

Investa Property Group

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

Combined Half-Year Report

31 December 2002

Combined Half-Year Report – 31 December 2002

Contents

Directors' Report	1
Discussion and Analysis on the Combined Financial Statements	3
Combined Statement of Financial Performance	5
Combined Statement of Financial Position	6
Combined Statement of Cash Flows	7
Notes to the Combined Financial Statements	8
Directors' Declaration	14
Independent Audit Report to the stapled securityholders	15

Investa Property Group

Directors' Report

The directors of Investa Properties Limited present their report for the Investa Property Group (the 'Group') for the half-year ended 31 December 2002.

This report includes the combined results of Investa Properties Limited (IPL) and Investa Property Trust (IPT) for the half-year ended 31 December 2002.

Directors

The following persons were directors of Investa Properties Limited during the whole of the financial period and up to the date of this report unless otherwise stated:

I K Payne
C J O'Donnell
J L Arthur
P J Carney
S A Mays
J I Messenger
D R Page

J I Messenger was appointed to the board on 15 August 2002.

P J Carney passed away on 7 August 2002.

Principal activities

During the period, the principal activities of the Group consisted of investment in commercial property, property funds management and property development.

Dividends and distributions

Dividends and distributions paid and payable by the Group for the half-year ended 31 December 2002 were \$62,238,333 (2001: \$40,027,230) which is equivalent to 7.7 cents per stapled security to the stapled securityholders (2001: 7.3 cents per stapled security). All dividends were fully franked.

Review of operations

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

	31 December 2002 \$'000	31 December 2001 \$'000
Total revenue from ordinary activities	161,748	67,211
Net profit after company tax attributable to securityholders of Investa Property Group (including net revaluation increments)	58,552	44,586
Transfer of net valuation increments to asset revaluation reserve	-	(6,876)
Transfer from contributed equity to amounts available for distribution	6,807	2,801
Amounts available for distribution brought forward from previous period	3,141	1,403
Dividends & distributions paid and payable	(62,238)	(40,027)
Amounts available for distribution carried forward at 31 December	6,262	1,887
Total value of Group assets at 31 December	2,211,771	1,419,145

Investa Property Group

Directors' Report (continued)

Rounding of amounts to nearest thousand dollars

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

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

I K Payne
Director

Sydney
31 January 2003

Investa Property Group

Discussion and Analysis on Combined Financial Statements for the half-year ended 31 December 2002

The following commentary is provided to assist security holders in reviewing and interpreting the combined results of Investa Property Group (Group) for the half-year ended 31 December 2002.

There are separate reports for Investa Property Trust (Trust) and Investa Properties Limited (Company), and a combined report for the Group.

Combined Statement of Financial Performance

Before adjustment for net increases in property valuations, underlying net profit of the Group increased from \$37,710,000 to \$58,552,000, an increase of 55% on prior corresponding period.

This growth in earnings reflects the increase in operating revenue in both the Company and the Trust, with the Trust contributing 65% of revenue before proceeds from sales of investments and the Company 35%, increasing from 14% in the corresponding period. Total Group revenue was \$161,748,000, comprising \$83,034,000 from property and unit trust investments, \$34,407,000 from the operating activities of the Company and total interest income of \$2,367,000.

Trust revenue has increased 42% to \$82,931,000, driven by rental income increasing by 36.4% to \$65,450,000, reflecting the increased property portfolio due to acquisitions, including the purchase of a property portfolio acquired from Telstra during the period, and market rental reviews. During the period there have not been any revaluation increments recorded in the Statement of Financial Performance as all previous revaluation decrements have been reversed. Distributions from associates (unit trust investments) also contributed to the increased revenue reflecting new investments in associates made during the period, including Penrhyn House Trust, Investa South Melbourne Trust and Investa Sunlaw Trust.

