Investa Properties Limited

ABN 54 084 407 241

Annual Report

30 June 2004

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Annual Report – 30 June 2004

Contents

Directors' Report

The directors of Investa Properties Limited present their report together with the financial report of Investa Properties Limited and the consolidated financial report of Investa Properties Limited and its controlled entities for the year ended 30 June 2004.

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 consolidated entity continued to consist of property and funds management, property development and holding short term investments prior to syndication or disposal. All business segments operate in one geographical area, Australia. The Company had 190 employees at 30 June 2004 (2003: 132).

Dividends

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

	2004 **$'000**
Final dividend for the year ended 30 June 2003 of 0.25 cents per share paid on 22 August 2003	**2,213**
Interim dividend of 0.25 cents per share paid on 21 November 2003	**3,483**
Interim dividend of 0.15 cents per share paid on 20 February 2004	**2,096**
	7,792

In addition to the above dividends, the directors declared a final dividend on 25 June 2004 of 0.25 cents per share, or $3,587,000, to be paid on 20 August 2004.

Dividends paid and payable for the year ended 30 June 2004 were $9,166,000, representing 0.65 cents per share, decreasing 59.4% from 1.60 cents per share in 2003, or $13,387,000. All dividends were fully franked.

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

Directors' Report (continued)

Review of operations and significant changes in the state of affairs

A summary of the consolidated results is as follows:

	2004 **$'000**	2003 $'000
Total revenue from ordinary activities	**217,344**	237,741
Net profit after tax	**11,643**	15,352
Profit attributable to outside equity interests[1]	**(2,973)**	(1,182)
Profit attributable to members of Investa Properties Limited	**8,670**	14,170
Retained profits brought forward	**3,726**	2,943
Dividends paid and payable	**(9,166)**	(13,387)
Retained profits at 30 June	**3,230**	3,726
Total assets at 30 June	**593,788**	569,987

[1] This represents the profit attributable to the outside equity interests in Investa Commercial Property Fund.

The net profit after tax for the Company was down $5,500,000 at $8,670,000 compared to $14,170,000 in the previous year. As a result, earnings per share before amortisation and depreciation have decreased from 2.00 cents per share in 2003 to 0.77 cents per share in the current year. The decrease in earnings has resulted in the dividend per share decreasing by 0.95 cents per share from 1.60 cents per share in 2003, to 0.65 cents per share in the current year.

Total assets have increased from $569,987,000 in 2003 to $593,788,000 in 2004, primarily due to the increase in property inventories. The Company continues to hold investments prior to syndication or disposal to third parties. Assets held as investments at 30 June 2004 include:

- a 76% interest in Investa Commercial Property Fund $141,962,456
- a 100% interest in Macarthur Central Shopping Centre, Brisbane $101,154,997

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

Directors' Report (continued)

Information on directors

Director	Experience	Special responsibilities
I K Payne M.Ec	Ian has been Chairman since 1999. Previously he was Deputy Chief Executive and Executive Director of Commonwealth Bank of Australia from 1992 to 1997 and Chairman of Commonwealth Financial Services Limited. Ian was also Chairman of Export Finance and Insurance Corporation from 1996 to August 2002 and is currently a Director of SFE Corporation Limited, Legalco Limited and Zurich Financial Services Australia Limited.	Non Executive Chairman
C J O'Donnell Dip.Bus., NZCB, FAICD, AIQS (Affil),FAPI	Chris has been Managing Director of Investa Property Group since December 2000. Prior to the formation of Investa, Chris was Executive Director of Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and Managing Director of Capital Property Limited.	Managing Director 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 Developments 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
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 Investa Development Group

Directors' Report (continued)

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year to 30 June 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 Delta Office Find (previously named Principal Office Fund)(POF) to avoid a conflict of interest. His spouse was a director of the Responsible Entity of POF at that time.

[2] "Held" reflects the number of meetings which the relevant 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 Company'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 (Refer to note 26).

The Sustainability Committee is chaired by J L Arthur and was established to reflect the belief that shareholder value will be enhanced through formalising and integrating the management of the Company'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 of Investa Properties Limited and each specified executive of the Company are set out in the following tables. This section should be read in conjunction with the director and executive disclosure note to the financial statements (note 26).

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**

Directors' Report (continued)

Specified directors' and specified executives' emoluments (continued)

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

Specified directors	**Balance at the start of the year**	**Purchases/ (sales)**	**Balance at the end of the year**
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	**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

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

Likely developments and expected results of operations
The Company 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 Company is managing this transition and what the likely impact will be, is contained in the note 33 to the financial statements.

Directors' Report (continued)

Environmental regulation
Whilst the Company is not subject to significant environmental regulation in respect of its property development activities, the directors of the Company are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the directors are not aware of any material breaches 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, the Company 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.

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

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

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

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

I K Payne

I K Payne
Chairman
Sydney
29 July 2004

Discussion and analysis of the Consolidated Financial Statements

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

Consolidated Statement of Financial Performance

The Company achieved 15% growth in earnings before interest, tax, depreciation and amortisation ("EBITDA") in 2004 to $45,191,000, up from $39,369,000 in the previous year. However the net profit after tax for the Company was down $5,500,000 at $8,670,000 compared to $14,170,000 in the previous corresponding year.

The growth in EBITDA, based on a higher level of activity (see below), was more than offset by increases in borrowing costs (particularly interest charges from Investa Property Trust (IPT)) and operating expenses. The interest charges from IPT result in increased revenue in IPT and are eliminated in the Investa Property Group (IPG) accounts reflecting the overall improved group performance.

Earnings per share before amortisation and after tax have decreased from 1.75 cents per share in the previous period to 0.64 cents per share in the current period. Reflecting the drop in earnings, the dividend per share has been reduced from 1.60 cents per share to 0.65 cents per share.

The difference in earnings per share and dividend per share is reflected in a reduction of retained profits, which are $3,230,000 at the end of the period.

