Investa Property Trust

ARSN 088 705 882

Annual Report

30 June 2004

Annual Report – 30 June 2004

Contents

Directors' Report

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust, present their report together with the financial report of the Trust and the consolidated financial report of the Trust and its controlled entities for the year ended 30 June 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 activity of the Trust continued to consist of investment in commercial properties.

Distributions

Distributions paid to unitholders during the financial year were as follows:

	2004 $'000
Final distribution for the year ended 30 June 2003 of 3.70 cents per unit paid on 22 August 2003	**32,765**
Interim distribution of 3.80 cents per unit paid on 21 November 2003	**52,938**
Interim distribution of 3.95 cents per unit paid on 20 February 2004	**55,207**
Interim distribution of 4.15 cents per unit paid on 21 May 2004	**59,284**
	200,194

In addition to the above distributions, the directors declared a final distribution on 25 June 2004 of 3.95 cents per unit, or $56,678,000, to be paid on 20 August 2004.

Distributions totalling $224,107,000 (15.85 cents per unit) were paid or payable by the Trust for the year ended 30 June 2004 (2003: $118,509,000 equivalent to 14.00 cents per unit).

Units on issue	**2004 No.'000**	2003 No.'000
Opening units on issue	**885,529**	600,822
Units issued in relation to the acquisition of DOF (Delta Office Fund, formerly Principal Office Fund)	**498,308**	-
Units issued via placements	**26,042**	255,047
Units issued via the distribution reinvestment plan	**25,011**	24,276
Units issued via the security purchase plan	**-**	5,384
Closing units 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
Net profit attributable to unitholders	**206,708**	114,314
Income brought forward	**5,039**	199
Transfer from contributed equity	**18,058**	9,035
Distributions paid and payable	**(224,107)**	(118,509)
Amounts available for distribution carried forward	**5,698**	5,039
Value of Trust assets at 30 June	**4,258,478**	2,393,011

Distributions from the Trust increased from 14.00 cents per unit in 2003 to 15.85 cents per unit in 2004, with underlying profit attributable to unitholders before asset revaluations increasing from $114,314,000 in 2003 to $206,708,000 in 2004, an increase of 81%. This increase reflects growth in rental revenue driven by the acquisition of DOF (Delta Office Fund, formerly Principal Office Fund) and also increased interest income on loans to related parties.

Trust assets increased from $2,393,011,000 in 2003 to $4,258,478,000, a net increase of $1,865,467,000 or 78%, which is largely attributable to the acquisition of DOF during the year.

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

Information on Directors

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

Directors' Report (continued)

Information on Directors (continued)

Director	Experience	Special responsibilities
J L Arthur LLB (Hons)	John is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. He is a partner at law firm Gilbert and Tobin and was previously a partner at Freehills. Prior to that, John was general counsel at the Lend Lease Group and was a director of the Manager of General Property Trust. He is currently a non-executive director of Rinker Group Limited.	Non Executive Director Chairman Nominations and Remuneration Committee Acting Chairman Sustainability Committee Chairman of Investa Development Group Chairman of Investa Asset Management Companies
J I Messenger ANZIF Snr. Assoc	John has extensive international insurance broking and risk management experience. Between 1986 and 1995, John was the Managing Director of MLC Insurance Limited and a director of Lend Lease Learning Pty Limited. From 1997 to 2001, he was the Chief Executive Officer, Corporate Risk Management for the Lend Lease Group. John is a director of St John Ambulance Australia Limited and of Territory Insurance Office, Darwin.	Non Executive Director Chairman Due Diligence Committee
D R Page B.Ec, FCA MAICD	Deborah was a partner in Touche Ross/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. She is currently Chair of the NSW Cancer Council and a Director of Macquarie Generation and the Internal Audit Bureau of NSW. She is also a member of the Audit Committee of the Department of Community Services of NSW.	Non Executive Director Chairman Audit and Risk Management Committee Director of Investa Development Group

Meetings of directors

The numbers of meetings of the Responsible Entity'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 Invest Property Group's take over bid for Principal Office Fund (POF) to avoid a conflict of interest. His spouse was a director of the Responsible Entity of POF at that time.
[2] "Held" reflects the number of meetings which the director was eligible to attend.

Directors' Report (continued)
Meetings of directors (continued)

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 Trust's process for compliance with laws and regulations and its own code of conduct.

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

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

The Sustainability Committee is chaired by J L Arthur and was established to reflect the belief that shareholder value will be enhanced through formalising and integrating the management of the Responsible Entity'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.

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 Responsible Entity are set out in the following tables. This section should be read in conjunction with the director and executive disclosures note to the financial statements.

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.

Directors' Report (continued)

Specified directors' and specified executives' emoluments (continued)

(ii) Executive Director

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

Specified executives

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

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

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

Specified executives of the Responsible Entity **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

Responsible Entity interests
Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in Note 27 to the financial statements.

No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 20 to the financial statements.

Directors' Report (continued)

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

	2004 %	2003 %	2002 %	2001 %	2000 %
MER	0.17	0.20	0.29	0.44	0.72

Matters subsequent to the end of the financial year

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

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

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

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

Likely developments and expected results of operations
The Trust 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 Responsible Entity is managing this transition and what the likely impact will be, is contained in the Note 29 to the financial statements.

Environmental regulation

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

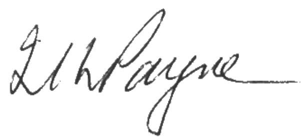
Indemnification and insurance of officers and auditors
No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided for the directors of the Responsible Entity or the auditors of the Trust. So long as the officers of Investa Properties Limited act in accordance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

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

Directors' Report (continued)

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

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



I K Payne
Chairman
Sydney
29 July 2004

Discussion and Analysis of the Consolidated Financial Statements

Consolidated Statement of Financial Performance

Net profit before revaluation decrements for the year to 30 June 2004 almost doubled on the previous corresponding period to $206,708,000 from $114,314,000, reflecting the significant increase in the property investment portfolio of the Trust due mainly to the acquisition of DOF (Delta Office Fund, formerly Principal Office Fund) in August 2003.

The distribution per unit has increased 13% to 15.85 cents per unit from 14.00 cents per unit in the corresponding period. Earnings per unit before amortisation and revaluations has increased 10% to 15.78 cents per unit over the same period. The amount available for distribution carried forward as at 30 June 2004 is $5,698,000, or 0.4 cents per unit.

Rental income has increased 109% to $295,386,000 due to the growth in the property portfolio driven by the acquisition of DOF and 441 St. Kilda Road, Melbourne during the period as well as the full year effect of properties purchased during the corresponding period. The Consolidated Statement of Financial Performance includes 100% of the results of DOF from 31 August 2003, the date full control was gained.

Distributions from associates have increased 24% to $33,818,000 principally due to the net impact of including a full twelve month distribution from associates purchased in prior periods.

The Trust sold 4 investment properties during the period:

	Gross Proceeds on Sale $'000	Book Value of asset sold $'000	Profit / (Loss) on Sale $'000
115 Grenfell Street, Adelaide	30,500	29,389	1,111
241 Adelaide Street, Brisbane	17,500	17,713	(213)
32 Phillip Street, Parramatta, Sydney	23,000	23,643	(643)
185 Macquarie Street, Sydney	17,300	15,508	1,792
Total	**88,300**	**86,253**	**2,047**

Included in other revenue from ordinary activities is $28,392,000 of interest income of which $27,320,000 was earned on loans to Investa Properties Limited and its subsidiaries to facilitate the expansion of the Company's activities.

