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Investa Property Group
**Half Year
Report**
and Financial Statements

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Key Information

Investa Property Group	December 2004
Total Assets	\$4.7 billion
Gearing	33.4%
Net Tangible Asset Backing	\$1.80
Funds Under Management	\$5.3 billion
Employees	243

Investment Portfolio	
37 Commercial office buildings	732,500 m ²
Occupancy Rate*	96.1%
Average remaining lease term*	4.3 years

* weighted by ownership

Funds Management

Syndicates

Collins Property Trust	\$45 million
Investa Brisbane Commercial Trust	\$54 million
Investa North Sydney Property Trust	\$45 million
Investa First Industrial Trust	\$54 million
Investa Second Industrial Trust	\$62 million
Investa Fourth Commercial Trust	\$60 million
Investa Fifth Commercial Trust	\$103 million
Investa Sixth Commercial Trust	\$94 million

Wholesale Funds Management

Martin Place Trust	\$96 million
Investa Commercial Property Fund	\$253 million

Asset Management

Real Estate Licences in New South Wales, Victoria and Queensland	
Properties Under Management	57
Net Lettable Area	1,220,000m ²
Rent Roll	\$520 million pa

Development

Residential/Office/Industrial project inventory	\$223 million
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Corporate Property Services

Westpac Banking Corporation Contract	✓
Suncorp Metway Contract	✓

ASX Trading Performance (1 July – 31 December)

Closing trade price (per security)	\$2.26
6 month high (per security)	\$2.28
6 month low (per security)	\$1.88
Market Capitalisation (31 December)	\$3.3 billion

Managing Director's Report

Investa remains focused on increasing the proportional contribution from business activities and, to this end, acquired a 40% interest in CPG Australia Pty Ltd on 22nd December, 2004.

Chris O'Donnell
Managing Director



Overview

The last six months has been a period of consolidation with our main focus being leasing, debt reduction and maximising our participation across the property value chain with the aim of increasing earnings contribution from business activities.

Investa has produced a profit, after tax, of \$114,576,000, which represents an increase of 11.6% over the previous corresponding period. This was a good result and was driven by the inclusion of the full six months contribution of Delta Office Fund (formerly Principal Office Fund), which was partly offset by reduced profits from the sale of short term investments.

Earnings, after tax and before amortisation, were 8.22 cents per security for the half year (8.35 cents per security for December half 2003).

Our market capitalisation stood at \$3.3 billion at 31 December 2004, a 22% increase on the previous corresponding period. The price for IPG on the ASX was \$2.26 at 31 December 2004 an increase of 16% from \$1.95 as at 30 June 2004.

During the period we reduced our gearing by 2.9% from 36.3% at 30 June 2004, to 33.4% at 31 December 2004. Subject to acquisition opportunities, this reduction should continue, bringing us closer to our target debt range of 28-32%.

This half-year was a challenging one for the broader commercial property market. However, our investment portfolio delivered a solid 2.3% like for like income growth.

CPG acquisition

Investa remains focused on increasing the proportional contribution from business earnings and, to this end, acquired a 40% interest in CPG Australia Pty Ltd (CPG) on 22 December 2004 and entered into a Put and Call Agreement with the vendors in respect of the residual 60% of the CPG equity. This is exercisable between July and September of 2005.

CPG is an integrated residential developer with 4,400 lots (directly owned and managed) predominantly in Greater Sydney. The operation focuses on three key business areas, residential land, residential property development and contract housing.

CPG's homebuilding business operates under the recognised brands of Clarendon Homes, Domaine Homes, Bellevale Homes and Greenway Homes and provides the capacity for Investa to deliver residential product in built form, expanding the available development opportunities and enhancing potential returns.

The acquisition provides Investa with an immediate participation in the NSW market and, with the existing residential land operations of Investa in Queensland, Victoria and Western Australia, completes our presence in the major residential markets in Australia.

Board strengthened

The Investa Board has been strengthened with the addition of two members, Mr. Jock Murray, a former Director General of the New South Wales Department of Transport, and Mr. Peter Campbell who is the founder of CPG. This brings the total number of directors to seven.

Managing Director's Report continued

"The addition of 40% of CPG Australia Pty Ltd will allow Investa to take advantage of the changing nature of residential development toward higher density integrated built solutions and gain an important position in the Sydney residential land development market."

David Bromell
General Manager, Developments

Developments

Strategic industrial land acquisition

The acquisition of one of Melbourne's largest strategic industrial land parcels at Deer Park, enabled Investa to expand on its existing industrial holding in Turner Street, Port Melbourne.

The site comprises 194.5 hectares with a 1.3 kilometre exposure to the Western Ring Road. This site is positioned with outstanding access to one of the best road, air and sea networks in Australia which provides a 15km freeway route to the Port of Melbourne, 17 km to the CBD and 14 km to the airport to the north. A planning application will be lodged shortly with stage one land sales due to commence in late 2005.

The residential development business expanded its operations with the purchase of 40% of CPG Australia Pty Ltd, adding a homebuilding capability to the business as well as exposure to the NSW residential market.

Since Investa's purchase of Sippy Downs, Queensland in mid 2003, the site's "further investigation" status has been secured in the recently adopted Caloundra City Plan. The site is also contained within the "Urban Footprint" in the State Government's draft South-east Queensland Regional Plan.

Investa's residential developments in Western Australia are providing an ongoing income stream with Quinn's Beach releasing its final stage, Hillary's Stage 1 commenced marketing in January 2005 and Henley Brook is to be released late in 2006.

Riverpoint, in West End, Brisbane will comprise approximately 300 residential apartments within 8 separate, yet integrated, buildings. It is designed to cater to the owner occupier as well as the property investor. Development approval is expected in the first half of 2005, with construction to commence in the final quarter, 2005.

In keeping with Investa's overall sustainability practices, all developments follow our Environmental Sustainability Development policies.

Asset Management

Managing our Assets

As managers, as well as owners of our buildings, our close involvement with the needs of our tenants is a significant point of difference between Investa and our competitors.

All properties in the commercial office portfolio have been inspected by the National Safety Council of Australia (NSCA) auditors during the past 6 months to confirm that we are maintaining the 5 Star rating achieved in the 2004 audit. Feedback has been positive and initiatives introduced since the last round of audits have been well received.

For the past six months Asset Management has largely focused on integrating sustainability practices as part of our philosophy and our day-to-day approach to business, and over the next six months sustainability will continue to deliver increased value to shareholders and tenants.

"It's fantastic what sustainability is bringing to us, in terms of the bottom line, recognition and sheer satisfaction. It's undoubtedly adding value to our portfolio."

Andrew Junor
General Manager, Asset Management



Case Study

With the support of the tenants and our waste management providers, Rethmanns, our waste recycling programme at 1 Market Street, Sydney exceeded all expectations; with 43% of the waste stream, or 1,100m³ of waste, being recovered for recycling and not ending up in landfill

Managing Director's Report continued

"Because we share so much common ground with Suncorp-Metway – for example, occupational health and safety, sustainable development and the commercial utility of assets – working with them is more like a partnership than a client-supplier relationship."

Peter Bolton-Hall
General Manager, Corporate Property Services

Asset Management continued

New client for Corporate Property Services

Investa's Corporate Property Services (CPS) division secured its second major contract with its appointment by Suncorp-Metway to manage its national corporate property portfolio.

Under the 5-year contract, CPS will handle a complex range of property and facilities management issues for Suncorp-Metway, including asset and facilities management, planning and design, acquisition, lease negotiation and the development of workplace accommodation strategies.

This appointment complements our existing outsourcing contract to manage Westpac's corporate property portfolio.

Investa's corporate alliance model differentiates our Corporate Property Services business by offering fully integrated and coordinated services. Significantly underpinned by project management capabilities, the model has evolved over the last four years to enable Investa to provide full service outsourcing capabilities as well as being a strategic alliance partner, able to deliver "value-add" services.

Investment Portfolio

Good demand for Investa office space

Investa's leasing performance over the past six months has delivered good results. We retained many existing tenants and obtained several new tenants, resulting in 83,100m² being leased since 30 June 2004. As at

Major Leasing in the past six months

Address	Tenant	Area	Expiry
1 Market Street, Sydney	Columbia Tristar	1,533	2009
1 Market Street, Sydney	Police Credit Union	1,134	2015
55 Market Street, Sydney	St George Bank	4,993	2015
Centennial Plaza C, Elizabeth Street, Sydney	DIMIA	3,904	2012
Grosvenor Place, George Street, Sydney	Deutsche Bank	3,832	2009
Maritime Towers, Sydney	Amity Group	1,325	2009
Maritime Towers, Sydney	DCA	1,325	2009
QV 1, Perth	Chevron Texaco	1,696	2009
73 Miller Street, North Sydney	Open Telecommunications	1,382	2009
64 Northbourne Avenue, Canberra	DEWR	3,206	2011
64 Northbourne Avenue, Canberra	United KFPW	2,557	2009
589 Collins Street, Melbourne	Freight Australia	1,851	2010
589 Collins Street, Melbourne	Minister for Finance	17,274	2006
420 St Kilda Road, Melbourne	Salmat	2,102	2010
441 St Kilda Road, Melbourne	Kellogg Brown & Root	2,800	2011
441 St Kilda Road, Melbourne	SAP	1,830	2008
Kings Row, Brisbane	John Wiley & Sons	2,967	2020

31 December 2004, our occupancy rate was 96.1%, with the lease maturity profile at 4.3 years.

Investa's flagship building, 126 Phillip Street, Sydney is now 80% pre-committed with Heads of Agreement executed with Bain International in November and Allens Arthur Robinson in December to lease a total of approximately 14,000m². Practical completion is expected in the third quarter of 2005.

In keeping with Investa's valuation policy, independent valuations were adopted for 9 investment properties resulting in a net revaluation increment for the half year of \$1.5 million.

"A healthy level of equilibrium has emerged in Sydney as evidenced by recent transactions with DIMIA at Centennial Plaza and Allens Arthur Robinson at 126 Phillip Street."

Michael Cook
Portfolio Manager

Funds Management

Substantial investment for property fund

Investa's Commercial Property Fund (ICPF) received a significant boost with Prudential Australia Property Trust's decision to invest \$50m. With six external investors now in the fund, the additional investment means that the sell-down of units in ICPF is near completion. As the office sector recovers, we anticipate growing the fund for further investment.

The Martin Place Trust continues to perform well with a 1.3% capital growth recorded in the last six months.

Future syndicate products are in planning stages and will reflect the focus on linking value chain opportunities with external investment.

Gearing decreases and flexibility increases

Since acquiring Principal Office Fund (now Delta) we have been carrying out a refinancing process, replacing our previously secured bank debt with a combination of unsecured bank debt, a \$325.5 million private placement in the United States and domestic bond and commercial paper issues. At the same time, we have reduced the level of gearing in the Group in order to strengthen the balance sheet for future growth opportunities.

Following the acquisition of Principal Office Fund, IPG's gearing ratio stood at 38.4% in October 2003. By the end of December 2004, we had reduced this to 33.4% as a result of non-core asset sales, equity raisings and upward revaluations of our investment portfolio.

The five year \$175 million domestic bond issue completed on 24 September 2004 signalled the completion of the refinancing task which has resulted in a slight reduction in our average cost of debt funds while increasing the term, diversity of sources and flexibility of loan arrangements.

"We were particularly pleased that despite being increased from \$120 million to \$175 million, our bond issue closed oversubscribed. It's a real endorsement of Investa and our approach to the market."

Graham Monk
Chief Financial Officer

"Investa's solid track record and high quality portfolio were the attraction for this substantial investment. Prudential is confident that we can deliver the high-quality performance that they want – and we look forward to doing exactly that, both for them and our other investors."

Bill Grounds
General Manager, Unlisted Funds

Managing Director's Report continued

Sustainability achievements

We see sustainability as a business driver, delivering greater shareholder value. Our commitment to the sustainability agenda makes good business sense, and also delivers a shared sense of pride in our achievements with our stakeholders.

Our commitment to sustainability has been recognised globally, most recently by Sustainable Asset Management (SAM) which has ranked Investa second in the world among International Real Estate Investment Organisations for Corporate Sustainability.

Together with Dow Jones Indexes and STOXX Limited, Sustainable Asset Management (SAM) has launched a family of sustainability indexes to track the performance of companies that are industry leaders in terms of sustainability. This ranking assured Investa's inclusion in the Dow Jones Sustainability World Index.

Our success in pursuing sustainability practices is seen not only as responsible behaviour, desirable in a business partner, but also as evidence of our strong management skills. This has become another positive differentiator for Investa and it is these types of points of difference that help Investa stand out against its competitors.

A listing of our achievements to date can be found on our website www.investa.com.au

Moving forward

The past six months has largely been a period of consolidation for Investa.

We have continued to implement our property value chain strategy and have taken significant steps (CPG purchase) in our plan to increase after tax business activities to 25% of our total business.

Our landmark property, 126 Phillip Street, is now 80% pre-committed, with completion expected in September 2005.

As signs of recovery appear in the office rental market, we are ideally positioned to take advantage of increased tenant demand. We have a strong market position as Australia's largest listed owner of office property and the quality of our premium and A-grade buildings nationwide is amongst the best in the country. We also continue to leverage our unique property value chain of development, asset management, investment and funds management – a chain that continues to offer new earnings opportunities.

The focus on increasing the scope of our development business, combined with our continued leasing activities, our progress in sustainability and the growth of our Property Solutions service, has positioned Investa well for the future.

We are pleased with our achievements in 2004 and we look forward to maximising the opportunities 2005 will undoubtedly bring.

We forecast earnings and distributions per security for the year to 30 June 2005 to remain consistent at 16.5 cents.



Chris O'Donnell
Managing Director



50 ANN STREET, BRISBANE

Investment Portfolio Summary

Property	Date Purchased	Independent Valuation of Property (\$'000)	Valuation Date/ Cap Rate	IRR/ Terminal Yield	Vacancy as at 31 Dec 2004	Net Lettable Area (NLA)/ Car Spaces
New South Wales						
400 George Street, Sydney ⁽⁴⁾	Oct 1999	290,625	Jun 2003 6.75%	10.00% 7.00%	NIL	51,616m ² 93
Grosvenor Place - 225 George Street, Sydney ⁽³⁾	May 1988	234,600	Sep 2004 6.75%	9.50% 7.75%	4,213m ²	85,379m ² 566
255 Elizabeth Street, Sydney	Sep 1994	152,000	Jun 2003 7.50%	10.00% 7.75%	7,708m ²	28,451m ² 148
55 Market Street, Sydney	Jul 1998	138,000	Jun 2002 7.50%	10.50% 7.75%	93m ²	22,908m ² 49
St Martins Tower - 31 Market Street, Sydney	Sep 2000	125,000	Dec 2003 8.00%	10.25% 8.50%	853m ²	25,442m ² 169
310 Pitt Street, Sydney	Nov 2002	120,000	Jun 2002 7.75%	10.25% 8.50%	NIL	29,157m ² -
Maritime Trade Towers - 201 Kent Street, Sydney ⁽²⁾	Dec 2000	110,000	Jun 2003 7.75%	10.00% 8.25%	1,544m ²	40,173m ² 269
BT Tower - 1 Market Street, Sydney ⁽¹⁾	Jan 1996	106,750	Dec 2004 7.25%	9.50% 7.50%	209m ²	29,726m ² 666
60 Martin Place, Sydney ⁽¹⁾	Nov 1999	95,000	Sep 2004 6.65%	10.00% 7.35%	NIL	27,999m ² 82
73 Miller Street, North Sydney	Jun 1997	87,000	Dec 2004 7.50%	9.25% 7.50%	303m ²	14,666m ² 159
Centennial Plaza A - 260 Elizabeth Street, Sydney	Sep 2000	60,000	Jun 2003 8.25%	10.00% 8.75%	NIL	14,217m ² 65
Centennial Plaza B - 280 Elizabeth Street, Sydney	Sep 2000	74,500	Jun 2003 8.25%	10.00% 9.00%	3,176m ²	18,059m ² 190
Centennial Plaza C - 300 Elizabeth Street, Sydney	Sep 2000	87,000	Jun 2003 8.75%	10.25% 9.25%	587m ²	21,651m ² 171
The Octagon - 110 George Street, Parramatta	Oct 1997	66,500	Jun 2002 9.30%	10.75% 9.25%	482m ²	20,976m ² 347
Kindersley House - 33 Bligh Street, Sydney	Dec 2001	60,000	Dec 2003 7.00%	10.00% 7.50%	1,756m ²	18,137m ² 42
231 Elizabeth Street, Sydney ⁽¹⁾	Aug 2002	60,500	Dec 2004 7.50%	9.50% 7.50%	NIL	23,269m ² 80
80 Pacific Highway, North Sydney ⁽¹⁾	Apr 2001	44,000	Dec 2003 7.50%	9.50% 7.75%	NIL	6,848m ² 86
50 - 60 Talavera Road, North Ryde	Nov 1999	32,000	Jun 2003 8.50%	10.45% 8.75%	NIL	13,696m ² 90

