

# **Investa Properties Limited**

ABN 54 084 407 241

**Half-Year Report**

**31 December 2002**

**Half-Year Report –31 December 2002**

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## Directors' Report

The directors of Investa Properties Limited present their report together with the consolidated financial report of the Company and its controlled entities (together the "consolidated entity") 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.

### Dividends

Dividends paid and payable for the half-year period ended 31 December 2002 are \$7,662,000 (2001:\$835,000) being 0.95 cents per share (2001:0.15 cents per share).

### Review of operations

During the period the principal activities of the consolidated entity were property funds management and property development, operating in one geographical area, Australia.

A summary of the results is as follows:

|                                                              | <b>31 December<br/>2002<br/>\$'000</b> | 31 December<br>2001<br>\$'000 |
|--------------------------------------------------------------|----------------------------------------|-------------------------------|
| Total revenue from ordinary activities                       | <u>106,069</u>                         | <u>12,214</u>                 |
| Net profit after tax                                         | <b>8,700</b>                           | 1,040                         |
| Profit attributable to outside equity interests              | <u>(497)</u>                           | -                             |
| Profit attributable to members of Investa Properties Limited | <b>8,203</b>                           | 1,040                         |
| Retained profits brought forward                             | <b>2,943</b>                           | 443                           |
| Dividend paid and payable                                    | <b>(7,662)</b>                         | (835)                         |
| Retained profits at 31 December                              | <u><b>3,484</b></u>                    | <u>648</u>                    |
| Total assets                                                 | <u><b>327,496</b></u>                  | <u>226,937</u>                |

**Directors' Report (continued)**

**Rounding of amounts**

The Company is an entity 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.

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

I K Payne  
Director  
Sydney  
31 January 2003

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

The results for the half-year ended 31 December 2002 include the full impact of the acquisition of the development operations in November 2001, adding a significant property development capability and inventory to the company. For the half-year ended 31 December 2002, property development operations contributed \$7,754,000 to profit before tax.

### Consolidated Statement of Financial Performance for the half-year ended 31 December 2002

Overall profit for the company before taxation was \$12,152,000 compared to \$1,504,000 in the previous corresponding period. This increase is primarily driven by the increase in profit on sales of development inventory of \$7,371,000 and profits earned on the disposal of unit trust investments and a further property of \$2,709,000. In addition the company also earned \$1,344,000 in distribution income.

Dividends paid and payable of \$7,662,000 have increased from \$835,000 in 2001, driven by the increase contribution from the development operations. Earnings per share increased from 0.19 cents per share in December 2001 to 1.16 cents per share in December 2002.

Total revenue for the half-year ended 31 December 2002 was \$106,069,000 compared to \$12,214,000 in 2001, with the main contributions in the half-year to 31 December 2002 coming from:

- Proceeds from sales of investments totalling \$61,891,000 relating to sale of units in Investa Sunlaw Trust (\$19,949,000), a 50% interest in Stirling and Pirie Trusts (\$38,392,000) and a property in Cairns (\$3,550,000);
- sales of property inventory of \$26,669,000, including Manly, Queensland of \$11,026,000, Quinns Beach, Western Australia of \$3,121,000, Turner Street, Melbourne \$1,984,000 and Mills Park, Melbourne \$8,538,000. (2001- \$2,863,000);
- management fees of \$961,000 from Investa Property Trust (2001- \$1,199,000);
- 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), including 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 syndicates launched in previous reporting periods;
- management fees of \$1,115,000 in respect of wholesale property syndicates, being Martin Place Trust, Investa Sunlaw Trust and Sunpac Property Fund (2001 – \$427,000);
- distribution income from investments which increased to \$1,997,000 including distributions from Martin Place Trust, Investa Sunlaw Trust and Investa South Melbourne Trust (2001- \$653,000);
- property management fees of \$2,268,000 driven by 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);

- rental income from completed developments prior to sale of \$525,000 (2001- \$394,000); and rental income from 4 properties held in Cairns, Townsville, Adelaide and Perth in of \$4,909,000 (2001-nil); and
- interest income of \$248,000 (2001 - \$70,000).

