



**INVESTA**  
Property Group

# ANNUAL REPORT

VALUING OUR **RELATIONSHIPS**



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“Few success stories are written by a single person. Most people only get there with the support of the people around them, even if they don’t care to admit to it. We are happy to admit to it. Without these relationships Investa simply would not exist.”

CHRIS O'DONNELL  
MANAGING DIRECTOR  
INVESTA PROPERTY GROUP



## 2005 HIGHLIGHTS

### PERFORMANCE

- Distribution for the year at 16.50 cents in line with previous corresponding period
- Net Profit After Tax for the year increased by 8.6% to \$233.9 million
- Funds under management increased by 8.5% to \$5.5 billion
- Gearing reduced from 36.3% (June 04) to 29.9%
- NTA up from \$1.78 to \$1.81

### ACQUISITION OF INTEREST IN CPG AUSTRALIA

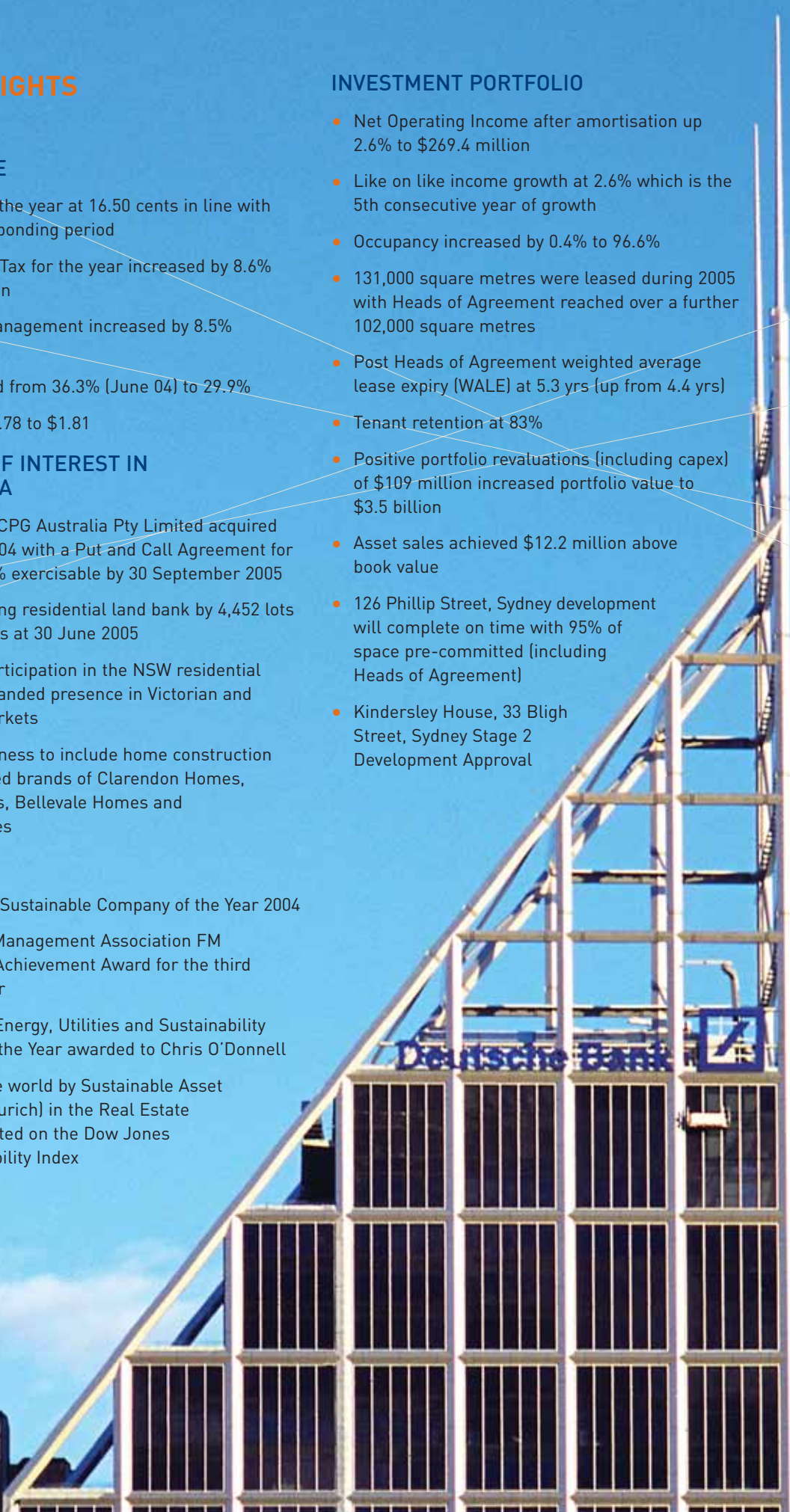
- 40% interest in CPG Australia Pty Limited acquired in December 2004 with a Put and Call Agreement for the residual 60% exercisable by 30 September 2005
- Increased existing residential land bank by 4,452 lots to total 13,072 as at 30 June 2005
- Commenced participation in the NSW residential market and expanded presence in Victorian and Queensland markets
- Broadened business to include home construction under recognised brands of Clarendon Homes, Domaine Homes, Bellevalle Homes and Greenway Homes

### RECOGNITION

- Ethical Investor Sustainable Company of the Year 2004
- 2005 Facilities Management Association FM Environmental Achievement Award for the third consecutive year
- Department of Energy, Utilities and Sustainability Ambassador of the Year awarded to Chris O'Donnell
- Rated 2nd in the world by Sustainable Asset Management (Zurich) in the Real Estate category and listed on the Dow Jones World Sustainability Index

### INVESTMENT PORTFOLIO

- Net Operating Income after amortisation up 2.6% to \$269.4 million
- Like on like income growth at 2.6% which is the 5th consecutive year of growth
- Occupancy increased by 0.4% to 96.6%
- 131,000 square metres were leased during 2005 with Heads of Agreement reached over a further 102,000 square metres
- Post Heads of Agreement weighted average lease expiry (WALE) at 5.3 yrs (up from 4.4 yrs)
- Tenant retention at 83%
- Positive portfolio revaluations (including capex) of \$109 million increased portfolio value to \$3.5 billion
- Asset sales achieved \$12.2 million above book value
- 126 Phillip Street, Sydney development will complete on time with 95% of space pre-committed (including Heads of Agreement)
- Kindersley House, 33 Bligh Street, Sydney Stage 2 Development Approval



## RESIDENTIAL DEVELOPMENT

- Acquisition of 40% interest in CPG Australia Pty Limited in December 2004
- EBITDA \$18 million, up by 18% from \$15.2 million in June 04
- 40 hectares of residential land acquired at Henley Brook, WA for \$12.3 million
- 10 hectares of residential land acquired at Claremont Meadows, NSW for \$10.2 million
- Development approvals received on three projects: Riverpoint, Qld, Eden's Crossing, Qld and Hillarys, WA
- Total land bank of 13,072 lots as at 30 June 2005

## COMMERCIAL DEVELOPMENT

- Acquired the following land:
  - 194 hectares of industrial land at Deer Park, Melbourne for \$35.2 million
  - 26 hectares of industrial land at Eastern Creek, Sydney for \$38.0 million
  - 21 hectares of industrial land at Deception Bay, Queensland for \$4.6 million
- Inventory as at 30 June 2005 \$118 million
- Total sales achieved of \$31.6 million

## ASSET MANAGEMENT

- The average Australian Building Greenhouse Rating for properties across the investment portfolio is up from 2.6 in 2004 to 3.3 in 2005 with 26 properties evaluated
- Achieved a 5-Star Health and Safety Management System rating by the National Safety Council of Australia for the third consecutive year
- Three year Environmental Targets set in the 2003 Sustainability Report are on track
- Green lease adopted as precedent lease
- Investa Greenhouse Guarantee launched
- Greenpower facility established for tenants
- Responsible for 13% of national prime office market

## CORPORATE PROPERTY SERVICES

- Suncorp contract commenced 4 July 2004
- Assumed Project Management responsibilities for Suncorp's new Corporate Head Office, Brisbane Square
- Completed Suncorp's national real estate strategy
- Project managed \$50 million plus of works across Westpac's retail network

## UNLISTED FUNDS

- Unlisted Funds under management increased by 39% (\$331 million) to a total of \$1.2 billion
- EBITDA contribution increased 15.7% to \$5.5 million
- Investa Commercial Property Fund increased funds under management by 59% raising \$196 million from external wholesale investors
- Launched Investa Diversified Office Fund on 1 June 2005 as an open ended fund with over \$150 million under management

## FINANCE AND CAPITAL MANAGEMENT

- Investa's borrowings were restructured into an unsecured suite of flexible and cost effective facilities from diverse sources and with longer terms
- The debt restructure included bond issues in the United States and Australia for terms ranging out to twelve years
- IFRS implementation planning is well underway and Investa expects that there will be no material impact

## CHAIRMAN'S REPORT



04

## PERFORMANCE

In a year of difficult and varying market conditions I am pleased to report that Investa produced a profit after tax of \$233.9 million, an increase of 8.6% over the previous corresponding period. Contributing to this were the first full year's income from the Delta Office Fund (formerly Principal Office Fund) and higher profits from the sale of assets as part of our strategy to reinvest funds into higher growth opportunities.

The Directors were pleased to announce distributions for the full year of 16.5 cents per security, in line with the previous year. Earnings per security were flat at 16.51 cents (16.55 cents per security in the previous corresponding period).

During the year a key focus of management has been positioning Investa for future growth by increasing the proportion of earnings derived from business activities towards 25%. A key part of this was the acquisition of the 40% interest in CPG Australia Pty Limited (formerly Clarendon Property Group) [CPG] in December 2004.

## ACQUISITIONS

The acquisition of the CPG interest enables Investa to take advantage of the changing nature of residential development toward higher density, integrated built solutions, which is being encouraged by Local and State Government across Australia.

This measured step into expanding our residential land development capability, with the addition of a highly skilled design and construction function, will also provide synergies and value add opportunities for our existing residential land bank.

The transition had minimal impact on earnings per security (EPS) in the 2005 financial year, and will be EPS accretive in the 2006 financial year.

## STRENGTHENING OUR BOARD

The past 12 months have seen changes to the Board of Investa Properties Limited (IPL Board) with the addition of two new directors.

Subsequent to the acquisition of the CPG interest, CPG's founder Peter Campbell was appointed to the IPL Board as a non-executive director in December 2004.

Peter has been closely involved in the residential and building industry for over 28 years and brings his extensive expertise in residential development as well as marketing, financial and general management.



50 ANN STREET, BRISBANE



209 KINGSWAY, SOUTH MELBOURNE



55 MARKET STREET, SYDNEY

The Directors also appointed Mr John (Jock) Murray to the Board in November 2004. Jock has extensive expertise in infrastructure and development, through his former position as Director General of the New South Wales Department of Transport, and as Executive Director, Transport had responsibility for infrastructure, strategic and operational planning for the Sydney 2000 Olympic Games.

As announced in August 2005, I will be retiring from the Board to pursue overseas business interests. This will be effective following the Annual General Meeting in October 2005.

As a result of our succession planning, I am pleased to announce that Mr John Arthur, who joined the Board in July 2001, will be taking over as Chairman at that time.

### CORPORATE GOVERNANCE

Our approach to corporate governance reflects our strongly held belief that a pro-active adoption of best practice in this area promotes long-term securityholder value and assists to minimise transaction and execution risk.

Business and employee relationships are also enhanced by Investa's commitment to our social, environmental and economic responsibilities as well as our responsibilities to our securityholders and customers.

### CONTINUING THE STRATEGY

By following our property value chain strategy, Investa has established a diversified and strong business base. Investa is the largest listed owner of office buildings in Australia, has a significant residential development business (including contract housing) and has a growing unlisted funds and commercial development business. Details of our individual operations and numerous examples of the value chain in action are provided in the Divisional Reports.

We also focus on understanding underlying market trends because we know that this helps us deliver

good long-term returns to our securityholders by effectively managing the short-term challenges that are part of the cyclical nature of the property industry.

### STRONG MANAGEMENT TEAM

The true measure of a management team is how well they perform in more challenging times. I think it's fair to say that, in the commercial office sector particularly, Investa has continued to face difficult market conditions over the past year. Despite this our management team has continued to focus not only on extracting maximum securityholder value from our current businesses, but also on building new businesses for the future. On behalf of the Board, and all securityholders, I thank them for their efforts.

### LOOKING FORWARD

Investa today is a markedly different organisation from the one I joined as Chairman 6 years ago. Then it was a listed property trust under the umbrella of a bank and was completely reliant on the fortunes of the commercial office market. Today it is a diversified, independent property group, with income streams earned right along the property value chain.

I have very much enjoyed making this transformational journey with Investa. I know our securityholders have benefited not only from income earned, but also from a reduced risk profile through diversification of Investa's income streams. In this, my last Chairman's Report, I am also very pleased to be able to advise you that we are budgeting for an increased distribution in 2006 of 16.9 cents per security.

On behalf of Investa's Board, I thank you for your continuing support.

IAN PAYNE  
CHAIRMAN

## MANAGING DIRECTOR'S REPORT

“We have spent almost 5 years implementing our property value chain strategy which has seen us build our integrated platform to the point where we are very close to having established all the necessary aspects of our business to allow us to consolidate our position in the market.”

CHRIS O'DONNELL  
MANAGING DIRECTOR

### OVERVIEW

#### CONSOLIDATING OUR POSITION

The financial year 2005 has been a year of drawing together the core elements of the property value chain, with our Investment Portfolio, Unlisted Funds and Development businesses now positioned for the next phase of growth.

Investa is Australia's largest listed owner of office buildings, our Unlisted Funds business manages \$1.2 billion in external funds and our residential and commercial development businesses are now of a scale where non investment activities are poised to contribute to Group earnings in our target range of 15-25%.

We have maintained our focus on the performance of the investment portfolio which delivered 85% of Group earnings, like on like income growth of 2.6% and was complemented by significant leasing success. Despite challenging market conditions this is the fifth consecutive year of like on like income growth from the investment portfolio.

At 30 June 2005 Group gearing stood at 29.9%, a significant reduction on gearing of 36.3% as at 30 June 2004.



## CPG ACQUISITION – BUILDING VALUE

The most significant initiative during the 2005 financial year was the 40% acquisition of CPG. This acquisition provides Investa with 'built form' capabilities through the CPG contract housing business, as well as increasing our existing land bank to 13,072 lots as at 30 June 05.

CPG's exposure in the key NSW market provides Investa with an established presence in one of Australia's largest residential markets. The acquisition also diversified our existing Queensland, Victorian and Western Australian land banks. CPG is a positive cash flow business with only limited speculative development and does not compete in the high-rise apartment market. We expect the business to play a significant role in Investa's future growth.

## STRONG LEASING RESULT

Leasing activity has been extremely strong with over 230,000 square metres being executed, or Heads of Agreement reached, over the past 12 months. This represents over 23% of our portfolio and positions the portfolio strongly into the future. This is an outstanding result in a challenging market and has been achieved by the concerted effort of our Asset and Portfolio teams.

Our flagship office development, Deutsche Bank Place at 126 Phillip Street, Sydney, is on target for practical completion in September 2005, Bain International have already moved into the building on 1 July 2005. We have also received our Stage 2 Development Approval for 33 Bligh Street, Sydney currently known as Kindersley House, and have commenced the process of identifying a significant tenant pre-commitment to allow us to commence the development.

## BUSINESS ACTIVITIES PROVIDING A SOLID FOUNDATION FOR GROWTH

The Unlisted Funds Division has now passed \$1 billion funds under management and is well placed to satisfy the increasing demand from wholesale and retail investors for unlisted exposure to investment grade property and management. Our largest wholesale fund, Investa Commercial Property Fund, raised \$196 million from external investors and we launched the Investa Diversified Office Fund, an open ended syndicate allowing us to access investment funds on a regular basis.

The Commercial Development business has increased its inventory to \$118 million across four assets. These projects will begin to contribute to earnings in late 2005/2006 financial year. With the acquisition of the CPG business, our Residential and Commercial Developments now operate as separate business divisions providing specific focus to facilitate growth.

One of the most challenging tasks in residential development is in obtaining development approvals and we were pleased to announce three in 2005: Riverpoint and Eden's Crossing in Qld and Hillarys in WA. These projects are now positioned to contribute income in the 2005/2006 financial year.


Investa's Corporate Property Services, as part of the Suncorp contract signed in July 2004, assumed project management responsibilities for Suncorp's new Corporate Head Office in Brisbane Square and successfully completed its national real estate strategy.

A particular point of difference for Investa is our Asset Management division, which continues to provide asset and facilities management across the Group. With an emphasis on sustainability, customer relationships and finding solutions for our tenants, our aim to be a landlord of choice is being realised.

In December 2000, when we evolved from Westpac Property Trust we wanted to create a diverse business which could extract maximum value for securityholders from multiple points along the property value chain. During the year we have continued to nurture and grow all of our various businesses and now believe we can deliver on that aim.



400 GEORGE STREET, SYDNEY



## MANAGING DIRECTOR'S REPORT

CONTINUED

### SUSTAINABLE BENEFITS

Our work on sustainability has put us at the forefront of property companies in Australia, and has earned us the number two ranking (in the Real Estate category) by Sustainable Asset Management and inclusion in the Dow Jones World Sustainability Index.

The average Australian Building Greenhouse Rating (ABGR) for properties across our investment portfolio increased from 2.6 in 2004 to 3.3 in 2005. We have also launched the Investa Greenhouse Guarantee which will be used to encourage our tenants to reduce energy consumption thus reducing greenhouse emissions.

Our sustainability policies and practices have had financial benefits for us as well as our tenants, and this will continue as the business world as a whole becomes more aware of sustainability issues. For example, from July 2006 the NSW Government will give preference to existing buildings with a 3.5 star or greater ABGR. With only 20% of office buildings in Australia participating in the ABGR scheme, we are in a strong position. Increasingly, private tenants are making sustainability a major criterion in their consideration of future and even existing accommodation.

### MANAGING RISK

As indicated, we have spent the past twelve months investing in business activities with higher growth potential.

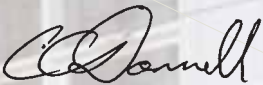
Our aim for the medium term is to target 70 – 80% of our income from our investment portfolio and 5 – 15% of our income from our Unlisted Funds Management business (which has contributed 2% for the 2005 financial year). Both businesses are considered low risk activities.

Development, including residential and commercial, is targeted to contribute 10-20% of our earnings. These earnings are considered to be medium risk because we do not build high rise apartments and only undertake mid-scale commercial developments.

### LOOKING AHEAD

During the past five years we have built a unique platform to generate sustainable earnings and enhance growth prospects for our securityholders. The foundation stones are in place for deliberate, measured growth across our business activities. There will undoubtedly be challenges ahead, but our position in the commercial office market, residential and commercial development activities and our Unlisted Funds division are all well placed to help us achieve our goals.

We reaffirm our forecast of 16.9 cents per security for the 2005/2006 financial year .



CHRIS O'DONNELL  
MANAGING DIRECTOR

## KEY INFORMATION 2005

### Investa Property Group

	2005	2004
Total Assets	\$4.8 billion	\$4.5 billion
Gearing	29.9%	36.3%
Net Tangible Asset Backing	\$1.81	\$1.78
Funds Under Management	\$5.5 billion	\$5.1 billion
Employees	247	190

### Investment Portfolio (weighted by ownership)

35 Commercial office buildings (37 in 2004)	728,000 m <sup>2</sup>	752,000 m <sup>2</sup>
Occupancy Rate	96.6%	96.2%
Average remaining lease term	5.3 years	4.4 years

### Unlisted Funds

#### Syndicates

Collins Property Trust	\$51 million	\$45 million
Investa Brisbane Commercial Trust	\$57 million	\$54 million
Investa North Sydney Property Trust	\$45 million	\$45 million
Investa First Industrial Trust	\$54 million	\$53 million
Investa Second Industrial Trust	\$62 million	\$62 million
Investa Fourth Commercial Trust	\$60 million	\$61 million
Investa Fifth Commercial Trust	\$104 million	\$90 million
Investa Sixth Commercial Trust	\$97 million	\$95 million
Investa Diversified Office Fund	\$156 million	n/a

#### Wholesale Funds Management

Martin Place Wholesale Fund	\$95 million	\$94 million
Investa Commercial Property Fund	\$403 million	\$254 million

### Commercial Development

Project Inventory	\$118 million	\$47 million
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### Residential Development

Project inventory	\$289 million*	\$122 million
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\* includes \$105 million for 40% interest in CPG Australia

### Asset Management

#### Real Estate Licences in New South Wales, Victoria and Queensland

Properties under management	60	60
Net Lettable Area	1,220,000 m <sup>2</sup>	1,220,000 m <sup>2</sup>
Rent Roll	\$525 million pa	\$520 million pa

### Corporate Property Services

Westpac Banking Corporation Contract	✓	✓
Suncorp Metway Contract	✓	-

### ASX Trading Performance 1 July – 30 June

Closing trade price (per security)	\$1.94	\$1.95
12 month high (per security)	\$2.32	\$2.09
12 month low (per security)	\$1.88	\$1.85
Market Capitalisation (30 June)	\$2.9 billion	\$2.8 billion

## SUMMARY OF RESULTS

	2005 \$m	2004 \$m
Net Rental and Investment Income	286.1	282.6
Net Development Income	27.9	28.2
Net Corporate Property Services Income	2.9	2.1
Unlisted Funds Income	7.3	6.6
Asset Management Income	12.1	9.8
Interest Income	2.0	2.3
Investment sales profit	13.7	4.4
<b>Total Income</b>	<b>352.0</b>	<b>336.0</b>
Operating Expenses	39.6	31.2
<b>EBITDA</b>	<b>312.4</b>	<b>304.8</b>
Interest	67.6	78.4
Depreciation and Amortisation	8.7	8.0
Tax	2.2	3.0
<b>Net Profit</b>	<b>233.9</b>	<b>215.4</b>
Transfers from contributed equity	10.5	18.1
Amount available for distribution brought forward	8.7	8.5
<b>Amount available for distribution</b>	<b>253.1</b>	<b>242.0</b>
Amount distributed	243.8	233.3
<b>Amount available for distribution carried forward</b>	<b>9.3</b>	<b>8.7</b>
<b>Distributions to Securityholders</b>		
Distribution per unit	16.40c	15.85c
Dividend per share	0.10c	0.65c
<b>Total amount distributed per security</b>	<b>16.50c</b>	<b>16.50c</b>



420 ST KILDA ROAD, MELBOURNE

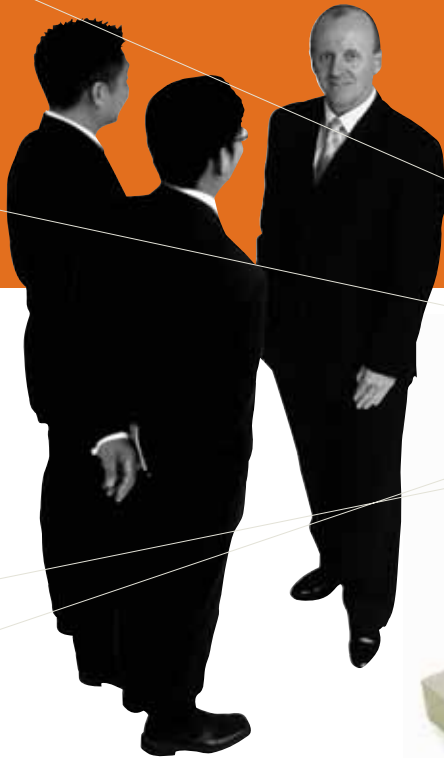


1 MARKET STREET, SYDNEY



50 MCDUGALL STREET, MILTON

## EVOLVING THE VALUE CHAIN



Almost five years since our founding, Investa has established three solid and successful businesses – funds management, property development and investment which are supported by our asset management division.

We do not view these businesses as discrete or separate. All three are interrelated and complementary. This is the key concept behind the Investa Property Value Chain – a strategic approach that continually helps us to identify opportunities for mutual gain.

Simply put, we leverage the value chain to maximise income opportunities. During Investa's establishment phase – a time of developing strategy and identifying opportunity – the value chain helped each division reinforce its own strengths while supporting other divisions.

On a more complex level, as Investa has matured over the past four and a half years, so has the value chain. Rather than a simple linear business model, it has become a more adaptable tool, with every element interlinked to offer us increased integration, diversification and flexibility.

### INTEGRATION

The key aspect of the value chain has always been the integration of the business divisions. Now the integration is even closer, with all divisions operating together to create solutions and opportunities for the mutual benefit of the Group.

One example of this in action is 5 Eden Park Drive, in Sydney. This commercial/industrial asset was planned by the Commercial Development Division, sold to one of the Unlisted Funds syndicates and is now managed by the Asset Management Division. This cooperative approach is also exemplified at 400 George Street, Sydney and our soon to be completed flagship building Deutsche Bank Place at 126 Phillip Street, Sydney.

“It’s the relationships in Investa that give the value chain its real power. The closeness that we foster between individuals, divisions and clients means that we rarely miss an opportunity. It’s a cliché to say that business is all about relationships – but it is. And that’s what the value chain is all about.”

CHRIS O'DONNELL  
MANAGING DIRECTOR

DIVERSIFICATION

FLEXIBILITY

## DIVERSIFICATION

Investa’s business model provides diverse income streams which reduce risk by minimising exposure to any one market cycle ensuring lower volatility and increased stability of earnings.

Our broad range of commercial and residential developments across Australia, reduce risk from a sudden market downturn in a specific geographic location or type of property.

We also benefit from different types of income. Steady low risk rental income is provided by our commercial property leases. Our Unlisted Funds business provides income in two ways – the initial establishment fees and ongoing annuity style management fees. Medium risk development income comes from our contract housing, land subdivisions and mid scale commercial developments.

Our capital sources are also diverse; including ordinary equity, debt sourced from the Australian and US debt capital markets as well as local Australian banks, and asset sales into Investa managed funds and to outside investors.

## FLEXIBILITY

Investa’s diverse income base gives us the flexibility to exploit market cycles for maximum gain. The reduced dependency on any one type of earnings stream provides us with the opportunity to direct capital resources to the most profitable business unit. Alternatively it also allows us the flexibility to plan the flow of revenue from a business until a more profitable time in the market cycle.

At its most basic, this might mean timing business activities to ensure the most beneficial terms, such as restricting sales of residential property in a market downturn which would otherwise erode a valuable land bank for low margins.

## CONCLUSION

With our key divisions solidly founded, and our strategy in place, Investa is now positioned for the next growth phase. We have identified greater potential in the Unlisted Funds Division and will be exploring opportunities for further growth in that area. We will also continue to evolve our value chain and to benefit from the synergies that it offers.

Investa’s unique platform, built over almost five years of operation, is expected to generate sustainable earnings and growth prospects for our securityholders in the years ahead.

## BUSINESS DIVISION REPORTS RESIDENTIAL DEVELOPMENT

2005 was a year of significant acquisition for the Residential Development team. In December 2004, we purchased a 40% interest in CPG for \$105 million. CPG is an integrated residential developer and Australia's third largest homebuilder. The CPG acquisition brought 4,452 residential housing lots to complement the 8,620 lots Investa already held.

"The CPG purchase supports Investa's philosophy of 'derisking through diversification'. Both groups bring value to the table. CPG has its presence in NSW, its built form capability, excellent relationships with its suppliers and subcontractors, and an ability to keep changing with the market. Investa adds its existing landbank and its discipline as a listed group."

DAVID BROMELL  
GENERAL MANAGER  
INVESTA RESIDENTIAL DEVELOPMENTS



Investa has a Call Option and CPG has a Put Option for the remaining 60% of the business, exercisable between July and September 2005. The 100% acquisition price is approximately \$247 million plus debt of \$326 million (\$573 million of assets) plus a potential earn out, capped (in December 2004 dollars) at \$60 million over the next three years. (The final payment will be determined following working capital adjustments from 1 October 2004 through to the date when the Call or Put option is exercised.)

The team also made a significant land acquisition in Henley Brook, WA with 40 hectares purchased for \$12.3 million. The land is adjacent to our existing 61 hectare investment and the combined project will now produce 1,115 lots, an increase of 544 lots.

Development progress continues, with development applications for our 290-unit medium-density Riverpoint site in Brisbane and our 1,600 residential lots at Eden's Crossing (located in the Ipswich growth corridor, southwest of Brisbane) both being approved in June 2005. During the 2005 financial year, our rezoning and development applications for 87 residential lots at Hillary's, WA were approved, with the first 16 lots which form Stage 1 of the development sold in one weekend.

Development activities at Mill Park Lakes in Victoria continue to produce strong sales. At Mill Park North we are currently awaiting approval for a 90-dwelling medium-density town house development.

## SUSTAINABILITY

Sustainability initiatives are incorporated into as many developments as possible.

At the \$166 million Shearwater development, on Sydney's northern beaches, each of the 180 dwellings will have its own rainwater tank to supply water for washing machines, toilets and the garden.

At Newthorpe, Sydney, a former quarry and brickworks will be transformed into a mixed community-style development of



SHEARWATER DEVELOPMENT

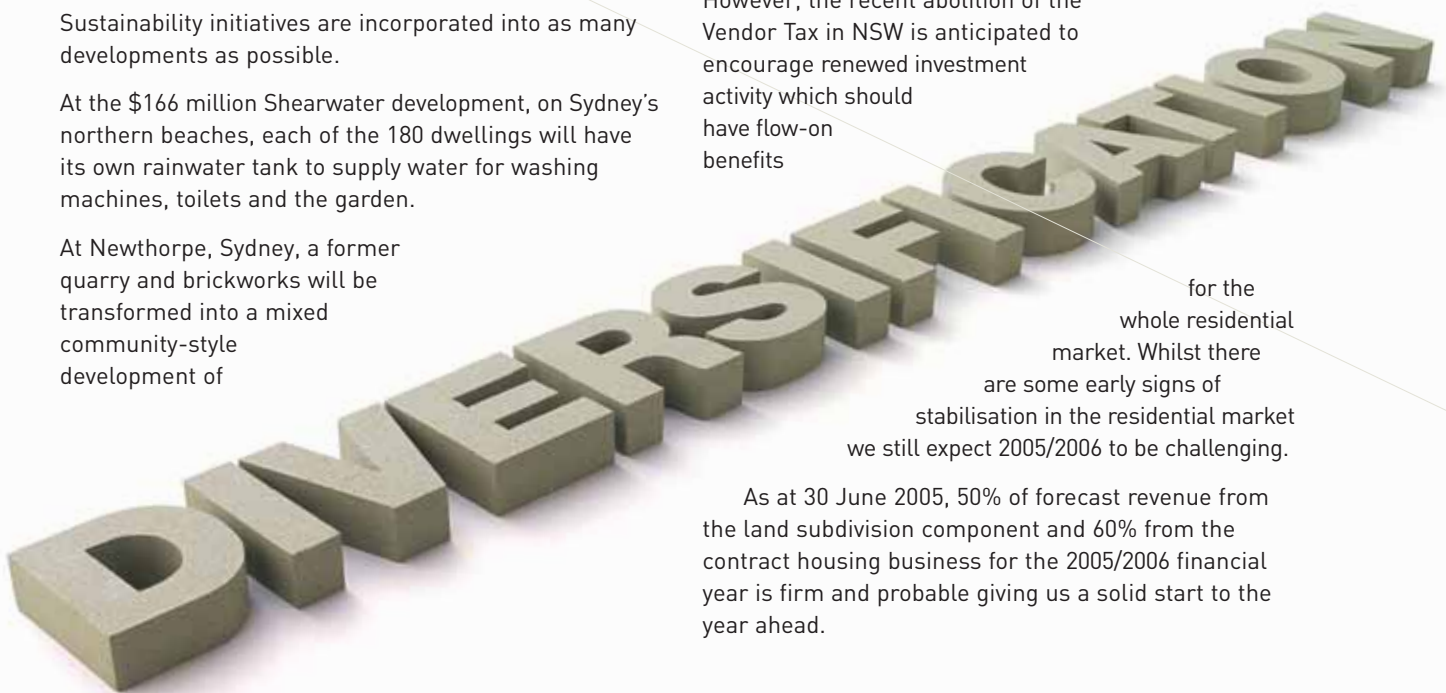
252 detached homes in a \$116 million joint venture with Austral Bricks, owner of the 14.7 hectare site. The centrepiece will be a heritage precinct consisting of restored buildings and 3.5 hectares of public open space and parks.

## OUTLOOK

Market conditions have been challenging over the past year and this has affected NSW in particular. However, the recent abolition of the Vendor Tax in NSW is anticipated to encourage renewed investment activity which should have flow-on benefits

for the whole residential market. Whilst there are some early signs of stabilisation in the residential market we still expect 2005/2006 to be challenging.

As at 30 June 2005, 50% of forecast revenue from the land subdivision component and 60% from the contract housing business for the 2005/2006 financial year is firm and probable giving us a solid start to the year ahead.



## BUSINESS DIVISION REPORTS COMMERCIAL DEVELOPMENT

The acquisition of CPG in December 2004 led to the restructure of Investa's Development division into two separate divisions: Residential Development and Commercial Development.

The Commercial Development team, with Investa Managing Director Chris O'Donnell as Acting Head, made a number of land purchases during the year.

- 194 hectares of industrial land at Deer Park, Melbourne for \$35.2 million in September 2004. The land is close to the Western Ring Road which provides easy access to the airport, port and the Hume Highway.
- 21 hectares of industrial land at Deception Bay, Queensland, for \$4.6 million. This site is located north of Brisbane in the rapidly growing Sunshine Coast region.

- 26 hectares of industrial land at Eastern Creek, Sydney for \$38 million in March 2005. The land is close to the M4 and M7 transport interchange, providing good access to Sydney's ring road systems.

These purchases bring the total inventory for our Commercial Development business to \$118 million dollars as at 30 June 2005 providing a significant project pipeline with profit contribution to commence late in 2005/2006 financial year .

“With the increased investor interest in property investment, the challenge is to continually identify, secure and develop an end product that will satisfy investor demand. We identify the development opportunity, package it for consideration by our unlisted funds or external investors, receive a profit on sale and provide ongoing asset management services. It's a valuable cycle, sustainable in every sense, and demonstrates the validity of the property value chain.”

CHRIS O' DONNELL  
MANAGING DIRECTOR

ACTING GENERAL MANAGER, COMMERCIAL DEVELOPMENT

Left to right: Nathan Reiche,  
Duncan Peacocke, Michael Lochtenberg,  
David Upton.

## LEVERAGING THE VALUE CHAIN: EDEN PARK

Investa's mixed use high-tech manufacturing and office development on the Eden Park estate at North Ryde, Sydney exemplifies Investa's 'Property Value Chain' model, where several business divisions are involved in a project for maximum benefit.

In particular, the Commercial Development team planned and obtained approvals for the 5 Eden Park development. After obtaining a 50-percent leasing pre-commitment from Contract Pharmaceutical Services of Australia (CPSA), the project was on-sold to the Investa Sixth Commercial Trust, a syndicate managed by Investa's Unlisted Funds Division. The sale package included the sale of land and entering into a development agreement whereby the development company managed the delivery of the design and construction and provided a 2 year rental guarantee over the remaining space.

The Commercial and Asset Management Divisions assisted the syndicate in leasing the office space. The complex was completed in December 2004, and was fully leased by 30 June 2005.

Unlisted Funds also own the RydeCorp and Fujitsu buildings on the same estate. With a further 35,000 square metres of net lettable area yet to be built on the estate there will be more opportunities for Investa's business divisions to work together to deliver a positive outcome.

Eden Park was acquired with the Silverton portfolio from AXA Pacific in 2001. Other properties from the same portfolio continue to be developed, including the \$55 million Lorimer Street, Port Melbourne development and the \$50 million Turner Street,



5 EDEN PARK DRIVE, MACQUARIE PARK

Port Melbourne industrial project in which 17 of 32 lots in stage 3 have been contracted and one leased with stages 4 and 5 to be completed in 2006 and 2007.

## OUTLOOK

The Commercial Development division is now of a scale where it can make meaningful earnings contributions to the overall Group. The Division has a separate Board and is sufficiently resourced to deliver on the opportunities within the portfolio. Post reporting date we also acquired a commercial office building at 10 Help Street, Chatswood which we intend to refurbish, strata title and on-sell to private investors.

## SUMMARY OF CURRENT COMMERCIAL DEVELOPMENT PROJECTS

Project	Status	Description
Turn 4, Eastern Creek Sydney	Pending DA Approval	Office/warehouse development
6 Eden Park Drive, North Ryde	DA approved	Office development
7 Eden Park Drive, North Ryde	DA submitted	Office development
3 & 4 Eden Park Drive, North Ryde	In planning	Office development
880 Lorimer Street, Port Melbourne	Lot 1 development nearing completion	Subdivision for office/warehouse development
Port.IT Turner Street, Port Melbourne	Stage 1, 2 & 3 completed, stage 4 in planning	Strata titled office and office/warehouse units
Mill Park Commercial, Mill Park	On market land sale	Currently in negotiations with purchasers
Paramount Industrial Estate, Deer Park	Release 1 Planning approved	Industrial subdivision
Baylink, Deception Bay	In planning	Light industrial subdivision
10 Help Street, Chatswood	Pending DA Approval	Strata titled office development

**BUSINESS DIVISION REPORTS**  
**ASSET MANAGEMENT**

Assets under management remain at 60 properties and are valued at over \$4.7 billion, up only slightly on the previous year. This period of relative stability provided the opportunity to revisit and strengthen operating systems and recognise the resounding benefits being generated from having our own people working at the coal face. This includes asset, property and facilities management together with onsite building supervision.

Investa controls 19.4% of the Sydney Premium and A Grade commercial office market by area and 13% of the national Premium and A Grade commercial office market delivering the opportunity to provide national accommodation solutions to our customers.

