

Investa Property Trust

ARSN 088 705 882

Half-Year Report

31 December 2003

Half-Year Report – 31 December 2003

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Investa Property Trust

Directors' Report

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust (the Trust), present their report for the half-year ended 31 December 2003.

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

Principal activities

During the period the principal continuing activities of the Trust consisted of investment in commercial properties.

Distributions

Distributions totalling \$108,145,162 (7.75 cents per unit) were paid and payable by the Trust for the half-year ended 31 December 2003 (31 December 2002: \$54,577,170 equivalent to 6.75 cents per unit).

Review of operations

During the period, the Trust completed the acquisition of Principal Office Fund which has subsequently been renamed Delta Office Fund (DOF). The performance of the Trust was as follows:

	31 December 2003 \$'000	31 December 2002 \$'000
Net profit attributable to unitholders of the Trust	100,700	50,606
Amounts available for distribution at the beginning of the financial period	5,039	199
Transfer from contributed equity	13,285	6,806
Distribution paid and payable	(108,145)	(54,577)
Amounts available for distribution at end of the financial period	<u>10,879</u>	<u>3,034</u>
Value of Trust assets at 31 December	<u>4,099,199</u>	<u>2,137,314</u>

Rounding of amounts to nearest thousand dollars

The Trust is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off 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
Chairman
Sydney
29 January 2004

Discussion and analysis on the consolidated financial statements

Consolidated Statement of Financial Performance

Net profit before revaluation decrements / increments for the half-year to 31 December 2003 almost doubled on the previous corresponding period to \$100,700,000 from \$50,606,000, reflecting the significant increase in the property investment portfolio of the Trust.

The distribution per unit has increased 14.8% to 7.75 cents per unit from 6.75 cents per unit in the corresponding period. Earnings per unit before amortisation and revaluations has increased 17.7% to 8.12 cents per unit over the same period. Amounts available for distribution carried forward have increased from \$5,039,000 (0.57 cents per unit) as at 30 June 2003 to \$10,879,000 (0.78 cents per unit) as at 31 December 2003.

Rental income has increased 115% to \$142,955,000 due to the growth in the property portfolio driven by the acquisition of DOF during the period, the acquisition of 441 St. Kilda Road, Melbourne and the full 6 month effect of properties purchased during the corresponding period. The Consolidated Statement of Financial Performance includes 100% of the results of DOF from the date control was gained.

Distributions from associates have increased 55% to \$16,557,000 principally due to the net impact of including a full 6 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 \$16,249,000 of interest income of which \$15,174,000 was earned on loans to Investa Properties Limited and its subsidiaries to facilitate the expansion of the Group's activities.

Operating expenses including rates and taxes, property outgoings and repairs and maintenance have increased on the corresponding period (by \$16,584,000 to \$32,051,000) 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 \$23,384,000 to \$38,405,000. This increase is due to the partly funding the acquisition of DOF with debt plus the addition of existing DOF debt and is partially offset by a lower average cost of funds as a result of proactive interest rate risk management.

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

The Trust, in accordance with its Investment revaluation policy, recognized directly in its Asset Revaluation Reserve a net revaluation decrement for the current financial period of \$17,380,000, which is 0.4% of the Trust's assets as at 31 December 2003.

Discussion and analysis on the consolidated financial statements

Consolidated Statement of Financial Position

Trust assets increased by 71.3% to \$4,099,199,000 primarily driven by the increase in the property portfolio due to the acquisition of the 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 \$1,471,639,000. In order to assist in the funding of the DOF transaction a new \$550,000,000 facility (\$405,000,000 drawn down during the current financial period) was arranged with a syndicate of banks lead by the Commonwealth Bank of Australia. The remaining net increase is primarily due to the debt within DOF of \$417,639,000..

As a result of the above, gearing has increased from 30.5% at 30 June 2003 to 35.9% at 31 December 2003.

Contributed equity had a net increase in the period of \$921,846,000. This is the result of issuing units to partly fund the DOF acquisition (\$915,156,000) and the issue of units in respect of the Trust's Distribution Reinvestment Plan (\$26,120,000) offset by transfers from contributed equity to distributable income (\$13,285,000) and Asset Revaluation Reserves (\$5,750,000).

