cents per stapled security)	**15.99**	15.83
Basic and diluted earnings per stapled security (before revaluation and before amortisation) (cents per stapled security)	**16.55**	16.28
Weighted average number of stapled securities outstanding during the year used in the calculation of earnings per stapled security	**1,346,649,752**	809,850,175

The calculation of basic earnings per stapled security includes the increments / (decrements) on revaluation of investment properties.

Note 35. Impact of adopting AASB equivalent to IASB standards

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The application of AASB equivalents to IFRS will be first reflected in the Group's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made retrospectively, against opening retained earnings as at 1 July 2004.

In order to manage the transition to IFRS, the Group has established a Project Control Group (PCG) and Technical Review Committee comprising key internal staff and external advisers. The PCG has developed a comprehensive transition plan to identify, resolve and implement required accounting policy changes, and this plan is currently on schedule.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2004

Note 35. Impact of adopting AASB equivalent to IASB standards (continued)

Major changes identified to date that will be required to the Group's existing accounting policies include the following:

Investment properties
Under the Australian equivalent to IAS40 *Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value are recognised in the net profit or loss for the period in which they arise. This will result in a change to the current accounting policy which requires that fair value increments be recognised in the asset revaluation reserve, except to the extent that they reverse a decrement previously recognised as an expense in the profit and loss account, and fair value decrements be recognised in the profit and loss account, except to the extent that they reverse an increment previously recognised in the asset revaluation reserve. This change will have an initial impact as the revaluation reserve is reclassified to retained earnings at 1 July 2004 and is likely to result in volatility in future earnings, without any associated volatility in distributions.

Financial instruments
Under the Australian equivalent to IAS39 *Financial Instruments: Recognition and Measurement*, all derivatives are recorded in the balance sheet at fair value, and subjected to rigorous hedge designation and effectiveness testing. Ineffectiveness precludes the use of hedge accounting requiring gains or losses on derivatives to be recognised in the net profit and loss for the period. The current standard requires that gains or losses on foreign exchange hedge contracts be recognised as deferred gains or losses in the statement of financial position. The current standard does not require the recognition of unrealised interest rate swap contracts in the financial statements. This change may have an initial impact on retained earnings at 1 July 2004 and is likely to result in volatility in future earnings, without any associated volatility in distributions.

Goodwill
Under the Australian equivalent to IFRS3 *Business Combinations*, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years. This change may have an initial impact on retained earnings at 1 July 2004 and will result in the absence of any future amortisation expense. In the event of any impairment it will be recognised immediately in the statement of financial performance.

Income Tax
Under the Australian equivalent to IAS12 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity. This change will have an initial impact on retained earnings and is likely to alter the future carrying values of deferred tax assets and liabilities.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to IFRS, as not all Australian standards have been finalised as yet, and where there are choices of accounting policies available, decisions have not yet been made. For these reasons it is not yet possible to quantify the future impact of the transition to IFRS on the financial statements of the Group.

Directors' Declaration

The directors declare that the Combined Financial Statements and notes set out on pages 12 to 52:

(a) comply with Accounting Standards, the Corporation Regulations 2001 and other mandatory professional reporting requirements; and
(b) present fairly the Group's financial position as at 30 June 2004 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

I K Payne
Chairman
Sydney
29 July 2004

PRICEWATERHOUSECOOPERS

Independent audit report to the security holders of Investa Property Group

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Audit opinion

In our opinion, the financial report of Investa Property Group presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, the financial position of Investa Property Group as at 30 June 2004 and the results of its operations and cash flows for the year ended on that date.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, for Investa Property Group (the Group), comprising Investa Properties Limited and Investa Property Trust and the entities they controlled, for the year ended 30 June 2004.

The directors of Investa Properties Limited are responsible for the preparation and presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the security holders of the Group. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Group's financial position and the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors of Investa Properties Limited.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by the directors of Investa Properties Limited or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

PricewaterhouseCoopers

PricewaterhouseCoopers

J A Dunning

J A Dunning
Partner

Sydney
29 July 2004

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Independent audit report to the security holders of Investa Property Group

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Investa Property Group (the Group) for the financial year ended 30 June 2004 included on Investa Property Group's web site. The Group's directors are responsible for the integrity of the Investa Property Group's web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit opinion

In our opinion, the financial report of Investa Property Group presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, the financial position of Investa Property Group as at 30 June 2004 and the results of its operations and cash flows for the year ended on that date.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, for Investa Property Group (the Group), comprising Investa Properties Limited and Investa Property Trust and the entities they controlled, for the year ended 30 June 2004.

The directors of Investa Properties Limited are responsible for the preparation and presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the security holders of the Group. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

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- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors of Investa Properties Limited.

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In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

PricewaterhouseCoopers

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J A Dunning

J A Dunning
Partner

Sydney
29 July 2004