Backed with the strength of this platform we have continued to deliver upon our safety and environmental targets. For the third year running, we have achieved a 5-star health and safety management rating from the National Safety Council of



Left to right: Brad Robbins, David Stabback, Grant Nichols, Emlyn Keane, Sophie Pullan, Jason Leong.

Australia. We also continued to increase the average Australian Building Greenhouse Rating for properties across our portfolio from 2.6 stars in 2004 to 3.3 in 2005, together with delivering upon the broader range of environmental targets as set out in the 2003 Sustainability Report.

In building this management platform, the strategic focus has been to demonstrate a commitment to servicing our customers which is unparalleled among our peers. The foundations of this lie in the strength, confidence and trust in our relationships with our customers, our demonstrated approach to responsible operational management, and the range of services offered to assist our customers.

In continuing to provide a range of operationally focused property services to the Group, 2005 saw the introduction of project management capabilities as a supplement to our in-house services.

Among the services introduced during the year were Property Solutions, the Investa Greenhouse Guarantee, and Green Power Supply together with the introduction of the Green Lease as our precedent lease.

Property Solutions is a service available to our tenants focusing on accommodation strategies and the more effective use of the workspaces to reflect the cultural and functional aspirations of an organisation. Suited to larger organisations, this service recognises that considerable value can be unlocked through a property strategy which is formed from supporting flexibility in the delivery of a business strategy.

Investa Greenhouse Guarantee is a service which guarantees the reduction of the amount of energy consumed by a tenant through the incorporation of a range of energy management devices. Under the Guarantee the tenant prescribes a rate of return and payback period having regard to the remaining term of lease or a desired Australian Building Greenhouse Star Rating sought for the tenancy.

Green Power (power generated from renewable resources) is made available to tenants wishing to reduce the environmental footprint of their operations by drawing Green Power from Investa's existing facilities. This is a relatively simple process where the tenant receives a notice of the accredited power allocated to the tenancy.

The Investa Green Lease was adopted at the end of the year, setting out the mutual environmental objectives held between landlord and tenant. Issues included range from undertaking or improving base building ABGR ratings, indoor air quality testing, supporting recycling and other initiatives and prescribing low emission finishes and furnishings in fitouts.

## OUTLOOK

The consistency of our service coupled with our market share provides significant value to the Group, not just through buying power, but also through the national relationships that are emerging with a number of tenants as a direct response to our focus on relational management.

**"Our aim is to be a business partner, working from a philosophy of relational management to find solutions for our tenants in response to their changing business needs. This aim is beginning to be realised, with Investa being increasingly appreciated as a 'landlord of choice' amongst our customers and prospective customers because of what we do."**

**ANDREW JUNOR  
GENERAL MANAGER  
ASSET MANAGEMENT**

## BUSINESS DIVISION REPORTS CORPORATE PROPERTY SERVICES

Corporate Property Services has now completed the first year of a five-year agreement to manage the property portfolio of Suncorp-Metway Limited.

Since the team took over the day-to-day management of Suncorp's property portfolio in July 2004 a number of milestones and performance benchmarks have been achieved. The budget has been delivered and Suncorp's board has adopted our recommended national real estate strategy. We have also commenced the project management of the \$35 million fit-out of Suncorp's main administration centre at Brisbane Square.

"Our service goes well beyond conventional notions of facilities management. We are much more part of the client decision-making process, helping them formulate and optimise their asset strategy."

PETER BOLTON-HALL  
GENERAL MANAGER  
CORPORATE PROPERTY SERVICES



60 MARTIN PLACE, SYDNEY



For Westpac we completed a major asset sales program to a total value of \$70 million and the project management of over \$50 million of projects across the retail network. As a result of exceeding Key Performance Indicators, Westpac paid a performance bonus for 2005.

Strategically we continued to develop our Group Property Advisory and Solutions capabilities. This is offered either as part of our outsourcing services, or as a standalone service.

### **DIVISION INTEGRATION**

Another important aspect of our work in 2005 has been integrating the Corporate Property Services business with that of other divisions to provide benefits both to Investa and our clients.

Our team is working in partnership with construction contractor Bovis Lend Lease to project manage the fitout of Investa's office space at 126 Phillip Street, Sydney owned by our Investment Portfolio.

Left to right: Greg Mansfield, Dina Sotiralis, Kimberly Wills, Paul Cull, Rosemary Lembke.

# BUSINESS DIVISION REPORTS

## INVESTMENT PORTFOLIO

With the Delta Office Fund (previously the Principal Office Fund) now fully integrated, the Investment Portfolio team delivered its fifth year of consistent income growth, with like-on-like income increasing by 2.6%. The team delivered a 2.6% increase on post-amortised net operating income, bringing it to a total of \$269.5 million.

*“We pride ourselves with keeping in close touch with the market. Where we differ from our rivals is that we keep our relationships in house. A lot of fund managers don’t talk to their tenants, but we take every opportunity to sit in front of a tenant and we know our customers appreciate talking directly with the owner of the building.”*

CAMPBELL HANAN AND MICHAEL COOK  
PORTFOLIO MANAGERS



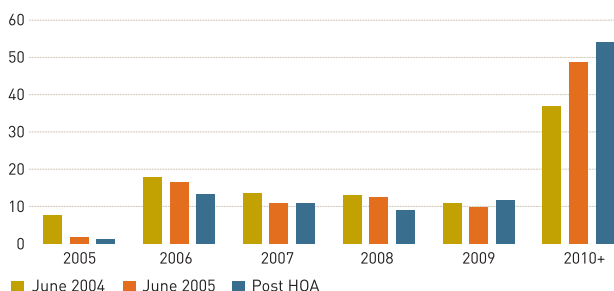
Left to right: Michael Roumanos, Terry Lean, Daniell Bryan, David Breden, Isak Koltser, Kerry Wade.



## LEASING UPDATE

Our Asset Management team completed 142 leasing deals, totalling 131,000 m<sup>2</sup> (13.3% of portfolio by area), plus Heads of Agreement reached on a further 37 leasing deals of over 102,000 m<sup>2</sup> (10.3% of portfolio by area).

### LEASE EXPIRY PROFILE (BY INCOME)



As a result of leasing activity, occupancy increased by 0.4% to 96.6% and the lease expiry profile for the financial years 2006 – 2008 has been reduced from 45.2% in June 2004 to 29.2% in June 2005. The average weighted lease expiry period has increased from 4.4 years to 5.3 years and tenant retention stands at 83%.

## PROPERTY UPDATE

Our flagship property development at 126 Phillip Street, Sydney, will complete on time in September 2005. Over 95% of space in the building is now pre-committed (including Heads of Agreement).

Our other project in Sydney's CBD, the redevelopment of the 22,300m<sup>2</sup> Kindersley House at 33 Bligh Street, has achieved Stage 2 Development Approval. Pre-commitment opportunities with potential tenants are being pursued.

In both Brisbane and Melbourne we have met the growth objectives of existing tenants in increasing the size of their businesses. We have been able to offer Citibank a 40% increase in leased space in Melbourne.

We have provided a similar service to Worley Parsons in Perth, which started in QV1 in 1994 with less than 1,000 square metres of leased space and has now expanded to 8,800 square metres. The Department of Employment and Workplace Relations also occupied a small floorspace in an Investa building in Canberra, but has now leased space across five Investa buildings in Canberra and other state capitals.

## PORTFOLIO VALUATION AND SALES

The value of our portfolio increased from \$3.4 billion to \$3.5 billion (this includes 126 Phillip Street, Sydney at book value). 24 assets were revalued, with a gain of \$109 million.

A profit of \$12.2 million was achieved by the sale of 64 Northbourne Avenue, Canberra and partial interests in Centennial Plaza, Sydney, 310 Pitt Street, Sydney, 400 George Street, Sydney and the Maritime Trade Tower, Kent Street, Sydney.

## OUTLOOK

Investa controls 19.4% by area of Sydney's premium and A-grade commercial office market. The Sydney market is tightly held, and with few new development opportunities, Investa is well positioned with its existing portfolio to meet demand and benefit from firming yields. The situation is similar in Brisbane, however Melbourne is likely to be more challenging with several new buildings coming on stream over the next few years impacting vacancy in that market.

### MAJOR LEASES EXECUTED OVER THE PAST 12 MONTHS

Property	Tenant	Area (m <sup>2</sup> )	Lease expiry date
126 Phillip St	Allens Arthur Robinson	13,228.5	30/06/2019
Centennial Plaza C	Commonwealth Govt - DIMIA	6,506.0	31/03/2012
55 Market St	St George Bank Limited	4,993.3	30/06/2015
Centennial Plaza B	Commonwealth Govt - ACC	3,909.6	31/05/2015
Grosvenor Place	Deutsche	3,832.0	31/03/2009
469 La Trobe St	Telstra	3,236.0	31/08/2010
64 Northbourne Ave	Commonwealth Govt - DEWR	3,206.0	31/01/2011
Kings Row Stages 3 & 4	John Wiley & Sons	2,967.0	14/07/2020
126 Phillip St	Investa Property Group	2,880.0	31/12/2017
Kings Row Stages 3 & 4	Suncorp	2,832.0	28/03/2015
441 St Kilda Rd	Kellogg Brown & Root	2,800.0	30/06/2011
64 Northbourne Ave	United KFPW	2,557.0	31/07/2009

## BUSINESS DIVISION REPORTS

### UNLISTED FUNDS

“Investor demand for property investment is high. The challenge is to be able to match this demand with access to good properties. Working in conjunction with other Investa divisions puts us in a position to find product ahead of our competitors.”

**BILL GROUNDS**  
GENERAL MANAGER UNLISTED FUNDS

In the last year the Unlisted Funds Division increased Funds Under Management (FUM) by 39% or \$331 million, to \$1.2 billion and the team delivered an increase in profit contribution of 15.7%.

#### INSTITUTIONAL FUNDS

Our flagship wholesale fund, Investa Commercial Property Fund (ICPF), achieved 59% growth in FUM and the number of investors in our two wholesale funds doubled from eight to sixteen.

Prudential Australia Property Trust invested \$37 million in ICPF last September as part of a net capital inflow of \$121 million during 2005. Prudential has also committed another \$13 million to take its commitment to \$50 million.

Demand for quality commercial property continues and ICPF is well positioned to capture this growth.



## SYNDICATE FUNDS

The retail syndicates also had a good year in the financial year 2004/2005, with the launch in April 2005 of the \$156 million Investa Diversified Office Fund (IDOF). The fund includes interests in 50% of the Telstra building at 310 Pitt St, Sydney, 20% of Centennial Plaza near Sydney's Central Station and 100% of 64 Northbourne Ave, Canberra. IDOF is structured as an open-ended fund with the capacity to purchase additional assets and provide an ongoing income stream to its investors.

## VALUE CHAIN BENEFITS

The Unlisted Funds Division is one of the key links in Investa's value chain. By purchasing properties owned by Investa's Development or Investment Divisions, Unlisted Funds offers capital flow for the wider group to pursue opportunities elsewhere. Alternatively it can partner with Investa for mutually beneficial acquisitions and developments.

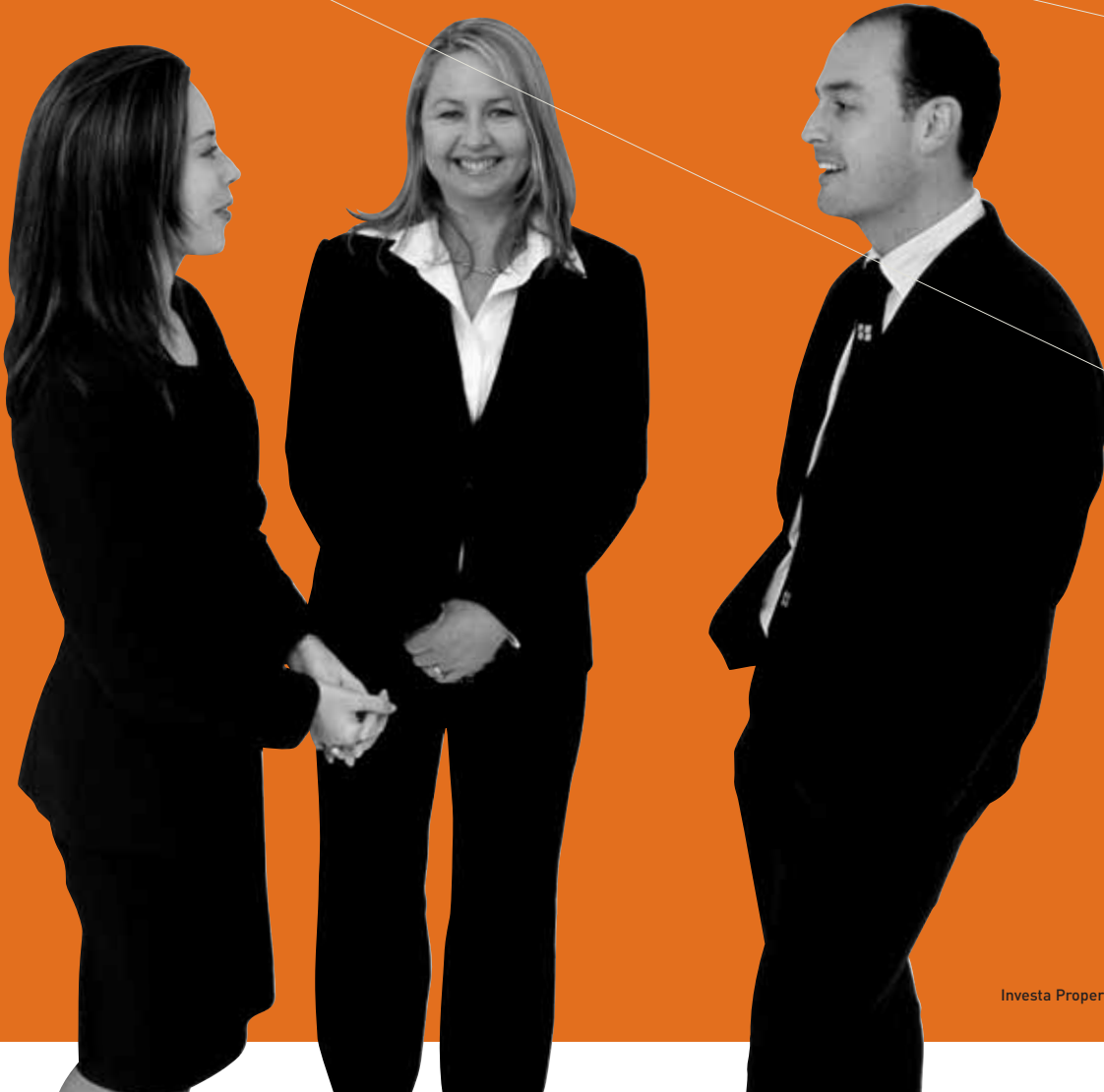
The strategy also benefits investors, offering access to high quality properties with an average yield of 7.25% across the two wholesale funds and the retail syndicates yielding up to 11%.

One example of this is 5 Eden Park Drive in Sydney's North Ryde. The development was originally planned and approvals obtained by Investa's Commercial Development Division. After obtaining a 50 per cent pre-commitment it was sold to one of Investa's nine retail syndicates. The development is now fully leased with the Department of Employment and Workplace Relations taking the remaining office space.

## OUTLOOK

The Unlisted Funds team is experiencing strong demand for wholesale core and value add products and expects continuing inflow growth in the business in 2006.

The retail syndicates are also well placed for continued investment. The team anticipates launching another syndicate in the 2006 financial year to satisfy increasing appetite for quality, professionally managed property funds.



## FINANCE AND CAPITAL MANAGEMENT

“The objective of the Finance team is that our first priority is to add value and work with the business divisions. To do this we must know the business and understand the drivers, helping to direct better outcomes.”

GRAHAM MONK  
CHIEF FINANCIAL OFFICER

Debt reduction was a continued focus throughout financial year 2004/2005. Following a spike in the gearing as a consequence of the acquisition of the Delta Office Fund (formerly Principal Office Fund) in 2003, gearing in the form of debt to total assets has been reduced to 29.9 percent. This has been achieved through the operation of the distribution reinvestment plan and selling assets as part of the ongoing strategy of redeploying capital to higher return activities.

A major restructuring of Investa's \$1,445 million of debt was also implemented over the past year. The Finance team simplified the structure by moving most debt to unsecured facilities which have common terms and conditions. In addition, the sources of debt have been diversified, including the raising of \$325 million with a



private placement in the US debt market and a \$175 million issue of domestic bonds. These issues of debt also achieved a significant lengthening of the debt profile while not adding to interest costs.

The Finance team was closely involved in the December 2004 acquisition of CPG. The team carried out an assessment of the transaction from a financial perspective and when this proved positive it supported the due diligence and contract negotiation process.

Investa's credit rating was confirmed at its investment grade of BBB+ (Stable) by Standard & Poor's following the announcement of the CPG acquisition.

### IFRS CHALLENGE

Investa is about to enter the International Financial Reporting Standard (IFRS) regime and will report its December 2005 half year results adopting these new accounting standards.

This will result in different accounting treatments of fitout contributions, property valuations, valuations of financial instruments and a number of other transactions. This will deliver increased earnings volatility with the estimated impact being detailed in the Notes to the Financial Accounts. However, importantly the adoption of IFRS will not impact strategy, cash flows or distribution capacity.

# SUPPORT

### OTHER 2005 INITIATIVES

The finance team will reinforce the interconnectivity between Investa and CPG systems and continue improving communications between the Investa Group divisions and their customers through web-based applications.

### OUTLOOK

The key priorities for the Finance team in 2006 are the refinancing of the debt to be assumed as part of the acquisition of the remainder of CPG, and refinancing \$613 million of bonds maturing in November 2006. A head start has been made on this task in August 2005, with the issuance of \$250 million in seven year bonds.



Left to right: Michael Royle, Ming Long, Alex Mitchell, Michelle Dance, Zoe Wise, CK Tang.

# SUSTAINABILITY

## INVESTA'S SUSTAINABILITY POLICY

Investa Property Group is committed to the long term integration of sustainability practices throughout the organisation for the purpose of enhancing securityholder value.

Sustainability includes adopting strategies, embracing opportunities and managing risks from the recognition of environmental, social and economic responsibilities and trends. These practices are undertaken in the belief that Investa's capacity to generate securityholder value will be enhanced by embracing such practices. The integration of these practices must be formulated in a manner which is specific, accountable and enduring as part of the business platform.

Supporting the outcome of enhancing securityholder value, sustainability practices are underpinned by the following themes:

- Fostering innovation
- Improving identification and management of risks
- Elevating recognition of changes in the business environment
- Enhancing reputation and engendering trust and confidence with those with whom we deal
- Strengthening employee alignment and motivation
- Reinforcing access to capital through greater disclosure

## OVERVIEW

Our vision for sustainability is as a value creator for our securityholders. It provides a framework through which our risk, operational and relational management practices are enhanced for the benefit of our securityholders and much broader group of stakeholders.

We have linked sustainability "actions" to the economic drivers of our business and recognise that this represents one of the keys to unlock economic value. For example, these actions include demonstrating both an environmental and relational management approach with our tenants to maximise occupancy rates in our investment portfolio and accessing Socially Responsible Investment capital streams by differentiating our investment product on offer.

By focussing on the value drivers within each business securityholder value is advanced.

It has been this foundation of considering sustainability as a value driver that has seen Investa achieve so much in a short period of time and earning us the position as a sustainability leader in our sector nationally and internationally.

This is a summary of our 3rd Sustainability Report for Investa Property Group; the full report being available on the website or on request.

## RECOGNITION: 2004-05

- Ranked 2nd in the world (Dow Jones Sustainability Index) in 2005 among international Real Estate Investment organisations
- FMA 2005 Award for Environmental Excellence in Facilities Management
- Ethical Investor Sustainable Company of the Year Award in November 2004
- Ethical Investor Sustainability Awards – The Merit Award for Environment in November 2004
- Selected as a finalist for the 2005 Banksia Award in "Business Environmental Responsibility and Leadership"
- DEUS 2004 Green Globe Awards, the Australian Building Green Ratings Corporate Leadership Award





Left to right: Kevin Dickinson,  
Craig Roussac, David Rainer

# SUSTAINABILITY

## CONTINUED

### COMMITMENT TO SUSTAINABILITY

Engaging in sustainability practices makes good business sense. The platform provides a framework for focussing on and enhancing good business practice which in turn contribute to securityholder value.

Organisations that demonstrate environmental and social responsibility make more desirable business partners, suppliers and investments. We therefore consider that being a responsible corporate citizen is in the best interest of our securityholders.

The Group has demonstrated an enviable record in the adoption of sustainability practices across its business. We are now placed among the top two real estate groups in the world in so far as our sustainability performance. This has been achieved through the collective will of the Board and employees in determining new applications and innovations.

### FOSTERING INNOVATION

Encouraging innovation is a key part of the platform and during 2005 we rolled out many.

Investa was the first Australian property company to become an accredited abatement certificate provider under the NSW Greenhouse Gas Abatement Scheme (NGACS) and use the Australian Building Greenhouse Rating Scheme (ABGR) to receive Greenhouse Abatement Certificates from energy performance gains from our office buildings. Under this New South Wales based scheme over \$100,000 worth of NGACS were created which are available to be sold.

As another first the Investa Greenhouse Guarantee (IGG) was launched to provide tenants a guaranteed reduction in energy consumption for their tenancies. Through implementing better energy management practices and

equipment the investment cost and payback periods are guaranteed for the tenant.

A "Green Power" facility has been established through which tenants can acquire electricity generated from renewable sources. This system allows tenants and owners to choose to improve their environmental footprint by reducing emissions associated from their operations.

To reduce the significant volume in our portfolio of water used by office buildings, over 1,200 urinals have been converted to a waterless system. The reduction in water use arising from this initiative is reducing water consumption by over 500,000 litres per day, over two 50 metre pools per week. We are pleased that through our actions broader market adoption of this initiative has become wide spread.

### MANAGING RESOURCES

Progress towards achieving the energy waste and water targets described in the 2004 Sustainability Report are well underway. These targets were set to be achieved by 2006 and we are already well advanced to surpassing the water and electricity targets.

We are committed to publicly disclosing targets for the ongoing development of our sustainability programme, and the targets are tough. We are not aware of any other property group that has disclosed targets for resource consumption, and we are proud of what we have achieved in meeting some of those targets ahead of time.

We have also included an Assurance Statement in respect to our 2004/05 results. This has been an important addition to reinforcing the rigour with which data has been captured and necessitated the formulation of tight protocols in validating data to deal with circumstances of changes in occupancy rates, refurbishment and disposals. We have also moved to a March year end for the data in order that only actual results are used rather than relying on an estimate for the final month of the year, as was the case last year.

The following table provides our progress report on how we are performing against these targets.

### 2006 REDUCTION TARGETS (AGAINST 2003 BASE YEAR PARTICIPATING SITES)

Area	Target	Achieved to March 2005
Electricity	15% reduction in usage by June 2006	15.4%
Water	25% reduction in consumption by June 2006	26.9%
Waste recovery	50% diverted from landfill	Indeterminable
	Paper/Cardboard for Recycling	1,019 tonnes (up from 381 tonnes)
Aggregate Emissions	30,000 tonnes saved over 3 years to June 2006	22,351 tonnes
ABGR Rating	Average 3.0 stars by June 2005	3.3 stars





50 ANN STREET, BRISBANE

## IMPROVING RISK MANAGEMENT

We have once again achieved a 5-Star occupational health and safety rating from the National Safety Council of Australia across 26 buildings. Based on a 1,200 point audit criteria of on-site management practices, we increased our overall score from 94.1% last year to 94.9% this year. For the second year running there were no lost time injuries on those assets.

Having introduced a screening of suppliers on sustainability criteria in 2004 a further 195 questionnaires have been completed. The questionnaire covers areas such as Occupational Health and Safety and Environmental Management Systems, training and materials selection.

## CORPORATE SOCIAL RESPONSIBILITY

Investa is a platinum sponsor of the Property Industry Foundation and a keen supporter of its activities. Among its programs in 2005 the Group facilitated staff participation in National Hard Hat Day, a scheme where

staff contribute an hour of their pay to programs benefiting youth at risk.

This program is additional to the Community Activity Program initiated for staff and detailed in the people section of this report.

Investa is also a supporter and sponsor of the Cure Cancer Australia Foundation and the NSW Cancer Council.

## FURTHER INFORMATION

The complete 2005 Sustainability Report is available at [www.investa.com.au](http://www.investa.com.au) or can be obtained by contacting us on 02 8226 9300.

For further information on our programme or to provide feedback please email us at [feedback@investa.com.au](mailto:feedback@investa.com.au) or contact Andrew Junor, General Manager, Asset Management on the above number.

## INVESTMENT PORTFOLIO SUMMARY

Property	Date purchased	Independent valuation of property (\$'000)	Valuation date/Cap rate (%)	IRR/Terminal yield (%)	Current vacancy as at Jun 05 (m <sup>2</sup> )	Net Lettable Area (m <sup>2</sup> )/Car spaces
<b>NEW SOUTH WALES</b>						
Deutsche Bank Place – 126 Phillip Street, Sydney	Dec-96	394,483 <sup>1</sup>	n/a n/a	n/a n/a	3,441	42,950 78
Grosvenor Place – 225 George Street, Sydney <sup>2</sup>	May-88	234,600	Sep-04 6.75	9.50 7.25	4,369	85,781 566
400 George Street, Sydney <sup>2</sup>	Oct-99	226,050	Jun-05 7.20	9.00 7.50	Nil	51,191 93
Maritime Trade Tower - 201 Kent Street, Sydney <sup>2</sup>	Dec-00	69,000	Jun-05 7.75	9.25 8.25	525	40,179 269
BT Tower – 1 Market Street, Sydney <sup>2</sup>	Jan-96	106,750	Dec-04 7.25	9.50 7.50	2,268	29,726 666
60 Martin Place, Sydney <sup>2</sup>	Nov-99	95,000	Mar-05 7.25	9.50 7.25	Nil	27,999 82
255 Elizabeth Street, Sydney	Sep-94	152,000	Jun-03 7.50	10.00 7.75	7,732	28,451 148
55 Market Street, Sydney	Jul-98	142,000	Jun-05 7.10	9.00 7.50	Nil	22,908 49
310 Pitt Street, Sydney <sup>2</sup>	Nov-02	66,375	Jun-05 7.20	9.00 7.45	Nil	29,159 -
St Martins Tower – 31 Market Street, Sydney	Sep-00	125,000	Dec-03 8.00	10.25 8.50	972	25,030 169
231 Elizabeth Street, Sydney <sup>2</sup>	Aug-02	60,500	Dec-04 7.50	9.50 7.50	Nil	23,269 80
Centennial Plaza C – 300 Elizabeth Street, Sydney <sup>2</sup>	Sep-00	80,000	Mar-05 7.75	9.50 8.00	107	21,651 171
80 Pacific Highway, North Sydney <sup>2</sup>	May-01	44,000	Dec-03 7.50	9.50 7.75	Nil	13,696 90
73 Miller Street, North Sydney	Jun-97	87,000	Dec-04 7.50	9.25 7.50	303	14,666 159
Centennial Plaza B – 280 Elizabeth Street, Sydney <sup>2</sup>	Sep-00	60,800	Mar-05 7.75	9.50 8.00	370	18,059 190
The Octagon – 110 George Street, Parramatta	Oct-97	69,400	Jun-05 8.75	9.75 9.25	641	20,976 347
Centennial Plaza A – 260 Elizabeth Street, Sydney <sup>2</sup>	Sep-00	50,000	Mar-05 7.75	9.50 8.00	Nil	14,217 65
Kindersley House – 33 Bligh Street, Sydney	Dec-01	60,000	Dec-03 7.00	10.00 7.50	1,032	18,278 42
50–60 Talavera Road, North Ryde	Nov-99	32,000	Jun-03 8.50	10.45 8.75	Nil	11,323 128

Property	Date purchased	Independent valuation of property (\$'000)	Valuation date/Cap rate (%)	IRR/Terminal yield (%)	Current vacancy as at Jun 05 (m <sup>2</sup> )	Net Lettable Area (m <sup>2</sup> )/ Car spaces
<b>VICTORIA</b>						
120 Collins Street, Melbourne	Jan-94	320,000	Dec-03 6.75	9.75 7.50	458	63,381 319
242 Exhibition Street, Melbourne	Aug-02	282,500	Dec-04 7.25	8.25 7.50	126	65,525 346
485 LaTrobe Street, Melbourne	Sep-98	110,000	Jun-05 8.00	9.00 8.25	Nil	34,045 208
209 Kingsway , South Melbourne <sup>2</sup>	Jan-02	52,500	Dec-04 7.75	9.50 8.00	Nil	24,420 750
469 LaTrobe Street, Melbourne	Jul-88	54,500	Jun-05 8.25	9.00 8.50	Nil	19,830 47
589 Collins Street, Melbourne <sup>2</sup>	Feb-03	33,000	Jun-05 7.75	8.50 9.50	2,355	31,709 156
441 St Kilda Road, Melbourne	Oct-03	45,000	Oct-03 8.50	9.75 9.50	1,539	16,021 343
Customs House – 414 La Trobe Street, Melbourne	Jul-97	44,800	Jun-03 8.50	9.50 9.00	Nil	14,322 88
420 St Kilda Road, Melbourne	Dec-86	29,000	Jun-05 9.00	10.00 9.50	551	10,558 135
<b>QUEENSLAND</b>						
State Law Building – 50 Ann Street, Brisbane	Dec-02	87,000	Jun-05 7.50	9.50 7.75	Nil	25,519 119
Cathedral Square – 410 Ann Street, Brisbane	Nov-87	62,500	Dec-03 9.00	10.50 9.50	Nil	20,509 693
Kings Row Office Park – 50 McDougall Street, Milton <sup>2</sup>	Dec-02	30,700	Sep-04 8.75	10.22 9.00	254	20,710 417
<b>WESTERN AUSTRALIA</b>						
QV1 – 250 St Georges Terrace, Perth <sup>2</sup>	Dec-98	159,000	Jun-04 7.25	9.50 7.50	200	63,055 1072
109 St Georges Terrace, Perth	Nov-99	31,100	Jun-05 8.00	10.00 8.25	3,617	14,041 79
<b>AUSTRALIAN CAPITAL TERRITORY</b>						
Penrhyn House - Bowes Street, Woden, Canberra <sup>2</sup>	Dec-02	19,300	Sep-02 9.25	10.75 9.50	Nil	12,675 131
62 Northbourne Avenue, Canberra	Feb-88	26,200	Jun-05 8.75	10.00 9.25	Nil	9,964 110
<b>TOTAL PORTFOLIO</b>		<b>3,542,058</b>			<b>30,860 3.1</b>	<b>985,793<sup>3</sup> 8,576</b>

<sup>1</sup> Property being held at book value – to be independently valued on practical completion

<sup>2</sup> Partial equity interest – refer to 'Investment Portfolio Details' pages for ownership percentages

<sup>3</sup> Weighted Area = 727,582m<sup>2</sup>

## INVESTMENT PORTFOLIO DETAILS

### NEW SOUTH WALES



**DEUTSCHE BANK PLACE**  
126 PHILLIP STREET, SYDNEY

Due for completion in September 2005. A 34 storey premium office tower, comprising 30 floors of office accommodation, 4 storey lobby, ground floor retail and 1 level of basement car parking. Featuring a side core with 1440m<sup>2</sup> column-free floor plates and expansive views over Sydney's Botanic Gardens and Harbour, the building is undoubtedly one of Sydney's best.

**Grade**  
Premium

**Net Lettable Area**  
42,965 m<sup>2</sup> (Office  
42,235 m<sup>2</sup>/Retail 730 m<sup>2</sup>)

**Car spaces**  
78

**Acquisition date**  
Dec 1996

**Valuation/Date**  
n/a

**Book valuation/Date**  
\$394.48m/30 June 2005

**Valuation details**

Cap rate	n/a
Discount rate	n/a
Terminal yield	n/a

**Vacancy**  
7.8%

**Major tenants**  
Allens Arthur Robinson  
Deutsche Bank  
Ebsworth & Ebsworth  
Investa Property Group



**GROSVENOR PLACE**  
225 GEORGE STREET, SYDNEY

Grosvenor Place is a premium office building comprising a 44 level office tower, three storey lobby, five levels of basement car parking, a retail plaza and several historic buildings. The property is located in the Sydney CBD core, near Circular Quay.

**Grade**  
Premium

**Net Lettable Area**  
85,781 m<sup>2</sup> (Office  
84,015 m<sup>2</sup>/Retail 1,766 m<sup>2</sup>)

**Car spaces**  
566

**Acquisition date**  
May 1988

**Valuation/Date**  
\$782.0m/30 September 2004

**Book valuation\*/Date**  
\$236.88m/30 June 2005

**Valuation details**

Cap rate	6.75%
Discount rate	9.50%
Terminal yield	7.25%

**Vacancy**  
5.1%

**Major tenants**  
Deloitte  
Blake Dawson Waldron  
Deutsche Bank  
JP Morgan  
Sydney Futures

**\*Ownership interest**  
30%



**400 GEORGE STREET, SYDNEY**

A 29 level 'A' Grade office tower with basement, ground and first floor retailing. The property is located in the premium end of the Sydney CBD near Martin Place.

**Grade**  
A Grade

**Net Lettable Area**  
51,191 m<sup>2</sup> (Office  
46,664 m<sup>2</sup>/Retail 4,527 m<sup>2</sup>)

**Car spaces**  
93

**Acquisition date**  
October 1999

**Valuation/Date**  
\$411.0m/30 June 2005

**Book valuation\*/Date**  
\$226.46m/30 June 2005

**Valuation details**

Cap rate	7.20%
Discount rate	9.00%
Terminal yield	7.50%

**Vacancy**  
0%

**Major tenants**  
Telstra  
SG Australia  
APRA  
Jones Lang La Salle  
Sealcorp

**\*Ownership interest**  
55%



**MARITIME TRADE TOWERS**  
201 KENT STREET, SYDNEY

The Maritime Trade Towers have views over Darling Harbour and Sydney Harbour and feature the fully restored Grafton Bond Building.

The property is located in the "Western Corridor", a five minute walk from the Sydney CBD core and close to Wynyard rail and bus stations and amenities at King Street Wharf.

**Grade**  
A Grade

**Net Lettable Area**  
40,179 m<sup>2</sup> (Office 40,179 m<sup>2</sup>)

**Car spaces**  
269

**Acquisition date**  
December 2000

**Valuation/Date**  
\$230.0m/30 June 2005

**Book valuation\*/Date**  
\$69.23m/30 June 2005

**Valuation details**

Cap rate	7.75%
Discount rate	9.25%
Terminal yield	8.25%

**Vacancy**  
1.3%

**Major tenants**  
AON Risk Services  
SP Telemedia  
Austrade

**\*Ownership interest**  
30%



**BT TOWER**  
1 MARKET STREET, SYDNEY

Completed in 1991, the property comprises a 32 level office tower, with a 2 level podium and ground floor retail space. Adjoining the tower is a 10 level car park complex for 666 vehicles. This property is located in the western corridor of the CBD near Darling Harbour.

**Grade**

A Grade

**Net Lettable Area**

29,732 m<sup>2</sup> (Office)  
29,524 m<sup>2</sup>/Retail 208 m<sup>2</sup>)

**Car spaces**

666

**Acquisition date**

Jan 1996

**Valuation/Date**

\$213.5m/30 December 2004

**Book valuation\*/Date**

\$108.05m/30 June 2005

**Valuation details**

Cap rate	7.25%
Discount rate	9.50%
Terminal yield	7.50%

**Vacancy**

7.6%

**Major tenants**

Horwath  
ANZ Bank  
ROC Oil Company  
Fynten (Heidtman & Co)

**\*Ownership interest**

50%



**60 MARTIN PLACE, SYDNEY**

The Westpac Head Office was constructed in 1971 and underwent a major refurbishment in 1991. It features a lower ground banking chamber, ground floor plaza area, two retail premises and 28 upper levels of office space. This property is located in the Sydney CBD core, at the top of Martin Place.

**Grade**

A Grade

**Net Lettable Area**

27,999 m<sup>2</sup> (Office 26,609 m<sup>2</sup>/  
Retail 1,390 m<sup>2</sup>)

**Car spaces**

82

**Acquisition date**

November 1999

**Valuation/Date**

\$190.0m/30 June 2005

**Book valuation\*/Date**

\$94.27m/30 June 2005

**Valuation details**

Cap rate	7.25%
Discount rate	9.50%
Terminal yield	7.25%

**Vacancy**

0%

**Major tenants**

Westpac

**\*Ownership interest**

50%



**255 ELIZABETH STREET, SYDNEY**

A 21 Level office tower completed in 1990, consisting of 15 office levels ground floor foyer and 6 retail outlets. Approximately 148 car spaces are provided over 6 basement levels. This property is located in the mid town precinct of the CBD opposite Hyde Park.

**Grade**

A Grade

**Net Lettable Area**

28,451 m<sup>2</sup> (Office 27,518 m<sup>2</sup>/  
Retail 933 m<sup>2</sup>)

**Car spaces**

148

**Acquisition date**

September 1994

**Valuation/Date**

\$152.0m/30 June 2003

**Book valuation/Date**

\$156.17m/30 June 2005

**Valuation details**

Cap rate	7.50%
Discount rate	10.00%
Terminal yield	7.75%

**Vacancy**

27.2%

**Major tenants**

Westpac  
Telstra  
NSW Farmers



**55 MARKET STREET, SYDNEY**

A 20 level office tower completed in 1990. 3 levels of retail space which consist of a Monorail station and 9 retail outlets with frontages to both Pitt and Market Streets in the heart of the CBD. 49 car spaces are provided over 2 basement levels.

