



INVESTA
Property Group

Investa Properties Limited
ABN 54 084 407 241
Level 17, 135 King Street
Sydney NSW 2000
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29 January 2004

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Madam

INVESTA PROPERTY GROUP HALF YEAR END RESULTS 31 DECEMBER 2003

IPG today announced its half year financial results delivering a strong operating and financial result. Distributions per security were up to 8.15 cents per security which is a 5.8% increase over the previous corresponding period and earnings were up 3.5% to 8.35 cents per security.

IPG also confirmed it was on track to deliver full year distribution of 16.50 cents per security as disclosed in the Bidder's Statement lodged with ASIC on 2 June 2003.

Further details are set out in the attached Media and ASX Announcement. The Financial Statements for Investa Property Group, Investa Property Trust and Investa Properties Limited are also attached together with Appendix 4E and a Summary Distribution Statement.

Yours faithfully

Brian McGarry
Company Secretary

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Media and ASX Announcement

INVESTA PROPERTY GROUP HALF YEAR END RESULTS 31 DECEMBER 2003

Continued Growth Delivers Increased Earnings per Security

Sydney, 29 January 2004: Investa Property Group has delivered a strong operating and financial result for the half year ended 31 December 2003. Distributions per security were up 5.8% over the previous corresponding period and Earnings¹ were up 3.5%.

Compared with the previous corresponding period, the result shows significantly increased total earnings, increased earnings per security, a solid leasing and re-leasing performance, and growth in the syndications and development businesses.

Commenting on the result, Mr Chris O'Donnell, Managing Director said: "Given a challenging commercial office market, this strong result underscores the value of the strategic initiatives undertaken by Investa over the last two years.

"The Group's performance for the half year reflects the combination of continued solid performance of the underlying business with the completion of the acquisition and integration of Principal Office Fund (subsequently renamed Delta Office Fund or DOF) and a six month effect of the Telstra portfolio acquired on August 1st 2002," he said.

Based on the result for the half year and the Group's forecast for the second half of the current financial year, Investa is on track to deliver full year earnings of 16.52 per security and distribution of 16.50 cents per security as disclosed in the Bidder's Statement lodged with ASIC on 2 June 2003. As expected, the expanded scale of the business is reflected in increased borrowing costs and operating expenses, which are in keeping with the Bidder's Statement (see attached Summary Distribution Statement).

The Investment Portfolio remains the mainstay and contributed 83% of Group Earnings² with the Business Services, Development and Short Term investments contributing 17% of Group Earnings.

Reflecting the significant acquisition activities and in particular the acquisition of DOF, the Group assets have increased since 30 June 2003 by 69% to \$4.4 billion. In the same period assets under management also increased by over \$1.9 billion to \$5.1 billion reflecting solid growth across all operating divisions of the Group.

	Actual HY 12/03	Actual HY 12/02	Change
Revenue	\$372.6 million	\$161.7 million	+ 130.4%
Earnings ¹	\$147.5 million	\$76.0 million	+ 94.1%
Earnings per Security ¹	8.35 cents	8.07 cents	+ 3.5%
Distribution per Security	8.15 cents	7.70 cents	+ 5.8%
NTA per security	\$1.81	\$1.78	+ 1.7%

¹ Earnings after tax and before revaluations and amortization

² Earnings after tax and before revaluation, interest, amortization and depreciation

INVESTMENTS – CONTINUING SOLID LEASING PROFILE

The Investment Portfolio net income has increased from \$60.7 million to \$122.9 million due to the acquisition of DOF, a full six month effect of the Telstra properties purchased during the corresponding prior period and other acquisitions including 209 Kingsway, South Melbourne; Penrhyn House, ACT; 589 Collins Street, Melbourne; State Law Building and Kings Row, Brisbane.

The integration of the DOF portfolio has been completed smoothly, within schedule and budget, as planned. All staff required to manage the enlarged portfolio are in place.

In accordance with the Group's asset revaluation policy, which requires that assets are to be revalued at least once every three years (or more regularly if required), four properties were revalued. The net valuation movement was a \$17.4 million (0.4% of Group total assets) reduction in the carrying value of investment properties. The main item included in this total is a \$8.5 million decrease in the value of 109 St Georges Terrace, Perth where the property is being refurbished in accordance with an agreement to lease recently entered into with Westpac Banking Corporation over 6,900 square metres.

The average lease term of the portfolio stands at 4.4 years, and occupancy levels remain high at 96% with a relatively flat profile of expiry risk looking forward. Leasing remains a key focus for the Group with recent announcements on new leases, renewals and extensions demonstrating that there are early signs that the commercial office markets are improving especially in Sydney.

Lease Expiry Profile (by area)

Year ending June	2004	2005	2006	2007	2008	2009	2010+
Percentage of Portfolio Expiring	7.5%	8.4%	14.8%	16.6%	12.1%	8.2%	28.4%

The Group's leadership position on sustainability continues with Investa owning three of the top ten energy efficient greenhouse friendly buildings in Sydney, as announced by the NSW Government on 22 January 2004.

BUSINESS SERVICES³, DEVELOPMENT AND SHORT TERM INVESTMENTS – EARNINGS GROW BY 55%

Earnings¹ from Business Services, Development and Short-term Investments have grown from the previous corresponding period by 55% to \$24.7 million.

Development: continuing strong sales and margins

Development income is up from \$7.8 million to \$11.8 million, delivering continued strong margins of 47% on cost (46% in the previous period). The result was underpinned by sales of residential subdivision lots totalling \$17.5 million. In addition, there have been sales of 14 units at Turner Street, Melbourne plus land at Eden Park, North Ryde, Sydney and Acacia Ridge, Brisbane. Leveraging the structure of the Group, the land at Eden Park was sold to one of the Group's syndicates and construction of the high tech building is well advanced.

Continued residential sales from existing and recently acquired landbanks, sales of strata units at Turner Street, completion of the development at Eden Park and the development of a retail centre on the residual landholding at Manly, Brisbane will underpin development profits in the short term. Replenishment of the development inventory with significant acquisitions in the buoyant Sunshine Coast market, Queensland, and Bellbird Park, Brisbane will underpin development profit in the medium to long term.

Business Services and Investments: strong growth in fee and investment income

Fees from Business Services have increased significantly from the previous period, reflecting increased funds under management in the syndication business, increased asset management fees from the enlarged portfolio and continued contributions from the Corporate Property Services business. Syndication fee income has grown to \$3.2 million for the 6 months, reflecting higher funds under management and fees from the recent launch of Investa Sixth Commercial trust. Investa continues to broaden its syndicate fee base earning equity raising fees on units directly placed with investors.

³ Business Services comprises funds management, asset management and corporate property services.

Investment income, derived from assets held in preparation for syndication or sale, is up from \$5.9 million to \$10.4 million. The assets delivering this income include Macarthur Central, Investa Commercial Property Fund (which is a wholesale fund currently being sold down by the Group) and Martin Place Wholesale Syndicate. Demonstrating the Group's ability to add value through successful trading of properties, sales of investment properties has delivered a profit of \$4.1 million, which is up from \$2.6 million in the previous period.

CAPITAL MANAGEMENT – S&P CONFIRMED BBB+ /A-2 RATING

The capital base of the Group has increased significantly due predominantly to the issue of securities as part of the consideration to acquire DOF, with contributed equity increasing by \$977 million during the six months.

Growth was also supported by additional debt which has increased from \$849 million at 30 June 2003 to \$1,599 million at 31 December 2003. This includes bridging debt of \$529 million to fund the cash component of the DOF acquisition consideration and \$417 million of debt within DOF that is consolidated into the Group upon acquisition. Following the DOF acquisition, Standard & Poor's rated the Group BBB+/A-2. This provides a strong basis from which the Group will undertake significant restructuring of its debt over the next 6 months.

At 31 December 2003, Group gearing was 36.6%. This has reduced from 38.4% at the conclusion of the acquisition of DOF and further reduction in debt remains a key priority. Post balance date, the Dividend Reinvestment Plan operating in conjunction with the December 2003 quarterly distribution was underwritten and raised approximately \$60 million, further reducing debt to 35.3%. Interest rates on approximately 66% of outstanding debt are hedged with the weighted average term being 4.0 years and the weighted average interest rate, including margin, being 6.1% per annum.

CONCLUSION – SOLID PERFORMANCE POSITIONS GROUP TO LEVERAGE PROPERTY VALUE CHAIN

The last 2 years have been highlighted by three major transactions (the purchase of the \$145 million Silverton landbank, the \$600 million acquisition of 7 properties from Telstra and the acquisition of the \$1.8 billion portfolio of DOF investment properties) plus a series of smaller individual transactions that total around \$400 million.