Total Company revenue for the half-year ended 31 December 2002 included the following:

- Sales of investments totalling \$41,941,000 relating to the sale of a 50% interest in Stirling and Pirie Trusts (\$38,392,000) to a syndicate managed by Investa, and a property in Cairns (\$3,550,000)
- sales of property inventory of \$26,669,000, including residential lots at Manly, Queensland \$11,026,000, Quinns Beach, Western Australia \$3,121,000, Turner Street, Melbourne \$1,984,000 and Mills Park, Melbourne \$8,538,000. (2001- \$2,863,000);
- fee revenue of \$3,542,000 from Westpac Banking Corporation in respect of the corporate property services contract (2001- \$4,113,000);
- syndicate establishment and management fees of \$1,770,000 (2001- \$354,000, management fees only), include fees in respect of the launch of a new retail property syndicate, being the Investa Fourth Commercial Trust and due to the receipt of an underwriting fee from a previously launched syndicate, the Investa First Industrial Trust. Ongoing management fees were received from other syndicates launched in previous reporting periods;
- management fees of \$1,115,000 in respect of wholesale property trusts being Martin Place Trust and Investa Sunlaw Trust (2001 – \$427,000);
- property management fees of \$2,268,000 as operations expanded in NSW and Victoria and then to Queensland in March 2002 (2001 – \$1,295,000);
- expense recovery and management fees from the vendor of Silverton Limited of \$2,250,000 for the management of property sale agreements executed prior to the acquisition (2001 – \$529,000); and
- rental income from completed developments prior to sale of \$525,000 (2001- \$394,000 nil); and rental income from 3 properties of \$4,909,000(2001-nil)

Higher operating expenses, including rates and taxes, property outgoings and repairs and maintenance, compared with the corresponding period, reflected the increase in the property portfolio.

Discussion and Analysis on Combined Financial Statements for the half-year ended 31 December 2002 (continued)

Borrowing costs, including interest expense and line facility fees increased on the corresponding period due to the increase in borrowings required to assist in funding the investments made by the Group during the period.

The distribution for the period increased 5.5% to 7.70 cents per stapled security from 7.30 cents per stapled security for the previous corresponding period. This comprised a distribution of 6.75 cents per unit from the Trust and a fully franked dividend from the Company of 0.95 cents per share.

Earnings per Stapledsecurity (EPS) for the half-year ended 31 December 2002 of 7.83 cents includes the sale of a 50% interest in Pirie Street Trust and Stirling Street Trust and the sale of the property in Cairns. Excluding these non-recurring items the underlying EPS is 7.59 cents, an increase of 9.7% on the corresponding period (6.92 cents). The increase in underlying EPS (before revaluations) is due to growth in the business including the impact of the acquisition of the development business, the acquisition of the Telstra portfolio and greater investment income earned by the Group.

In total, \$62,238,000 was distributed, leaving \$6,262,000 available for distribution in future periods.

Combined Statement of Financial Position

Total assets within the Group increased 51% from \$1,466,160,000 at 30 June 2002 to \$2,211,771,000 at 31 December 2002, due mainly to the acquisition of 7 properties from Telstra and a 50% interest in 209 Kingsway, Melbourne and Penrhyn House, Canberra, coupled with a net revaluation increment of \$2,667,000 in investment properties held by the Trust recognised directly in the asset revaluation reserve.

The property development inventory comprises a portfolio of commercial/industrial developments and sites and four parcels of residential development land. The value of this inventory at 31 December 2002 was \$104,405,203, decreasing from \$117,565,000 as at 30 June 2002 reflecting sales during the period.

The Group also made investments in both Investa Sunlaw Trust and Investa Commercial Property Fund, holding 48% and 100% of the issued units respectively, along with a 55% interest in the property located at 7-10 Tomlins Street, Townsville and a 50% interest in the Pirie Street Trust and Stirling Street Trust. It is intended that all investments will be sold down to external investors within the next 12 months.

In order to assist in the funding of the properties acquired from Telstra and other Group acquisitions, a new bridging facility was established, with \$267,000,000 being outstanding at 31 December 2002, increasing the Group debt on 30 June 2002 by 90% to \$608,000,000. The gearing for the Group increased to 27%, up from 22% at 30 June 2002.

During the half-year, the Group raised \$452,332,000 from the issue of new equity securities. This comprised institutional placements (\$420,842,000), reinvestment of dividends (\$20,842,000) under the Distribution Reinvestment Plan and \$10,648,000 raised through the Group's Security Purchase Plan.

The net tangible asset backing for the Group increased to \$1.78 at 31 December 2002 per security, from \$1.73 per security at 30 June 2002.

Combined Statement of Cash Flows

Cash flows from operating activities increased 85% on prior period reflecting the increase in net profit after tax for the Group and increased cash receipts in the course of operations, due to higher rental receipts and development settlements.