**Grade**

A Grade

**Net Lettable Area**

22,908 m<sup>2</sup> (Office 21,218 m<sup>2</sup>/  
Retail 1,690 m<sup>2</sup>)

**Car spaces**

49

**Acquisition date**

July 1998

**Valuation/Date**

\$142.0m/30 June 2005

**Book valuation/Date**

\$142.0m/30 June 2005

**Valuation details**

Cap rate	7.10%
Discount rate	9.00%
Terminal yield	7.50%

**Vacancy**

2.8%

**Major tenants**

St George  
Rail Infrastructure  
Tinase  
NSW Government

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## INVESTMENT PORTFOLIO DETAILS

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### NEW SOUTH WALES



**TELSTRA PLAZA (NORTH)**  
310-322 PITT STREET, SYDNEY

A 32 level office building consisting of 29 office levels, ground floor foyer, 1 retail outlet and a shared loading dock with the adjacent building, incorporating a vehicle turntable. The property is located in the mid town precinct of the CBD.

**Grade**  
A Grade

**Net Lettable Area**  
29,159 m<sup>2</sup> (Office  
28,866 m<sup>2</sup>/Retail 293 m<sup>2</sup>)

**Car spaces**  
Nil

**Acquisition date**  
November 2002

**Valuation/Date**  
\$132.75m/30 June 2005

**Book valuation\*/Date**  
\$69.45m/30 June 2005

**Valuation details**

Cap rate	7.20%
Discount rate	9.00%
Terminal yield	7.45%

**Vacancy**  
0%

**Major tenants**  
Telstra

**\*Ownership interest**  
50%



**ST MARTINS TOWER**  
31 MARKET STREET, SYDNEY

St Martins Tower comprises a 35 level office building, ground floor retail and three levels of basement car parking.

The property is located between the mid town and western precincts of the Sydney CBD.

**Grade**  
B Grade

**Net Lettable Area**  
25,030 m<sup>2</sup> (Office  
24,059 m<sup>2</sup>/Retail 971 m<sup>2</sup>)

**Car spaces**  
169

**Acquisition date**  
September 2000

**Valuation/Date**  
\$125.0m/31 December 2003

**Book valuation/Date**  
\$131.74m/30 June 2005

**Valuation details**

Cap rate	8.00%
Discount rate	10.25%
Terminal yield	8.50%

**Vacancy**  
3.9%

**Major tenants**  
Spruson & Ferguson  
Computer Power  
Market 348



**TELSTRA HOUSE**  
231 ELIZABETH STREET, SYDNEY

A 17 level office building consisting of 15 office levels, ground floor foyer and 2 retail outlets. Approximately 80 car parking spaces are provided over 2 basement levels. The property is located in the mid town precinct of the CBD opposite Hyde Park.

**Grade**  
A Grade

**Net Lettable Area**  
23,269 m<sup>2</sup> (Office  
22,964 m<sup>2</sup>/Retail 305 m<sup>2</sup>)

**Car spaces**  
80

**Acquisition date**  
August 2002

**Valuation/Date**  
\$121.0m /31 December 2004

**Book valuation\*/Date**  
\$60.65m/30 June 2005

**Valuation details**

Cap rate	7.50%
Discount rate	9.50%
Terminal yield	7.50%

**Vacancy**  
0%

**Major tenants**  
Telstra

**\*Ownership interest**  
50%



**CENTENNIAL PLAZA TOWER C**  
300 ELIZABETH STREET, SYDNEY

A commercial office building containing 17 floors and 171 car spaces and a small freestanding retail core adjacent to the tower.

The property is located in the southern sector of the Sydney CBD near Central Railway Station.

**Grade**  
A Grade

**Net Lettable Area**  
21,651 m<sup>2</sup> (Office  
20,758 m<sup>2</sup>/Retail 893 m<sup>2</sup>)

**Car spaces**  
160

**Acquisition date**  
September 2000

**Valuation/Date**  
\$100.0m/31 March 2005

**Book valuation\*/Date**  
\$80.01m/30 June 2005

**Valuation details**

Cap rate	7.75%
Discount rate	9.50%
Terminal yield	8.00%

**Vacancy**  
0.5%

**Major tenants**  
National Australia Bank  
Commonwealth of Australia  
(DIMIA)  
Amadeus Australia

**\*Ownership interest**  
80%



**80 PACIFIC HIGHWAY,  
NORTH SYDNEY**

A 15 storey commercial office building incorporating four levels of basement car parking, ground floor foyer and retail space and 14 upper levels of office accommodation. The property is located near the train station in North Sydney overlooking the corner of Miller Street and the Pacific Highway.

**Grade**

A Grade

**Net Lettable Area**

13,696 m<sup>2</sup> (Office)  
13,286 m<sup>2</sup>/Retail 410 m<sup>2</sup>)

**Car spaces**

90

**Acquisition date**

May 2001

**Valuation/Date**

\$88.0m/31 December 2003

**Book valuation\*/Date**

\$44.30m/30 June 2005

**Valuation details**

Cap rate	7.0%
Discount rate	10.0%
Terminal yield	7.5%

**Vacancy**

0%

**Major tenants**

Cisco Systems  
Siebel Systems

**\*Ownership interest**

50%



**73 MILLER STREET,  
NORTH SYDNEY**

An 11 level office building completed in 1990, consisting of 3 basement car parking levels with 159 car spaces, ground floor foyer and retail area. The property is located near the train station in North Sydney on the corner of Miller and Berry Streets.

**Grade**

A Grade

**Net Lettable Area**

14,666 m<sup>2</sup> (Office)  
14,016 m<sup>2</sup>/Retail 650 m<sup>2</sup>)

**Car spaces**

159

**Acquisition date**

June 1997

**Valuation/Date**

\$87.0m/31 December 2004

**Book valuation/Date**

\$87.09m/30 June 2005

**Valuation details**

Cap rate	7.50%
Discount rate	9.25%
Terminal yield	7.50%

**Vacancy**

2.1%

**Major tenants**

NSW Health  
Open Telecommunications



**CENTENNIAL PLAZA TOWER B  
280 ELIZABETH STREET, SYDNEY**

A commercial office building containing 14 floors and 190 car spaces and a small freestanding retail core adjacent to the tower. The property is located in the southern sector of the Sydney CBD near Central Railway Station.

**Grade**

A Grade

**Net Lettable Area**

17,859 m<sup>2</sup> (Office)  
17,381 m<sup>2</sup>/Retail 478 m<sup>2</sup>)

**Car spaces**

190

**Acquisition date**

September 2000

**Valuation/Date**

\$76.0m/31 March 2005

**Book valuation\*/Date**

\$60.81m/30 June 2005

**Valuation details**

Cap rate	7.75%
Discount rate	9.50%
Terminal yield	8.00%

**Vacancy**

1.5%

**Major tenants**

Commonwealth of Australia (DVA)  
Commonwealth of Australia (ACC)  
State of NSW

**\*Ownership interest**

80%



**THE OCTAGON, 110 GEORGE STREET,  
PARRAMATTA**

The Octagon consists of ground floor retail comprising 14 retail outlets and 6 upper levels of office accommodation contained within 8 separate pods. Basement parking is provided for 347 cars. The property is located in the Parramatta CBD between Smith and Charles Streets.

**Grade**

A Grade

**Net Lettable Area**

20,970 m<sup>2</sup> (Office)  
18,920 m<sup>2</sup>/Retail 2,050 m<sup>2</sup>)

**Car spaces**

347

**Acquisition date**

October 1997

**Valuation/Date**

\$69.4m/30 June 2005

**Book valuation/Date**

\$69.4m/30 June 2005

**Valuation details**

Cap rate	8.75%
Discount rate	9.75%
Terminal yield	9.25%

**Vacancy**

6.25%

**Major tenants**

RTA  
NRMA

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## INVESTMENT PORTFOLIO DETAILS

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### NEW SOUTH WALES



**CENTENNIAL PLAZA TOWER A**  
260 ELIZABETH STREET, SYDNEY

A commercial office building comprising 11 floors and 65 car spaces. The property is located in the southern sector of the Sydney CBD near Central railway station.

**Grade**

A Grade

**Net Lettable Area**

14,217 m<sup>2</sup> (Office 14,217 m<sup>2</sup>)

**Car spaces**

65

**Acquisition date**

September 2000

**Valuation/Date**

\$62.5m/31 March 2005

**Book valuation\*/Date**

\$50.01m/30 June 2005

**Valuation details**

Cap rate	7.75%
Discount rate	9.50%
Terminal yield	8.00%

**Vacancy**

0%

**Major tenants**

RTA

**\*Ownership interest**

80%



**KINDERSLEY HOUSE**  
33 BLIGH & 20-26 O'CONNELL STREETS, SYDNEY

This property is in a prime location in the Sydney CBD and has Stage 2 Development Approval for a 23,000 m<sup>2</sup> office tower development. All leases have termination clauses to allow development should a suitable pre-commitment tenant be sourced. The property is located in the heart of the CBD core, with a through site link between Bligh and Hunter streets.

**Grade**

C Grade

**Net Lettable Area**

18,278 m<sup>2</sup> (Office 18,278 m<sup>2</sup>)

**Car spaces**

42

**Acquisition date**

December 2001

**Valuation/Date**

\$60.0m/31 December 2003

**Book valuation/Date**

\$62.43m/30 June 2005

**Valuation details**

Cap rate	7.00%
Discount rate	10.00%
Terminal yield	7.50%

**Vacancy**

6.2%

**Major tenants**

Academics Australasia  
Macquarie Corporate Tel.



**50-60 TALAVERA ROAD,**  
NORTH RYDE

A 4 storey high-tech office building incorporating 1 basement plant, ground floor entry, storage and 2 levels of office/high-tech space and open space car parking for 128 vehicles. The property is located near the Macquarie Park/North Ryde district near Khartoum Road.

**Grade**

N/A

**Net Lettable Area**

11,323 m<sup>2</sup> (Office 11,323 m<sup>2</sup>)

**Car spaces**

128

**Acquisition date**

November 1999

**Valuation/Date**

\$32.0m/30 June 2003

**Book valuation/Date**

\$32.23m/30 June 2005

**Valuation details**

Cap rate	8.50%
Discount rate	10.45%
Terminal yield	8.75%

**Vacancy**

0%

**Major tenants**

Westpac

### VICTORIA



**120 COLLINS STREET,**  
MELBOURNE

A premium office building comprising a 50 level office tower, a striking entry court, retail facilities and basement car parking. The property is located in the "Paris End" of the Melbourne CBD near Parliament House.

**Grade**

Premium

**Net Lettable Area**

63,382 m<sup>2</sup> (Office 62,588 m<sup>2</sup>/Retail 794 m<sup>2</sup>)

**Car spaces**

319

**Acquisition date**

January 1994

**Valuation/Date**

\$320.0m/31 December 2003

**Book valuation/Date**

\$323.20m/30 June 2005

**Valuation details**

Cap rate	6.75%
Discount rate	9.75%
Terminal yield	7.50%

**Vacancy**

0.7%

**Major tenants**

Ernst & Young  
Merrill Lynch  
AXA  
Citigroup  
Phillips Fox  
Standard & Poors





**TELSTRA CENTRE**  
242 EXHIBITION STREET,  
MELBOURNE

The property comprises a 47 level office complex, completed in 1992 providing office accommodation over 42 levels as well as a retail arcade, food court, theatre and conference facility centre. The property is located in the eastern precinct of the Melbourne CBD.

**Grade**

A Grade

**Net Lettable Area**

65,525 m<sup>2</sup> (Office  
63,372 m<sup>2</sup>/Retail 2,153 m<sup>2</sup>)

**Car spaces**

346

**Acquisition date**

August 2002

**Valuation/Date**

\$282.5m/31 December 2004

**Book valuation/Date**

\$283.31m/30 June 2005

**Valuation details**

Cap rate	7.25%
Discount rate	8.75%
Terminal yield	7.50%

**Vacancy**

0.2%

**Major tenants**

Telstra



**CGU TOWER**  
485 LA TROBE STREET,  
MELBOURNE

CGU Tower comprises two office towers linked by a 6 storey glass atrium and lobby. The tower on La Trobe Street comprises a 10 storey office building completed in 1988. The rear tower comprises a 21 storey office building and has frontage to Little Lonsdale Street and was completed in 1990. The property is located in the Flagstaff precinct of the CBD.

**Grade**

A Grade

**Net Lettable Area**

34,045 m<sup>2</sup> (Office 34,045 m<sup>2</sup>)

**Car spaces**

208

**Acquisition date**

September 1998

**Valuation/Date**

\$110.0m/30 June 2005

**Book valuation/Date**

\$110.0m/30 June 2005

**Valuation details**

Cap rate	8.00%
Discount rate	9.00%
Terminal yield	8.25%

**Vacancy**

0%

**Major tenants**

CGU  
ASIC  
ABS  
Panker Administration



**209 KINGSWAY,**  
SOUTH MELBOURNE

A commercial office building comprising a ground floor car sales showroom, four levels of above ground car parking and six levels of commercial office space. The building has extremely large floor plates with excellent natural lighting.

**Grade**

A Grade

**Net Lettable Area**

24,420 m<sup>2</sup> (Office  
21,118 m<sup>2</sup>/Showroom  
3,302 m<sup>2</sup>)

**Car spaces**

735

**Acquisition date**

January 2002

**Valuation/Date**

\$105.0m/31 December 2004

**Book valuation\*/Date**

\$52.5m/30 June 2005

**Valuation details**

Cap rate	7.75%
Discount rate	9.50%
Terminal yield	8.00%

**Vacancy**

0%

**Major tenants**

ANZ Bank  
BMW

**\*Ownership interest**

50%



**469 LA TROBE STREET,**  
MELBOURNE

A 19 level office building completed in 1988, consisting of 17 upper office levels, 2 parking levels providing approximately 47 car spaces, ground floor foyer and two retail outlets. The property is located in the Flagstaff precinct of the CBD.

**Grade**

B Grade

**Net Lettable Area**

19,830 m<sup>2</sup> (Office  
18,926 m<sup>2</sup>/Retail 2,050 m<sup>2</sup>)

**Car spaces**

47

**Acquisition date**

July 1988

**Valuation/Date**

\$54.5m/30 June 2005

**Book valuation/Date**

\$54.5m/30 June 2005

**Valuation details**

Cap rate	8.25%
Discount rate	9.00%
Terminal yield	8.50%

**Vacancy**

0%

**Major tenants**

CGU  
R K & C Administration  
Telstra  
TressCox Maddocks

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# INVESTMENT PORTFOLIO DETAILS

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## VICTORIA



**589 COLLINS STREET,  
MELBOURNE**

The property was completed in 1984 and comprises a 17 level office tower, 2 levels of basement car parking and ground floor retail space. The building is interlinked by two hexagonal towers interconnected by the lift lobbies and the services core. The property is located in the south west precinct of the Melbourne CBD.

### Grade

B Grade

### Net Lettable Area

31,709 m<sup>2</sup> (Office  
30,586 m<sup>2</sup>/Retail 1,123 m<sup>2</sup>)

### Car spaces

156

### Acquisition date

February 2003

### Valuation/Date

\$66.0m/30 June 2005

### Book valuation\*/Date

\$30.97m/30 June 2005

### Valuation details

Cap rate	7.75%
Discount rate	9.50%
Terminal yield	8.50%

### Vacancy

9.0%

### Major tenants

Victorian Govt.  
Vic Track  
Connex Melbourne  
Freight Australia

### \*Ownership interest

50%



**441 ST KILDA ROAD,  
MELBOURNE**

Acquired in 2003, this commercial office building comprises ground and five upper office floor levels and nine split levels of car parking. The building has an impressive central atrium extending the full height of the office accommodation allowing for excellent natural light. The property is located at the northern end of St Kilda Road near the CBD.

### Grade

A Grade

### Net Lettable Area

16,021 m<sup>2</sup> (Office 16,021 m<sup>2</sup>)

### Car spaces

343

### Acquisition date

October 2003

### Valuation/Date

\$45.0m/30 September 2003

### Book valuation/Date

\$48.46m/30 June 2005

### Valuation details

Cap rate	9.25%
Discount rate	9.50%
Terminal yield	9.75%

### Vacancy

12.9%

### Major tenants

Computer Associates  
Kellogg Brown & Root  
SAP Australia  
GE Capital Finance



**CUSTOMS HOUSE  
414 LA TROBE STREET,  
MELBOURNE**

Customs House comprises a ground floor foyer, three levels of above ground car parking and 14 levels of quality office space. The property is located on the northern fringe of the Melbourne CBD near Flagstaff station.

### Grade

A Grade

### Net Lettable Area

14,322 m<sup>2</sup> (Office 14,322 m<sup>2</sup>)

### Car spaces

88

### Acquisition date

July 1997

### Valuation/Date

\$44.8m/30 June 2005

### Book valuation/Date

\$44.97m/30 June 2005

### Valuation details

Cap rate	8.50%
Discount rate	9.50%
Terminal yield	9.00%

### Vacancy

0%

### Major tenants

Australian Customs



**420 ST KILDA ROAD,  
MELBOURNE**

This property comprises an 11 storey commercial office building with ground floor retail, 10 upper office levels and 2 basement parking levels for 137 cars. The property was constructed in 1982. The property is located at the northern end of St Kilda Road near the Melbourne CBD.

### Grade

A Grade

### Net Lettable Area

10,562 m<sup>2</sup> (Office  
10,157 m<sup>2</sup>/Retail 405 m<sup>2</sup>)

### Car spaces

137

### Acquisition date

Dec 1986

### Valuation/Date

\$29.0m/30 June 2005

### Book valuation/Date

\$29.0m/30 June 2005

### Valuation details

Cap rate	8.50%
Discount rate	9.50%
Terminal yield	9.25%

### Vacancy

9.0%

### Major tenants

Salmat  
GE Capital Finance  
AOT

## QUEENSLAND



**STATE LAW BUILDING**  
50 ANN STREET, BRISBANE

The State Law Building is a 31 storey commercial office tower comprising three levels of basement car parking for a total of 119 cars, ground floor retail, mezzanine, 25 upper levels of office accommodation and four levels of roof top plant rooms. The building was originally constructed in 1974 and extensively refurbished in 1994. The property is located in the south eastern district of the Brisbane CBD near the Brisbane River.

**Grade**

A Grade

**Net Lettable Area**

25,519 m<sup>2</sup> (Office  
25,382 m<sup>2</sup>/Retail 137 m<sup>2</sup>)

**Car spaces**

119

**Acquisition date**

Dec 2002

**Valuation/Date**

\$87.0m/30 June 2005

**Book valuation/Date**

\$87.0m/30 June 2005

**Valuation details**

Cap rate	7.50%
Discount rate	9.50%
Terminal yield	7.75%

**Vacancy**

0%

**Major tenants**

QLD Government



**CATHEDRAL SQUARE**  
410 ANN STREET, BRISBANE

The twin tower Cathedral Square commercial building incorporates 8 ground floor tenancies, 2 connected levels of podium office accommodation, 10 upper levels in the East tower and 4 upper levels of office accommodation in the West tower. 2 basement car-parking levels provide 693 car spaces. The property is located at the northern end of the Brisbane CBD.

**Grade**

A Grade

**Net Lettable Area**

20,509 m<sup>2</sup> (Office  
18,559 m<sup>2</sup>/Retail 1,950 m<sup>2</sup>)

**Car spaces**

693

**Acquisition date**

November 1987

**Valuation/Date**

\$62.5m/31 December 2003

**Book valuation/Date**

\$63.64m/30 June 2005

**Valuation details**

Cap rate	9.00%
Discount rate	10.50%
Terminal yield	9.50%

**Vacancy**

0%

**Major tenants**

Telstra  
Rio Tinto  
Hatch Engineering



**KINGS ROW**  
50 MCDUGALL STREET, MILTON

Located in the Milton sub-market of Brisbane, Kings Row Office Park is one of the best office parks in Coronation Drive, comprising four office buildings and tenant facilities including a tennis court, swimming pool and conference facilities.

The buildings were completed between 1989 and 1996 and each provide 4-5 levels of office space.

**Grade**

A Grade

**Net Lettable Area**

21,044 m<sup>2</sup> (Office 21,044 m<sup>2</sup>)

**Car spaces**

417

**Acquisition date**

December 2002

**Valuation/Date**

\$62.0m/31 December 2004

**Book valuation\*/Date**

\$31.77m/30 June 2005

**Valuation details**

Cap rate	8.75%
Discount rate	10.22%
Terminal yield	9.00%

**Vacancy**

1.2%

**Major tenants**

John Wiley & Sons  
CGU Insurance  
Suncorp Metway  
BHP Billiton  
Queensland Cement

**\*Ownership interest**

50%

\* For more details of Investa's Investment, Development and Unlisted Funds Portfolios, please refer to the Property Directory available on our website [www.investa.com.au](http://www.investa.com.au) or call 02 8226 9300 to request a copy.

## INVESTMENT PORTFOLIO DETAILS

CONTINUED

### WESTERN AUSTRALIA



**QV1**  
250 ST GEORGES TERRACE,  
PERTH

A premium office building comprising a 38 level office tower and ground floor, basement level car parking, retail plaza, gymnasium and tennis court. The property is located in the western sector of the Perth CBD.

#### Grade

Premium

#### Net Lettable Area

63,055 m<sup>2</sup> (Office  
59,141 m<sup>2</sup>/Retail 3,914 m<sup>2</sup>)

#### Car spaces

1072

#### Acquisition date

December 1998

#### Valuation/Date

\$318.0m/30 June 2004

#### Book valuation\*/Date

\$159.76m/30 June 2005

#### Valuation details

Cap rate	7.25%
Discount rate	9.50%
Terminal yield	7.50%

#### Vacancy

0.3%

#### Major tenants

Chevron Texaco  
Worley  
Freehills  
PWC  
Clayton UTZ

#### \*Ownership interest

50%



**109 ST GEORGES TERRACE,**  
PERTH

A 19 storey office tower in the central Perth CBD, built in the 1970s. It has been extensively refurbished in the late 1980's and again in 2005 and was purchased by Investa Properties Limited in 2000.

#### Grade

B Grade

#### Net Lettable Area

14,041 m<sup>2</sup> (Office 14,041 m<sup>2</sup>)

#### Car spaces

79

#### Acquisition date

November 1999

#### Valuation/Date

\$31.1m/30 June 2005

#### Book valuation/Date

\$31.1m/30 June 2005

#### Valuation details

Cap rate	8.00%
Discount rate	10.00%
Terminal yield	8.25%

#### Vacancy

27.7%

#### Major tenants

Westpac

### AUSTRALIAN CAPITAL TERRITORY



**PENRHYN HOUSE**  
BOWES STREET, WODEN

The property comprises a complex of three inter-connecting commercial office buildings, originally constructed in 1986 and substantially refurbished in 1996-1997. The buildings are configured with a ground floor and first floor carpark. Two of the buildings have three additional upper floors. The property is located in the Woden office area of Canberra.

#### Grade

B Grade

#### Net Lettable Area

NLA 12,675 m<sup>2</sup> (Office  
12,675 m<sup>2</sup>)

#### Car spaces

131

#### Acquisition date

Aug 2002

#### Valuation/Date

\$38.6m/01 Sep 2002

#### Book valuation\*/Date

\$20.65m/30 June 2005

#### Valuation details

Cap rate	9.25%
Discount rate	10.75%
Terminal yield	9.50%

#### Vacancy

0%

#### Major tenants

Commonwealth Govt.

#### \*Ownership interest

50%



**AUSAID BUILDING**  
62 NORTHBOURNE AVENUE,  
CANNBERRA

The AUSAID building is located in the central northern sector of Canberra's CBD. It comprises a modern office building and accommodation for 105 car parking spaces, retail uses on the ground floors and in the atrium, and office use on the upper floors.

#### Grade

A Grade

#### Net Lettable Area

NLA 9,964 m<sup>2</sup> (Office  
8,620 m<sup>2</sup> /Retail 1,344 m<sup>2</sup>)

#### Car spaces

105

#### Acquisition date

Feb 1988

#### Valuation/Date

\$26.2m/30 June 2005

#### Book value/Date

\$26.2m/30 June 2005

#### Valuation details

Cap rate	8.75%
Discount rate	10.00%
Terminal yield	9.25%

#### Vacancy

0%

#### Major tenants

AUSAID

## OUR PEOPLE

Our people are the source of both the past and future success of Investa. To this end we recognise the importance of the investment that we make in our people

We want our people to maximise their personal and professional potential. Their success and satisfaction in the workplace must be supported by their success and satisfaction in their private pursuits. At Investa we consider the two to be inextricably linked, delivering maximum long term benefit to the Group.



Paul Cull, Rosemary Lembke.

Our support for our people has taken many different forms during the past year. Some of the initiatives that we are particularly proud of include:

- the expansion of our benefits to include company funded Life Insurance to ensure that all of our employees and their families have a meaningful level of cover in the event that it was necessary.
- the introduction of an Employee Assistance Program providing a confidential professional counselling support service to our employees and their immediate families in the event that they may need it.
- The selective expansion of our executive coaching program to support the ongoing development of key employees.
- The development of a new program designed to support our people in their community based activities. We have called this our "Investa – Active in the Community Program", which is aligned to our core value of personal growth. The program provides for limited financial support for staff to participate in community based activities as well as one full day of paid leave for staff to become involved in nominated charity activities. In addition, Investa will provide two Earthwatch fellowships for staff to participate in projects focused on finding solutions for a sustainable future.

Of course we have continued to support the development of our people with extensive training being provided in technical, leadership and professional disciplines.

Our succession planning has been integrated into our business model.

We have expanded our Graduate program which has proven very effective in attracting talented individuals who, within a very short time, are making a major contribution to their teams. We will be further developing this program during the next year.

We have undertaken our first employee engagement survey, the results of which are eagerly awaited and should provide the platform for the ongoing development of our people initiatives.

Our Core Values continue to provide a solid foundation and reference point for our people as they strive to exceed our expectations of them.

We believe that as Investa continues to evolve, the people strategies that we have put in place and continue to develop, position us to meet the challenges with a team that is fresh, talented, and committed to working together to achieve our vision to be the pre-eminent competitor in the diversified property sector by focussing on innovation, trustworthiness and performance.

## BOARD OF DIRECTORS

**JOHN (JOCK) MURRAY**  
BA, FCIT, FAICD. Age 56  
NON EXECUTIVE  
DIRECTOR

Jock was appointed on 1 November 2004. Jock is a former Director General of the New South Wales Department of Transport, where he initiated a number of major infrastructure and technology projects, and was Executive Director Transport for the Sydney 2000 Olympic Games, with responsibility for infrastructure, strategic and operational planning.

Jock has significant strategic, organisational and operational experience in the areas of transport and major infrastructure. He is also a Non Executive Chairman of Central Ranges Pipelines Pty Limited and a Director of Terminals Australia Pty Ltd.

Jock has been appointed as Chairman of IPL's Sustainability, Safety, Health and Environment Committee and is a member of the Audit and Risk Management Committee.

**JOHN ARTHUR**  
LLB (Hons). Age 50  
NON EXECUTIVE  
DIRECTOR

John was appointed on 2 July 2001. John is a commercial lawyer with extensive experience in property development, construction, information technology, e-commerce and the financial sector. He is a partner at law firm Gilbert and Tobin and was previously a partner at Freehills. Prior to that, John was general counsel at the Lend Lease Group and was a director of the Manager of General Property Trust. He is currently a non-executive director of Rinker Group Limited.

John is Chairman of IPL's Nominations and Remuneration Committee and a member of the Sustainability, Safety, Health and Environment Committee. He is Chairman of Investa Residential Developments and Investa Asset Management and a Director of Investa Commercial Developments.

**IAN PAYNE**  
M.Ec. Age 63  
CHAIRMAN, NON  
EXECUTIVE DIRECTOR

Ian was appointed Chairman on 1 June 1999. Ian previously held senior positions at the Commonwealth Bank of Australia including Deputy Chief Executive and Executive Director from 1992 to 1997. During this period he was a director of a number of subsidiaries and associated companies, including Chairman of Commonwealth Financial Services Limited and CBFC Limited. From 1996 until August 2002 he was Chairman of Export Finance and Insurance Corporation. Ian is a Non Executive Director of SFE Corporation Limited, Espreon Limited (formerly Legalco Limited) and Zurich Financial Services.

Ian has advised of his retirement from the IPL board of directors with effect from the conclusion of the Annual General Meeting to be held 6 October 2005.



**CHRIS O'DONNELL**

Dip.Bus., NZCB, FAICD, AIQS (Affil) FAPI. Age 48  
MANAGING DIRECTOR

Chris was appointed Managing Director in December 2000.

Chris has wide ranging property experience gained over 30 years working with Lend Lease, Capital Property Group, Leighton Holdings and Westpac.

During this period he held a number of senior executive roles including Executive Director of Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and Managing Director of Capital Property Group.

Chris is also a Non Executive Director of the Property Council of Australia and a Non Executive Director of the Green Building Council of Australia. Chris is a member of the Nominations and Remunerations Committee and the Sustainability, Safety, Health and Environment Committee.

**DEBORAH PAGE**

B.Ec, FCA, MAICD. Age 46  
NON EXECUTIVE DIRECTOR

Deborah was appointed on 17 April 2002. Deborah is a chartered accountant and was a partner in Touche Rosse/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. She is currently chair of the NSW Cancer Council and a director of Macquarie Generation and a member of the Board of Management of the Internal Audit Bureau of NSW.

Deborah is a member of IPL's Nominations and Remuneration Committee and is Chairman of the Audit and Risk Management Committee. She is also a director of Investa Residential Developments.

**JOHN MESSENGER**

ANZIF Snr. Assoc. Age 59  
NON EXECUTIVE DIRECTOR

John was appointed on 15 August 2002. John has extensive international insurance broking and risk management experience with major multi-national corporations.

Between 1986 and 1995 John was the Managing Director of MLC Insurance Limited. From 1997 until 2001, he was the Chief Executive Officer, Corporate Risk Management for the Lend Lease Group.

John is currently a director of St John Ambulance Australia (NSW) Limited and related companies and of Territory Insurance Office, Darwin.

John is the Chairman of IPL's Due Diligence Committee and is a member of the Audit and Risk Management Committee. He is also a director of Investa Commercial Developments.

**PETER CAMPBELL**

Age 56  
NON EXECUTIVE DIRECTOR

Peter was appointed on 22 December 2004 following Investa's acquisition of 40% of CPG Australia Pty Limited (formerly Clarendon Property Group).

As founder of CPG Australia, Peter has been closely involved in the residential land and building industry for over 27 years. His business experience in building the CPG business has been extensive and includes business development, marketing, financial and general management.

Peter remains Group Managing Director of CPG Australia Pty Limited. He is also a director of Investa Residential Developments and is a member of the Nominations Committee.



## SENIOR MANAGEMENT

### **GRAHAM MONK,** CHIEF FINANCIAL OFFICER

Graham commenced with Investa in April 2002 and is responsible for treasury, risk management, accounting, taxation and systems as well as providing significant input to the strategic direction of Investa.

Prior to working at Investa, Graham had 25 years experience in a range of blue chip companies including CSR Limited, Lion Nathan Limited and Lend Lease Corporation. He was also the Chief Financial Officer of Novus Petroleum Limited.

### **ANDREW JUNOR** GENERAL MANAGER - ASSET MANAGEMENT

Andrew commenced in July 1997 and is responsible for the in house team that provides asset, property and facility management services for the Investa portfolio and unlisted funds, a total of 60 buildings

Prior to working at Investa, Andrew had over 17 years experience in property portfolio and funds management with Westpac, Lend Lease and Growth Equities Mutual.

### **CAMPBELL HANAN** PORTFOLIO MANAGER, INVESTA PROPERTY TRUST

Campbell commenced at Investa in October 2003 and is responsible for the performance and management of the Investa Property Trust portfolio.

He has worked in the property industry for over 12 years and gained extensive leasing experience with Colliers International and FPD Savills. Prior to joining Investa Campbell was with UBS Securities as a listed property trust broker.

### **BRIAN MCGARRY** COMPANY SECRETARY

Brian commenced with Investa in January 2001 and is responsible for all company secretarial, compliance and human resource management.

He has extensive experience in senior finance and accounting roles with over 30 years in the development, construction and property management, and property funds management operations of the Lend Lease Group, including that of Company Secretary of General Property Trust.

### **DAVID BROMELL** GENERAL MANAGER - RESIDENTIAL DEVELOPMENTS

David commenced with Investa in December 2002 and is responsible for the residential development business including the integration of CPG Australia.

David held a number of senior positions within the Lend Lease Group in a career of more than two decades which included appointments as Branch Manager, Civil & Civic, Perth and Civil & Civic Retail Branch, and Development Manager for a large-scale residential land project. He was also responsible for the property portfolios of General Property Trust and MLC Life. Before joining Investa he was Managing Director of Australian Water Services.





**MICHAEL COOK**  
PORTFOLIO  
MANAGER - DELTA  
OFFICE FUND

Michael commenced with Investa in June 2003 and is responsible for the Delta Office Fund (formerly Principal Office Fund) and for leasing and marketing Investa's development of the premium grade 126 Phillip Street Building.

Prior to joining Investa Michael was based in Hong Kong as General Manager of the \$5 billion IFC project. Michael has extensive experience in the property industry including a role as Manager of Commercial Asset Management at AMP Henderson Global Investors and 8 years at BT Funds Management.

**ELIZABETH  
HATTERSLEY**  
GENERAL MANAGER -  
CORPORATE AFFAIRS

Elizabeth joined Investa in April 2005 and is responsible for corporate affairs which includes contribution to business strategy, investor relations and communications.

Elizabeth has over 15 years experience in the property industry, covering both direct and listed property. Her most recent role was with ING as Director, Listed Property Securities where she managed a \$1.7 billion property securities portfolio. Elizabeth's experience includes a listed property trust analyst with Burdett Buckeridge and Young, and a property consultant for the Commonwealth Government.

**PETER BOLTON-HALL**  
GENERAL MANAGER  
- CORPORATE  
PROPERTY SERVICES

Peter commenced with Investa in April 2001 and is responsible for the provision of management capabilities for corporate clients including Westpac and Suncorp.

Prior to joining Investa, Peter worked at Lend Lease for 11 years in a number of senior roles including Branch Manager, Civil and Civic and Wholesale Fund Manager Lend Lease.

**WILLIAM (BILL)  
GROUNDS**  
GENERAL MANAGER  
- UNLISTED FUNDS

Bill commenced with Investa in April 2002 with responsibility for the development and management of the wholesale funds management business. He took over the management of Investa's unlisted Funds business in March 2004.

Bill has over 20 years experience in the property industry in project management, development and funds management. Prior to working at Investa, Bill held a number of general management roles at Lend Lease. He was a director of Civil & Civic, Lend Lease Interiors and Lend Lease Property Services and General Manager of the Retail, NSW and WA divisions of Bovis Lend Lease.



## CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance of the Group and regards good corporate governance as being of critical importance to all of Investa's stakeholders.

Good corporate governance practices form a fundamental part of our culture and our operations. During the year, the Board was assisted by four Committees. Each has a separate Charter approved by the Board. Each Director is required to have regard to these Charters in the performance of his or her duties as a Director. The Charters appear on our website ([www.investa.com.au](http://www.investa.com.au)).

The main corporate governance practices in place during the year to 30 June are outlined in this section.



## BOARD OF DIRECTORS – RESPONSIBILITY AND ROLES

The Board has ultimate oversight responsibility for all of Investa's businesses and empowers the Managing Director to co-ordinate the day-to-day operations of those businesses.

The Board sets the strategic direction of Investa and approves corporate strategies designed to achieve financial and operational goals. It undertakes an annual off-site workshop where strategic direction and corporate strategies are thoroughly reviewed with the Managing Director and Senior Managers and revised as appropriate.

The Board also critically reviews the operational effectiveness of business strategies and of senior management and their implementation of those strategies. It monitors financial performance and reporting, and progress against targets and key performance indicators. It reviews risk management standards and their effectiveness from time to time.

In performing its functions, the Board schedules 12 meetings per year including limited and full agendas and has appointed Board Committees to assist it.

The Board has consisted of seven Directors although its Constitution allows for up to twelve Directors. The Constitution specifies that: the members appoint each Director; that (except for the Managing Director), each Director must retire after a maximum of three years; and that retiring Directors may offer themselves for re-election.

The Board may appoint additional Directors up to the maximum complement allowed, and may fill a casual vacancy. Any Director so appointed must retire at the next Annual General Meeting and may offer themselves for re-election. The Directors are selected recognizing that a blend of skills, market experience, broader commercial experience and other expertise is required to oversee management's operation of Investa's businesses.

The non-executive Directors meet from time to time, without the Managing Director or executives attending. Senior management has the responsibility of ensuring that the Board has access to up-to-date and reliable information about the performance of all components of the businesses.

The Board collectively, and each Director individually, has the right to seek independent professional advice. The Chairman is a non-executive Director, who is elected by the Board from time to time. The Chairman is responsible for the conduct of all Board meetings.

The Managing Director is responsible for the development of strategic objectives for the business and for the implementation of them, upon approval by the Board. The Managing Director is responsible for the achievement of Investa's planned financial results, in accordance with budgets approved by the Board.

The responsibilities for the provision of leadership and motivation across the business and for the effective management of people issues, including succession planning, also rest with the Managing Director.

The Managing Director meets regularly with the Chairman to ensure that the Chairman is adequately informed on all areas of performance by the Company.

The Board comprised seven members during the year to 30 June 2005:

Mr I K Payne, Chairman;

Mr J L Arthur;

Mr P D Campbell (from 22 December 2004);

Mr J I Messenger;

Mr J S Murray (from 1 November 2004); and

Mrs D R Page being Non-Executive Directors.

Mr C J O'Donnell, the Managing Director, is an Executive Director.

## COMMITTEES OF THE BOARD

Papers for each Committee of the Board are distributed or available simultaneously to all Directors. The Chairman and any other Director may attend any meeting of any Committee and may raise any issue with the Chairman of the relevant Committee or with the Secretary.