Property	Date Purchased	Independent Valuation of Property (\$'000)	Valuation Date/ Cap Rate	IRR/ Terminal Yield	Vacancy as at 31 Dec 2004	Net Lettable Area (NLA)/ Car Spaces
Victoria						
120 Collins Street, Melbourne	Jan 1994	320,000	Dec 2003 6.75%	9.75% 7.50%	1,709m ²	63,381m ² 319
242 Exhibition Street, Melbourne	Aug 2002	282,500	Dec 2004 7.25%	8.25% 7.50%	NIL	65,538m ² 346
485 LaTrobe Street, Melbourne	Sep 1998	111,000	Jun 2002 8.50%	10.25% 8.75%	NIL	34,045m ² 208
209 Kingsway, South Melbourne ⁽¹⁾	Jan 2002	52,500	Dec 2004 7.75%	9.50% 8.00%	NIL	24,420m ² 750
469 LaTrobe Street, Melbourne	Jul 1988	48,000	Dec 2003 8.50%	10.00% 9.50%	1,790m ²	19,830m ² 47
441 St Kilda Road, Melbourne	Oct 2003	45,000	Oct 2003 8.50%	9.75% 9.50%	3,220m ²	16,021m ² 343
Customs House - 414 La Trobe Street Melbourne	Jul 1997	44,800	Jun 2003 8.50%	9.50% 9.00%	NIL	14,322m ² 88
589 Collins Street, Melbourne ⁽¹⁾	Feb 2003	28,000	Dec 2002 10.45%	11.50% 10.50%	2,420m ²	31,906m ² 156
420 St Kilda Road, Melbourne	Dec 1986	27,500	Jun 2003 9.00%	10.00% 9.50%	502m ²	10,558m ² 135
Queensland						
State Law Building - 50 Ann Street Brisbane	Dec 2002	83,000	Dec 2002 8.75%	10.22% 9.00%	NIL	25,519m ² 119
Cathedral Square -410 Ann Street, Brisbane	Nov 1987	62,500	Dec 2003 9.00%	10.50% 9.50%	323m ²	20,489m ² 693
Kings Row Office Park, - 50 McDougall Street, Milton ⁽¹⁾	Dec 2002	31,000	Dec 2004 8.35%	9.50% 8.75%	254m ²	20,710m ² 417
Australian Capital Territory						
62 Northbourne Avenue, Canberra	Feb 1988	27,500	Jun 2002 9.75%	11.50% 10.25%	NIL	9,964m ² 110
Penrhyn House – Bowes Street, Woden, Canberra ⁽¹⁾	Dec 2002	19,300	Sep 2002 9.25%	10.75% 9.50%	NIL	12,675m ² 131
64 Northbourne Avenue, Canberra	Jul 1994	20,000	Dec 2004 8.75%	10.00% 9.00%	363m ²	6,508m ² 35
Western Australia						
QV1 - 250 St Georges Terrace, Perth ⁽²⁾	Dec 1998	159,000	Jun 2004 7.25%	9.50% 7.50%	2,054m ²	62,862m ² 1,072
109 St Georges Terrace, Perth	Nov 1999	17,500	Dec 2003 8.00-8.25%	10.50% 8.50%	3,887m ²	14,041m ² 79
Total Portfolio		3,322,575			37,446m² 4.0%	945,159m² 8,320

(1) 50% interest. Joint owners in each case are Funds managed by Investa Property Group.

(2) 50% interest with external joint owners

(3) 30% interest with external joint owners

(4) 75% interest with external joint owners

(5) Weighted Area = 732,481m² Weighted Vacancy = 4.3%

Securityholder Information

Distribution/Dividends

Income will be distributed quarterly until 1 July, 2005 when income will be distributed twice yearly. Payments are made within two months of the end of the relevant period. The distribution includes both amounts distributed from Investa Property Trust and fully franked dividends from the company, Investa Properties Limited.

Payment by Direct Credit

Securityholders resident in Australia are encouraged to receive their distribution and dividend payments by direct credit to the bank, building society or credit union account of their choice by providing their details to the Registry.

Distribution Reinvestment Plan

A Distribution Reinvestment Plan (DRP) is presently in operation. Under the plan, securityholders may elect to have all or a component of their distribution income reinvested in new securities at the prevailing trading price during the five days up to the record date for the entitlements. Application forms and copies of the rules of the Plan are available from the Share Registry.

Each quarter the Board will decide whether this DRP will continue to apply.

TFN Information

The Group is obligated to deduct tax at the top marginal rate plus Medicare levy from distributions paid to Australian resident securityholders who have not supplied their Tax File Number, ABN or exemption.

Voting Rights

The voting rights are one vote per stapled security.

Purchase and Sales of Securities

Investa Property Group is listed on the Australian Stock Exchange and is classified in the property trust sector with an ASX code of IPG. Each day the newspapers carry the previous day's buying and selling price for the securities. Buying or selling of securities may be transacted through a stockbroker. For assistance contact a stockbroker or investment adviser.

Notifications

The stapled securities register is maintained by ASX Perpetual Registrars Limited. Please contact the Register in writing to change the manner in which distributions are received or to provide TFN or ABN details.

Privacy Statement

Investa has established a policy in regard to the management of personal information of securityholders. Such information is held to manage your investment including our obligations to pass certain information on to other organisations (including Australian Taxation Office) in accordance with the various taxation and superannuation laws.

We may also use such information to forward to you from time-to-time details of other investment opportunities available from the company. However if you request, no information of that nature will be sent to you.

If you would like a copy of the Privacy Policy please contact us by calling the share registry on 1800 635 323 or alternatively it can be downloaded at the website.

Website

The website for Investa Property Group can be found at www.investa.com.au

You can do so much more online

Did you know that you can access – and even update – information about your holdings in Investa Property Group via the Internet.

Visit Investa's website www.investa.com.au and access a wide variety of holding information, make some changes online or download forms. You can:

- Check your current and previous holding balances
- Choose your preferred annual report option
- Update your address details
- Update your bank details
- Confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- Check transaction and distribution history
- Enter your email address
- Check the share prices and graphs
- Download a variety of instruction forms
- Subscribe to email announcements

Contact Information

You can also contact the Investa Property Group share registry by calling **1800 635 323**

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Financial Statements



Investa Property Group
**Half Year
Report**
Financial
Statements

Half Year Report 31 December 2004

Investa Property Group

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Half Year Report

Investa Property Group

Directors' Report

The directors of Investa Properties Limited present their report together with the Combined Financial Report of Investa Property Group (the "Group") for the half-year ended 31 December 2004.

This report includes the combined results for Investa Properties Limited and its controlled entities (together the "Company") and for Investa Property Trust and its controlled entities (together the "Trust") for the half-year ended 31 December 2004.

Directors

The following persons were directors of the Company 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

P D Campbell*

J I Messenger

J S Murray*

D R Page

*J S Murray was appointed a director on 1 November 2004 and P D Campbell was appointed a director on 22 December 2004.

Principal activities

During the period the principal activities of the Group continued to consist of investment in commercial property, funds and property management and property development. All business segments operate in one geographical area, Australia.

Dividends and distributions

Dividends and distributions paid and payable to stapled securityholders for the half-year ended 31 December 2004 were \$120,643,000 (31 December 2003: \$113,724,000) which is equivalent to 8.25 cents per stapled security (31 December 2003: 8.15 cents per stapled security) and is comprised solely of a distribution from the Trust.

Review of operations

A summary of Group combined revenue and results for the period is set out below:

	31 December 2004	31 December 2003
	\$'000	\$'000
Total revenue from ordinary activities	414,904	372,626
Net profit after company tax attributable to the securityholders	114,576	102,687
Transfer from contributed equity to distributable income	6,419	13,283
Amounts available for distribution brought forward from previous period	8,669	8,507
Dividends and distributions paid and payable	(120,643)	(113,724)
Amounts available for distribution carried forward at 31 December	9,021	10,753
Value of Group assets at 31 December	4,709,718	4,365,323

Half Year Report

Investa Property Group

Directors' Report (continued)

On 21 December 2004, Investa Developments Pty Limited acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, plus \$2,000,000 in acquisition costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

For a more detailed explanation of the results for the half-year, refer to the discussion and analysis of the Combined Financial Statements.

Likely developments and expected results of operations

The Group is required to adopt Australian equivalents to International Financial Reporting Standards as issued by the Australian Accounting Standards Board for reporting periods beginning on or after 1 January 2005. A summary of how the Group is managing this transition and what the likely impact will be, is contained in Note 15 to the Combined Financial Statements.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 17.

Rounding of amounts

The Group 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 Combined Financial Report. Amounts in the Directors' Report and Combined 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
Chairman
Sydney
2 February 2005

Half Year Report

Investa Property Group


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Auditors' Independence Declaration

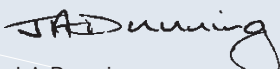
As the lead auditor for the audit of Investa Property Group for the period ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Investa Property Group and the entities it controlled during the period.



PricewaterhouseCoopers



J A Dunning
Partner
Sydney

2 February 2005

Half Year Report

Investa Property Group

Discussion and Analysis of the Combined Financial Statements

For the half-year ended 31 December 2004

The following commentary will assist securityholders when reviewing and interpreting the results of the Group for the half-year.

Combined Statement of Financial Performance

Profit for the Group after tax and outside equity interests increased by 12% to \$114,576,000, from \$102,687,000 in the previous corresponding period. The earnings improvement reflected the inclusion of the full six-month impact of Delta (Delta Office Fund, formerly Principal Office Fund) earnings, partly offset by reduced profits from the sale of investments which were down from \$4,588,000 to \$1,486,000.

These items, when combined with the increase in the average number of securities from 1,270,327,262 to 1,444,763,348, resulted in a 1.6% decrease in the earnings per security before amortisation from 8.35 cents per security for the previous corresponding period to 8.22 cents per security. The distribution for the half-year was 8.25 cents per security compared to 8.15 cents per security previously.

The following summary highlights the key contributors to the performance of the Group for the period.

1. Analysis of Segment Contribution

Excluding proceeds from the sale of investments, revenue from operating activities increased by 6.4% from \$225,125,000 to \$239,586,000 and total segment profit contribution, being earnings before interest, amortisation, and depreciation and after tax, increased by 4.1% from \$147,450,000 to \$153,518,000. Key contributors to this were:

a. Investment Portfolio

Portfolio revenue increased from \$160,371,000 to \$177,463,000, resulting in the segment contribution improving by \$9,542,000 to \$132,442,000. This largely reflects the full six-month effect of the Delta properties purchased during the prior comparable period.

b. Services

The Services business continued to grow with the full six-month impact of the Delta acquisition on the Asset Management business and Corporate Property Services successfully securing another major client, SunCorp Metway Limited. This however, has been offset by a reduction in Syndication fee income compared to the corresponding prior period which included upfront fees from the launch of the Investa Sixth Commercial Trust in December 2003.

Overall, Services segment profit contribution decreased from \$2,590,000 to \$2,254,000.

Half Year Report

Investa Property Group

Discussion and Analysis of the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Combined Statement of Financial Performance (continued)

c. Property Development

Development revenue of \$35,203,000 was slightly lower than the previous corresponding half-year's \$36,018,000 and the segment profit contribution also declined marginally from \$8,053,000 to \$7,955,000 due to higher operating expenses, attributable mainly to \$1,750,000 of costs associated with the preparation of the bid for the Lensworth Group, which were largely offset by improved margins.

The following table summarises residential lots sales for the first half:

Project	Lots
Mill Park Lakes	115 lots @ \$150,000/lot average
Quinns Beach	5 lots @ \$317,000/lot average
Total	120 Lots

In addition, there were 7 units sold at Turner Street, Melbourne, final settlement on land at Eden Park in North Ryde, Sydney (sold to Investa Fifth Commercial Trust) and the sale of the remaining land at Manly, Brisbane.

The Development Company acquired 194 hectares of industrial land at Deer Park, Melbourne for a total cost of \$35,224,000 in September 2004 and made final settlement of \$14,500,000 on 61 hectares of residential land at Henley Brook, Western Australia.

On 21 December 2004, Investa Developments Pty Limited acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, plus \$2,000,000 in acquisition costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

Through this transaction Investa has acquired a 40% indirect interest in a portfolio of approximately 4,400 lots, which are either owned or controlled, of residential development land for subdivision, predominantly in Greater Sydney, and CPG's substantial contract home building business. The Company's main housing brands are Clarendon Homes, Domaine Homes, Bellevalle Homes and Greenway Homes.

d. Investments

Investment income includes distribution and rental income derived from assets either held in preparation for syndication, sell down or assets for sale. This represents a key element of the Group's strategy as we are able to draw on the strength of the Group's balance sheet as we hold assets either for future sale or syndication.

Investment segment contribution declined from \$14,075,000 in the previous corresponding period to \$10,867,000 due to a reduction in the profit on sale of investments and a decline in short-term investment income following the Group's sell down during the period of part of its investment in Investa Commercial Property Fund and Investa Sixth Commercial Trust to external parties.

Profits from the sale of investments, including both short-term investments and investment properties, were down \$3,102,000 to \$1,486,000. During the current period, a profit of \$172,000 was realised on the sale of 73 Northbourne Avenue, Canberra and a profit of \$1,281,000 was realised on the sale of a 25% interest in 400 George Street, Sydney.

Half Year Report

Investa Property Group

Discussion and Analysis of the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Combined Statement of Financial Performance (continued)

2. Analysis of Expenses

Other expenses, which include borrowing costs, amortisation and depreciation, decreased by \$5,821,000 from \$44,763,000 to \$38,942,000 and included the following:

- Borrowing costs include interest expenses and line facility fees and have decreased from the previous corresponding period by \$6,637,000 to \$34,608,000, primarily due to the reduction in debt following the sales of investments described above. Expenditure on qualifying assets (including the development project at 126 Phillip Street in Sydney) has increased total borrowings without any associated increase in borrowing cost expense, as these borrowing costs are capitalised to the carrying value of the qualifying asset.
- Amortisation of intangibles and depreciation of \$4,334,000 is up by \$816,000 due to the full six-month effect of the goodwill recognised on acquisition of Delta.

Included in the segment profit contribution were the following expenses:

- Employee expenses, which increased from \$11,751,000 to \$14,359,000, reflecting the increase in staff numbers from 177 to 243 over the period, associated mainly with the growth of corporate property services, asset management and development activities.
- Group operating expenses increased by \$2,017,000 to \$10,230,000, primarily due to \$1,750,000 of costs associated with the preparation of the bid for the Lensworth Group and a general increase in expenses attributable to the expansion of the Group's operating activities.

Combined Statement of Financial Position

Total Group assets increased by 6% from \$4,459,351,000 at 30 June 2004 to \$4,709,718,000 at 31 December 2004.

The composition of total assets has changed as the Group implements its strategy to improve the contribution of the Company to Group earnings. The Group has increased its property development inventory from \$169,435,000 at 30 June 2004 to \$223,306,000 at 31 December 2004 and also acquired a 40% interest in CPG Australia Pty Limited for \$102,000,000, inclusive of costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. During the period the carrying value of 126 Phillip Street increased substantially from \$251,477,000 to \$332,394,000, reflecting the ongoing cost of construction. The sale of 73 Northbourne Avenue, Canberra for \$17,500,000 reduced assets accordingly.

At 30 June 2004, Investa Commercial Property Fund ("ICPF") was consolidated on the basis that the Group held a controlling interest of 76.3%. At 31 December 2004, ICPF is no longer consolidated following the sell down of the Group's interest to 47.6%. The Group does however consolidate 3 sub-trusts in which ICPF has a 50% interest, being 231 Elizabeth Street Trust, Investa South Melbourne Trust and Sunpac Property Fund, on the basis that when combined with Investa Property Trust's 50% direct investment, the combined Group's interest in these sub-trusts is 73.8%. This change results in a net increase in total assets of \$57,603,000.

The total debt outstanding as at 31 December 2004 was \$1,571,245,000, compared to \$1,618,500,000 at 30 June 2004. The gearing for the Group decreased to 33.4%, down from 36.3% at 30 June 2004.