The Group acquired seven properties during the period and a 50% interest in Penrhyn House, Canberra as well as completing the purchase of 209 Kingsway, Melbourne generating a cash outflow of \$811,897,000. During the period, the Group also sold 111-115 Grafton Street, Cairns along with a 50% interest in Pirie Street Trust and Stirling Street Trust resulting in cash inflows of \$41,941,000.

Net debt inflows of \$287,500,000 were predominantly driven by the funding required to purchase the property portfolio from Telstra along with other Company acquisitions. A total of \$431,490,000 cash was received in equity to facilitate the Groups acquisitions.

Investa Property Group

Combined Statement of Financial Performance For the half-year ended 31 December 2002

		31 December 2002 \$'000	31 December 2001 \$'000
Revenue from operating activities		105,291	57,117
Proceeds on disposal of investments		41,941	-
Share of distribution from associates		12,149	9,598
Interest revenue		2,367	496
Total revenue from ordinary activities	2	161,748	67,211
Cost of goods sold		(16,915)	(2,480)
Property outgoing		(13,575)	(8,620)
Employee expenses		(8,159)	(4,903)
Repairs and maintenance		(1,584)	(947)
Borrowing costs		(15,469)	(7,883)
Amortisation of intangibles		(1,789)	(1,285)
Book value of investments sold		(39,488)	-
Net increment on revaluation of investment properties	6(b)	-	6,876
Other expenses from ordinary activities		(2,765)	(2,919)
Profit from ordinary activities before income tax expense	2	62,004	45,050
Company income tax expense		(3,452)	(464)
Net profit after company income tax expense attributable to stapled securityholders of Investa Property Group		58,552	44,586
Net increase in asset revaluation reserve	6(b)	2,667	132
Total revenues, expenses and valuation adjustments attributable to stapled securityholders of Investa Property Group recognised directly in equity		2,667	132
Total changes in equity other than those resulting from transactions with stapled securityholders as owners		61,219	44,718
Distribution paid and payable	7	62,238	40,027
		Cents	Cents
Distribution paid and payable in cents per stapled security	7	7.70	7.30
Basic and diluted earnings per stapled security		7.83	8.19
Basic and diluted earnings per stapled security (before revaluation)		7.83	6.92
Basic and diluted earnings per stapled security (before revaluation and amortisation)		8.07	7.16

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

Investa Property Group

Combined Statement of Financial Position As at 31 December 2002

	Notes	31 December 2002 \$'000	30 June 2002 \$'000
Current assets			
Cash assets		28,785	22,873
Receivables		24,786	39,969
Loan to related entity		5,875	29,577
Other investments	3	351,078	45,629
Property inventories		22,742	39,561
Total current assets		<u>433,266</u>	<u>177,609</u>
Non-current assets			
Deferred tax asset		3,037	1,643
Intangibles		49,565	51,847
Property, plant and equipment		1,088	1,177
Loans to employees		9,274	5,561
Property inventories		81,664	78,004
Investment properties	4	1,633,877	1,150,319
Total non-current assets		<u>1,778,505</u>	<u>1,288,551</u>
Total assets		<u>2,211,771</u>	<u>1,466,160</u>
Current liabilities			
Payables		17,886	14,670
Current tax liabilities		8,656	7,080
Provisions	5	35,695	25,964
Total current liabilities		<u>62,237</u>	<u>47,714</u>
Non-current liabilities			
Interest bearing liabilities		608,000	320,500
Deferred tax liability		5,213	4,490
Total non-current liabilities		<u>613,213</u>	<u>324,990</u>
Total liabilities		<u>675,450</u>	<u>372,704</u>
Net assets		<u>1,536,321</u>	<u>1,093,456</u>
Equity			
Contributed equity	6(a)	1,480,827	1,043,750
Reserves	7(b)	49,232	46,565
Amounts available for distribution	7(a)	6,262	3,141
Total equity		<u>1,536,321</u>	<u>1,093,456</u>