The Chairmanships of Committees are allocated amongst non-executive Directors.

## AUDIT AND RISK MANAGEMENT

The Audit and Risk Management Committee assists the Board in discharging its operational oversight responsibilities. It reviews Investa's financial reporting processes, scrutinizes Investa's accounting policies and the manner in which they are implemented and monitors the systems of internal control. The composition of the Committee is designed to ensure that it possesses appropriate skills in the areas of financial management and reporting and in risk management and, to the end of the financial year, Occupational Health and Safety matters. In particular, the committee has a close collaboration with the External Auditor (PricewaterhouseCoopers) and with the Internal Auditor (KPMG). It reviews the work of the Auditors and makes recommendations upon the appointment of Auditors to the Board.

## CORPORATE GOVERNANCE

### CONTINUED

The Committee critically assesses Investa's process for monitoring compliance with laws and regulations, Trust compliance plans and the process for monitoring observance of Investa's Code of Conduct. It reviews Investa's Conflict of Interest policy and undertakes special investigations when requested by the Board. It makes recommendations to the Board on insurance coverage and reviews the Business Continuity Plan.

The committee meets at least six times per annum and at least once each quarter. Eleven meetings were held in 2004/2005.

Members of the Committee

- Chairman: D R Page
- Members: J I Messenger  
I K Payne (from 25 May – 11 October 2004)  
J S Murray (from 1 November 2004)

## NOMINATIONS AND REMUNERATION

The Nominations and Remuneration Committee assists the Board by providing advice and making recommendations on matters including the criteria for selection of new Directors for appointment as Directors. It also prepares criteria for reviewing the performance of Directors and the Board and from time to time undertakes such reviews. An independent review of Board, Committee and Director performance was completed during the year. The Committee also makes recommendations to the Board on the remuneration policy and the reward levels for Directors and Senior Managers, including the Managing Director, relying upon independent external advice as appropriate. It also makes recommendations to the Board on broader Investa remuneration issues.

It is comprised of two non-executive Directors and the Managing Director. One of the non-executive Directors chairs the Committee and is responsible for the transmission of Committee recommendations to the Board.

Meetings are held as required and at least quarterly. Nine meetings were held in the year.

Members of the Committee

- Chairman: J L Arthur
- Members: C J O'Donnell, D R Page

At the end of the year, the Board decided to establish a Nominations Committee and, separately, a Remuneration Committee with effect from 1 July 2005.

## DUE DILIGENCE

The Due Diligence Committee assists the Board assess and act upon significant investment proposals. It scrutinises all prospectuses/product disclosure statements, reviews trust and company constitutions, and undertakes post acquisition reviews.

It is comprised of one non-executive Director and various Senior Managers nominated from time to time. Where considered appropriate for a particular need, other Directors will be appointed as ad hoc members to assist with the relevant matter. The non-executive Director is the Chairman. It meets at least quarterly and provides a report of proceedings to the Board. Seventeen meetings were held in the year.

Members of the Committee

- Chairman: J I Messenger
- Members: C J O'Donnell,  
G B Monk – Chief Financial Officer  
B V McGarry – Company Secretary

## SUSTAINABILITY

The Sustainability Committee assists the Board and guides the implementation, operation and effectiveness of Investa's Sustainability Policies.

With the objective of enhancing securityholder value, the Committee reviews proposals being considered in furthering Investa's performance in these areas, including the establishment and monitoring of performance targets and its own code of business conduct. In performing its duties, the Committee oversees management's working relationships with independent external consultants.

Four meetings were held in the year.

Members of the Committee:

- Chairman: J L Arthur (from 25 May – October 2004)  
J S Murray (from 1 November 2004)
- Members: C J O'Donnell  
J L Arthur (October 2004)

From 1 July 2005, the role of this Committee has been expanded to cover all Occupational, Health and Safety and Environmental matters and the Committee is now known as the Sustainability, Safety, Health and Environmental Committee. This reflects the Board's view of the close relationships of the issues involved.

## ETHICAL STANDARDS

Investa has adopted a Code of Conduct which prescribes the standards of behaviour expected from all Investa people. The guidelines are regularly communicated to all staff and revisited and updated from time to time.

## COMPENSATION ARRANGEMENTS FOR DIRECTORS AND EXECUTIVES

The remuneration of non-executive Directors is determined by the full Board, having regard to the recommendations of the Remuneration Committee and of independent professional advice and subject to the limit approved by the securityholders

Non-executive Director remuneration levels are set having regard to the responsibilities of each Director including service as Chairman of a Board Committee and as a Director of major subsidiary companies. Levels of non-executive Director's remuneration take account of the abolition of the Retirement Benefits for Directors from 30 June 2003. The Board's overarching policy on non-executive Director remuneration is that fees and other benefits paid must be set at reasonable levels determined after review of market comparables, and advice as to reasonableness obtained from independent external advisors expert in the field.

The Board, again having regard to the recommendations of the Committee and independent professional advice, annually reviews the remuneration of the Managing Director and his direct reports.

## REMUNERATION DISCLOSURES

Details of the nature and amount of each element of the emoluments of each specified Director of Investa Properties Limited and each of the 5 specified executives of the company and the consolidated entity are set out in the Directors' Report in the Concise Annual Report on page 65.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year, Investa Properties Limited paid a premium to insure the Directors and officers of the company and its controlled entities, Investa Asset Management Pty Limited, Investa Asset Management (QLD) Pty Limited, Investa Nominees Pty Limited, and Investa Development Holdings Pty Limited and its controlled entities. Disclosure of the amount of the premium paid is prohibited by the insurance contract. The auditors of the Company are in no way indemnified out of the assets of the Company.

## ASX CORPORATE GOVERNANCE: BEST PRACTICE RECOMMENDATIONS

The Board and the company is committed to achieving the highest standard of Corporate Governance, including meeting the Recommendations set out by the ASX in March 2003.

Investa believes that it has met those Recommendations.

The Board has assessed five of the six non-executive Directors who served during the year as being independent. In making this assessment, reference was made to the guidance set out by the ASX at Box 2.1 within Principle 1.

In respect of director John Arthur, he was, until July 2003, a partner of Freehills, which was and continues to be the principal legal advisor to Investa. Since July 2003, John Arthur has been a partner of Gilbert and Tobin which, amongst a range of other legal firms, had provided legal services to Investa from time to time. His spouse is also a partner of Gilbert and Tobin.

During the year, Gilbert and Tobin provided legal services to Investa in respect of advice upon the contractual arrangements for the Corporate Property Service work at Suncorp-Metway and some minor matters.

In expressly considering the issue and making its determination that John Arthur is independent, the Board had regard to a range of factors including that the choice of legal firms is primarily a matter for management not the Board, that at Freehills, John Arthur was one of more than 200 partners, that at Gilbert and Tobin, John Arthur is one of more than 40 partners, general considerations of materiality, and John Arthur's demeanour and approach at Board and Board Committee meetings and in his interactions with his fellow Directors and Senior Management.

Peter Campbell has a financial interest in CPG Australia Pty Limited and his interest is the subject of a Put and Call Option with Investa and is exercisable before 30 September 2005. He is considered not to be independent for this reason and because he continues to hold executive responsibilities within CPG.

## RISK MANAGEMENT

The Board is ultimately responsible for risk management at Investa and for communicating the requirements of our Risk Management policy. The Board must satisfy itself that significant risks faced by the Group are being managed appropriately and that the system of risk management within Investa is robust enough to respond to changes in our business environment. The Board also ensures that there is an appropriate organisation and reporting structure in place to support the delivery of this policy on an ongoing basis. The Board will, amongst other things, rely on assessments and reports of the Audit and Risk Management Committee in discharging these responsibilities.

The Audit and Risk Management Committee is responsible for the oversight of the continuous development of Investa's Risk Management policy and for reviewing the implementation of risk management in compliance with the principles established. The Committee reviews the adequacy and effectiveness of risk management, reviews internal and external audit reports and monitors risk management reporting by management. The Committee provides regular reports to the Board on its activities and makes recommendations on improvements to the risk management system.

Over the 2004/2005 financial year a risk management audit has been conducted independently which resulted in no major issues being identified.

Each Division is responsible for identifying and evaluating risks within their area of responsibility, implementing agreed actions to manage risks, reporting any activity or circumstances that may give rise to new or changed risks and monitoring the effectiveness of mitigation strategies.

In addition the Managing Director and Chief Financial Officer have declared in writing to the Board that:

- Investa's financial statements are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- Investa's risk management internal compliance and control systems are operating efficiently and effectively in all material aspects.

Internal Audit provides additional assurance to the Audit and Risk Management committee on the effectiveness of the internal control procedures and mechanisms in place to mitigate risks across the Group, that risks are being adequately/appropriately identified and that the principles and requirements of managing risk are consistently adopted throughout Investa. Internal Audit also recommends improvements to the system of risk management.

A copy of Investa's Risk Management Policy can be found on our website at [www.investa.com.au](http://www.investa.com.au) (Corporate Governance section).

## INSIDER TRADING POLICY

Investa's Insider Trading Policy states that if any person has price-sensitive information about the Group's securities or activities which isn't generally available to others, under the Corporation's Act, that person cannot use this information to trade in IPG securities.

## AUDITOR INDEPENDENCE

We have received written confirmation from our Auditors, PricewaterhouseCoopers (PwC), that it has maintained its independence in accordance with its internal requirements, the provisions of:-

Statement of Auditing Practice AUP 32, Professional Statement F1 – Professional Independence and with the provisions of the Corporations Act 2001.

PwC has confirmed that it has not carried out any professional engagements for Investa that would impair its professional independence as auditor.

In addition to the professional engagement fees for Investa Property Group, PwC earned Auditor fees totalling \$322,800 in respect of the Syndicates and Wholesale Funds, of which Investa Properties Limited is the Responsible Entity.

## SECURITY HOLDER INFORMATION

### CONTINUING SERVICE FOR OUR SECURITYHOLDERS

Investa is pleased to advise all securityholders that we have established a distinct department within the organisation to assist you. Our Corporate Affairs division is responsible for Investor Relations and communications.

Should you wish to enquire about your individual securityholding, please contact our Share Registry, ASX Perpetual on 1800 635 323.

If you require information from Corporate Affairs please email: [InvestaCorporateAffairs@investa.com.au](mailto:InvestaCorporateAffairs@investa.com.au) or phone (02) 8226 9300.

### DISTRIBUTION/DIVIDENDS

As announced in February 2005, income will be distributed half yearly within two months of the end of the relevant period. Commencing 1 July 2005, investors will have received payment in respect of the 30 June 2005 quarter in August 2005. The December half year distribution will be paid in February 2006, and thereon half yearly.

### DISTRIBUTION REINVESTMENT PLAN

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

The Board will decide from time to time whether this DRP will continue to apply for both the interim and final distributions to securityholders.

### ANNUAL STATEMENT AND TAX

A tax statement summarising the distributions paid for the financial year is sent to all securityholders within two months of the end of the financial year.

For capital gains tax purposes, an investment in IPG must be considered as separate investments in Investa Properties Limited and Investa Property Trust. For this purpose, the considerations paid or received on transfers of securities must be allocated to each entity. Details of the allocation of value between the company and the trust will be quoted on the annual tax statement. Stated as a ratio, this will form the basis of determining the cost base or sales proceeds allocated

between the units and shares of all transactions (purchase and sales) undertaken during the financial year. This information is included on the tax statements provided to securityholders each year.

### TFN INFORMATION

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

### VOTING RIGHTS

The voting rights are one vote per stapled security.

### FULL FINANCIAL RESULTS

Further information can be obtained from the full financial report, which can be downloaded at our web site ([www.investa.com.au](http://www.investa.com.au)) or is available free of charge on request from our Share Registry.

### PURCHASE AND SALES OF SECURITIES

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

### NOTIFICATIONS

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

### PRIVACY STATEMENT

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

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

If you would like a copy of the Privacy Policy please contact us by calling the Share Registry or alternatively it can be downloaded at the website.

#### A. DISTRIBUTION OF STAPLED SECURITYHOLDERS (as at 29 July 2005)

Number of Securities	Number of securityholders	% of issued securities
1 - 1000	2,042	0.07
1001 - 5000	8,756	1.81
5001 - 10000	7,532	3.71
10001 - 100000	7,478	10.31
100001 and over	192	84.10
<b>Total</b>	<b>26,000</b>	<b>100.00</b>

#### B. TOP 20 LARGEST SECURITYHOLDERS (as at 29 July 2005)

Rank	Name	Total Units	% Issued Capital
1	Westpac Custodian Nominees Limited	231,369,267	15.50
2	National Nominees Limited	188,574,360	12.63
3	J P Morgan Nominees Australia Limited	170,777,297	11.44
4	Citicorp Nominees Pty Limited	81,753,064	5.48
5	ANZ Nominees Limited	75,008,476	5.02
6	Citicorp Nominees Pty Limited	68,171,581	4.57
7	Cogent Nominees Pty Limited	48,301,699	3.24
8	RBC Global Services Australia Nominees Pty Limited	36,558,908	2.45
9	RBC Global Services Australia Nominees Pty Limited	35,727,987	2.39
10	Cogent Nominees Pty Ltd	22,575,056	1.51
11	Investa Custodian Pty Ltd	20,388,349	1.37
12	RBC Global Services Australia Nominees Pty Limited	16,118,734	1.08
13	Victorian Workcover Authority	16,098,206	1.08
14	AMP Life Limited	15,914,647	1.07
15	ANZ Nominees Limited	13,179,753	0.88
16	Transport Accident Commission	12,929,960	0.87
17	Bond Street Custodians Limited	12,056,563	0.81
18	Bond Street Custodians Limited	10,101,818	0.68
19	Westpac Financial Services Limited	9,940,609	0.67
20	United Nations for the United Nations Joint Staff Pension Fund	9,807,379	0.66
	<b>Total In This Report</b>	<b>1,095,353,713</b>	<b>73.40</b>

#### C. SUBSTANTIAL SECURITYHOLDERS (notices received as at 29 July 2005)

Securityholder	Number of Securities
Maple -Brown Abbott Limited	131,479,125
Commonwealth Bank	112,838,391
AMP Capital Investors	65,963,421
ING Group	65,241,662
Vanguard Group	64,611,714
Barclays Bank	64,423,120



## SECURITY HOLDER INFORMATION CONTINUED

### WEBSITE

The website for Investa Property Group can be found at [www.investa.com.au](http://www.investa.com.au).

### YOU CAN DO SO MUCH MORE ONLINE

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

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

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

You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (it must be the postcode recorded on your holding record).

### ON-LINE ANNUAL REPORTS

As an Investa securityholder you are able to choose how you would like to receive investor information.

By becoming an electronic investor you can receive the Annual and Half Yearly Reports electronically. You will be notified by email when a new communication becomes available for you to view online at [www.investa.com.au](http://www.investa.com.au).

### ELECTRONIC DISTRIBUTION PAYMENTS.

How would you like to have immediate access to your distribution payment? Your distribution payments can be credited directly into any nominated bank, building society or credit union account in Australia.

Not only can we do your banking for you, but distributions paid by direct credit hit your account as cleared funds, thus allowing you to access them on payment date.

### CONTACT INFORMATION

You can also contact the Investa Property Group Share Registry by calling **1800 635 323**

ASX Perpetual Registrars Limited  
Locked Bag A14,  
Sydney South, NSW 1235  
Website: [www.asxperpetual.com.au](http://www.asxperpetual.com.au)  
1800 635 323 (within Australia)  
612 8280 7182 (International)  
Fax 612 9287 0303

# FINANCIAL STATEMENTS



# ANNUAL CONCISE REPORT 30 June 2005

Investa Property Group

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This combined concise report has been derived from the full combined financial report for the year ended 30 June 2005 for Investa Property Group. The full combined financial report and auditors report will be sent to unitholders upon request, free of charge. Please call 1800 635 323 (freecall) and for International 612 8280 7182, and a copy will be forwarded to you.

Alternatively, you can access the full combined financial report and the combined concise financial report via the internet on our website:

[www.investa.com.au](http://www.investa.com.au)

The combined concise financial report cannot be expected to provide as full an understanding of the combined financial performance, combined financial position and financing and investing activities of Investa Property Group as the full combined financial report.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report

The directors of Investa Properties Limited present their report together with the combined financial report of Investa Property Group ("the Group") for the year ended 30 June 2005.

This report includes the combined results for the year ended 30 June 2005 for Investa Properties Limited ("the Company") and its controlled entities and Investa Property Trust ("the Trust") and its controlled entities.

### Directors

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

I K Payne (Chairman)

C J O'Donnell (Managing Director)

J L Arthur

P D Campbell

J I Messenger

J S Murray

D R Page

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

I K Payne has advised of his retirement as a director with effect from the conclusion of the 2005 Annual General Meeting.

### Principal activities

During the year the principal activities of the Group continued to consist of investment in commercial property; funds and property management; and property development. All business segments operate in one geographical area, Australia. The Group had 254 employees at 30 June 2005 (June 2004: 190).

### Dividends and distributions

Distributions and dividends paid to stapled security holders during the financial year were as follows:

	2005 \$'000
Final payment for the year ended 30 June 2004 of 4.20 cents per security paid on 20 August 2004	60,265
Interim payment of 4.125 cents per security paid on 19 November 2004	59,522
Interim payment of 4.125 cents per security paid on 21 February 2005	61,121
Interim payment of 4.125 cents per security paid on 20 May 2005	61,575
	242,483

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

In addition to the above payments, the directors declared a final payment on 21 June 2005 of 4.125 cents per security, or \$61,575,000 to be paid on 22 August 2005.

Dividends and distributions paid and payable by the Group for the year ended 30 June 2005 were \$243,793,000 (June 2004: \$233,274,000), which is equivalent to 16.50 cents per stapled security (June 2004: 16.50 cents).

## Securities on issue

	2005 No.'000	2004 No.'000
Opening securities on issue	1,434,890	885,529
Securities issued in relation to the acquisition of DOF (Delta Office Fund, formerly Principal Office Fund)	-	498,308
Securities issued via placements	-	26,042
Securities issued via the distribution reinvestment plan	28,722	25,011
Securities issued in relation to the acquisition of CPG Australia Pty Limited	29,126	-
Closing securities on issue	1,492,738	1,434,890

## Review of operations and significant changes in the state of affairs

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

	2005 \$'000	2004 \$'000
Total revenue from ordinary activities	973,497	639,375
Net profit after company tax attributable to securityholders of Investa Property Group	233,871	215,378
Transfer from contributed equity to distributable income	10,537	18,058
Undistributed income brought forward from previous year	8,669	8,507
Dividends & distributions paid and payable	(243,793)	(233,274)
Income carried forward at 30 June	9,284	8,669
Total value of Group assets at 30 June	4,838,687	4,459,071

On 21 December 2004, Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited) acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000 plus acquisition costs, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, with put and call options on the remaining 60% of the business exercisable between July and September 2005 (at the date of this report, the options had not been exercised). The total consideration, which is subject to final working capital adjustments, is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of an additional \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and would be payable in 2007.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Information on Directors

**I K Payne** M.Ec. Chairman – Non-Executive. Age 63.

#### Experience and expertise

Ian Payne was appointed Chairman of the Board on 1 June 1999. Previously he was Deputy Chief Executive and Executive Director of Commonwealth Bank of Australia from 1992 to 1997 and Chairman of Commonwealth Financial Services Limited. During this period he was a director of a number of subsidiaries and associated companies including Chairman of CBFC Limited. From 1996 until August 2002 he was Chairman of Export Finance and Insurance Corporation. Ian is also a Director of Zurich Financial Services.

#### Other current listed company directorships

SFE Corporation Limited – Non-Executive Director (since 31 October 1999)

Espreon Limited (formerly Legalco Limited) – Non-Executive Director (since 7 April 2000)

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non-Executive Chairman of the Board

Member of the Nominations Committee

#### Interests in securities

38,278 stapled securities in Investa Property Group

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**C J O'Donnell** Dip.Bus., NZCB, FAICD, AIQS (Affil), FAPI. Managing Director. Age 48.

#### Experience and expertise

Chris O'Donnell has been Managing Director of Investa Property Group since December 2000. Chris has wide ranging property experience gained over 30 years working with Lend Lease, Capital Property Group, Leighton Holdings and Westpac. During this period he held a number of senior executive roles including Executive Director of Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and Managing Director of Capital Property Limited. Chris is also a Non-Executive Director of Green Building Council of Australia and a Non-Executive Director of Property Council of Australia.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Managing Director

Director of Investa Residential Developments Pty Limited

Director of Investa Commercial Developments Pty Limited

Director of Investa Asset Management Companies

Director of IPG Finance Pty Limited

Member of Nominations Committee

Member of Remuneration Committee

Member of Sustainability, Safety, Health and Environment Committee

#### Interests in securities

2,066,347 stapled securities in Investa Property Group.

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# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Information on Directors (continued)

**J L Arthur LLB (Hons). Age 50.**

#### Experience and expertise

John Arthur is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. He is a partner at law firm Gilbert and Tobin and was previously a partner at Freehills. Prior to that, John was general counsel at the Lend Lease Group and was a director of the Manager of General Property Trust.

#### Other current listed company directorships

Rinker Group Limited – Non Executive Director (since 3 February 2003)

#### Former listed company directorships in last 3 years

CSR Limited – Non Executive Director (March 2001 to April 2003)

#### Special responsibilities

Non Executive Director  
Chairman of Investa Residential Developments Pty Limited  
Chairman of Investa Asset Management Companies  
Director of Investa Commercial Developments Pty Limited  
Chairman of Nominations Committee  
Chairman of Remuneration Committee  
Member of Sustainability, Safety, Health and Environment Committee

#### Interests in securities

59,440 stapled securities in Investa Property Group

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**P D Campbell Age 56.**

#### Experience and expertise

Peter Campbell was appointed to the Board on 22 December 2004 following the acquisition of 40% of CPG Australia Pty Limited (formerly Clarendon Property Group). As founder of CPG Australia, Peter has been closely involved in the residential land and building industry for over 27 years. His business experience in building the CPG business has been extensive and includes business development, marketing, financial and general management. Peter is also the Group Managing Director of CPG Australia Pty Limited.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director  
Director of Investa Residential Developments Pty Limited  
Member of Nominations Committee

#### Interests in securities

20,763,804 stapled securities in Investa Property Group

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# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Information on Directors

**J I Messenger ANZIF Snr. Assoc. Age 59.**

#### Experience and expertise

John Messenger has extensive international insurance broking and risk management experience. Between 1986 and 1995, John was the Managing Director of MLC Insurance Limited. From 1997 to 2001, he was the Chief Executive Officer, Corporate Risk Management for the Lend Lease Group. John is currently a Director of St John Ambulance Australia (NSW) Limited and related companies and of Territory Insurance Office, Darwin.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director

Director of Investa Commercial Developments Pty Limited

Chairman of Due Diligence Committee

Member of Audit and Risk Management Committee

Member of Nominations Committee

#### Interests in securities

35,486 stapled securities in Investa Property Group.

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**J S Murray BA, FCIT, FAICD. Age 56.**

#### Experience and expertise

Jock Murray was appointed to the Board on 1 November 2004. Jock is a former Director General of the New South Wales Department of Transport, where he initiated a number of major infrastructure and technology projects, and was Executive Director Transport for the Sydney 2000 Olympic Games, with responsibility for infrastructure, strategic and operational planning. Jock has significant strategic, organisational and operational experience in the areas of transport and major infrastructure. He is also a Non-executive Chairman of Central Ranges Pipelines Pty Limited and a Director of Terminals Australia Pty Limited.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

The Hills Motorway Limited – Non Executive Chairman and Non-Executive Director (November 2002 to June 2005)

#### Special responsibilities

Non Executive Director

Chairman of Investa Commercial Developments Pty Limited

Chairman of Sustainability, Safety, Health and Environment Committee

Member of Audit and Risk Management Committee

Member of Nominations Committee

#### Interests in securities

10,184 stapled securities in Investa Property Group

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# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Information on Directors (continued)

**D R Page** B.Ec, FCA, MAICD. Age 46.

#### Experience and expertise

Deborah Page was appointed to the Board on 17 April 2002. Deborah is a chartered accountant and was a partner in Touche Ross/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. Deborah is the current Chair of the NSW Cancer Council and a Member of the Board of Management of the Internal Audit Bureau of NSW. She has also been on the Board of Macquarie Generation since March 2000.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director

Director of Investa Residential Developments Pty Limited

Chairman of Audit and Risk Management Committee

Member of Nominations Committee

Member of Remuneration Committee

#### Interests in securities

31,615 stapled securities in Investa Property Group.

## Company Secretary

The company secretary is B V McGarry FCPA, FCIS. Brian is responsible for all company secretarial, compliance and human resource management. Brian has extensive experience in senior finance and accounting roles and has over 30 years experience in development, construction and property management. Prior to working at Investa, Brian assisted with the property funds management operations of the Lend Lease Group, including the role of company secretary of the responsible entity of General Property Trust from 1990 to 1996.

## Additional Secretaries

Simone Lander B.Ec is an additional company secretary and joined Investa in August 2001. Simone is responsible for the Commercial Development and Asset Management Groups of Investa. Prior to working at Investa, Simone held the positions of company secretary of Quadtel Limited, assistant company secretary at the Mirvac Group and assistant company secretary of Emperor Mines Limited.

Brian Lang CA MBA is an additional company secretary. Brian joined Investa in August 2004 and is responsible for the Unlisted Funds and Corporate Property Services business units. Prior to working at Investa, Brian held senior finance roles with the Australian Financial Markets Association and Jacon Industries Limited. He has had extensive experience in finance, accounting and secretarial roles over the past 20 years ranging from small to medium sized private companies up to listed companies.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Meetings of Directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year to 30 June 2005, and the numbers of meetings attended by each director at the time the director held office or was a member of the committee during the year were:

	Board meeting		Audit & Risk Management Committee meeting		Due Diligence Committee meeting		Nominations & Remuneration Committee meeting		Sustainability Committee meeting	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
I K Payne	17	17	6	6	-	-	-	-	-	-
C J O'Donnell	17	17	-	-	17	11	9	9	4	4
J L Arthur	17	17	-	-	-	-	9	9	4	4
P D Campbell	7	7	-	-	-	-	-	-	-	-
J I Messenger	17	16	11	11	17	14	-	-	-	-
J S Murray	11	11	5	5	-	-	-	-	2	2
D R Page	17	17	11	11	4	4	9	9	-	-

<sup>1</sup> "Held" reflects the number of meetings which the director was eligible to attend.

The Audit and Risk Management Committee is chaired by D R Page. It reviews and makes recommendations on the financial reporting process, the system of internal control and management of financial and operational risks, the audit process and the Group's process for monitoring compliance with laws and regulations.

The Due Diligence Committee is chaired by J I Messenger. It reviews and makes recommendations in respect of proposals for new acquisitions, new syndications, the preparation of associated product disclosure statements, post acquisition performance reviews and amendments to constitutions.

During the year, the Nominations and Remuneration Committee was chaired by J L Arthur. It makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors, other senior executives and salary structures for other staff. In July 2005, the responsibility for nominating the directors was given to the newly created Nominations Committee of which each director is a member and is chaired by J L Arthur.

The Sustainability Committee was chaired by J S Murray from November 2004. It was established to reflect the belief that securityholder value will be enhanced through formalising and integrating the management of the Group's environmental, social and economic responsibilities. In July 2005, the role of this Committee was enhanced to include the responsibility for health and safety.

### Meetings of Subsidiary Boards

In addition to the abovementioned meetings, the development group and asset management companies convene separate board meetings to review and consider the operations, strategy and governance of these subsidiary businesses. The development group board met on 17 occasions and the asset management companies' board met on 6 occasions during the year.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Remuneration Report

#### Principles used to determine the nature and amount of remuneration

##### (a) Remuneration of directors

The maximum aggregate annual fees for non-executive directors are set by resolution of the security holders. The present limit of \$1,000,000 was approved at the 2003 Annual General Meeting. Within that limit, fees for individual directors are set by the Board.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Details of each director's attendances at Board and Board Committee meetings are set out in the Directors' Report. Non-executive directors' fees are reviewed annually by the Board after consideration of recommendations from the Nominations and Remuneration Committee. The Board also seeks advice from an independent remuneration consultant to ensure that non-executive directors' fees and payments are appropriate. The fee arrangements for various activities undertaken by board members were as follows:

Chairman	\$190,000
Non-executive directors' base fee	\$95,000
Chairman of Audit & Risk Management Committee	\$20,000
Chairman of Due Diligence Committee	\$25,000
Chairman of Nominations and Remuneration Committee	\$15,000
Chairman of Sustainability Committee	\$15,000
<hr/>	
<b>Committee Member Fees</b>	
Audit & Risk Management Committee	\$5,000
<hr/>	
<b>Subsidiary Board Fees</b>	
Development Group Companies Chairman	\$15,000
Development Group Companies Director	\$10,000
Asset Management Companies Chairman	\$10,000

Payments amounting to \$711,273 (including superannuation) were made to non-executive directors during the year.

##### Retirement allowance for directors

The retirement benefits scheme for directors was discontinued from 30 June 2003. The sum of \$105,864, then accrued in respect of I K Payne, has been increased to \$110,898 (in order to preserve its real value) and will be preserved until payment becomes due.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Details of remuneration

Details of the remuneration of each specified director of the Group are set out in the following tables.

#### Non-executive directors

2005	Primary <sup>4</sup>						Post-employment		Total \$
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee <sup>3</sup>	Development Group Board	Asset Mngmt Board	Super- annuation Contribution	
I K Payne <sup>1</sup>	190,000	-	-	-	-	-	-	11,584	201,584
J L Arthur	95,000	-	-	15,000	7,038	15,000	10,000	11,584	153,622
P D Campbell <sup>2</sup>	-	-	-	-	-	-	-	-	-
J I Messenger	95,000	5,000	25,000	-	-	-	-	11,250	136,250
J S Murray (from 1/11/04)	63,333	3,334	-	-	10,000	-	-	6,900	83,567
D R Page	95,000	20,000	-	-	-	10,000	-	11,250	136,250
<b>Total Non-executive directors</b>	<b>538,333</b>	<b>28,334</b>	<b>25,000</b>	<b>15,000</b>	<b>17,038</b>	<b>25,000</b>	<b>10,000</b>	<b>52,568</b>	<b>711,273</b>

2004	Primary <sup>4</sup>						Post-employment		Total \$
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee <sup>3</sup>	Development Group Board	Asset Mngmt Board	Super- annuation Contribution	
I K Payne <sup>1</sup>	170,000	-	-	-	-	-	-	15,300	185,300
J L Arthur	85,000	-	-	10,000	-	15,000	10,000	10,800	130,800
S A Mays (From 1/7/2003 - 12/5/2004)	73,575	-	-	-	8,656	-	-	7,401	89,632
J I Messenger	85,000	-	25,000	-	-	-	-	9,900	119,900
D R Page	85,000	15,000	-	-	-	10,000	-	9,900	119,900
<b>Total Non-executive directors</b>	<b>498,575</b>	<b>15,000</b>	<b>25,000</b>	<b>10,000</b>	<b>8,656</b>	<b>25,000</b>	<b>10,000</b>	<b>53,301</b>	<b>645,532</b>

<sup>1</sup> A retirement allowance of \$110,898 has been accrued in respect of I K Payne and will be preserved in real value terms until payment becomes due.

<sup>2</sup> P D Campbell is an executive director of CPG Australia Pty Limited in which the Group held a 40% interest from 21 December 2004. His appointment as a non-executive director of Investa Properties Limited was from 22 December 2004. No fees have been paid or are payable for P D Campbell for the period to 30 June 2005.

<sup>3</sup> The total remuneration for the Chairman of the Sustainability Committee reflects the period of J L Arthur's tenure as Chairman from 12 May 2004 up to the appointment of J S Murray as Chairman on 1 November 2004.

<sup>4</sup> Limit of \$1,000,000 per annum approved in October 2003.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Executive Director

For details of the principles and components of executive pay, refer to page 68.

2005	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
C J O'Donnell	653,812	381,667	225,732	21,064	-	1,282,275

2004	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
C J O'Donnell	543,200	300,000	203,780	48,888	-	1,095,868

### Short Term Incentives (STI)

For the short term incentive included in the above 2005 table and described on page 69, the percentage of the STI potential paid to C J O'Donnell is 85%. The achievement of 100% of STI potential requires "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of the Group. On this basis, 15% of the STI potential was not paid or, to use the language contemplated by the *Corporations Regulations 2001*, was "forfeited".

### Stapled security holding of specified directors

The number of securities held directly or indirectly during the financial year by each specified director is set out below:

	Balance at the start of the year	Purchases/ (sales)	Balance at the end of the year
<b>Specified non-executive directors</b>			
<b>Stapled Securities in Investa Property Group</b>			
I K Payne	28,278	10,000	38,278
J L Arthur	31,957	27,483	59,440
P D Campbell <sup>1</sup>	-	20,763,804	20,763,804
J I Messenger	33,413	2,073	35,486
J S Murray	-	10,184	10,184
D R Page	26,394	5,221	31,615

<sup>1</sup> On 21 December 2004, prior to P D Campbell becoming a director of Investa Properties Limited, he received 20,388,349 securities in Investa Property Group, from the Group's initial acquisition of a 40% interest in CPG Australia Pty Limited, of which he is a shareholder.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

	Balance at the start of the year	Purchases/ (sales) <sup>1</sup>	Balance at the end of the year
<b>Specified executive director</b>			
<b>Stapled Securities in Investa Property Group</b>			
C J O'Donnell	1,816,347	250,000	2,066,347

<sup>1</sup> The amount purchased in the current year was pursuant to an allocation under the Employee Share Acquisition Plan.

### Loans to specified executive directors

Loans are made in relation to the Employee Share Acquisition Plan. For additional details of these loans refer to page 70. No loans have been made to non-executive directors.

Details of the loan made to the one specified executive director of the Group at the end of the year are set out below:

2005	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
C J O'Donnell	2,514,390	173,882	2,809,589	3,005,016
2004	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
C J O'Donnell	2,188,916	153,819	2,514,390	2,684,015

### Service agreements

On 1 October 2002, the Group entered into a five year service agreement with the Managing Director, C J O'Donnell. The agreement stipulates the minimum base salary for each of the first three years; it provides a short-term incentive (which, if earned would be paid as a bonus, each year) and a long-term incentive/retention payment of \$1.0 million over the five years, with half being payable in September 2006, and the second half being payable in September 2007, provided the agreed conditions have been satisfied. The reward provision of this agreement may be increased each year at the discretion of the Board.

There are no other executive service agreements.

### (b) Executive pay

The objective of the Group's executive remuneration framework is to ensure that reward for performance is transparent, reasonable, competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and hence the creation of value for securityholders, and was designed consistently with advice received from independent remuneration consultants on market best practice for delivery of rewards to executives.

The remuneration framework provides a mix of fixed and at risk pay, with a blend of short and long-term incentives. As an executive undertakes more senior roles within the Group, the balance of his or her mix can shift to a higher proportion of 'at risk' rewards, depending upon the nature of the executive's new role.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

The overall level of executive reward in any given year takes into account the performance of the stapled entity over a number of years, and, in particular, with greater emphasis given to the current and prior year. Over the past 5 years, the stapled entity's profit from ordinary activities after income tax has grown at an average rate of 18.8% per annum, and total securityholder return has averaged 11.2% per annum. This has been calculated assuming an initial investment of \$1,000, full participation in the distribution reinvestment plan when in operation, inclusion of the franking credit available on the company portion of the distribution and no disposal of securities acquired. During the same period, average executive remuneration has grown by approximately 14.0% per annum.

The executive pay and reward framework has three components, the combination of which comprises the executive's total remuneration:

- base pay and benefits (fixed)
- short-term incentives (variable at risk)
- long-term incentives (variable at risk).

### Base Pay

Executives are offered a competitive base pay that comprises the fixed component of their remuneration. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for comparable roles. Base pay is reviewed annually. An executive's pay is also reviewed on promotion. The base pay for the Chief Executive and his direct reports requires the specific approval of the Board, following review by the Nominations and Remuneration Committee.

Base pay reviews are undertaken annually within a target total base pay allocation for the Group set in consultation with the Nominations and Remuneration Committee, and approved by the Board.

### Short-Term Incentives (STI)

The short term incentive arrangements at Investa have been designed to link annual STI bonus awards to executive performance against agreed key performance indicators and the financial performance of the Group during the year in question. The principles of the scheme include the determination of amounts payable having regard to:

1. The performance by the executive measured against agreed personal objectives (KPI's);
2. The financial performance of the executive's Business Unit against target; and
3. The Group financial performance against target.

At the commencement of each year the Board, on the recommendation of the Nominations and Remuneration Committee, establishes the total amount, or "pool", to be available for STI payments within the Group, the guiding principles for the setting of STI potential, the KPI's for Group executives generally and the Group financial performance targets to be achieved in order for the total available incentive pool to become payable.

Each executive has a nominated "STI potential" which will only be received in full in the event of "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of the executive's Business Unit and the Group. As a general rule, the STI potential set for an executive depends upon his or her accountabilities and the potential impact of his or her role on the financial performance of the relevant business unit and the Group itself. The Board retains the discretion to approve higher than potential STI bonus payments to some or all executives to reward significant over achievement against agreed performance criteria.

Each year the Board, on the recommendation of the Nominations and Remuneration Committee, approves the individual STI targets and KPI's for the Chief Executive and his direct reports.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Long-Term Incentives (LTI)

#### (i) ESAP

The Employee Share Acquisition Plan (ESAP) at Investa has been designed to enable employees to share in the long term growth of the Group by being awarded securities under the Plan, potentially on an annual basis. The intention is to align employee wealth creation interests with those of the Group's securityholders over the longer term, and also to encourage executives to remain with the Group and continue to add value for the benefit of all stakeholders.