In addition, the underlying Investment Portfolio has continued to deliver a solid performance with a relatively flat lease expiry profile going forward. The profitability of the Business Services, Development and short term investment activities have grown, thereby providing a good complement to the secure long term earnings of the Investment Portfolio. Acquisitions have been accretive to earnings per security (EPS), thereby delivering continued EPS growth despite the downturn in the commercial office market. Debt reduction, leasing and increasing the contribution from Business Services, Development and Short Term investments remain the Group's focus.

Mr O'Donnell concluded by saying: "The Group is well positioned to benefit from its significantly larger capital base to access the opportunities that are presented to it, thereby delivering on its strategy of leveraging the property value chain to maximise returns for IPG investors.

"The Group will continue to enhance its operating platform, building on the principles of good governance and quality management and is on track to deliver a full year distribution of 16.50 cents per security."

END

For further information, please contact Chris O'Donnell on (02) 8226 9301 or Graham Monk on (02) 8226 9304.

Investa - Summary Distribution Statement

- ◆ Distribution (8.15 cps) up by 5.8% on pcp
- ◆ Earnings¹ (8.35 cps) up by 3.4% on pcp
- ◆ Carry forward increased to \$10.8m
- ◆ On track for FY'04 distribution 16.50 cps

	31/12/03	31/12/02
Net Rental Income	122.9	60.7
Fee Income - Fund management	1.4	1.0
Fee Income - Syndication	3.2	1.7
Fee Income - Wholesale	0.8	1.1
Fee Income - Corporate Property Services	1.1	0.7
Fee Income - Property Mgmt	3.1	2.3
Investment sales profit	4.1	2.6
Development Income	11.8	7.8
Investment income	10.4	5.9
Other Development Income	-	2.2
Interest Income	1.4	2.4
Total Income	160.2	88.4
Trust Operating Expenses	2.7	0.9
Company Operating Expenses	12.3	8.0
Total Expenses	15.0	8.9
EBITDA	145.2	79.5
Borrowing costs	36.8	15.5
Amortisation and depreciation	3.5	2.0
Tax	2.3	3.5
Earnings after Amort & Tax	102.7	58.5
Transfers from Contributed Equity	13.3	6.9
Income Brought Forward	8.5	3.1
Distributable Income	124.5	68.5
Amount Carried Forward	10.8	6.3
Total Distributed	113.7	62.2

1. Earnings before revals & amortisation, after tax

Appendix 4E

Preliminary final report Period ending 31 December 2003

Name of entity

INVESTA PROPERTY GROUP

ABN

54 084 407 241

Half yearly
(tick)



Preliminary
final (tick)

Half year/financial year ended ('current
period')

31 DECEMBER 2003

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

2.1 Revenues from ordinary activities	Up	130%	to	372,626
2.2 Profit from ordinary activities after tax attributable to securityholders	Up	75%	to	102,687
2.3 Net Profit after tax attributable to securityholders	Up	75%	to	102,687
2.4 Dividends (distributions)				
		Amount per security		Franked amount per security
Dividends paid/payable				
• September 2003		4.05¢		0.25¢
• December 2003 (to be paid on February 20 2004)		4.10¢		0.15¢

2.5 Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)

23 January 2004

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Increases primarily due to:

- Acquisition of Principal Office Fund
- Recognition of a full six months results on acquisitions made in prior periods

REFER TO THE ATTACHED FINANCIAL REPORT FOR FURTHER DETAIL



Brian McGarry
Company Secretary

29th January 2004

Date

Investa Property Group

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

Combined Half-Year Report

31 December 2003

Combined Half-Year Report – 31 December 2003

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Investa Property Group

Directors' Report

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

This report includes the combined results of Investa Properties Limited (IPL) and Investa Property Trust (IPT), for which IPL acts as Responsible Entity, for the half-year ended 31 December 2003.

Directors

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

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

Principal activities

During the period, the principal activities of the Group consisted of investment in commercial property, property and funds 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 2003 were \$113,724,000 (2002: \$62,238,000) which is equivalent to 8.15 cents per stapled security (2002: 7.70 cents per stapled security). All dividends were fully franked.

Review of operations

During the period the Group completed the acquisition of Principal Office Fund which has subsequently been renamed Delta Office Fund (DOF). A summary of combined revenue and results are set out below:

	31 December 2003 \$'000	31 December 2002 \$'000
Total revenue from ordinary activities	<u>372,626</u>	<u>161,748</u>
Net profit after company tax attributable to securityholders of Investa Property Group (including net revaluation increments)	102,687	58,552
Transfer from contributed equity to amounts available for distribution	13,283	6,807
Amounts available for distribution brought forward from previous period	8,507	3,141
Dividends & distributions paid and payable	(113,724)	(62,238)
Amounts available for distribution carried forward at 31 December	<u>10,753</u>	<u>6,262</u>
Total value of Group assets at 31 December	<u>4,365,323</u>	<u>2,211,771</u>

Rounding of amounts to nearest thousand dollars

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

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



I K Payne
Chairman
Sydney, 29 January 2004

Discussion and Analysis on Combined Financial Statements for the half-year ended 31 December 2003

The following commentary is provided to assist securityholders in reviewing and interpreting the combined results of the Group for the half-year ended 31 December 2003.

There are separate reports for IPT and IPL, and a combined report for the Group.

Combined Statement of Financial Performance

Profit for the Group after tax and outside equity interests was \$102,687,000 compared to \$58,552,000 in the previous corresponding period, primarily reflecting the significant increase in the property investment portfolio of the Group. The following summary highlights the key contributors to the performance of the Group for the period.

Net Income

Net income is up 81% to \$160,200,000 reflecting significant growth in the business. Key contributors to this growth include:

- Portfolio net income has increased from \$60,700,000 to \$122,900,000 due to the acquisition of DOF, a full six month effect of the Telstra properties purchased during the corresponding prior period and other acquisitions, including 209 Kingsway, South Melbourne, Penrhyn House, ACT, 589 Collins Street, Melbourne, State Law Building, Brisbane, and Kings Row, Brisbane.
- Syndication fee income has increased from \$1,700,000 to \$3,200,000 reflecting higher funds under management than the previous period and fees from the recent launch of the Investa Sixth Commercial Trust. Investa continues to broaden its syndication fee base by earning equity placement fees on units directly placed with investors.
- Wholesale fee income is \$300,000 below the prior period (down to \$800,000) as the prior period fee included non-recurring items. Wholesale fee income is derived from the two wholesale schemes managed by the Group, Martin Place Trust (known as the Martin Place Wholesale Syndicate (MPWS)) and Investa Commercial Property Fund.
- Corporate Property Services has continued to provide services to Westpac generating a net contribution of \$1,100,000, up from \$700,000 in the prior period.
- Asset management fee income continues to grow increasing by \$800,000 to \$3,100,000 due to the acquisition of DOF, other acquisitions made by IPG and growth in assets managed for the syndication business.
- Development income is up from \$7,800,000 to \$11,800,000. The result for the development business was underpinned by sales of residential lots at Manly, Queensland, Mill Park Lakes, Melbourne and Quinns Beach, Western Australia totalling \$17,500,000.

In addition, there have been sales of 14 units at Turner Street, Melbourne plus land at Eden Park, North Ryde, Sydney and Acacia Ridge, Brisbane. The land at Eden Park was sold to the Investa Fifth Commercial Trust and construction on the high tech office building is underway. Profit will be recognised progressively over the life of the project with \$400,000 being recognised in the current period.

Overall the development business has continued to deliver strong margins of 47% on cost (46% in the previous period).

- Investment income is up from \$5,900,000 to \$10,400,000. Investment income includes distribution and rental income derived from assets either held in preparation for syndication, sell down or assets for sale.

Discussion and Analysis on Combined Financial Statements for the half-year ended 31 December 2003 (continued)

Combined Statement of Financial Performance (continued)

During the period investment income was earned from the Group's investment in Investa Commercial Property Fund (\$5,100,000), MPWS (\$1,000,000), Macarthur Central (\$3,500,000), the Investa Brisbane Commercial Trust (\$300,000) and other (\$500,000).

- Investment sales profit is up by \$1,500,000 to \$4,100,000. Profits were made on the disposal of 115 Grenfell Street, Adelaide (\$1,100,000), a portion of IPG's interest in MPWS (\$1,100,000), 7-13 Tomlins Street, Townsville (\$900,000) and 185 Macquarie Street, Sydney (\$1,792,000).

Expenses

- Operating expenses have increased by \$6,100,000 during the period reflecting the increased scale of the Group's operations. A large percentage of the increase is due to the growth in employee numbers which have grown from 125 at 31 December 2002 to 177 at 31 December 2003, reflecting an increase in personnel costs of \$3,600,000 to \$11,751,000.