During the period to 31 December 2004, the Group raised \$34,865,000 under the Group's Distribution Reinvestment Plan and \$60,000,000 from the issue of securities as part consideration for the 40% interest acquired in CPG Australia Pty Limited.

Outside equity interest increased by a net \$168,241,000 during the period, reflecting the 25% external interest in 400 George Street and the 26.2% external interests in 231 Elizabeth Street Trust, Investa South Melbourne Trust and Sunpac Property Fund.

The net tangible asset backing as at 31 December 2004 increased to \$1.80 from \$1.78 at 30 June 2004.

Half Year Report

Investa Property Group

Discussion and Analysis of the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Combined Statement of Cash Flows

Net cash flow from operating activities decreased by \$30,525,000 compared to the prior period, to \$54,937,000. The net operating cash flow from the investment portfolio increased by \$15,988,000, mainly attributable to the full six-month impact of the Delta portfolio. The Company generated additional operating cash flows of \$11,258,000, offset by additional purchases of property development inventory of \$57,567,000 (including Deer Park and Henley Brook) and a reduction in distribution receipts of \$4,535,000 associated with the reduction in the Group's interest in Investa Commercial Property Fund.

Net cash flow from investing activities for the period was an inflow of \$13,787,000 reflecting:

- sale of 25% interest in 400 George Street, Sydney (\$98,750,000);
- sell down of the Group's short-term investment in Investa Commercial Property Fund (\$51,218,000);
- sale of 73 Northbourne Avenue, Canberra (\$17,500,000); and
- sell down of the Group's short-term investment in Investa Sixth Commercial Trust (\$4,505,000).

These were mostly offset by:

- capital expenditure on investment properties of \$108,085,000, of which \$80,917,000 was incurred on the 126 Phillip Street development;
- cash consideration in respect of the acquisition of a 40% interest in CPG Australia Pty Ltd of \$40,000,000;
- an increase in employee share acquisition plan loans of \$5,885,000; and
- costs relating to the preparation of the bid for the Lensworth Group of \$1,269,000.

Net cash flow from financing activities for the period was a net outflow of \$73,328,000, comprising net proceeds from borrowing of \$17,355,000 and payment of \$91,430,000 in distributions to securityholders and outside equity interests.

Half Year Report

Investa Property Group

Combined Statement of Financial Performance

For the half-year ended 31 December 2004

	Notes	31 December 2004 \$'000	31 December 2003 \$'000
Revenue from ordinary activities	2	414,904	372,626
Cost of development inventory sold		(21,533)	(23,520)
Property outgoings		(31,706)	(30,244)
Employee expenses		(14,359)	(11,751)
Repairs and maintenance		(3,896)	(3,908)
Borrowing costs		(34,608)	(41,245)
Amortisation of intangibles		(4,134)	(3,347)
Book value of investments sold		(173,832)	(142,913)
Depreciation of property, plant & equipment		(200)	(171)
Other expenses from ordinary activities		(10,230)	(8,213)
Profit from ordinary activities before income tax expense		120,406	107,314
Company income tax expense		(251)	(2,269)
Profit from ordinary activities after income tax expense		120,155	105,045
Net profit attributable to outside equity interest	8	(5,579)	(2,358)
Net profit attributable to the stapled securityholders of Investa Property Group		114,576	102,687
Net increase/(decrease) in asset revaluation reserves	9	1,488	(17,380)
Total revenues, expenses and valuation adjustments attributable to the stapled securityholders of Investa Property Group recognised directly in equity		1,488	(17,380)
Total changes in equity other than those resulting from transactions with stapled securityholders as owners		116,064	85,307
Distributions and dividends paid and payable	11	120,643	113,724
		Cents	Cents
Distributions and dividends paid and payable (cents per stapled security)	11	8.25	8.15
Basic and diluted earnings (cents per stapled security)		7.93	8.08
Basic and diluted earnings per stapled security (before revaluation)		7.93	8.08
Basic and diluted earnings per stapled security (before revaluation and before amortisation)		8.22	8.35

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

Half Year Report

Investa Property Group

Combined Statement of Financial Position

As at 31 December 2004

	Notes	31 December 2004 \$'000	30 June 2004 \$'000
Current assets			
Cash assets		4,412	9,016
Receivables		78,617	54,021
Property development inventories		21,892	34,519
Other investments	4	122,394	111,654
Investment properties	5	-	24,132
Total current assets		227,315	233,342
Non-current assets			
Deferred tax asset		6,491	5,358
Intangibles		121,354	125,153
Property, plant and equipment		1,269	1,029
Loans to employees		17,898	12,012
Property development inventories		201,414	134,916
Investment in associates	4	102,000	248,513
Investment properties	5	4,031,977	3,699,028
Total non-current assets		4,482,403	4,226,009
Total assets		4,709,718	4,459,351
Current liabilities			
Payables		62,591	50,637
Interest bearing liabilities		-	120,000
Provisions	6	66,235	66,058
Current tax liabilities		-	1,269
Total current liabilities		128,826	237,964
Non-current liabilities			
Interest bearing liabilities		1,571,245	1,498,500
Deferred tax liabilities		7,212	6,077
Total non-current liabilities		1,578,457	1,504,577
Total liabilities		1,707,283	1,742,541
Net assets		3,002,435	2,716,810
Equity			
Contributed equity	7	2,740,200	2,628,237
Outside equity interest in controlled entities	8	212,369	44,128
Reserves	9	40,845	35,776
Amounts available for distribution	10	9,021	8,669
Total equity		3,002,435	2,716,810

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

Half Year Report

Investa Property Group

Combined Statement of Cash Flows

For the half-year ended 31 December 2004

	Notes	31 December 2004 \$'000	31 December 2003 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		259,730	246,580
Cash payments in the course of operations		(173,559)	(130,674)
Interest received		1,264	1,501
Distributions from associates		9,981	14,516
Borrowing costs paid		(39,698)	(38,004)
Income taxes paid		(2,781)	(8,457)
Net cash inflow from operating activities		54,937	85,462
Cash flows from investing activities			
Proceeds from sales of investments		56,392	59,201
Payments for investment properties		-	(47,494)
Proceeds from sales of property investments		116,250	84,300
Loans to employees		(5,885)	(4,868)
Payments for property, plant and equipment		(444)	(340)
Payments for due diligence costs		(1,269)	(2,918)
Payments for controlled entity		-	(414,272)
Payments for investment in associates		(43,172)	(15,509)
Payments for capital expenditure		(108,085)	(32,640)
Net cash inflow/(outflow) from investing activities		13,787	(374,540)
Cash flows from financing activities			
Repayment of borrowings		(1,070,500)	(180,500)
Proceeds from borrowings		1,087,855	537,090
Proceeds from issues of securities		580	-
Payment for costs associated with issue of securities		(3)	(485)
Proceeds from borrowing from related entity		170	-
Dividends and distributions paid		(91,430)	(63,964)
Net cash (outflow)/inflow from financing activities		(73,328)	292,141
Net (decrease)/increase in cash held		(4,604)	3,063
Cash at the beginning of the financial period		9,016	9,939
Cash at the end of the financial period		4,412	13,002
Non-cash financing and investing activities	12		

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

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements

For the half-year ended 31 December 2004

Note 1. Basis of preparation of the Combined Financial Report

This general purpose Combined Financial Report for the half-year ended 31 December 2004 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 and the Corporations Act 2001.

This interim Combined 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 2004 and any announcements made by the Group 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 the Company. All transactions in either security can only be in the form of transactions in the 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. Revenue from ordinary activities

	31 December 2004 \$'000	31 December 2003 \$'000
Sales of property inventory	34,042	34,596
Rent	185,106	166,997
Distributions from associates	8,932	9,963
Other revenue from ordinary activities	10,315	12,155
Proceeds on disposal of investment properties and other investments	175,318	147,501
Interest revenue	1,191	1,414
Total revenue from ordinary activities	414,904	372,626

Note 3. Segment information

The Group operates solely in Australia in the following business segments:

Investment portfolio

The Trust invests directly in properties located throughout Australia and also has indirect property holdings through investments in units in listed and unlisted property trusts.

Services

The Company is the Responsible Entity for the Trust and for ten registered schemes upon which up-front establishment and ongoing management fees are earned. The Company also provides asset, property and facilities management services to properties managed by the Group.

Property development

The Company engages in retail, commercial and industrial development as well as medium density and broad acre residential subdivision.

Short-term investments

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

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 3. Segment information (continued)

31 December 2004	Investment Portfolio \$'000	Services \$'000	Property Development \$'000	Short-Term Investments \$'000	Elimination/ Unallocated \$'000	Consolidated \$'000
Revenue from ordinary activities						
- Operating revenue	177,463	15,223	35,203	11,697	-	239,586
- Sale of property	-	-	-	175,318	-	175,318
	177,463	15,223	35,203	187,015	-	414,904
Segment profit ¹	132,442	2,254	7,955	10,867	-	153,518
Net profit after tax	104,589	1,788	4,480	3,719	-	114,576
Segment profit contribution (%)	86%	2%	5%	7%	-	100%
Segment assets	4,110,440	3,630	345,087	233,499	17,062	4,709,718
Segment liabilities	1,198,588	1,413	289,136	215,340	2,806	1,707,283
Depreciation and amortisation expense	3,305	466	563	-	-	4,334
Acquisition of property, plant and equipment	107,938	428	16	147	-	108,529
31 December 2003	Investment Portfolio \$'000	Services \$'000	Property Development \$'000	Short-Term Investments \$'000	Elimination/ Unallocated \$'000	Consolidated \$'000
Revenue from ordinary activities						
- Operating revenue	160,371	12,961	36,018	15,775	-	225,125
- Sale of property	-	-	-	147,501	-	147,501
	160,371	12,961	36,018	163,276	-	372,626
Segment profit ¹	122,900	2,590	8,053	14,075	(168)	147,450
Net profit after tax	90,987	2,174	4,745	4,949	(168)	102,687
Segment profit contribution (%)	83%	2%	5%	10%	-	100%
Segment assets	3,794,844	14,173	139,764	390,858	25,684	4,365,323
Segment liabilities	1,283,550	7,453	128,604	283,388	12,134	1,715,129
Depreciation and amortisation expense	2,519	415	584	-	-	3,518
Acquisition of property, plant and equipment	30,530	317	23	2,110	-	32,980

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

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 4. Other investments

	31 December 2004 \$'000	30 June 2004 \$'000
Current		
Investments in property:		
Macarthur Central Shopping Centre, Brisbane	101,302	101,154
Investments in unlisted property trusts:		
Martin Place Trust	10,500	10,500
Investa Commercial Property Fund ¹	10,592	-
Total current	122,394	111,654
Non-current		
Investments in unlisted companies:		
CPG Australia Pty Limited ²	102,000	-
Investments in property:		
Kings Row, Brisbane ¹	-	66,820
Investments in unlisted property trusts:		
231 Elizabeth Street Trust - 231 Elizabeth Street, Sydney ¹	-	116,915
Investa South Melbourne Trust - 209 Kingsway, Melbourne ¹	-	102,804
Sunpac Property Fund - 1 Market Street, Sydney ¹	-	215,576
Total investments	102,000	502,115
Less: properties held in investment portfolio (refer Note 5)	-	(253,602)
Total non-current	102,000	248,513

¹ At 30 June 2004, Investa Commercial Property Fund ("ICPF") was consolidated on the basis that the Group held a controlling interest of 76.3%. At 31 December 2004, ICPF is no longer consolidated following the sell down of the Group's interest to 47.6%. The Group does however consolidate 3 sub-trusts in which ICPF has a 50% interest, being 231 Elizabeth Street Trust, Investa South Melbourne Trust and Sunpac Property Fund, on the basis that when combined with Investa Property Trust's 50% direct investment, the combined Group's interest in these sub-trusts is 73.8% and consequently the gross values of the 3 underlying properties are now recorded as investment properties (refer Note 5). The investment of \$10,592,000 represents the Group's remaining interest in ICPF after the consolidation of the 3 sub-trusts.

² On 21 December 2004, Investa Developments Pty Limited acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, plus \$2,000,000 in acquisition costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

Note 5. Investment properties

	31 December 2004 \$'000	30 June 2004 \$'000
Current		
Investment property	-	24,132
Non-current		
Investment property	4,031,977	3,669,028

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 5. Investment properties (continued)

Property	Type	Ownership	Acquisition Date / (Sale date)	Cost including all additions \$'000
Current assets				
Investa Sixth Commercial Trust		13%	(21/07/04)	-
73 Northbourne Avenue, Canberra, ACT	Offices 99 yr leasehold	100%	(12/07/04)	-
Total current assets				-
Non-current assets				
Property held by Investa Property Trust				
55 Market Street, Sydney, NSW ^{3&7}	Offices/Freehold	100%	31/07/98	126,615
485 Latrobe Street, Melbourne, VIC ³	Offices/Freehold	100%	10/09/98	91,765
73 Miller Street, North Sydney, NSW ³	Offices/Freehold	100%	12/06/97	76,209
410 Ann Street, Brisbane, QLD ³	Offices/ Freehold 120 yr leasehold	100%	23/11/87	60,821
469 Latrobe Street, Melbourne, VIC ^{3&7}	Offices/Freehold	100%	01/07/88	83,886
50-60 Talavera Road, North Ryde, NSW ³	Offices/Freehold	100%	01/11/99	32,821
420 St Kilda Road, Melbourne, VIC	Offices/Freehold	100%	12/12/86	25,192
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,877
109 St George's Terrace, Perth, WA ⁷	Offices/ Freehold	100%	01/11/99	34,345
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	28,059
Total property held by Investa Property Trust				588,590
Property held by controlled entities				
Investa Real Property Growth Trust				
1 Market Street, Sydney, NSW ^{3&8}	Offices/Freehold	100%	31/01/96	162,705
State Law Building, Brisbane, QLD ¹	Offices/Freehold	100%	31/01/03	85,823
110 George Street, Parramatta, NSW ³	Offices/Freehold	50% 50%	02/10/97 15/12/98	69,180
Kings Row, Brisbane, QLD ¹	Offices/Freehold	50%	31/01/03	9,784
Total - Investa Real Property Growth Trust				327,492
Lizabeth Trust				
255 Elizabeth Street, Sydney, NSW ^{3&7}	Offices/Freehold	50%	21/09/94	
		10%	11/12/98	
		40%	01/11/99	175,051
Connect Property Trust				
242 Exhibition Street, Melbourne, VIC ^{1&3}	Offices/Freehold	100%	19/08/02	276,705
310 Pitt Street, Sydney, NSW ^{1&3}	Offices/Freehold	100%	08/10/02	125,755
231 Elizabeth Street, Sydney, NSW ^{3&8}	Offices/Freehold	100%	19/08/02	117,096
Total - Connect Property Trust				519,556
441 Trust				
441 St Kilda Road, Melbourne, VIC ³	Offices/Leasehold	100%	30/10/03	48,049
Investa South Melbourne Trust				
209 Kingsway, Melbourne, VIC ⁸	Offices/Freehold	100%	31/01/02	102,801

Half Year Report

Investa Property Group

Independent valuation date	Independent valuation Amount \$'000	Independent valuer	Consolidated book value 31/12/04 \$'000	Consolidated book value 30/06/04 \$'000
-	-	-	-	6,949
-	-	-	-	17,183
			-	24,132
30/06/02	138,000	D Castles, AAPI Landmark White	142,571	140,084
30/06/02	111,000	G Longden, FAPI JLL Advisory	111,707	111,210
31/12/04	87,000	S Young, AAPI FPDSavills	87,000	90,592
31/12/03	62,500	S Boyd ,AAPI Jones Lang LaSalle	63,113	62,604
31/12/03	48,000	J Perillo, AAPI Knight Frank	50,018	48,439
30/06/03	32,000	D McGrath, AAPI FPDSavills	32,078	32,025
30/06/03	27,500	D Magree, AAPI m3 Property	28,006	27,842
30/06/02	27,500	P Harding, FAPI Knight Frank	27,633	27,568
31/12/03	17,500	M Crowe, AAPI Knight Frank	26,619	19,963
31/12/04	20,000	RC Price, AAP, CB Richard Ellis	20,000	16,266
			588,745	576,593
31/12/04	213,500	S Kearney, AAPI FPDSavills	213,500	110,334
31/12/02	83,000	I Gregory, AAPI Knight Frank	83,040	83,000
30/06/02	66,500	M Caruana, FAPI Knight Frank	68,389	67,885
31/12/04	31,000	J Apted, AAPI Jones Lang LaSalle	31,000	33,481
			395,929	294,700
30/06/03	152,000	D Castles, AAPI Landmark White	154,441	152,195
31/12/04	282,500	R Bowman, AAPI FPDSavills	282,500	275,251
30/06/02	120,000	A Pannifex, AAPI FPDSavills	125,755	125,664
31/12/04	121,000	A Pannifex, AAPI FPDSavills	121,000	58,362
			529,255	459,277
30/10/03	45,000	B Smith, FAPI Knight Frank	48,049	47,691
31/12/04	105,000	G Longden, AAPI Jones Lang LaSalle	105,000	51,425