Annual ESAP allocations are made within a total ESAP award framework approved by the Board after review by the Nominations and Remuneration Committee.

Individual awards to the Chief Executive and his direct reports require specific Board approval.

The Nominations and Remuneration Committee approves the principles and criteria governing ESAP awards to other employees within the total award framework referred to above.

Unless the Board in its absolute discretion permits otherwise, employees cannot access securities allocated to them under ESAP until after the third anniversary of the allocation being made.

ESAP functions through Investa making non-interest bearing non-recourse loans to employees to enable the acquisition on market of Investa securities under ESAP for the employees in question. Distributions and dividends paid on the securities represent assessable income to employees. A cash component of distributions and dividends is paid to each employee to fund his or her tax liability arising from the distributions and dividends. The balance of the distributions and dividends is directed towards repayment of the employees' loans on an individual account basis.

Under the terms of ESAP any shortfall between the market value of an employee's ESAP securities at the date he or she leaves the Group, and that employee's outstanding loan balance at the same date, is borne by the Group. For the year to 30 June 2005, no loss was sustained by the Group. The non-monetary benefit to an employee attributable to ESAP is equivalent to the net interest that would otherwise have been borne on the loan, determined using the Group's average weighted interest rate.

#### (ii) Potential Retention Payments

Linked to the ESAP scheme is an enhanced retention scheme which is restricted in application and which began operation in the 2005 financial year.

An amount of money is allocated to a Retention Pool each year. The Managing Director will make recommendations to the Board Nominations and Remuneration Committee for the allocation of this money to key employees on a three year vesting basis. An employee will only be entitled to receive his or her allocation if he or she is still employed by Investa at the vesting date (three years from date of allocation). Payment will generally be made by way of a reduction of the employee's outstanding ESAP loan balance. The first payments will be made under the scheme in the 2008 financial year.

#### Retirement benefits for employees

No benefits are payable, except through Superannuation arrangements.



# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Details of remuneration

Details of the remuneration of each of the five specified executives of the Group is set out below:

2005	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
D F Bromell	334,944	200,000	30,030	29,219	-	594,193
W W Grounds	243,748	72,000	22,452	21,937	-	360,137
A S Junor	286,715	67,500	58,821	25,804	-	438,840
B V McGarry	247,556	36,000	44,264	21,997	-	349,817
G B Monk	397,374	128,000	90,028	35,205	-	650,607
<b>Total</b>	<b>1,510,337</b>	<b>503,500</b>	<b>245,595</b>	<b>134,162</b>	<b>-</b>	<b>2,393,594</b>

2004	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
D F Bromell	281,750	80,000	17,645	25,358	-	404,753
W W Grounds	222,500	50,000	12,131	20,025	-	304,656
A S Junor	276,860	85,000	49,784	24,917	-	436,561
B V McGarry	215,000	50,000	32,917	19,350	-	317,267
G B Monk	350,000	175,000	81,501	31,500	-	638,001
<b>Total</b>	<b>1,346,110</b>	<b>440,000</b>	<b>193,978</b>	<b>121,150</b>	<b>-</b>	<b>2,101,238</b>

### Short Term Incentives

For each short term incentive included in the above 2005 table, the percentage of the STI potential paid is D F Bromell 91%, W W Grounds 60%, A S Junor 45%, B V McGarry 60% and G B Monk 85%. The achievement of 100% of STI potential requires "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of both the executive's Business Unit and the Group. On this basis, the percentage of STI potential that was not paid or, to use the language contemplated by the *Corporations Regulations 2001*, was "forfeited" is D F Bromell 9%, W W Grounds 40%, A S Junor 55%, B V McGarry 40% and G B Monk 15%.

### Stapled Security holding of specified executives

The number of securities held during the financial year by each of the five specified executives is set out below:

	Balance at the start of the year	Purchases/ (sales) <sup>1</sup>	Balance at the end of the year
<b>Stapled Securities in Investa Property Group</b>			
D F Bromell	150,000	120,000	270,000
W W Grounds	110,000	100,000	210,000
A S Junor	425,500	100,000	525,500
B V McGarry	353,600	100,000	453,600
G B Monk	652,475	120,000	772,475

<sup>1</sup> The amounts purchased in the current year by each of the specified executives were pursuant to allocations under the Employee Share Acquisition Plan.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Loans to specified executives

Details of loans made to the five specified executives of the Group are set out below:

Specified individuals with loans above \$100,000 during the financial year

2005	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
D F Bromell	286,814	29,217	494,703	517,635
W W Grounds	195,320	21,712	370,303	388,139
A S Junor	709,622	52,020	847,966	892,597
B V McGarry	547,443	42,535	698,561	743,693
G B Monk	1,155,739	80,635	1,305,562	1,370,961
<b>Total</b>	<b>2,894,938</b>	<b>226,119</b>	<b>3,717,095</b>	<b>3,913,025</b>

No write-down or allowance for doubtful receivables has been recognised in relation to any loan made to specified executives.

2004	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
D F Bromell	204,073	16,831	286,814	303,073
W W Grounds	127,949	11,317	195,320	207,149
A S Junor	558,919	42,551	709,622	756,920
B V McGarry	383,786	32,103	547,443	581,786
G B Monk	1,031,477	70,992	1,155,739	1,229,476
<b>Total</b>	<b>2,306,204</b>	<b>173,794</b>	<b>2,894,938</b>	<b>3,078,404</b>

No write-down or allowance for doubtful receivables was recognised in relation to any loan made to specified executives in the previous year.

### Potential retention payments

On 5 May 2005, the company entered into retention agreements in respect of the three years ending on 30 September 2007 with each of D F Bromell, W W Grounds, and G B Monk involving potential retention payments to them of \$150,000, \$50,000 and \$150,000 respectively. The payment to each person is dependent upon that person being employed within the Investa Property Group at 30 September 2007. The after-tax value of any such payment will be applied to reduce the ESAP loan to that person.

### Matters subsequent to the end of the financial year

Since the end of the year, the directors of the Group have not become aware of any matter or circumstance that has significantly or may significantly affect the operations of the Group, the results of these operations, or state of Group's affairs in future financial years.

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

### Environmental regulation

Whilst the Group is not subject to significant environmental regulation in respect of its property activities, the directors are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the directors are not aware of any material breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

### Indemnification and insurance of officers and auditors

During the financial year, Investa Properties Limited paid a premium to insure the directors and officers of the Company and its controlled entities, Investa Asset Management Pty Limited, Investa Asset Management (QLD) Pty Limited, Investa Nominees Pty Limited, and Investa Development Holdings Pty Limited and its controlled entities. Disclosure of the amount of the premium paid is prohibited by the insurance contract. The auditors of the company are in no way indemnified out of the assets of the company.

### Likely developments and expected results of operations

The Group is required to adopt International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board for reporting periods beginning on or after 1 January 2005. The adoption of IFRS is not expected to have an impact on the Group's distribution capacity.

A summary of how the Group is managing this transition and what the likely impact will be, is contained in Note 34 to the full combined financial report.

### Non-Audit Services

The Board has adopted a policy governing Auditor Independence which specifies that the auditing firm should not provide services that are or could be perceived to be in conflict with the role of auditor. Each non-audit service is considered in the context of this policy.

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 75.

During the year the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Report (continued)

	2005	2004
	\$	\$
Remuneration for audit of the financial reports of the Group and its combined entities:		
Auditor of the Group – PricewaterhouseCoopers	661,150	624,520
Remuneration for other services		
Auditor of the Group – PricewaterhouseCoopers:		
Tax compliance services – review of tax returns of DOF <sup>1</sup>	-	54,580
Taxation advice in relation to the acquisition of DOF <sup>1</sup>	-	56,820
Advice in relation to the accounting for the acquisition of DOF <sup>1</sup>	-	35,000
IFRS Technical advice	125,597	25,000
Real Estate procedures review	-	3,000
Investigating accountant's advice	-	70,000
Due diligence of acquisitions	220,000	-
Audit of completion accounts in relation to acquisition of CPG	229,125	-
<b>Total non-audit services</b>	<b>574,722</b>	<b>244,400</b>
<b>Total auditor's remuneration</b>	<b>1,235,872</b>	<b>868,920</b>

<sup>1</sup> PricewaterhouseCoopers Tax services were not used in 2005 year.

## Rounding of amounts

The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and 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.

## Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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



I K Payne  
Chairman  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Property Group

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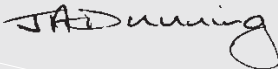
## Directors' Report (continued)

### Auditor's Independence Declaration

As lead auditor for the audit of Investa Property Group for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

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

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



J A Dunning  
Partner  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Property Group

## Discussion and Analysis of the Combined Financial Statements

For the year ended 30 June 2005

The following commentary will assist securityholders when reviewing and interpreting the results of the Group for the year ended 30 June 2005.

### Combined Statements of Financial Performance

Profit for the Group after tax and outside equity interests increased by 8.6% from \$215,378,000 to \$233,871,000. This earnings improvement reflects both the inclusion of a full twelve month contribution from last year's acquisition of DOF and a higher contribution from the sale of investments.

These items, when combined with the increase in the average number of securities from 1,346,649,752 to 1,467,014,499, or 8.9%, resulted in a slight decrease in the earnings per security before amortisation to 16.51 cents per security (16.55 cents per security in the prior year). The distribution for the year was 16.50 cents per security, in line with the prior year.

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

	2005	2004
	\$'000	\$'000
<b>Segment Contribution</b>		
- Investment Portfolio	269,385	262,699
- Property Development	27,850	28,155
- Services <sup>1</sup>	22,325	18,494
- Investments	32,392	26,644
	<b>351,952</b>	<b>335,992</b>
Operating Costs	<b>(39,599)</b>	<b>(31,175)</b>
EBITDA	312,353	304,817
Borrowing Costs <sup>2</sup>	(67,561)	(78,432)
Depreciation	(420)	(536)
Amortisation	(8,269)	(7,451)
Tax	(2,232)	(3,020)
	<b>233,871</b>	<b>215,378</b>

<sup>1</sup> Includes Unlisted Funds, Asset Management and CPS business units, and CPS contribution is net of recoverable overheads

<sup>2</sup> Excludes outside equity interest's share of borrowing costs

### 1. Analysis of Segment Contribution

Overall the Group's segment contribution improved by 4.8% from \$335,992,000 to \$351,952,000 driven by:

#### a. Investment Portfolio

The Portfolio segment contribution increased by \$6,686,000, or 2.5%, to \$269,385,000. This largely reflects the full year effect of the DOF properties purchased in September 2003 partly offset by the sale of properties as part of the Group's capital management program.

# ANNUAL CONCISE REPORT

Investa Property Group

## Discussion and Analysis of the Combined Financial Statements (continued)

### Combined Statements of Financial Performance (continued)

#### b. Property Development

Development revenue declined from \$85,308,000 to \$64,600,000 due primarily to lower commercial activity following the substantial completion of several projects in the prior year and reduced opportunities in the market. Commercial Division sales were lower in the current financial year from Eden Park (CPSA), North Ryde and Manly Shopping Centre, Brisbane. Despite this reduced revenue, the segment contribution only declined by \$305,000 to \$27,850,000 due to an equity accounted contribution of \$2,678,000 (after tax) following the acquisition of 40% of CPG Australia Pty Limited, higher project margins at Mill Park Lakes, Victoria and Quinns Beach, Western Australia and residual land sales at Manly Shopping Centre, Brisbane.

Residential settlements declined from 199 lots in 2004 to 165 lots in 2005 primarily due to the completion of the Manly Residential Project, Brisbane in 2004. The following table summarises residential lots sales for the current year:

Project	Lots
Mill Park Lakes, Victoria	138 @ \$140,000/lot average
Quinns Beach, Western Australia	25 @ \$335,000/lot average
Hillary's, Western Australia	2 @ \$240,000/lot average
<b>Total</b>	<b>165</b>

In addition, there were 16 units sold at Turner Street, Melbourne, final settlement on land at Eden Park in North Ryde, Sydney (sold to Investa Fifth Commercial Trust) and the settlement of the residual land sales at Manly Shopping Centre, Brisbane.

The Development business unit acquired the following land during the year:

- 194 hectares of industrial land at Deer Park, Melbourne for a total cost of \$35,224,000 in September 2004;
- 10 hectares of residential land at Claremont Meadows, Sydney for a total cost of \$10,160,000 in December 2004;
- 21 hectares of industrial land at Deception Bay, Queensland at a cost of \$4,650,000 in February, 2005 with a 10% deposit paid to date;
- 26 hectares of industrial land at Eastern Creek, Sydney for a total cost of \$38,000,000 in March 2005;
- Final settlement of \$14,500,000 on 61 hectares of residential land at Henley Brook, Western Australia;
- An instalment payment of \$15,000,000 on 226 hectares of residential land at Bellbird, Queensland; and
- Acquisition of a further 40 hectares of residential land adjoining existing holdings at Henley Brook, Western Australia for a total cost of \$12,294,000 with an 8% deposit paid by 30 June 2005.

In addition, on 21 December 2004 Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited) acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities.

Through this transaction the Group has acquired a 40% indirect interest in a portfolio of 4,452 lots at 30 June 2005, which are either owned or controlled, of residential development land for subdivision, predominantly in Greater Sydney, and CPG's substantial contract home building business. The company's main housing brands are Clarendon Homes, Domaine Homes, Bellevalle Homes and Greenway Homes.

# ANNUAL CONCISE REPORT

Investa Property Group

## Discussion and Analysis of the Combined Financial Statements (continued)

### Combined Statements of Financial Performance (continued)

#### c. Services

Contribution from the Services business grew by 20.7% or \$3,831,000 to \$22,325,000 reflecting the full year impact of the DOF acquisition on the Asset Management business; Corporate Property Services successfully securing another major client, SunCorp Metway Limited; and an increase of 39% in the level of external funds under management.

#### d. Investments

Investments include distribution income derived from units held directly by the Group in syndicates managed by the Unlisted Funds division, profits derived from the rationalisation of the portfolio and interest income. This represents a key element of the Group's strategy as we are able to draw on the strength of the Group's balance sheet as we hold assets either for future sale or syndication.

The Investment segment contribution increased from \$26,644,000 to \$32,392,000 due to higher profits from the sale of investments partly offset by a decline in short-term investment income following the Group's sell down of investments in Investa Commercial Property Fund, Investa Sixth Commercial Trust, Investa Brisbane Commercial Trust and Martin Place Wholesale Fund to external parties.

Profits from the sale of investments, including both short-term investments and investment properties, increased from \$4,370,000 to \$13,705,000. During the year the following investments were sold:

	Revenue \$'000	Cost \$'000	Profit on Sale \$'000
73 Northbourne Avenue, Canberra	17,500	17,315	185
400 George Street, Sydney (45% interest)	180,539	174,561	5,978
Maritime Trade Towers (20% interest)	46,901	45,650	1,251
64 Northbourne Avenue, Canberra	20,750	20,314	436
310-322 Pitt Street, Sydney (50% interest)	66,375	63,157	3,218
Centennial Plaza (20% interest)	47,200	46,050	1,150
Part interest in Investa Commercial Property Fund	77,635	77,316	319
Interests in other Investa Syndicates	30,620	29,452	1,168
	<b>487,520</b>	<b>473,815</b>	<b>13,705</b>

## 2. Analysis of Expenses

### a. Operating Costs

Operating costs excluding one-off items increased by \$3,842,000 to \$39,599,000. The increase in the underlying operating cost is due to:

- Employee expenses, excluding CPS, which increased by \$2,737,000 from \$18,380,000 to \$21,117,000, reflecting an increase in staff numbers from 146 to 184 primarily associated with the growth of asset management and development activities; and
- A general increase in other expenses of \$1,105,000 or 3.5% following the expansion of the Group's operating activities, including additional costs associated with corporate governance, a new internal audit function, and IFRS implementation.



# ANNUAL CONCISE REPORT

Investa Property Group

## Discussion and Analysis of the Combined Financial Statements (continued)

### Combined Statements of Financial Performance (continued)

One-off items totalling \$4,582,000 were included in operating costs. These are made up of:

- The write off of costs associated with the preparation of unsuccessful bids, including the Lensworth Group, of \$2,372,000; and
- A one-off relocation provision of \$2,210,000 following the decision to centralise the company's main activities at 126 Phillip Street.

#### b. Borrowing Costs

Borrowing costs, which include interest expenses and line facility fees, decreased from the previous corresponding period by \$10,871,000 to \$67,561,000, primarily due to the reduction in debt following the sale of the investments described above. Expenditure on qualifying assets (including the development project at 126 Phillip Street in Sydney) has increased total borrowings without any associated increase in borrowing cost expense, as these borrowing costs are capitalised to the carrying value of the qualifying asset.

#### c. Depreciation and Amortisation

Amortisation of intangibles and depreciation of \$8,689,000 is up by \$702,000 due to the full year effect of the goodwill recognised on acquisition of DOF.

### Combined Statements of Financial Position

Total assets increased by 10% from \$4,459,071,000 at 30 June 2004 to \$4,838,687,000 at 30 June 2005.

The composition of total assets has changed as the Group implements its strategy to increase the contribution by business activities to total Group earnings. The Company has increased its property development inventory from \$169,435,000 at 30 June 2004 to \$301,740,000 at 30 June 2005 and also acquired a 40% interest in CPG Australia Pty Limited. The 40% investment at 30 June 2005 totalled \$103,504,000.

During the period the carrying value of 126 Phillip Street, Sydney increased substantially from \$251,477,000 to \$394,353,000, reflecting the ongoing cost of construction. During the year 24 properties were revalued. Gross revaluation increased by \$136,400,000, 5.4% on the prior valuation, and after taking into account capital expenditure and outside equity interest, net book values increased by \$31,098,000 or 1.3%. The sale of 64 and 73 Northbourne Avenue, Canberra for \$38,250,000 reduced assets accordingly. In addition, the Group sold down part of its interest in 400 George Street, Sydney, Maritime Trade Towers, Sydney, 310-322 Pitt Street, Sydney and Centennial Plaza, Sydney. However, as the Group still controls these interests for accounting purposes, they continue to be consolidated.

At 30 June 2004, Investa Commercial Property Fund ("ICPF") was consolidated on the basis that the Group held a controlling interest of 76.3%. At 30 June 2005, ICPF is no longer consolidated following the sell down of the Group's interest to 21.2%. The Group does however consolidate 3 sub-trusts in which ICPF has a 50% interest, being 231 Elizabeth Street Trust, Investa South Melbourne Trust and Sunpac Property Fund, on the basis that when combined with Investa Property Trust's 50% direct investment, the combined Group's interest in these sub-trusts is 60.6%.

The total debt outstanding as at 30 June 2005 was \$1,444,545,000, compared to \$1,618,500,000 at 30 June 2004. The gearing for the Group decreased to 29.9%, down from 36.3% at 30 June 2004.

During the year \$59,170,000 was raised under the Distribution Reinvestment Plan and \$60,000,000 from the issue of securities as part consideration for the initial 40% interest acquired in CPG Australia Pty Limited.

# ANNUAL CONCISE REPORT

Investa Property Group

## Discussion and Analysis of the Combined Financial Statements (continued)

Outside equity interest increased by a net \$399,453,000 during the year, reflecting the external interest in 400 George Street, Maritime Trade Towers, Centennial Plaza and 310 Pitt Street, and the 39.4% external interests in 231 Elizabeth Street Trust, Investa South Melbourne Trust and Sunpac Property Fund.

The net tangible asset backing per security as at 30 June 2005 increased to \$1.81 from \$1.78 at 30 June 2004.

### Combined Statements of Cash Flows

The consolidated cash reserves for the Group reduced from \$9,016,000 to \$7,346,000 at 30 June 2005.

Cash inflows from operating activities reduced by \$74,308,000 to \$130,292,000 reflecting:

- Increased payments of \$76,123,000 mainly related to acquisition of property inventories and other development costs
- Reduced receipts from property sales of \$16,875,000 and
- Increased borrowing costs paid of \$9,167,000 to \$78,083,000.

These increases in cash outflows have been partially offset by a reduction in income taxes payable of \$7,388,000 to \$1,752,000 and the inclusion of a full twelve month contribution from the acquisition of DOF in September 2003.

Cash flows from investing activities resulted in a net inflow of \$179,509,000 which was mainly as a result of proceeds from the sale of investments totalling \$486,507,000 (increase of \$338,514,000 from previous financial year) offset by payments for investments in associates of \$64,721,000 principally relating to the initial 40% investment in CPG Australia Pty Limited and an investment in Investa Diversified Office Fund. Capital expenditure on investment properties also increased by \$118,346,000 to \$219,906,000, the majority of which was incurred on the 126 Phillip Street, Sydney development.

Cash flow from financing activities resulted in a net outflow of \$311,471,000. This was principally due to net repayment of borrowings of \$109,345,000 as a result of investment sales noted above. Distributions in the current year also increased by \$42,114,000 to \$203,278,000 reflecting increased cash distributions to securityholders.

# ANNUAL CONCISE REPORT

Investa Property Group

## Combined Statements of Financial Performance

For the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>Revenue from ordinary activities</b>			
Revenue from operating activities		453,891	450,723
Distributions from associates		26,457	20,196
Associate share of income		2,679	-
Other revenue from ordinary activities		490,470	168,456
<b>Total revenue from ordinary activities</b>		<b>973,497</b>	<b>639,375</b>
Cost of development inventory sold		(36,748)	(58,222)
Employee expenses		(30,718)	(24,640)
Property outgoings		(62,400)	(64,544)
Repairs and maintenance		(10,768)	(9,094)
Borrowing costs		(67,843)	(79,519)
Depreciation of property, plant and equipment		(420)	(536)
Amortisation of intangibles		(8,269)	(7,451)
Other expenses from ordinary activities		(495,684)	(172,757)
<b>Profit from ordinary activities before income tax expense</b>		<b>260,647</b>	<b>222,612</b>
Company income tax expense		(2,232)	(3,020)
<b>Profit from ordinary activities after income tax expense</b>		<b>258,415</b>	<b>219,592</b>
Net profit attributable to outside equity interest		(24,544)	(4,214)
<b>Net profit after company tax attributable to stapled securityholders of Investa Property Group</b>		<b>233,871</b>	<b>215,378</b>
Net increment/(decrement) in asset revaluations		10,189	(15,098)
<b>Total revenues, expenses and valuation adjustments attributable to stapled securityholders of Investa Property Group recognised directly in equity</b>		<b>10,189</b>	<b>(15,098)</b>
<b>Total changes in equity other than those resulting from transactions with stapled securityholders as owners</b>		<b>244,060</b>	<b>200,280</b>
Distributions and dividends paid and payable	4	243,793	233,274
		<b>Cents</b>	<b>Cents</b>
Distributions and dividends paid and payable (cents per stapled security)	4	16.50	16.50
Basic and diluted earnings (cents per stapled security)	5	15.94	15.99
Basic and diluted earnings per stapled security (before revaluation)	5	15.94	15.99
Basic and diluted earnings per stapled security (before revaluation and before amortisation)	5	16.51	16.55

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

# ANNUAL CONCISE REPORT

Investa Property Group

## Combined Statements of Financial Position

As at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>Current assets</b>			
Cash assets		7,346	9,016
Receivables		35,448	31,742
Property development inventories		62,355	34,519
Other investments		101,522	111,654
Investment properties	3	3,915	24,132
Other assets		28,095	21,999
<b>Total current assets</b>		<b>238,681</b>	<b>233,062</b>
<b>Non-current assets</b>			
Deferred tax asset		11,051	5,358
Intangibles		117,221	125,153
Property, plant and equipment		1,323	1,029
Loans to employees		16,455	12,012
Other investments		105,822	248,513
Property development inventories		239,385	134,916
Investment properties	3	4,108,749	3,699,028
<b>Total non-current assets</b>		<b>4,600,006</b>	<b>4,226,009</b>
<b>Total assets</b>		<b>4,838,687</b>	<b>4,459,071</b>
<b>Current liabilities</b>			
Payables		51,680	51,355
Interest bearing liabilities		-	120,000
Provisions		71,984	65,060
Current tax liabilities		22	1,269
<b>Total current liabilities</b>		<b>123,686</b>	<b>237,684</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		1,444,545	1,498,500
Deferred tax liabilities		13,494	6,077
<b>Total non-current liabilities</b>		<b>1,458,039</b>	<b>1,504,577</b>
<b>Total liabilities</b>		<b>1,581,725</b>	<b>1,742,261</b>
<b>Net assets</b>		<b>3,256,962</b>	<b>2,716,810</b>
<b>Equity</b>			
Contributed equity		2,758,132	2,628,237
Outside equity interest in controlled entities		443,581	44,128
Reserves		45,965	35,776
Amounts available for distribution	4	9,284	8,669
<b>Total equity</b>		<b>3,256,962</b>	<b>2,716,810</b>

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

# ANNUAL CONCISE REPORT

Investa Property Group

## Combined Statements of Cash Flow

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	527,914	517,937
Cash payments in the course of operations	(347,514)	(250,870)
Interest received	3,304	1,080
Distributions and dividends received	26,423	14,509
Borrowing costs paid	(78,083)	(68,916)
Income taxes paid	(1,752)	(9,140)
<b>Net cash inflow from operating activities</b>	<b>130,292</b>	<b>204,600</b>
<b>Cash flows from investing activities</b>		
Payments for investments in property	-	(47,535)
Payment for purchase of controlled entity, net of cash acquired	-	(414,593)
Capital expenditure on investment properties	(219,906)	(101,560)
Payments for investment in associates	(77,670)	(13,949)
Proceeds from sale of investments	486,507	147,993
Proceeds from sale of for property, plant and equipment	9	31
Payments for property, plant and equipment	(4,987)	(582)
Loans to employees	(4,444)	(2,780)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>179,509</b>	<b>(432,975)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of securities	1,160	50,000
Proceeds from borrowings	2,301,235	1,515,722
Repayment of borrowings	(2,410,580)	(1,175,434)
Payments for costs associated with issue of securities	(8)	(1,672)
Distributions paid	(203,278)	(161,164)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(311,471)</b>	<b>227,452</b>
<b>Net decrease in cash held</b>	<b>(1,670)</b>	<b>(923)</b>
Cash at the beginning of the financial year	9,016	9,939
<b>Cash at the end of the financial year</b>	<b>7,346</b>	<b>9,016</b>

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

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements

For the year ended 30 June 2005

### Note 1. Basis of preparation of concise financial report

The combined concise financial report has been prepared in accordance with the requirements of Accounting Standard AASB1039 Concise Financial Reports, applicable Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements and specific disclosures included in the combined concise financial report have been derived from the combined full financial report for the financial period. The combined concise financial report cannot be expected to provide as full an understanding of the combined financial performance, combined financial position and financing and investing activities of Investa Property Group as the full combined financial report.

The accounting policies adopted are consistent with those of the previous year unless otherwise stated.

### Note 2. Segment information

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

#### Investment portfolio

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

#### Services

Investa Properties Limited is the Responsible Entity for Investa Property Trust and for eleven registered schemes. Annual management fees and establishment fees are earned. The Company also provides asset, property and facilities management services to properties managed by Investa Property Group.

#### Property development

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

#### Short term investments

Investa Properties Limited holds short term investments prior to either syndication, disposal, or sell down to external investors.

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Note 2. Segment information (continued)

	Investment Portfolio \$'000	Services \$'000	Property Development \$'000	Short-Term Investments \$'000	Unallocated <sup>2</sup> \$'000	Consolidated \$'000
<b>30 June 2005</b>						
Revenue from ordinary activities						
– Operating revenue	363,555	34,986	64,600	22,836	-	485,977
– Sale of property	-	-	-	487,520	-	487,520
	363,555	34,986	64,600	510,356	-	973,497
EBITDA <sup>1</sup>						
– Consolidated	293,006	22,325	27,850	33,597	(39,599)	337,179
– Less outside equity interest	(23,621)	-	-	(1,205)	-	(24,826)
– Attributable to securityholders of Investa Property Group	269,385	22,325	27,850	32,392	(39,599)	312,353
Net profit after tax	217,920	14,770	12,614	19,959	(31,392)	233,871
Segment assets	4,168,368	3,222	430,266	224,769	12,061	4,838,687
Segment liabilities	1,015,070	2,819	351,183	198,677	13,976	1,581,725
Depreciation and amortisation	6,612	957	1,120	-	-	8,689
Acquisition of property, plant and equipment	223,796	651	79	367	-	224,893
	Investment Portfolio \$'000	Services \$'000	Property Development \$'000	Short-Term Investments \$'000	Unallocated <sup>2</sup> \$'000	Consolidated \$'000
<b>30 June 2004</b>						
Revenue from ordinary activities						
– Operating revenue	333,731	25,541	85,308	33,697	-	478,277
– Sale of property	-	-	-	161,098	-	161,098
	333,731	25,541	85,308	194,795	-	639,375
EBITDA <sup>1</sup>						
– Consolidated	264,250	18,494	28,155	30,394	(31,175)	310,118
– Less outside equity interest	(1,551)	-	-	(3,750)	-	(5,301)
– Attributable to securityholders of Investa Property Group	262,699	18,494	28,155	26,644	(31,175)	304,817
Net profit after tax	200,398	12,032	14,547	10,382	(21,981)	215,378
Segment assets	3,838,382	3,068	186,624	415,524	15,473	4,459,071
Segment liabilities	1,274,224	1,594	148,803	310,986	6,654	1,742,261
Depreciation and amortisation	5,794	1,038	1,155	-	-	7,987
Acquisition of property, plant and equipment	101,561	497	84	-	-	102,142

<sup>1</sup> Earnings before borrowing costs, tax, depreciation and amortisation

<sup>2</sup> Relates to Group operating costs

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Note 3. Investment properties

			2005 \$'000	2004 \$'000
<b>Current</b>				
Investment property			3,915	24,132
<b>Non-current</b>				
Investment property			4,108,749	3,699,028
Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions \$'000
<b>Current assets</b>				
Investa Sixth Commercial Trust 73 Northbourne Avenue, Canberra, ACT	Offices/ 99 yr leasehold	-	(21/07/04)	-
Investa Diversified Office Fund		22%	01/06/05	3,915
<b>Total current assets</b>				3,915
<b>Non-current assets</b>				
<b>Properties held by Investa Property Trust</b>				
55 Market Street, Sydney, NSW <sup>3</sup>	Offices/Freehold	100%	31/07/98	128,042
485 Latrobe Street, Melbourne, VIC <sup>3</sup>	Offices/Freehold	100%	10/09/98	92,433
73 Miller Street, North Sydney, NSW <sup>3</sup>	Offices/Freehold	100%	12/06/97	76,296
Cathedral Square, 410 Ann Street, Brisbane, QLD <sup>3</sup>	Offices/Freehold 120 yr leasehold	100%	23/11/87	61,348
469 Latrobe Street, Melbourne, VIC <sup>3</sup>	Offices/Freehold	100%	01/07/88	86,823
50-60 Talavera Road, North Ryde, NSW <sup>3</sup>	Offices/Freehold	100%	01/11/99	32,969
62 Northbourne Avenue, Canberra, ACT	Offices/96 yr leasehold	100%	26/02/88	28,908
420 St Kilda Road, Melbourne, VIC	Offices/Freehold	100%	12/12/86	25,526
109 St Georges Terrace, Perth, WA	Offices/Freehold	100%	01/11/99	38,922
64 Northbourne Avenue, Canberra, ACT	Offices/96 yr leasehold	-	(01/06/05)	-
<b>Total Properties held by Investa Property Trust</b>				571,267
<b>Properties held by controlled entities</b>				
<b>Fawkner Trust</b>				
441 St Kilda Road, Melbourne, VIC <sup>3</sup>	Offices/Leasehold	100%	30/10/03	48,595
310 Pitt Street, Sydney, NSW <sup>1 &amp; 9</sup>	Offices/Freehold	71%	30/11/02	131,986
<b>Total – Fawkner Trust</b>				180,581
<b>Lizabeth Trust</b>				
255 Elizabeth Street, Sydney, NSW <sup>3 &amp; 7</sup>	Offices	50%	21/09/94	
	Freehold	10%	11/12/98	
		40%	01/11/99	176,781
<b>Total – Lizabeth Trust</b>				176,781



Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/05 \$'000	Consolidated book value 30/06/04 \$'000
-	-	-	-	6,949
-	-	-	-	17,183
-	-	-	3,915	-
			3,915	24,132
30/06/05	142,000	D M Castles, AAPI, Knight Frank	142,000	140,084
30/06/05	110,000	A Duguid, AAPI, m3 Property	110,000	111,210
31/12/04	87,000	S Young, FAPI, FPD Savills	87,087	90,592
31/12/03	62,500	S Boyd, AAPI, Jones Lang LaSalle	63,640	62,604
30/6/05	54,500	R Bowman, FAPI, FPD Savills(Vic)	54,500	48,439
30/06/03	32,000	D McGrath, AAPI, FPD Savills	32,226	32,025
30/06/05	26,200	P Harding, FAPI, Knight Frank	26,200	27,568
30/06/05	29,000	S Worth, AAPI, Jones Lang LaSalle	29,000	27,842
30/06/05	31,100	M Foster-Key, AAPI, FPD Savills	31,100	19,963
-	-	-	-	16,266
			575,753	576,593
30/10/03	45,000	B Smith, FAPI, Knight Frank	48,595	47,691
31/03/05	132,800	R Higgins, FAPI & L Maroney, AAPI UrbisJHD	138,893	125,664
			187,488	173,355
30/06/03	152,000	D Castles, AAPI, Landmark White	156,171	152,195
			156,171	152,195

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Note 3. Investment properties (Continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions \$'000
<b>Properties held by controlled entities (Continued)</b>				
<b>Investa Real Property Growth Trust</b>				
BT Tower 1 Market Street, Sydney, NSW <sup>3 &amp; 8</sup>	Offices/Freehold	61%	31/01/96	210,518
State Law Building, 50 Ann Street, Brisbane, QLD <sup>1</sup>	Offices/Freehold	100%	31/12/02	85,880
The Octagon, 110 George Street, Parramatta, NSW <sup>3</sup>	Offices/Freehold	100%	02/10/97 15/12/98	71,007
Kings Row, Brisbane, QLD <sup>1</sup>	Offices/Freehold	61%	31/12/02	34,409
<b>Total - Investa Real Property Growth Trust</b>				<b>401,814</b>
<b>Delta Office Fund</b>				
400 George Street, Sydney, NSW <sup>1 &amp; 5</sup>	Offices/Freehold	59%	31/10/99	261,320
120 Collins Street, Melbourne, VIC <sup>1 &amp; 3</sup>	Offices/Freehold	100%	31/01/94	318,095
30% interest (as tenants-in-common) Grosvenor Place, 225-235 George Street, Sydney, NSW	Offices/Leasehold	30%	31/05/88	308,455
126 Phillip Street, Sydney, NSW – Development property <sup>1 &amp; 2</sup>	Offices/Freehold (Development)	100%	31/12/96	394,483
50% interest (as tenants-in-common) QV1, 250 St George's Terrace, Perth, WA	Offices/Freehold	50%	31/12/98	143,457
St Martins Tower, 31 Market Street, Sydney, NSW <sup>1 &amp; 7</sup>	Offices/Freehold	100%	30/09/00	110,694
50% interest (as tenants-in-common) Maritime Trade Towers, 201 Kent Street, Sydney, NSW <sup>1</sup>	Offices/Leasehold	35%	31/12/00	97,727
Centennial Plaza Tower C 300 Elizabeth Street, Sydney, NSW <sup>1</sup>	Offices/Freehold	88%	30/09/00	90,798
Centennial Plaza Tower B 270-280 Elizabeth, Street, Sydney, NSW <sup>1</sup>	Offices/Freehold	88%	30/09/00	75,055
Centennial Plaza Tower A 260 Elizabeth Street, Sydney, NSW <sup>1</sup>	Offices/Freehold	88%	30/09/00	56,669
Kindersley House, 33 Bligh & 20-26 O'Connell Streets, Sydney, NSW <sup>1</sup>	Offices/Freehold	100%	31/12/01	78,286
Customs House, 414 Latrobe Street, Melbourne, VIC <sup>1</sup>	Offices/Freehold	100%	31/07/97	46,350
Sydney CBD Floor Space, Sydney, NSW <sup>1 &amp; 4</sup>	Heritage Floor Space	100%	30/06/00	332
<b>Total – Delta Office Fund</b>				<b>1,981,721</b>
<b>Connect Property Trust</b>				
242 Exhibition Street, Melbourne, VIC <sup>1 &amp; 3</sup>	Offices/Freehold	100%	19/08/02	277,516
231 Elizabeth Street, Sydney, NSW <sup>3 &amp; 8</sup>	Offices/Freehold	61%	19/08/02	117,384
<b>Total - Connect Property Trust</b>				<b>394,900</b>

Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/05 \$'000	Consolidated book value 30/06/04 \$'000
31/12/04	213,500	S Kearney, AAPI, FPD Savills	216,085	110,334
30/06/05	87,000	T Irving, AAPI & D Mohr AAPI CB Richard Ellis	87,000	83,000
30/06/05	69,400	R Lawrie, AAPI, JLL Advisory	69,400	67,885
30/09/04	30,800	J Apted, AAPI, Colliers International	31,774	33,481
			<b>404,259</b>	<b>294,700</b>
30/06/05	411,000	P Inglis, FAPI Knight Frank	411,000	386,697
31/12/03	320,000	D Gowing, FAPI, CBRE	323,200	320,020
30/09/04	234,600	A Pannifex, FAPI, FPD Savills	236,876	233,344
-	-	Not Applicable	394,353	251,477
30/06/04	159,000	S Nuttall, AAPI, & J Fenner, AAPI, CBRE	159,760	159,000
31/12/03	125,000	S Fairfax, AAPI & L Tredwell, GAPI, CBRE	131,739	126,440
30/06/05	115,000	D Hillier, AAPI, Colliers International	115,000	111,615
30/06/05	100,000	S Kearney, AAPI, FPD Savills	100,000	88,743
30/06/05	76,000	S Kearney, AAPI, FPD Savills	76,000	75,427
30/06/05	62,500	S Kearney, AAPI, FPD Savills	62,500	60,000
31/12/03	60,000	S Fairfax, AAPI & L Tredwell, GAPI, CBRE	62,433	60,519
30/06/03	44,800	R J Scrivener, FAPI, FRICS, Urbis	44,974	44,800
30/06/03	1,000	S Fairfax, AAPI & L Tredwell, GAPI CBRE	622	622
			<b>2,118,457</b>	<b>1,918,704</b>
31/12/04	282,500	R Bowman, AAPI, FPD Savills	283,311	275,251
31/12/04	121,000	A Pannifex, AAPI, FPD Savills	121,290	58,362
			<b>404,601</b>	<b>333,613</b>

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Note 3. Investment properties (Continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions \$'000
<b>Properties held by controlled entities (Continued)</b>				
<b>Investa South Melbourne Trust</b>				
209 Kingsway, Melbourne, VIC	Offices/Freehold	61%	31/01/02	102,800
<b>Total - Investa South Melbourne Trust</b>				102,800
<b>Total Properties held by Controlled Entities</b>				3,238,597
<b>Properties held by Associates</b>				
<b>60 Martin Place Unit Trust</b>				
60 Martin Place, Sydney, NSW <sup>6</sup>	Offices/Freehold	50%	01/11/99	93,144
<b>80 Pacific Highway Trust</b>				
80 Pacific Highway, North Sydney, NSW <sup>6</sup>	Offices/Freehold	50%	04/05/01	45,745
<b>589 Collins Trust</b>				
589 Collins Street, Melbourne, VIC <sup>6</sup>	Offices/Freehold	50%	28/02/03	28,526
<b>Penrhyn House Trust</b>				
Penrhyn House, Woden, ACT <sup>3</sup> & <sup>6</sup>	Offices/Freehold	50%	06/12/02	20,649
<b>Total Properties held by Associates</b>				188,064
<b>Interests in associates - unlisted property securities</b>				
Investa Diversified Office Fund		20%	01/06/05	3517
Investa Commercial Property Fund		21%	30/06/03	8,637
Investa Sixth Commercial Trust		-	(01/06/05)	-
Investa Brisbane Commercial Trust		-	(01/06/05)	-
<b>Total interests in unlisted property securities</b>				12,154
Share of associates liabilities				-
<b>Total non-current investment</b>				4,010,082

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

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

<sup>3</sup> These properties and units are used as security for the issue of a Commercial Mortgage Backed Security (CMBS) issue.