1. Analysis of Revenue by Segment

Excluding proceeds from the sale of investments, revenue from operating activities is up 49% to $144,546,000 reflecting the increased activity of the Company. Key contributors to this growth are:

a. 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 taking on the management of the properties acquired through the Delta Office Fund (DOF, formerly named Principal Office Fund) 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 than the previous period 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 directly placed 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 Consolidated Financial Statements (continued)

Consolidated Statement of Financial Performance (continued)

b. 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 during 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 underway. Profit will be recognised progressively over the life of the project.

c. 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 our strategy as we are able to draw on the strength of the Company's balance sheet as we hold assets either for future sale or syndication.

Investment earnings continued to grow in 2004 due to a number of acquisitions in 2003, resulting in an increase in investment income of $4,800,000 to $18,700,000.

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
Total	**18,700,000**

Short Term Investment disposals

Profit on sale of short term investments is down by $2,987,000 to $2,323,000. The main contributors to profits for the year included the sale of the Company's interest in Martin Place Wholesale Syndicate ($1,200,000) and 7 – 13 Tomlins Street, Townsville ($900,000).

Discussion and analysis of the Consolidated Financial Statements (continued)

Consolidated Statement of Financial Performance (continued)

2. Analysis of Expenses

During the year the Company considerably grew the scale of operations with the acquisition of the DOF portfolio and the full year impact of acquisitions made in 2003. As a consequence operating expenses and interest expenses have significantly increased.

- 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.

- Borrowing costs include interest expense and line facility fees paid on external and internal borrowings. Internal borrowings are loans made available by IPT to provide funds to the Company to enable it to make its investments.

  Borrowing costs have increased on the corresponding period (by $15,351,000 to $31,308,000) due to the increase in borrowings required to fund the acquisitions made by the Company, including Macarthur Central and the Company's investment in Investa Commercial Property Fund. Borrowing costs paid to IPT are also higher due to an increase in interest rates charged by IPT during the period. The interest rates charged by IPT are based on standard commercial terms that would be otherwise available to the Company outside of the Group.

Consolidated Statement of Financial Position

Total assets have increased by $23,801,000 from $569,987,000 to $593,788,000 as at 30 June 2004 due to the continued landbanking activities of the development business partially offset by asset sales by the Company.

During the period, the Company sold several of its short term investments including:

- 13% interest in Investa Commercial Property Fund ($23,701,000);
- 7 – 13 Tomlins Street, Townsville ($11,847,000);
- 25% interest in MPWS ($16,589,000);
- investment in Investa Fifth Commercial Trust ($9,000,000); and
- 29 Lysaght Street, Brisbane ($11,661,000)

The funds generated from the increase in contributed equity ($57,223,000) have been utilised to reduce debt in the Company by $55,306,000, from $498,130,000 in June 2003 to $442,824,000 at June 2004, with the predominant reduction being debt owed to a related entity, IPT. The external debt relates to an Investa Commercial Property Fund loan of $63,000,000.

Discussion and analysis of the Consolidated Financial Statements (continued)

Consolidated Statement of Cash Flows

The Company generated a higher EBITDA than the previous year however it was a net recipient of funds due to the funding requirements of the development business landbanking during the year. After funding from IPT and shareholders, the Company held cash reserves of $4,491,000, down from $5,460,000 at 30 June 2003.

Cash flows from operating activities decreased by $45,981,000 from an inflow of $8,460,000 in the previous financial period to an outflow of $37,521,000, which is mainly attributable to:

- Additional borrowing costs paid of $24,169,000;
- Higher taxation payments of $1,807,000 relating primarily to the increased development activities; and
- Increased payments of $27,888,000 mainly related to property inventories and property outgoings.

These reductions in cash flow have been partially offset by an increase in distributions received of $7,879,000 reflecting the income derived from Macarthur Central and Investa Commercial Property Fund.

Investing activities resulted in a net inflow of $64,208,000 which was mainly as a result of the proceeds from the sale of investments totalling $72,797,000.

Financing activities resulted in a net outflow of $27,656,000 mainly as a result of the net repayment of external loans amounting to $56,600,000 upon the refinancing of debt facilities and dividend payments amounting to $8,017,000 offset by net additional borrowings from Investa Property Trust, a related entity, of $35,461,000.

Statements of Financial Performance
For the year ended 30 June 2004

	Notes	Consolidated 2004 $'000	Consolidated 2003 $'000	Parent entity 2004 $'000	Parent entity 2003 $'000
Revenue from ordinary activities	2	**217,344**	237,741	**42,702**	110,851
Cost of development inventory sold		**(58,222)**	(36,784)	**-**	-
Property outgoings		**(4,188)**	(1,862)	**-**	-
Repairs and Maintenance		**(322)**	(320)	**-**	-
Employee expenses		**(24,640)**	(16,708)	**(13,739)**	(9,225)
Accommodation expenses		**(1,480)**	(1,338)	**(728)**	(654)
Purchased services		**(3,127)**	(1,630)	**(2,726)**	(1,198)
Depreciation and amortisation expenses		**(2,193)**	(2,029)	**(931)**	(809)
Borrowing costs		**(31,308)**	(15,957)	**(1,180)**	(4,401)
Other expenses from ordinary activities	3	**(77,201)**	(138,548)	**(12,991)**	(77,853)
Profit from ordinary activities before income tax expense	4	**14,663**	22,565	**10,407**	16,711
Income tax expense	7	**(3,020)**	(7,213)	**-**	(2,848)
Net Profit		**11,643**	15,352	**10,407**	13,863
Net profit attributable to outside equity interests		**(2,973)**	(1,182)	**-**	-
Net profit attributable to members of Investa Properties Limited		**8,670**	14,170	**10,407**	13,863
Total changes in equity other than those resulting from transactions with owners as owners		**8,670**	14,170	**10,407**	13,863
		Cents	Cents		
Basic and diluted earnings per share	30	**0.64**	1.75		

