

# FINANCIAL REPORT ISPT Pty Ltd

## Directors' Report

The directors of ISPT Pty Ltd, the Trustee of the Industry Superannuation Property Trust No.1 and its sub-trusts (ISPT No.1) and the Industry Superannuation Property Trust No.2 and its sub-trust (ISPT No.2) (the "Trusts"), submit the reports of the company and the Trusts for the year ended 30 June 2003.

### Directors

The names of the directors of the trustee in office during the financial year and until the date of this report are:

Brian Pollock (non-executive Chairman), Arthur Apted (Managing Director), Brian Baker (appointed 16 July 2002), Michael Barker, Trevor Boucher, James Coghlan, John Griffiths, Elana Rubin and John Sutton.

Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

The directors hold no interest in the company.

### Principal Activities

The company has acted as Trustee and Manager of ISPT No.1 and ISPT No.2 for the year ended 30 June 2003. In that capacity it did not trade in its own right during the year.

The principal activity of ISPT No.1 and ISPT No.2 is to invest in commercial, retail and industrial property in Australia. There have been no significant changes in the nature of these activities during the year.

### Review and Results of Operations

#### Results

The consolidated net operating income of the Trusts are presented in the Statements of Financial Performance. Consolidated net profit attributable to the Unitholders of the Trusts for the year ended 30 June 2003 are:

	2003 \$'000	2002 \$'000
ISPT No.1	151,863	136,798
ISPT No.2	31,088	26,548

#### Dividends

No amounts have been paid or are recommended to be paid by way of dividend from ISPT Pty Ltd during the year.

## Directors' Report

### Units on Issue

Units on issue in the Trusts are:

	2003	2002
ISPT No.1	1,488,308,318	1,447,708,571
ISPT No.2	461,628,884	279,162,929

### Trust Assets

Total assets of the Trusts are:

	2003 \$'000	2002 \$'000
ISPT No.1	1,883,494	1,787,910
ISPT No.2	659,137	422,176

The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

### Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company or the Trusts during the year.

### Significant events after the balance date

During the year ISPT No.1 progressed the development of Casselden Historical with the intention of selling the development into Industry Superannuation Property Trust (The Urban Workshop). Development costs of \$22.98m have been incurred. During August 2003 ISPT No.1 sold the Casselden Historical land to Industry Superannuation Development Trust (The Urban Workshop) for \$5.44m in accordance with a resolution of unitholders dated 31 March 2003. ISPT No.1 was also repaid all development costs to the date of sale plus interest of \$500,000.

Apart from the above there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect the company or the Trusts' operations in future financial years, the results of those operations or the company or Trusts' state of affairs in future financial years.

### Directors' Benefits

During the period ended 30 June 2003, no director of the company has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements as emoluments or the fixed salary of a full-time employee of the company or a related body corporate, by reason of a contract made by the company with the director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest.

### Indemnification and insurance of Directors and Officers

The company has made an agreement to effect insurance and indemnify all the directors for any breaches for which they may be held personally liable. The amount of the insurance premium paid on behalf of the company was \$98,240.

# FINANCIAL REPORT ISPT Pty Ltd

## Directors' Report

### Directors' Meetings

The numbers of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

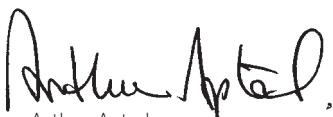
	Directors' Meetings	Remuneration Committee	Audit & Compliance Committee
<b>Number of meetings held:</b>	17	4	7
<b>Number of meetings attended:</b>			
Arthur Apted	17	4	na
Brian Baker	12	na	na
Michael Barker	16	na	7
Trevor Boucher	15	4	7
James Coghlan	17	na	na
John Griffiths (or alternate)	16	4	7
Brian Pollock	17	4	na
Elana Rubin	14	4	na
John Sutton*	11	na	na

\* Mr Sutton resigned from the Remuneration Committee on 24 September 2002.

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



Brian Pollock  
Director



Arthur Apted  
Director  
26 August 2003  
Sydney

## Statement of Financial Position as at 30 June 2003

	Note	2003 \$	2002 \$
<b>Current assets</b>			
Receivables	4	2,263	2,260
<b>Total current assets</b>		<b>2,263</b>	<b>2,260</b>
<b>Non-current assets</b>			
Investments	5	2	2
<b>Total non-current assets</b>		<b>2</b>	<b>2</b>
<b>Total assets</b>		<b>2,265</b>	<b>2,262</b>
<b>Non-current liabilities</b>			
Loans from associated companies	6	2	2
<b>Total liabilities</b>		<b>2</b>	<b>2</b>
<b>Net assets</b>		<b>2,263</b>	<b>2,260</b>
<b>Shareholders' equity</b>			
Share capital	7	27	24
Retained profits		2,236	2,236
<b>Total Shareholders' equity</b>		<b>2,263</b>	<b>2,260</b>

## Statement of Financial Performance for year ended 30 June 2003

The Company has acted as Trustee and Manager of ISPT No.1 and ISPT No.2 and for the year ended 30 June 2003 and therefore received no revenue and incurred no expenditure in its own right. A statement of Financial Performance is not considered to be of benefit to users and has not been prepared.

The expenses incurred on behalf of the Trusts is detailed in the Statement of Expenditure.