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 5. Investment properties (continued)

Property	Type	Ownership	Acquisition Date / (Sale date)	Cost including all additions \$'000
Non-current assets (continued)				
Delta Office Fund				
400 George Street, Sydney, NSW ^{1&5}	Offices/Freehold	100%	31/10/99	361,116
126 Phillip Street, Sydney, NSW ^{1&2}				
Development property	Offices/Freehold(Develop)	100%	31/12/96	334,037
120 Collins Street, Melbourne, VIC ¹	Offices/Freehold	100%	31/01/94	316,770
30% interest (as tenants-in-common)				
Grosvenor Place 225-235 George Street, Sydney, NSW	Offices/Leasehold	30%	31/05/88	306,524
50% interest (as tenants-in-common)				
QV1 250 St George's Terrace, Perth, WA	Offices/Freehold	50%	31/12/98	143,159
St Martins Tower 31 Market Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	106,041
50% interest (as tenants-in-common)				
Maritime Trade Towers 201 Kent Street, Sydney, NSW ¹	Offices/Leasehold	50%	31/12/00	97,090
Centennial Plaza Tower C				
300 Elizabeth Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	83,493
Centennial Plaza Tower B				
270-280 Elizabeth Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	74,441
Kindersley House				
33 Bligh & 20-26 O'Connell Streets, Sydney, NSW ¹	Offices/Freehold	100%	31/12/01	77,537
Centennial Plaza Tower A				
260 Elizabeth Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	53,665
Customs House 414 Latrobe Street, Melbourne, VIC ¹	Offices/Freehold	100%	31/07/97	46,190
Sydney CBD Floor Space ^{1&4}	Heritage Floor Space	100%	30/06/00	332
Total – Delta Office Fund				2,000,395

Half Year Report

Investa Property Group

Independent valuation date	Independent valuation Amount \$'000	Independent valuer	Consolidated book value 31/12/04 \$'000	Consolidated book value 30/06/04 \$'000
30/06/03	387,500	M S Smallhorn, FAPI & C R Carver GAPI Jones Lang LaSalle	386,719	386,697
-	-	-	332,394	251,477
31/12/03	320,000	D Gowing, FAPI CBRE	321,883	320,020
30/09/04	234,600	A Pannifex, FAPI FPDSavills	234,944	233,344
30/06/04	159,000	S Nutall, AAPI & J Fenner AAPI CBRE	159,462	159,000
31/12/03	125,000	S Fairfax, AAPI & L Tredwell GAPI CBRE	127,086	126,440
30/06/03	110,000	D Castles, AAPI Landmark White	111,739	111,615
30/06/03	87,000	D Hillier, AAPI & W Doherty AAPI Colliers International	89,207	88,743
30/06/03	74,500	D Hillier, AAPI & W Doherty AAPI Colliers International	75,468	75,427
31/12/03	60,000	S Fairfax, AAPI & L Tredwell GAPI CBRE	61,685	60,519
30/06/03	60,000	D Hillier, AAPI & W Doherty AAPI Colliers International	60,017	60,000
30/06/03	44,800	R J Scrivener, FAPI FRICS Urbis	44,814	44,800
30/06/03	1,000	S Fairfax, AAPI & L Tredwell GAPI CBRE	622	622
			2,006,040	1,918,704

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 5. Investment properties (continued)

Property	Type	Ownership	Acquisition Date / (Sale date)	Cost including all additions \$'000
Non-current assets (continued)				
Property held by Associates				
60 Martin Place Unit Trust				
60 Martin Place, Sydney, NSW ⁶	Offices/Freehold	50%	01/11/99	80,878
80 Pacific Highway Trust				
80 Pacific Highway, North Sydney, NSW ⁶	Offices/Freehold	50%	04/05/01	45,745
589 Collins Trust				
589 Collins Street, Melbourne, VIC ⁶	Offices/Freehold	50%	28/02/03	28,526
Penrhyn House Trust				
Penrhyn House, Woden, ACT ^{3&6}	Offices/Freehold	50%	06/12/02	20,649
Total property held by Associates				175,798
Interests in unlisted property securities				
Investa Sixth Commercial Trust		20%	19/12/03	9,444
Investa Brisbane Commercial Trust		20%	08/05/01	4,820
Collins Property Trust		17%	01/12/04	2,502
Total interests in unlisted property securities				16,766
Total non-current investments				3,954,498
Total investments				3,954,498

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

² The 126 Phillip Street property is under development and will only be independently valued on completion, which is expected to occur in September 2005.

³ These properties and units are used as security for the issue of a commercial note.

⁴ The carrying value of the Floor Space has been reduced since the last valuation due to a partial sale.

⁵ The property is recorded at its full value as at 31 December 2004 due to the consolidation of Beta Trust on the basis that the Trust holds a 75% controlling interest.

⁶ These properties are indirectly held through the ownership of a 50% interest in unlisted property trusts and the carrying value represents 50% of the net tangible assets of the relevant trust.

⁷ Significant capital expenditure programmes are in progress on these properties which are expected to translate into corresponding increases in valuation when complete.

⁸ These properties are indirectly held through the ownership of a 73.8% controlling interest in unlisted property trusts and are carried at 100% of their underlying value due to the consolidation of these trusts.

Valuations

Investment properties not independently valued during the last 12 months are carried at directors' valuation at 31 December 2004.

Half Year Report

Investa Property Group

Independent valuation date	Independent valuation Amount \$'000	Independent valuer	Consolidated book value 31/12/04 \$'000	Consolidated book value 30/06/04 \$'000
30/09/04	95,000	A Pannifex, FAPI, FPDSavills (NSW)	94,273	93,144
31/12/03	44,000	MS Smallhorn, FAPI, JLL Advisory	44,304	44,304
01/12/02	28,000	JA Perillo, AAPI, Knight Frank	28,526	28,526
01/09/02	19,300	P Harding, FAPI, Knight Frank	20,649	20,649
			187,752	186,623
			9,444	7,000
			4,820	4,820
			2,502	-
			16,766	11,820
			4,031,977	3,699,028
			4,031,977	3,723,160

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 6. Provisions

	31 December 2004 \$'000	31 December 2003 \$'000
Provision for dividends and distributions*	62,348	61,109
Employee entitlements		
Annual leave	1,128	998
Long service leave	593	440
Other entitlements	2,140	3,485
Other provisions	26	26
Total provisions	66,235	66,058

* This provision includes \$1,227,000 payable to the outside equity interests at 31 December 2004 (30 June 2004: \$844,000).

Movements in provisions

The movement in each class of provision during the period is set out below:

31 December 2004	Annual Leave \$'000	Long service leave \$'000	* Other entitlements \$'000	Other provisions \$'000	Distributions \$'000	Total \$'000
Carrying amount at the start of the financial period	998	440	3,485	26	61,109	66,058
Movement during the period						
Amounts paid out	(102)	(13)	(2,618)	-	-	(2,733)
Distributions made	-	-	-	-	(122,639)	(122,639)
Additional provisions recognised	232	166	1,273	-	123,878	125,549
Carrying amount at the end of the financial period	1,128	593	2,140	26	62,348	66,235

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

Note 7. Contributed equity

Paid up capital

	No of securities '000	31 December 2004 \$'000	No of securities '000	30 June 2004 \$'000
Investa Property Trust	1,481,724	2,658,388	1,434,890	2,550,881
Investa Properties Limited	1,481,724	81,812	1,434,890	77,356
		2,740,200		2,628,237

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 7. Contributed equity (continued)

Reconciliation of contributed equity	Investa Property Trust		Investa Properties Limited	
	No of Units '000	\$'000	No of Shares '000	\$'000
Opening balance	1,434,890	2,550,881	1,434,890	77,356
Distributions reinvested – 22/08/04	8,076	14,961	8,076	544
Distributions reinvested – 20/11/04	9,632	18,681	9,632	679
Security issue CPG Australia Pty Limited acquisition – 21/12/04	29,126	56,764	29,126	3,236
Costs for issue of securities	-	-	-	(3)
Transfer from asset revaluation reserve	-	23,520	-	-
Transfer to distributable income	-	(6,419)	-	-
Closing balance	1,481,724	2,658,388	1,481,724	81,812

Distribution reinvestment plan issues (DRP)

The Group has established a distribution reinvestment plan under which holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by being paid in cash. Under the stapled security structure the capital raised under the distribution reinvestment plan can be attributed to either Investa Property Trust or the Company. During the half-year ended 31 December 2004, the Group issued 17,707,529 (year ended 30 June 2004: 25,011,000) securities under the DRP, and allocated 3.5% to the Company (year ended 30 June 2004: 3.3%) and 96.5% to the Trust (year ended 30 June 2004: 96.7%).

Placement of securities

The Group issued 29,126,213 securities during the half-year ended 31 December 2004 in relation to the Group's acquisition of a 40% interest in CPG Australia Pty Limited on 21 December 2004 and allocated 5.6% of the issue to Investa Properties Limited and 94.4% to Investa Property Trust (year ended 30 June 2004: 524,349,589 units issued, including 498,307,922 in respect of the Delta Office Fund acquisition, with 3.3% of the proceeds allocated to Investa Properties Limited and 96.7% allocated to Investa Property Trust).

Note 8. Outside equity interests

	31 December 2004 \$'000	30 June 2004 \$'000
Interest in unitholders equity	212,369	44,128

At 30 June 2004, the outside equity interest represented a 23.7% interest held by external investors in Investa Commercial Property Fund ("ICPF"). As at 31 December 2004, the outside equity interest represented a 26.2% interest held by external investors in 231 Elizabeth Street Trust, Investa South Melbourne Trust and Sunpac Property Fund, plus a 25% external interest in Beta Trust, the entity that beneficially owns 400 George Street, Sydney. In the Combined Statement of Financial Performance, the outside equity interest represents the portion of profit attributable to external investors in ICPF for the period 1 July 2004 to 8 September 2004, during which time the results of ICPF were consolidated in the Group results, together with the profit attributable to external investors in Beta Trust.

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 9. Reserves

	31 December 2004 \$'000	31 December 2003 \$'000
Asset revaluation reserve		
Opening balance	35,776	50,874
Net increment/(decrement) on revaluation of investment properties (see below)	1,488	(17,380)
Transfer (to)/from contributed equity	(23,520)	5,750
Asset revaluation reserve recognised on consolidation of 231 Elizabeth Street Trust, Investa South Melbourne Trust and Sunpac Property Fund	27,101	-
Closing balance	40,845	39,244

Nature and purpose of the asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

	31 December 2004 \$'000	31 December 2003 \$'000
Increment/(decrement) on revaluation of investment properties		
Revaluation of investment properties		
469 Latrobe Street, Melbourne	-	(5,867)
410 Ann Street, Brisbane	-	(2,589)
109 St George's Terrace, Perth	-	(8,452)
Grosvenor Place, Sydney	1,254	-
242 Exhibition Street, Sydney	5,795	-
73 Miller Street, North Sydney	(3,726)	-
64 Northbourne Avenue, Canberra	(198)	-
1 Market Street, Sydney	(3,181)	-
Kings Row, Brisbane	(2,635)	-
231 Elizabeth Street, Sydney	1,952	-
Revaluation of investment in associates		
80 Pacific Highway Trust	-	(1,442)
60 Martin Place Unit Trust	1,128	970
Investa South Melbourne Trust	1,099	-
Total increment/(decrement) on revaluation of investment properties	1,488	(17,380)

Note 10. Amounts available for distribution

	31 December 2004 \$'000	31 December 2003 \$'000
Amounts available for distribution at the beginning of the financial period	8,669	8,507
Profit attributable to the securityholders of the Group	114,576	102,687
Transfer from contributed equity	6,419	13,283
Dividends and distributions paid and payable	(120,643)	(113,724)
Amounts available for distribution at the end of the financial period	9,021	10,753

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 11. Dividends and distributions

	31 December 2004 \$'000	31 December 2004 Cents per stapled security	31 December 2003 \$'000	31 December 2003 Cents per stapled security
Timing of dividends and distributions				
The dividends and distributions were paid/payable as follows:				
30 September paid	59,522	4.125	56,421	4.05
31 December payable ¹	61,121	4.125	57,303	4.10
	120,643	8.25	113,724	8.15

¹ The 31 December 2004 distribution will be paid on 21 February 2005.

Franked dividends

Whilst no Company dividends were paid during the current period (31 December 2003: 0.40 cents per security, fully franked), the following franking credits arising from the payment of Company income tax remain available for the franking of dividends in subsequent financial periods:

	31 December 2004 \$'000	31 December 2003 \$'000
Franking credits available for subsequent financial periods based on a company tax rate of 30% (31 December 2003: 30%)	11,283	9,605

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

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

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

Note 12. Non-cash financing and investing activities

	31 December 2004 \$'000	31 December 2003 \$'000
Dividends and distributions satisfied by the issue of securities under the Group distribution reinvestment plan were as follows:		
August 2004: 8,075,584 @ \$1.92 (August 2003: 9,273,318 @ \$2.01)	15,505	18,639
November 2004: 9,631,945 @ \$2.01 (November 2003: 4,534,142 @ \$1.94)	19,360	8,796
	34,865	27,435
Issue of securities in respect of the acquisition of 40% of CPG Australia Pty Limited on 21 December 2004 @ \$2.06 (2003: Delta acquisition @ \$1.94)	60,000	968,780
	94,865	996,215

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 13. Contingent liabilities and contingent assets

The Group had contingent liabilities of \$11,209,000 at 31 December 2004 (30 June 2004: \$3,421,000) in the form of bank guarantees of \$3,209,000 and an \$8,000,000 guarantee in respect of the loan obligations of Collins Property Trust ("CPT"), a scheme managed by the Company. The bank guarantees may give rise to liabilities if the Group does not meet its obligations under the terms of the guarantees, although none are anticipated. The guarantee of the loan obligations of CPT may give rise to liabilities for the Group if CPT does not meet its obligations under the loan agreement.

The Group had a contingent asset of \$676,493 at 31 December 2004 (30 June 2004: \$906,396) in the form of a rental income guarantee relating to the property at 441 St Kilda Road, Melbourne, having claimed \$323,507 to date (30 June 2004: \$93,604) against the \$1,000,000 guarantee amount. The remaining guarantee may give rise to an asset in the event that the rental yield on the property falls below a contractually agreed minimal rental yield.

The vendor of 589 Collins Street, Melbourne provided a rental guarantee in the amount of \$3,500,000 in which the Group has a 50% interest. The Group is not presently entitled to recognise any benefit associated with this guarantee, which remains in force until 2009.

The Group is entitled to management fees in respect of the 8 Syndicate and 2 Wholesale Schemes which it manages. In accordance with the terms of each scheme's prospectus, a portion of the base management fees may be postponed for a period of time. The Group may be separately entitled to additional performance based fees if the performance of the scheme exceeds prospectus forecasts or if profits are generated in the scheme on the sale of properties. The Group has the right to recover the full amount of any fees postponed in previous periods, provided in any period where a recovery of fees is made, it shall not reduce that managed scheme's distribution for the period below the prospectus forecast. The total postponed fees as at 31 December 2004 were \$4,604,000 (30 June 2004: \$3,968,000).

The acquisition of a 40% interest in CPG Australia Pty Limited by Investa Developments Pty Limited on 21 December 2004 was accompanied by a put and call option over the remaining 60% of the business, exercisable between July and September 2005. If exercised, the option would require the Group to raise debt and equity to finance the additional investment. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

Other than as disclosed above, no other contingent liabilities or assets existed as at 31 December 2004.

Note 14. Events occurring after reporting date

Since the end of the period, the directors of the Company have not become aware of any matter or circumstance that has significantly affected or may significantly affect the operations of the Group, the results of these operations, or the state of affairs in future financial periods.