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

<sup>5</sup> The property is recorded at its full value as at 30 June 2005 due to the consolidation of Beta Trust on the basis that the Trust holds a 55.1% controlling interest.

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

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

<sup>8</sup> These properties are indirectly held through the ownership of a 60.6% controlling interest in unlisted property trusts and are carried at 100% of their underlying value due to the consolidation of these trusts.

<sup>9</sup> The book value for this property includes a \$6.1m accrual at 30 June 2005 for capital expenditure, which was not included in the 31 March 2005 valuation.

Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/05 \$'000	Consolidated book value 30/06/04 \$'000
31/12/04	105,000	G Longden, FAPI, JLL Advisory	105,000	51,425
			105,000	51,425
			3,375,976	2,923,992
30/09/04	95,000	A Pannifax, AAPI, FPD Savills	94,272	93,144
30/06/04	44,000	MS Smallhorn, FAPI & D McGrath, Jones Lang LaSalle	44,304	44,304
30/06/05	33,000	S Worth, AAPI, Jones Lang LaSalle	30,970	28,526
01/09/02	19,300	P Harding, FAPI, Knight Frank	20,649	20,649
			190,195	186,623
			3,517	-
			8,637	-
			-	7,000
			-	4,820
			12,154	11,820
			(45,329)	-
			4,108,749	3,699,028

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Note 3. Investment properties (Continued)

#### Valuations

Investment properties not independently valued during the last 12 months are carried at directors' valuation at 30 June 2005.

#### Reconciliations

Reconciliations of the carrying amounts of investment property for the financial year are set out below:

	2005	2004
	\$'000	\$'000
Carrying amount at start of year	3,699,028	1,817,577
Additions including capital expenditure	188,446	1,982,962
Consolidation of properties previously shown as associate interest	221,804	-
Disposals	(31,624)	(86,413)
Revaluation increments / (decrements)	31,095	(15,098)
Carrying amount at end of year	4,108,749	3,699,028

### Note 4. Dividends and distributions

	2005	2005	2004	2004
	\$'000	Cents per stapled security	\$'000	Cents per stapled security
<b>Distributions and dividends</b>				
30 September	59,522	4.125	56,421	4.05
31 December	61,121	4.125	57,304	4.10
31 March	61,575	4.125	59,284	4.15
30 June final payable <sup>1</sup>	61,575	4.125	60,265	4.20
	243,793	16.50	233,274	16.50

<sup>1</sup> To be paid on 22 August 2005.

Dividends/distributions actually paid or satisfied by the issue of securities under the Group's distribution reinvestment plan during the year ended 30 June 2005 were as follows:

	2005	2004
	\$'000	\$'000
Paid in cash	182,946	158,911
Satisfied by the issue of securities	59,537	49,076
	242,483	207,987

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Note 4. Dividends and distributions (continued)

#### Franked dividends

The dividends are fully franked from franking credits arising from the payment of Company income tax during the period.

	2005 \$'000	2004 \$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	10,225	9,381

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

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

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

### Note 5. Amounts available for distribution

	2005 \$'000	2004 \$'000
Opening balance	8,669	8,507
Profit attributable to securityholders of Investa Property Group	233,871	215,378
Transfer from contributed equity <sup>1</sup>	10,537	18,058
Dividends/distributions paid and payable	(243,793)	(233,274)
Closing balance	9,284	8,669

<sup>1</sup> This transfer represents \$2,268,000 income support on unit placements and amortisation of intangibles of \$8,269,000.

### Note 6. Earnings per stapled security

	2005	2004
Basic and diluted earnings (cents per stapled security)	15.94	15.99
Basic and diluted earnings per stapled security (before revaluation) (cents per stapled security)	15.94	15.99
Basic and diluted earnings per stapled security (before revaluation and before amortisation) (cents per stapled security)	16.51	16.55
Weighted average number of stapled securities outstanding during the year used in the calculation of earnings per stapled security	1,467,014,499	1,346,649,752

The calculation of basic earnings per stapled security includes the increments / (decrements) on revaluation of investment properties.

# ANNUAL CONCISE REPORT

Investa Property Group

## Notes to the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Note 7. Events occurring after reporting date

Since the end of the year, the directors have not become aware of any matter or circumstance that has significantly or may significantly affect the operations of the Group, the results of these operations, or state of Group's affairs in future financial years.

### Note 8. Full financial report

Further financial information can be obtained from the full financial report which is available, free of charge, upon request. Please call 1 800 635 323 (freecall) and for international 612 8280 7182, and a copy will be forwarded to you. Alternatively, you can access both the combined full financial report and the combined concise report via the internet at: [www.investa.com.au](http://www.investa.com.au).



# ANNUAL CONCISE REPORT

Investa Property Group

## Directors' Declaration

The directors of Investa Properties Limited declare that in their opinion, the combined concise financial report of Investa Property Group (the Group), comprising Investa Properties Limited and its controlled entities and Investa Property Trust and its controlled entities for the year ended 30 June 2005, as set out on pages 81 to 94, complies with Accounting Standard AASB 1039 Concise Financial Reports.

The financial statements and specific disclosures included in this combined concise financial report have been derived from the full combined financial report for the period ended 30 June 2005.

The combined concise financial report cannot be expected to provide as full an understanding of the combined financial performance, combined financial position and financing and investing activities of the Group as the full combined financial report, which as indicated in Note 7, is available upon request.

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



I K Payne  
Chairman  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Property Group

PricewaterhouseCoopers

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## Independent audit report to the securityholders of Investa Property Group

### Audit opinion

In our opinion, the concise financial report of Investa Property Group for the year ended 30 June 2005 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

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

### Scope

#### The concise financial report and directors' responsibility

The concise financial report comprises the combined statement of financial position, combined statement of financial performance, combined statement of cash flows, discussion and analysis of and notes to the financial statements, and the directors' declaration for Investa Property Group (the group) for the year ended 30 June 2005.

The directors of Investa Properties Limited, the Responsible Entity, are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

#### Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it 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 concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We also performed an independent audit of the full financial report of the group for the financial year ended 30 June 2005. Our audit report on the full financial report was signed on 3 August 2005, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

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

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

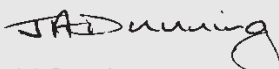
Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

### 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

18 August 2005

# ANNUAL CONCISE REPORT

Investa Property Trust

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This concise report has been derived from the full financial report for the year ended 30 June 2005 for Investa Property Trust. The full financial report and auditors report will be sent to unitholders upon request, free of charge. Please call 1800 635 323 (freecall) and for International 612 8280 7182, and a copy will be forwarded to you.

Alternatively, you can access the full financial report and the concise financial report via the internet on our website: [www.investa.com.au](http://www.investa.com.au)

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Property Trust as the full financial report.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report

The directors of Investa Properties Limited, the Responsible Entity of Investa Property Trust, present their report together with the consolidated financial report of Investa Property Trust and its controlled entities (together the "Trust") for the year ended 30 June 2005.

### Directors

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

I K Payne (Chairman)

C J O'Donnell (Managing Director)

J L Arthur

P D Campbell

J I Messenger

J S Murray

D R Page

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

I K Payne has advised of his retirement as a director with effect from the conclusion of the 2005 Annual General Meeting.

### Principal activities

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

### Distributions

Distributions paid to unitholders during the financial year were as follows:

	2005 \$'000
Final distribution for the year ended 30 June 2004 of 3.95 cents per unit paid on 20 August 2004	56,678
Interim distribution of 4.125 cents per unit paid on 19 November 2004	59,522
Interim distribution of 4.125 cents per unit paid on 21 February 2005	61,121
Interim distribution of 4.125 cents per unit paid on 20 May 2005	61,575
	<hr/> 238,896

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

In addition to the above distributions, the directors declared a final distribution on 21 June 2005 of 4.025 cents per unit, or \$60,083,000 to be paid on 22 August 2005.

Distributions totalling \$242,301,000 (16.40 cents per unit) were paid or payable by the Trust for the year ended 30 June 2005 (2004: \$224,107,000 equivalent to 15.85 cents per unit).

### Units on issue

	2005 No.'000	2004 No.'000
Opening securities on issue	1,434,890	885,529
Units issued in relation to the acquisition of DOF (Delta Office Fund, formerly Principal Office Fund)	-	498,308
Units issued via placements	-	26,042
Units issued via the distribution reinvestment plan	28,722	25,011
Units issued via placement in relation to the acquisition of CPG Australia Pty Limited	29,126	-
Closing units on issue	1,492,738	1,434,890

### Review of operations and significant changes in the state of affairs

A summary of the consolidated results is as follows:

	2005 \$'000	2004 \$'000
Total revenue from ordinary activities	789,329	449,235
Net profit attributable to unitholders	240,060	206,708
Amounts available for distribution brought forward from previous year	5,698	5,039
Transfer (to) from contributed equity to distributable income	10,537	18,058
Distributions paid and payable	(242,301)	(224,107)
Amounts available for distribution carried forward	13,994	5,698
Total Assets of the Trust at 30 June	4,600,640	4,258,198

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

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

On 21 December 2004, Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited), a related entity, acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000 plus acquisition costs, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, with put and call options on the remaining 60% of the business exercisable between July and September 2005 (at the date of this report, the options had not been exercised). The total consideration, which is subject to final working capital adjustments, is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of an additional \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and would be payable in 2007. For its part, the Trust for the 2005 financial year, issued units to the value of \$56,760,000 and secured external debt of \$40,000,000 both offset by a corresponding related party loan to Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited).

### Sale of Assets to Investa Commercial Property Fund

On 23 May 2005, the following assets were sold to Investa Commercial Property Fund, an associated entity:

- 39.8% interest in Maritime Trade Towers Trust for \$46,901,000, representing 19.9% of 201 Kent Street, Sydney, NSW
- 19.9% interest in Beta Trust for \$81,789,000, representing 19.9% of 400 George Street, Sydney, NSW

Consideration for the sale of these assets was based on independent external valuations and the assets were sold on normal arms-length commercial terms and conditions. The sale of these assets generated an accounting profit of \$5,949,000 for the Trust.

### Sale of Assets to Investa Diversified Office Fund

On 1 June 2005 the following assets were sold by the Trust to Investa Diversified Office Fund, an associated entity in which the Trust has a 20% interest:

- 50% interest in 310 Pitt St Trust for \$66,375,000
- 19.99% interest in Centennial Trust (formerly known as Cairns Trust) for \$47,200,000
- 64 Northbourne Avenue, Canberra for \$20,750,000
- 20% interest in Investa Brisbane Commercial Trust for \$4,868,000
- 19.94% interest in Investa Sixth Commercial Trust for \$9,500,000

Consideration for the sale of these assets was based on independent external valuations and the assets were sold on normal arms-length commercial terms and conditions. The sale of these assets generated an accounting profit of \$6,499,000 for the Trust.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Information on Directors

**I K Payne M.Ec.** Chairman – Non-Executive. Age 63.

#### Experience and expertise

Ian Payne was appointed Chairman of the Board on 1 June 1999. Previously he was Deputy Chief Executive and Executive Director of Commonwealth Bank of Australia from 1992 to 1997 and Chairman of Commonwealth Financial Services Limited. During this period he was a director of a number of subsidiaries and associated companies including Chairman of CBFC Limited. From 1996 until August 2002 he was Chairman of Export Finance and Insurance Corporation. Ian is also a Director of Zurich Financial Services.

#### Other current listed company directorships

SFE Corporation Limited – Non-Executive Director (since 31 October 1999)  
Espreon Limited (formerly Legalco Limited) – Non-Executive Director (since 7 April 2000)

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non-Executive Chairman of the Board  
Member of the Nominations Committee

#### Interests in securities

38,278 stapled securities in Investa Property Group

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**C J O'Donnell Dip.Bus., NZCB, FAICD, AIQS (Affil), FAPI.** Managing Director. Age 48.

#### Experience and expertise

Chris O'Donnell has been Managing Director of Investa Property Group since December 2000. Chris has wide ranging property experience gained over 30 years working with Lend Lease, Capital Property Group, Leighton Holdings and Westpac. During this period he held a number of senior executive roles including Executive Director of Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and Managing Director of Capital Property Limited. Chris is also a Non-Executive Director of Green Building Council of Australia and a Non-Executive Director of Property Council of Australia.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Managing Director  
Director of Investa Residential Developments Pty Limited  
Director of Investa Commercial Developments Pty Limited  
Director of Investa Asset Management Companies  
Director of IPG Finance Pty Limited  
Member of Nominations Committee  
Member of Remuneration Committee  
Member of Sustainability, Safety, Health and Environment Committee

#### Interests in securities

2,066,347 stapled securities in Investa Property Group.

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# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Information on Directors (continued)

**J L Arthur LLB (Hons). Age 50.**

#### Experience and expertise

John Arthur is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. He is a partner at law firm Gilbert and Tobin and was previously a partner at Freehills. Prior to that, John was general counsel at the Lend Lease Group and was a director of the Manager of General Property Trust.

#### Other current listed company directorships

Rinker Group Limited – Non Executive Director (since 3 February 2003)

#### Former listed company directorships in last 3 years

CSR Limited – Non Executive Director (March 2001 to April 2003)

#### Special responsibilities

Non Executive Director

Chairman of Investa Residential Developments Pty Limited

Chairman of Investa Asset Management Companies

Director of Investa Commercial Developments Pty Limited

Chairman of Nominations Committee

Chairman of Remuneration Committee

Member of Sustainability, Safety, Health and Environment Committee

#### Interests in securities

59,440 stapled securities in Investa Property Group

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**P D Campbell Age 56.**

#### Experience and expertise

Peter Campbell was appointed to the Board on 22 December 2004 following the acquisition of 40% of CPG Australia Pty Limited (formerly Clarendon Property Group). As founder of CPG Australia, Peter has been closely involved in the residential land and building industry for over 27 years. His business experience in building the CPG business has been extensive and includes business development, marketing, financial and general management. Peter is also the Group Managing Director of CPG Australia Pty Limited.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director

Director of Investa Residential Developments Pty Limited

Member of Nominations Committee

#### Interests in securities

20,763,804 stapled securities in Investa Property Group

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# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Information on Directors (continued)

**J I Messenger ANZIF Snr. Assoc. Age 59.**

#### Experience and expertise

John Messenger has extensive international insurance broking and risk management experience. Between 1986 and 1995, John was the Managing Director of MLC Insurance Limited. From 1997 to 2001, he was the Chief Executive Officer, Corporate Risk Management for the Lend Lease Group. John is currently a Director of St John Ambulance Australia (NSW) Limited and related companies and of Territory Insurance Office, Darwin.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director  
Director of Investa Commercial Developments Pty Limited  
Chairman of Due Diligence Committee  
Member of Audit and Risk Management Committee  
Member of Nominations Committee

#### Interests in securities

35,486 stapled securities in Investa Property Group.

---

**J S Murray BA, FCIT, FAICD. Age 56.**

#### Experience and expertise

Jock Murray was appointed to the Board on 1 November 2004. Jock is a former Director General of the New South Wales Department of Transport, where he initiated a number of major infrastructure and technology projects, and was Executive Director Transport for the Sydney 2000 Olympic Games, with responsibility for infrastructure, strategic and operational planning. Jock has significant strategic, organisational and operational experience in the areas of transport and major infrastructure. He is also a Non-executive Chairman of Central Ranges Pipelines Pty Limited and a Director of Terminals Australia Pty Limited.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

The Hills Motorway Limited – Non Executive Chairman and Non-Executive Director (November 2002 to June 2005)

#### Special responsibilities

Non Executive Director  
Chairman of Investa Commercial Developments Pty Limited  
Chairman of Sustainability, Safety, Health and Environment Committee  
Member of Audit and Risk Management Committee  
Member of Nominations Committee

#### Interests in securities

10,184 stapled securities in Investa Property Group

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# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Information on Directors (continued)

**D R Page** B.Ec, FCA, MAICD. Age 46.

#### Experience and expertise

Deborah Page was appointed to the Board on 17 April 2002. Deborah is a chartered accountant and was a partner in Touche Ross/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. Deborah is the current Chair of the NSW Cancer Council and a Member of the Board of Management of the Internal Audit Bureau of NSW. She has also been on the Board of Macquarie Generation since March 2000.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director

Director of Investa Residential Developments Pty Limited

Chairman of Audit and Risk Management Committee

Member of Nominations Committee

Member of Remuneration Committee

#### Interests in securities

31,615 stapled securities in Investa Property Group.

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### Company Secretary

The company secretary is B V McGarry FCPA, FCIS. Brian is responsible for all company secretarial, compliance and human resource management. Brian has extensive experience in senior finance and accounting roles and has over 30 years experience in development, construction and property management. Prior to working at Investa, Brian assisted with the property funds management operations of the Lend Lease Group, including the role of company secretary of the responsible entity of General Property Trust from 1990 to 1996.

### Additional Secretaries

Simone Lander B.Ec is an additional company secretary and joined Investa in August 2001. Simone is responsible for the Commercial Development and Asset Management Groups of Investa. Prior to working at Investa, Simone held the positions of company secretary of Quadtel Limited, assistant company secretary at the Mirvac Group and assistant company secretary of Emperor Mines Limited.

Brian Lang CA MBA is an additional company secretary. Brian joined Investa in August 2004 and is responsible for the Unlisted Funds and Corporate Property Services business units. Prior to working at Investa, Brian held senior finance roles with the Australian Financial Markets Association and Jacon Industries Limited. He has had extensive experience in finance, accounting and secretarial roles over the past 20 years ranging from small to medium sized private companies up to listed companies.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Meetings of Directors

The numbers of meetings of the Responsible Entity's board of directors and of each board committee held during the year to 30 June 2005, and the numbers of meetings attended by each director at the time the director held office or was a member of the committee during the year were:

	Board meeting		Audit & Risk Management Committee meeting		Due Diligence Committee meeting		Nominations & Remuneration Committee meeting		Sustainability Committee meeting	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
I K Payne	17	17	6	6	-	-	-	-	-	-
C J O'Donnell	17	17	-	-	17	11	9	9	4	4
J L Arthur	17	17	-	-	-	-	9	9	4	4
P D Campbell	7	7	-	-	-	-	-	-	-	-
J I Messenger	17	16	11	11	17	14	-	-	-	-
J S Murray	11	11	5	5	-	-	-	-	2	2
D R Page	17	17	11	11	4	4	9	9	-	-

<sup>1</sup> "Held" reflects the number of meetings which the director was eligible to attend.

The Audit and Risk Management Committee is chaired by D R Page. It reviews and makes recommendations on the financial reporting process, the system of internal control and management of financial and operational risks, the audit process and the Trust's process for monitoring compliance with laws and regulations.

The Due Diligence Committee is chaired by J I Messenger. It reviews and makes recommendations in respect of proposals for new acquisitions, new syndications, the preparation of associated product disclosure statements, post acquisition performance reviews and amendments to constitutions.

During the year, the Nominations and Remuneration Committee was chaired by J L Arthur. It makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors, other senior executives and salary structures for other staff. In July 2005, the responsibility for nominating the directors was given to the newly created Nominations Committee of which each director is a member and is chaired by J L Arthur.

The Sustainability Committee was chaired by J S Murray from November 2004. It was established to reflect the belief that securityholder value will be enhanced through formalising and integrating the management of the Group's environmental, social and economic responsibilities. In July 2005, the role of this Committee was enhanced to include the responsibility for health and safety.

### Meetings of Subsidiary Boards

In addition to the abovementioned meetings, the development group and asset management companies convene separate board meetings to review and consider the operations, strategy and governance of these subsidiary businesses. The development group board met on 17 occasions and the asset management companies' board met on 6 occasions during the year.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Remuneration Report

#### Principles used to determine the nature and amount of remuneration

##### (a) Remuneration of directors

The maximum aggregate annual fees for non-executive directors are set by resolution of the security holders. The present limit of \$1,000,000 was approved at the 2003 Annual General Meeting. Within that limit, fees for individual directors are set by the Board.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Details of each director's attendances at Board and Board Committee meetings are set out in the Directors' Report. Non-executive directors' fees are reviewed annually by the Board after consideration of recommendations from the Nominations and Remuneration Committee. The Board also seeks advice from an independent remuneration consultant to ensure that non-executive directors' fees and payments are appropriate. The fee arrangements for various activities undertaken by board members were as follows:

Chairman	\$190,000
Non-executive directors' base fee	\$95,000
Chairman of Audit & Risk Management Committee	\$20,000
Chairman of Due Diligence Committee	\$25,000
Chairman of Nominations and Remuneration Committee	\$15,000
Chairman of Sustainability Committee	\$15,000

##### Committee Member Fees

Audit & Risk Management Committee	\$5,000
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##### Subsidiary Board Fees

Development Group Companies Chairman	\$15,000
Development Group Companies Director	\$10,000
Asset Management Companies Chairman	\$10,000

Payments amounting to \$711,273 (including superannuation) were made to non-executive directors during the year.

##### Retirement allowance for directors

The retirement benefits scheme for directors was discontinued from 30 June 2003. The sum of \$105,864, then accrued in respect of I K Payne, has been increased to \$110,898 (in order to preserve its real value) and will be preserved until payment becomes due.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Details of remuneration

Details of the remuneration of each specified director of the Group are set out in the following tables.

#### Non-executive directors

2005	Primary <sup>4</sup>						Post-employment		Total \$
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee <sup>3</sup>	Development Group Board	Asset Mngmt Board	Super- annuation Contribution	
I K Payne <sup>1</sup>	190,000	-	-	-	-	-	-	11,584	201,584
J L Arthur	95,000	-	-	15,000	7,038	15,000	10,000	11,584	153,622
P D Campbell <sup>2</sup>	-	-	-	-	-	-	-	-	-
J I Messenger	95,000	5,000	25,000	-	-	-	-	11,250	136,250
J S Murray (from 1/11/04)	63,333	3,334	-	-	10,000	-	-	6,900	83,567
D R Page	95,000	20,000	-	-	-	10,000	-	11,250	136,250
<b>Total Non-executive directors</b>	<b>538,333</b>	<b>28,334</b>	<b>25,000</b>	<b>15,000</b>	<b>17,038</b>	<b>25,000</b>	<b>10,000</b>	<b>52,568</b>	<b>711,273</b>

2004	Primary <sup>4</sup>						Post-employment		Total \$
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee <sup>3</sup>	Development Group Board	Asset Mngmt Board	Super- annuation Contribution	
I K Payne <sup>1</sup>	170,000	-	-	-	-	-	-	15,300	185,300
J L Arthur	85,000	-	-	10,000	-	15,000	10,000	10,800	130,800
S A Mays (From 1/7/2003 - 12/5/2004)	73,575	-	-	-	8,656	-	-	7,401	89,632
J I Messenger	85,000	-	25,000	-	-	-	-	9,900	119,900
D R Page	85,000	15,000	-	-	-	10,000	-	9,900	119,900
<b>Total Non-executive directors</b>	<b>498,575</b>	<b>15,000</b>	<b>25,000</b>	<b>10,000</b>	<b>8,656</b>	<b>25,000</b>	<b>10,000</b>	<b>53,301</b>	<b>645,532</b>

<sup>1</sup> A retirement allowance of \$110,898 has been accrued in respect of I K Payne and will be preserved in real value terms until payment becomes due.

<sup>2</sup> P D Campbell is an executive director of CPG Australia Pty Limited in which the Group held a 40% interest from 21 December 2004. His appointment as a non-executive director of Investa Properties Limited was from 22 December 2004. No fees have been paid or are payable for P D Campbell for the period to 30 June 2005.

<sup>3</sup> The total remuneration for the Chairman of the Sustainability Committee reflects the period of J L Arthur's tenure as Chairman from 12 May 2004 up to the appointment of J S Murray as Chairman on 1 November 2004.

<sup>4</sup> Limit of \$1,000,000 per annum approved in October 2003.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Executive Director

For details of the principles and components of executive pay, refer to page 109.

2005	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
C J O'Donnell	653,812	381,667	225,732	21,064	-	1,282,275

2004	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
C J O'Donnell	543,200	300,000	203,780	48,888	-	1,095,868

### Short Term Incentives (STI)

For the short term incentive included in the above 2005 table and described on page 110, the percentage of the STI potential paid to C J O'Donnell is 85%. The achievement of 100% of STI potential requires "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of the Group. On this basis, 15% of the STI potential was not paid or, to use the language contemplated by the *Corporations Regulations 2001*, was "forfeited".

### Stapled security holding of specified directors

The number of securities held directly or indirectly during the financial year by each specified director is set out below:

	Balance at the start of the year	Purchases/ (sales)	Balance at the end of the year
<b>Specified non-executive directors</b>			
<b>Stapled Securities in Investa Property Group</b>			
I K Payne	28,278	10,000	38,278
J L Arthur	31,957	27,483	59,440
P D Campbell <sup>1</sup>	-	20,763,804	20,763,804
J I Messenger	33,413	2,073	35,486
J S Murray	-	10,184	10,184
D R Page	26,394	5,221	31,615

<sup>1</sup> On 21 December 2004, prior to P D Campbell becoming a director of Investa Properties Limited, he received 20,388,349 securities in Investa Property Group, from the Group's initial acquisition of a 40% interest in CPG Australia Pty Limited, of which he is a shareholder.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

	Balance at the start of the year	Purchases/ (sales) <sup>1</sup>	Balance at the end of the year
<b>Specified executive director</b>			
<b>Stapled Securities in Investa Property Group</b>			
C J O'Donnell	1,816,347	250,000	2,066,347

<sup>1</sup> The amount purchased in the current year was pursuant to an allocation under the Employee Share Acquisition Plan.

### Loans to specified executive directors

Loans are made in relation to the Employee Share Acquisition Plan. For additional details of these loans refer to page 111. No loans have been made to non-executive directors.

Details of the loan made to the one specified executive director of the Group at the end of the year are set out below:

	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
<b>2005</b>				
C J O'Donnell	2,514,390	173,882	2,809,589	3,005,016
<b>2004</b>				
C J O'Donnell	2,188,916	153,819	2,514,390	2,684,015

### Service agreements

On 1 October 2002, the Group entered into a five year service agreement with the Managing Director, C J O'Donnell. The agreement stipulates the minimum base salary for each of the first three years; it provides a short-term incentive (which, if earned would be paid as a bonus, each year) and a long-term incentive/retention payment of \$1.0 million over the five years, with half being payable in September 2006, and the second half being payable in September 2007, provided the agreed conditions have been satisfied. The reward provision of this agreement may be increased each year at the discretion of the Board.

There are no other executive service agreements.

### (b) Executive pay

The objective of the Group's executive remuneration framework is to ensure that reward for performance is transparent, reasonable, competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and hence the creation of value for securityholders, and was designed consistently with advice received from independent remuneration consultants on market best practice for delivery of rewards to executives.

The remuneration framework provides a mix of fixed and at risk pay, with a blend of short and long-term incentives. As an executive undertakes more senior roles within the Group, the balance of his or her mix can shift to a higher proportion of 'at risk' rewards, depending upon the nature of the executive's new role.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

The overall level of executive reward in any given year takes into account the performance of the stapled entity over a number of years, and, in particular, with greater emphasis given to the current and prior year. Over the past 5 years, the stapled entity's profit from ordinary activities after income tax has grown at an average rate of 18.8% per annum, and total securityholder return has averaged 11.2% per annum. This has been calculated assuming an initial investment of \$1,000, full participation in the distribution reinvestment plan when in operation, inclusion of the franking credit available on the company portion of the distribution and no disposal of securities acquired. During the same period, average executive remuneration has grown by approximately 14.0% per annum.

The executive pay and reward framework has three components, the combination of which comprises the executive's total remuneration:

- base pay and benefits (fixed)
- short-term incentives (variable at risk)
- long-term incentives (variable at risk).

### Base Pay

Executives are offered a competitive base pay that comprises the fixed component of their remuneration. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for comparable roles. Base pay is reviewed annually. An executive's pay is also reviewed on promotion. The base pay for the Chief Executive and his direct reports requires the specific approval of the Board, following review by the Nominations and Remuneration Committee.

Base pay reviews are undertaken annually within a target total base pay allocation for the Group set in consultation with the Nominations and Remuneration Committee, and approved by the Board.

### Short-Term Incentives (STI)

The short term incentive arrangements at Investa have been designed to link annual STI bonus awards to executive performance against agreed key performance indicators and the financial performance of the Group during the year in question. The principles of the scheme include the determination of amounts payable having regard to:

1. The performance by the executive measured against agreed personal objectives (KPI's);
2. The financial performance of the executive's Business Unit against target; and
3. The Group financial performance against target.

At the commencement of each year the Board, on the recommendation of the Nominations and Remuneration Committee, establishes the total amount, or "pool", to be available for STI payments within the Group, the guiding principles for the setting of STI potential, the KPI's for Group executives generally and the Group financial performance targets to be achieved in order for the total available incentive pool to become payable.

Each executive has a nominated "STI potential" which will only be received in full in the event of "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of the executive's Business Unit and the Group. As a general rule, the STI potential set for an executive depends upon his or her accountabilities and the potential impact of his or her role on the financial performance of the relevant business unit and the Group itself. The Board retains the discretion to approve higher than potential STI bonus payments to some or all executives to reward significant over achievement against agreed performance criteria.

Each year the Board, on the recommendation of the Nominations and Remuneration Committee, approves the individual STI targets and KPI's for the Chief Executive and his direct reports.



# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Long-Term Incentives (LTI)

#### (i) ESAP

The Employee Share Acquisition Plan (ESAP) at Investa has been designed to enable employees to share in the long term growth of the Group by being awarded securities under the Plan, potentially on an annual basis. The intention is to align employee wealth creation interests with those of the Group's securityholders over the longer term, and also to encourage executives to remain with the Group and continue to add value for the benefit of all stakeholders.

Annual ESAP allocations are made within a total ESAP award framework approved by the Board after review by the Nominations and Remuneration Committee.

Individual awards to the Chief Executive and his direct reports require specific Board approval.

The Nominations and Remuneration Committee approves the principles and criteria governing ESAP awards to other employees within the total award framework referred to above.

Unless the Board in its absolute discretion permits otherwise, employees cannot access securities allocated to them under ESAP until after the third anniversary of the allocation being made.

ESAP functions through Investa making non-interest bearing non-recourse loans to employees to enable the acquisition on market of Investa securities under ESAP for the employees in question. Distributions and dividends paid on the securities represent assessable income to employees. A cash component of distributions and dividends is paid to each employee to fund his or her tax liability arising from the distributions and dividends. The balance of the distributions and dividends is directed towards repayment of the employees' loans on an individual account basis.

Under the terms of ESAP any shortfall between the market value of an employee's ESAP securities at the date he or she leaves the Group, and that employee's outstanding loan balance at the same date, is borne by the Group. For the year to 30 June 2005, no loss was sustained by the Group. The non-monetary benefit to an employee attributable to ESAP is equivalent to the net interest that would otherwise have been borne on the loan, determined using the Group's average weighted interest rate.

#### (ii) Potential Retention Payments

Linked to the ESAP scheme is an enhanced retention scheme which is restricted in application and which began operation in the 2005 financial year.

An amount of money is allocated to a Retention Pool each year. The Managing Director will make recommendations to the Board Nominations and Remuneration Committee for the allocation of this money to key employees on a three year vesting basis. An employee will only be entitled to receive his or her allocation if he or she is still employed by Investa at the vesting date (three years from date of allocation). Payment will generally be made by way of a reduction of the employee's outstanding ESAP loan balance. The first payments will be made under the scheme in the 2008 financial year.

### Retirement benefits for employees

No benefits are payable, except through Superannuation arrangements.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Details of remuneration

Details of the remuneration of each of the five specified executives of the Group is set out below:

2005	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
D F Bromell	334,944	200,000	30,030	29,219	-	594,193
W W Grounds	243,748	72,000	22,452	21,937	-	360,137
A S Junor	286,715	67,500	58,821	25,804	-	438,840
B V McGarry	247,556	36,000	44,264	21,997	-	349,817
G B Monk	397,374	128,000	90,028	35,205	-	650,607
<b>Total</b>	<b>1,510,337</b>	<b>503,500</b>	<b>245,595</b>	<b>134,162</b>	<b>-</b>	<b>2,393,594</b>

2004	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
D F Bromell	281,750	80,000	17,645	25,358	-	404,753
W W Grounds	222,500	50,000	12,131	20,025	-	304,656
A S Junor	276,860	85,000	49,784	24,917	-	436,561
B V McGarry	215,000	50,000	32,917	19,350	-	317,267
G B Monk	350,000	175,000	81,501	31,500	-	638,001
<b>Total</b>	<b>1,346,110</b>	<b>440,000</b>	<b>193,978</b>	<b>121,150</b>	<b>-</b>	<b>2,101,238</b>

### Short Term Incentives

For each short term incentive included in the above 2005 table, the percentage of the STI potential paid is D F Bromell 91%, W W Grounds 60%, A S Junor 45%, B V McGarry 60% and G B Monk 85%. The achievement of 100% of STI potential requires "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of both the executive's Business Unit and the Group. On this basis, the percentage of STI potential that was not paid or, to use the language contemplated by the *Corporations Regulations 2001*, was "forfeited" is D F Bromell 9%, W W Grounds 40%, A S Junor 55%, B V McGarry 40% and G B Monk 15%.

### Stapled Security holding of specified executives

The number of securities held during the financial year by each of the five specified executives is set out below:

	Balance at the start of the year	Purchases/ (sales) <sup>1</sup>	Balance at the end of the year
<b>Stapled Securities in Investa Property Group</b>			
D F Bromell	150,000	120,000	270,000
W W Grounds	110,000	100,000	210,000
A S Junor	425,500	100,000	525,500
B V McGarry	353,600	100,000	453,600
G B Monk	652,475	120,000	772,475

<sup>1</sup> The amounts purchased in the current year by each of the specified executives were pursuant to allocations under the Employee Share Acquisition Plan.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Loans to specified executives

Details of loans made to the five specified executives of the Group are set out below:

Specified individuals with loans above \$100,000 during the financial year

2005	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
D F Bromell	286,814	29,217	494,703	517,635
W W Grounds	195,320	21,712	370,303	388,139
A S Junor	709,622	52,020	847,966	892,597
B V McGarry	547,443	42,535	698,561	743,693
G B Monk	1,155,739	80,635	1,305,562	1,370,961
<b>Total</b>	<b>2,894,938</b>	<b>226,119</b>	<b>3,717,095</b>	<b>3,913,025</b>

No write-down or allowance for doubtful receivables has been recognised in relation to any loan made to specified executives.

2004	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
D F Bromell	204,073	16,831	286,814	303,073
W W Grounds	127,949	11,317	195,320	207,149
A S Junor	558,919	42,551	709,622	756,920
B V McGarry	383,786	32,103	547,443	581,786
G B Monk	1,031,477	70,992	1,155,739	1,229,476
<b>Total</b>	<b>2,306,204</b>	<b>173,794</b>	<b>2,894,938</b>	<b>3,078,404</b>

No write-down or allowance for doubtful receivables was recognised in relation to any loan made to specified executives in the previous year.