Operating expenses including rates and taxes, property outgoings and repairs and maintenance have increased on the corresponding period by $33,781,000 to $67,331,000 reflecting the increase in the property portfolio due to the acquisition of DOF and other assets referred to above.

Borrowing costs include interest expense and line facility fees and have increased on the corresponding period by $39,002,000 to $74,964,000. This increase is primarily due to funding the cash component of the acquisition of DOF with debt plus the addition of existing DOF debt.

Included in other expenses is the management fee paid to Investa Properties Limited and other general operating expenses of the Trust.

The consolidated entity, in accordance with its investment revaluation policy, recognised directly in its Asset Revaluation Reserve a net revaluation decrement for the current financial period of $15,098,000, which is 0.35% of the Trust's total assets as at 30 June 2004.

Discussion and analysis of the Consolidated Financial Statements

Consolidated Statement of Financial Position

Trust assets increased by 78% to $4,258,478,000 primarily driven by the increase in the size of the property portfolio following the acquisition of the DOF properties mentioned above.

Increased loans to Investa Properties Limited and its controlled entities, to facilitate the growth of its activities, have also contributed to the growth of Trust assets.

Interest bearing liabilities have increased from $730,000,000 as at 30 June 2003 to $1,555,500,000. In order to assist in the funding of the DOF transaction a new $550,000,000 facility was arranged with a syndicate of banks led by the Commonwealth Bank of Australia. This facility along with the other secured debt was subsequently refinanced during the year. The remaining increase is primarily due to the debt within DOF of $270,000,000 which is added to the Trust's debt on consolidation.

As a result of the above, gearing has increased from 30.5% at 30 June 2003 to 36.5% at 30 June 2004.

Contributed equity increased during the period by $990,973,000. This is the result of issuing units to partly fund the DOF acquisition ($915,156,000), the issue of units in respect of the Trust's Distribution Reinvestment Plan ($47,047,000) and an institutional placement ($48,350,000) offset by transfers from contributed equity to distributable income ($18,058,000) and the cost of issue of new securities ($1,522,000).

Consolidated Statement of Cash Flows

Cash flow from operating activities has increased 130% to $237,905,000 in the period consistent with the increase in net profit before revaluation adjustments. The increase is driven by an increase in rental receipts by 109% (matching the increase in rental income) due to the acquisition of DOF and the increase in interest income received from loans to related entities.

Net cash flow from investing activities for the period was an outflow of $491,910,000 reflecting:

- the current year cash component of the acquisition of DOF amounting to $414,593,000;
- capital expenditure on investment properties of $91,029,000 (the majority of which was incurred on the 126 Phillip Street development);
- payment to acquire 441 St. Kilda Road, Melbourne for $47,535,000; and
- payment to acquire an interest in Investa Sixth Commercial Trust for $13,949,000

which was partially offset by proceeds received on disposal of 4 investment properties of $75,196,000.

Net cash flow from financing activities for the year was an inflow of $255,108,000. The acquisitions noted above were funded by increased net debt of $396,888,000. This cash inflow was partially offset by payment of distributions of $153,147,000 during the financial period.

Statements of Financial Performance
For the year ended 30 June 2004

	Notes	Consolidated		Parent entity	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
Revenue from ordinary activities					
Rent		**295,386**	141,053	**66,729**	71,704
Distributions from associates		**33,818**	27,297	**24,635**	20,584
Other revenue from ordinary activities	2	**120,031**	204,280	**245,540**	204,546
Total revenue from ordinary activities		**449,235**	372,630	**336,904**	296,834
Property outgoings		**(59,302)**	(29,801)	**(14,264)**	(17,015)
Repairs and maintenance		**(8,029)**	(3,749)	**(2,010)**	(1,899)
Borrowing costs		**(74,964)**	(35,962)	**(63,721)**	(34,421)
(Decrement) on revaluations of investment properties	16(a)	**-**	-	**(15,098)**	(7,526)
Amortisation of intangibles		**(5,794)**	(1,930)	**(1,930)**	(1,930)
Other expenses from ordinary activities	3	**(93,196)**	(186,874)	**(45,047)**	(127,255)
Net profit		**207,950**	114,314	**194,834**	106,788
Net profit attributable to outside equity interests		**(1,242)**	-	**-**	-
Net profit attributable to unitholders of the Trust		**206,708**	114,314	**194,834**	106,788
Net (decrease)/increase in asset revaluation reserve		**(15,098)**	3,139	**-**	3,139
Total revenues, expenses and valuation adjustments attributable to unitholders of Investa Property Trust recognised directly in equity	16(a)	**(15,098)**	3,139	**-**	3,139
Total changes in equity other than those resulting from transactions with unitholders as owners		**191,610**	117,453	**194,834**	109,927
Distributions paid and payable	14	**224,107**	118,509		
		Cents	Cents		
Distributions paid and payable (cents per unit)	14	**15.85**	14.00		
Basic and diluted earnings (cents per unit)	26	**15.35**	14.12		
Basic and diluted earnings per unit (before revaluation)	26	**15.35**	14.12		
Basic and diluted earnings per unit (before revaluation and before amortisation)	26	**15.78**	14.35		

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

Statements of Financial Position
As at 30 June 2004

	Notes	Consolidated 2004 $'000	Consolidated 2003 $'000	Parent entity 2004 $'000	Parent entity 2003 $'000
Current assets					
Cash assets	6	**3,884**	2,781	**852**	442
Receivables	7	**29,434**	29,142	**60,399**	24,871
Loans to related entities	8	**103,811**	205,864	**510,675**	385,916
Investment properties	9	**24,132**	4,196	**17,183**	-
Total current assets		**161,261**	241,983	**589,109**	411,229
Non-current assets					
Intangibles	10	**120,566**	33,627	**31,696**	33,627
Loans to related entities	8	**277,623**	172,665	**277,623**	172,665
Other investments	11	**-**	127,159	**-**	127,159
Investment properties	9	**3,699,028**	1,817,577	**3,063,895**	1,593,050
Total non-current assets		**4,097,217**	2,151,028	**3,373,214**	1,926,501
Total assets		**4,258,478**	2,393,011	**3,962,323**	2,337,730
Current liabilities					
Payables	12	**40,907**	14,683	**11,528**	9,402
Interest bearing liabilities	13	**120,000**	-	**-**	-
Provision for distribution	14	**56,678**	32,765	**56,678**	32,765
Total current liabilities		**217,585**	47,448	**68,206**	42,167
Non-current liabilities					
Loans from related entities	8	**13,296**	-	**835,796**	-
Interest bearing liabilities	13	**1,435,500**	730,000	**463,000**	680,000
Total non-current liabilities		**1,448,796**	730,000	**1,298,796**	680,000
Total liabilities		**1,666,381**	777,448	**1,367,002**	722,167
Net assets		**2,592,097**	1,615,563	**2,595,321**	1,615,563
Equity					
Contributed equity	15(a)	**2,574,146**	1,583,173	**2,590,262**	1,610,524
Reserves	16(a)	**12,253**	27,351	**-**	-
Amounts available for distribution	16(b)	**5,698**	5,039	**5,059**	5,039
Total equity		**2,592,097**	1,615,563	**2,595,321**	1,615,563