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

Total expenses for the six months ended 31 December 2002 were \$93,917,000, an increase of \$83,207,000. This increase was made up as follows:

- the book value of investments sold in Grafton Street Cairns and 50% interest in Stirling Street Perth, Pirie Street, Adelaide and units in Investa Sunlaw Trust of \$59,180,000;
- increased cost of goods sold of \$14,435,000 in 2002. Substantially more property was sold and 2001 results were only from 9 November 2001;
- increased employee expenses of \$2,997,000 as operations expanded during 2002 coupled with the full impact of 6 month expenses in 2002 including development operations. 2001 only include development operations from 9 November 2001;
- Higher borrowing costs of \$4,924,000, an increase of \$4,055,000 in 2002 due to additional funding required to fund the growth in investments;
- Inclusion of property related expenses of \$1,091,000 as the consolidated entity held property in Cairns, Townsville, Adelaide, and Perth during 2002. (2001- nil);
- Other expenses increased by \$831,000 due to expansion of operations; and
- increased amortisation and depreciation of \$618,000 as operations expanded and results were for a full 6 month period versus lesser period in 2001.

**Consolidated Statement of Financial Position as at 31 December 2002**

The Consolidated Statement of Financial Position for Investa Properties Limited at 31 December 2002 reflects the significant increase in activity of the Company since 1 July 2002. Total assets have increased from \$224,421,000 in June 2002 to \$327,496,000 in December 2002.

The major contributor to the increase in assets was the acquisition of a number of property investments as the Group prepares itself for expansion. These acquisitions totaled \$163,863,000 and comprised of:

|                                                      |              |
|------------------------------------------------------|--------------|
| • a 50% interest in 209 Kingsway, Melbourne          | \$51,425,000 |
| • a 55% interest in 7-13 Tomlins Street, Townsville  | \$ 5,129,000 |
| • a 55% interest in 111 - 115 Grafton Street, Cairns | \$ 1,645,000 |
| • 30 Pirie Street, Adelaide                          | \$41,883,000 |
| • 80 Stirling Street, Perth                          | \$30,895,000 |
| • a 50% interest in Kings Row, Brisbane              | \$32,886,000 |

In addition, the company also sold its interests in the following investments for a total of \$61,890,000:

- Investa Sunlaw Trust (formerly Investa Commercial Property Fund) to a related entity in November 2002 for \$19,949,000;

- 50% of its interest in Pirie Street Trust and Stirling Street Trust for \$22,042,398 and \$16,348,159 respectively to Investa Fourth Commercial Trust on 6 December 2002; and
- 111-115 Grafton Street, Cairns for \$3,550,000 on 30 December 2002.

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

The expansion of the company was primarily funded by loans from Investa Property Trust, a related entity. Investa Property Trust provided loans amounting to \$243,316,000 out of a total of \$274,317,000 as at 31 December 2002.

In order to assist in funding the acquisitions, the Company raised \$15,851,000 through share issues and the dividend reinvestment plan.

### Consolidated Statement of Cash Flows for the half-year ended 31 December 2002

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

Net cash flow from operating activities increased to \$28,911,000 in 2002, an increase of \$21,915,000, mainly attributable to:

- Increased receipts from customers of \$52,518,000 of which \$46,664,000 relates to sales of property inventory, including prior period receipt of \$16,000,000 from sale of inventory to Investa Second Industrial Trust, a related entity;
- Payments to suppliers increased by \$34,013,000 including payments in respect of costs relating to property inventories of \$22,252,000 and general operating expenses of the company;
- Distributions received increased to \$4,836,000 as the consolidated entity investments increased providing additional distribution revenue;
- Borrowing costs paid increased by \$1,850,000.