### Potential retention payments

On 5 May 2005, the company entered into retention agreements in respect of the three years ending on 30 September 2007 with each of D F Bromell, W W Grounds, and G B Monk involving potential retention payments to them of \$150,000, \$50,000 and \$150,000 respectively. The payment to each person is dependent upon that person being employed within the Investa Property Group at 30 September 2007. The after-tax value of any such payment will be applied to reduce the ESAP loan to that person.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Responsible Entity interests

Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in Note 29 in the full financial report.

No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

The percentage of equity in the Trust held by the Responsible Entity or its associates as at the end of the financial year is disclosed in Note 22 in the full financial report.

### Matters subsequent to the end of the financial year

Unless otherwise disclosed, since the end of the financial year, the directors of the Responsible Entity have not become aware of any other matter or circumstance that has significantly affected or may significantly affect the operations of the Trust, the results of these operations, or the state of affairs in future financial years.

### Likely developments and expected results of operations

The Trust is required to adopt International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board for reporting periods beginning on or after 1 January 2005. The adoption of IFRS is not expected to have an impact on the Trust's distribution capacity.

A summary of how the Responsible Entity is managing this transition and what the likely impact will be, is contained in Note 31 in the full financial report.

### Environmental regulation

Whilst the Trust is not subject to significant environmental regulation in respect of its activities, the directors of the Responsible Entity are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the directors are not aware of any material breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided for the directors of the Responsible Entity or the auditors of the Trust. So long as the officers of Investa Properties Limited act in accordance with the constitution and the law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Report (continued)

### Non-Audit Services

The Board of the Responsible Entity has adopted a policy governing Auditor Independence which specifies that the auditing firm should not provide services that are or could be perceived to be in conflict with the role of auditor. Each non-audit service is considered in the context of this policy.

The directors of the Responsible Entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Trust are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The board of directors of the Responsible Entity has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 117.

During the year the following fees were paid or payable for services provided by the auditor of the Trust, and its related practices:

	2005	2004
	\$	\$
Remuneration for audit of the financial reports of the Group and its combined entities:		
Auditor of the Group – PricewaterhouseCoopers	351,210	376,957
Remuneration for other services		
Auditor of the Group – PricewaterhouseCoopers:		
Tax compliance services – review of tax returns of DOF <sup>1</sup>	-	54,580
Taxation advice in relation to the acquisition of DOF <sup>1</sup>	-	56,820
Advice in relation to the accounting for the acquisition of DOF <sup>1</sup>	-	35,000
<b>Total non-audit services</b>	<b>-</b>	<b>146,400</b>
<b>Total auditor's remuneration</b>	<b>351,210</b>	<b>523,357</b>

<sup>1</sup> PricewaterhouseCoopers Tax services were not used in 2005 year.

## ANNUAL CONCISE REPORT

Investa Property Trust

### Directors' Report (continued)

#### Rounding of amounts

The Trust is a registered scheme 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.

#### Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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



I K Payne  
Chairman  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Property Trust

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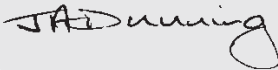
## Directors' Report (continued)

### Auditor's Independence Declaration

As lead auditor for the audit of Investa Property Trust for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

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

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



J A Dunning  
Partner  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Property Trust

## Discussion and Analysis of the Combined Financial Statements

For the year ended 30 June 2005

The following commentary will assist security holders when reviewing and interpreting the results of the Trust for the year ended 30 June 2005.

### Consolidated Statements of Financial Performance

Profit for the Trust after tax and outside equity interests increased by 16.1% from \$206,708,000 to \$240,060,000. This earnings improvement reflects both the inclusion of a full twelve month contribution from last year's acquisition of Delta (Delta Office Fund, formerly Principal Office Fund) and a higher contribution from the sale of investments.

These items, when combined with the increase in the average number of units from 1,346,649,752 to 1,467,014,499, or 8.9%, resulted in an increase in the earnings per security before amortisation of 6.5% to 16.81 cents per security (15.78 cents per security in the prior year). The distribution for the year was 16.40 cents per security, an increase of 3.5% from 15.85 cents per security in the prior year.

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

	2005 \$'000	2004 \$'000
Investment contribution	280,350	259,074
Interest income	39,901	28,392
Borrowing costs	(73,579)	(74,964)
Earnings before amortisation	246,672	212,502
Amortisation	(6,612)	(5,794)
Net profit attributable to unitholders	240,060	206,708

As noted above, the investment contribution increased \$21,276,000, or 8.2%, to \$280,350,000. This reflects the full year effect of the Delta properties purchased in September 2003, partly offset by the sale of properties as part of the Group's capital management program, and higher profits from the sale of investments. In addition, interest income also increased from \$28,392,000 to \$39,901,000 due to additional loans to Investa Properties Limited, a related party.

Borrowing costs, which include interest expenses, line and facility fees, decreased slightly to \$73,579,000, primarily due to the reduction in non-development debt following the sale of investments described above. Expenditure on qualifying assets, being the development project at 126 Phillip Street in Sydney, has increased total borrowings without any associated increase in borrowing cost expenses, as these borrowing costs are capitalised to the carrying value of the qualifying asset.

Amortisation of intangibles of \$6,612,000 is up by \$818,000 due to the full year effect of the goodwill recognised on acquisition of Delta.



# ANNUAL CONCISE REPORT

Investa Property Trust

## Discussion and Analysis of the Combined Financial Statements (continued)

For the year ended 30 June 2005

### Consolidated Statements of Financial Position

Total Trust's assets increased by 8% from \$4,258,198,000 at 30 June 2004 to \$4,600,640,000 at 30 June 2005 following an increase in investment properties and loans to related entities. The increase in investment properties reflects the ongoing construction work at 126 Phillip Street, the carrying value of which increased from \$251,477,000 to \$394,353,000, capital expenditure on the investment portfolio and a net revaluation increment of \$31,098,000 from the revaluation of 24 investment properties. Slightly offsetting these were the sales of 64 and 73 Northbourne Avenue, Canberra for \$38,250,000 reducing assets accordingly. In addition, the Trust sold down part of its interest in 400 George Street, Sydney, Maritime Trade Towers, Sydney, 310-322 Pitt Street, Sydney and Centennial Plaza, Sydney. However, as the Trust still controls these interests for accounting purposes, they continue to be consolidated.

The total debt outstanding at 30 June 2005 was \$1,444,545,000, compared to \$1,555,500,000 at 30 June 2004. The gearing for the Trust decreased to 31.4%, down from 36.5% at 30 June 2004.

Contributed equity increased \$124,112,000 to \$2,698,258,000 due to the issuance of new units less transfers from contributed equity to distributable income. Funds raised from unitholders were used to repay debt and lend money to Investa Properties Limited.

Outside equity interests of \$322,641,000 are recorded on the balance sheet at 30 June 2005 reflecting the external interests in 400 George Street, Maritime Trade Towers, Centennial Plaza and 310 Pitt Street.

### Consolidated Statements of Cash Flows

**Cash flow from operating activities** increased 2% to \$242,696,000 reflecting the inclusion of a full twelve month contribution from the acquisition of Delta (Delta Office Fund, formerly Principal Office Fund) in September 2003 and higher income received from loans to related entities.

**Net cash flow from investing activities** was a net inflow of \$164,833,000 reflecting an increase in proceeds from the sale of investments from \$75,196,000 to \$398,129,000 partly offset by capital expenditure on investment properties of \$219,906,000, the majority of which was incurred on the 126 Phillip Street development, and the acquisition of an interest in Investa Diversified Office Fund for \$13,390,000.

**Net cash flow from financing activities** for the year was an outflow of \$405,223,000. The disposals noted above along with the cash flow from operating activities enabled net borrowings to be reduced by \$109,345,000, distribution payments of \$185,689,000 and net funding to related entities of \$110,189,000 during the financial period.

# ANNUAL CONCISE REPORT

Investa Property Trust

## Consolidated Statements of Financial Performance

For the year ended 30 June 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Revenue from ordinary activities</b>					
Rent		316,614	295,386	64,620	66,729
Distributions from associates		33,367	33,818	21,466	24,635
Proceeds on sale of investment property		398,129	88,300	50,118	40,500
Other revenue from ordinary activities		41,219	31,731	266,947	205,040
<b>Total revenue from ordinary activities</b>		<b>789,329</b>	<b>449,235</b>	<b>403,151</b>	<b>336,904</b>
Property outgoings		(60,276)	(59,302)	(11,877)	(14,264)
Repairs and maintenance		(9,477)	(8,029)	(1,950)	(2,010)
Borrowing costs		(73,579)	(74,964)	(87,156)	(63,721)
Increment / (decrement) on revaluations of investment properties		-	-	15,098	(15,098)
Amortisation of intangibles		(6,612)	(5,794)	(1,930)	(1,930)
Book value of investment properties sold		(384,215)	(86,253)	(49,290)	(41,356)
Other expenses from ordinary activities		(7,435)	(6,943)	(7,078)	(3,691)
<b>Net profit</b>		<b>247,735</b>	<b>207,950</b>	<b>258,968</b>	<b>194,834</b>
Net profit attributable to outside equity interests		(7,675)	(1,242)	-	-
Net profit attributable to unitholders of the Trust		240,060	206,708	258,968	194,834
Net increase/(decrease) in asset revaluation reserve		10,192	(15,098)	2,212	-
<b>Total revenues, expenses and valuation adjustments attributable to unitholders of Investa Property Trust recognised directly in equity</b>		<b>10,192</b>	<b>(15,098)</b>	<b>2,212</b>	<b>-</b>
<b>Total changes in equity other than those resulting from transactions with unitholders as owners</b>		<b>250,252</b>	<b>191,610</b>	<b>261,180</b>	<b>194,834</b>
Distributions paid and payable	3	242,301	224,107		
		<b>Cents</b>	<b>Cents</b>		
Distributions paid and payable (cents per unit)	3	16.40	15.85		
Basic and diluted earnings (cents per unit)	5	16.36	15.35		
Basic and diluted earnings per unit (before revaluation)	5	16.36	15.35		
Basic and diluted earnings per unit (before revaluation and before amortisation)	5	16.81	15.78		

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

# ANNUAL CONCISE REPORT

Investa Property Trust

## Consolidated Statements of Financial Position

As at 30 June 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Current assets</b>					
Cash assets		6,190	3,884	901	852
Receivables		6,372	10,651	6,561	50,705
Loans to related entities		91,794	103,811	661,728	510,675
Investment properties	6	-	24,132	-	17,183
Other Assets		27,985	18,503	4,494	9,694
<b>Total current assets</b>		<b>132,341</b>	<b>160,981</b>	<b>673,684</b>	<b>589,109</b>
<b>Non-current assets</b>					
Intangibles		114,290	120,566	29,766	31,696
Loans to related entities		443,173	277,623	443,173	277,623
Investment properties	6	3,910,836	3,699,028	3,076,334	3,063,895
<b>Total non-current assets</b>		<b>4,468,299</b>	<b>4,097,217</b>	<b>3,549,273</b>	<b>3,373,214</b>
<b>Total assets</b>		<b>4,600,640</b>	<b>4,258,198</b>	<b>4,222,957</b>	<b>3,962,323</b>
<b>Current liabilities</b>					
Payables		36,785	40,627	8,160	11,528
Loans from related entities		-	-	132,827	-
Interest bearing liabilities		-	120,000	-	-
Provision for distribution	3	61,972	56,678	60,083	56,678
<b>Total current liabilities</b>		<b>98,757</b>	<b>217,305</b>	<b>201,070</b>	<b>68,206</b>
<b>Non-current liabilities</b>					
Loans from related entities		-	13,296	831,545	835,796
Interest bearing liabilities		1,444,545	1,435,500	463,000	463,000
<b>Total non-current liabilities</b>		<b>1,444,545</b>	<b>1,448,796</b>	<b>1,294,545</b>	<b>1,298,796</b>
<b>Total liabilities</b>		<b>1,543,302</b>	<b>1,666,101</b>	<b>1,495,615</b>	<b>1,367,002</b>
<b>Net assets</b>		<b>3,057,338</b>	<b>2,592,097</b>	<b>2,727,342</b>	<b>2,595,321</b>
<b>Equity</b>					
Contributed equity		2,698,258	2,574,146	2,701,157	2,590,262
Outside equity interest		322,641	-	-	-
Reserves		22,445	12,253	2,212	-
Amounts available for distribution	4	13,994	5,698	23,973	5,059
<b>Total equity</b>		<b>3,057,338</b>	<b>2,592,097</b>	<b>2,727,342</b>	<b>2,595,321</b>

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

# ANNUAL CONCISE REPORT

Investa Property Trust

## Consolidated Statements of Cash Flows

For the year ended 30 June 2005

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Cash receipts in the course of operations	365,725	358,185	79,098	73,612
Cash payments in the course of operations	(113,483)	(109,766)	(28,756)	(34,833)
Interest received	36,522	24,809	70,198	45,621
Trust distribution income from controlled entities	-	-	99,613	116,947
Distributions from associates	32,009	31,023	19,956	28,458
Borrowing costs paid	(78,077)	(66,346)	(91,867)	(59,344)
<b>Net cash inflow from operating activities</b>	<b>242,696</b>	<b>237,905</b>	<b>148,242</b>	<b>170,461</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property and investments	398,129	75,196	50,118	52,817
Capital expenditure payments	(219,906)	(91,029)	(27,354)	(8,372)
Redemption of units in controlled entity	-	-	-	29,797
Payment for investments in property	-	(47,535)	-	(49,544)
Payments for investments in associates	(13,390)	(13,949)	-	(7,000)
Purchase of controlled entity, net of cash acquired	-	(414,593)	-	(414,593)
<b>Net cash inflow / (outflow) from investing activities</b>	<b>164,833</b>	<b>(491,910)</b>	<b>22,764</b>	<b>(396,895)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issues of units	-	48,350	-	48,350
Proceeds from borrowings	2,301,235	1,504,722	-	1,504,724
Repayment of borrowings	(2,410,580)	(1,107,834)	-	(899,224)
Loans to related entities	(287,020)	(115,028)	(916,389)	(380,382)
Proceeds from repayment of loans from related entities	176,831	79,567	925,335	108,045
Distributions paid	(185,689)	(153,147)	(179,903)	(153,147)
Payments for costs associated with issue of units	-	(1,522)	-	(1,522)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(405,223)</b>	<b>255,108</b>	<b>(170,957)</b>	<b>226,844</b>
<b>Net increase in cash held</b>	<b>2,306</b>	<b>1,103</b>	<b>49</b>	<b>410</b>
Cash at the beginning of the financial year	3,884	2,781	852	442
<b>Cash at the end of the financial year</b>	<b>6,190</b>	<b>3,884</b>	<b>901</b>	<b>852</b>

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

# ANNUAL CONCISE REPORT

Investa Property Trust

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2005

### Note 1. Summary of significant accounting policies

Investa Property Trust (the "Trust") was constituted on 15 July 1977.

#### (a) Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the requirements of the Trust Constitution, Accounting Standard AASB 1039 Concise Financial Reports, applicable Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements and specific disclosures included in the concise financial report have been derived from the consolidated entity's full financial report for the year. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Property Trust as the full financial report.

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise below.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

### Note 2. Segment information

The Trust operates solely in the business of investment in commercial property in Australia and also has indirect property holdings through investments in units in listed and unlisted property trusts.

### Note 3. Distributions paid and payable

	2005	2005	2004	2004
	\$'000	Cents per unit	\$'000	Cents per unit
<b>Distributions</b>				
The distributions were paid/payable as follows:				
30 September	59,522	4.125	52,938	3.80
31 December	61,121	4.125	55,207	3.95
31 March	61,575	4.125	59,284	4.15
30 June final payable <sup>1</sup>	60,083	4.025	56,678	3.95
	<b>242,301</b>	<b>16.40</b>	<b>224,107</b>	<b>15.85</b>

<sup>1</sup> The 30 June 2005 distribution will be paid on 22 August 2005.

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

	2005	2004
	\$'000	\$'000
Paid in cash	181,912	153,147
Satisfied by the issue of units	56,984	47,047
	<b>238,896</b>	<b>200,194</b>

# ANNUAL CONCISE REPORT

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 3. Distributions paid and payable (continued)

Movements in the provision for distributions during the year are as follows:

	2005 \$'000
Carrying amount at the start of the year	56,678
Payments made during the year	(238,896)
Payments made during the year to outside equity interest	(5,786)
Additional provisions recognised	242,301
Additional provisions recognised in respect of outside equity interests	7,675
Carrying value at the end of the year	61,972

### Note 4. Amounts available for distribution

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Amounts available for distribution at the beginning of the financial year	5,698	5,039	5,059	5,039
Net profit	240,060	206,708	258,968	194,834
Transfer from contributed equity <sup>1</sup>	10,537	18,058	2,247	29,293
Distributions paid and payable	(242,301)	(224,107)	(242,301)	(224,107)
Amounts available for distribution at the end of the financial year	13,994	5,698	23,973	5,059

<sup>1</sup> This transfer represents \$2,255,000 income support on unit placements and amortisation of intangibles of \$8,282,000.

### Note 5. Earnings per unit

	Consolidated	
	2005	2004
Basic and diluted earnings (cents per unit)	16.36	15.35
Basic and diluted earnings per unit (before revaluation) (cents per unit)	16.36	15.35
Basic and diluted earnings per unit (before revaluation and before amortisation) (cents per unit)	16.81	15.78
Weighted average number of units outstanding during the year used in the calculation of earnings per unit	1,467,014,499	1,346,649,752

# ANNUAL CONCISE REPORT

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 6. Investment Properties

	2005 \$'000	2004 \$'000
<b>Current</b>		
Investment property	-	24,132
<b>Non -current</b>		
Investment property	3,910,836	3,699,028

### Reconciliations

Reconciliations of the carrying amounts of non-current investment property for the year are set out below:

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Carrying amount at start of year	3,699,028	1,817,577	3,063,895	1,593,050
Additions attributable to DOF acquisition	-	1,834,536	-	1,514,046
Other additions	212,334	148,426	27,355	63,703
Disposals	(31,624)	(86,413)	(31,624)	(91,806)
Net revaluation increments / (decrements)	31,098	(15,098)	16,708	(15,098)
Carrying amount at end of year	3,910,836	3,699,028	3,076,334	3,063,895

# ANNUAL CONCISE REPORT

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 6. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions \$'000
<b>Current assets</b>				
Investa Sixth Commercial Trust		-	(21/7/04)	-
73 Northbourne Avenue, Canberra, ACT	Offices/99 yr leasehold	-	(12/7/04)	-
<b>Total current assets</b>				-
<b>Non-current assets</b>				
<b>Properties held by Investa Property Trust</b>				
55 Market Street, Sydney, NSW <sup>3</sup>	Offices/Freehold	100%	31/07/98	128,042
485 Latrobe Street, Melbourne, VIC <sup>3</sup>	Offices/Freehold	100%	10/09/98	92,433
73 Miller Street, North Sydney, NSW <sup>3</sup>	Offices/Freehold	100%	12/06/97	76,296
Cathedral Square, 410 Ann Street, Brisbane, QLD <sup>3</sup>	Offices/Freehold	100%	23/11/87	61,348
469 Latrobe Street, Melbourne, VIC <sup>3</sup>	Offices/Freehold	100%	01/07/88	86,823
50-60 Talavera Road, North Ryde, NSW <sup>3</sup>	Offices/Freehold	100%	01/11/99	32,969
62 Northbourne Avenue, Canberra, ACT	Offices/96 yr leasehold	100%	26/02/88	28,908
420 St Kilda Road, Melbourne, VIC	Offices/Freehold	100%	12/12/86	25,526
109 St Georges Terrace, Perth, WA	Offices/Freehold	100%	01/11/99	38,922
64 Northbourne Avenue, Canberra, ACT	Offices/96 yr leasehold	-	(01/06/05)	-
<b>Total Properties held by Investa Property Trust</b>				571,267
<b>Properties held by controlled entities</b>				
<b>Investa Real Property Growth Trust</b>				
State Law Building, 50 Ann Street, Brisbane, QLD	Offices/Freehold	100%	31/12/02	85,880
The Octagon, 110 George Street, Parramatta, NSW <sup>3</sup>	Offices/Freehold	50%	02/10/97	71,007
		50%	15/12/98	
Kings Row, Brisbane, QLD	Offices/Freehold	50%	31/12/02	34,409
<b>Total - Investa Real Property Growth Trust</b>				191,296
<b>Connect Property Trust</b>				
242 Exhibition Street, Melbourne, Vic <sup>1 &amp; 3</sup>	Offices/Freehold	100%	19/08/02	277,516
<b>Total - Connect Property Trust</b>				277,516



Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/05 \$'000	Consolidated book value 30/06/04 \$'000
-	-	-	-	6,949
-	-	-	-	17,183
			-	24,132
30/06/05	142,000	D M Castles, AAPI, Knight Frank	142,000	140,084
30/06/05	110,000	A Duguid, AAPI, m3 Property	110,000	111,210
31/12/04	87,000	S Young, FAPI, FPD Savills	87,087	90,592
31/12/03	62,500	S Boyd, AAPI, Jones Lang LaSalle	63,640	62,604
30/06/05	54,500	R Bowman, FAPI, FPD Savills(Vic)	54,500	48,439
30/06/03	32,000	D McGrath, AAPI, FPD Savills	32,226	32,025
30/06/05	26,200	P Harding, FAPI, Knight Frank	26,200	27,568
30/06/05	29,000	S Worth, AAPI, Jones Lang LaSalle	29,000	27,842
30/06/05	31,100	M Foster-Key, AAPI, FPD Savills	31,100	19,963
-	-	-	-	16,266
			575,753	576,593
30/06/05	87,000	T Irving, AAPI & D Mohr AAPI CB Richard Ellis	87,000	83,000
30/06/05	69,400	R Lawrie, AAPI, JLL Advisory	69,400	67,885
30/09/04	30,800	J Apted, AAPI, Colliers International	31,774	33,481
			188,174	184,366
31/12/04	282,500	R Bowman, AAPI, FPD Savills	283,311	275,251
			283,311	275,251

# ANNUAL CONCISE REPORT

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 6. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions \$'000
<b>Properties held by controlled entities (continued)</b>				
<b>Lizabeth Trust</b>				
255 Elizabeth Street, Sydney, NSW <sup>3 &amp; 7</sup>	Offices	50%	21/09/94	176,781
	Freehold	10%	11/12/98	
		40%	01/11/99	
<b>Total – Lizabeth Trust</b>				<b>176,781</b>
<b>Delta Office Fund</b>				
400 George Street, Sydney, NSW <sup>1 &amp; 5</sup>	Offices/Freehold	55%	31/10/99	261,320
120 Collins Street, Melbourne, VIC <sup>1 &amp; 3</sup>	Offices/Freehold	100%	31/01/94	318,095
30% interest (as tenants-in-common)	Offices/Leasehold	30%	31/05/88	308,455
Grosvenor Place, 225-235 George Street, Sydney, NSW				
126 Phillip Street, Sydney, NSW	Offices/Freehold			
– Development property <sup>1 &amp; 2</sup>	(Development)	100%	31/12/96	394,483
50% interest (as tenants-in-common)	Offices/Freehold	50%	31/12/98	143,457
QV1, 250 St George's Terrace, Perth, WA				
St Martins Tower, 31 Market Street, Sydney, NSW <sup>1 &amp; 7</sup>	Offices/Freehold	100%	30/09/00	110,694
50% interest (as tenants-in-common)				
Maritime Trade Towers, 201 Kent Street, Sydney, NSW <sup>1</sup>	Offices/Leasehold	30%	31/12/00	97,727
Centennial Plaza Tower C				
300 Elizabeth Street, Sydney, NSW <sup>1</sup>	Offices/Freehold	84%	30/09/00	90,798
Centennial Plaza Tower B	Offices/Freehold	84%	30/09/00	75,055
270-280 Elizabeth, Street, Sydney, NSW <sup>1</sup>				
Centennial Plaza Tower A	Offices/Freehold	84%	30/09/00	56,669
260 Elizabeth Street, Sydney, NSW <sup>1</sup>				
Kindersley House, 33 Bligh &	Offices/Freehold	100%	31/12/01	78,286
20-26 O'Connell Streets, Sydney, NSW <sup>1 &amp; 7</sup>				
Customs House, 414 Latrobe Street, Melbourne, VIC <sup>1</sup>	Offices/Freehold	100%	31/07/97	46,350
Sydney CBD Floor Space, Sydney, NSW <sup>1 &amp; 4</sup>	Heritage Floor Space	100%	30/06/00	332
<b>Total – Delta Office Fund</b>				<b>1,981,721</b>
<b>Fawkner Trust</b>				
441 St Kilda Road, Melbourne, VIC <sup>3</sup>	Offices/Leasehold	100%	30/10/03	48,595
310 Pitt Street, Sydney, NSW <sup>1 &amp; 8</sup>	Offices/Freehold	60%	30/11/02	131,986
<b>Total – Fawkner Trust</b>				<b>180,581</b>
<b>Total Properties held by Controlled Entities</b>				<b>2,807,896</b>

Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/05 \$'000	Consolidated book value 30/06/04 \$'000
30/06/03	152,000	D Castles, AAPI, Landmark White	156,171	152,195
			156,171	152,195
30/06/05	411,000	P Inglis, FAPI Knight Frank	411,000	386,697
31/12/03	320,000	D Gowing, FAPI, CBRE	323,200	320,020
30/09/04	234,600	A Pannifex, FAPI, FPD Savills	236,876	233,344
-	-	Not Applicable	394,353	251,477
30/06/04	159,000	S Nuttall, AAPI, & J Fenner, AAPI, CBRE	159,760	159,000
31/12/03	125,000	S Fairfax, AAPI & L Tredwell, GAPI, CBRE	131,739	126,440
30/06/05	115,000	D Hillier, AAPI, Colliers International	115,000	111,615
30/06/05	100,000	S Kearney, AAPI, FPD Savills	100,000	88,743
30/06/05	76,000	S Kearney, AAPI, FPD Savills	76,000	75,427
30/06/05	62,500	S Kearney, AAPI, FPD Savills	62,500	60,000
31/12/03	60,000	S Fairfax, AAPI & L Tredwell, GAPI, CBRE	62,433	60,519
30/06/03	44,800	R J Scrivener, FAPI, FRICS, Urbis	44,974	44,800
30/06/03	1,000	S Fairfax, AAPI & L Tredwell, GAPI CBRE	622	622
			2,118,457	1,918,704
30/10/03	45,000	B Smith, FAPI, Knight Frank	48,596	47,691
31/03/05	132,800	R Higgins, FAPI & L Maroney, AAPI UrbisJHD	138,892	125,664
			187,488	173,355
			2,933,601	2703,871

# ANNUAL CONCISE REPORT

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 6. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions \$'000
<b>Properties held by Associates</b>				
<b>60 Martin Place Unit Trust</b>				
60 Martin Place, Sydney, NSW <sup>6</sup>	Offices/Freehold	50%	01/11/99	93,144
<b>Investa South Melbourne Trust</b>				
209 Kingsway, Melbourne, VIC <sup>6</sup>	Offices/Freehold	50%	31/01/02	52,525
<b>80 Pacific Highway Trust</b>				
80 Pacific Highway, North Sydney, NSW <sup>6</sup>	Offices/Freehold	50%	04/05/01	45,745
<b>589 Collins Trust</b>				
589 Collins Street, Melbourne, VIC <sup>6</sup>	Offices/Freehold	50%	28/02/03	28,526
<b>Penrhyn House Trust</b>				
Penrhyn House, Woden, ACT <sup>3 &amp; 6</sup>	Offices/Freehold	50%	06/12/02	20,649
<b>Sunpac Property Fund</b>				
BT Tower 1 Market Street, Sydney, NSW <sup>3</sup>	Offices/Freehold	50%	31/01/96	105,259
<b>231 Elizabeth Street Trust</b>				
231 Elizabeth Street, Sydney, NSW <sup>3 &amp; 6</sup>	Offices/Freehold	50%	19/08/02	58,362
<b>Total Properties held by Associates</b>				<b>404,210</b>
<b>Interests in unlisted property securities</b>				
<b>Investa Sixth Commercial Trust</b>		-	(01/06/05)	-
<b>Investa Brisbane Commercial Trust</b>		-	(01/06/05)	-
<b>Investa Diversified Office Fund</b>		20%	01/06/05	3,518
<b>Total interests in unlisted property securities</b>				<b>3,518</b>
<b>Share of Associate Liabilities</b>				<b>-</b>
<b>Total non-current investment</b>				<b>3,786,891</b>

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

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

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

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

<sup>5</sup> The property is recorded at its full value as at 30 June 2005 due to the consolidation of Beta Trust on the basis that the Trust holds a 55.1% controlling interest.

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

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

<sup>8</sup> The book value for this property includes a \$6.1m accrual at 30 June 2005 of capital expenditure, which was not included in 31 March 2005 valuation.

Independent valuation date	Independent valuation amount \$'000	Independent valuer	Consolidated book value 30/06/05 \$'000	Consolidated book value 30/06/04 \$'000
30/09/04	95,000	A Pannifax, AAPI, FPD Savills	94,272	93,144
31/12/04	52,500	G Longden, FAPI, JLL Advisory	52,525	51,425
30/06/04	44,000	MS Smallhorn, FAPI & D McGrath, Jones Lang LaSalle	44,304	44,304
30/06/05	33,000	S Worth, AAPI, Jones Lang LaSalle	30,970	28,526
01/09/02	19,300	P Harding, FAPI, Knight Frank	20,649	20,649
31/12/04	106,750	S Kearney, FPDSavills	107,733	110,334
31/12/04	60,500	A Pannifax, AAPI, FPDSavills	60,314	58,362
			<b>410,768</b>	<b>406,744</b>
			-	7,000
			-	4,820
			<b>3,518</b>	-
			<b>3,518</b>	<b>11,820</b>
			<b>(12,804)</b>	-
			<b>3,910,836</b>	<b>3,699,028</b>

# ANNUAL CONCISE REPORT

Investa Property Trust

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 6. Investment properties (continued)

#### Valuations

Investment properties not independently valued during the last 12 months are carried at directors' valuation at 30 June 2005.

### Note 7. Events occurring after reporting date

Since the end of the year, the directors of the Responsible Entity have not become aware of any other matter or circumstance that has significantly affected or may significantly affect, the operations of the Trust, the results of these operations, or state of the Trust's affairs in future financial years that are not otherwise disclosed in the accounts.

### Note 8. Full financial report

Further financial information can be obtained from the full financial report which is available, free of charge, upon request. Please call 1800 635 323 (freecall) and for International 612 8280 7182, and a copy will be forwarded to you. Alternatively, you can access both the consolidated full financial report and the consolidated concise report via the internet on our website: [www.investa.com.au](http://www.investa.com.au)

# ANNUAL CONCISE REPORT

Investa Property Trust

## Directors' Declaration

The directors of the Responsible Entity declare that in their opinion, the concise financial report, comprising Investa Property Trust and its controlled entities for the year ended 30 June 2005 as set out on pages 120 to 132 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2005.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 8, is available upon request.

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



I K Payne  
Chairman  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Property Trust

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## Independent audit report to the unitholders of Investa Property Trust

### Audit opinion

In our opinion, the concise financial report of Investa Property Trust for the year ended 30 June 2005 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

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

### Scope

#### The concise financial report and directors' responsibility

The concise financial report comprises the consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and notes to the financial statements, and the directors' declaration for Investa Property Trust (the trust) for the year ended 30 June 2005. The directors of Investa Properties Limited, the Responsible Entity, are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

#### Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the unitholders of the trust. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 June 2005. Our audit report on the full financial report was signed on 3 August 2005, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

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

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.


Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

### 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  
18 August 2005



# ANNUAL CONCISE REPORT

Investa Properties Limited

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This concise report has been derived from the full financial report for the year ended 30 June 2005 for Investa Properties Limited. The full financial report and auditors report will be sent to members upon request, free of charge. Please call 1800 635 323 (freecall) and for International 612 8280 7182, and a copy will be forwarded to you.

Alternatively, you can access the full financial report and the concise financial report via the internet on our website: [www.investa.com.au](http://www.investa.com.au)

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Properties Limited as the full financial report.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report

### Directors' Report

The directors of Investa Properties Limited present their report on the consolidated entity consisting of Investa Properties Limited and the entities it controlled at the end of, or during the year ended 30 June 2005.

### Directors

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

I K Payne (Chairman)

C J O'Donnell (Managing Director)

J L Arthur

P D Campbell

J I Messenger

J S Murray

D R Page

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

I K Payne has advised of his retirement as a director with effect from the conclusion of the 2005 Annual General Meeting.

### Principal activities

During the year the principal activities of the consolidated entity continued to consist of property and funds management; property development; and holding short term investments prior to syndication or disposal. All business segments operate in one geographical area, Australia. The consolidated entity had 254 employees at 30 June 2005 (2004: 190).

### Dividends

Dividends paid to members during the financial year were as follows:

	2005 \$'000
Final dividend for the year ended 30 June 2004 of 0.25 cents per share paid on 20 August 2004	3,587

The directors declared a final dividend on 21 June 2005 of 0.10 cents per share, or \$1,493,000 to be paid on 22 August 2005.

Dividends paid and payable for the year ended 30 June 2005 were \$1,493,000, representing 0.10 cents per share, decreasing 84.6% from 0.65 cents per share in 2004, or \$9,166,000. All dividends were fully franked.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Shares on issue

	2005 No.'000	2004 No.'000
Opening shares on issue	1,434,890	885,529
Shares issued in relation to the acquisition of Principal Office Fund	-	498,308
Shares issued via placements	-	26,042
Shares issued via the distribution reinvestment plan	28,722	25,011
Shares issued in relation to the acquisition of CPG Australia Pty Limited	29,126	-
Closing shares on issue	1,492,738	1,434,890

### Review of operations and significant changes in the state of affairs

A summary of the consolidated results is as follows:

	2005 \$'000	2004 \$'000
Total revenue from ordinary activities	206,311	217,344
Net (loss)/profit after tax	(1,990)	11,643
Profit attributable to outside equity interests <sup>1</sup>	(923)	(2,973)
(Loss)/profit attributable to members of Investa Properties Limited	(2,913)	8,670
Retained profits brought forward	3,230	3,726
Dividends paid and payable	(1,493)	(9,166)
(Accumulated Losses)/Retained profits at 30 June	(1,176)	3,230
Total assets at 30 June	652,976	593,788

<sup>1</sup> This represents the profit attributable to the outside equity interests in Investa Commercial Property fund during the period it was consolidated.

On 21 December 2004, Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited) acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000 plus acquisition costs, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities, with put and call options on the remaining 60% of the business exercisable between July and September 2005 (at the date of this report, the options had not been exercised). The total consideration, which is subject to final working capital adjustments, is expected to be \$250,000,000 plus the assumption of \$325,000,000 of debt, which translates to a total acquisition value of \$575,000,000. The purchase agreement includes a potential performance based payment up to a maximum of an additional \$60,000,000 which is subject to the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 and would be payable in 2007.

The net profit after tax for the consolidated entity was down \$11,583,000 to a loss of \$2,913,000 compared to a profit of \$8,670,000 in the previous year. As a result, earnings per share have decreased from 0.64 cents per share in 2004 to a loss of 0.20 cents per share in the current year. The decrease in earnings has resulted in the dividend per share decreasing by 0.55 cents per share from 0.65 cents per share in 2004, to 0.1 cents per share in the current year. For details refer to the Discussion and Analysis of the Consolidated Financial Statements.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Information on Directors

**I K Payne** M.Ec. Chairman – Non-Executive. Age 63.

#### Experience and expertise

Ian Payne was appointed Chairman of the Board on 1 June 1999. Previously he was Deputy Chief Executive and Executive Director of Commonwealth Bank of Australia from 1992 to 1997 and Chairman of Commonwealth Financial Services Limited. During this period he was a director of a number of subsidiaries and associated companies including Chairman of CBFC Limited. From 1996 until August 2002 he was Chairman of Export Finance and Insurance Corporation. Ian is also a Director of Zurich Financial Services.

#### Other current listed company directorships

SFE Corporation Limited – Non-Executive Director (since 31 October 1999)

Espreon Limited (formerly Legalco Limited) – Non-Executive Director (since 7 April 2000)

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non-Executive Chairman of the Board

Member of the Nominations Committee

#### Interests in securities

38,278 stapled securities in Investa Property Group

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**C J O'Donnell** Dip.Bus., NZCB, FAICD, AIQS (Affil), FAPI. Managing Director. Age 48.

#### Experience and expertise

Chris O'Donnell has been Managing Director of Investa Property Group since December 2000. Chris has wide ranging property experience gained over 30 years working with Lend Lease, Capital Property Group, Leighton Holdings and Westpac. During this period he held a number of senior executive roles including Executive Director of Westpac Investment Property Limited, Lend Lease Property Investment Services Limited and Managing Director of Capital Property Limited. Chris is also a Non-Executive Director of Green Building Council of Australia and a Non-Executive Director of Property Council of Australia.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Managing Director

Director of Investa Residential Developments Pty Limited

Director of Investa Commercial Developments Pty Limited

Director of Investa Asset Management Companies

Director of IPG Finance Pty Limited

Member of Nominations Committee

Member of Remuneration Committee

Member of Sustainability, Safety, Health and Environment Committee

#### Interests in securities

2,066,347 stapled securities in Investa Property Group.

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# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Information on Directors (continued)

**J L Arthur LLB (Hons). Age 50.**

#### Experience and expertise

John Arthur is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. He is a partner at law firm Gilbert and Tobin and was previously a partner at Freehills. Prior to that, John was general counsel at the Lend Lease Group and was a director of the Manager of General Property Trust.