Consolidated Statement of Cash Flows

Cash flow from operating activities has increased 60% to \$89,230,000 in the period consistent with the increase in net profit before revaluation adjustments. The increase is driven by an increase in rental receipts by 17.8% (matching the increase in rental income), 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 a significant outflow of \$421,587,000 reflecting:

- the acquisition of DOF for \$414,272,000;
- capital expenditure on investment properties of \$28,612,000 (the majority of which was incurred on the 126 Phillip Street development);
- payment to acquire 441 St. Kilda Road, Melbourne for \$47,494,000; and
- payment to acquire an interest in Investa Sixth Commercial Trust for \$15,509,000

which was partially offset by proceeds received on disposal of 4 investment properties of \$84,300,000.

Net cash flow from financing activities for the year was a significant inflow of \$338,101,000. The acquisitions noted above were funded by increased debt of \$529,090,000. This cash inflow was partially offset by payment of distributions of \$59,583,000 during the financial period together with net repayment of borrowings of \$180,500,000.

Investa Property Trust

Consolidated Statement of Financial Performance For the half-year ended 31 December 2003

	Notes	31 December 2003 \$'000	31 December 2002 \$'000
Rent		142,955	65,450
Distribution from associates		16,557	10,649
Proceeds on sale of Investment Properties		88,300	-
Other revenue from ordinary activities		17,885	6,832
Total revenue from ordinary activities		265,697	82,931
Property outgoings		(28,560)	(14,050)
Repairs and maintenance		(3,491)	(1,417)
Borrowing costs		(38,405)	(15,021)
Amortisation of intangibles		(2,449)	(965)
Book value of Investment Properties sold		(86,253)	-
Other expenses from ordinary activities		(4,597)	(872)
Net profit		101,942	50,606
Net profit attributable to outside equity interests		(1,242)	-
Net profit attributable to unitholders of the Trust		100,700	50,606
Total revenues, expenses and valuation adjustments attributable to unitholders of Investa Property Trust recognised directly in equity	6(a)	(17,380)	2,411
Total changes in equity other than those resulting from transactions with unitholders as owners		83,320	53,017
Distribution paid and payable	4	108,145	54,577
Distribution paid and payable per unit (cents per unit)	4	7.75	6.75
Basic and diluted earnings per unit (cents per unit)		7.93	6.77
Basic and diluted earnings per unit (before revaluation)		7.93	6.77
Basic and diluted earnings per unit (before revaluation and amortisation)		8.12	6.90

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

Investa Property Trust

Consolidated Statement of Financial Position As at 31 December 2003

	Notes	31 December 2003 \$'000	30 June 2003 \$'000
Current assets			
Cash assets		8,525	2,781
Receivables		41,005	29,142
Investment properties	3	8,509	4,196
Loans to related entities		76,544	205,864
Total current assets		<u>134,583</u>	<u>241,983</u>
Non-current assets			
Investment properties	3	3,636,557	1,817,577
Intangibles		120,212	33,627
Other investment		-	127,159
Loans to related entities		207,847	172,665
Total non-current assets		<u>3,964,616</u>	<u>2,151,028</u>
Total assets		<u>4,099,199</u>	<u>2,393,011</u>
Current liabilities			
Payables		40,734	14,683
Provision for distribution	4	55,207	32,765
Total current liabilities		<u>95,941</u>	<u>47,448</u>
Non-current liabilities			
Interest bearing liabilities		1,471,639	730,000
Total non-current liabilities		<u>1,471,639</u>	<u>730,000</u>
Total liabilities		<u>1,567,580</u>	<u>777,448</u>
Net assets		<u>2,531,619</u>	<u>1,615,563</u>
Equity			
Contributed equity	5	2,505,019	1,583,173
Reserves	6(a)	15,721	27,351
Amounts available for distribution	6(b)	10,879	5,039
Total equity		<u>2,531,619</u>	<u>1,615,563</u>