Net outflows from investing activities reduced on the corresponding period due to proceeds on disposal of investments of \$58,340,000. This was offset by the company acquiring interests in the following investments totalling \$163,863,000:

- |                                    |                                             |
|------------------------------------|---------------------------------------------|
| • Pirie St, Adelaide               | \$41,884,000 in August 2002                 |
| • Stirling St, Perth               | \$30,894,000 in August 2002.                |
| • Grafton St, Cairns               | \$1,645,000 in August 2002.                 |
| • Tomlin St, Townsville            | \$5,129,000 in August 2002.                 |
| • Investa Commercial Property Fund | \$84,311,000 in November and December 2002. |

To facilitate the funding of these investment activities, the consolidated entity increased its borrowings primarily from Investa Property Trust, a related entity, by \$176,012,000. However, following the sale of the investments described above and using part of the proceeds from share capital raised, it was able to reduce the borrowing from Investa Property Trust by \$79,104,000.

The strong operational cash flow also enabled the consolidated entity to repay a net \$20,500,000 in external debt, leaving it with external debt of \$31,000,000 which relates to its development operations.

Through placements and the shareholder participation plan, the consolidated entity was able to raise a net \$15,077,000 which was used to repay related party borrowings.

Cash at the end of the period totalled \$15,832,000, with development operations contributing \$13,408,000 due to the settlement of residential property sales in late December 2002.



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

|                                                                                                   | Notes | <b>31 December<br/>2002<br/>\$'000</b> | 31 December<br>2001<br>\$'000 |
|---------------------------------------------------------------------------------------------------|-------|----------------------------------------|-------------------------------|
| <b>Revenue from ordinary activities</b>                                                           | 2     | <b>106,069</b>                         | 12,214                        |
| Cost of goods sold                                                                                |       | <b>(16,915)</b>                        | (2,480)                       |
| Employee expenses                                                                                 |       | <b>(8,159)</b>                         | (5,162)                       |
| Property outgoings & repairs and maintenance                                                      |       | <b>(1,091)</b>                         | -                             |
| Borrowing costs                                                                                   |       | <b>(4,924)</b>                         | (869)                         |
| Amortisation of intangibles and depreciation                                                      |       | <b>(996)</b>                           | (378)                         |
| Book value of investments sold                                                                    |       | <b>(59,180)</b>                        | -                             |
| Other expenses from ordinary activities                                                           |       | <b>(2,652)</b>                         | (1,821)                       |
| <b>Profit from ordinary activities before income tax expense</b>                                  | 3     | <b>12,152</b>                          | 1,504                         |
| Income tax expense                                                                                |       | <b>(3,452)</b>                         | (464)                         |
| <b>Net Profit</b>                                                                                 |       | <b>8,700</b>                           | 1,040                         |
| <b>Net profit attributable to outside equity interests</b>                                        |       | <b>(497)</b>                           | -                             |
| <b>Net profit attributable to members of Investa Properties Limited</b>                           |       | <b>8,203</b>                           | 1,040                         |
| <b>Total changes in equity other than those resulting from transactions with owners as owners</b> |       | <b>8,203</b>                           | 1,040                         |
|                                                                                                   |       | <b>Cents</b>                           | Cents                         |
| Basic and diluted earnings per share                                                              |       | <b>1.16</b>                            | 0.19                          |