Other operating expenses such as insurance, accommodation and travel have increased during the period. Trust expenses are also higher due to the take on of DOF's expense base and the payment of external responsible entity fees during the period that the Group was not the responsible entity for DOF.

In addition to these costs Investa has undertaken a detailed review of its systems and processes resulting in an increased spend (\$300,000) in IT and systems related costs in the current period to accommodate the expanded business.

- Borrowing costs include interest expense and line facility fees and have increased on the corresponding period (by \$25,776,000 to \$41,245,000) due to the increase in borrowings required to partly fund the acquisition of DOF plus the existing debt within DOF. This increase is partially offset by a lower average cost of funds arising from proactive interest rate risk management.
- Amortisation of intangibles and depreciation is up by \$1,600,000 due to the goodwill created on the acquisition of DOF. This goodwill will be written off over the period in which the benefits are expected to extend, which is estimated to be 20 years.
- In accordance with its investment revaluation policy, the trust recognised a net revaluation decrement in its revaluation reserve for the current financial period of \$17,380,000, which is 0.4% of the Group's assets as at 31 December 2003.

Earnings and Distribution

Earnings per security before amortisation and after tax has increased to 8.35 cents per security from 8.07 cents per security in the prior period. The distribution for the period has increased from 7.70 cents per security to 8.15 cents per security, reflecting both the increase in earnings and a transfer from contributed equity. The amount available for distribution carried forward at 31 December 2003 is \$10,753,000 (0.77 cents per security).

Based on the result for the period and the Group's forecast for the second half of the current financial year, Investa is on track to deliver full year earnings of 16.52 cents per security as disclosed in the Bidders Statement lodged with ASIC on 2 June 2003.

Discussion and Analysis on Combined Financial Statements for the half-year ended 31 December 2003 (continued)

Combined Statement of Financial Position

Assets have increased by 69% to \$4,365,323,000 since 30 June 2003, primarily driven by the increase in the property portfolio due to the acquisition of the properties mentioned above.

In order to assist in the funding of the DOF transaction, a new \$550,000,000 facility (\$405,000,000 drawn down during the current financial period) was arranged with a syndicate of banks lead by Commonwealth Bank of Australia. Interest bearing liabilities have increased from \$849,600,000 as at 30 June 2003 to \$1,599,239,000, which includes additional debt within DOF of \$417,639,000 that is consolidated upon acquisition and offset by other loan repayments of \$71,000,000.

Gearing has increased from 32.9% at 30 June 2003 to 36.6% at 31 December 2003.

Contributed equity increased in the period by \$976,767,000 due in part to the issue of units of \$968,850,000 for equity consideration to acquire DOF offset by transfers from contributed equity to distributable income (\$13,283,000) and Asset Revaluation Reserves (\$5,750,000).

Combined Statement of Cash Flows

Cash flow from operating activities has increased to \$85,462,000 in the period. The results include the impact of the acquisition of the DOF properties and also impact on borrowing costs which increased to \$38,004,000 reflecting the higher borrowings in the Group. Operating cash flows were also impacted by increased tax payments made of \$8,457,000 mainly in the Development operations reflecting their increased profitability.

Net cash flow from investing activities for the year was a significant outflow of \$374,540,000 reflecting:

- payment for the acquisition for DOF of \$414,272,000;
- payment to acquire 441 St. Kilda Road, Melbourne for \$47,494,163;
- payment for investment in a related entity, Investa Sixth Commercial Trust of \$15,509,000; and
- capital expenditure on investment properties of \$32,640,000 (the majority of which was incurred on the 126 Phillip Street development)

which was partially offset by proceeds received on disposal of property investments of \$143,501,000.

The acquisitions have been funded by an increase in external borrowings of \$537,090,000 resulting in a **net cash inflow from financing activities** of \$292,141,000, which has been offset by payment of distributions of \$63,964,000 together with repayments of external borrowings of \$180,500,000.

Investa Property Group

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

	Notes	31 December 2003 \$'000	31 December 2002 \$'000
Revenue from operating activities		210,782	105,291
Other revenues from ordinary activities		2,966	-
Proceeds on disposal of investments		147,501	41,941
Share of distribution from associates		9,963	12,149
Interest revenue		1,414	2,367
Total revenue from ordinary activities		372,626	161,748
Cost of development inventory sold		(23,520)	(16,915)
Property outgoings		(30,244)	(13,575)
Employee expenses		(11,751)	(8,159)
Repairs and maintenance		(3,908)	(1,584)
Borrowing costs		(41,245)	(15,469)
Amortisation of intangibles		(3,347)	(1,789)
Book value of investments sold		(142,913)	(39,316)
Depreciation of property, plant & equipment		(171)	(172)
Other expenses from ordinary activities		(8,213)	(2,765)
Profit from ordinary activities before income tax expense		107,314	62,004
Company income tax expense		(2,269)	(3,452)
Profit from ordinary activities after income tax expense		105,045	58,552
Net profit attributable to outside equity interest		(2,358)	-
Net profit attributable to stapled securityholders of Investa Property Group		102,687	58,552
Total revenues, expenses and valuation adjustments attributable to stapled securityholders of Investa Property Group recognised directly in equity		(17,380)	2,667
Total changes in equity other than those resulting from transactions with stapled securityholders as owners		85,307	61,219
Distribution paid and payable	9	113,724	62,238
		Cents	Cents
Distribution paid and payable in cents per stapled security	9	8.15	7.70
Basic and diluted earnings per stapled security		8.08	7.83
Basic and diluted earnings per stapled security (before revaluation)		8.08	7.83
Basic and diluted earnings per stapled security (before revaluation and amortisation)		8.35	8.07

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

Investa Property Group

Combined Statement of Financial Position As at 31 December 2003

		31 December 2003 \$'000	30 June 2003 \$'000
	Notes		
Current assets			
Cash assets		13,002	9,939
Receivables		53,321	37,470
Property development inventories		16,874	20,056
Other investments	4(a)	<u>131,893</u>	<u>156,404</u>
Total current assets		<u>215,090</u>	<u>223,869</u>
Non-current assets			
Deferred tax asset		2,470	2,574
Intangibles		125,627	39,870
Property, plant and equipment		1,200	1,032
Loans to employees		14,100	9,232
Other investments	4(b)	247,389	374,186
Property development inventories		122,890	113,430
Investment properties	5	<u>3,636,557</u>	<u>1,817,577</u>
Total non-current assets		<u>4,150,233</u>	<u>2,357,901</u>
Total assets		<u>4,365,323</u>	<u>2,581,770</u>
Current liabilities			
Payables		48,549	23,021
Provisions	6	60,681	39,025
Current tax liabilities		36	4,661
Total current liabilities		<u>109,266</u>	<u>66,707</u>
Non-current liabilities			
Interest bearing liabilities		1,599,239	849,600
Deferred tax liability		6,624	6,041
Total non-current liabilities		<u>1,605,863</u>	<u>855,641</u>
Total liabilities		<u>1,715,129</u>	<u>922,348</u>
Net assets		<u>2,650,194</u>	<u>1,659,422</u>
Equity			
Contributed equity	7(a)	2,556,808	1,580,041
Reserves	8(b)	39,244	50,874
Amounts available for distribution	8(a)	10,753	8,507
Outside equity interest in controlled entities		<u>43,389</u>	<u>20,000</u>
Total equity		<u>2,650,194</u>	<u>1,659,422</u>

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

Investa Property Group

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

	31 December 2003 Notes	31 December 2002 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	246,580	132,333
Cash payments in the course of operations	(130,674)	(55,496)
Interest received	1,501	5,044
Distributions from associates	14,516	14,450
Borrowing costs paid	(38,004)	(15,589)
Income taxes paid	(8,457)	(6)
Net cash inflow from operating activities	85,462	80,736
Cash flows from investing activities		
Payment for investments	(15,509)	(210,078)
Payment for investment properties	(47,494)	(601,819)
Proceeds from sale of property investments	143,501	41,941
Loans to employee share plan	(4,868)	(3,712)
Payment for property, plant and equipment	(340)	(116)
(Payment)/refund for due diligence costs	(2,918)	976
Payment for controlled entity	(414,272)	-
Capital expenditure on investment properties	(32,640)	(2,158)
Net cash (outflow) from investing activities	(374,540)	(774,966)
Cash flows from financing activities		
Repayment of borrowings	(180,500)	(94,700)
Proceeds from borrowings	537,090	382,200
Proceeds from issue of securities	-	431,490
Payment for costs associated with issue of securities	(485)	(8,679)
Borrowings to related entities	-	(6,391)
Repayments of borrowing from related entity	-	27,390
Dividends/distributions paid	(63,964)	(31,168)
Net cash inflow from financing activities	292,141	700,142
Net increase in cash held	3,063	5,912
Cash at the beginning of the financial period	9,939	22,873
Cash at the end of the financial period	13,002	28,785

Non-cash financing and investing activities

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

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

Note 1. Basis of Preparation of Combined Financial Report

This general purpose combined Financial Report for the half-year ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2003 and any announcements made by The Group during the interim reporting period in accordance with the continuous disclosure requirements of the Australian Stock Exchange.