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		**358,185**	142,793	**73,612**	74,306
Cash payments in the course of operations		**(109,766)**	(32,126)	**(34,833)**	(16,635)
Interest received		**24,809**	2,770	**45,621**	3,628
Trust distribution income from controlled entities		**-**	-	**116,947**	56,971
Distributions from associates		**31,023**	24,254	**28,458**	17,541
Borrowing costs paid		**(66,346)**	(34,243)	**(59,344)**	(32,702)
Net cash inflow from operating activities	23	**237,905**	103,448	**170,461**	103,109
Cash flows from investing activities					
Proceeds from sale of property and investments		**75,196**	176,591	**52,817**	117,098
Payments for additional investment in controlled entity		**-**	-	**-**	(555,118)
Capital expenditure payments	24	**(91,029)**	(7,537)	**(8,372)**	(2,996)
Payment for investment in listed trust		**-**	(127,159)	**-**	(127,159)
Redemption of units in controlled entity		**-**	-	**29,797**	92,558
Payment for investments in property		**(47,535)**	(516,726)	**(49,544)**	-
Payments for investments in associates		**(13,949)**	(106,402)	**(7,000)**	(100,860)
Purchase of controlled entity, net of cash acquired	11	**(414,593)**	(147,466)	**(414,593)**	-
Net cash (outflow) from investing activities		**(491,910)**	(728,699)	**(396,895)**	(576,477)
Cash flows from financing activities					
Proceeds from issues of units		**48,350**	488,038	**48,350**	488,038
Proceeds from borrowings		**1,504,722**	655,700	**1,504,724**	655,700
Repayment of borrowings		**(1,107,834)**	(472,700)	**(899,224)**	(457,700)
Loans to related entities		**(115,028)**	(457,738)	**(380,382)**	(624,785)
Proceeds from repayment of loans from related entities		**79,567**	256,342	**108,045**	255,732
Distributions paid		**(153,147)**	(55,887)	**(153,147)**	(55,887)
Proceeds from issue of commercial notes		**-**	213,000	**-**	213,000
Payments for costs associated with issue of commercial notes		**-**	(1,040)	**-**	(1,040)
Payments for costs associated with issue of units		**(1,522)**	(9,353)	**(1,522)**	(9,353)
Net cash inflow from financing activities		**255,108**	616,362	**226,844**	463,705
Net (decrease)/increase in cash held		**1,103**	(8,889)	**410**	(9,663)
Cash at the beginning of the financial year		**2,781**	11,670	**442**	10,105
Cash at the end of the financial year		**3,884**	2,781	**852**	442

Non-cash financing and investing activities	25
Financing arrangements	13

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

Investa Property Trust (the "Trust") was constituted on 15 July 1977.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Trust Constitution, Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. It is prepared on the basis of the going concern and historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except to the extent that the Trust investments have been revalued. It is recommended that this report be read in conjunction with any public pronouncements made by the Trust during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies adopted are consistent with those of the previous period unless otherwise specified.

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

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 all the assets, liabilities and net operating results of the controlled entities. The effects of all transactions between controlled entities in the Trust have been eliminated in full. Certain property investments are held via joint ownership arrangements (refer Note 21). These joint ownership arrangements include the ownership of units in single purpose unlisted Trusts over which the Trust exercises significant influence but does not control ("Associates"). Investments in Associates are recorded at cost in the year of acquisition and at the net asset value of the Associate thereafter.

(c) Revenue recognition

Rent

Rent is brought to account on an accruals basis and, if not received at the balance date, is reflected in the Statements of Financial Position as a receivable.

Distribution

Distribution revenue is brought to account on an accruals basis and, if not received at the balance date, is reflected in the Statement of Financial Position as a receivable. Recoverability of receivables is reviewed on an ongoing basis. Debts, which are known to be not collectable, are written off.

Interest

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

Disposal of assets

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

(d) Expenses

Property expenses

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

Borrowing costs

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

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

Note 1. Summary of significant accounting policies (continued)

(d) Expenses (continued)

Responsible Entity fee
In accordance with the provisions of the Trust Constitution, the Responsible Entity is entitled to payment of a fee. The fee represents the total expenses recoverable by the Responsible Entity in managing the Trust plus 5% of these expenses.

(e) Maintenance and repairs
Plant of the Trust 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 in accordance with note 1(j). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(f) Intangible assets
Intangible assets have been recorded at the cost of acquisition and amortised on a straight line basis over twenty years, being the period during which the benefits are expected to be realised. The carrying value of each intangible asset is reviewed by management and the Board of Directors at the reporting date.

(g) Earnings per unit
i) Basic Earnings per Unit
Basic earnings per unit is determined by dividing the profit attributable to unitholders of the Trust by the weighted average number of units outstanding during the year.

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

(h) Cash
For the 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.

(i) 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.

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

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

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Statements of Financial Performance in the year of disposal.

Interests held by Investa Property Trust in controlled trusts are brought to account at valuation based on the net tangible asset backing at the end of each period.

Land and buildings have the function of an investment and are regarded as a composite asset. Accounting standards do not require investment properties to be depreciated. Accordingly, the buildings and any component thereof (including plant and equipment) are not depreciated.

Expenses capitalised to properties may include the cost of acquisition, additions, refurbishment, redevelopment, and fees incurred. Properties under development are held in investment property and, as qualifying assets, all costs of development are capitalised against those properties.

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

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

(m) 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 written down 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. The discount rates used ranged from 7.5% - 9.0%, depending upon the nature of the assets.

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

(o) 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.

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

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

Note 1. Summary of significant accounting policies (continued)

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

(q) Distributions
Provision is made to distribute income to unitholders each year in accordance the Trust constitution.

(r) Taxation
Under current legislation, Trusts are not liable for income tax, provided that the taxable income and taxable realised gains are fully distributed to unitholders each year. To the extent that any entities controlled by the Trust are companies, the Trust adopts tax effect accounting procedures whereby income tax expense in the Statement of Financial Performance is matched with the accounting profit after allowing for permanent differences. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates that are expected to apply when those timing differences reverse.

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

Note 2. Other revenue from ordinary activities

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Revenue from operating activities:				
Distributions from controlled entities	**-**	-	**161,167**	54,623
Interest income	**28,392**	16,884	**41,728**	21,492
Revenue from outside operating activities:				
Sale of investment property	**88,300**	184,591	**40,500**	126,229
Other	**3,339**	2,805	**2,145**	2,202
	120,031	204,280	**245,540**	204,546

Note 3. Other expenses from ordinary activities

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Carrying amount of investment property sold	**86,253**	183,451	**41,356**	125,089
Disposal cost for investment property sold	**21**	141	**21**	141
Legal fees	**465**	122	**189**	118
Provision for doubtful debts	**537**	(578)	**26**	(578)
Responsible Entity fees	**4,585**	1,944	**2,321**	1,944
Remuneration of auditors (refer Note 4)	**432**	128	**251**	128
Other expenses	**903**	1,666	**883**	413
	93,196	186,874	**45,047**	127,255

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

Note 4. 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 Trust – PricewaterhouseCoopers	**376,957**	108,369	**251,489**	108,369
Remuneration for other services:				
Auditor of the Trust – PricewaterhouseCoopers:				
Tax compliance services – review of tax returns	**54,580**	19,209	**-**	19,209
Taxation advice in relation to the acquisition of DOF[1]	**56,820**	-	**56,820**	-
Advice in relation to the accounting for the acquisition of DOF[1]	**35,000**	-	**35,000**	-
	523,357	127,578	**343,309**	127,578

[1] Capitalised DOF acquisition costs.