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

Investa Property Group

Combined Statement of Cash Flows For the half-year ended 31 December 2002

	31 December 2002 Notes	31 December 2001 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	132,333	58,407
Cash payments in the course of operations	(55,496)	(16,946)
Interest received	5,044	510
Distributions from associates	14,450	9,454
Borrowing costs paid	(15,589)	(7,683)
Income taxes paid	(6)	(275)
Net cash inflow from operating activities	80,736	43,467
Cash flows from investing activities		
Payment for purchase of controlled entity, net of cash acquired	-	(50,519)
Payment for purchase of intangible assets	-	(8,159)
Payment for investments	(210,078)	(31,215)
Payment for investment properties	(601,819)	(19,691)
Proceeds from sale of investment	41,941	5,000
Loans to employee share plan	(3,712)	(4,130)
Payment for property, plant and equipment	(116)	(135)
Refund (Payment) for due diligence costs	976	(1,627)
Capital expenditure on investment properties	(2,158)	(2,676)
Net cash (outflow) from investing activities	(774,966)	(113,152)
Cash flows from financing activities		
Repayment of borrowings	(94,700)	(268,475)
Proceeds from borrowings	382,200	20,000
Proceeds from issue of units	431,490	132,056
Payment for costs associated with issue of units	(8,679)	(4,044)
Proceeds from commercial bond issue	-	249,405
Borrowings to related entities	(6,391)	-
Repayments of borrowing from related entity	27,390	-
Payment for costs associated with issue of commercial notes	-	(1,018)
Dividends/distributions paid	(31,168)	(23,651)
Net cash inflow from financing activities	700,142	104,273
Net increase in cash held	5,912	34,588
Cash at the beginning of the financial period	22,873	12,098
Cash at the end of the financial period	28,785	46,686
Non-cash financing and investing activities	9	12,972
	21,073	

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

Investa Property Group

Note 1. Basis of Preparation of Combined Financial Report

This general purpose combined financial report for the interim half-year reporting period ended 31 December 2002 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2002 and any announcements made by Investa Property Group during the interim reporting period in accordance with the continuous disclosure requirements of the Australian Stock Exchange.

The units in Investa Property Trust are 'stapled' to the shares in Investa Properties Limited. From 1 December 2000, all transactions in either security can only be in the form of transactions in Investa Property Group stapled securities.

Unless otherwise stated the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Segment Information

	Property Funds Management \$'000	Property Development \$'000	Consolidated \$'000
Half-year ended 31 December 2002			
Revenue from ordinary activities ⁽¹⁾	137,079	24,669	161,748
Segment ordinary profit	54,250	7,754	62,004
Half-year ended 31 December 2001			
Revenue from ordinary activities	64,348	2,863	67,211
Segment ordinary profit	44,667	383	45,050

⁽¹⁾ Includes \$41,941,000 proceeds on sale of investments.

Note 3. Current Assets – Other investments

	31 December 2002 \$'000	30 June 2002 \$'000
Unlisted property trusts		
Martin Place Trust	25,937	25,937
Investa Sunlaw Trust ⁽¹⁾	-	19,692
Investa South Melbourne Trust	51,425	-
Pirie Street Trust	20,940	-
Stirling Street Trust	15,448	-
SUNPAC Property Fund	102,029	-
Properties		
Kings Row, Brisbane	32,886	-
Lysaght Street, Brisbane	11,666	-
7-10 Tomlins Street, Townsville	9,325	-
260 Queen Street, Brisbane ⁽²⁾	23,060	-
231 Elizabeth Street, Sydney	58,362	-
	351,078	45,629

⁽¹⁾ Investa Sunlaw Trust is disclosed as a non-current asset in the current period.

⁽²⁾ An Agreement for Sale was signed on 2 December 2002 for 260 Queen Street, Brisbane at a price of \$24,200,000. Settlement is due on 31 January 2003.

Note 4. Non-current assets – investment properties

Property	Type	Ownership	Acquisition date	Cost including all	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 31/12/02	Consolidated book value 30/06/02
----------	------	-----------	------------------	--------------------	----------------------------	------------------------------	--------------------	----------------------------------	----------------------------------