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

Statements of Financial Position
As at 30 June 2004

		Consolidated		Parent entity	
		2004	2003	**2004**	2003
	Notes	**$'000**	$'000	**$'000**	$'000
Current assets					
Cash assets	8	**4,491**	5,460	**277**	113
Receivables	9	**22,072**	10,174	**24,571**	9,064
Investments	10	**111,654**	156,404	**12,558**	21,161
Property development inventories	11	**34,519**	20,056	**-**	-
Total current assets		**172,736**	192,094	**37,406**	30,338
Non-current assets					
Investments in controlled entities	12	**-**	-	**26,804**	5,129
Loan to related entity	25	**13,296**	-	**13,296**	-
Deferred tax asset		**5,358**	2,575	**1,047**	802
Investments	10	**249,854**	245,381	**-**	-
Property, plant and equipment	13	**1,029**	1,032	**672**	540
Property development inventories	11	**134,916**	113,430	**-**	-
Loans to employees	14	**12,012**	9,232	**7,386**	9,232
Intangible assets	15	**4,587**	6,243	**2,190**	2,818
Total non-current assets		**421,052**	377,893	**51,395**	18,521
Total assets		**593,788**	569,987	**88,801**	48,859
Current liabilities					
Payables	16	**9,524**	6,766	**2,618**	2,789
Interest and non-interest bearing liabilities	17	**102,201**	205,864	**-**	19,232
Income tax liability		**1,269**	4,661	**-**	1,394
Provisions	18	**9,380**	6,335	**6,746**	4,471
Total current liabilities		**122,374**	223,626	**9,364**	27,886
Non-current liabilities					
Interest and non-interest bearing liabilities	17	**340,623**	292,266	**-**	-
Deferred tax liabilities		**6,077**	6,040	**37**	37
Total non-current liabilities		**346,700**	298,306	**37**	37
Total liabilities		**469,074**	521,932	**9,401**	27,923
Net assets		**124,714**	48,055	**79,400**	20,936
Equity					
Contributed equity	19(b)	**77,356**	20,133	**77,356**	20,133
Outside equity interest	20	**44,128**	24,196	**-**	-
Retained profits	21	**3,230**	3,726	**2,044**	803
Total equity	22	**124,714**	48,055	**79,400**	20,936

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

Statements of Cash Flows
For the year ended 30 June 2004

	Notes	Consolidated 2004 $'000	Consolidated 2003 $'000	Parent entity 2004 $'000	Parent entity 2003 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		**131,894**	109,936	**20,646**	22,373
Cash payments in the course of operations		**(150,275)**	(100,429)	**(27,868)**	(15,581)
Dividends/distributions received		**16,418**	8,539	**4,372**	20,445
Interest received		**582**	578	**61**	82
Borrowing costs paid		**(27,000)**	(2,831)	**(40)**	(165)
Income taxes paid		**(9,140)**	(7,333)	**(1,505)**	(1,476)
Net cash (outflow) /inflow from operating activities	29	**(37,521)**	8,460	**(4,334)**	25,678
Cash flows from investing activities					
Payments for property, plant and equipment		**(581)**	(230)	**(437)**	(159)
Proceeds from sales of assets		**-**	-	**-**	-
Due diligence costs recovered		**-**	689	**-**	-
Payments for investments		**-**	(455,560)	**-**	(77,433)
Payments for capital expenditure		**(5,260)**	-	**-**	-
Proceeds from sales of investments		**72,797**	140,653	**14,129**	78,823
Proceeds from sales of plant and equipment		**32**	-	**-**	-
Investments in controlled entities		**-**	-	**-**	(6,773)
Redemption of shares in controlled entities		**-**	-	**-**	1,645
Loans to employees	14	**(2,780)**	(3,671)	**1,846**	(3,671)
Net cash inflow/(outflow) from investing activities		**64,208**	(318,119)	**15,538**	(7,568)
Cash flows from financing activities					
Proceeds from issues of shares		**1,650**	18,170	**1,650**	18,170
Proceeds from borrowings from related entity		**154,942**	448,411	**-**	106,261
Proceeds from borrowings		**11,000**	91,600	**-**	-
Repayments of borrowings		**(67,600)**	(23,500)	**-**	(3,500)
Repayments of borrowings from related entity		**(119,481)**	(216,736)	**(6,777)**	(125,898)
Cost of issue of shares		**(150)**	(436)	**(150)**	(436)
Dividends paid		**(8,017)**	(13,593)	**(5,763)**	(13,593)
Net cash inflow/(outflow) from financing activities		**(27,656)**	303,916	**(11,040)**	(18,996)
Net (decrease)/increase in cash held		**(969)**	(5,743)	**164**	(886)
Cash at the beginning of the financial year		**5,460**	11,203	**113**	999
Cash at the end of the financial year		**4,491**	5,460	**277**	113
Non-cash financing activities	19(b)				
Financing Arrangements	17				

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

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

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Investa Properties Limited ("parent entity") as at 30 June 2004 and the results of its controlled entities, for the year then ended. Investa Properties Limited and its controlled entities together are referred to in this financial report as the "consolidated entity". The effects of all transactions between entities in the consolidated entity are eliminated in full.

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

(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 Statements of Financial Position as receivable.

ii. Interest and investment income

Interest and investment income is brought to account on an accruals basis and, if not received at balance date, is reflected in the Statements 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. 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.

(d) Borrowing costs

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

Note 1. Summary of significant accounting policies (continued)

(e) Maintenance and repairs
Plant of the Company 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 consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful 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 net costs of each intangible asset over its expected useful life to the consolidated entity. An annual assessment of the appropriateness of the carrying value and remaining useful life is made for the intangible asset. The expected useful life of the corporate property services establishment cost intangible asset is 5 years.

(h) Earnings per share

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

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

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

(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.

(k) 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.

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

Investments in associates are initially recorded at cost and subsequently at net asset backing.

Note 1. Summary of significant accounting policies (continued)

(m) Inventory

Valuation

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

Classification

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

Capitalisation of borrowing costs

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

(n) Goodwill

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

(o) 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 Statements 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.

(p) Payables

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

(q) 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.

Note 1. Summary of significant accounting policies (continued)

(q) Employee entitlements (continued)

(iii) Superannuation

The amount charged to the Statements of Financial Performance in respect of superannuation is disclosed as employee benefits and includes the contributions made by the consolidated entity and its controlled entity to the Investa Staff Superannuation Plan. The Superannuation Plan is an 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.

(r) 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.

(s) Derivatives

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

(t) Dividends

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

(u) Taxation

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

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.