Note 15. Impact of adopting Australian equivalents to IFRS

The Australian Accounting Standards Board (AASB) has issued Australian equivalents to International Financial Reporting Standards (A-IFRS) for application to reporting periods beginning on or after 1 January 2005. The application of A-IFRS will be first reflected in the Group's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

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

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

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 15. Impact of adopting Australian equivalents to IFRS (continued)

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

Investment properties

Under AASB140 *Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value are recognised in the net profit or loss for the period in which they arise. This will result in a change to the current accounting policy which requires that fair value increments be recognised in the asset revaluation reserve, except to the extent that they reverse a decrement previously recognised as an expense in the profit and loss account, and fair value decrements be recognised in the profit and loss account, except to the extent that they reverse an increment previously recognised in the asset revaluation reserve.

This change will have an initial impact as the revaluation reserve is reclassified to retained earnings at 1 July 2004 and is likely to result in volatility in future earnings, without any associated volatility in distributions.

Lease incentives

All lease incentives, whether in the form of rent-free, cash or fitout contribution, will be capitalised and recognised as a reduction in rental income over the relevant lease term on a straight line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished. This will only result in a change to the current treatment of fitout contribution, which is currently capitalised to Investment Property. This change may have an initial impact on retained earnings at 1 July 2004, but is not likely to produce any earnings volatility, as lower rental income will be offset by a notional fair value gain on the revaluation of Investment Property.

Financial instruments

Under AASB139 *Financial Instruments: Recognition and Measurement*, all derivatives are recorded in the balance sheet at fair value, and subjected to rigorous hedge designation and effectiveness testing. Ineffectiveness precludes the use of hedge accounting, requiring gains or losses on derivatives to be recognised in the net profit and loss for the period. The current standard requires that gains or losses on foreign exchange hedge contracts be recognised as deferred gains or losses in the statement of financial position. The current standard does not require the recognition of unrealised interest rate swap contracts in the financial statements. In the event that hedge accounting is adopted, this is not likely to result in earnings volatility. In the event that hedge accounting is not adopted, this is likely to result in volatility in future earnings, without any associated volatility in distributions.

Business combinations

Under AASB3 *Business Combinations*, amortisation of goodwill is prohibited, and is replaced by annual impairment testing focusing on the cash flows of the related cash generating unit. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years. Under AASB138 *Intangible Assets*, intangible assets with a finite life will continue to be amortised over that useful life, however intangible assets with an indefinite life will not be amortised but will be subject to an annual impairment test. These changes may have an initial impact on retained earnings at 1 July 2004 and will result in a reduction in future amortisation expense. In the event of any impairment it will be recognised immediately in the statement of financial performance.

Half Year Report

Investa Property Group

Notes to the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Note 15. Impact of adopting Australian equivalents to IFRS (continued)

Lease revenue recognition

AASB117 *Leases* requires lease income to be recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the asset is diminished. Whilst technical interpretation of this standard is still pending, the standard may require fixed rental increases on each lease contract to be calculated upfront and spread evenly over the term of the lease. This change would have an initial impact on retained earnings at 1 July 2004 and may result in changes in the timing of future income recognition.

Disclosure and presentation of equity

AASB132 *Financial Instruments: disclosure and presentation* prescribes the criteria for recognising a financial instrument as either debt or equity. Whilst technical interpretation of this standard is still pending, the standard may require that units in trusts be classified as debt rather than equity and that distributions to unitholders be classified as borrowing costs. This would not result in any substantive change in the financial position of the Trust, but would significantly alter the presentation of unitholders equity in the Combined Financial Statements.

Income tax

Under AASB112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity. This change will have an initial impact on retained earnings and is likely to alter the future carrying values of deferred tax assets and liabilities.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to A-IFRS. Where there are choices of accounting policies available, decisions have not yet been made and for this reason it is not yet possible to reliably quantify the future impact of the transition to A-IFRS on the financial statements of the Group.

Half Year Report

Investa Property Group

Directors' Declaration

In the directors' opinion:

- (a) the Combined Financial Statements and notes set out on pages 22 to 40 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



I K Payne
Chairman
Sydney
2 February 2005

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Half Year Report

Investa Property Group

Independent audit report to the securityholders of Investa Property Group

Audit opinion

In our opinion, the financial report of Investa Property Group (defined below) presents fairly, in accordance with Accounting Standard AASB1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, the financial position of Investa Property Group as at 31 December 2004 and its performance for the half year ended on that date.

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 Group (the Group), comprising Investa Properties Limited and Investa Property Trust and the entities they controlled, for the half year ended 31 December 2004.

The directors of Investa Properties Limited are responsible for the preparation and presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the securityholders of the Group. 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. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standard AASB1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view 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.

Half Year Report

Investa Property Group

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

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

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report .

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

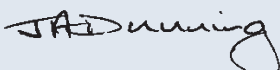
Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



PricewaterhouseCoopers



J A Dunning

Sydney

Partner

2 February 2005

Half Year Report

Investa Property Trust
ARSN 088 705 882

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Half Year Report

Investa Property Trust

Directors' Report

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust present their report together with the Consolidated Financial Report of the Investa Property Trust and its controlled entities (together the "Trust") for the half-year ended 31 December 2004.

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

P D Campbell*

J I Messenger

J S Murray*

D R Page

*J S Murray was appointed a director on 1 November 2004 and P D Campbell was appointed a director on 22 December 2004.

Principal activities

During the period the principal activity of the Trust continued to consist of investment in commercial properties.

Distributions

Distributions paid and payable by the Trust for the half-year ended 31 December 2004 were \$120,643,000 (31 December 2003: \$108,145,000) which is equivalent to 8.25 cents per unit (31 December 2003: 7.75 cents per unit).

Review of operations

A summary of the consolidated results for the period is as follows:

	31 December 2004 \$'000	31 December 2003 \$'000
Total revenue from ordinary activities	314,219	265,697
Net profit attributable to unitholders	114,852	100,700
Amounts available for distribution brought forward from previous period	5,698	5,039
Transfer from contributed equity to distributable income	6,164	13,285
Distributions paid and payable	(120,643)	(108,145)
Amounts available for distribution carried forward at 31 December	6,071	10,879
Value of Trust assets at 31 December	4,466,819	4,099,199

Half Year Report

Investa Property Trust

Directors' Report (continued)

On 8 September 2004, the Trust sold a 25% beneficial interest in the property at 400 George Street to Prudential Properties Trusty Pty Limited for \$98,750,000 and realised a profit on sale of \$1,281,000.

On 21 December 2004, Investa Developments Pty Limited acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, plus \$2,000,000 in acquisition costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007. For its part, the Trust issued units to the value of \$56,764,000 and secured external debt of \$40,000,000 both offset by a corresponding related party loan to Investa Developments Pty Limited.

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

Likely developments and expected results of operations

The Trust is required to adopt Australian equivalents to International Financial Reporting Standards as issued by the Australian Accounting Standards Board for reporting periods beginning on or after 1 January 2005. A summary of how the Responsible Entity is managing this transition and what the likely impact will be, is contained in Note 12 to the Consolidated Financial Statements.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 47.

Rounding of amounts

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 Consolidated Financial Report. Amounts in the Directors' Report and Consolidated 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
Chairman
Sydney
2 February 2005

Half Year Report

Investa Property Trust

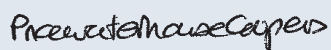
PricewaterhouseCoopers
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Auditors' Independence Declaration

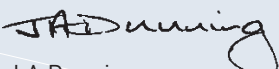
As the lead auditor for the audit of Investa Property Trust for the period ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Investa Property Trust and the entities it controlled during the period.



PricewaterhouseCoopers



J A Dunning
Sydney
Partner

2 February 2005

Half Year Report

Investa Property Trust

Discussion and analysis of the Consolidated Financial Statements

For the half-year ended 31 December 2004

Consolidated Statement of Financial Performance

Net profit before revaluations for the period to 31 December 2004 increased relative to the previous corresponding period to \$114,852,000 from \$100,700,000, reflecting the full six-month effect of the acquisition of Delta (Delta Office Fund, formerly Principal Office Fund) in August 2003.

Distribution per unit increased 6.5% to 8.25 cents per unit from 7.75 cents per unit in the corresponding period. Earnings per unit before amortisation and revaluations of 8.18 cents per unit were slightly higher than the prior period of 8.12 cents per unit. The amount available for distribution carried forward as at 31 December 2004 was \$6,071,000, or 0.41 cents per unit.

Rental income increased by 11% to \$159,055,000 due to the full six-month effect of the Delta portfolio. On a like for like basis, net property income grew by 2.3% over the previous comparative period.

The Trust sold the following properties and investments during the period:

	Gross Proceeds on Sale	Cost of Sale	Profit on Sale
	\$'000	\$'000	\$'000
25% of 400 George Street, Sydney	98,750	97,469	1,281
73 Northbourne Avenue, Canberra	17,500	17,328	172
Sale of interest in Investa Sixth Commercial Trust	5,174	5,174	-
Total	121,424	119,971	1,453

Other revenue from ordinary activities for this period was comprised solely of interest income of \$17,041,000 and included \$16,018,000 of interest earned on loans to Investa Properties Limited and its subsidiaries to facilitate the expansion of the Company's activities.

Operating expenses including rates and taxes, property outgoings and repairs and maintenance, increased on the corresponding period by \$2,340,000 to \$34,391,000, reflecting the increase in the property portfolio due to the full six-month effect of the acquisition of Delta.

Borrowing costs, which include interest expenses and line facility fees, are broadly in line with the previous corresponding period.

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

The consolidated entity, in accordance with its investment revaluation policy, recognised directly in its Asset Revaluation Reserve a net revaluation increment for the current financial period of \$1,488,000.

Half Year Report

Investa Property Trust

Discussion and analysis of the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Consolidated Statement of Financial Position

Trust assets increased by 4.9%, or \$208,341,000, to \$4,466,819,000 during the period. This was primarily due to the increase in the carrying value of 126 Phillip Street from \$251,477,000 to \$332,394,000 due to ongoing construction and an increase in loans to related entities of \$105,459,000. These increases have been offset by asset sales, including the disposal of 73 Northbourne Avenue, Canberra. Although 25% of 400 George Street was also sold, this investment property continues to be consolidated as the Trust owns 75%. As a result, the Statement of Financial Position now includes outside equity interests in controlled entities.

Interest bearing liabilities increased from \$1,555,500,000 as at 30 June 2004 to \$1,571,245,000 at 31 December 2004. The Trust has replaced its previously secured bank debt with a combination of unsecured bank debt, a \$325,545,000 private placement in the US with maturities in 2014 and 2016, a \$175,000,000 issue of fixed and floating rate notes maturing in 2009 and the issue of Australian Dollar Commercial Paper.

Gearing has decreased from 36.5% at 30 June 2004 to 35.2% at 31 December 2004.

Contributed equity increased during the period by \$84,240,000. This was the result of the issue of units in respect of the Trust's Distribution Reinvestment Plan and the Group's acquisition of a 40% interest in CPG Australia Pty Limited, offset by transfers from contributed equity to distributable income of \$6,164,000.

Consolidated Statement of Cash Flows

Cash flow from operating activities increased by 23%, or \$20,550,000, to \$109,780,000 compared to the prior period. The net operating cash flow from the property portfolio increased by \$16,710,000, mainly attributable to the full six-month impact of the Delta portfolio. Interest income receipts increased by \$7,339,000, due to the increase in loans advanced to related entities, while interest payments also increased by \$3,366,000 relative to prior period.

Net cash flow from investing activities for the period was an inflow of \$13,223,000, reflecting the sale of a 25% interest in 400 George Street for \$98,750,000, the sale of 73 Northbourne Avenue for \$17,500,000 and the sell down of the Trust's investment in Investa Sixth Commercial Trust, realising a net \$4,505,000. These were mostly offset by capital expenditure on investment properties of \$106,952,000, the majority of which was incurred on the 126 Phillip Street development.

Net cash flow from financing activities for the period was a net outflow of \$123,781,000. Net proceeds from external borrowings were \$17,355,000, while \$56,572,000 was loaned to related entities during the period. Distributions of \$84,564,000 were paid by the consolidated entity to unitholders and outside equity interests.

Half Year Report

Investa Property Trust

Consolidated Statement of Financial Performance

For the half-year ended 31 December 2004

	Notes	31 December 2004 \$'000	31 December 2003 \$'000
Revenue from ordinary activities			
Rent		159,055	142,955
Distributions from associates		16,699	16,557
Proceeds on sale of investment properties		121,424	88,300
Other revenue from ordinary activities		17,041	17,885
Total revenue from ordinary activities		314,219	265,697
Property outgoings		(30,658)	(28,560)
Repairs and maintenance		(3,733)	(3,491)
Borrowing costs		(36,848)	(38,405)
Amortisation of intangibles		(3,306)	(2,449)
Book value of investment properties sold		(119,971)	(86,253)
Other expenses from ordinary activities		(2,710)	(4,597)
Net profit		116,993	101,942
Net profit attributable to outside equity interests		(2,141)	(1,242)
Net profit attributable to unitholders of the Trust		114,852	100,700
Net increase / (decrease) in asset revaluation reserve	6	1,488	(17,380)
Total revenues, expenses and valuation adjustments attributable to unitholders of the Trust recognised directly in equity		1,488	(17,380)
Total changes in equity other than those resulting from transactions with unitholders as owners		116,340	83,320
Distributions paid and payable	8	120,643	108,145
		Cents	Cents
Distributions paid and payable (cents per unit)	8	8.25	7.75
Basic and diluted earnings (cents per unit)		7.95	7.93
Basic and diluted earnings per unit (before revaluation)		7.95	7.93
Basic and diluted earnings per unit (before revaluation and before amortisation)		8.18	8.12

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

Half Year Report

Investa Property Trust

Consolidated Statement of Financial Position

As at 31 December 2004

	Notes	31 December 2004 \$'000	30 June 2004 \$'000
Current assets			
Cash assets		3,106	3,884
Receivables		48,732	29,434
Loans to related entities		104,006	103,811
Investment properties	2	-	24,132
Total current assets		155,844	161,261
Non-current assets			
Intangibles		117,596	120,566
Loans to related entities		382,887	277,623
Investment properties	2	3,810,492	3,699,028
Total non-current assets		4,310,975	4,097,217
Total assets		4,466,819	4,258,478
Current liabilities			
Payables		50,859	40,907
Interest bearing liabilities		-	120,000
Provision for distribution	3	61,254	56,678
Total current liabilities		112,113	217,585
Non-current liabilities			
Loans from related entities		8,445	13,296
Interest bearing liabilities		1,571,245	1,435,500
Total non-current liabilities		1,579,690	1,448,796
Total liabilities		1,691,803	1,666,381
Net assets		2,775,016	2,592,097
Equity			
Contributed equity	4	2,658,386	2,574,146
Outside equity interest	5	96,818	-
Reserves	6	13,741	12,253
Amounts available for distribution	7	6,071	5,698
Total equity		2,775,016	2,592,097

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

Half Year Report

Investa Property Trust

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2004

	Notes	31 December 2004 \$'000	31 December 2003 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		180,994	168,266
Cash payments in the course of operations		(63,729)	(66,989)
Interest received		14,653	7,314
Distributions from associates		16,784	16,195
Borrowing costs paid		(38,922)	(35,556)
Net cash inflow from operating activities		109,780	89,230
Cash flows from investing activities			
Capital expenditure payments		(106,952)	(28,612)
Payments for investments in associates		(1,249)	(15,509)
Payment for controlled entity		-	(414,272)
Proceeds from sale of investments		5,174	-
Proceeds from sale of property investments		116,250	84,300
Payments for investments in property		-	(47,494)
Net cash inflow / (outflow) from investing activities		13,223	(421,587)
Cash flows from financing activities			
Payments for costs associated with issues of units		-	(393)
Proceeds from borrowings		1,087,855	529,090
Repayment of borrowings		(1,070,500)	(180,500)
Distributions paid	8	(84,564)	(59,583)
Proceeds from the repayment of borrowings from related entities		49,892	66,530
Loans to related entities		(106,464)	(17,043)
Net cash (outflow) / inflow from financing activities		(123,781)	338,101
Net (decrease) / increase in cash held		(778)	5,744
Cash at the beginning of the reporting period		3,884	2,781
Cash at the end of the reporting period		3,106	8,525
Total non-cash financing and investing activities	4		

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

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2004

Note 1. Basis of preparation of the Consolidated Financial Report

This general purpose Consolidated Financial Report for the half-year ended 31 December 2004 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, and the Trust Constitution dated 15 July 1977 (as amended).

This interim Consolidated 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 2004 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 consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Trust as at 31 December 2004 and the results of all the controlled entities for the half-year ended on that date. The effects of all transactions between controlled entities in the Trust have been eliminated in full.