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

Investa Property Trust

Consolidated Statement of Cash Flows For the half-year ended 31 December 2003

	Notes	31 December 2003 \$'000	31 December 2002 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		168,266	70,078
Cash payments in the course of operations		(66,989)	(15,052)
Interest received		7,314	5,447
Distributions from associates		16,195	9,821
Borrowing costs paid		(35,556)	(14,416)
Net cash inflow from operating activities		89,230	55,878
Cash flows from investing activities			
Capital expenditure on investment properties		(28,612)	(2,158)
Payments for investments in associates		(15,509)	(151,257)
Payment for controlled entity	2	(414,272)	-
Proceeds from sale of property investments		84,300	-
Payments for property investments		(47,494)	(516,727)
Net cash (outflow) from investing activities		(421,587)	(670,142)
Cash flows from financing activities			
Proceeds from issue of units		-	416,140
Payment for costs associated with issue of units		(393)	(8,407)
Proceeds from borrowings		529,090	379,200
Repayment of borrowings		(180,500)	(71,200)
Distributions paid		(59,583)	(23,775)
Repayment of borrowings – related entities		66,530	106,494
Loan to related entities		(17,043)	(182,904)
Net cash inflow from financing activities		338,101	615,548
Net increase in cash held		5,744	1,284
Cash at the beginning of the reporting period		2,781	11,670
Cash at the end of the reporting period		8,525	12,954
Total non cash financing and investing activities	5		

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 2003****Note 1. Basis of preparation of half-year Financial Report**

This general purpose consolidated Financial Report for the half-year ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements, the Corporations Act 2001, and the Trust Constitution dated 15 July 1977 (as amended).

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 2003 and any public announcements made by the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The units in the 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.

Unless otherwise stated the accounting policies adopted are consistent with those of the previous financial year and corresponding half-year.

Note 2. Acquisition of controlled entities

On 21 May 2003 the Trust acquired 78,351,484 units in the Delta Office Fund (DOF) (previously known as the 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 owned 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
	<u>778,415</u>
Cash consideration	313,292
Fair value of equity issued for consideration	450,737
	<u>764,029</u>
Costs of acquisition	14,386
	<u>778,415</u>

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

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2003**
Note 2. Acquisition of controlled entities (continued)

	\$'000
Investment properties	1,834,536
Cash	7,447
Receivables and other assets	18,551
Payables	(435,693)
Goodwill	89,034
	<u>1,513,875</u>
Cash consideration	529,556
Fair value of equity issued for consideration	968,850
	<u>1,498,406</u>
Costs of acquisition	15,469
	<u>1,513,875</u>
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	(15,469)
Net (outflow) of cash	<u>(537,578)</u>

Note: 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 3. Investment properties

Property	Type	Ownership	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31/12/03 \$'000	Consolidated book value 30/06/03 \$'000
Current assets									
Townsville Trust		45%	11/11/02	-	-	-	-	-	4,196
Investa Sixth Commercial Trust		18%	19/12/03	8,509	-	-	-	8,509	-
Total current assets				<u>8,509</u>				<u>8,509</u>	<u>4,196</u>
Non current assets									
Properties held by Investa Property Trust									
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,762	30/06/02	27,500	P Harding, Knight Frank	27,518	27,507
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	24,033	31/03/02	16,100	A Martin, AAPI JLL Advisory	16,172	16,130
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	23,361	30/06/03	17,100	P Dempsey, FAPI Arthur Andersen	17,130	17,100
73 Miller Street, North Sydney, NSW *	Offices/ Freehold	100%	12/06/97	75,824	30/06/02	90,000	A Richard, FAPI CB Richard Ellis	90,341	90,319
50-60 Talavera Road, North Ryde, NSW *	Offices/ Freehold	100%	01/11/99	32,743	30/06/03	32,000	R Lawrie, AAPI JLL Advisory	32,000	32,000
32 Philip Street, Parramatta, NSW	Offices/ Freehold	100%	01/11/99		30/06/03	23,000	A Martin, AAPI JLL Advisory	-	23,000
55 Market Street, Sydney, NSW *	Offices/ Freehold	100%	31/07/98	123,008	30/06/02	138,000	D Castles, AAPI Landmark White	138,964	138,516
241 Adelaide Street, Brisbane, QLD	Offices/ 75 yr Leasehold	100%	10/09/98		31/12/02	17,000	J Porter, AAPI CBRE	-	17,026
410 Ann Street, Brisbane, QLD *	Offices/ Freehold 120 yr leasehold	100%	23/11/87	60,209	31/12/03	62,500	S Boyd, AAPI, Jones Lang LaSalle	62,500	64,173
469 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	01/07/88	81,869	31/12/03	48,000	M Crowe AAPI, Knight Frank	48,000	53,289
485 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	10/09/98	91,103	30/06/02	111,000	G Longden, FAPI JLL Advisory C Plant	111,045	111,046
420 St Kilda Road, Melbourne, VIC	Offices/ Freehold	100%	12/12/86	24,893	30/06/03	27,500	JLL Advisory	27,707	27,500
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	25,226	31/12/03	17,500	J Perillo AAPI, Knight Frank	17,500	25,726
Total Properties held by Investa Property Trust				<u>591,031</u>				<u>588,877</u>	<u>643,332</u>