(v) Rounding

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

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

Note 2. Revenue from ordinary activities

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Management fees	**24,440**	19,780	**18,014**	16,177
Sale of property inventory	**85,308**	52,808	**-**	-
Rental income	**16,193**	9,653	**-**	-
Dividend and distribution income	**16,694**	12,046	**14,177**	15,105
Proceeds from sale of investments	**72,798**	140,653	**9,000**	78,823
Other income	**1,328**	2,223	**1,450**	669
Interest	**583**	578	**61**	77
Revenue from ordinary activities	**217,344**	237,741	**42,702**	110,851

Note 3. Other expenses from ordinary activities

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Carrying amount of investments sold	**70,475**	135,343	**8,603**	75,963
Other expenses	**6,726**	3,205	**4,388**	1,890
	77,201	138,548	**12,991**	77,853

Note 4. Operating profit

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Profit from ordinary activities before income tax expense includes the following specific expenses:				
Depreciation – property, plant and equipment	**536**	339	**304**	150
Amortisation – intangibles	**1,657**	1,690	**627**	660
Borrowing costs:				
Gross Interest and finance charges paid/payable	**33,822**	17,839	**1,180**	4,401
Less: Interest and finance charges capitalised[1]	**(2,514)**	(1,882)	**-**	-
Interest and finance charges paid/payable	**31,308**	15,957	**1,180**	4,401
Rental expenses relating to operating leases:				
Lease payments – office rent	**1,200**	1,059	**636**	502
Computers & equipment	**346**	215	**154**	153

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

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

Note 5. Segment information

The consolidated entity operates solely in Australia in the following business segments:

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

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

Investments
Investa Properties Limited holds short-term investments in unlisted property trusts prior to either syndication, disposal, or the sell down of units to external investors. Distribution income is earned from the investments and profits and losses are generated at the time of sale of the investments.

30 June 2004	Services $'000	Property Development $'000	Investments $'000	Consolidated $'000
Revenue from ordinary activities	**25,541**	**85,308**	**106,495**	**217,344**
Segment ordinary profit[1]	**4,832**	**17,999**	**22,895**	**45,726**
Unallocated	**-**	**-**	**-**	**(3,555)**
Total Segment ordinary profit[1]	**4,832**	**17,999**	**22,895**	**42,171**
Net profit after tax	**3,830**	**10,554**	**2,632**	**17,016**
Unallocated[2]	**-**	**-**	**-**	**(8,346)**
Net profit after tax	**3,830**	**10,554**	**2,632**	**8,670**
Segment assets	**2,190**	**169,435**	**361,508**	**533,133**
Unallocated assets	**-**	**-**	**-**	**60,655**
Total assets	**2,190**	**169,435**	**361,633**	**593,788**
Segment liabilities	**-**	**126,191**	**316,633**	**442,824**
Unallocated liabilities	**-**	**-**	**-**	**26,250**
Total liabilities	**-**	**126,191**	**316,633**	**469,074**
Depreciation and amortisation expense	**1,038**	**1,155**	**-**	**2,193**
Acquisition of property, plant and equipment	**497**	**84**	**-**	**581**

[1] Segment ordinary profit represents earnings before interest, amortisation and depreciation and after tax.
[2] Includes corporate costs and intergroup interest charges not allocated.

Note 5. Segment information (continued)

30 June 2003	Services $'000	Property Development $'000	Investments $'000	Consolidated $'000
Revenue from ordinary activities	21,980	52,808	162,953	237,741
Segment ordinary profit[1]	5,835	12,116	16,060	34,011
Unallocated	-	-	-	(1,855)
Total Segment ordinary profit[1]	5,835	12,116	16,060	32,156
Net profit after tax	5,005	8,455	2,113	15,573
Unallocated	-	-	-	(1,403)
Net profit after tax	5,005	8,455	2,113	14,170
Segment assets	2,818	133,486	401,785	538,089
Unallocated assets				31,898
Total assets	2,818	133,486	401,785	569,987
Segment liabilities	-	59,600	378,530	438,130
Unallocated liabilities	-	-	-	83,802
Total liabilities	-	59,600	378,530	521,932
Depreciation and amortisation expense	830	1,199	-	2,029
Acquisition of property, plant and equipment	181	49	-	230

[1] Segment ordinary profit represents earnings before interest, amortisation and depreciation and after tax.

Note 6. Remuneration of auditors

	Consolidated		Parent entity	
	2004 $	2003 $	**2004 $**	2003 $
Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditor of the parent entity – PricewaterhouseCoopers	**247,563**	251,702	**102,090**	102,800
Remuneration for other services				
Auditor of the parent entity – PricewaterhouseCoopers:				
Taxation	**-**	10,615	**-**	10,615
Technical accounting advice	**-**	56,600	**-**	-
IFRS technical advice	**25,000**	-	**25,000**	-
Real Estate procedures review	**3,000**	-	**-**	-
Investigating accountant's advice	**70,000**	-	**70,000**	-
	345,563	318,917	**197,090**	113,415

Note 7. Income tax

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**14,663**	22,565	**10,407**	16,711
Income tax calculated @30% (2003: 30%)	**4,399**	6,770	**3,122**	5,013
Tax effect of permanent differences:				
Non-deductible amortisation of intangibles	**497**	507	**188**	198
Other permanent differences	**22**	(64)	**18**	22
Benefit of prior year tax losses recouped	**(1,898)**	-	**-**	-
Rebateable dividends	**-**	-	**(3,990)**	(2,385)
Income tax adjusted for permanent differences	**3,020**	7,213	**(662)**	2,848
Benefit of current year tax loss not brought to account	**-**	-	**662**	-
Income tax expense	**3,020**	7,213	**-**	2,848

Note 8. Cash assets

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Cash at bank[1]	**4,491**	5,460	**277**	113

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

Note 9. Receivables

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Trade debtors	**13,552**	3,610	**3,363**	1,870
Distributions receivable from associates	**969**	4,511	**305**	1,198
Amount receivable from controlled entities	**-**	-	**16,010**	2,995
Other debtors	**7,551**	2,053	**4,893**	3,001
Total Receivables	**22,072**	10,174	**24,571**	9,064