The units in IPT are 'stapled' to the shares in IPL. 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. Acquisition of controlled entities

On 21 May 2003 IPT acquired 78,351,484 units in DOF, representing an 8.4% holding. On 26 May 2003 IPL as responsible entity of IPT announced its intention to make an off market scrip and cash offer to acquire the remaining units in DOF under the terms set out in the bidder's statement lodged with the Australian Securities and Investments Commission (ASIC) on 2 June 2003. The bidder's statement was issued to DOF unitholders on 20 June 2003.

On 14 August 2003, IPT owned 51.18% of the units in DOF therefore effectively gaining control of DOF on this day. Subsequent to 14 August 2003 IPT has purchased the remaining 48.82% of the units in DOF.

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

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

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

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

Note 2. Acquisition of controlled entities (continued)

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

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

Outflow of cash to acquire controlled entity, net of cash acquired:

	\$'000
Cash consideration (outflow)	(529,556)
Cash assets acquired	7,447
Capitalised costs of acquisition	(15,469)
Net (outflow) of cash	<u>(537,578)</u>

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

Note 3. Segment Information

The combined entity operates in the following business segments:

Investment portfolio

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

Services

IPL is the Responsible Entity for IPT and for ten registered schemes. Annual management fees and establishment fees are earned. IPL also provides asset, property and facilities management services to properties managed by the Group.

Property development

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

Short term investments

IPL holds short term investments prior to syndication, disposal, or sell down to external investors.

Investa Property Group

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

Note 3. Segment Information (continued)

	Investment Portfolio \$'000	Services \$'000	Property Development \$'000	Short Term Investments \$'000	Elimination/ Unallocated \$'000	Consolidated \$'000
31 December 2003						
Revenue from ordinary activities	265,697	12,961	34,596	76,398	(17,026)	372,626
Segment profit ¹	122,900	2,590	8,053	14,075	(168)	147,450
Net profit after tax	90,987	2,174	3,393	138	5,995	102,687
Segment profit contribution (%)	83%	2%	5%	10%	-	100%
Segment assets	3,756,769	53,321	139,764	379,282	36,187	4,365,323
Segment liabilities	1,471,639	48,568	67,600	60,000	67,322	1,715,129
Depreciation and amortisation expense	-	415	584	-	2,519	3,518
Acquisition of property, plant and equipment	30,530	317	23	2,110	-	32,980
	Investment Portfolio \$'000	Services \$'000	Property Development \$'000	Short Term Investments \$'000	Elimination/ Unallocated \$'000	Consolidated \$'000
31 December 2002 ²						
Revenue from ordinary activities	82,931	11,831	24,669	69,569	(27,252)	161,748
Segment profit ¹	60,700	2,591	5,884	7,472	(664)	75,983
Net profit after tax	46,158	2,177	4,682	2,548	2,987	58,552
Segment profit contribution (%)	80%	3%	7%	10%	-	100%
Segment assets	1,668,469	24,786	104,406	351,078	63,032	2,211,771
Segmented liabilities	577,000	17,886	31,000	-	49,564	675,450
Depreciation and amortisation expense	-	481	515	-	965	1,961
Acquisition of property, plant and equipment	2,158	116	-	-	-	2,274

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

2. The 31 December 2002 comparative segment analysis has been restated to reflect the current segment apportionment.

Investa Property Group

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

Note 4. Other investments

	31 December 2003 \$'000	30 June 2003 \$'000
4(a) Current		
Investments in property:		
7 – 13 Tomlins Street, Townsville	-	9,325
29 - 41 Lysaght Street, Brisbane	11,799	11,743
Macarthur Central Shopping Centre, Brisbane	101,086	100,796
Investments in unlisted property trusts:		
Martin Place Trust (known as the Martin Place Wholesale Syndicate)	10,499	25,937
Investa Fifth Commercial Trust	-	8,603
Investa Sixth Commercial Trust	8,509	-
Total current	131,893	156,404
Current investments in properties and unlisted property trusts are recorded at cost.		
4(b) Non-current		
Investments in property:		
Kings Row, Brisbane ¹	66,300	66,073
231 Elizabeth Street, Sydney ¹	116,764	116,724
209 Kingsway, Melbourne ¹	102,851	102,851
1 Market Street, Sydney ¹	212,361	210,446
Total properties	498,276	496,094
Less: properties held in investment portfolio (refer to Note 5)	(250,887)	(249,067)
	247,389	247,027
Investments in listed property trusts		
DOF ²	-	127,159
Total non-current	247,389	374,186

Non-current investments in properties are assets controlled by the Group which are held long term 50% by IPT and 50% by Investa Commercial Property Fund. The classification in non-current investments arises on consolidation of Investa Commercial Property Fund.

¹This investment is held by Investa Commercial Property Fund. Investa Nominees Pty Limited, a 100% subsidiary of IPL, owned 77% of Investa Commercial Property Fund at 31 December 2003 (89% at 30 June 2003).

²On 21 May 2003 IPT acquired 78,351,484 units in DOF, representing an 8.4% holding. The investment in the previous period was carried at the cost of the units of \$123,795,345 plus acquisition costs. On 14 August 2003, IPT owned 51.18% of the units in DOF therefore effectively gaining control of DOF on this day. Refer to Note 2 for further details.

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

Note 5. Non-current assets – investment properties

Property	Type	Ownership	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31/12/03 \$'000	Consolidated book value 30/06/03 \$'000
Non current assets									
Properties held by Investa Property Trust									
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,762	30/06/02	27,500	P Harding, Knight Frank	27,518	27,507
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	01/07/94	24,033	31/03/02	16,100	A Martin, AAPI JLL Advisory	16,172	16,130
73 Northbourne Avenue, Canberra, ACT *	Offices 99 yr leasehold	100%	06/05/94	23,361	30/06/03	17,100	P Dempsey, FAPI Arthur Andersen	17,130	17,100
73 Miller Street, North Sydney, NSW *	Offices/ Freehold	100%	12/06/97	75,824	30/06/02	90,000	A Richard, FAPI CB Richard Ellis	90,341	90,319
50-60 Talavera Road, North Ryde, NSW *	Offices/ Freehold	100%	01/11/99	32,743	30/06/03	32,000	R Lawrie, AAPI JLL Advisory	32,000	32,000
32 Philip Street, Parramatta, NSW	Offices/ Freehold	100%	01/11/99		30/06/03	23,000	A Martin, AAPI JLL Advisory	-	23,000
55 Market Street, Sydney, NSW *	Offices/ Freehold	100%	31/07/98	123,008	30/06/02	138,000	D Castles, AAPI Landmark White	138,964	138,516
241 Adelaide Street, Brisbane, QLD	Offices/ 75 yr Leasehold	100%	10/09/98		31/12/02	17,000	J Porter, AAPI CBRE	-	17,026
410 Ann Street, Brisbane, QLD *	Offices/ Freehold	100%	23/11/87	60,209	31/12/03	62,500	S Boyd, AAPI, Jones Lang LaSalle	62,500	64,173
469 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	01/07/88	81,869	31/12/03	48,000	M Crowe AAPI, Knight Frank	48,000	53,289
485 Latrobe Street, Melbourne, VIC *	Offices/ Freehold	100%	10/09/98	91,103	30/06/02	111,000	G Longden, FAPI JLL Advisory	111,045	111,046
420 St Kilda Road, Melbourne, VIC	Offices/ Freehold	100%	12/12/86	24,893	30/06/03	27,500	C Plant JLL Advisory	27,707	27,500
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	25,226	31/12/03	17,500	J Perillo AAPI, Knight Frank	17,500	25,726
Total Properties held by Investa Property Trust				591,031				588,877	643,332
Properties held by controlled entities									
Investa Real Property Growth Trust									
115 Grenfell Street, Adelaide, SA *	Offices/ Freehold	100%	04/05/89	-	30/06/03	28,600	J Pledge AAPI, Knight Frank	-	28,600
110 George Street, Parramatta, NSW *	Offices/ Freehold	50% 50%	02/10/97 15/12/98	67,916	30/06/02	66,500	M Caruana, FAPI, Knight Frank	67,481	67,071
State Law Building, Brisbane, QLD	Offices/ Freehold	100%	31/01/03	85,983	31/12/02	83,000	I Gregory AAPI, Knight Frank	85,983	85,973
Kings Row, Brisbane, QLD ¹	Offices/ Freehold	50%	31/01/03	33,108	31/12/02	31,700	J Apted AAPI, Colliers International	33,222	33,108
1 Market Street, Sydney, NSW* ¹	Offices/ Freehold	50%	31/01/03	106,172	31/12/02	102,500	A Pannifex, AAPI Knight Frank	107,878	106,172
Total - Investa Real Property Growth Trust				293,179				294,564	320,924
Lizabeth Trust									
255 Elizabeth Street, Sydney, NSW*	Offices/ Freehold	50% 10% 40%	21/09/94 11/12/98 01/11/99	172,712	30/06/03	152,000	A Pannifex, AAPI Knight Frank	152,102	152,000
Connect Property Trust									
242 Exhibition Street, Melbourne, Vic*	Offices/ Freehold	100%	19/08/02	274,775	30/06/02	261,000	A Pannifex AAPI FPDSavills	274,775	274,523
231 Elizabeth Street, Sydney, NSW* ¹	Offices/ Freehold	50%	19/08/02	58,383	30/06/02	57,500	A Pannifex AAPI FPDSavills	58,362	58,362
310 Pitt Street, Sydney, NSW*	Offices/ Freehold	100%	08/10/02	125,531	30/06/02	120,000	A Pannifex AAPI FPDSavills	125,531	125,486
Total – Connect Property Trust				458,689				458,668	458,371