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2003**

Note 3. Investment properties (continued)

Property	Type	Ownership	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31/12/03 \$'000	Consolidated book value 30/06/03 \$'000
Properties held by controlled entities									
Investa Real Property Growth Trust									
115 Grenfell Street, Adelaide, SA *	Offices/Freehold	100%	04/05/89	-	30/06/03	28,600	J Pledge AAPI, Knight Frank	-	28,600
110 George Street, Parramatta, NSW *	Offices/Freehold	50% 50%	02/10/97 15/12/98	67,916	30/06/02	66,500	M Caruana, FAPI, Knight Frank	67,481	67,071
State Law Building, Brisbane, QLD	Offices/Freehold	100%	31/01/03	85,983	31/12/02	83,000	I Gregory AAPI, Knight Frank	85,983	85,973
Kings Row, QLD	Offices/Freehold	50%	31/01/03	33,108	31/12/02	31,700	J Apted AAPI, Colliers International	33,222	33,108
1 Market Street, Sydney, NSW* 1	Offices/Freehold	50%	31/01/03	106,172	31/12/02	102,500	A Pannifex, AAPI Knight Frank	107,878	106,172
Total - Investa Real Property Growth Trust				<u>293,179</u>				<u>294,564</u>	<u>320,924</u>
Lizabeth Trust									
255 Elizabeth Street, Sydney, NSW*	Offices/Freehold	50% 10% 40%	21/09/94 11/12/98 01/11/99	<u>172,712</u>	30/06/03	152,000	A Pannifex, AAPI Knight Frank	<u>152,102</u>	<u>152,000</u>
Connect Property Trust									
242 Exhibition Street, Melbourne, Vic*	Offices/Freehold	100%	19/08/02	274,775	30/06/02	261,000	A Pannifex AAPI FPD Savills	274,775	274,523
231 Elizabeth Street, Sydney, NSW*1	Offices/Freehold	50%	19/08/02	58,383	30/06/02	57,500	A Pannifex AAPI FPD Savills	58,362	58,362
310 Pitt Street, Sydney, NSW*	Offices/Freehold	100%	08/10/02	125,531	30/06/02	120,000	A Pannifex AAPI FPD Savills	125,531	125,486
Total - Connect Property Trust				<u>458,689</u>				<u>458,668</u>	<u>458,371</u>
Delta Office Fund									
30% interest (as tenants-in-common) Grosvenor Place 225-235 George Street, Sydney	Offices/Leasehold	30%	31/8/03	231,432	30/06/03	230,250	W Doherty, AAPI Colliers International	231,432	-
50% interest (as tenants-in-common) QV1 250 St George's Terrace, Perth	Offices/Freehold	50%	31/8/03	153,035	30/06/03	152,500	M Crowe, AAPI Knight Frank	153,035	-
31 Market Street, Sydney	Offices/Freehold	100%	31/8/03	125,000	31/12/03	125,000	S Fairfax AAPI & L Tredwell GAPI CBRE	125,000	-
Customs House 414 Latrobe Street, Melbourne	Offices/Freehold	100%	31/8/03	44,800	30/06/03	44,800	R J Scrivener, FAPI, FRICS Urbis	44,800	-
Centennial Plaza Tower A 260 Elizabeth Street, Sydney	Offices/Freehold	100%	31/8/03	60,000	30/06/03	60,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	60,000	-
Centennial Plaza Tower B 270-280 Elizabeth Street, Sydney	Offices/Freehold	100%	31/8/03	75,056	30/06/03	74,500	D Hillier, AAPI & W Doherty, AAPI Colliers International	75,056	-
Centennial Plaza Tower C 300 Elizabeth Street, Sydney	Offices/Freehold	100%	31/8/03	87,936	30/06/03	87,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	87,936	-