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. Investment properties

	31 December 2004 \$'000	30 June 2004 \$'000
Current		
Investment properties	-	24,132
Non-current		
Investment properties	3,810,492	3,699,028

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 2. Investment properties (continued)

Property	Type	Ownership	Acquisition Date / (Sale date)	Cost including all additions \$'000
Current assets				
Investa Sixth Commercial Trust		13%	(21/07/04)	-
73 Northbourne Avenue, Canberra, ACT	Offices 99 yr leasehold	100%	(12/07/04)	-
Total current assets				-
Non-current assets				
Properties held by Investa Property Trust				
55 Market Street, Sydney, NSW ^{3&7}	Offices/Freehold	100%	31/07/98	126,615
485 Latrobe Street, Melbourne, VIC ³	Offices/Freehold	100%	10/09/98	91,765
73 Miller Street, North Sydney, NSW ³	Offices/Freehold	100%	12/06/97	76,209
410 Ann Street, Brisbane, QLD	Offices/Freehold 120 yr leasehold	100%	23/11/87	60,821
469 Latrobe Street, Melbourne, VIC ^{3&7}	Offices/Freehold	100%	01/07/88	83,886
50-60 Talavera Road, North Ryde, NSW ³	Offices/Freehold	100%	01/11/99	32,821
420 St Kilda Road, Melbourne, VIC	Offices/Freehold	100%	12/12/86	25,192
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,877
109 St George's Terrace, Perth, WA ⁷	Offices/Freehold	100%	01/11/99	34,345
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	28,059
Total properties held by Investa Property Trust				588,590
Properties held by controlled entities				
Investa Real Property Growth Trust				
1 Market Street, Sydney, NSW ^{3&6}	Offices/Freehold	50%	31/01/96	110,859
State Law Building, Brisbane, QLD ¹	Offices/Freehold	100%	31/12/02	85,823
110 George Street, Parramatta, NSW ³	Offices/Freehold	50% 50%	02/10/97 15/12/98	69,180
Kings Row, Brisbane, QLD ¹	Offices/Freehold	50%	31/01/03	9,784
Total - Investa Real Property Growth Trust				275,646
Lizabeth Trust				
255 Elizabeth Street, Sydney, NSW ^{3&7}	Offices/Freehold	50% 10% 40%	21/09/94 11/12/98 01/11/99	175,051
Connect Property Trust				
242 Exhibition Street, Melbourne, VIC ^{1&3}	Offices/Freehold	100%	19/08/02	276,705
310 Pitt Street, Sydney, NSW ^{1&3}	Offices/Freehold	100%	08/10/02	125,755
231 Elizabeth Street, Sydney, NSW ^{3&6}	Offices/Freehold	50%	19/08/02	58,362
Total - Connect Property Trust				460,822
441 Trust				
441 St Kilda Road, Melbourne, VIC ³	Offices/Leasehold	100%	30/10/03	48,049

Half Year Report

Investa Property Trust

Independent valuation date	Independent valuation Amount \$'000	Independent valuer	Consolidated book value 31/12/04 \$'000	Consolidated book value 30/06/04 \$'000
-	-		-	6,949
-	-		-	17,183
			-	24,132
30/06/02	138,000	D Castles, AAPI Landmark White	142,571	140,084
30/06/02	111,000	G Longden, FAPI JLL Advisory	111,707	111,210
31/12/04	87,000	S Young, AAPI FPDSavills	87,000	90,592
31/12/03	62,500	S Boyd, AAPI Jones Lang LaSalle	63,113	62,604
31/12/03	48,000	J Perillo, AAPI Knight Frank	50,018	48,439
30/06/03	32,000	D McGrath, AAPI FPDSavills	32,078	32,025
30/06/03	27,500	D Magree, AAPI m3 Property	28,006	27,842
30/06/02	27,500	P Harding, FAPI Knight Frank	27,633	27,568
31/12/03	17,500	M Crowe, AAPI Knight Frank	26,619	19,963
31/12/04	20,000	RC Price, AAPI CB Richard Ellis	20,000	16,266
			588,745	576,593
31/12/04	106,750	S Kearney, AAPI FPDSavills	107,733	110,334
31/12/02	83,000	I Gregory, AAPI Knight Frank	83,040	83,000
30/06/02	66,500	M Caruana, FAPI Knight Frank	68,335	67,885
31/12/04	31,000	J Apted, AAPI Jones Lang LaSalle	31,000	33,481
			290,108	294,700
30/06/03	152,000	D Castles, AAPI Landmark White	154,441	152,195
31/12/04	282,500	R Bowman, AAPI FPDSavills	282,500	275,251
30/06/02	120,000	A Pannifex, AAPI FPDSavills	125,755	125,664
31/12/04	60,500	A Pannifex, AAPI FPDSavills	60,314	58,362
			468,569	459,277
30/10/03	45,000	B Smith, FAPI Knight Frank	48,049	47,691

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 2. Investment properties (continued)

Property	Type	Ownership	Acquisition Date / (Sale date)	Cost including all additions \$'000
Non-current assets (continued)				
Delta Office Fund				
400 George Street, Sydney, NSW ^{1&5}	Offices/Freehold	100%	31/10/99	361,116
120 Collins Street, Melbourne, VIC ¹	Offices/Freehold	100%	31/01/94	316,770
126 Phillip Street, Sydney, NSW ^{1&2}				
Development property	Offices/Freehold(Develop)	100%	31/12/96	334,037
30% interest (as tenants-in-common)				
Grosvenor Place 225-235 George Street, Sydney, NSW	Offices/Leasehold	30%	31/05/88	306,524
50% interest (as tenants-in-common)				
QV1 250 St George's Terrace, Perth, WA	Offices/Freehold	50%	31/12/98	143,159
St Martins Tower				
31 Market Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	106,041
Maritime Trade Towers				
201 Kent Street, Sydney, NSW ¹	Offices/Leasehold	50%	31/12/00	97,090
50% interest (as tenants-in-common)				
Centennial Plaza Tower C				
300 Elizabeth Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	83,493
Centennial Plaza Tower B				
270-280 Elizabeth Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	74,441
Kindersley House				
33 Bligh & 20-26 O'Connell Streets, Sydney, NSW ¹	Offices/Freehold	100%	31/12/01	77,537
Centennial Plaza Tower A				
260 Elizabeth Street, Sydney, NSW ¹	Offices/Freehold	100%	30/09/00	53,665
Customs House				
414 Latrobe Street, Melbourne, VIC ¹	Offices/Freehold	100%	31/07/97	46,190
Sydney CBD Floor Space ^{1&4}	Heritage Floor Space	100%	30/06/00	332
Total – Delta Office Fund				2,000,395

Half Year Report

Investa Property Trust

Independent valuation date	Independent valuation Amount \$'000	Independent valuer	Consolidated book value 31/12/04 \$'000	Consolidated book value 30/06/04 \$'000
30/06/03	387,500	M S Smallhorn, FAPI & C R Carver, GAPI, Jones Lang LaSalle	386,719	386,697
31/12/03	320,000	D Gowing, FAPI, CBRE	321,883	320,020
-	-	-	332,394	251,477
30/09/04	234,600	A Pannifex, FAPI, FPDSavills	234,944	233,344
30/06/04	159,000	S Nutall, AAPI &, J Fenner, AAPI, CBRE	159,462	159,000
31/12/03	125,000	S Fairfax, AAPI & L Tredwell GAPI, CBRE	127,086	126,440
30/06/03	110,000	D Castles, AAPI, Landmark White	111,739	111,615
30/06/03	87,000	D Hillier, AAPI, & W Doherty, AAPI Colliers International	89,207	88,743
30/06/03	74,500	D Hillier, AAPI & W Doherty, AAPI Colliers International	75,468	75,427
31/12/03	60,000	S Fairfax, AAPI & L Tredwell, GAPI, CBRE	61,685	60,519
30/06/03	60,000	D Hillier, AAPI, & W Doherty, AAPI Colliers International	60,017	60,000
30/06/03	44,800	R J Scrivener, FAPI, FRICS, Urbis	44,814	44,800
30/06/03	1,000	S Fairfax, AAPI & L Tredwell, GAPI, CBRE	622	622
			2,006,040	1,918,704

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 2. Investment properties (continued)

Property	Type	Ownership	Acquisition Date / (Sale date)	Cost including all additions \$'000
Non-current assets (continued)				
Properties held by associates				
60 Martin Place Unit Trust				
60 Martin Place, Sydney, NSW ⁶	Offices/Freehold	50%	01/11/99	80,878
Investa South Melbourne Trust				
209 Kingsway, Melbourne, VIC ⁶	Offices/Freehold	50%	31/01/02	51,425
80 Pacific Highway Trust				
80 Pacific Highway, North Sydney, NSW ⁶	Offices/Freehold	50%	04/05/01	45,745
589 Collins Trust				
589 Collins Street, Melbourne, VIC ⁶	Offices/Freehold	50%	28/02/03	28,526
Penrhyn House Trust				
Penrhyn House, Woden, ACT ^{3&6}	Offices/Freehold	50%	06/12/02	20,649
Total properties held by associates				227,223
Interests in unlisted property securities				
Investa Sixth Commercial Trust		20%	19/12/03	9,444
Investa Brisbane Commercial Trust		20%	08/05/01	4,820
Total interests in unlisted property securities				14,264
Total non-current investment properties				3,790,040

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

² The 126 Phillip Street property is under development and will only be independently valued on completion, which is expected to occur in September 2005.

³ These properties and units are used as security for the issue of a commercial note.

⁴ The carrying value of the Floor Space has been reduced since the last valuation due to a partial sale.

⁵ The property is recorded at its full value as at 31 December 2004 due to the consolidation of Beta Trust on the basis that the Trust holds a 75% controlling interest.

⁶ These properties are indirectly held through the ownership of a 50% interest in unlisted property trusts and the carrying value represents 50% of the net tangible assets of the relevant trust.

⁷ Significant capital expenditure programmes are in progress on these properties which are expected to translate into corresponding increases in valuation when complete.

Valuations

Investment properties not independently valued during the last 12 months are carried at directors' valuation at 31 December 2004.

Half Year Report

Investa Property Trust

Independent valuation date	Independent valuation Amount \$'000	Independent valuer	Consolidated book value 31/12/04 \$'000	Consolidated book value 30/06/04 \$'000
30/09/04	95,000	A Pannifex, FAPI, FPDSavills (NSW)	94,273	93,144
31/12/04	52,500	G Longden, AAPI, Jones Lang LaSalle	52,524	51,425
31/12/03	44,000	MS Smallhorn, FAPI, JLL Advisory	44,304	44,304
01/12/02	28,000	JA Perillo, AAPI, Knight Frank	28,526	28,526
01/09/02	19,300	P Harding, FAPI, Knight Frank	20,649	20,649
			240,276	238,048
			9,444	7,000
			4,820	4,820
			14,264	11,820
			3,810,492	3,699,028

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 3. Provision for distribution

	31 December 2004 \$'000	30 June 2004 \$'000
Provision for distribution	61,254	56,678

Movement in provision

Movement in the provision for distribution during the period is set out below:

31 December 2004

	Distribution \$'000
Carrying amount at the start of the financial period	56,678
Movement during the period	
Distributions made	(116,200)
Distributions made to outside equity interest	(2,008)
Additional provisions recognised	120,643
Additional provisions recognised in respect of outside equity interests	2,141
Carrying amount at the end of the financial period	61,254

Note 4. Contributed equity

	Date	No of units '000	31 December 2004 \$'000	No of units '000	30 June 2004 \$'000
Opening balance		1,434,890	2,574,146	885,529	1,583,173
Unit issue Delta acquisition	29/07/03	-	-	83,614	153,559
Unit issue Delta acquisition	06/08/03	-	-	8,228	15,111
Unit issue Delta acquisition	14/08/03	-	-	33,695	61,882
Unit issue Delta acquisition	20/08/03	-	-	106,170	194,984
Distributions reinvested	22/08/03	-	-	9,273	17,614
Unit issue Delta acquisition	27/08/03	-	-	102,891	188,962
Unit issue Delta acquisition	02/09/03	-	-	102,573	188,378
Unit issue Delta acquisition	09/09/03	-	-	31,855	58,503
Unit issue Delta acquisition	11/09/03	-	-	3,316	6,090
Unit issue Delta acquisition	14/10/03	-	-	25,966	47,687
Distributions reinvested	21/11/03	-	-	4,534	8,506
Placement of units	20/02/04	-	-	26,042	48,350
Distributions reinvested	20/02/04	-	-	4,853	9,012
Distributions reinvested	21/05/04	-	-	6,351	11,915
Distributions reinvested	20/08/04	8,076	14,961	-	-
Distributions reinvested	21/11/04	9,632	18,679	-	-
Unit issue CPG Australia Pty Limited acquisition	21/12/04	29,126	56,764	-	-
Costs for issue of units-		-	-	-	(1,522)
Transfer (to) distributable income		-	(6,164)	-	(18,058)
Closing balance		1,481,724	2,658,386	1,434,890	2,574,146

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 4. Contributed equity (continued)

	31 December 2004	30 June 2004
	\$'000	\$'000
Non-cash financing and investing activities:		
Issue of securities for the acquisition of CPG Australia Pty Limited on 21/12/2004 (30 June 2004: Delta)	56,764	915,154
Distributions satisfied by the issue of units under the Group's distribution reinvestment plan	33,640	26,120
Total non-cash financing and investing activities	90,404	941,274

Distribution Reinvestment Plan (DRP) issues

The Group has established a distribution reinvestment plan under which holders of ordinary securities may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary securities rather than by being paid in cash. Under the stapled security structure, the capital raised under the DRP can be attributed to either Investa Properties Limited or the Trust. During the period ended 31 December 2004, the Group issued 17,707,529 (year ended 30 June 2004: 25,012,239) securities under the DRP, and the percentage allocated to the Trust was 96.5% (30 June 2004: 96.7%).

Placement of units

The Trust issued 29,126,213 units during the half-year ended 31 December 2004 in relation to the Group's acquisition of a 40% interest in CPG Australia Pty Limited on 21 December 2004 and allocated 5.6% of the issue to Investa Properties Limited and 94.4% to the Trust (year ended 30 June 2004: 524,349,589 units issued, including 498,307,922 in respect of the Delta acquisition, with 3.3% of the proceeds allocated to Investa Properties Limited and 96.7% allocated to the Trust). A corresponding related party loan to Investa Developments Pty Limited was recognised in consideration for this unit issue.

Note 5. Outside equity interest

	31 December 2004	30 June 2004
	\$'000	\$'000
Interest in unitholders equity	96,818	-

As at 31 December 2004, the outside equity interest represents a 25% external interest held by Prudential Properties Trust Pty Limited in Beta Trust, the entity that beneficially owns 400 George Street, Sydney.

Note 6. Reserves

	31 December 2004	31 December 2003
	\$'000	\$'000
Asset revaluation reserve		
Opening balance	12,253	27,351
Transfer from contributed equity	-	5,750
Increment / (decrement) on revaluation of investment properties	1,488	(17,380)
Closing balance	13,741	15,721

Nature and purpose of the asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 6. Reserves (continued)

	31 December 2004 \$'000	31 December 2003 \$'000
Increment / (decrement) on revaluation of investment properties		
Revaluation of investment properties		
Grosvenor Place, 225-235 George Street, Sydney	1,254	-
242 Exhibition Street, Melbourne	5,795	-
73 Miller Street, North Sydney	(3,726)	-
64 Northbourne Avenue, Canberra	(198)	-
469 Latrobe Street, Melbourne	-	(5,867)
410 Ann Street, Brisbane	-	(2,589)
109 St George's Terrace, Perth	-	(8,452)
1 Market Street, Sydney,	(3,181)	-
Kings Row, Brisbane	(2,635)	-
231 Elizabeth Street, Sydney	1,952	-
Revaluation of investment in associates		
60 Martin Place Unit Trust	1,128	970
80 Pacific Highway Trust	-	(1,442)
Investa South Melbourne Trust	1,099	-
Total increment / (decrement) on revaluation of investment properties	1,488	(17,380)

Note 7. Amounts available for distribution

	31 December 2004 \$'000	31 December 2003 \$'000
Amounts available for distribution at the beginning of the financial period	5,698	5,039
Net profit	114,852	100,700
Transfer from contributed equity	6,164	13,285
Distributions provided for or paid	(120,643)	(108,145)
Amounts available for distribution at the end of the financial period	6,071	10,879

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 8. Distributions paid and payable

Timing of distributions	31 December 2004 Cents per unit	31 December 2004 \$'000	31 December 2003 Cents per unit	31 December 2003 \$'000
The distributions were paid and payable as follows:				
30 September paid	4.125	59,522	3.80	52,938
31 December payable	4.125	61,121	3.95	55,207
	8.25	120,643	7.75	108,145

The 31 December 2004 distribution will be paid on 21 February 2005. The provision for distribution as at 31 December 2004 includes an amount of \$133,000 payable to an outside equity interest.