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

Note 10. Investments

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Current Investments				
Investments in properties:				
7 - 13 Tomlins Street, Townsville	**-**	9,325	**-**	-
Macarthur Central Shopping Centre, Brisbane	**101,154**	100,796	**12,558**	12,558
39 - 41 Lysaght Street, Brisbane	**-**	11,743	**-**	-
Investments in unlisted property trusts:				
Investa Fifth Commercial Trust	**-**	8,603	**-**	8,603
Martin Place Trust	**10,500**	25,937	**-**	-
Total Current Investments	**111,654**	156,404	**12,558**	21,161
Non-current Investments				
Investments in properties:				
Kings Row, Brisbane[1]	**33,338**	32,965	**-**	-
Investments in unlisted property trusts:				
SUNPAC Property Fund[1]	**106,729**	102,629	**-**	-
231 Elizabeth Street Trust[1]	**58,362**	58,362	**-**	-
Investa South Melbourne Trust[1]	**51,425**	51,425	**-**	-
Total Non-current Investments	**249,854**	245,381	**-**	-

[1] These investments are held by Investa Commercial Property Fund. Investa Nominees Pty Limited, a 100% subsidiary of Investa Properties Limited, owned 76% (2003: 89%) of Investa Commercial Property Fund at 30 June 2004.

Note 11. Property development inventories

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'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 property development inventories	**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	**(792)**	(270)	**-**	-
Total non-current property development inventories	**134,916**	113,430	**-**	-

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

Note 12. Investments in controlled entities

Name of entity	Country of incorporation	Class of share/ unit	Equity 30 June 2004	Equity 30 June 2003
Investa Asset Management Pty Limited	Australia	Ordinary	100 %	100 %
Investa Asset Management (QLD) Pty Limited	Australia	Ordinary	100 %	100 %
Investa Development Holdings Pty Limited **	Australia	Ordinary	100 %	100 %
Investa Nominees Pty Limited	Australia	Ordinary	100 %	100 %
Investa Developments Pty Limited	Australia	Ordinary	100 %	100 %
Investa Third Industrial Trust	Australia	Ordinary	100 %	100 %
Silverton Limited	Australia	Ordinary	100 %	100 %
Helensvale Estate Pty Limited	Australia	Ordinary	100 %	100 %
Triptec Pty Limited	Australia	Ordinary	100 %	100 %
Silverton Real Estate Pty Limited	Australia	Ordinary	100 %	100 %
P.A Shingles Pty Limited	Australia	Ordinary	100 %	100 %
Whitfords Beach Pty Limited	Australia	Ordinary	100 %	100 %
Coombabah Square Pty Limited	Australia	Ordinary	100 %	100 %
Cairns Trust	Australia	Ordinary	55 %	55 %
Townsville Trust	Australia	Ordinary	55 %	55 %
Macarthur Central Trust	Australia	Ordinary	100 %	100 %
Investa Commercial Property Fund	Australia	Ordinary	76 %	89 %

** Investa Properties Ltd holds 100% of the share capital of Investa Development Holdings Pty Limited at a cost of $26,804,000

Note 13. Property, plant and equipment

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Property, plant & equipment				
At cost	**2,679**	2,486	**1,268**	830
Less: Accumulated depreciation	**(1,650)**	(1,454)	**(596)**	(290)
Total property, plant and equipment	**1,029**	1,032	**672**	540

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment for the financial year are set out below:

	Consolidated	Parent entity
	Fixtures & Fittings $'000	**Fixtures & Fittings $'000**
Carrying amount at 1 July 2003	**1,032**	**540**
Additions	**581**	**436**
Disposals	**(48)**	**-**
Depreciation	**(536)**	**(304)**
Carrying value at 30 June 2004	**1,029**	**672**

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

Note 14. Loans to employees

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Loans to employees	**12,012**	9,232	**7,386**	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 are 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 Company and the value of the outstanding loan is borne by the Company. 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).

Note 15. Intangible assets

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Corporate property services establishment costs	**3,500**	3,500	**3,500**	3,500
Less: accumulated amortisation[1]	**(1,310)**	(682)	**(1,310)**	(682)
	2,190	2,818	**2,190**	2,818
Goodwill	**5,148**	5,148	**-**	-
Less: accumulated amortisation	**(2,751)**	(1,723)	**-**	-
	2,397	3,425	**-**	-
Payment for management rights	**-**	8,870	**-**	8,870
Less: accumulated amortisation	**-**	(513)	**-**	(513)
Less: Relinquishment of management rights	**-**	(8,357)	**-**	(8,357)
	-	-	**-**	-
	4,587	6,243	**2,190**	2,818

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

Note 16. Payables

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Trade creditors	**9,524**	6,766	**2,618**	2,789

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

Note 17. Interest and non-interest bearing liabilities

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Current interest and non-interest bearing liabilities				
Loans from related parties (refer to Note 25)	**102,201**	205,864	**-**	19,232
Total current	**102,201**	205,864	**-**	19,232
Non-current interest and non-interest bearing liabilities				
Loans from related parties (refer to Note 25)	**277,623**	172,666	**-**	-
Cash advance facilities	**63,000**	119,600	**-**	-
Total non-current	**340,623**	292,266	**-**	-
Total interest and non-interest bearing liabilities	**442,824**	498,130	**-**	19,232

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

Cash advance and contingent liability arrangements	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Total facilities:				
Related party loans	**379,824**	378,530	**-**	19,232
Cash advance facilities (secured)	**65,000**	150,675	**-**	15,675
Contingent liability facilities	**-**	325	**-**	325
	444,824	529,530	**-**	35,232
Used at balance date:				
Related party loans	**379,824**	378,530	**-**	19,232
Cash advance facilities (secured)	**63,000**	119,600	**-**	-
Contingent liability facilities	**-**	325	**-**	325
	442,824	498,455	**-**	19,557
Unused at balance date	**2,000**	31,075	**-**	15,675

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.

In May 2004, the Investa Property Trust renegotiated the majority of its loans, 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.

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

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

Note 18. Provisions

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Employee entitlements:				
Annual leave	**998**	827	**463**	532
Long service leave	**440**	359	**218**	333
Other employee entitlements	**3,485**	1,629	**2,478**	1,393
Other provisions	**26**	888	**-**	-
Dividends[1]	**4,431**	2,632	**3,587**	2,213
Total provisions	**9,380**	6,335	**6,746**	4,471

[1] Includes $844,000 payable to outside equity interests as at 30 June 2004.