Note 5. Segment information

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

Note 6. Cash assets

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Cash at bank[1]	**2,684**	2,781	**352**	442
Deposits at call [2]	**1,200**	-	**500**	-
	3,884	2,781	**852**	442

Deposit at call

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

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

Note 7. Receivables

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Rent receivable	**6,182**	3,371	**1,418**	2,356
Less: Provision for doubtful debts	**(381)**	(41)	**(56)**	(41)
	5,801	3,330	**1,362**	2,315
Distribution receivable from controlled entity	**-**	-	**44,493**	1,063
Distribution receivable from associates	**2,850**	5,817	**2,850**	5,817
Prepayments	**11,926**	7,631	**8,234**	6,309
Loan [1]	**2,000**	8,000	**2,000**	8,000
Deferred foreign exchange hedge contract loss	**280**	-	**-**	-
Other	**6,577**	4,364	**1,460**	1,367
	29,434	29,142	**60,399**	24,871

[1] Loan of $2,000,000 represents the balance due on sale of 260 Queen Street which has been paid since balance date.

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

Note 8. Loans to related entities

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Current assets				
Investa Real Property Growth Trust[1]	**-**	-	**181,531**	180,052
Investa Properties Limited [1]	**-**	19,232	**-**	19,232
Investa Nominees Pty Limited [1]	**26,401**	38,495	**26,401**	38,495
Investa Development Holdings Pty Limited [2]	**-**	61,003	**-**	61,003
Collins Property Trust[1]	**1,610**	-	**1,610**	-
Investa Third Industrial Trust[1]	**-**	11,783	**-**	11,783
Phillip St Sub-Trust[1]	**-**	-	**112,158**	-
Investa Custodian II Pty Limited[2]	**-**	-	**6,393**	-
Sunlaw Trust[1]	**-**	-	**50,009**	-
Delta Office Fund[1]	**-**	-	**56,773**	-
Macarthur Central Trust[1]	**75,800**	75,351	**75,800**	75,351
Total current assets	**103,811**	205,864	**510,675**	385,916
Non-current assets				
Investa Nominees Pty Limited [1]	**151,432**	172,665	**151,432**	172,665
Silverton[1]	**86,392**	-	**86,392**	-
Investa Development Holdings Pty Limited	**39,799**	-	**39,799**	-
	277,623	172,665	**277,623**	172,665
Non-current liabilities				
Investa Properties Limited [1]	**(13,296)**	-	**(13,296)**	-
IPG Finance Pty Limited [1]	**-**	-	**(822,500)**	-
Total non-current liabilities	**(13,296)**	-	**(835,796)**	-
Total loans to related entities	**368,138**	378,529	**(47,498)**	558,581

These loans arise as new capital is principally sourced by IPG Finance Pty Limited and loaned to Investa Properties Limited (or its subsidiaries) as required to support their investment activities.

[1] These loans accrue interest at market rates.

[2] These loans do not accrue interest.

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

Note 9. Investment properties

Reconciliations
Reconciliations of the carrying amounts of non-current investment property for the year are set out below:

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Carrying amount at start of year	**1,817,577**	1,150,319	**1,593,050**	1,148,594
Additions attributable to DOF acquisition	**1,834,536**	-	**1,514,046**	-
Other Additions	**148,426**	847,570	**63,703**	566,406
Disposals	**(86,413)**	(183,451)	**(91,806)**	(125,089)
Net revaluation increments / (decrements)	**(15,098)**	3,139	**(15,098)**	3,139
Carrying amount at end of year	**3,699,028**	1,817,577	**3,063,895**	1,593,050

Investment properties detail

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30/06/04 $'000	Consolidated book value 30/06/03 $'000
Current assets									
Investa Sixth Commercial Trust [3]		13%	19/12/03	6,949	-	-	-	**6,949**	-
Townsville Trust		45%	11/11/02 (01/07/03)	-	-	-	-	**-**	4,196
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	23,413	30/06/03	17,100	R Ford, AAPI FPDSavills	**17,183**	-
Total current assets				30,362				**24,132**	4,196
Non-current assets									
Properties held by Investa Property Trust									
55 Market Street, Sydney, NSW *	Offices/ Freehold	100%	31/07/98	124,128	30/06/02	138,000	D M Castles, AAPI Landmark White	**140,084**	138,516
485 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	10/09/98	91,268	30/06/02	111,000	G Longden, FAPI JLL Advisory	**111,210**	111,046
73 Miller Street, North Sydney, NSW *	Offices/ Freehold	100%	12/06/97	76,075	30/06/02	90,000	A Richard, FAPI CB Richard Ellis	**90,592**	90,319
Cathedral Square 410 Ann Street, Brisbane, QLD *	Offices/ Freehold 120 yr leasehold	100%	23/11/87	60,313	31/12/03	62,500	S Boyd,AAPI Jones Lang LaSalle	**62,604**	64,173
469 Latrobe Street, Melbourne. VIC *	Offices/ Freehold	100%	01/07/88	82,308	31/12/03	48,000	J Perillo, AAPI Knight Frank	**48,439**	53,289
50-60 Talavera Road, North Ryde, NSW *	Offices/ Freehold	100%	01/11/99	32,768	30/06/03	32,000	D McGrath, AAPI FPDSavills	**32,025**	32,000
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,812	30/06/02	27,500	P Harding, FAPI Knight Frank	**27,568**	27,507
420 St Kilda Road, Melbourne,VIC	Offices/ Freehold	100%	12/12/86	25,029	30/06/03	27,500	D Magree, AAPI m3 Property	**27,842**	27,500
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	27,689	31/12/03	17,500	M Crowe, AAPI Knight Frank	**19,963**	25,726

Notes to the Financial Statements (continued)
For the year ended 30 June 2004
Note 9. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30/06/04 $'000	Consolidated book value 30/06/03 $'000
32 Philip Street, Parramatta, NSW[2]	Offices/ Freehold	100%	01/11/99 (19/12/03)	-	30/09/03	23,000	W Retallick, FAPI Knight Frank	**-**	23,000
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	-	30/06/03	17,100	R Ford, AAPI FPDSavills	**-**	17,100
241 Adelaide Street, Brisbane, QLD[2]	Offices/ 75 yr Leasehold	100%	10/09/98 (19/12/03)	-	30/09/03	17,500	P Willington, FAPI Knight Frank	**-**	17,026
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	24,127	30/06/02	16,100	P Harding, FAPI Knight Frank	**16,266**	16,130
Total Properties held by Investa Property Trust				572,517				**576,593**	643,332
Properties held by controlled entities									
Investa Real Property Growth Trust									
BT Tower 1 Market Street, Sydney, NSW* [1]	Offices/ Freehold	50%	31/01/96	110,279	31/12/03	102,500	S Kearney FPDSavills	**110,334**	106,172
State Law Building, 50 Ann Street, Brisbane, QLD	Offices/ Freehold	100%	31/12/02	85,783	31/12/02	83,000	I Gregory, AAPI, Knight Frank	**83,000**	85,973
The Octagon 110 George Street, Parramatta, NSW *	Offices/ Freehold	50% 50%	02/10/97 15/12/98	68,729	30/06/02	66,500	M Caruana, FAPI Knight Frank	**67,885**	67,071
Kings Row, Brisbane, QLD	Offices/ Freehold	50%	31/12/02	33,482	31/12/02	31,700	J Apted, AAPI, Jones Lang LaSalle	**33,481**	33,108
KPMG House 115 Grenfell Street, Adelaide, SA [2]	Offices/ Freehold	100%	04/05/89 (19/12/03)	-	30/09/03	30,500	A Smithson & N Bell Knight Frank	**-**	28,600
Total - Investa Real Property Growth Trust				298,273				**294,700**	320,924
Connect Property Trust									
242 Exhibition Street, Melbourne, Vic*	Offices/ Freehold	100%	19/08/02	275,252	30/06/02	261,000	A Pannifex, AAPI FPDSavills	**275,251**	274,523
310 Pitt Street, Sydney, NSW*	Offices/ Freehold	100%	30/11/02	125,664	30/06/02	120,000	A Pannifex, AAPI FPDSavills	**125,664**	125,486
231 Elizabeth Street, Sydney, NSW*1	Offices/ Freehold	50%	19/08/02	58,457	30/06/02	57,500	A Pannifex, AAPI FPDSavills	**58,362**	58,362
Total - Connect Property Trust				459,373				**459,277**	458,371
Lizabeth Trust									
255 Elizabeth Street, Sydney, NSW*	Offices/ Freehold	50% 10% 40%	21/09/94 11/12/98 01/11/99	172,805	30/06/03	152,000	D Castles, AAPI Landmark White	**152,195**	152,000
				172,805				**152,195**	152,000
Delta Office Fund									
400 George Street, Sydney	Offices/ Freehold	100%	31/10/99	261,094	30/06/03	387,500	M S Smallhorn, FAPI & C R Carver GAPI Jones Lang LaSalle	**386,697**	-
120 Collins Street, Melbourne	Offices/ Freehold	100%	31/1/94	314,915	31/12/03	320,000	D Gowing, FAPI CBRE	**320,020**	-
30% interest (as tenants-in-common) Grosvenor Place 225-235 George Street, Sydney	Offices/ Leasehold	30%	31/5/88	306,178	30/06/03	230,250	W Doherty, AAPI Colliers International	**233,344**	-
126 Phillip Street, Sydney – Development property	Offices/ Freehold (Develop)	100%	31/12/96	253,120	-	-	Not Applicable	**251,477**	-
50% interest (as tenants-in-common QV1 250 St George's Terrace, Perth	Offices/ Freehold	50%	31/12/98	142,697	30/06/04	159,000	S Nuttall, AAPI & J Fenner, AAPI CBRE	**159,000**	-
St Martins Tower 31 Market Street, Sydney	Offices/ Freehold	100%	30/9/00	105,395	31/12/03	125,000	S Fairfax AAPI & L Tredwell GAPI CBRE	**126,440**	-