Distributions actually paid or satisfied by issue of units under the distribution reinvestment plan during the half-year ended 31 December 2004 were as follows:

	31 December 2004 \$'000	31 December 2003 \$'000
Paid in cash	84,564	59,583
Satisfied by the issue of units	33,644	26,120
	118,208	85,703

Distributions paid in cash during the half-year ended 31 December 2004 include \$2,141,000 paid in respect of the outside equity interest.

Note 9. Contingent liabilities and contingent assets

The Trust had contingent liabilities of \$11,209,000 at 31 December 2004 (30 June 2004: \$3,421,000) in the form of bank guarantees of \$3,209,000 and an \$8,000,000 guarantee in respect of the loan obligations of Collins Property Trust ("CPT"), a scheme managed by Investa Properties Limited. The bank guarantees may give rise to liabilities if the Trust does not meet its obligations under the terms of the guarantees, although none are anticipated. The guarantee of the loan obligations of CPT may give rise to liabilities for the Trust if CPT does not meet its obligations under the loan agreement.

The Trust had a contingent asset of \$676,493 at 31 December 2004 (30 June 2004: \$906,396) in the form of a rental income guarantee relating to the property at 441 St Kilda Road, Melbourne, having claimed \$323,507 to date (30 June 2004: \$93,604) against the \$1,000,000 guarantee amount. The remaining guarantee may give rise to an asset in the event that the rental yield on the property falls below a contractually agreed minimal rental yield.

The vendor of 589 Collins Street, Melbourne provided a rental guarantee in the amount of \$3,500,000 in which the Trust has a 50% interest. The Trust is not presently entitled to recognise any benefit associated with this guarantee, which remains in force until 2009.

The acquisition of a 40% interest in CPG Australia Pty Limited by Investa Developments Pty Limited on 21 December 2004 was accompanied by a put and call option over the remaining 60% of the business, exercisable between July and September 2005. If exercised, the option would require the Group to raise debt and equity to finance the additional investment. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007. If exercised, the option would require a debt and equity issue by the Trust with a corresponding related party loan to Investa Developments Pty Limited.

Other than as disclosed above, no other contingent liabilities or assets existed as at 31 December 2004.

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 10. Segment information

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

Note 11. Events occurring after reporting date

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

Note 12. Impact of adopting Australian equivalents to IFRS

The Australian Accounting Standards Board (AASB) has issued Australian equivalents to International Financial Reporting Standards (A-IFRS) for application to reporting periods beginning on or after 1 January 2005. The application of A-IFRS will be first reflected in the Trust's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

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

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

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

Investment properties

Under AASB140 *Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value are recognised in the net profit or loss for the period in which they arise. This will result in a change to the current accounting policy which requires that fair value increments be recognised in the asset revaluation reserve, except to the extent that they reverse a decrement previously recognised as an expense in the profit and loss account, and fair value decrements be recognised in the profit and loss account, except to the extent that they reverse an increment previously recognised in the asset revaluation reserve. This change will have an initial impact as the revaluation reserve is reclassified to retained earnings at 1 July 2004 and is likely to result in volatility in future earnings, without any associated volatility in distributions.

Lease incentives

All lease incentives, whether in the form of rent-free, cash or fitout contribution, will be capitalised and recognised as a reduction in rental income over the relevant lease term on a straight line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished. This will only result in a change to the current treatment of fitout contribution, which is currently capitalised to Investment Property. This change may have an initial impact on retained earnings at 1 July 2004, but is not likely to produce any earnings volatility, as lower rental income will be offset by a notional fair value gain on the revaluation of Investment Property.

Half Year Report

Investa Property Trust

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 12. Impact of adopting Australian equivalents to IFRS (continued)

Financial instruments

Under AASB139 *Financial Instruments: Recognition and Measurement*, all derivatives are recorded in the balance sheet at fair value, and subjected to rigorous hedge designation and effectiveness testing. Ineffectiveness precludes the use of hedge accounting, requiring gains or losses on derivatives to be recognised in the net profit and loss for the period. The current standard requires that gains or losses on foreign exchange hedge contracts be recognised as deferred gains or losses in the statement of financial position. The current standard does not require the recognition of unrealised interest rate swap contracts in the financial statements. In the event that hedge accounting is adopted, this is not likely to result in earnings volatility. In the event that hedge accounting is not adopted, this is likely to result in volatility in future earnings, without any associated volatility in distributions.

Business combinations

Under AASB3 *Business Combinations*, amortisation of goodwill is prohibited, and is replaced by annual impairment testing focusing on the cash flows of the related cash generating unit. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years. Under AASB138 *Intangible Assets*, intangible assets with a finite life will continue to be amortised over that useful life, however intangible assets with an indefinite life will not be amortised but will be subject to an annual impairment test. These changes may have an initial impact on retained earnings at 1 July 2004 and will result in a reduction in future amortisation expense. In the event of any impairment it will be recognised immediately in the statement of financial performance.

Lease revenue recognition

AASB117 *Leases* requires lease income to be recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the asset is diminished. Whilst technical interpretation of this standard is still pending, the standard may require fixed rental increases on each lease contract to be calculated upfront and spread evenly over the term of the lease. This change would have an initial impact on retained earnings at 1 July 2004 and may result in changes in the timing of future income recognition.

Disclosure and presentation of equity

AASB132 *Financial Instruments*: disclosure and presentation prescribes the criteria for recognising a financial instrument as either debt or equity. Whilst technical interpretation of this standard is still pending, the standard may require that units in trusts be classified as debt rather than equity and that distributions to unitholders be classified as borrowing costs. This would not result in any substantive change in the financial position of the Trust, but would significantly alter the presentation of unitholders equity in the Consolidated Financial Statements.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to A-IFRS. Where there are choices of accounting policies available, decisions have not yet been made and for this reason it is not yet possible to reliably quantify the future impact of the transition to A-IFRS on the financial statements of the Trust.

Half Year Report

Investa Property Trust

Directors' Declaration

In the opinion of the directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust:

- (a) the Consolidated Financial Statements and notes set out on pages 50 to 65 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the financial period ended on that date; and
 - (iii) the Trust has operated in accordance with the provisions of the Constitution dated 15 July 1977 (as amended), during the half-year ended 31 December 2004.
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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



I K Payne
Chairman
Sydney
2 February 2005

Half Year Report

Investa Property Trust

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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 (the consolidated entity) as at 31 December 2004 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*, 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 2004. 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 consolidated entity 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. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Half Year Report

Investa Property Trust

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*, 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.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

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

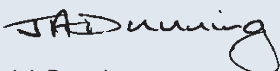
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



PricewaterhouseCoopers



J A Dunning
Sydney
Partner

2 February 2005

Half Year Report

Investa Properties Limited

ABN 54 084 407 241

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Half Year Report

Investa Properties Limited

Directors' Report

The directors of Investa Properties Limited present their report together with the Consolidated Financial Report of Investa Properties Limited and its controlled entities (together the "Company") for the half-year ended 31 December 2004.

Directors

The following persons were directors of the Company 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

P D Campbell*

J I Messenger

J S Murray*

D R Page

*J S Murray was appointed a director on 1 November 2004 and P D Campbell was appointed a director on 22 December 2004.

Principal activities

During the period the principal activities of the Company consisted of property and funds management, property development and holding short-term property investments. All business segments operate in one geographical area, Australia.

Dividends

No dividends were declared by the Company during the half-year ended 31 December 2004 (31 December 2003: \$5,579,000 fully franked, equivalent to 0.40 cents per share).

Review of operations

A summary of the consolidated results for the period is as follows:

	31 December 2004	31 December 2003
	\$'000	\$'000
Total revenue from ordinary activities	115,379	123,955
Net profit after tax	1,744	3,447
Profit attributable to outside equity interests	(924)	(1,462)
Profit attributable to the members of Investa Properties Limited	820	1,985
Retained profits brought forward	3,230	3,726
Dividends paid and payable	-	(5,579)
Retained profits at 31 December	4,050	132
Total assets at 31 December	594,556	550,150

Half Year Report

Investa Properties Limited

Directors' Report (continued)

On 21 December 2004, Investa Developments Pty Limited acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, plus \$2,000,000 in acquisition costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

For a more detailed explanation of the results for the half-year, refer to the discussion and analysis of the Consolidated Financial Statements.

Likely developments and expected results of operations

The Company is required to adopt Australian equivalents to International Financial Reporting Standards as issued by the Australian Accounting Standards Board for reporting periods beginning on or after 1 January 2005. A summary of how the Company is managing this transition and what the likely impact will be, is contained in Note 12 to the Consolidated Financial Statements.

Auditors' Independence Declaration

A copy of the Auditors' Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 72.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Consolidated Financial Report. Amounts in the Directors' Report and Consolidated 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
Chairman
Sydney
2 February 2005

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Half Year Report

Investa Properties Limited

Auditors' Independence Declaration

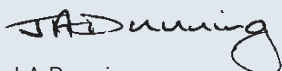
As the lead auditor for the audit of Investa Properties Limited for the period ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Investa Properties Limited and the entities it controlled during the period.



PricewaterhouseCoopers



J A Dunning
Sydney
Partner
2 February 2005

Half Year Report

Investa Properties Limited

Discussion and analysis of the Consolidated Financial Statements

For the half-year ended 31 December 2004

The following commentary will assist shareholders when reviewing and interpreting the results of the Company for the half-year.

Consolidated Statement of Financial Performance

The profit for the Company after tax and outside equity interests was \$820,000 compared to \$1,985,000 in the previous corresponding period. This was primarily due to reduced profits from the sale of investments (down \$2,507,000) and reduced funds management income, offset by improved margins in the Development business.

As a result, earnings per share before amortisation and after tax have decreased from 0.23 cents per share in the previous corresponding period to 0.11 cents per share in the current period. No dividend was declared by the Company during the current period.

1. Analysis of Segment Contribution

Revenue from operating activities was down 5% to \$61,485,000 while proceeds from the sale of investments also declined 9% to \$53,894,000. As a result the segment profit contribution, being earnings before interest, amortisation and depreciation and after tax, declined from \$20,998,000 to \$14,600,000. Key contributors to this were:

a. Services

The Services business continued to grow with the full six-month impact of the Delta (Delta Office Fund formerly Principal Office Fund) acquisition on the Asset Management business and Corporate Property Services successfully securing another major client, SunCorp Metway Limited. This however, was offset by a reduction in Syndication fee income compared to the corresponding prior period, which included upfront fees from the launch of the Investa Sixth Commercial Trust in December 2003.

Overall, Services segment profit contribution decreased from \$2,590,000 to \$2,254,000.

b. Property Development

Development revenue of \$35,203,000 was slightly lower than last year's \$36,018,000 and the segment profit contribution also declined marginally from \$8,053,000 to \$7,955,000 due to higher operating expenses, attributable mainly to \$1,750,000 of costs associated with the preparation of the bid for the Lensworth Group, which were largely offset by improved margins.

The following table summarises residential lots sales for the first half:

Project	Lots
Mill Park Lakes	115 lots @ \$150,000/lot average
Quinns Beach	5 lots @ \$317,000/lot average
Total	120 Lots

In addition, there were 7 units sold at Turner Street, Melbourne, final settlement on land at Eden Park in North Ryde, Sydney (sold to Investa Fifth Commercial Trust) and the sale of the remaining land at Manly, Brisbane.

The Development Company acquired 194 hectares of industrial land at Deer Park, Melbourne for a total cost of \$35,224,000 in September 2004 and made final settlement of \$14,500,000 on 61 hectares of residential land at Henley Brook, Western Australia.

On 21 December 2004, Investa Developments Pty Limited acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, plus \$2,000,000 in acquisition costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

Half Year Report

Investa Properties Limited

Discussion and analysis of the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Consolidated Statement of Financial Performance (continued)

b. Property Development (continued)

Through this transaction Investa acquires an interest in a portfolio of approximately 4,400 lots, which are either owned or controlled, of residential development land for subdivision, predominantly in Greater Sydney, and CPG's substantial contract home building business. The Company's main housing brands are Clarendon Homes, Domaine Homes, Bellevalle Homes and Greenway Homes.

c. Investments

Investment income includes distribution and rental income derived from assets either held in preparation for syndication, sell down or assets for sale. This represents a key element of the Group's strategy as we are able to draw on the strength of the Group's balance sheet as we hold assets either for future sale or syndication.

Investment segment contribution declined from \$14,075,000 in to the previous corresponding period to \$8,760,000 due to a reduction in the profit on sale of investments and a decline in short-term investment income following the Group's sell down during the period of its investment in Investa Commercial Property Fund to external parties.

Profits from the sale of short-term investments were down from \$2,541,000 to \$33,000, which was realised from the sale of units in Investa Commercial Property Fund.

2. Analysis of Other Expenses

Other expenses, which include borrowing costs, amortisation and depreciation, decreased by \$5,233,000 from \$19,013,000 to \$13,780,000 and included the following:

- Borrowing costs, which include interest expense and line facility fees, decreased from the previous corresponding period by \$5,262,000 to \$12,752,000 due mainly to the reduction of debt following the sale of Investa Commercial Property Fund units described above.
- Amortisation of intangibles and depreciation of \$1,028,000 was in line with the prior period.

Included in the segment profit contribution were the following expenses:

- Employee expenses, which increased from \$11,751,000 to \$14,359,000, reflecting the increase in staff numbers from 177 to 243 over the period, associated mainly with the growth of corporate property services, asset management and development activities.
- Other expenses which increased by \$2,979,000 from \$5,071,000 to \$8,050,000 due to \$1,750,000 of costs associated with the preparation of the bid for the Lensworth Group and a general increase in expenses following the expansion of the Group's operating activities.

Consolidated Statement of Financial Position

During the period total assets increased from \$593,788,000 at 30 June 2004 to \$594,556,000 at 31 December 2004 following an increase in the Company's property development inventory from \$169,435,000 at 30 June 2004 to \$224,403,000 at 31 December 2004 and the acquisition of a 40% interest in CPG Australia Pty Limited for \$102,000,000 inclusive of costs. This has been offset by the deconsolidation of Investa Commercial Property Fund following a reduction in the Company's interest from 76.3% to 47.6% over the period, which has reduced total assets by \$165,208,000. The Company no longer recognises any outside equity interest in Investa Commercial Property Fund.

Half Year Report

Investa Properties Limited

Discussion and analysis of the Combined Financial Statements (continued)

For the half-year ended 31 December 2004

Consolidated Statement of Cash Flows

Operating activities generated a net cash outflow of \$57,022,000 for the period, compared with an outflow of \$5,966,000 in the previous corresponding period. The movement was mainly attributable to:

- Increased borrowing costs of \$5,834,000, due mainly to the funding of development inventory;
- Higher payments for restocking development property inventories of \$57,567,000 (including Deer Park and Henley Brook);
- Reduced distribution receipts of \$4,554,000 due to the sale of interests in Investa Commercial Property Fund;
- Increased net receipts from operations of \$11,258,000 mainly due to lower payments in respect of development operations; and
- Lower income tax payments of \$5,676,000.

Investing activities generated a net cash inflow of \$970,000 for the period, which was mainly as a result of the net proceeds from the sale of short-term investments totalling \$51,218,000, offset by payments for investments of \$42,503,000, comprising the \$40,000,000 cash component in respect of CPG Australia Pty Limited and the purchase of a 15.8% interest in Collins Property Trust for \$2,503,000.

Financing activities resulted in a net inflow of \$52,773,000, mainly as a result of the net proceeds of loans from Investa Property Trust, a related entity, amounting to \$56,743,000.