Investa Property Group

Notes to the Combined Financial Statements For the half-year ended 31 December 2002

				additions \$'000		\$'000		\$'000	\$'000
Non current assets									
Investa Property Trust									
62 Northbourne Avenue, Canberra, ACT	Offices	100%	26/02/88	28,744	30/06/02	27,500	P Harding, Knight Frank	27,500	27,500
64 Northbourne Avenue, Canberra, ACT	Offices	100%	01/07/94	23,981	31/03/02	16,100	A Martin, AAPI	16,120	16,100
73 Northbourne Avenue, Canberra, ACT *	Offices	100%	06/05/94	23,324	31/12/00	17,000	JLL Advisory	17,134	17,134
	99 yr leasehold						P Dempsey, FAPI		
							Arthur Andersen		
73 Miller Street, North Sydney, NSW *	Offices/ Freehold	100%	12/06/97	75,7646	30/06/02	90,000	A Richard, FAPI	90,281	90,000
50-60 Talavera Road, North Ryde, NSW *	Offices/ Freehold	100%	01/11/99	32,743	30/09/00	31,400	CB Richard Ellis	31,403	31,400
32 Philip Street, Parramatta, NSW	Offices/ Freehold	100%	01/11/99	21,784	30/09/00	21,100	R Lawrie, AAPI	21,100	21,100
55 Market Street, Sydney, NSW *	Offices/ Freehold	100%	31/07/98	122,183	30/06/02	138,000	JLL Advisory	138,139	138,000
							D Castles, AAPI		
							Landmark White		
241 Adelaide Street, Brisbane, QLD	Offices/ 75 yrs Leasehold	100%	10/09/98	21,194	31/12/02	17,000	J Porter, AAPI	17,000	18,100
410 Ann Street, Brisbane, QLD *	Offices/ Freehold	100%	23/11/87	57,890	30/06/01	62,500	CBRE	62,771	62,610
260 Queen Street, Brisbane, QLD	Offices/ Freehold	100%	01/11/99	23,974	31/03/01	23,000	C Chatwood	-	23,070
							AAPI		
							JLL Advisory		
469 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	01/07/88	81,245	30/06/02	53,100	W Wiermann, AAPI	53,243	53,100
485 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	10/09/98	91,058	30/06/02	111,000	J Perillo, AAPI	111,000	111,000
							Knight Frank		
							G Longden, FAPI		
420 St Kilda Road, Melbourne, VIC	Offices/ Freehold	100%	12/12/86	24,686	30/06/01	27,000	JLL Advisory	27,159	27,159
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	24,916	30/06/02	25,500	C Plant	25,642	25,500
							JLL Advisory		
							S Nuttall, AAPI		
							JLL Advisory		
Total Parent				653,486				638,492	661,773
Investment in controlled entities									
Investa Real Property Growth Trust									
115 Grenfell Street, Adelaide, SA *	Offices/ Freehold	100%	04/05/89	49,535	31/03/01	26,500	J Pledge	27,363	26,680
							AAPI, Knight Frank		
110 George Street, Parramatta, NSW *	Offices/ Freehold	50%	02/10/97	67,101	30/06/02	66,500	M Caruana, FAPI, Knight Frank	66,588	66,500
		50%	15/12/98						
Investa Sunlaw Trust		48%	11/11/02	73,389	-	-	-	73,389	-
Total - Investa Real Property Growth Trust				190,025				167,340	93,180
Lizabeth Trust									
255 Elizabeth Street, Sydney, NSW*	Offices/ Freehold	50%	21/09/94	172,607	31/03/01	153,500	A Pannifex, AAPI	154,882	154,447
		10%	11/12/98				Knight Frank		
		40%	01/11/99						
Total - Lizabeth Trust				172,607				154,882	154,447
Connect Property Trust									
242 Exhibition Street, Melbourne, Vic	Offices/ Freehold	100%	19/08/02	274,518	30/06/02	261,000	A Pannifex	274,518	-
							AAPI		
231 Elizabeth Street, Sydney, NSW	Offices/ Freehold	50%	19/08/02	58,362	30/06/02	57,500	FPDSavilles	58,362	-
							A Pannifex		
							AAPI		
310 Pitt Street, Sydney, NSW	Offices/ Freehold	100%	08/10/02	125,484	30/06/02	120,000	FPDSavilles	125,484	-
							A Pannifex		
							AAPI		
							FPDSavilles		
Total - Connect Property Trust				458,364				458,364	-
Total investment in controlled entities				820,996				780,586	247,627

Investa Property Group

Notes to the Combined Financial Statements For the half-year ended 31 December 2002

Note 4. Non-current assets – investment properties (continued)