Notes to the Financial Statements (continued)
For the year ended 30 June 2004
Note 9. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30/06/04	Consolidated book value 30/06/03
Delta Office Fund (Continued)				**$'000**		**$'000**		**$'000**	**$'000**
50% interest (as tenants-in-common) Maritime Trade Towers 201 Kent Street, Sydney	Offices/ Leasehold	50%	31/12/00	96,964	30/06/03	110,000	D Castles, AAPI Landmark White	**111,615**	-
Centennial Plaza Tower C 300 Elizabeth Street, Sydney	Offices/ Freehold	100%	30/9/00	83,028	30/06/03	87,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	**88,743**	-
Centennial Plaza Tower B 270-280 Elizabeth Street, Sydney	Offices/ Freehold	100%	30/9/00	74,400	30/06/03	74,500	D Hillier, AAPI & W Doherty, AAPI Colliers International	**75,427**	-
Centennial Plaza Tower A 260 Elizabeth Street, Sydney	Offices/ Freehold	100%	30/9/00	53,648	30/06/03	60,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	**60,000**	-
Kindersley House 33 Bligh & 20-26 O'Connell Streets, Sydney	Offices/ Freehold	100%	31/12/01	76,371	31/12/03	60,000	S Fairfax, AAPI & L Tredwell GAPI CBRE	**60,519**	-
Customs House 414 Latrobe Street, Melbourne	Offices/ Freehold	100%	31/7/97	44,800	30/06/03	44,800	R J Scrivener, FAPI, FRICS Urbis	**44,800**	-
Sydney CBD Floor Space	Heritage Floor Space	100%	30/6/00	332	30/06/03	1,000	S Fairfax, AAPI & L Tredwell, GAPI CBRE	**622**	-
Total – Delta Office Fund				1,812,942				**1,918,704**	-
441 Trust									
441 St Kilda Road, Melbourne	Offices/ Leasehold	100%	30/10/03	47,558	30/10/03	45,000	B Smith FAPI Knight Frank	**47,691**	-
Total Properties held by Controlled Entities				3,363,468				**3,449,160**	1,574,627
Properties held by Associates									
60 Martin Place Unit Trust									
60 Martin Place, Sydney, NSW	Offices/ Freehold	50%	01/11/99	80,848	30/09/03	93,500	P A Dempsey, FAPI Ernst & Young	**93,144**	91,825
Investa South Melbourne Trust									
209 Kingsway, Melbourne, VIC	Offices/ Freehold	50%	31/01/02	51,401	01/08/02	50,000	G Longden, FAPI JLL Advisory	**51,425**	51,425
80 Pacific Highway Trust									
80 Pacific Highway, North Sydney, NSW	Offices/ Freehold	50%	04/05/01	45,461	31/12/03	44,000	MS Smallhorn, FAPI & D McGrath, Jones Lang LaSalle	**44,304**	45,745
589 Collins Trust									
589 Collins Street, Melbourne, VIC	Offices/ Freehold	50%	28/2/03	28,613	01/12/02	28,000	JA Perillo, AAPI Knight Frank	**28,526**	28,486
Penrhyn House Trust									
Penrhyn House, Woden, ACT*	Offices/ Freehold	50%	06/12/02	20,632	01/09/02	19,300	P Harding, FAPI Knight Frank	**20,649**	20,649
Total Properties held by Associates				226,955				**238,048**	238,130
Interests in unlisted property securities									
Investa Sixth Commercial Trust [3]		15%	19/12/03	7,000				**7,000**	-
Investa Brisbane Commercial Trust		20%	08/05/01	4,820				**4,820**	4,820
Total interests in unlisted property securities				11,820				**11,820**	4,820
Total non-current investment				3,602,243				**3,699,028**	1,817,577

Note: Properties not independently valued during the last 12 months are carried at directors' valuation at 30 June 2004.

* These properties and units are used as security for the issue of a commercial note (refer Note 13).

[1] These properties are indirectly held through the ownership of units in unlisted property trusts.

[2] These properties were sold to Investa Sixth Commercial Trust.

[3] Investa Custodian II holds 13% of Investa Sixth Commercial Trust (I6CT) as a current asset with the intention of selling in the next 12 months, whilst IPT holds 15% of I6CT as a non-current investment.

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

Note 10. Intangibles

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Goodwill on acquisition of DOF	**92,734**	-	**-**	-
Restructure costs	**4,754**	4,754	**4,754**	4,754
Payment for relinquishment of management rights	**33,850**	33,850	**33,850**	33,850
	131,338	38,604	**38,604**	38,604
Less: accumulated amortisation	**(10,772)**	(4,977)	**(6,908)**	(4,977)
	120,566	33,627	**31,696**	33,627

Note 11. Other investments

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
DOF Investment	**-**	127,159	**-**	127,159

On 21 May 2003 the Trust acquired 78,351,484 units in DOF (Delta Office Fund, formerly Principal Office Fund), representing an 8.4% holding. On 26 May 2003, Investa Properties Limited, as Responsible Entity of the Trust, announced its intention to make an off-market scrip and cash offer to acquire the remaining units in DOF under the terms set out in the bidder's statement lodged with the Australian Securities and Investments Commission (ASIC) on 2 June 2003. The bidder's statement was issued to DOF unitholders on 20 June 2003.

On 14 August 2003, the Trust had acquired 51.18% of the units in DOF, effectively gaining control of DOF on this day. Subsequent to 14 August 2003, the Trust purchased the remaining 48.82% of the units in DOF.