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

**Consolidated Statement of Financial Position  
As at 31 December 2002**

|                                      | Notes | 31 December<br>2002<br>\$'000 | 30 June<br>2002<br>\$'000 |
|--------------------------------------|-------|-------------------------------|---------------------------|
| <b>Current assets</b>                |       |                               |                           |
| Cash assets                          |       | 15,832                        | 11,203                    |
| Receivables                          |       | 11,258                        | 25,353                    |
| Other investments                    | 4     | 167,627                       | 45,629                    |
| Property inventories                 |       | 22,742                        | 39,561                    |
| <b>Total current assets</b>          |       | <b>217,459</b>                | <b>121,746</b>            |
| <b>Non-current assets</b>            |       |                               |                           |
| Intangible assets                    |       | 14,974                        | 16,290                    |
| Loans to employees                   |       | 9,274                         | 5,561                     |
| Property inventories                 |       | 81,664                        | 78,004                    |
| Property, plant and equipment        |       | 1,088                         | 1,177                     |
| Deferred tax asset                   |       | 3,037                         | 1,643                     |
| <b>Total non-current assets</b>      |       | <b>110,037</b>                | <b>102,675</b>            |
| <b>Total assets</b>                  |       | <b>327,496</b>                | <b>224,421</b>            |
| <b>Current liabilities</b>           |       |                               |                           |
| Payables                             |       | 6,672                         | 7,920                     |
| Income tax liabilities               |       | 8,656                         | 7,080                     |
| Provisions                           |       | 7,203                         | 7,843                     |
| <b>Total current liabilities</b>     |       | <b>22,531</b>                 | <b>22,843</b>             |
| <b>Non-current liabilities</b>       |       |                               |                           |
| Deferred tax liabilities             |       | 5,213                         | 4,490                     |
| Loans from related entities          |       | 243,316                       | 142,086                   |
| Interest bearing liabilities         |       | 31,000                        | 51,500                    |
| <b>Total non-current liabilities</b> |       | <b>279,529</b>                | <b>198,076</b>            |
| <b>Total liabilities</b>             |       | <b>302,060</b>                | <b>220,919</b>            |
| <b>Net assets</b>                    |       | <b>25,436</b>                 | <b>3,502</b>              |
| <b>Equity</b>                        |       |                               |                           |
| Contributed equity                   | 5     | 16,410                        | 559                       |
| Outside equity interest              | 6     | 5,542                         | -                         |
| Retained profits                     | 7     | 3,484                         | 2,943                     |
| <b>Total equity</b>                  |       | <b>25,436</b>                 | <b>3,502</b>              |

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

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

|                                                     | <b>31 December<br/>2002<br/>\$'000</b> | 31 December<br>2001<br>\$'000 |
|-----------------------------------------------------|----------------------------------------|-------------------------------|
| <b>Cash flows from operating activities</b>         |                                        |                               |
| Cash received from operations                       | <b>65,973</b>                          | 13,455                        |
| Cash payments from operations                       | <b>(39,941)</b>                        | (5,928)                       |
| Distributions received                              | <b>4,836</b>                           | -                             |
| Interest received                                   | <b>225</b>                             | 70                            |
| Borrowing costs paid                                | <b>(2,176)</b>                         | (326)                         |
| Income taxes paid                                   | <b>(6)</b>                             | (275)                         |
| <b>Net cash inflow from operating activities</b>    | <b>28,911</b>                          | 6,996                         |
| <b>Cash flows from investing activities</b>         |                                        |                               |
| Payments for intangibles                            | -                                      | (8,159)                       |
| Payment for property, plant & equipment             | <b>(116)</b>                           | (135)                         |
| Refund/(payment) for due diligence costs            | <b>976</b>                             | (1,627)                       |
| Loans to employees                                  | <b>(3,712)</b>                         | (4,130)                       |
| Payment for purchase of controlled entity           | -                                      | (50,519)                      |
| Payments for investments                            | <b>(163,863)</b>                       | (50,628)                      |
| Proceeds from sale of investments                   | <b>58,340</b>                          | 5,000                         |
| <b>Net cash (outflow) from investing activities</b> | <b>(108,375)</b>                       | (110,198)                     |
| <b>Cash flows from financing activities</b>         |                                        |                               |
| Repayment of borrowings                             | <b>(23,500)</b>                        | (15,475)                      |
| Proceeds from borrowings                            | <b>3,000</b>                           | 3,000                         |
| Proceeds from issue of shares                       | <b>15,350</b>                          | -                             |
| Payment of share issue costs                        | <b>(273)</b>                           | -                             |
| Repayment of borrowings from related entity         | <b>(79,104)</b>                        | (5,000)                       |
| Proceeds from borrowings from related entity        | <b>176,013</b>                         | 127,728                       |
| Dividends paid                                      | <b>(7,393)</b>                         | (688)                         |
| <b>Net cash inflow from financing activities</b>    | <b>84,093</b>                          | 109,565                       |
| <b>Net increase in cash held</b>                    | <b>4,629</b>                           | 6,363                         |
| Cash at the beginning of the reporting period       | <b>11,203</b>                          | 644                           |
| <b>Cash at the end of the reporting period</b>      | <b>15,832</b>                          | 7,007                         |
| Non cash financing and investing activities         | 8                                      | 765                           |

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

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

**Note 1. Basis of preparation of half-year financial report**

This general purpose consolidated 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), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2002 and any public announcements made by Investa Properties Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The units in Investa Property Trust are 'stapled' to the shares in Investa Properties Limited. 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 ended 31 December 2001.