Property	Type	Ownership	Acquisition date	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 31/12/02	Consolidated book value 30/06/02
Investment in associates								\$'000	\$'000
60 Martin Place Unit Trust								\$'000	\$'000
60 Martin Place, Sydney, NSW	Offices/Freehold	50%	01/11/99	79,745	30/09/02	92,500	MS Smallhorn, FAPI JLL Advisory	92,208	88,325
80 Pacific Highway Trust									
80 Pacific Highway, North Sydney, NSW		50%	04/05/01	45,743	31/03/01	45,375	MS Smallhorn, FAPI JLL Advisory	45,745	45,745
Investa South Melbourne Trust									
209 Kingsway, Melbourne, VIC		50%	31/01/02	51,425	01/08/02	50,000	G Longden FAPI JLL Advisory	51,425	-
Penryhn House Trust									
Penryhn House, Woden, ACT		50%	06/12/02	20,601	01/09/02	19,300	P Harding Knight Frank	20,601	-
Investa Brisbane Commercial Trust									
		20%	08/05/01	4,820	-	-	-	4,820	4,820
Total investment in associates								214,799	240,919
Total non-current investment								1,633,877	1,150,319

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

Properties not independently valued during the last 12 months are carried at directors' valuation at 31 December 2002.

Note 5. Provisions

	31 December 2002 \$'000	30 June 2002 \$'000
Distributions and dividends	32,609	22,381
Employee entitlements	1,795	1,337
Other	1,291	2,246
	35,695	25,964

Note 6. Contributed equity

(a) Paid up capital

	No. of Securities '000	31 December 2002 \$'000	No. of Securities '000	30 June 2002 \$'000
Investa Property Trust	836,143	1,464,417	600,822	1,043,191
Investa Properties Limited	836,143	16,410	600,822	559
Total value of securities issued		1,480,827		1,043,750

Investa Property Group

Notes to the Combined Financial Statements For the half-year ended 31 December 2002

Note 6. Contributed equity (continued)

(b) Reconciliation of contributed equity

At 31 December 2002	Investa Property Trust		Investa Properties Limited	
	No. of units '000	\$'000	No. of shares '000	\$'000
Opening balance	600,822	1,043,191	600,822	559
Issue of securities	219,715	406,118	219,715	14,955
Distributions reinvested	10,334	20,077	10,334	765
Costs for issue of securities	-	(8,406)	-	(273)
Transfer to distributable income	-	(6,807)	-	-
Security Participation Plan	5,272	10,244	5,272	404
Closing balance	<u>836,143</u>	<u>1,464,417</u>	<u>836,143</u>	<u>16,410</u>

At 30 June 2002	Investa Property Trust		Investa Properties Limited*	
	No. of units '000	\$'000	No. of shares '000	\$'000
Opening balance	515,490	892,971	515,490	-
Issue of securities	66,884	125,522	66,884	-
Distributions reinvested	14,972	28,385	14,972	559
Costs for issue of securities	-	(5,648)	-	-
Transfer to distributable income	-	(4,573)	-	-
Security Participation Plan	3,476	6,534	3,476	-
Closing balance	<u>600,822</u>	<u>1,043,191</u>	<u>600,822</u>	<u>559</u>

* The total value of shares issued by Investa Properties Limited at 31 December 2001 was \$100.

Note 7. Reserves

(a) Amounts available for distribution

	31 December 2002 \$'000	31 December 2001 \$'000
Opening balance	3,141	1,403
Profit attributable to securityholders of Investa Property Group before transfer from reserves	58,552	44,586
Revaluation increments transferred to asset revaluation reserve	-	(6,876)
Transfer from contributed equity	6,807	2,801
Dividends/distribution paid and payable	(62,238)	(40,027)
Closing balance	<u>6,262</u>	<u>1,887</u>

Investa Property Group

Notes to the Combined Financial Statements For the half-year ended 31 December 2002

Note 7. Reserves (continued)

(b) Reserves

	31 December 2002 \$'000	31 December 2001 \$'000
Asset revaluation reserve		
Opening balance	46,565	(6,876)
Increment on revaluation of investment properties	2,667	132
Transfer from distributable income	-	6,876
Closing balance	49,232	132

Share of increment on revaluation of investments

	31 December 2002 \$'000	31 December 2001 \$'000
241 Adelaide Street, Brisbane	(1,173)	-
SUNPAC Property Fund	-	5,943
Investa Sunlaw Trust	256	-
60 Martin Place, Sydney	3,584	1,065
Total increment on revaluation of investments	2,667	7,008
Less revaluation increment taken to revenue as reversal of previous decrement	-	(6,876)
Net increment/(decrement) recognised directly in asset revaluation reserve	2,667	132

Properties are valued on a rotational basis whereby approximately one-third of the assets are valued each year, with a period no longer than 3 years.