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

Note 5. Non-current assets – investment properties (continued)

Property	Type	Ownership	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31/12/03 \$'000	Consolidated book value 30/06/03 \$'000
Properties held by controlled entities (continued)									
Delta Office Fund									
30% interest (as tenants-in-common) Grosvenor Place 225-235 George Street, Sydney	Offices/ Leasehold	30%	31/8/03	231,432	30/06/03	230,250	W Doherty, AAPI Colliers International	231,432	-
50% interest (as tenants-in-common) QV1 250 St George's Terrace, Perth	Offices/ Freehold	50%	31/8/03	153,035	30/06/03	152,500	M Crowe, AAPI Knight Frank	153,035	-
St Martins Tower 31 Market Street, Sydney	Offices/ Freehold	100%	31/8/03	125,000	31/12/03	125,000	S Fairfax AAPI & L Tredwell GAPI CBRE	125,000	-
Customs House 414 Latrobe Street, Melbourne	Offices/ Freehold	100%	31/8/03	44,800	30/06/03	44,800	R J Scrivener, FAPI, FRICS Urbis	44,800	-
Centennial Plaza Tower A 260 Elizabeth Street, Sydney	Offices/ Freehold	100%	31/8/03	60,000	30/06/03	60,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	60,000	-
Centennial Plaza Tower B 270-280 Elizabeth Street, Sydney	Offices/ Freehold	100%	31/8/03	75,056	30/06/03	74,500	D Hillier, AAPI & W Doherty, AAPI Colliers International	75,056	-
Centennial Plaza Tower C 300 Elizabeth Street, Sydney	Offices/ Freehold	100%	31/8/03	87,936	30/06/03	87,000	D Hillier, AAPI & W Doherty, AAPI Colliers International	87,936	-
120 Collins Street, Melbourne	Offices/ Freehold	100%	31/8/03	320,000	31/12/03	320,000	D Gowing, FAPI CBRE	320,000	-
400 George Street, Sydney	Offices/ Freehold	100%	31/8/03	386,697	30/06/03	387,500	M S Smallhorn, FAPI & C R Carver GAPI Jones Lang LaSalle	386,697	-
Kindersley House 33 Bligh & 20-26 O'Connell Streets, Sydney	Offices/ Freehold	100%	31/8/03	60,000	31/12/03	60,000	S Fairfax AAPI & L Tredwell GAPI CBRE	60,000	-
50% interest (as tenants-in-common) Maritime Trade Towers 201 Kent Street, Sydney	Offices/ Leasehold	50%	31/8/03	110,133	30/06/03	110,000	D Castles, AAPI & L Tredwell GAPI CBRE	110,133	-
Sydney CBD Floor Space	Heritage Floor Space	100%	31/8/03	622	30/06/03	1,000	S Fairfax AAPI & L Tredwell GAPI CBRE	622	-
126 Phillip Street, Sydney – Development property	Offices/ Freehold (Develop)	100%	31/8/03	190,285	30/06/03	160,000	S Fairfax AAPI & L Tredwell GAPI CBRE	190,285	-
Total – Delta Office Fund				<u>1,844,996</u>				<u>1,844,996</u>	-
441 Trust									
441 St Kilda Road, Melbourne	Offices/ Leasehold	100%	30/10/03	<u>47,501</u>	30/10/03	45,000	B Smith FAPI Knight Frank	<u>47,501</u>	-
Total Properties held by Controlled Entities				<u>2,817,077</u>				<u>2,797,831</u>	-

Investa Property Group

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

Note 5. Non-current assets – investment properties (continued)

Property	Type	Ownership	Acquisition Date	Cost including all additions \$'000	Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 31/12/03 \$'000	Consolidated book value 30/06/03 \$'000
Properties held by Associates									
60 Martin Place Unit Trust									
60 Martin Place, Sydney, NSW	Offices/ Freehold	50%	01/11/99	80,595	30/09/03	93,500	P A Dempsey, FAPI Ernst & Young	93,144	91,825
80 Pacific Highway Trust									
80 Pacific Highway, North Sydney, NSW	Offices/ Freehold	50%	04/05/01	45,442	31/12/03	44,000	MS Smallhorn, FAPI JLL Advisory	44,305	45,745
Investa South Melbourne Trust									
209 Kingsway, Melbourne, VIC ¹	Offices/ Freehold	50%	31/01/02	51,425	01/08/02	50,000	G Longden FAPI JLL Advisory	51,425	51,425
Penrhyn House Trust									
Penrhyn House, Woden, ACT*	Offices/ Freehold	50%	06/12/02	20,604	01/09/02	19,300	P Harding Knight Frank	20,649	20,649
589 Collins Trust									
589 Collins Street, Melbourne, VIC	Offices/ Freehold	50%	31/01/03	28,517	01/12/02	28,000	JA Perillo, AAPI Knight Frank	28,506	28,486
Total Properties held by Associates				<u>226,583</u>				<u>238,029</u>	<u>238,130</u>
Interests in unlisted property securities									
Investa Brisbane Commercial Trust		20%	08/05/01	4,820				4,820	4,820
Investa Sixth Commercial Trust		15%	19/12/03	7,000				7,000	-
Total interests in unlisted property securities				<u>11,820</u>				<u>11,820</u>	<u>4,820</u>
Total non-current investment				<u>3,646,511</u>				<u>3,636,557</u>	<u>1,817,577</u>

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

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

¹ Refer Note 4 for details of these 4 property investments.

Note 6. Provisions

	30 December 2003 \$'000	30 June 2003 \$'000
Provision for dividend and distribution*	58,007	35,322
Employee entitlements	2,494	2,709
Other	180	994
	<u>60,681</u>	<u>39,025</u>

* This provision includes \$704,000 payable to the outside equity interests at 31 December 2003 (\$386,000 at 30 June 2003).

Note 7. Contributed equity

(a) Paid up capital

	No of securities '000	31 December 2003 \$'000	No of securities '000	30 June 2003 \$'000
IPT	1,397,644	2,481,758	885,529	1,559,908
IPL	1,397,644	75,050	885,529	20,133
		<u>2,556,808</u>		<u>1,580,041</u>

Investa Property Group

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

Note 7. Contributed equity (continued)

(b) Reconciliation of contributed equity

	IPT		IPL	
	No. of Units	\$'000	No. of shares	\$'000
Opening balance	885,529	1,559,908	885,529	20,133
Issue of securities	498,308	915,156	498,308	53,694
Distributions reinvested	13,807	26,120	13,807	1,315
Cost of security placements	-	(393)	-	(92)
Transfer (to) amounts available for distribution	-	(13,283)	-	-
Transfer (to) asset revaluation reserve	-	(5,750)	-	-
Closing balance	1,397,644	2,481,758	1,397,644	75,050

Note 8. Reserves

(a) Amounts available for distribution

	31 December 2003 \$'000	31 December 2002 \$'000
Opening balance	8,507	3,141
Profit attributable to securityholders of the Group before transfer from reserves	102,687	58,552
Transfer from contributed equity	13,283	6,807
Dividends/distribution paid and payable	(113,724)	(62,238)
Closing balance	<u>10,753</u>	<u>6,262</u>

(b) Reserves

	31 December 2003 \$'000	31 December 2002 \$'000
Asset revaluation reserve		
Opening balance	50,874	46,565
(Decrement)/increment on revaluation of investment properties	(17,380)	2,667
Transfer from contributed equity	5,750	-
Closing balance	<u>39,244</u>	<u>49,232</u>

Share of (decrement) / increment on revaluation of investments

	31 December 2003 \$'000	31 December 2002 \$'000
469 Latrobe Street, Melbourne	(5,867)	-
410 Ann Street, Brisbane	(2,589)	-
109 St Georges Terrace, Perth	(8,452)	-
80 Pacific Highway Trust	(1,442)	-
241 Adelaide Street, Brisbane	-	(1,173)
Investa Sunlaw Trust	-	256
60 Martin Place, Sydney	970	3,584

Net (decrement) / increment recognised directly in asset revaluation reserve

	<u>(17,380)</u>	<u>2,667</u>
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Properties are valued on a rotational basis whereby approximately one-third of the assets are valued each year, with a period no longer than 3 years.