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

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

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

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

Note 11. Other investments (continued)

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

	$'000
Investment properties	1,834,536
Cash	7,447
Receivables and other assets	17,529
Payables	(438,200)
Goodwill	92,734
	1,514,046
Cash consideration	529,556
Fair value of equity issued for consideration	968,850
	1,498,406
Costs of acquisition	15,640
	1,514,046
Outflow of cash to acquire controlled entity, net of cash acquired:	
Cash consideration (outflow)	(529,556)
Cash assets acquired	7,447
Capitalised costs of acquisition	(15,640)
Net (outflow) of cash[1]	(537,749)

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

Note 12. Payables

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Trade creditors	**38,769**	14,056	**11,110**	9,009
Foreign exchange hedge contract payable	**280**	-	**-**	-
Rent paid in advance	**793**	440	**305**	319
Tenant deposits	**1,065**	187	**113**	74
	40,907	14,683	**11,528**	9,402

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

Note 13. Interest bearing liabilities

	Consolidated	
	2004	2003
	$'000	$'000
Secured loans		
Secured notes - Commercial Mortgage Backed Securities (CMBS)		
AAA rated 6.00% fixed rate notes	**195,000**	195,000
AAA+ rated floating rate notes with a coupon of three month bank bills plus 0.43%	**235,000**	235,000
AA+ rated floating rate notes with a coupon of three month bank bills plus 0.53%	**33,000**	33,000
Total Secured Notes	**463,000**	463,000
Cash advance facility	**-**	217,000
Total secured loans	**463,000**	680,000

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

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

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

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

In addition to the above, IPGF has agreed to issue AUD326m of bonds to investors in the United States Private Placement market. A description of this issue, and the associated hedging arrangements, is contained in the Directors' Report. It is intended that the proceeds of the issue be used to repay outstanding unsecured indebtedness under the Trust's bank facilities.

Notes to the Financial Statements (continued)
For the year ended 30 June 2004
Note 13. Interest bearing liabilities (continued)

Consolidated Financing Arrangements

	Facility Amount as at 30 June 2004 $'000	**Drawn Amount as at 30 June 2004 $'000**	Facility Amount as at 30 June 2003 $'000	Drawn Amount as at 30 June 2003 $'000
Medium Term Unsecured Notes	**120,000**	**120,000**	-	-
Total current	**120,000**	**120,000**	-	-
CMBS Programme [1]	**463,000**	**463,000**	463,000	463,000
Medium Term Unsecured Notes	**150,000**	**150,000**	-	-
Unsecured Bank Debt	**950,000**	**822,500**	50,000	50,000
Secured Bank Debt	**-**	**-**	760,000	217,000
Total non-current	**1,563,000**	**1,435,500**	1,273,000	730,000
Total	**1,683,000**	**1,555,500**	1,273,000	730,000
Bank Guarantees	**-**	**3,421**	-	-
Available Facilities	**124,079**	**-**	543,000	-

[1] The CMBS Programme is held in the IPT parent entity.

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

Note 14. Distributions paid and payable

	2004 $'000	**2004 Cents per unit**	2003 $'000	2003 Cents per unit
Distributions				
The distributions were paid/payable as follows:				
30 September	**52,938**	**3.80**	25,730	3.30
31 December	**55,207**	**3.95**	28,847	3.45
31 March	**59,284**	**4.15**	31,167	3.55
30 June final payable [1]	**56,678**	**3.95**	32,765	3.70
	224,107	**15.85**	118,509	14.00

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

Distributions actually paid or satisfied by the issue of units under the distribution reinvestment plan during the year were:

	2004 $'000	2003 $'000
Paid in cash	**153,147**	55,887
Satisfied by the issue of units (refer Note 25)	**47,047**	47,978
	200,194	103,865

Movements in the provision for distributions during the year are as follows:

	2004 $'000
Carrying amount at the start of the year	**32,765**
Payments made during the year	**(200,194)**
Additional provisions recognised	**224,107**
Carrying value at the end of the year	**56,678**

Notes to the Financial Statements (continued)
For the year ended 30 June 2004
Note 15. Contributed equity

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
(a) Value of units				
Opening balance	**1,583,173**	1,043,191	**1,610,524**	1,078,068
Issue of units	**1,010,553**	536,016	**1,010,553**	536,016
Cost for issue of units and non deductible costs	**(1,522)**	(9,352)	**(1,522)**	(9,352)
Transfer from asset revaluation reserve	**-**	22,353	**-**	22,353
Transfer to distributable income	**(18,058)**	(9,035)	**(29,293)**	(16,561)
Closing balance	**2,574,146**	1,583,173	**2,590,262**	1,610,524

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

Distribution Reinvestment Plan issues (DRP)

The Trust has established a distribution reinvestment plan under which holders of ordinary units may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary units 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 Properties Limited or the Trust. In the year ended 30 June 2004, the Trust issued 25,011,000 (2003: 24,276,000) units under the DRP, and the percentage allocated to the Trust increased to 96.7% (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).

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

Note 15. Contributed equity (continued)

Placement of units

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

Unit issue in relation to the acquisition of Principal Office Fund

The Trust issued 498,308,000 units during 2004, in relation to the cash and scrip for security offer to the security holders of DOF (Delta Office Fund, formerly Principal Office Fund).

Note 16. Reserves

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
(a) Asset revaluation reserve				
Opening balance	**27,351**	46,565	**-**	11,688
Transfer of net realised gain on sale of investment property to contributed equity	**-**	(22,353)	**-**	(22,353)
(Decrement)/Increment on revaluation of investment properties	**(15,098)**	3,139	**-**	3,139
Transfer (to)/from distributable income	**-**	-	**-**	7,526
Closing balance	**12,253**	27,351	**-**	-

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Increments/(decrements) on revaluation of investment properties				
410 Ann Street, Brisbane	**(2,589)**	-	**(2,589)**	-
469 Latrobe Street, Melbourne	**(5,867)**	-	**(5,867)**	-
109 St Georges Street, Perth	**(8,451)**	-	**(8,451)**	-
420 St Kilda Road, Melbourne	**-**	341	**-**	341
73 Northbourne Avenue, Canberra	**-**	(42)	**-**	(42)
241 Adelaide Street, Brisbane	**-**	(1,173)	**-**	(1,173)
32 Philip Street, Parramatta	**-**	1,900	**-**	1,900
50-60 Talavera Road, North Ryde	**-**	597	**-**	597
Revaluation of investment in controlled entities				
250 St Georges Terrace, Perth	**5,364**	-	**5,364**	-
255 Elizabeth Street, Sydney	**-**	(2,885)	**-**	(2,885)
115 Grenfell Street, Adelaide	**-**	1,201	**-**	1,201
50 Ann Street, Brisbane	**(3,083)**	-	**(3,083)**	-
Revaluation of investment in associates				
60 Martin Place Unit Trust	**970**	3,200	**970**	3,200
80 Pacific Highway Trust	**(1,442)**	-	**(1,442)**	-
Total (decrement)/increment on revaluation of investment properties	**(15,098)**	3,139	**(15,098)**	3,139
Less revaluation decrement recognised directly in Statement of Financial Performance	**-**	-	**(15,098)**	-
Net (decrement)/increment recognised directly in asset revaluation reserve	**(15,098)**	3,139	**-**	3,139

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

Note 16. Reserves (continued)

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

(b) Amounts available for distribution

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Amounts available for distribution at the beginning of the financial year	**5,039**	199	**5,039**	199
Net profit	**206,708**	114,314	**194,834**	106,788
Transfer from contributed equity[1]	**18,058**	9,035	**29,293**	16,561
Distributions paid and payable	**(224,107)**	(118,509)	**(224,107)**	(118,509)
Amounts available for distribution at the end of the financial year	**5,698**	5,039	**5,059**	5,039

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

Note 17. 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 Trust. The Trust mitigates credit risk exposure on lease contracts by verifying and monitoring the credit worthiness of tenants and by obtaining bank guarantees where appropriate. The Trust mitigates credit risk exposure on derivative financial instruments by spreading its exposure across a range of major reputable financial institutions.