**Note 2. Revenue from ordinary activities**

|                                     | <b>31 December<br/>2002<br/>\$'000</b> | 31 December<br>2001<br>\$'000 |
|-------------------------------------|----------------------------------------|-------------------------------|
| Sales of property inventory         | <b>24,669</b>                          | 2,863                         |
| Management fees                     | <b>9,906</b>                           | 7,705                         |
| Rent                                | <b>5,434</b>                           | 394                           |
| Distribution and dividend income    | <b>1,997</b>                           | 653                           |
| Interest                            | <b>248</b>                             | 70                            |
| Proceeds on disposal of investments | <b>61,890</b>                          | -                             |
| Other revenue                       | <b>1,925</b>                           | 529                           |
|                                     | <b><u>106,069</u></b>                  | <u>12,214</u>                 |

**Note 3. Segment information**

|                                                 | <b>Property Funds<br/>Management<br/>\$'000</b> | <b>Property<br/>Development<br/>\$'000</b> | <b>Consolidated<br/>\$'000</b> |
|-------------------------------------------------|-------------------------------------------------|--------------------------------------------|--------------------------------|
| <b>Half-year ended 31 December 2002</b>         |                                                 |                                            |                                |
| Revenue from ordinary activities <sup>(1)</sup> | <b>81,400</b>                                   | <b>24,669</b>                              | <b>106,069</b>                 |
| Segment ordinary profit                         | <b><u>4,398</u></b>                             | <b><u>7,754</u></b>                        | <b><u>12,152</u></b>           |
|                                                 |                                                 |                                            |                                |
| <b>Half-year ended 31 December 2001</b>         |                                                 |                                            |                                |
| Revenue from ordinary activities                | 9,351                                           | 2,863                                      | 12,214                         |

|                         |              |            |              |
|-------------------------|--------------|------------|--------------|
| Segment ordinary profit | <u>1,121</u> | <u>383</u> | <u>1,504</u> |
|-------------------------|--------------|------------|--------------|

<sup>(1)</sup> Includes \$61,890,000 proceeds on sale of investments.

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

**Note 4. Current Assets - Other investments**

|                                 | <b>31 December<br/>2002<br/>\$'000</b> | 30 June<br>2002<br>\$'000 |
|---------------------------------|----------------------------------------|---------------------------|
| <b>Unlisted property trusts</b> |                                        |                           |
| Martin Place Trust              | <b>25,937</b>                          | 25,937                    |
| Investa Sunlaw Trust            | -                                      | 19,692                    |
| Investa South Melbourne Trust   | <b>51,425</b>                          | -                         |
| Pirie Street Trust              | <b>20,940</b>                          | -                         |
| Stirling Street Trust           | <b>15,448</b>                          | -                         |
| <b>Properties</b>               |                                        |                           |
| Kings Row, Brisbane             | <b>32,886</b>                          | -                         |
| Lysaght Street, Brisbane        | <b>11,666</b>                          | -                         |
| 7-10 Tomlins Street, Townsville | <b>9,325</b>                           | -                         |
|                                 | <b>167,627</b>                         | 45,629                    |

**Note 5. Contributed equity**

|                               | <b>31 December<br/>2002<br/>\$'000</b> | 30 June<br>2002<br>\$'000 |
|-------------------------------|----------------------------------------|---------------------------|
| <b>(a) Contributed equity</b> |                                        |                           |
| Opening balance               | <b>559</b>                             | -                         |
| Issue of shares               | <b>14,955</b>                          | -                         |
| Issue costs                   | <b>(273)</b>                           | -                         |
| Dividends reinvested          | <b>765</b>                             | 559                       |
| Security Participation Plan   | <b>404</b>                             | -                         |
| Closing balance               | <b>16,410</b>                          | 559                       |
| <b>(b) Number of shares</b>   | <b>'000</b>                            | <b>'000</b>               |
| Opening balance               | <b>600,822</b>                         | 515,490                   |
| Issue of shares               | <b>219,715</b>                         | 66,884                    |
| Dividends reinvested          | <b>10,334</b>                          | 14,972                    |
| Security Participation Plan   | <b>5,272</b>                           | 3,476                     |
| Closing balance               | <b>836,143</b>                         | 600,822                   |