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2003**
Note 3. Investment properties (continued)

Property	Type	Ownership	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31/12/03 \$'000	Consolidated book value 30/06/03 \$'000
Properties held by controlled entities (continued)									
Delta Office Fund (continued)									
120 Collins Street, Melbourne	Offices/Freehold	100%	31/8/03	320,000	31/12/03	320,000	D Gowing, FAPI CBRE	320,000	-
400 George Street, Sydney	Offices/Freehold	100%	31/8/03	386,697	30/06/03	387,500	M S Smallhorn, FAPI & C R Carver GAPI Jones Lang LaSalle	386,697	-
Kindersley House 33 Bligh & 20-26 O'Connell Streets, Sydney	Offices/Freehold	100%	31/8/03	60,000	31/12/03	60,000	S Fairfax AAPI & L Tredwell GAPI CBRE	60,000	-
50% interest (as tenants-in-common) Maritime Trade Towers 201 Kent Street, Sydney	Offices/Leasehold	50%	31/8/03	110,133	30/06/03	110,000	D Castles, AAPI & L Tredwell GAPI CBRE	110,133	-
Sydney CBD Floor Space	Heritage Floor Space	100%	31/8/03	622	30/06/03	1,000	S Fairfax AAPI & L Tredwell GAPI CBRE	622	-
126 Phillip Street, Sydney – Development property	Offices/Freehold (Develop)	100%	31/8/03	190,285	30/06/03	160,000	S Fairfax AAPI & L Tredwell GAPI CBRE	190,285	-
Total – Delta Office Fund				<u>1,844,996</u>				<u>1,844,996</u>	-
441 Trust									
441 St Kilda Road, Melbourne	Offices/Leasehold	100%	30/10/03	47,501	30/10/03	45,000	B Smith FAPI Knight Frank	47,501	-
Total Properties held by Controlled Entities				<u>2,817,077</u>				<u>2,797,831</u>	-
Properties held by Associates									
60 Martin Place Unit Trust									
60 Martin Place, Sydney, NSW	Offices/Freehold	50%	01/11/99	80,595	30/9/03	93,500	P A Dempsey, FAPI Ernst & Young	93,144	91,825
80 Pacific Highway Trust									
80 Pacific Highway, North Sydney, NSW	Offices/Freehold	50%	04/05/01	45,442	31/12/03	44,000	MS Smallhorn, FAPI JLL Advisory	44,305	45,745
Investa South Melbourne Trust									
209 Kingsway, Melbourne, VIC	Offices/Freehold	50%	31/01/02	51,425	01/08/02	50,000	G Longden FAPI JLL Advisory	51,425	51,425
Penrhyn House Trust									
Penrhyn House, Woden, ACT*	Offices/Freehold	50%	06/12/02	20,604	01/09/02	19,300	P Harding Knight Frank	20,649	20,649
589 Collins Trust									
589 Collins Street, Melbourne, VIC	Offices/Freehold	50%	31/01/03	28,517	01/12/02	28,000	JA Perillo, AAPI Knight Frank	28,506	28,486
Total Properties held by Associates				<u>226,583</u>				<u>238,029</u>	238,130
Interests in unlisted property securities									
Investa Brisbane Commercial Trust									
		20%	08/05/01	4,820				4,820	4,820
Investa Sixth Commercial Trust									
		15%	19/12/03	7,000				7,000	-
Total interests in unlisted property securities				<u>11,820</u>				<u>11,820</u>	4,820
Total non-current investment				<u>3,646,511</u>				<u>3,636,557</u>	1,817,577
Total Investment				<u>3,655,020</u>				<u>3,645,066</u>	1,821,773

Note: Properties not independently valued during the last 12 months are carried at directors' valuation at 31 December 2003

* These properties and units are used as security for the issue of a commercial note.