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

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

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

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

The Trust's exposure to interest rate risk is set out below.

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

Note 17. Financial instruments (continued)

Financial Assets and Liabilities

2004	Notes	**Floating interest rate $'000**	**Fixed interest maturing in: 1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets							
Cash assets	6	**3,884**	**-**	**-**	**-**	**-**	**3,884**
Receivables	7	**-**	**2,000**	**-**	**-**	**27,434**	**29,434**
Loans to related entities	8	**368,138**	**-**	**-**	**-**	**-**	**368,138**
		372,022	**2,000**	**-**	**-**	**27,434**	**401,456**
Financial liabilities							
Payables	12	-	-	-	-	**40,907**	**40,907**
Interest bearing liabilities	13	**1,285,500**	**120,000**	**150,000**	**-**	**-**	**1,555,500**
		1,285,500	**120,000**	**150,000**	**-**	**40,907**	**1,596,407**
Net financial (liabilities)/assets		**(913,478)**	**(118,000)**	**(150,000)**	**-**	**(13,473)**	**(1,194,951)**

2003	Notes	**Floating interest rate $'000**	**Fixed interest maturing in: 1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets							
Cash assets	6	2,781	-	-	-	-	2,781
Receivables	7	-	8,000	-	-	21,142	29,142
Loans to related entities	8	317,526	-	-	-	61,003	378,529
		320,307	8,000	-	-	82,145	410,452
Financial liabilities							
Payables	12	-	-	-	-	14,683	14,683
Interest bearing liabilities	13	535,000	-	195,000	-	-	730,000
		535,000	-	195,000	-	14,683	744,683
Net financial (liabilities)/assets		(214,693)	8,000	(195,000)	-	67,462	(334,231)

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

Note 17. Financial instruments (continued)

(e) Off-balance sheet financial instruments

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

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

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

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

The net fair value of off-balance sheet financial instruments represents the estimated profit/(loss) that could be made on cancellation of these instruments (net of transaction costs) at balance date, and is determined as the difference between the present value of future interest cash flows of the instruments, and the present value of future interest cash flows based on the rates prevailing at balance date. The net fair value of off-balance sheet financial instruments as at 30 June 2004 was as follows:

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

(f) Foreign exchange contract

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

As at 30 June 2004, the Trust has recorded the following:
Deferred loss on foreign exchange hedge contract payable $280,000 (included in receivables note 7)
Foreign exchange hedge contract payable ($280,000) (included in payables note 12)
Refer to accounting policy note 1(p).

(g) Net fair value of financial assets and liabilities

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

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

Note 18. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Guarantees [1]	**-**	16,000	**-**	16,000

[1] 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, and in its capacity as Responsible Entity of the Investa Property Trust and Responsible Entity of DOF. These guarantees are not explicitly quantified.

Note 19. Commitments for expenditure

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Capital commitments				
Commitments for capital expenditure on investment properties contracted for at the reporting date but not recognised as liabilities, payable within one year:				
Investment properties	**42,267**	4,273	**26,612**	2,574
126 Phillip Street Development	**130,200**	-	**-**	-
	172,467	4,273	**26,612**	2,574

Note 20. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares	Equity holding		Carrying value of parent entity's investment	
			2004	2003	**2004**	2003
			%	%	**$'000**	$'000
Fawkner Trust	Australia	Ordinary	**100%**	-	**47,494**	-
Delta Office Fund	Australia	Ordinary	**100%**	-	**1,518,189**	-
Lizabeth Trust	Australia	Ordinary	**100%**	100%	**348,211**	348,211
Investa Real Property Growth Trust	Australia	Ordinary	**100%**	100%	**63,167**	98,193
Connect Property Trust	Australia	Ordinary	**100%**	100%	**260,373**	260,373
					2,237,434	706,777

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

Note 20. Investments in controlled entities (continued)

The following entities are controlled by Investa Property Trust as they are wholly owned sub-trusts of Delta Office Fund, Investa Real Property Growth Trust, Connect Property Trust, and Fawkner Trust:

Name of entity	**Country of incorporation**	**Class of shares/units**	**Equity Holding 2004 %**	Equity holding 2003 %
242 Exhibition Street Trust	Australia	Ordinary	**100**	100
310 Pitt Street Trust	Australia	Ordinary	**100**	100
Investa Sunlaw Trust	Australia	Ordinary	**100**	100
Suncorp Metway Commercial Property Fund	Australia	Ordinary	**100**	100
Macquarie Street Trust	Australia	Ordinary	**100**	-
Macquarie Street Sub Trust	Australia	Ordinary	**100**	-
Phillip Street Trust	Australia	Ordinary	**100**	-
Phillip Street Sub Trust	Australia	Ordinary	**100**	-
Floor Space Trust	Australia	Ordinary	**100**	-
Central Trust	Australia	Ordinary	**100**	-
Maritime Trade Towers Trust	Australia	Ordinary	**100**	-
Beta Trust	Australia	Ordinary	**100**	-
Beta Sub Trust	Australia	Ordinary	**100**	-
Grosvenor Subsidiary Property Trust	Australia	Ordinary	**100**	-
O'Connell Holdings Trust	Australia	Ordinary	**100**	-
O'Connell FH Trust	Australia	Ordinary	**100**	-
O'Connell LH Trust	Australia	Ordinary	**100**	-
Investa Custodian II Pty Limited	Australia	Ordinary	**100**	-
Fawkner Trust	Australia	Ordinary	**100**	-

Reconciliations

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

	2004 $'000	2003 $'000
Carrying amount at start of year	**706,777**	245,902
Increase in investment in controlled entities	**-**	202,186
Additions	**1,560,320**	260,373
Disposals	**(31,943)**	-
Revaluation (decrements)/ increments	**2,280**	(1,684)
Carrying amount at end of year	**2,237,434**	706,777

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

Note 21. Investments in associates

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

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

Movements in carrying amounts of investments in associates

	2004	2003
	$'000	$'000
Carrying amount at start of year	**242,950**	240,919
Additions	**14,339**	100,860
Disposals	**-**	(102,029)
Revaluation (decrements)/increments	**(472)**	3,200
Carrying amount at end of year	**256,817**	242,950

Results attributable to associates	**2004**	2003
	$'000	$'000
Operating profits before income tax	**33,818**	27,297
Operating profits after income tax expense	**33,818**	27,297
Less: Distributions received/receivable	**(33,818)**	(27,297)
Undistributed income attributable to associates at the beginning of the financial year	**12**	12
Undistributed income attributable to associates at the end of the financial year	**12**	12

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

Share of associates' capital commitments	**2004**	2003
	$'000	$'000
Capital commitments	**396**	**-**

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

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

Note 21. Investments in associates (continued)

Summary of the performance and financial position of associates The aggregate 2004 profits and year end assets and liabilities of associates attributable to all unitholders in those entities was as follows:	**2004** **$'000**	2003 $'000
Profits from ordinary activities	**57,560**	48,213
Assets	**842,715**	741,709
Liabilities	**92,946**	42,819

Note 22. Events occurring after reporting date

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

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

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

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

Note 23. Reconciliation of net profit to net cash inflow from operating activities