Investa Property Group

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

Note 9. Dividends and distributions

	31 December 2003 \$'000	31 December 2003 Cents per stapled security	31 December 2002 \$'000	31 December 2002 Cents per stapled security
Timing of dividends and distributions				
The dividends/distributions were paid/payable as follows:				
30 September paid	56,421	4.05	29,629	3.80
31 December payable	57,303	4.10	32,609	3.90
	<u>113,724</u>	<u>8.15</u>	<u>62,238</u>	<u>7.70</u>

Note 10. Non-cash financing and investing activities

	31 December 2003 \$'000	31 December 2002 \$'000
Dividends/distributions satisfied by the issue of securities under the Group distribution reinvestment plan were as follows:		
August 2003: 9,273,318 @ \$2.01 (August 2002: 4,278,224 @ \$1.97)	18,639	8,428
November 2003: 4,534,142 @ \$1.94 (November 2002: 6,168,511 @ \$2.05)	8,796	12,645
	<u>27,435</u>	21,073
Issue of securities for the acquisition of DOF	968,780	-
	<u>996,215</u>	<u>21,073</u>

Note 11. Contingent liabilities

IPT has guaranteed the cash advance and contingent liability facilities of IPL with the Commonwealth Bank of Australia for \$16,000,000. IPT has also guaranteed the bank guarantee and Bill Facility agreement of Investa Developments Pty Limited and Silverton Limited (used to partially finance the inventory of development assets) with Westpac Banking Corporation for \$70,000,000.

Note 12. Events occurring after reporting date

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

Investa Property Group

Directors' Declaration

The directors declare that the combined financial statements and notes set out on pages 5 to 16:

- (a) comply with Accounting Standards, and other mandatory professional reporting requirements; and
- (b) present fairly the combined entity's financial position as at 31 December 2003 and of its combined performance, as represented by the results of its combined operations and combined cash flows for the half-year ended on that date.

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

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



I K Payne
Chairman
Sydney
29 January 2004

Independent audit report to the securityholders of Investa Property Group

Audit opinion

In our opinion, the financial report of Investa Property Group presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, the financial position of Investa Property Group as at 31 December 2003 and the results of its operations and cash flows 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, 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 2003.

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.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Group's financial position and 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 the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report .

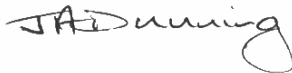
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

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

PricewaterhouseCoopers



J A Dunning
Partner

Sydney
29 January 2004

Investa Property Trust

ARSN 088 705 882

Half-Year Report

31 December 2003

Half-Year Report – 31 December 2003

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Investa Property Trust

Directors' Report

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

Directors

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

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

Principal activities

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

Distributions

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

Review of operations

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

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

Rounding of amounts to nearest thousand dollars

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

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



I K Payne
Chairman
Sydney
29 January 2004

Discussion and analysis on the consolidated financial statements

Consolidated Statement of Financial Performance

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

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

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

Distributions from associates have increased 55% to \$16,557,000 principally due to the net impact of including a full 6 month distribution from associates purchased in prior periods

The Trust sold 4 investment properties during the period:

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

Included in Other revenue from ordinary activities is \$16,249,000 of interest income of which \$15,174,000 was earned on loans to Investa Properties Limited and its subsidiaries to facilitate the expansion of the Group's activities.

Operating expenses including rates and taxes, property outgoings and repairs and maintenance have increased on the corresponding period (by \$16,584,000 to \$32,051,000) reflecting the increase in the property portfolio due to the acquisition of DOF and other assets referred to above.

Borrowing costs include interest expense and line facility fees and have increased on the corresponding period by \$23,384,000 to \$38,405,000. This increase is due to the partly funding the acquisition of DOF with debt plus the addition of existing DOF debt and is partially offset by a lower average cost of funds as a result of proactive interest rate risk management.

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

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

Discussion and analysis on the consolidated financial statements

Consolidated Statement of Financial Position

Trust assets increased by 71.3% to \$4,099,199,000 primarily driven by the increase in the property portfolio due to the acquisition of the properties mentioned above.

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

Interest bearing liabilities have increased from \$730,000,000 as at 30 June 2003 to \$1,471,639,000. In order to assist in the funding of the DOF transaction a new \$550,000,000 facility (\$405,000,000 drawn down during the current financial period) was arranged with a syndicate of banks lead by the Commonwealth Bank of Australia. The remaining net increase is primarily due to the debt within DOF of \$417,639,000..

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

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

Consolidated Statement of Cash Flows

Cash flow from operating activities has increased 60% to \$89,230,000 in the period consistent with the increase in net profit before revaluation adjustments. The increase is driven by an increase in rental receipts by 17.8% (matching the increase in rental income), the acquisition of DOF and the increase in interest income received from loans to related entities.

Net cash flow from investing activities for the period was a significant outflow of \$421,587,000 reflecting:

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

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

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

Investa Property Trust

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

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

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

Investa Property Trust

Consolidated Statement of Financial Position As at 31 December 2003

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

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

Investa Property Trust

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

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

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

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

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

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

This interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly this report should be read in conjunction with the Annual Report for the year ended 30 June 2003 and any public announcements made by the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

Note 2. Acquisition of controlled entities

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

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

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

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

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

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

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

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

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

Note 3. Investment properties

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

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

Note 3. Investment properties (continued)

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

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

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

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

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

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

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

Note 4. Distributions paid and payable

	31 December 2003 \$'000	31 December 2003 Cents Per Unit	31 December 2002 \$'000	31 December 2002 Cents Per Unit
Timing of distributions				
The distributions were paid/ payable as follows:				
30 September	52,938	3.80	25,730	3.30
31 December	<u>55,207</u>	<u>3.95</u>	<u>28,847</u>	<u>3.45</u>
	<u>108,145</u>	<u>7.75</u>	<u>54,577</u>	<u>6.75</u>

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

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

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

Note 5. Contributed equity

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

* Non-cash financing and investing activities:

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

(b) Number of units

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

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

Note 6. Reserves

(a) Asset revaluation reserve

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

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

(b) Amounts available for distribution

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

Note 7. Segment information

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

Note 8. Contingent liabilities

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

Note 9. Events occurring after reporting date

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

Directors' Declaration

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust, declare that the financial statements and notes set out on pages 4 to 12:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001;
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and
- (c) the consolidated entity has operated in accordance with the provisions of the Constitution dated 15 July 1977 (as amended), during the half-year ended 31 December 2003.

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



I K Payne
Chairman
Sydney
29 January 2004

Independent audit report to the unitholders of Investa Property Trust

Audit opinion

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

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Investa Property Trust as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting*, the Trust Constitution and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Investa Property Trust (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Investa Property Trust (the Trust) and the entities it controlled during that half-year.

The directors of Investa Properties Limited (the Responsible Entity) are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

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

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

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

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

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

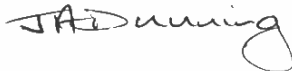
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers



J A Dunning
Partner

Sydney
29 January 2004

Investa Properties Limited

ABN 54 084 407 241

Half-Year Report

31 December 2003

Investa Properties Limited

Half-Year Report – 31 December 2003

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Investa Properties Limited

Directors' Report

The directors of Investa Properties Limited present their report together with the consolidated financial report of the Company and its controlled entities (together the "Company") for the half-year ended 31 December 2003.

Directors

The following persons were directors of Company during the whole of the financial period and up to the date of this report:

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

Principal activities

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

Dividends

Dividends paid and payable for the half-year ended 31 December 2003 were \$5,579,223 (2002: \$7,662,000) being 0.40 cents per share (2002: 0.95 cents per share).