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

Consolidated	Annual leave $'000	Long service leave $'000	* Other employee entitlements $'000	Other provisions $'000	Dividends $'000	Total Provisions $'000
Carrying amount at start of year	**827**	**359**	**1,629**	**888**	**2,632**	**6,335**
Movement in the year						
Paid out during the year	**(136)**	**(135)**	**(1,879)**	**(974)**	**(10,046)**	**(13,170)**
Additional provisions recognised	**307**	**216**	**3,735**	**112**	**11,845**	**16,215**
Carrying amount at end of the year	**998**	**440**	**3,485**	**26**	**4,431**	**9,380**

Parent entity	Annual leave $'000	Long service leave $'000	* Other employee entitlements $'000	Other provisions $'000	Dividends $'000	Total Provisions $'000
Carrying amount at start of year	**532**	**333**	**1,393**	**-**	**2,213**	**4,471**
Movement in the year						
Paid out during the year	**(136)**	**(115)**	**(1,243)**	**-**	**(7,792)**	**(9,286)**
Additional provisions Recognised	**67**	**-**	**2,328**	**-**	**9,166**	**11,561**
Carrying amount at end of the year	**463**	**218**	**2,478**	**-**	**3,587**	**6,746**

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

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

Note 19. Contributed equity

(a) Number of shares

	Date of issue and cost per share *	Consolidated 2004 No.'000	Consolidated 2003 No.'000	Parent entity 2004 No.'000	Parent entity 2003 No.'000
Opening balance		**885,529**	600,822	**885,529**	600,822
Placement of shares	- 16/08/02 @$1.89	**-**	142,500	**-**	142,500
Dividends reinvested	- 24/08/02 @$1.97	**-**	4,278	**-**	4,278
Placement of shares	- 14/09/02 @$1.89	**-**	32,104	**-**	32,104
Placement of shares	- 22/10/02 @$2.05	**-**	45,000	**-**	45,000
Dividends reinvested	- 23/10/02 @$2.02	**-**	6,056	**-**	6,056
Security Purchase Plan	- 30/12/02 @$2.02	**-**	5,384	**-**	5,384
Placement of shares	- 28/01/03 @$2.10	**-**	35,443	**-**	35,443
Dividends reinvested	- 21/02/03 @$2.10	**-**	6,344	**-**	6,344
Dividends reinvested	- 08/05/03 @$2.06	**-**	7,598	**-**	7,598
Share issue DOF acquisition	- 29/07/03 @$1.92	**83,614**	-	**83,614**	-
Dividends reinvested	- 22/08/03 @$2.01	**9,273**	-	**9,273**	-
Share issue DOF acquisition	- 06/08/03 @$1.92	**8,228**	-	**8,228**	-
Share issue DOF acquisition	- 14/08/03 @$1.92	**33,695**	-	**33,695**	-
Share issue DOF acquisition	- 20/08/03 @$1.92	**106,170**	-	**106,170**	-
Share issue DOF acquisition	- 27/08/03 @$1.92	**102,891**	-	**102,891**	-
Share issue DOF acquisition	- 02/09/03 @$1.92	**102,573**	-	**102,573**	-
Share issue DOF acquisition	- 09/09/03 @$1.92	**31,855**	-	**31,855**	-
Share issue DOF acquisition	- 11/09/03 @$1.92	**3,316**	-	**3,316**	-
Share issue DOF acquisition	- 14/10/03 @$1.92	**25,966**	-	**25,966**	-
Dividends reinvested	- 21/11/03 @$1.94	**4,534**	-	**4,534**	-
Placement of shares	- 20/02/04 @$1.92	**26,042**	-	**26,042**	-
Dividends reinvested	- 20/02/04 @$1.92	**4,853**	-	**4,853**	-
Dividends reinvested	- 21/05/04 @$1.94	**6,351**	-	**6,351**	
Closing balance		**1,434,890**	885,529	**1,434,890**	885,529

* Refer to note 19(b) for allocation percentage of securities between Investa Property Group entities.

(b) Value of shares

	Consolidated 2004 $'000	Consolidated 2003 $'000	Parent entity 2004 $'000	Parent entity 2003 $'000
Opening balance	**20,133**	559	**20,133**	559
Issue of shares	**57,373**	20,010	**57,373**	20,010
Cost for issue of shares	**(150)**	(436)	**(150)**	(436)
Closing balance	**77,356**	20,133	**77,356**	20,133
Non-cash financing and investing activities:				
- Issue of securities for the acquisition of DOF	**53,693**	-	**53,693**	-
- Dividends/distributions satisfied by the issue of securities under the Group distribution reinvestment plan	**2,030**	1,840	**2,030**	1,840
Total non-cash financing and investing activities	**55,723**	1,840	**55,723**	1,840
Proceeds from share issue	**1,650**	18,170	**1,650**	18,170
Total issue of shares	**57,373**	20,010	**57,373**	20,010

Note 19. Contributed equity (continued)

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

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

Share issue in relation to the acquisition of Principal Office Fund
The Company issued 498,308,000 shares during 2004, in relation to the Group's cash and scrip for security offer to the security holders of Delta Office Fund and allocated the securities using the same ratios as described above.

Note 20. Outside equity interest

	Consolidated	
	2004	2003
	$'000	$'000
Interest in:		
Unitholders equity	**44,128**	24,196
Total outside equity interest	**44,128**	24,196

The outside equity interest represents a 23.68% (2003: 10.75%) interest held by external investors in Investa Commercial Property Fund. In the Consolidated Statements of Financial Performance the outside equity interest represents the portion of profit attributable to external investors. Outside equity interests increased by a net $19.932m during the year. (Refer note 22).