# FINANCIAL REPORT ISPT Pty Ltd

## Statement of Expenditure year ended 30 June 2003

	Note	2003 \$	2002 \$
<b>Salary costs</b>			
Salary costs		3,688,238	2,815,454
		<b>3,688,238</b>	<b>2,815,454</b>
<b>Rent and Office Expenses</b>			
Audit	8	7,168	4,500
Bank charges and filing fees		3,093	2,945
Depreciation		124,527	84,247
Insurance		667	7,146
Legal and Consulting fees		119,896	125,388
Office expenses		263,579	221,153
Rent and outgoings		265,647	90,167
Subscriptions and training		79,299	68,554
Travel and accommodation		312,468	255,478
Donations		31,250	54,000
		<b>1,207,594</b>	<b>913,578</b>
<b>Board Expenses</b>			
Directors' fees		263,650	208,658
Directors' travel and accommodation		22,037	18,421
Directors' insurance and professional indemnity		98,240	65,490
Annual report production		66,525	48,366
Internal audit review		57,045	-
		<b>507,497</b>	<b>340,935</b>
<b>Total Expenditure</b>		<b>5,403,329</b>	<b>4,069,967</b>

## Notes to the Financial Statements year ended 30 June 2003

### 1. Summary of significant accounting policies

#### Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Law which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

### 2. Operations of the company

The Company acts as sole Trustee and Manager of the ISPT No.1 and its sub-trusts: ISPT Retail Property Trust (Brunswick), ISPT Retail Property Trust (Campbellfield), ISPT Retail Property Trust (Firle), ISPT Retail Property Trust (Eastgate No.1), ISPT Retail Property Trust, ISPT Retail Property Trust (Reynella) and ISPT No.2 and its sub-trust: National Bank House Unit Trust (collectively "the Trusts").

### 3. Trustee obligations

This financial report has been prepared for the Trustee company (ISPT Pty Ltd) and as such does not record the assets and liabilities of the Trusts as the Trustee will only be liable for the obligations of the Trusts if it has committed a breach of its fiduciary duties or to the extent that the Trusts have insufficient assets to settle their obligations. At balance date the assets of the Trusts are sufficient to meet their liabilities and there has been no breach of fiduciary duties of the company in its capacity as Trustee.

### 4. Receivables

	2003 \$	2002 \$
Amounts owed by related entities – other	2,263	2,260

### 5. Investments

Share in associated companies:

ISPT Nominees Pty Ltd	1	1
ISPT Custodians Pty Ltd	1	1
	<b>2</b>	<b>2</b>

### 6. Loans from associated entities

Loans from associated companies:

ISPT Nominees Pty Ltd	1	1
ISPT Custodians Pty Ltd	1	1
	<b>2</b>	<b>2</b>

### 7. Share Capital

Issued and paid capital:

27 ordinary shares	27	24
	<b>27</b>	<b>24</b>

### 8. Auditor's remuneration

Amounts received or due and receivable by Ernst & Young for:  
– an audit or review of the financial statements of the entity

<b>7,168</b>	<b>4,500</b>
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# FINANCIAL REPORT ISPT Pty Ltd

## Notes to the Financial Statements year ended 30 June 2003

### 9. Remuneration of Directors

The directors who held office during the reporting period, who appointed them and their membership and directorship of unitholders in ISPT No.1 and/or ISPT No.2 were:

Director	Appointed By	Member of	Director of
Arthur Apted	STA	STA, AGEST & HESTA	Nil
Brian Baker (appointed 16 July 2002)	Board	Nil	Nil
Michael Barker	Board	Nil	Nil
Trevor Boucher	Group Members*	AGEST & CARE	Nil
James Coghlan	Group Members*	LAS	Nil
John Griffiths	HESTA	HESTA	HESTA
Brian Pollock	Board	Finsuper	Nil
Elana Rubin	ARF	ARF	ARF & Unisuper
John Sutton	Cbus	Cbus	Cbus

\* Group Members are members holding less than 8% of units on issue, in ISPT No.1 and/or in ISPT No.2.

The number of directors who received, or were due to receive remuneration, fees, salaries and superannuation, directly or indirectly from the company or any related entity, as shown in the following bands, were:

	No. of directors	
	2003	2002
\$0 - \$9,999	-	2
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	4	2
\$30,000 - \$39,999	3	2
\$70,000 - \$79,999	1	1
\$250,000 - \$259,999	-	1
\$330,000 - \$339,999	1*	-

\* Includes a 20% bonus payment which was paid to all employees.

The aggregate amount of remuneration of the directors included in the above bands was \$600,627, 2002: \$476,750. One director has been reimbursed a fixed salary on behalf of the company for services rendered as an employee.

### 10. Employees

At balance date the company had 31 employees (2002:29) employed on behalf of the Trusts. Employee expenses and liabilities are recorded as expenses and liabilities of the Trusts.

## Independent audit report to members of ISPT Pty Ltd

### Scope

#### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of expenditure, accompanying notes to the financial statements, and the directors' declaration for ISPT Pty Ltd (the company), for the year ended 30 June 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, 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 of the financial report in order to express an opinion on it to the members of the company. 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, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of 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 the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

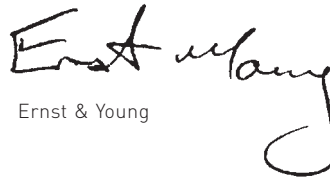
#### Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

#### Audit opinion

In our opinion, the financial report of ISPT Pty Ltd is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of ISPT Pty Ltd at 30 June 2003 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Act 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Chris Lawton  
Partner  
Sydney, 26 August 2003

#### Directors' Declaration

In accordance with a resolution of the directors of ISPT Pty Ltd we state that:


In the opinion of the directors:

- (a) the financial statement and notes of the company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2003 and of the performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporations Regulations; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Brian Pollock  
Director



Arthur Apted  
Director  
Sydney 26 August 2003