Review of operations

A summary of the results is as follows:

	31 December	31 December
	2003	2002
	\$'000	\$'000
Total revenue from ordinary activities	<u>123,955</u>	<u>106,069</u>
Net profit after tax	3,447	8,700
Profit attributable to outside equity interests	<u>(1,462)</u>	<u>(497)</u>
Profit attributable to members of Investa Properties Limited	1,985	8,203
Retained profits brought forward	3,726	2,943
Dividend paid and payable	(5,579)	(7,662)
Retained profits at 31 December	<u>132</u>	<u>3,484</u>
Total assets	<u>550,150</u>	<u>327,496</u>

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 Financial Report. Amounts in the Directors' Report and Financial Report have been rounded to the nearest thousand dollars in accordance with that class order unless otherwise indicated.

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



I K Payne
Chairman
Sydney
29 January 2004

Discussion and analysis on the consolidated financial statements

The following commentary is provided to assist shareholders in reviewing and interpreting the results of IPL for the half-year ended 31 December 2003.

Consolidated Statement of Financial Performance

Profit for the Company after tax and outside equity interests was \$1,985,000 compared to \$8,203,000 in the previous corresponding period. Significant increases in activity (see below) have been more than offset by increases in interest (particularly interest charges from Investa Property Trust (IPT)) and operating expenses. The interest charges from IPT result in increased revenue in IPT and are eliminated in the Investa Property Group (IPG) accounts reflecting the overall improved group performance. The following summary highlights the key contributors to the performance of the Company for the period

Net Income

Net income is up 44% to \$36,600,000 reflecting the increased activity of the Company. Key contributors to this growth in net income include:

- Syndication fee income has increased from \$1,700,000 to \$3,200,000 reflecting higher funds under management than the previous period and fees from the recent launch of the Investa Sixth Commercial Trust.
- Wholesale fee income is \$300,000 below the prior period (down to \$800,000) as the prior period fee included non-recurring items. Wholesale fee income is derived from the two wholesale schemes managed by the Group, Martin Place Trust (known as the Martin Place Wholesale Syndicate (MPWS)) and Investa Commercial Property Fund.
- Corporate Property Services has continued to provide services to Westpac generating a net contribution of \$1,100,000, up from \$700,000 in the prior period.
- Asset management fee income continues to grow increasing by \$800,000 to \$3,100,000 due to the acquisition by IPT of Principal Office Fund (which was renamed Delta Office Fund), other acquisitions made by IPT and growth in assets managed for the syndication business.
- Development income is up from \$7,800,000 to \$11,800,000. The result for the development business was underpinned by sales of residential lots at Manly, Queensland, Mill Park Lakes, Melbourne and Quinns Beach, Western Australia totalling \$17,500,000.

In addition, there have been sales of 14 units at Turner Street, Melbourne plus land at Eden Park, North Ryde, Sydney and Acacia Ridge, Brisbane. The land at Eden Park was sold to the Investa Fifth Commercial Trust and construction on the high tech office building is underway. Profit will be recognised progressively over the life of the project with \$400,000 being recognised in the current period.

Overall the development business has continued to deliver strong margins of 47% on cost (46% in the previous period).

- Investment income is up from \$5,900,000 to \$10,400,000. Investment income includes distribution and rental income derived from assets either held in preparation for syndication, sell down or assets for sale.

During the period investment income was earned from the Group's investment in Investa Commercial Property Fund (\$5,100,000), MPWS (\$1,000,000), Macarthur Central (\$3,500,000), the Investa Brisbane Commercial Trust (\$300,000) and other (\$500,000).

Investa Properties Limited

Discussion and analysis on the consolidated financial statements (Continued)

Consolidated Statement of Financial Performance (continued)

Expenses

The increase in net income has been offset by increases in expenses; significantly internal interest charges from IPT (refer below).

- Operating expenses have increased by \$4,300,000 during the period reflecting the increased scale of the Company's operations. A large percentage of the increase is due to the growth in employee numbers which have grown from 125 at 31 December 2002 to 177 at 31 December 2003, reflecting an increase in personnel costs of \$3,600,000 to \$11,751,000.

Other operating expenses such as insurance, accommodation and travel have increased during the period. In addition to these costs, the Company has undertaken a detailed review of its systems and processes resulting in an increased spend (\$300,000) in IT and systems related costs in the current period to accommodate the expanded business.

- Borrowing costs include interest expense and line facility fees paid on external and internal borrowings. Internal borrowings are loans made available by IPT to provide funds to the Company to enable it to make its investments.

Borrowing costs have increased on the corresponding period (by \$13,100,000 to \$18,000,000) due to the increase in borrowings required to fund the acquisitions made by the Company during the period, including Macarthur Central and the investment in Investa Commercial Property Fund. Borrowing costs are also higher due to an increase in interest rates charged by IPT during the period.

Earnings and Dividend

Earnings per share before amortisation and after tax have decreased from 1.16 cents per share in the previous period to 0.16 cents per share in the current period. Reflecting the drop in earnings, the dividend per share has reduced from 0.95 cents per share to 0.40 cents per share. The difference in earnings per share and dividend per share is reflected in a reduction of retained profits, which are \$132,000 at the end of the period.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position for the Company at 31 December 2003 reflects a high level of activity in the Company since 1 July 2003. Total assets have decreased from \$569,987,000 as at 30 June 2003 to \$550,150,000 as at 31 December 2003.

During the period, the Company sold several of its short term investments including:

- 12.5% interest in Investa Commercial Property Fund (\$23,308,000);
- 7 – 13 Tomlins Street, Townsville (\$10,304,000);
- a portion of the Company's interest in MPWS (\$16,589,000); and
- investment in Investa Fifth Commercial Trust (\$9,000,000).

The decrease in assets has been partially offset by the replenishment of property development inventories with a net increase of \$6,278,000 after sales during the period.

Investa Properties Limited

Discussion and analysis on the consolidated financial statements (Continued)

Consolidated Statement of Financial Position (continued)

The funds generated from the net reduction in assets has been utilised to reduce debt in the company, from \$498,130,000 in June 2003 to \$411,992,000 at December 2003, with the predominant reduction being debt owed to a related entity, IPT. The external debt relates to loans associated with the development operations of \$67,600,000 and a loan with Investa Commercial Property Fund of \$60,000,000.

Consolidated Statement of Cash Flows

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

Cash flows from operating activities decreased by \$34,877,000 from an inflow of \$28,911,000 in the previous financial period to an outflow of \$5,966,000, which is mainly attributable to:

- Additional borrowing costs paid of \$6,406,000;
- Higher taxation payments of \$8,451,000 relating primarily to the increased development activities;
- A reduction in receipts of \$4,337,000 from management fees and rental income; and
- Increased payments of \$21,924,000 mainly related to property inventories and property outgoings.

This reduction in cash flow has been offset by an increase in distributions received of \$6,206,000 reflecting the impact of changes in holdings of short term investments.

Investing activities resulted in a net inflow of \$48,965,000 which was mainly as a result of the proceeds from the sale of investments totalling \$59,201,000. The proceeds from the sale of investments were used to repay debt to IPT, a related entity.

This compared to an outflow from investing activities in the corresponding prior period of \$108,375,000, which included payments for investments of \$163,863,000 used to acquire the investment interests in Cairns, Townsville, Perth and Adelaide for \$79,500,000 as well as an interest in Investa Commercial Property Fund worth \$84,363,000.

Financing activities resulted in a net outflow of \$45,960,000 mainly as a result of a net repayment of borrowings to Investa Property Trust, a related entity, of \$49,487,000 using the proceeds from the sale of investments to fund these repayments. The company raised an additional \$8,000,000 from external lenders during the period to fund non-current property inventories.

In the corresponding prior period, the company had a net inflow of \$84,093,000, which was mainly attributable to net funds received of \$96,909,000 from IPT, a related entity, to fund the acquisition of property investments.