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

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2003**
Note 4. Distributions paid and payable

	31 December 2003 \$'000	31 December 2003 Cents Per Unit	31 December 2002 \$'000	31 December 2002 Cents Per Unit
Timing of 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
	<u>108,145</u>	<u>7.75</u>	<u>54,577</u>	<u>6.75</u>

The 31 December 2003 distribution is due to be paid on 20 February 2004.

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

	31 December 2003 \$'000	31 December 2002 \$'000
Paid in cash	59,583	23,775
Satisfied by issue of units	26,120	20,076
	<u>85,703</u>	<u>43,851</u>

Note 5. Contributed equity

	31 December 2003 \$'000	30 June 2003 \$'000
(a) Contributed equity		
Opening balance	1,583,173	1,043,191
Issue of units *	941,274	536,016
Costs for issue of units	(393)	(9,352)
Transfer (to) / from asset revaluation reserve	(5,750)	22,353
Transfer (to) distributable income	(13,285)	(9,035)
Closing balance	<u>2,505,019</u>	<u>1,583,173</u>

* Non-cash financing and investing activities:

- Issue of securities for the acquisition of DOF	915,154	-
- Dividends/distributions satisfied by the issue of securities under the Group distribution reinvestment plan (refer Note 4)	26,120	20,076
Total non cash financing and investing activities	<u>941,274</u>	<u>20,076</u>

(b) Number of units

	31 December 2003 '000	30 June 2003 '000
Opening balance	885,529	600,822
Issue of units	498,308	255,047
Distributions reinvested	13,807	24,276
Security Participation Plan	-	5,384
Closing balance	<u>1,397,644</u>	<u>885,529</u>

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2003**

Note 6. Reserves

(a) Asset revaluation reserve

	31 December 2003 \$'000	31 December 2002 \$'000
Opening balance	27,351	46,565
Transfer from Contributed Equity	5,750	-
(Decrement) / increment on revaluation of investment properties	<u>(17,380)</u>	<u>2,411</u>
Closing balance	<u>15,721</u>	<u>48,976</u>
Revaluation of investments		
469 LaTrobe Street, Melbourne	(5,867)	-
410 Ann Street, Brisbane	(2,589)	-
109 St George's Terrace, Perth	(8,452)	-
80 Pacific Highway Trust	(1,442)	-
241 Adelaide Street, Brisbane	-	(1,173)
60 Martin Place Unit Trust	<u>970</u>	<u>3,584</u>
Net (decrement) / increment recognised directly in asset revaluation reserve	<u>(17,380)</u>	<u>2,411</u>

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 to expire between valuations for each property.

(b) Amounts available for distribution

	31 December 2003 \$'000	31 December 2002 \$'000
Amounts available for distribution at the beginning of the financial period	5,039	199
Net profit	100,700	50,606
Transfer from contributed equity	13,285	6,806
Distributions provided for or paid	<u>(108,145)</u>	<u>(54,577)</u>
Amounts available for distribution at the end of the financial period	<u>10,879</u>	<u>3,034</u>

Note 7. Segment information

The Trust operates solely in Australia in one business segment being investment in commercial property. Accordingly, all revenues and results relate to that segment.

Note 8. Contingent liabilities

The Trust has guaranteed the cash advance and contingent liability facilities of Investa Properties Limited with the Commonwealth Bank of Australia for \$16 million. The Trust has also guaranteed the bank guarantee and Bill Facility agreement of Investa Developments Pty Limited and Silverton Limited (used to partially finance the inventory of development assets) with Westpac Banking Corporation for \$70 million.

Note 9. Events occurring after reporting date

There are no events occurring after the reporting date which materially affect the financial statements.

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 4 to 12:

- (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 2003 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;
- (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; and
- (c) the consolidated entity has operated in accordance with the provisions of the Constitution dated 15 July 1977 (as amended), during the half-year ended 31 December 2003.

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



I K Payne
Chairman
Sydney
29 January 2004

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 as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting*, the Trust Constitution 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 Investa Property Trust (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Investa Property Trust (the Trust) and the entities it controlled during that half-year.

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

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting*, the Trust Constitution and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

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

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

When this audit report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

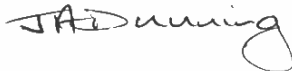
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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



J A Dunning
Partner

Sydney
29 January 2004