	Consolidated		**Parent entity**	
	2004 **$'000**	2003 $'000	**2004** **$'000**	2003 $'000
Net profit	**206,708**	114,314	**194,834**	106,788
Decrement on revaluation of investment properties	**-**	-	**15,098**	7,526
Amortisation of intangibles	**5,794**	1,930	**1,930**	1,930
Change in operating assets and liabilities:				
Increase in receivables	**(292)**	(20,400)	**(43,528)**	(16,445)
Increase in payables	**25,695**	7,604	**2,127**	3,310
Net cash inflow from operating activities	**237,905**	103,448	**170,461**	103,109

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

Note 24. Capital expenditure payments

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Capital expenditure payments in respect of the investment property portfolio	**16,758**	7,537	**8,372**	2,996
Capital expenditure payments in respect of the 126 Phillip Street development property	**74,271**	-	**-**	-
Total capital expenditure payments	**91,029**	7,537	**8,372**	2,996

Note 25. Non-cash financing and investing activities

	Consolidated		Parent entity	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Issuance under Distribution Reinvestment Plan:				
Distributions reinvested – 24 August 2002	**-**	8,133	**-**	8,133
Distributions reinvested – 22 November 2002	**-**	11,943	**-**	11,943
Distributions reinvested – 21 February 2003	**-**	12,830	**-**	12,830
Distributions reinvested – 23 May 2003	**-**	15,072	**-**	15,072
Distributions reinvested – 22 August 2003	**17,614**	-	**17,614**	-
Distributions reinvested – 21 November 2003	**8,506**	-	**8,506**	-
Distributions reinvested – 20 February 2004	**9,012**	-	**9,012**	-
Distributions reinvested – 21 May 2004	**11,915**	-	**11,915**	-
	47,047	47,978	**47,047**	47,978

Note 26. Earnings per unit

	Consolidated	
	2004	2003
Basic and diluted earnings (cents per unit)	**15.35**	14.12
Basic and diluted earnings per unit (before revaluation) (cents per unit)	**15.35**	14.12
Basic earnings per unit (before revaluation and before amortisation) (cents per unit)	**15.78**	14.35
Weighted average number of units outstanding during the year used in the calculation of earnings per unit	**1,346,649,752**	809,850,175

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

Note 27. Related parties

Responsible Entity
Investa Properties Limited was the Responsible Entity for the year ended 30 June 2004.

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.

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

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

Conflict of interest
No director of the Responsible Entity has become entitled to receive any benefits because of a contract made by the Trust 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, unless otherwise stated below. This includes the transaction referred to in earlier Note 28 in respect of J L Arthur.

Directors' holding of units
The relevant interests (direct and indirect holdings) of each director of Investa Properties Limited in the issued units of the Trust at the year end are set out below:

	Number of units	
	2004	2003
I K Payne	**28,278**	22,278
C J O'Donnell	**1,816,347**	1,566,347
J L Arthur	**31,957**	10,215
S A Mays – resigned 12 May 2004	**Not Applicable**	30,375
J I Messenger	**33,413**	30,769
D R Page	**26,394**	18,521

Responsible Entity's fees and other transactions

	2004 Responsible Entity $'000	2003 Responsible Entity $'000
Fees for the year paid by the Trust to Investa Properties Limited in accordance with the Trust Constitution	**4,585**	1,944
	4,585	1,944
Aggregate of amounts payable to Responsible Entity at year end	**112**	241
Property management fees paid to Investa Asset Management Pty Limited	**4,592**	3,726
Property Management fees paid to Investa Asset Management (QLD) Pty Limited	**325**	390

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

Note 27. Related parties

Custodian
The custodian of the Trust's assets is Investa Properties Limited. During the year, no fees were paid to Investa Properties Limited in this capacity (2003: nil).

Guarantee
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, and in its capacity as Responsible Entity of the Investa Property Trust and as Responsible Entity of the Delta Office Fund. Lenders to IPGF have the benefit of those guarantees, and the benefit of a Master Negative Pledge that contains the financial covenants and other commercial terms of the loans.

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

During the year the consolidated entity received $25,397,000 in interest income (2003:$ 14,997,000) on the loans made to Investa Properties Limited and its subsidiaries.

Unitholdings in related parties
Interests held in the following classes of related parties are set out in the following notes:

(a) Controlled entities - Note 20
(b) Associates - Note 21

Note 28. 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.

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

Note 28. Director and executive disclosures (continued)

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.

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.

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

Note 28. Director and executive disclosures (continued)

Details of remuneration

Details of the remuneration of each specified director of the Responsible Entity 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	Superannua-tion 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	Superannua-tion 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 28. Director and executive disclosures (continued)

Executive Director
For details of the principles and components of executive pay, refer to section (b) of this note on page 44.

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 Responsible Entity 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

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

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

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

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

Note 28. Director and executive disclosures (continued)

Loans to specified executive directors
Loans are made in relation to the Employee Share Acquisition Plan. For additional details of these loans refer to section (b) of this note on page 44. No loans have been made to non-executive directors.

Details of the loan made to the one specified executive director of the Responsible Entity at the end of the 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 Trust. Refer to Note 11 for full details of the acquisition. As a consequence, Mr Mays was granted leave of absence from 4 meetings held to consider the Group's takeover bid for DOF.

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

There are no other executive service agreements.

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

Note 28. Director and executive disclosures (continued)

(b) Details of specified executives

Specified executives

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

Principles used to determine the nature and amount of remuneration

The objective of the Responsible Entity'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 Investa Property Group (IPG), the balance of his or her mix can shift to a higher proportion of 'at risk' rewards, depending upon the nature of the executive's new role.

Executive pay

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

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

Base Pay

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

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

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

Note 28. Director and executive disclosures (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 28. 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 Responsible Entity is set out below:

	Primary			Post-employment		
2004	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**Total $**
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 Responsible Entity for the year ended 30 June 2003 is set out below.

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

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

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

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

Note 28. 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 Responsible Entity are set out below:

Aggregate for specified executives

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

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

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

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

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

Note 29. 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 Trust's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

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

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

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

Note 29. Impact of adopting AASB equivalent to IASB standards (continued)

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

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

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

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

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 Trust.

Directors' Declaration

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust declare that the financial statements and notes set out on pages 12 to 48:

(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 Trust 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 financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001;
(b) there are reasonable grounds to believe that the Trust and the consolidated entity will be able to pay their debts as and when they become due and payable; and
(c) the Trust and the consolidated entity has operated in accordance with the provisions of the Constitution dated 15 July 1977 (as amended), during the year ended 30 June 2004.

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

I K Payne

I K Payne
Chairman
Sydney
29 July 2004

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent audit report to the unitholders of Investa Property Trust

Audit opinion

In our opinion, the financial report of Investa Property Trust:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Investa Property Trust and the Investa Property Trust 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*, the Trust Constitution, 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 Property Trust (the trust) and the Investa Property Trust Group (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the trust and the entities it controlled during that year.

The directors of the Investa Properties Limited (the Responsible Entity) 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 unitholders of the trust. 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*, the Trust Constitution, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the trust'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

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ABN 52 780 433 757

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201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
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Independent audit report to the unitholders of Investa Property Trust

Matters relating to the electronic presentation of the audited financial report

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

Audit opinion

In our opinion, the financial report of Investa Property Trust:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Investa Property Trust and the Investa Property Trust 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*, the Trust Constitution, 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 Property Trust (the trust) and the Investa Property Trust Group (the consolidated entity), for the year ended 30 June 2004. The consolidated entity comprises both the trust and the entities it controlled during that year.

The directors of the Investa Properties Limited (the Responsible Entity) 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.

PRICEWATERHOUSECOOPERS

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the trust. 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*, the Trust Constitution, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the trust'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