Investa Properties Limited

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

	Notes	Half Year 31 December 2003 \$'000	Half Year 31 December 2002 \$'000
Revenue from ordinary activities	2	123,955	106,069
Cost of development inventory sold		(23,520)	(16,915)
Employee expenses		(11,751)	(8,159)
Property outgoings & repairs and maintenance		(2,222)	(1,091)
Borrowing costs		(18,014)	(4,924)
Amortisation of intangibles and depreciation		(999)	(996)
Book value of investments sold		(56,661)	(59,180)
Other expenses from ordinary activities		(5,071)	(2,652)
Profit from ordinary activities before income tax expense		5,717	12,152
Income tax expense		(2,270)	(3,452)
Net Profit		3,447	8,700
Net profit attributable to outside equity interests		(1,462)	(497)
Net profit attributable to members of Investa Properties Limited		1,985	8,203
Total changes in equity other than those resulting from transactions with owners as owners		1,985	8,203
		Cents	Cents
Basic and diluted earnings per share		0.16	1.16

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

Investa Properties Limited

Consolidated Statement of Financial Position As at 31 December 2003

		31 December 2003 \$'000	30 June 2003 \$'000
	Notes		
Current assets			
Cash assets		2,499	5,460
Receivables		14,173	10,174
Investments	4	123,384	156,404
Property development inventories		16,874	20,056
Total current assets		156,930	192,094
Non-current assets			
Deferred tax asset		2,470	2,575
Property, plant and equipment		1,200	1,032
Investments	4	247,145	245,381
Property development inventories		122,890	113,430
Loans to employees		14,100	9,232
Intangible assets		5,415	6,243
Total non-current assets		393,220	377,893
Total assets		550,150	569,987
Current liabilities			
Payables		7,453	6,766
Current tax liabilities		36	4,661
Loans from related entities		113,716	205,864
Provisions	5	5,474	6,335
Total current liabilities		126,679	223,626
Non-current liabilities			
Deferred tax liabilities		6,624	6,040
Loans from related entities		170,676	172,666
Interest and non interest bearing liabilities		127,600	119,600
Total non-current liabilities		304,900	298,306
Total liabilities		431,579	521,932
Net assets		118,571	48,055
Equity			
Contributed equity	6	75,050	20,133
Outside equity interest	7	43,389	24,196
Retained profits	8	132	3,726
Total equity		118,571	48,055

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

Investa Properties Limited

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

	31 December 2003 \$'000	31 December 2002 \$'000
	Notes	
Cash flows from operating activities		
Cash received from operations	61,636	65,973
Cash payments from operations	(49,880)	(39,941)
Payments for acquisition of property development inventories	(11,985)	-
Distributions received	11,042	4,836
Interest received	260	225
Borrowing costs paid	(8,582)	(2,176)
Income taxes paid	(8,457)	(6)
Net cash (outflow)/inflow from operating activities	(5,966)	28,911
Cash flows from investing activities		
Payment for property, plant & equipment	(340)	(116)
Capital expenditure on investment properties	(2,110)	-
(Payment)/refund for due diligence costs	(2,918)	976
Loans to employees	(4,868)	(3,712)
Payments for investments	-	(163,863)
Proceeds from sale of investments	59,201	58,340
Net cash inflow/(outflow) from investing activities	48,965	(108,375)
Cash flows from financing activities		
Repayment of borrowings	-	(23,500)
Proceeds from borrowings	8,000	3,000
Proceeds from issue of shares	-	15,350
Payment of share issue costs	(92)	(273)
Loan to related entity	-	-
Repayment of borrowings from related entity	(66,530)	(79,104)
Proceeds from borrowings from related entity	17,043	176,013
Dividends paid	(4,381)	(7,393)
Net cash (outflow)/inflow from financing activities	(45,960)	84,093
Net (decrease)/increase in cash held	(2,961)	4,629
Cash at the beginning of the reporting period	5,460	11,203
Cash at the end of the reporting period	2,499	15,832

Total non cash financing and investing activities

6

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

Investa Properties Limited

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

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

This general purpose consolidated financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2003 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

	Half year 31 December 2003 \$'000	Half year 31 December 2002 \$'000
Sales of property inventory	29,485	24,669
Management fees	11,846	9,906
Rent	8,229	5,434
Distribution from associates	8,708	1,997
Contracted revenue	5,111	-
Interest	260	248
Proceeds on disposal of investments	59,201	61,890
Other revenue	1,115	1,925
	<u>123,955</u>	<u>106,069</u>

Investa Properties Limited

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

Note 3. Segment information

	Services \$'000	Property Development \$'000	Investments \$'000	Elimination/ Unallocated \$'000	Consolidated \$'000
31 December 2003					
Revenue from ordinary activities	12,961	34,596	76,398	-	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
31 December 2002²					
Revenue from ordinary activities	11,831	24,669	69,569	-	106,069
Segment profit ¹	2,591	5,884	7,472	(1,824)	14,123
Net profit after tax	2,177	4,682	2,548	(1,204)	8,203
Segment profit contribution (%)	16%	37%	47%	-	100%
Segment assets	11,258	104,406	167,627	44,205	327,496
Segment liabilities	6,672	92,004	182,312	21,072	302,060
Depreciation and amortisation expense	481	515	-	-	996
Acquisition of property, plant and equipment	116	-	-	-	116

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

² The 31 December 2002 comparative segment analysis has been restated to reflect the current segment apportionment.

The Consolidated Entity operates solely in Australia.

Investa Properties Limited

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

Note 4. Investments

	31 December 2003 \$'000	30 June 2003 \$'000
Current		
Investments in properties:		
7 - 13 Tomlins Street, Townsville	-	9,325
Macarthur Central Shopping Centre, Brisbane	101,086	100,796
29 - 41 Lysaght Street, Brisbane	11,799	11,743
Investments in unlisted property trusts:		
Investa Fifth Commercial Trust	-	8,603
Martin Place Trust (known as the Martin Place Wholesale Syndicate)	10,499	25,937
Total current	<u>123,384</u>	<u>156,404</u>
Non-current		
Investments in properties:		
Kings Row, Brisbane ¹	33,079	32,965
Investments in unlisted property trusts:		
SUNPAC Property Fund ¹	104,279	102,629
Investa South Melbourne Trust ¹	51,425	51,425
231 Elizabeth Street Trust ¹	58,362	58,362
Total non-current	<u>247,145</u>	<u>245,381</u>

¹These investments are held by Investa Commercial Property Fund. Investa Nominees Pty Limited, a 100% subsidiary of Investa Properties Limited, owned 76.7% of Investa Commercial Property Fund at 31 December 2003.

Note 5. Provisions

	31 December 2003 \$'000	30 June 2003 \$'000
Provision for dividend	2,096	2,213
Provision for dividend – outside equity interest	704	419
Employee entitlements	2,494	2,709
Other provisions	180	994
	<u>5,474</u>	<u>6,335</u>

Note 6. Contributed equity

	31 December 2003 \$'000	30 June 2003 \$'000
(a) Contributed equity		
Opening balance	20,133	559
Issue of shares *	55,009	20,010
Issue costs	(92)	(436)
Closing balance	<u>75,050</u>	<u>20,133</u>
* Non-cash financing and investing activities:		
- Issue of securities for the acquisition of DOF	53,694	-
- Dividends/distributions satisfied by the issue of securities under the Group distribution reinvestment plan (refer Note 9)	1,315	765
Total non cash financing and investing activities	<u>55,009</u>	<u>765</u>
(b) Number of shares		
Opening balance	885,529	600,822
Issue of shares	512,115	284,707
Closing balance	<u>1,397,644</u>	<u>885,529</u>

Investa Properties Limited

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

Note 7. Outside equity Interest

	31 December 2003 \$'000	30 June 2003 \$'000
Interest in share capital	<u>43,389</u>	<u>24,196</u>

The outside equity interest represents a 23.3% (10.75% at 30 June 2003) interest in Investa Commercial Property Fund held by three external investors. In the Consolidated Statement of Financial Performance the outside equity interest represents the portion of profit attributable to external investors. The outside equity interests have increased since 30 June 2003 due to the sale of units in Investa Commercial Property Fund.

Note 8. Retained profits

	31 December 2003 \$'000	30 June 2003 \$'000
Retained profits at the beginning of the period	3,726	2,943
Net profit attributable to members of Investa Properties Limited	1,985	14,170
Dividends provided for or paid	<u>(5,579)</u>	<u>(13,387)</u>
Retained profits at the end of the period	<u>132</u>	<u>3,726</u>

Note 9. Dividends

	31 December 2003 \$'000	31 December 2003 Cents per share	31 December 2002 \$'000	31 December 2002 Cents per share
Timing of dividends				
30 September paid	3,483	0.25	3,900	0.50
31 December payable	<u>2,096</u>	<u>0.15</u>	<u>3,762</u>	<u>0.45</u>
	<u>5,579</u>	<u>0.40</u>	<u>7,662</u>	<u>0.95</u>

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

	31 December 2003 \$'000	31 December 2002 \$'000
Paid in cash	4,381	7,393
Satisfied by issue of shares	<u>1,315</u>	<u>765</u>
	<u>5,696</u>	<u>8,158</u>

Note 10. Contingent liabilities

There are no material contingent liabilities at 31 December 2003.

Note 11. Events occurring after reporting date

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

Investa Properties Limited

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 5 to 11:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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



I K Payne
Chairman
Sydney
29 January 2004

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 as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* 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 2003. 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 Company to lodge the financial report with the Australian Securities and Investments Commission. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

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

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

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

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

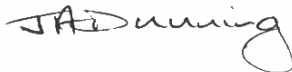
While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers



J A Dunning
Partner

Sydney
29 January 2004