Note 21. Retained profits

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Retained profits at the beginning of the financial year	**3,726**	2,943	**803**	327
Net profit attributable to members of Investa Properties Limited	**8,670**	14,170	**10,407**	13,863
Dividends paid and payable	**(9,166)**	(13,387)	**(9,166)**	(13,387)
Retained profits at the end of the financial year	**3,230**	3,726	**2,044**	803

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

Note 22. Total equity

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Total equity at the beginning of the financial year	**48,055**	3,502	**20,936**	886
Total changes in equity recognised in the Statements of Financial Performance	**8,670**	14,170	**10,407**	13,863
Transactions with owners as owners:				
Issue of shares	**57,223**	19,574	**57,223**	19,574
Dividends paid and payable	**(9,166)**	(13,387)	**(9,166)**	(13,387)
Outside equity interest[1] (Refer note 20)	**19,932**	24,196	**-**	-
Total equity at the end of the financial year	**124,714**	48,055	**79,400**	20,936

[1] Outside equity interest relates to a 23.86% external interest in Investa Commercial Property Fund at 30 June 2004 and total $44.128m at 30 June 2004.

Note 23. Dividends

	Consolidated	
	2004	2003
	$'000	$'000
Ordinary shares		
Interim dividends		
Franked @30% - 0.50 cents per share – 30 September 2002	**-**	3,899
Franked @30% - 0.45 cents per share – 31 December 2002	**-**	3,763
Franked @30% - 0.40 cents per share – 31 March 2003	**-**	3,512
Final dividend franked @30% - 0.25 cents per share – 30 June 2003	**-**	2,213
Franked @30% - 0.25 cents per share – 30 September 2003	**3,483**	-
Franked @30% - 0.15 cents per share – 31 December 2003	**2,096**	-
Final dividend franked @30% - 0.25 cents per share – 30 June 2004[1]	**3,587**	-
Total dividends paid and payable	**9,166**	13,387

[1] The 30 June 2004 dividend will be paid on 20 August 2004.

Franked dividends

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

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2003: 30%)	**9,381**	3,574	**367**	573

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

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

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

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

(b) Net fair value of financial assets and liabilities

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

(c) Interest rate risk exposures

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market rates. The consolidated entity is exposed to movements in interest rates on interest bearing financial assets and liabilities. The consolidated entity partly hedges its exposure to fluctuations in interest rates by entering into derivatives which fix the interest rates on its borrowings. The Company does not enter into derivative transactions for speculative purposes.

The consolidated entity's exposure to interest rate risk is set out in the following table:

			Fixed interest maturing in:				
2004		**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-Interest Bearing**	**Total**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash	8	**4,491**	**-**	**-**	**-**	**-**	**4,491**
Receivables	9	**-**	**-**	**-**	**-**	**22,072**	**22,072**
Loans to employees	14	**-**	**-**	**-**	**-**	**12,012**	**12,012**
		4,491	**-**	**-**	**-**	**34,084**	**38,575**
Financial liabilities							
Cash advance facility	17	**63,000**	**-**	**-**	**-**	**-**	**63,000**
Related party loans	25	**379,824**	**-**	**-**	**-**	**-**	**379,824**
Payables	16	**-**	**-**	**-**	**-**	**9,524**	**9,524**
		442,824	**-**	**-**	**-**	**9,524**	**452,348**
Net financial (liabilities)/assets		**(438,333)**	**-**	**-**	**-**	**24,560**	**(413,773)**

Note 24. Financial instruments (continued)

The consolidated entity's exposure to interest rate risk as at 30 June 2003 is set out in the following table:

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	8	5,460	-	-	-	-	5,460
Receivables	9	-	-	-	-	10,174	10,174
Loans to employees	14	-	-	-	-	9,232	9,232
		5,460	-	-	-	**19,406**	**24,866**
Financial liabilities							
Cash advance facility	17	119,600	-	-	-	-	119,600
Related party loans	25	317,526	-	-	-	61,004	378,530
Payables	16	-	-	-	-	6,766	6,766
		437,126	-	-	-	**67,770**	**504,896**
Net financial (liabilities)/assets		**(431,666)**	-	-	-	**(48,364)**	**(480,030)**

(d) Off-balance sheet financial instruments

In order to ensure that Investa Commercial Property Fund (ICPF) is protected from increases in its cost of funds under its loan, ICPF has entered into a $48 million interest rate swap to ensure that its cost of funds is predominantly fixed. The interest rate swap matures in January 2008 and is at a rate of 5.50%.

Note 25. Related parties

Directors

The names of persons who were directors of 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 and retirement benefits

Information on remuneration of directors is disclosed in Note 26.

Loans to directors

An non-interest bearing,non-recourse ESAP loan, of a kind referred to in note 14, 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 14.

Wholly-owned group

The wholly owned group consists of Investa Properties Limited and its wholly owned controlled entities, Investa Asset Management Pty Limited, Investa Nominees Pty Limited, Investa Third Industrial Trust, Macarthur Central Trust, Investa Asset Management (QLD) Pty Limited and Investa Development Holdings Pty Limited and its controlled entities. Ownership interests in the controlled entity are set out in Note 12.

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

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

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

Note 25. Related parties (continued)

	2004	2003
Aggregate amounts included in the determination of profit from ordinary activities before income tax (but eliminated on consolidation) that resulted from transactions with :	**$'000**	$'000
Investa Asset Management Pty Limited:		
Corporate expense recovery	**563**	480
Asset management fee	**(1,049)**	-
Investa Nominees Pty Limited:		
Dividend	**-**	580
Investa Development Holdings Pty Limited:		
Dividend	**13,300**	7,370
Corporate expense recovery	**1,079**	2,447

Responsible entity fees and other income from other related parties

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

	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 (formerly Investa Commercial Property Fund)	**-**	1,173
Investa Commercial Property Fund	**1,261**	421
Investa Fourth Commercial Trust	**780**	500
Investa Fifth Commercial Trust	**1,259**	1,068
Investa Sixth Commercial Trust	**1,254**	-
SUNPAC Property Fund	**-**	29
Delta Office Fund	**727**	-

Related party loans

The following related party loans are (to)/from Investa Property Trust:

	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
Investa Third Industrial Trust	**-**	11,784
Macarthur Central Trust	**75,800**	75,350
	366,528	378,530

During the year the total interest payable by the consolidated entity on the loans made by Investa Property Trust was $25,397,000 (2003: $14,997,000). The above loans from Investa Property Trust are unsecured and interest is charged at commercial rates.

Transactions with directors

A director, JL 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 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 current financial year unless otherwise stated.

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

Note 25. Related parties (continued)

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 25 in respect of J L Arthur.