Note 8. Dividends and distributions

	31 December 2002 \$'000	31 December 2002 Cents per stapled security	31 December 2001 \$'000	31 December 2001 Cents per stapled security
Timing of dividends and distributions				
The dividends/distributions were paid/payable as follows:				
30 September paid	29,629	3.80	18,931	3.62
31 December payable	32,609	3.90	21,096	3.68
	62,238	7.70	40,027	7.30

Investa Property Group

Notes to the Combined Financial Statements For the half-year ended 31 December 2002

Note 9. Non-cash financing and investing activities

	31 December 2002 \$'000	31 December 2001 \$'000
Dividends/distributions satisfied by the issue of securities under the Group distribution reinvestment plan were as follows:		
August 2002 – 4,278,224 @\$1.97 (July 2001 - 3,871,000 units @\$1.76)	8,428	6,813
November 2002 – 6,168,511 @ \$2.05 (November 2001 - 3,142,359 units @ \$1.96)	12,645	6,159
	21,073	12,972

Note 10. Events occurring after reporting date

On 31 January 2003, Investa Real Property Growth Trust, a wholly owned sub trust of Investa Property Trust increased its investment in Investa Sunlaw Trust (formerly Investa Commercial Property Fund) to 100% with the purchase of the remaining 52% of units on issue from Suncorp Metway entities for a consideration of \$77.8 million. Investa Sunlaw Trust owns 100% of 50 Ann Street, Brisbane, has a 50% interest in 50-52 McDougall Street (Kings Row) and a 50% interest in SUNPAC Property Fund which owns the property located at 1 Market Street, Sydney.

On 24 December 2002 the Trust exchanged contracts for the acquisition of 589 Collins Street, Melbourne for \$54,000,000 to be settled on 31 January 2003. It is the intention that 50% of the property will be owned by Investa Property Trust with the other 50% expected to be syndicated in the near future.

On 23 January 2003 Investa Property Group completed a \$74.4 million capital raising to assist in funding the acquisition of 589 Collins Street, Melbourne and for general working capital requirements.

The financial effects of these transactions have not been brought to account at 31 December 2002.

Investa Property Group

Directors' Declaration

The directors declare that the combined financial statements and notes set out on pages 5 to 13:

- (a) comply with Accounting Standards, and other mandatory professional reporting requirements; and
- (b) present fairly the combined entity's financial position as at 31 December 2002 and of its combined performance, as represented by the results of its combined operations and combined cash flows for the half-year ended on that date.

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

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

I K Payne
Director

Sydney
31 January 2003

PricewaterhouseCoopers

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

**Independent audit report to the stapled securityholders
of Investa Property Group**

**Matters relating to the electronic presentation of the audited
financial report**

This audit report relates to the combined financial report of Investa Property Group for the half-year ended 31 December 2002 included on Investa Property Group's web site. The Group's directors are responsible for the integrity of the Investa Property Group 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 combined financial report, set out on pages 5 to 14:

- presents a true and fair view of the financial position of Investa Property Group as at 31 December 2002 and of its performance for the half-year ended on that date
- is presented in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and ASX Listing Rules relating to the half yearly financial reports.

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

Scope and summary of our role

The financial report – responsibility and content

The preparation of the combined financial report for the half-year ended 31 December 2002 is the responsibility of the directors of Investa Properties Limited (the Responsible Entity). It includes the combined financial statements for Investa Property Group (the Group) comprising Investa Property Trust and Investa Properties Limited and the entities they controlled at the end of, or during, the half-year.

The auditor's role and work

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

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules relating to half yearly financial reports, which is consistent with our understanding of the Group's financial position, and its performance as represented by the results of its operations and cash flows.

The procedures included:

- selecting and examining evidence, on a test basis, to support amounts and disclosures in the combined financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the combined financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the combined financial report.

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

Independence

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

In addition to our statutory audit work, we were engaged to undertake other services for the Group. In our opinion the provision of these services has not impaired our independence.

PricewaterhouseCoopers

J A Dunning
Partner

Sydney
31 January 2003