**Note 6. Outside equity Interest**

|               | <b>31 December<br/>2002<br/>\$'000</b> | 30 June<br>2002<br>\$'000 |
|---------------|----------------------------------------|---------------------------|
| Interest in:  |                                        |                           |
| Share capital | <b>5,542</b>                           | -                         |
|               | <b>5,542</b>                           | -                         |

The outside equity interest represents a 45% interest in Townsville Trust and Cairns Trust held by Investa Real Property Growth Trust, a wholly owned sub trust of Investa Property Trust.

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

**Note 7. Retained profits**

|                                                                  | <b>31 December<br/>2002<br/>\$'000</b> | 30 June<br>2002<br>\$'000 |
|------------------------------------------------------------------|----------------------------------------|---------------------------|
| Retained profits at the beginning of the period                  | <b>2,943</b>                           | 443                       |
| Net profit attributable to members of Investa Properties Limited | <b>8,203</b>                           | 8,790                     |
| Dividends provided for or paid                                   | <b>(7,662)</b>                         | (6,290)                   |
| Retained profits at the end of the period                        | <b><u>3,484</u></b>                    | <u>2,943</u>              |

**Note 8. Dividends**

|                            | <b>31 December<br/>2002<br/>\$'000</b> | <b>31 December<br/>2002<br/>CPS</b> | 31 December<br>2001<br>\$'000 | 31 December<br>2001<br>CPS |
|----------------------------|----------------------------------------|-------------------------------------|-------------------------------|----------------------------|
| <b>Timing of dividends</b> |                                        |                                     |                               |                            |
| 30 September paid          | <b>3,900</b>                           | <b>0.50</b>                         | 261                           | 0.05                       |
| 31 December payable        | <b>3,762</b>                           | <b>0.45</b>                         | 574                           | 0.10                       |
|                            | <b><u>7,662</u></b>                    | <b><u>0.95</u></b>                  | <u>835</u>                    | <u>0.15</u>                |

Dividends actually paid or satisfied by issue of shares under the dividend reinvestment plan during the half-year were:

|                              | <b>31 December<br/>2002<br/>\$'000</b> | 31 December<br>2001<br>\$'000 |
|------------------------------|----------------------------------------|-------------------------------|
| Paid in cash                 | <b>7,393</b>                           | 688                           |
| Satisfied by issue of shares | <b>765</b>                             | -                             |
|                              | <b><u>8,158</u></b>                    | <u>688</u>                    |

**Note 9. Events occurring after reporting date**

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. Of this amount \$2.8 million or 3.7% has been allocated to the Company.

The financial effect of this transaction has not been brought to account at 31 December 2002.

## Directors' Declaration

The directors declare that the financial statements and notes set out on pages 8 to 13:

- (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 consolidated entity's financial position as at 31 December 2002 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the consolidated 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.

I K Payne  
Director

Sydney,  
31 January 2003



**PricewaterhouseCoopers**

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**Independent audit report to the members of  
Investa Properties Limited**

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

This audit report relates to the financial report of Investa Properties Limited 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 financial report, set out on pages 8 to 14:

- presents a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Investa Properties Limited as at 31 December 2002 and of its performance for the half-year ended on that date
- is presented in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001.

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

**Scope and summary of our role**

**The financial report – responsibility and content**

The preparation of the financial report for the half-year ended 31 December 2002 is the responsibility of the directors of Investa Properties Limited. It includes the consolidated financial statements of the consolidated entity comprising Investa Properties Limited (the Company) and the entities it controlled at the end of, or during, the half year.

**The auditor's role and work**

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

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

The procedures included:

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

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

## **Independence**

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

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

PricewaterhouseCoopers

J A Dunning  
Partner

Sydney  
31 January 2003