Note 26. 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.

Note 26. Director and executive disclosures (continued)
Remuneration of Non-executive directors (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 Company 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 26. Director and executive disclosures (continued)

Details of remuneration (continued)

Executive Director
For details of the principles and components of executive pay, refer to section (b) of this note on page 39.

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**

2003	Primary			Post-employment		Total $
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
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 Company is set out in the following table.

	Primary			Post-employment		**Total $**
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
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

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

Note 26. Director and executive disclosures (continued)

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

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 39. No loans have been made to non-executive directors.

Details of the loan made to the one specified executive director of the Company 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 Investa Property Group. As a consequence, Mr Mays was granted leave of absence from 4 meetings held to consider the Investa Property Group's takeover bid for DOF.

Note 26. Director and executive disclosures (continued)

Service agreements
On 1 October 2002, the Company 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.

(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 Company'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 Company, 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 Company set in consultation with the Nominations and Remuneration Committee, and approved by the Board.

Note 26. 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 Company, 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 Company 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 Company 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 Company 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 Company's securityholders over the longer term, and also to encourage executives to remain with the Company 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 Company, and that employee's outstanding loan balance at the same date, is borne by the Company. 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 Company's average weighted interest rate.

Note 26. 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 Company 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 Company 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

Note 26. 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 Company 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**

Note 1. No write-down or allowance for doubtful receivables has been recognised in relation to any loan made to specified executives.

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

Note 27. Commitments for expenditure

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Lease commitments – office premises				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	**1,575**	1,119	**669**	819
Later than one year but not later than 5 years	**1,824**	1,611	**490**	1,103
Commitments not recognised in the financial statements	**3,399**	2,730	**1,159**	1,922
Representing:				
Non - cancellable operating leases	**3,399**	2,730	**1,159**	1,922
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	**508**	268
Later than one year but not later than 5 years	**479**	181	**479**	181
Commitments not recognised in the financial statements	**987**	449	**987**	449

Note 28. Economic dependency

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

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

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Profit from ordinary activities after income tax	**8,670**	14,170	**10,407**	13,863
Depreciation	**536**	339	**304**	150
Amortisation	**1,657**	1,690	**627**	659
(Decrease)/ increase in provision for income tax payable	**(3,392)**	(2,419)	**(2,196)**	1,727
Increase/(decrease) in payables	**7,924**	11,590	**1,871**	6,535
Decrease /(increase) in inventories	**(35,949)**	(15,921)	**-**	-
Net gain on sale of non current assets	**(2,323)**	(5,311)	**(397)**	(2,859)
(Increase)/decrease in other assets	**(14,644)**	4,322	**(14,950)**	5,603
Net cash inflow(outflow) from operating activities	**(37,521)**	8,460	**(4,334)**	25,678

Note 30. Earnings per share

	2004	2003
	Cents	Cents
Basic and diluted earnings per share	**0.64**	1.75
	Number	Number
Weighted average number of shares used as the denominator	**'000**	'000
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	**1,346,650**	809,850

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

Note 31. Investments in associates

	Ownership interest		Consolidated carrying amount	
	2004	2003	**2004**	2003
	%	%	**$'000**	$'000
Investa South Melbourne Trust	**50%**	50%	**51,425**	51,425
231 Elizabeth Street Trust	**50%**	50%	**58,362**	58,362
SUNPAC Property Fund	**50%**	50%	**106,729**	102,629
			216,516	212,416

Movements in carrying amounts of investments in associates	**2004**	2003
	$'000	$'000
Carrying amount at start of year	**212,416**	-
Additions	**4,100**	212,416
Carrying amount at end of year	**216,516**	212,416

Results attributable to associates	**2004**	2003
	$'000	$'000
Operating profits before income tax	**15,158**	6,209
Operating profits after income tax expense	**15,158**	6,209
Less: Distributions received/receivable	**(15,158)**	(6,209)
Undistributed income attributable to associates at the beginning of the financial year	-	-
Undistributed income attributable to associates at the end of the financial year	**-**	-

Reserves attributable to associates	**2004**	2003
	$'000	$'000
Asset Revaluation Reserve	**-**	-
Balance at the beginning of the financial year	**22,978**	22,978
Balance at the end of the financial year	**22,978**	22,978

Share of associate's capital commitments	**2004**	2003
	$'000	$'000
Capital commitments	**381**	486

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

Summary of the performance and financial position of associates	**2004**	2003
The aggregate 2004 profits, and year end assets and liabilities of associates attributable to all shareholders in those entities was as follows:	**$'000**	$'000
Profits from ordinary activities	**30,316**	12,418
Assets	**431,088**	426,699
Liabilities	**2,155**	5,966

Note 32. Events occurring after reporting date

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

Note 33. 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 Company'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 for 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 Company 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.

Major changes identified to date that will be required to the Company'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 statement of financial performance, and fair value decrements be recognised in the statement of financial performance, 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 dividends.

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 or 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 dividends.

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.

Note 33. Impact of adopting AASB equivalent to IASB standards (continued)

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 Company.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 13 to 46:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2004 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date.

In the directors' opinion:

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

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

I K Payne
Chairman
Sydney
29 July 2004

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Independent audit report to the members of Investa Properties Limited

Audit opinion

In our opinion, the financial report of Investa Properties Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Investa Properties Limited and the Investa Properties Limited Group (defined below) as at 30 June 2004, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

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, and the directors' declaration for both Investa Properties Limited (the company) and the Investa Properties Limited Group (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. 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 members of the company. 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 the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of

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the company's and the consolidated entity's financial position, and of their performance as represented by the results of their 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.

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 directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

J A Dunning

J A Dunning
Partner

Sydney
29 July 2004

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Independent audit report to the members of Investa Properties Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Investa Properties Limited (the consolidated entity) for the financial year ended 30 June 2004 included on Investa Property Group's web site. The consolidated entity'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 Properties Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Investa Properties Limited and the Investa Properties Limited Group (defined below) as at 30 June 2004, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

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, and the directors' declaration for both Investa Properties Limited (the company) and the Investa Properties Limited Group (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. 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.

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Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. 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 the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their 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.

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 directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

J A Dunning

J A Dunning | Sydney
Partner | 29 July 2004