Half Year Report

Investa Properties Limited

Consolidated Statement of Financial Performance

For the half-year ended 31 December 2004

	Notes	31 December 2004 \$'000	31 December 2003 \$'000
Total revenue from ordinary activities	2	115,379	123,955
Cost of development inventory sold		(21,589)	(23,520)
Employee expenses		(14,359)	(11,751)
Property outgoings & repairs and maintenance		(1,745)	(2,222)
Borrowing costs		(12,752)	(18,014)
Depreciation and amortisation expenses		(1,028)	(999)
Book value of investments sold		(53,861)	(56,661)
Other expenses from ordinary activities		(8,050)	(5,071)
Profit from ordinary activities before income tax expense		1,995	5,717
Income tax expense		(251)	(2,270)
Net Profit		1,744	3,447
Net profit attributable to outside equity interests		(924)	(1,462)
Net profit attributable to the members of Investa Properties Limited		820	1,985
Total changes in equity other than those resulting from transactions with owners as owners		820	1,985
Dividends paid and payable		-	5,579
		Cents	Cents
Dividends paid and payable (cents per share)		-	0.40
Basic and diluted earnings (cents per share)		0.06	0.16
Basic and diluted earnings per share (before amortisation)		0.11	0.23

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

Half Year Report

Investa Properties Limited

Consolidated Statement of Financial Position

As at 31 December 2004

	Notes	31 December 2004 \$'000	30 June 2004 \$'000
Current assets			
Cash assets		1,211	4,491
Receivables		26,322	22,072
Investments	4	111,802	111,654
Property development inventories		21,892	34,519
Total current assets		161,227	172,736
Non-current assets			
Loans to related entity		8,445	13,296
Deferred tax asset		6,491	5,358
Property, plant and equipment		1,269	1,029
Investments	4	192,957	249,854
Property development inventories		202,511	134,916
Loans to employees		17,898	12,012
Intangible assets		3,758	4,587
Total non-current assets		433,329	421,052
Total assets		594,556	593,788
Current liabilities			
Payables		10,702	9,524
Income tax liabilities		-	1,269
Loans from related entity		104,006	102,201
Provisions	5	3,887	9,380
Total current liabilities		118,595	122,374
Non-current liabilities			
Deferred tax liabilities		7,212	6,077
Loans from related entity		382,887	277,623
Interest bearing liabilities		-	63,000
Total non-current liabilities		390,099	346,700
Total liabilities		508,694	469,074
Net assets		85,862	124,714
Equity			
Contributed equity	6	81,812	77,356
Outside equity interest	7	-	44,128
Retained profits	8	4,050	3,230
Total equity		85,862	124,714

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

Half Year Report

Investa Properties Limited

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2004

	Notes	31 December 2004 \$'000	31 December 2003 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		58,448	61,636
Cash payments in the course of operations		(35,434)	(49,880)
Payments for acquisition of property development inventories		(69,552)	(11,985)
Distributions received		6,488	11,042
Interest received		225	260
Borrowing costs paid		(14,416)	(8,582)
Income taxes paid		(2,781)	(8,457)
Net cash (outflow) from operating activities		(57,022)	(5,966)
Cash flows from investing activities			
Payments for property, plant & equipment		(444)	(340)
Payments for capital expenditure		(147)	(2,110)
Payments for due diligence costs		(1,269)	(2,918)
Loans to employees		(5,885)	(4,868)
Payments for investments		(42,503)	-
Net proceeds from sale of investments		51,218	59,201
Net cash inflow from investing activities		970	48,965
Cash flows from financing activities			
Proceeds from borrowings		-	8,000
Payment of share issue costs		(3)	(92)
Repayment of borrowings to related entity		(49,722)	(66,530)
Proceeds from borrowings from related entity		106,465	17,043
Dividends paid		(3,967)	(4,381)
Net cash inflow/(outflow) from financing activities		52,773	(45,960)
Net (decrease) in cash held		(3,280)	(2,961)
Cash at the beginning of the reporting period		4,491	5,460
Cash at the end of the reporting period		1,211	2,499
Total non-cash financing and investing activities	6		

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

Half Year Report

Investa Properties Limited

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2004

Note 1. Basis of preparation of the Consolidated Financial Report

This general purpose Consolidated Financial Report for the half-year period ended 31 December 2004 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 Consolidated 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 2004 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. 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. Revenue from ordinary activities

	31 December 2004	31 December 2003
	\$'000	\$'000
Sales of property development inventory	34,042	34,596
Management fees	14,317	11,846
Rent	6,427	8,229
Interest	224	260
Proceeds on disposal of investments	53,894	59,201
Other revenue	952	1,115
Distributions from associates	5,523	8,708
Total revenue from ordinary activities	115,379	123,955

Note 3. Segment information

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

Services

Investa Properties Limited is the Responsible Entity for Investa Property Trust and for ten registered schemes, upon which up-front establishment and ongoing management fees are earned. The Company also provides asset, property and facilities management services to properties managed by Investa Property Group.

Property development

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

Short-term investments

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

Half Year Report

Investa Properties Limited

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 3. Segment information (continued)

31 December 2004

	Services	Property Development	Short-term Investments	Elimination/ Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from ordinary activities					
- Operating	15,223	35,203	11,059	-	61,485
- Sale of investments	-	-	53,894	-	53,894
	15,223	35,203	64,953	-	115,379
Segment profit ¹	2,254	7,955	8,760	(4,369)	14,600
Net profit after tax	1,788	4,520	(1,119)	(4,369)	820
Segment profit contribution (%)	12%	42%	46%	-	100%
Segment assets	3,630	346,184	219,236	25,506	594,556
Segment liabilities	1,413	289,136	215,340	2,805	508,694
Depreciation and amortisation expense	466	562	-	-	1,028
Acquisition of property, plant and equipment	428	16	147	-	591
31 December 2003					
Revenue from ordinary activities					
- Operating	12,961	36,018	15,775	-	64,754
- Sale of investments	-	-	59,201	-	59,201
	12,961	36,018	74,976	-	123,955
Segment profit ¹	2,590	8,053	14,075	(3,720)	20,998
Net profit after tax	2,174	3,393	138	(3,720)	1,985
Segment profit contribution (%)	10%	33%	57%	-	100%
Segment assets	14,173	139,764	370,529	25,684	550,150
Segment liabilities	7,453	128,604	283,388	12,134	431,579
Depreciation and amortisation expense	415	584	-	-	999
Acquisition of property, plant and equipment	317	23	2,110	-	2,450

¹ Segment profit represents earnings before interest, amortisation, and depreciation and is after tax.

Half Year Report

Investa Properties Limited

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 4. Investments

	31 December 2004 \$'000	30 June 2004 \$'000
Current investments		
Investments in properties:		
Macarthur Central Shopping Centre, Brisbane	101,302	101,154
Investments in unlisted property trusts:		
Martin Place Trust	10,500	10,500
Total current investments	111,802	111,654
Non-current investments		
Investments in unlisted companies:		
CPG Australia Pty Limited ¹	102,000	-
Investments in properties:		
Kings Row, Brisbane ²	-	33,338
Investments in unlisted property trusts:		
Collins Property Trust	2,503	-
Investa Commercial Property Fund	88,454	-
SUNPAC Property Fund ²	-	106,729
Investa South Melbourne Trust ²	-	51,425
231 Elizabeth Street Trust ²	-	58,362
Total non-current investments	192,957	249,854

¹ On 21 December 2004, Investa Developments Pty Limited acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, plus \$2,000,000 in acquisition costs, with put and call options on the remaining 60% of the business exercisable between July and September 2005. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

² These investments are held by Investa Commercial Property Fund ("ICPF"). At 30 June 2004, ICPF was consolidated on the basis that the Company had a controlling interest of 76.3%. At 31 December 2004, ICPF is no longer consolidated, but is recorded as a non-current investment on the basis that the Company's interest has fallen to 47.6%.

Note 5. Provisions

	31 December 2004 \$'000	30 June 2004 \$'000
Employee entitlements		
Annual leave	1,128	998
Long service leave	593	440
Other entitlements	2,140	3,485
Provision for dividend	-	4,431
Other provisions	26	26
Total provisions	3,887	9,380

Half Year Report

Investa Properties Limited

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 5. Provisions (continued)

Movement in provisions

The movement in each class of provision during the period is set out below:

31 December 2004	Annual Leave \$'000	Long Service Leave \$'000	Other Employee Entitlements \$'000	Dividend \$'000	Other \$'000	Total Provisions \$'000
Carrying amount at the start of the financial period	998	440	3,485	4,431	26	9,380
Movement during the period						
Payments made	(102)	(13)	(2,618)	(4,431)	-	(7,164)
Additional provisions recognised	232	166	1,273	-	-	1,671
Carrying amount at the end of the financial period	1,128	593	2,140	-	26	3,887

Note 6. Contributed equity

	No of shares '000	31 December 2004 \$'000	No of shares '000	30 June 2004 \$'000
Opening balance	1,434,890	77,356	885,529	20,133
Share issue Delta acquisition - 29/07/03	-	-	83,614	9,010
Share issue Delta acquisition - 06/08/03	-	-	8,228	887
Share issue Delta acquisition - 14/08/03	-	-	33,695	3,631
Share issue Delta acquisition - 20/08/03	-	-	106,170	11,440
Dividends reinvested - 22/08/03	-	-	9,273	1,025
Share issue Delta acquisition - 27/08/03	-	-	102,891	11,086
Share issue Delta acquisition - 02/09/03	-	-	102,573	11,052
Share issue Delta acquisition - 09/09/03	-	-	31,855	3,432
Share issue Delta acquisition - 11/09/03	-	-	3,316	357
Share issue Delta acquisition - 14/10/03	-	-	25,966	2,798
Dividends reinvested - 21/11/03	-	-	4,534	290
Placement of shares - 20/02/04	-	-	26,042	1,650
Dividends reinvested - 20/02/04	-	-	4,853	308
Dividends reinvested - 21/05/04	-	-	6,351	407
Dividends reinvested - 20/08/04	8,076	544	-	-
Dividends reinvested - 21/11/04	9,632	679	-	-
Share issue - CPG Australia Pty Limited acquisition - 21/12/04	29,126	3,236	-	-
Costs for issue of shares	-	(3)	-	(150)
Closing balance	1,481,724	81,812	1,434,890	77,356
Non-cash financing and investing activities:				
Issue of securities for the acquisition of CPG Australia Pty Limited on 21/12/2004 (30 June 2004: Delta)		3,236		53,693
Dividends/distributions satisfied by the issue of shares under the Group distribution reinvestment plan		1,223		2,030
Total non-cash financing and investing activities		4,459		55,723
Proceeds from share issue		-		1,650
Total issue of shares		4,459		57,373

Half Year Report

Investa Properties Limited

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 6. Contributed equity (continued)

Distribution reinvestment plan (DRP) issues

Investa Property Group has established a distribution reinvestment plan under which holders of ordinary securities may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary securities rather than by being paid in cash. Under the stapled security structure the capital raised under the DRP can be attributed to either Investa Property Trust or the Company. During the half-year ended 31 December 2004, the Group issued 17,707,529 (year ended 30 June 2004: 25,012,239) securities under the DRP and allocated 3.5% of the proceeds to the Company (30 June 2004: 3.3%) and 96.5% to Investa Property Trust (30 June 2004: 96.7%).

Placement of shares

The Group issued 29,126,213 securities during the half-year ended 31 December 2004 in relation to its acquisition of a 40% interest in CPG Australia Pty Limited on 21 December 2004 and allocated 5.6% of the proceeds to the Company and 94.4% to Investa Property Trust (year ended 30 June 2004: 524,349,589 securities issued including 498,307,922 in respect of the Delta acquisition, with 3.3% of the proceeds allocated to the Company and 96.7% allocated to Investa Property Trust).

There were no cash flows arising in the Company in respect of the placement of shares used to acquire a 40% interest in CPG Australia Pty Limited on 21 December 2004.

Note 7. Outside equity interest

	31 December 2004 \$'000	30 June 2004 \$'000
Interest in Shareholder's equity	-	44,128

The outside equity interest at 30 June 2004 represented a combined 23.7% interest in the Investa Commercial Property Fund held by external investors. During the period, the Company has sold down its interest in Investa Commercial Property Fund and now holds a 47.6% interest. As a result, the Company no longer consolidates its interest in Investa Commercial Property Fund, which is now recorded as an investment (refer Note 4). In the Consolidated Statement of Financial Performance, the outside equity interest represents the portion of profit attributable to external investors during the period the Company was consolidating Investa Commercial Property Fund up until 8 September 2004.

Note 8. Retained profits

	31 December 2004 \$'000	31 December 2003 \$'000
Retained profits at the beginning of the period	3,230	3,726
Net profit attributable to the members of Investa Properties Limited	820	1,985
Dividends provided for or paid	-	(5,579)
Retained profits at the end of the period	4,050	132

Half Year Report

Investa Properties Limited

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 9. Dividends

	31 December 2004 \$'000	31 December 2004 Cents per share	31 December 2003 \$'000	31 December 2003 Cents per share
Interim dividends				
30 September paid – fully franked	-	-	3,483	0.25
31 December payable – fully franked	-	-	2,096	0.15
	-	-	5,579	0.40

Franked dividends

Whilst no Company dividends were paid during the current period (31 December 2003: 0.40 cents per security, fully franked), the following franking credits arising from the payment of Company income tax remain available for the franking of dividends in subsequent financial periods:

	31 December 2004 \$'000	31 December 2003 \$'000
Franking credits available for subsequent financial periods based on a tax rate of 30% (31 December 2003: 30%)	11,283	9,605

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

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

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

Note 10. Contingent assets and liabilities

The Company is entitled to management fees in respect of the 8 Syndicate and 2 Wholesale Schemes which it manages. In accordance with the terms of each scheme's prospectus, a portion of the base management fees may be postponed for a period of time. The Company may be separately entitled to additional performance based fees if the performance of the scheme exceeds prospectus forecasts or if profits are generated in the scheme on the sale of properties. The Company has the right to recover the full amount of any fees postponed in previous periods, provided in any period where a recovery of fees is made, it shall not reduce that managed schemes' distribution for the period below the prospectus forecast. The total postponed fees as at 31 December 2004 were \$4,604,000 (30 June 2004: \$3,968,000).

The acquisition of a 40% interest in CPG Australia Pty Limited by Investa Developments Pty Limited on 21 December 2004 was accompanied by a put and call option over the remaining 60% of the business, exercisable between July and September 2005. If exercised, the option would require the Company to raise debt and equity, via the Group, to finance the additional investment. The total consideration is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and is payable in 2007.

Other than as disclosed above, no other contingent assets or liabilities existed as at 21 December 2004.

Half Year Report

Investa Properties Limited

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2004

Note 11. Events occurring after reporting date

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

Note 12. Impact of adopting Australian equivalents to IFRS

The Australian Accounting Standards Board (AASB) has issued Australian equivalents to International Financial Reporting Standards (A-IFRS) for application to reporting periods beginning on or after 1 January 2005. The application of A-IFRS will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

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

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

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

Business combinations

Under AASB3 *Business Combinations*, amortisation of goodwill is prohibited, and is replaced by annual impairment testing focusing on the cash flows of the related cash generating unit. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years. Under AASB138 *Intangible Assets*, intangible assets with a finite life will continue to be amortised over that useful life, however intangible assets with an indefinite life will not be amortised but will be subject to an annual impairment test. These changes may have an initial impact on retained earnings at 1 July 2004 and will result in a reduction in future amortisation expense. In the event of any impairment it will be recognised immediately in the statement of financial performance.

Income tax

Under AASB112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity. This change will have an initial impact on retained earnings and is likely to alter the future carrying values of deferred tax assets and liabilities.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to A-IFRS. Where there are choices of accounting policies available, decisions have not yet been made and for this reason it is not yet possible to reliably quantify the future impact of the transition to A-IFRS on the financial statements of the Company.

Half Year Report

Investa Properties Limited

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 76 to 85 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



I K Payne
Chairman
Sydney
2 February 2005

Half Year Report

Investa Properties Limited

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Independent audit report to the members of Investa Properties Limited

Audit opinion

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

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Investa Properties Limited (the consolidated entity) as at 31 December 2004 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* 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 Properties Limited (the consolidated entity), for the half-year ended 31 December 2004. The consolidated entity comprises both Investa Properties Limited (the Company) and the entities it controlled during that half-year.

The directors of Investa Properties Limited 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 consolidated entity 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. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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* 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.

Half Year Report

Investa Properties Limited

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.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

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

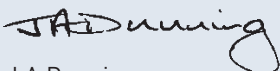
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



PricewaterhouseCoopers



J A Dunning

Sydney

Partner

2 February 2005

Directory

Investa Properties Limited

Registered Office

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Sydney NSW 2000
Telephone (02) 8226 9300

Directors

Ian K Payne (Non Executive Chairman)
Christopher J O'Donnell (Managing Director)
John L Arthur (Non Executive Director)
Peter Campbell (Non Executive Director)
John I Messenger (Non Executive Director)
John (Jock) Murray (Non Executive Director)
Deborah R Page (Non Executive Director)

Company Secretary

Brian V McGarry

Auditors

PricewaterhouseCoopers
Chartered Accountants
201 Sussex Street
Sydney NSW 1171

Share Registry

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Locked Bag A14
Sydney South NSW 1235
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