#### Other current listed company directorships

Rinker Group Limited – Non Executive Director (since 3 February 2003)

#### Former listed company directorships in last 3 years

CSR Limited – Non Executive Director (March 2001 to April 2003)

#### Special responsibilities

Non Executive Director  
Chairman of Investa Residential Developments Pty Limited  
Chairman of Investa Asset Management Companies  
Director of Investa Commercial Developments Pty Limited  
Chairman of Nominations Committee  
Chairman of Remuneration Committee  
Member of Sustainability, Safety, Health and Environment Committee

#### Interests in securities

59,440 stapled securities in Investa Property Group

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**P D Campbell Age 56.**

#### Experience and expertise

Peter Campbell was appointed to the Board on 22 December 2004 following the acquisition of 40% of CPG Australia Pty Limited (formerly Clarendon Property Group). As founder of CPG Australia, Peter has been closely involved in the residential land and building industry for over 27 years. His business experience in building the CPG business has been extensive and includes business development, marketing, financial and general management. Peter is also the Group Managing Director of CPG Australia Pty Limited.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director  
Director of Investa Residential Developments Pty Limited  
Member of Nominations Committee

#### Interests in securities

20,763,804 stapled securities in Investa Property Group

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# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Information on Directors (continued)

**J I Messenger ANZIF Snr. Assoc. Age 59.**

#### Experience and expertise

John Messenger has extensive international insurance broking and risk management experience. Between 1986 and 1995, John was the Managing Director of MLC Insurance Limited. From 1997 to 2001, he was the Chief Executive Officer, Corporate Risk Management for the Lend Lease Group. John is currently a Director of St John Ambulance Australia (NSW) Limited and related companies and of Territory Insurance Office, Darwin.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director

Director of Investa Commercial Developments Pty Limited

Chairman of Due Diligence Committee

Member of Audit and Risk Management Committee

Member of Nominations Committee

#### Interests in securities

35,486 stapled securities in Investa Property Group.

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**J S Murray BA, FCIT, FAICD. Age 56.**

#### Experience and expertise

Jock Murray was appointed to the Board on 1 November 2004. Jock is a former Director General of the New South Wales Department of Transport, where he initiated a number of major infrastructure and technology projects, and was Executive Director Transport for the Sydney 2000 Olympic Games, with responsibility for infrastructure, strategic and operational planning. Jock has significant strategic, organisational and operational experience in the areas of transport and major infrastructure. He is also a Non-executive Chairman of Central Ranges Pipelines Pty Limited and a Director of Terminals Australia Pty Limited.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

The Hills Motorway Limited – Non Executive Chairman and Non-Executive Director (November 2002 to June 2005)

#### Special responsibilities

Non Executive Director

Chairman of Investa Commercial Developments Pty Limited

Chairman of Sustainability, Safety, Health and Environment Committee

Member of Audit and Risk Management Committee

Member of Nominations Committee

#### Interests in securities

10,184 stapled securities in Investa Property Group

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# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Information on Directors (continued)

**D R Page** B.Ec, FCA, MAICD. Age 46.

#### Experience and expertise

Deborah Page was appointed to the Board on 17 April 2002. Deborah is a chartered accountant and was a partner in Touche Ross/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. Deborah is the current Chair of the NSW Cancer Council and a Member of the Board of Management of the Internal Audit Bureau of NSW. She has also been on the Board of Macquarie Generation since March 2000.

#### Other current listed company directorships

Nil

#### Former listed company directorships in last 3 years

Nil

#### Special responsibilities

Non Executive Director

Director of Investa Residential Developments Pty Limited

Chairman of Audit and Risk Management Committee

Member of Nominations Committee

Member of Remuneration Committee

#### Interests in securities

31,615 stapled securities in Investa Property Group.

## Company Secretary

The company secretary is B V McGarry FCPA, FCIS. Brian is responsible for all company secretarial, compliance and human resource management. Brian has extensive experience in senior finance and accounting roles and has over 30 years experience in development, construction and property management. Prior to working at Investa, Brian assisted with the property funds management operations of the Lend Lease Group, including the role of company secretary of the responsible entity of General Property Trust from 1990 to 1996.

## Additional Secretaries

Simone Lander B.Ec is an additional company secretary and joined Investa in August 2001. Simone is responsible for the Commercial Development and Asset Management Groups of Investa. Prior to working at Investa, Simone held the positions of company secretary of Quadtel Limited, assistant company secretary at the Mirvac Group and assistant company secretary of Emperor Mines Limited.

Brian Lang CA MBA is an additional company secretary. Brian joined Investa in August 2004 and is responsible for the Unlisted Funds and Corporate Property Services business units. Prior to working at Investa, Brian held senior finance roles with the Australian Financial Markets Association and Jacon Industries Limited. He has had extensive experience in finance, accounting and secretarial roles over the past 20 years ranging from small to medium sized private companies up to listed companies.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Meetings of Directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year to 30 June 2005, and the numbers of meetings attended by each director at the time the director held office or was a member of the committee during the year were:

	Board meeting		Audit & Risk Management Committee meeting		Due Diligence Committee meeting		Nominations & Remuneration Committee meeting		Sustainability Committee meeting	
	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended
	I K Payne	17	17	6	6	-	-	-	-	-
C J O'Donnell	17	17	-	-	17	11	9	9	4	4
J L Arthur	17	17	-	-	-	-	9	9	4	4
P D Campbell	7	7	-	-	-	-	-	-	-	-
J I Messenger	17	16	11	11	17	14	-	-	-	-
J S Murray	11	11	5	5	-	-	-	-	2	2
D R Page	17	17	11	11	4	4	9	9	-	-

<sup>1</sup> "Held" reflects the number of meetings which the director was eligible to attend.

The Audit and Risk Management Committee is chaired by D R Page. It reviews and makes recommendations on the financial reporting process, the system of internal control and management of financial and operational risks, the audit process and the Group's process for monitoring compliance with laws and regulations.

The Due Diligence Committee is chaired by J I Messenger. It reviews and makes recommendations in respect of proposals for new acquisitions, new syndications, the preparation of associated product disclosure statements, post acquisition performance reviews and amendments to constitutions.

During the year, the Nominations and Remuneration Committee was chaired by J L Arthur. It makes specific recommendations on remuneration packages and other terms of employment for executive and non-executive directors, other senior executives and salary structures for other staff. In July 2005, the responsibility for nominating the directors was given to the newly created Nominations Committee of which each director is a member and is chaired by J L Arthur.

The Sustainability Committee was chaired by J S Murray from November 2004. It was established to reflect the belief that securityholder value will be enhanced through formalising and integrating the management of the Group's environmental, social and economic responsibilities. In July 2005, the role of this Committee was enhanced to include the responsibility for health and safety.

### Meetings of Subsidiary Boards

In addition to the abovementioned meetings, the development group and asset management companies convene separate board meetings to review and consider the operations, strategy and governance of these subsidiary businesses. The development group board met on 17 occasions and the asset management companies' board met on 6 occasions during the year.



# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Remuneration Report

#### Principles used to determine the nature and amount of remuneration

##### (a) Remuneration of directors

The maximum aggregate annual fees for non-executive directors are set by resolution of the security holders. The present limit of \$1,000,000 was approved at the 2003 Annual General Meeting. Within that limit, fees for individual directors are set by the Board.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Details of each director's attendances at Board and Board Committee meetings are set out in the Directors' Report. Non-executive directors' fees are reviewed annually by the Board after consideration of recommendations from the Nominations and Remuneration Committee. The Board also seeks advice from an independent remuneration consultant to ensure that non-executive directors' fees and payments are appropriate. The fee arrangements for various activities undertaken by board members were as follows:

Chairman	\$190,000
Non-executive directors' base fee	\$95,000
Chairman of Audit & Risk Management Committee	\$20,000
Chairman of Due Diligence Committee	\$25,000
Chairman of Nominations and Remuneration Committee	\$15,000
Chairman of Sustainability Committee	\$15,000
<hr/>	
<b>Committee Member Fees</b>	
Audit & Risk Management Committee	\$5,000
<hr/>	
<b>Subsidiary Board Fees</b>	
Development Group Companies Chairman	\$15,000
Development Group Companies Director	\$10,000
Asset Management Companies Chairman	\$10,000

Payments amounting to \$711,273 (including superannuation) were made to non-executive directors during the year.

##### Retirement allowance for directors

The retirement benefits scheme for directors was discontinued from 30 June 2003. The sum of \$105,864, then accrued in respect of I K Payne, has been increased to \$110,898 (in order to preserve its real value) and will be preserved until payment becomes due.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Details of remuneration

Details of the remuneration of each specified director of the Group are set out in the following tables.

#### Non-executive directors

2005	Primary <sup>4</sup>						Post-employment		Total \$
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee <sup>3</sup>	Development Group Board	Asset Mngmt Board	Super- annuation Contribution	
I K Payne <sup>1</sup>	190,000	-	-	-	-	-	-	11,584	201,584
J L Arthur	95,000	-	-	15,000	7,038	15,000	10,000	11,584	153,622
P D Campbell <sup>2</sup>	-	-	-	-	-	-	-	-	-
J I Messenger	95,000	5,000	25,000	-	-	-	-	11,250	136,250
J S Murray (from 1/11/04)	63,333	3,334	-	-	10,000	-	-	6,900	83,567
D R Page	95,000	20,000	-	-	-	10,000	-	11,250	136,250
<b>Total Non-executive directors</b>	<b>538,333</b>	<b>28,334</b>	<b>25,000</b>	<b>15,000</b>	<b>17,038</b>	<b>25,000</b>	<b>10,000</b>	<b>52,568</b>	<b>711,273</b>

2004	Primary <sup>4</sup>						Post-employment		Total \$
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee <sup>3</sup>	Development Group Board	Asset Mngmt Board	Super- annuation Contribution	
I K Payne <sup>1</sup>	170,000	-	-	-	-	-	-	15,300	185,300
J L Arthur	85,000	-	-	10,000	-	15,000	10,000	10,800	130,800
S A Mays (From 1/7/2003 - 12/5/2004)	73,575	-	-	-	8,656	-	-	7,401	89,632
J I Messenger	85,000	-	25,000	-	-	-	-	9,900	119,900
D R Page	85,000	15,000	-	-	-	10,000	-	9,900	119,900
<b>Total Non-executive directors</b>	<b>498,575</b>	<b>15,000</b>	<b>25,000</b>	<b>10,000</b>	<b>8,656</b>	<b>25,000</b>	<b>10,000</b>	<b>53,301</b>	<b>645,532</b>

<sup>1</sup> A retirement allowance of \$110,898 has been accrued in respect of I K Payne and will be preserved in real value terms until payment becomes due.

<sup>2</sup> P D Campbell is an executive director of CPG Australia Pty Limited in which the Group held a 40% interest from 21 December 2004. His appointment as a non-executive director of Investa Properties Limited was from 22 December 2004. No fees have been paid or are payable for P D Campbell for the period to 30 June 2005.

<sup>3</sup> The total remuneration for the Chairman of the Sustainability Committee reflects the period of J L Arthur's tenure as Chairman from 12 May 2004 up to the appointment of J S Murray as Chairman on 1 November 2004.

<sup>4</sup> Limit of \$1,000,000 per annum approved in October 2003.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Executive Director

For details of the principles and components of executive pay, refer to page 146.

2005	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
C J O'Donnell	653,812	381,667	225,732	21,064	-	1,282,275

2004	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
C J O'Donnell	543,200	300,000	203,780	48,888	-	1,095,868

### Short Term Incentives (STI)

For the short term incentive included in the above 2005 table and described on page 147, the percentage of the STI potential paid to C J O'Donnell is 85%. The achievement of 100% of STI potential requires "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of the Group. On this basis, 15% of the STI potential was not paid or, to use the language contemplated by the *Corporations Regulations 2001*, was "forfeited".

### Stapled security holding of specified directors

The number of securities held directly or indirectly during the financial year by each specified director is set out below:

	Balance at the start of the year	Purchases/ (sales)	Balance at the end of the year
<b>Specified non-executive directors</b>			
<b>Stapled Securities in Investa Property Group</b>			
I K Payne	28,278	10,000	38,278
J L Arthur	31,957	27,483	59,440
P D Campbell <sup>1</sup>	-	20,763,804	20,763,804
J I Messenger	33,413	2,073	35,486
J S Murray	-	10,184	10,184
D R Page	26,394	5,221	31,615

<sup>1</sup> On 21 December 2004, prior to P D Campbell becoming a director of Investa Properties Limited, he received 20,388,349 securities in Investa Property Group, from the Group's initial acquisition of a 40% interest in CPG Australia Pty Limited, of which he is a shareholder.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

	Balance at the start of the year	Purchases/ (sales) <sup>1</sup>	Balance at the end of the year
<b>Specified executive director</b>			
<b>Stapled Securities in Investa Property Group</b>			
C J O'Donnell	1,816,347	250,000	2,066,347

<sup>1</sup> The amount purchased in the current year was pursuant to an allocation under the Employee Share Acquisition Plan.

### Loans to specified executive directors

Loans are made in relation to the Employee Share Acquisition Plan. For additional details of these loans refer to page 148. No loans have been made to non-executive directors.

Details of the loan made to the one specified executive director of the Group at the end of the year are set out below:

2005	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
C J O'Donnell	2,514,390	173,882	2,809,589	3,005,016
2004	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
C J O'Donnell	2,188,916	153,819	2,514,390	2,684,015

### Service agreements

On 1 October 2002, the Group entered into a five year service agreement with the Managing Director, C J O'Donnell. The agreement stipulates the minimum base salary for each of the first three years; it provides a short-term incentive (which, if earned would be paid as a bonus, each year) and a long-term incentive/retention payment of \$1.0 million over the five years, with half being payable in September 2006, and the second half being payable in September 2007, provided the agreed conditions have been satisfied. The reward provision of this agreement may be increased each year at the discretion of the Board.

There are no other executive service agreements.

### (b) Executive pay

The objective of the Group's executive remuneration framework is to ensure that reward for performance is transparent, reasonable, competitive and appropriate for the results delivered. The framework aligns executive remuneration with achievement of strategic objectives and hence the creation of value for securityholders, and was designed consistently with advice received from independent remuneration consultants on market best practice for delivery of rewards to executives.

The remuneration framework provides a mix of fixed and at risk pay, with a blend of short and long-term incentives. As an executive undertakes more senior roles within the Group, the balance of his or her mix can shift to a higher proportion of 'at risk' rewards, depending upon the nature of the executive's new role.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

The overall level of executive reward in any given year takes into account the performance of the stapled entity over a number of years, and, in particular, with greater emphasis given to the current and prior year. Over the past 5 years, the stapled entity's profit from ordinary activities after income tax has grown at an average rate of 18.8% per annum, and total securityholder return has averaged 11.2% per annum. This has been calculated assuming an initial investment of \$1,000, full participation in the distribution reinvestment plan when in operation, inclusion of the franking credit available on the company portion of the distribution and no disposal of securities acquired. During the same period, average executive remuneration has grown by approximately 14.0% per annum.

The executive pay and reward framework has three components, the combination of which comprises the executive's total remuneration:

- base pay and benefits (fixed)
- short-term incentives (variable at risk)
- long-term incentives (variable at risk).

### Base Pay

Executives are offered a competitive base pay that comprises the fixed component of their remuneration. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for comparable roles. Base pay is reviewed annually. An executive's pay is also reviewed on promotion. The base pay for the Chief Executive and his direct reports requires the specific approval of the Board, following review by the Nominations and Remuneration Committee.

Base pay reviews are undertaken annually within a target total base pay allocation for the Group set in consultation with the Nominations and Remuneration Committee, and approved by the Board.

### Short-Term Incentives (STI)

The short term incentive arrangements at Investa have been designed to link annual STI bonus awards to executive performance against agreed key performance indicators and the financial performance of the Group during the year in question. The principles of the scheme include the determination of amounts payable having regard to:

1. The performance by the executive measured against agreed personal objectives (KPI's);
2. The financial performance of the executive's Business Unit against target; and
3. The Group financial performance against target.

At the commencement of each year the Board, on the recommendation of the Nominations and Remuneration Committee, establishes the total amount, or "pool", to be available for STI payments within the Group, the guiding principles for the setting of STI potential, the KPI's for Group executives generally and the Group financial performance targets to be achieved in order for the total available incentive pool to become payable.

Each executive has a nominated "STI potential" which will only be received in full in the event of "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of the executive's Business Unit and the Group. As a general rule, the STI potential set for an executive depends upon his or her accountabilities and the potential impact of his or her role on the financial performance of the relevant business unit and the Group itself. The Board retains the discretion to approve higher than potential STI bonus payments to some or all executives to reward significant over achievement against agreed performance criteria.

Each year the Board, on the recommendation of the Nominations and Remuneration Committee, approves the individual STI targets and KPI's for the Chief Executive and his direct reports.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Long-Term Incentives (LTI)

#### (i) ESAP

The Employee Share Acquisition Plan (ESAP) at Investa has been designed to enable employees to share in the long term growth of the Group by being awarded securities under the Plan, potentially on an annual basis. The intention is to align employee wealth creation interests with those of the Group's securityholders over the longer term, and also to encourage executives to remain with the Group and continue to add value for the benefit of all stakeholders.

Annual ESAP allocations are made within a total ESAP award framework approved by the Board after review by the Nominations and Remuneration Committee.

Individual awards to the Chief Executive and his direct reports require specific Board approval.

The Nominations and Remuneration Committee approves the principles and criteria governing ESAP awards to other employees within the total award framework referred to above.

Unless the Board in its absolute discretion permits otherwise, employees cannot access securities allocated to them under ESAP until after the third anniversary of the allocation being made.

ESAP functions through Investa making non-interest bearing non-recourse loans to employees to enable the acquisition on market of Investa securities under ESAP for the employees in question. Distributions and dividends paid on the securities represent assessable income to employees. A cash component of distributions and dividends is paid to each employee to fund his or her tax liability arising from the distributions and dividends. The balance of the distributions and dividends is directed towards repayment of the employees' loans on an individual account basis.

Under the terms of ESAP any shortfall between the market value of an employee's ESAP securities at the date he or she leaves the Group, and that employee's outstanding loan balance at the same date, is borne by the Group. For the year to 30 June 2005, no loss was sustained by the Group. The non-monetary benefit to an employee attributable to ESAP is equivalent to the net interest that would otherwise have been borne on the loan, determined using the Group's average weighted interest rate.

#### (ii) Potential Retention Payments

Linked to the ESAP scheme is an enhanced retention scheme which is restricted in application and which began operation in the 2005 financial year.

An amount of money is allocated to a Retention Pool each year. The Managing Director will make recommendations to the Board Nominations and Remuneration Committee for the allocation of this money to key employees on a three year vesting basis. An employee will only be entitled to receive his or her allocation if he or she is still employed by Investa at the vesting date (three years from date of allocation). Payment will generally be made by way of a reduction of the employee's outstanding ESAP loan balance. The first payments will be made under the scheme in the 2008 financial year.

### Retirement benefits for employees

No benefits are payable, except through Superannuation arrangements.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Details of remuneration

Details of the remuneration of each of the five specified executives of the Group is set out below:

2005	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
D F Bromell	334,944	200,000	30,030	29,219	-	594,193
W W Grounds	243,748	72,000	22,452	21,937	-	360,137
A S Junor	286,715	67,500	58,821	25,804	-	438,840
B V McGarry	247,556	36,000	44,264	21,997	-	349,817
G B Monk	397,374	128,000	90,028	35,205	-	650,607
<b>Total</b>	<b>1,510,337</b>	<b>503,500</b>	<b>245,595</b>	<b>134,162</b>	<b>-</b>	<b>2,393,594</b>

2004	Primary			Post-employment		Total \$
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	
D F Bromell	281,750	80,000	17,645	25,358	-	404,753
W W Grounds	222,500	50,000	12,131	20,025	-	304,656
A S Junor	276,860	85,000	49,784	24,917	-	436,561
B V McGarry	215,000	50,000	32,917	19,350	-	317,267
G B Monk	350,000	175,000	81,501	31,500	-	638,001
<b>Total</b>	<b>1,346,110</b>	<b>440,000</b>	<b>193,978</b>	<b>121,150</b>	<b>-</b>	<b>2,101,238</b>

### Short Term Incentives

For each short term incentive included in the above 2005 table, the percentage of the STI potential paid is D F Bromell 91%, W W Grounds 60%, A S Junor 45%, B V McGarry 60% and G B Monk 85%. The achievement of 100% of STI potential requires "exceeds expectations" performance and achievement of all agreed KPI's as well as above target financial performance of both the executive's Business Unit and the Group. On this basis, the percentage of STI potential that was not paid or, to use the language contemplated by the *Corporations Regulations 2001*, was "forfeited" is D F Bromell 9%, W W Grounds 40%, A S Junor 55%, B V McGarry 40% and G B Monk 15%.

### Stapled Security holding of specified executives

The number of securities held during the financial year by each of the five specified executives is set out below:

	Balance at the start of the year	Purchases/ (sales) <sup>1</sup>	Balance at the end of the year
<b>Stapled Securities in Investa Property Group</b>			
D F Bromell	150,000	120,000	270,000
W W Grounds	110,000	100,000	210,000
A S Junor	425,500	100,000	525,500
B V McGarry	353,600	100,000	453,600
G B Monk	652,475	120,000	772,475

<sup>1</sup> The amounts purchased in the current year by each of the specified executives were pursuant to allocations under the Employee Share Acquisition Plan.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Loans to specified executives

Details of loans made to the five specified executives of the Group are set out below:

Specified individuals with loans above \$100,000 during the financial year

2005	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
D F Bromell	286,814	29,217	494,703	517,635
W W Grounds	195,320	21,712	370,303	388,139
A S Junor	709,622	52,020	847,966	892,597
B V McGarry	547,443	42,535	698,561	743,693
G B Monk	1,155,739	80,635	1,305,562	1,370,961
<b>Total</b>	<b>2,894,938</b>	<b>226,119</b>	<b>3,717,095</b>	<b>3,913,025</b>

No write-down or allowance for doubtful receivables has been recognised in relation to any loan made to specified executives.

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2004	Balance at the start of the year \$	Input value of interest not charged \$	Balance at the end of the year \$	Highest indebtedness during the year \$
D F Bromell	204,073	16,831	286,814	303,073
W W Grounds	127,949	11,317	195,320	207,149
A S Junor	558,919	42,551	709,622	756,920
B V McGarry	383,786	32,103	547,443	581,786
G B Monk	1,031,477	70,992	1,155,739	1,229,476
<b>Total</b>	<b>2,306,204</b>	<b>173,794</b>	<b>2,894,938</b>	<b>3,078,404</b>

No write-down or allowance for doubtful receivables was recognised in relation to any loan made to specified executives in the previous year.

### Potential retention payments

On 5 May 2005, the company entered into retention agreements in respect of the three years ending on 30 September 2007 with each of D F Bromell, W W Grounds, and G B Monk involving potential retention payments to them of \$150,000, \$50,000 and \$150,000 respectively. The payment to each person is dependent upon that person being employed within the Investa Property Group at 30 September 2007. The after-tax value of any such payment will be applied to reduce the ESAP loan to that person.

### Matters subsequent to the end of the financial year

Unless otherwise disclosed, the directors of the consolidated entity have not become aware of any matter or circumstance that has significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of affairs in future financial years.



# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

### Environmental regulation

Whilst the consolidated entity is not subject to significant environmental regulation in respect of its property activities, the directors are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the directors are not aware of any material breaches of these requirements and to the best of their knowledge all activities have been undertaken in compliance with environmental requirements.

### Indemnification and insurance of officers and auditors

During the financial year, Investa Properties Limited paid a premium to insure the directors and officers of the Company and its controlled entities, Investa Asset Management Pty Limited, Investa Asset Management (QLD) Pty Limited, Investa Nominees Pty Limited, and Investa Development Holdings Pty Limited and its controlled entities. Disclosure of the amount of the premium paid is prohibited by the insurance contract. The auditors of the company are in no way indemnified out of the assets of the company.

### Likely developments and expected results of operations

The consolidated entity is required to adopt International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board for reporting periods beginning on or after 1 January 2005. The adoption of IFRS is not expected to have an impact on the company's dividend capacity.

A summary of how the consolidated entity is managing this transition and what the likely impact will be, is contained in Note 34 of the full consolidated financial statements.

### Country of incorporation

Investa Properties Limited was incorporated in Australia on 12 November 1998.

### Non-Audit Services

The Board has adopted a policy governing Auditor Independence which specifies that the auditing firm should not provide services that are or could be perceived to be in conflict with the role of auditor. Each non-audit service is considered in the context of this policy.

The consolidated entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 153.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Directors' Report (continued)

During the year the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

	2005	2004
	\$	\$
Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity: Auditor of the parent entity – PricewaterhouseCoopers	309,940	247,563
<b>Remuneration for other services</b>		
Auditor of the parent entity – PricewaterhouseCoopers:		
IFRS Technical advice <sup>1</sup>	125,597	25,000
Real Estate procedures review	-	3,000
Investigating accountant's advice	-	70,000
Due Diligence relating to acquisitions	220,000	-
Audit of completion accounts in relation to acquisition of CPG	229,125	-
<b>Total non-audit services</b>	<b>574,722</b>	<b>98,000</b>
<b>Total auditor's remuneration</b>	<b>884,662</b>	<b>345,563</b>

<sup>1</sup> This fee is in respect of all IFRS advice for the Investa Property Group.

## Rounding

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.

## Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

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



I K Payne  
Chairman  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Properties Limited

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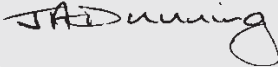
## Directors' Report (continued)

### Auditor's Independence Declaration

As lead auditor for the audit of Investa Properties Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

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

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



J A Dunning  
Partner  
Sydney  
18 August 2005

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Discussion and Analysis of the Consolidated Financial Statements

The following commentary will help shareholders when reviewing and interpreting the results of the Company for the year ended 30 June 2005.

### Consolidated Statements of Financial Performance

The loss for the consolidated entity after tax and outside equity interests was \$2,913,000 (2004: \$8,670,000 profit). This decline in earnings reflects both reduced investment income, including lower profits from the sale of investments, and a mix of higher one-off and ongoing operating costs. These are discussed in more detail below.

The dividend for the year was 0.10 cents per share, down on the prior year's dividend of 0.65 cents per share.

The following summary highlights the key contributors to the performance of the company for the financial year.

	2005 \$'000	2004 \$'000
Segment Contribution (EBITDA)		
- Property Development	27,275	28,155
- Services <sup>1</sup>	22,325	18,494
- Investments	15,680	25,131
	65,280	71,780
Operating Costs	(36,500)	(27,366)
EBITDA	<b>28,780</b>	<b>44,414</b>
Borrowing Costs <sup>2</sup>	(27,384)	(30,531)
Depreciation	(420)	(536)
Amortisation	(1,657)	(1,657)
Tax	(2,232)	(3,020)
Net (loss)/profit attributable to IPL members	<b>(2,913)</b>	<b>8,670</b>

<sup>1</sup> Includes Unlisted Funds, Asset Management and CPS business units, and CPS contribution is net of recoverable overheads

<sup>2</sup> Excludes Outside Equity Interest share of borrowing costs

### 1. Analysis of Segment Contribution

Overall the company's segment contribution declined by 9.1% from \$71,780,000 to \$65,280,000 driven by:

#### a. Property Development

Development revenue declined from \$85,308,000 to \$64,600,000 due primarily to lower commercial activity following the substantial completion of several projects in the prior year and reduced opportunities in the market. Commercial Division sales were lower in the current financial year from Eden Park (CPSA), North Ryde and Manly Shopping Centre, Brisbane. Despite this reduced revenue, the segment contribution only declined by \$305,000 to \$27,850,000 due to an equity accounted contribution of \$2,679,000 (after tax) following the acquisition of 40% of CPG Australia Pty Limited, higher project margins at Mill Park Lakes, Victoria and Quinns Beach, Western Australia and residual land sales at Manly Shopping Centre, Brisbane.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Discussion and Analysis of the Consolidated Financial Statements (continued)

### Consolidated Statements of Financial Performance (continued)

Residential settlements declined from 199 lots in 2004 to 165 lots in 2005 primarily due to the completion of the Manly Residential Project, Qld in 2004. The following table summarises residential lots sales for the current year:

Project	Lots
Mill Park Lakes, Victoria	138 @ \$140,000/lot average
Quinns Beach, Western Australia	25 @ \$335,000/lot average
Hillary's, Western Australia	2 @ \$240,000/lot average
<b>Total</b>	<b>165</b>

In addition, there were 16 units sold at Turner Street, Melbourne, final settlement on land at Eden Park in North Ryde, Sydney (sold to Investa Fifth Commercial Trust) and the sale of the residual land at Manly Shopping Centre, Brisbane.

The Development business unit acquired the following land during the year:

- 194 hectares of industrial land at Deer Park, Melbourne for a total cost of \$35,224,000 in September 2004;
- 10 hectares of residential land at Claremont Meadows, Sydney for a total cost of \$10,160,000 in December 2004;
- 21 hectares of industrial land at Deception Bay, Queensland at a cost of \$4,650,000 in February, 2005 with a 10% deposit paid to date;
- 26 hectares of industrial land at Eastern Creek, Sydney for a total cost of \$38,000,000 in March 2005;
- Final settlement of \$14,500,000 on 61 hectares of residential land at Henley Brook, Western Australia;
- An instalment payment of \$15,000,000 on 226 hectares of residential land at Bellbird, Queensland; and
- Acquisition of a further 40 hectares of residential land adjoining existing holdings at Henley Brook, Western Australia for a total cost of \$12,294,000 with an 8% deposit paid by 30 June 2005.

In addition, on 21 December 2004 Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited) acquired a 40% interest in CPG Australia Pty Limited for \$100,000,000, comprising \$40,000,000 cash and \$60,000,000 of Investa Property Group securities.

Through this transaction the Group has acquired a 40% indirect interest in a portfolio of 4,452 lots at 30 June 2005, which are either owned or controlled, of residential development land for subdivision, predominantly in Greater Sydney, and CPG's substantial contract home building business. The company's main housing brands are Clarendon Homes, Domaine Homes, Bellevalle Homes and Greenway Homes.

#### b. Services

Contribution from Services business grew by 20.7%, or \$3,831,000 to \$22,325,000 reflecting the full year impact of the Delta Office Fund acquisition on the Asset Management business; Corporate Property Services successfully securing another major client, SunCorp Metway Limited; and an increase in the level of external funds under management.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Discussion and Analysis of the Consolidated Financial Statements (continued)

### Consolidated Statements of Financial Performance (continued)

#### c. Investments

Investments include distribution income derived from units held directly by the company in syndicates managed by the Unlisted Funds division, profits derived from the sale of those investments and interest income.

The Investment segment contribution decreased from \$25,131,000 to \$15,680,000 due to lower profits from the sale of investments and a decline in short-term investment income following the company's sell down of its investments in Investa Commercial Property Fund and Martin Place Wholesale Fund to external parties. The average distribution yield on short-term investment income for the year was 7.1%.

## 2. Analysis of Expenses

### a. Operating Costs

Operating costs excluding one-off items increased by \$4,552,000 to \$36,500,000. The increase in the underlying operating cost is due to:

- Employee expenses, excluding CPS, which increased by \$3,130,000 from \$18,995,000 to \$22,125,000, reflecting an increase in staff numbers from 146 to 184 primarily associated with the growth of asset management and development activities; and
- A general increase in other expenses of \$1,422,000 or 5.2% following the expansion of the company's operating activities, including additional costs associated with corporate governance, a new internal audit function and IFRS implementation.

One-off items totalling \$4,582,000 were included in operating costs. These are made up of:

- The write off of costs associated with the preparation of unsuccessful bids, including the Lensworth Group, of \$2,372,000; and
- A one-off relocation provision of \$2,210,000 following the decision to centralise the company's main activities at 126 Phillip Street.

### b. Borrowing Costs

Borrowing costs, which include interest expenses and line facility fees, decreased from the previous corresponding period by \$3,147,000 to \$27,384,000, primarily due to the reduction in debt following the sale of investments. Expenditure on qualifying development assets has increased total borrowings without any associated increase in borrowing cost expense, as these borrowing costs are capitalised to the carrying value of the qualifying development asset.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Discussion and Analysis of the Consolidated Financial Statements (continued)

### Combined Statements of Financial Position

Total assets increased by 10% from \$593,788,000 at 30 June 2004 to \$652,976,000 at 30 June 2005 following an increase in its property development inventory from \$169,435,000 at 30 June 2004 to \$304,015,000 at 30 June 2005 and the acquisition of a 40% interest in CPG Australia Pty Limited with an investment value of \$103,504,000 at 30 June 2005. Offsetting this was the sale of investments held in Investa Commercial Property Fund and Martin Place Wholesale Fund.

In addition, the consolidated entity continues to hold other investments prior to syndication or disposal to third parties. These investments at 30 June 2005 include:

— a 21.2% interest in Investa Commercial Property Fund	\$64,646,000
— a 100% interest in Macarthur Central Shopping Centre, Brisbane	\$101,522,000
— a 22.24% interest in Investa Diversified Office Fund	\$14,902,000
— a 10.35% investment in Collins Property Trust	\$ 2,318,000

Total liabilities increased from \$469,074,000 at 30 June 2004 to \$571,012,000 at 30 June 2005 primarily due to an increase in debt outstanding at 30 June 2005 to \$534,968,000, compared to \$442,824,000 at 30 June 2004.

### Consolidated Statements of Cash Flows

The Company held cash reserves of \$1,119,000, down from \$4,491,000 at 30 June 2004.

**Cash outflows from operating activities** increased by \$91,555,000 from an outflow of \$37,521,000 in the previous financial period to an outflow of \$129,076,000, which is mainly attributable to:

- Increased payments of \$76,123,000 mainly related to acquisition of property inventories and other development costs
- Reduced receipts from property sales of \$16,875,000;
- Increased borrowing costs paid of \$6,757,000; and
- Reduced distributions received of \$7,459,000 reflecting the income derived from Macarthur Central and Investa Commercial Property Fund;

These decreases in cash outflows have been partially offset by a reduction in income taxes payable of \$7,388,000.

**Cash flows from investing activities** resulted in a net inflow of \$18,566,000 which was mainly as a result of the proceeds from the sale of investments totalling \$88,378,000 offset by payments for investments of \$64,280,000 including our 40% investment in CPG Australia Pty Limited and a 22.24% investment in Investa Diversified Office Fund.

**Cash flows from financing activities** resulted in a net inflow of \$107,138,000 as a result of the net payment of loans from Investa Property Trust, a related entity, amounting to \$110,190,000 offset by the payment of distribution of \$3,044,000.

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Consolidated Statements of Financial Performance

For the year ended 30 June 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Revenue from ordinary activities</b>		<b>206,311</b>	217,344	<b>37,655</b>	42,702
Associate share of income		2,679	-	-	-
Cost of development inventory sold		(37,324)	(58,222)	-	-
Property outgoings		(2,631)	(4,188)	-	-
Repairs and Maintenance		(272)	(322)	-	-
Employee expenses		(30,718)	(24,640)	(17,520)	(13,739)
Accommodation expenses		(1,919)	(1,480)	(971)	(728)
Purchased services		(4,924)	(3,127)	(4,321)	(2,726)
Depreciation and amortisation expenses		(2,077)	(2,193)	(891)	(931)
Borrowing costs		(27,666)	(31,308)	(1,863)	(1,180)
Other expenses from ordinary activities		(101,217)	(77,201)	(11,891)	(12,991)
<b>Profit from ordinary activities before income tax expense</b>		<b>242</b>	14,663	<b>198</b>	10,407
Income tax (expense)/credit		(2,232)	(3,020)	4,243	-
<b>Net (loss)/profit after tax</b>		<b>(1,990)</b>	11,643	<b>4,441</b>	10,407
<b>Net profit attributable to outside equity interests</b>		<b>(923)</b>	(2,973)	-	-
<b>Net (loss)/profit attributable to members of Investa Properties Limited</b>	2	<b>(2,913)</b>	8,670	<b>4,441</b>	10,407
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(2,913)</b>	8,670	<b>4,441</b>	10,407
		<b>Cents</b>	Cents		
Basic and diluted earnings per share	4	<b>(0.20)</b>	0.64		

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



# ANNUAL CONCISE REPORT

Investa Properties Limited

## Consolidated Statements of Financial Position

As at 30 June 2005

	Notes	Consolidated		Parent entity	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Current assets</b>					
Cash assets		1,119	4,491	271	277
Receivables		29,190	22,072	5,293	24,571
Income tax receivable		-	-	156	-
Investments		116,424	111,654	12,558	12,558
Property development inventories		62,355	34,519	-	-
<b>Total current assets</b>		<b>209,088</b>	<b>172,736</b>	<b>18,278</b>	<b>37,406</b>
<b>Non-current assets</b>					
Investments in controlled entities		-	-	84,466	26,804
Loan to related entity		-	13,296	-	13,296
Deferred tax asset		11,051	5,358	4,352	1,047
Investments in property		-	33,338	-	-
Investments in associates		170,469	216,516	-	-
Property, plant and equipment		1,323	1,029	695	672
Property development inventories		241,660	134,916	-	-
Loans to employees		16,455	12,012	-	7,386
Intangible assets		2,930	4,587	1,563	2,190
<b>Total non-current assets</b>		<b>443,888</b>	<b>421,052</b>	<b>91,076</b>	<b>51,395</b>
<b>Total assets</b>	2	<b>652,976</b>	<b>593,788</b>	<b>109,354</b>	<b>88,801</b>
<b>Current liabilities</b>					
Payables		13,780	10,522	9,258	3,081
Interest and non-interest bearing liabilities		105,535	102,201	-	-
Income tax liability		22	1,269	-	-
Provisions		7,311	7,942	6,467	6,065
<b>Total current liabilities</b>		<b>126,648</b>	<b>121,934</b>	<b>15,725</b>	<b>9,146</b>
<b>Non-current liabilities</b>					
Interest and non-interest bearing liabilities		429,433	340,623	-	-
Loan to related entity		-	-	4,360	-
Deferred tax liabilities		13,494	6,077	-	37
Payables		838	-	838	-
Provisions		599	440	299	218
<b>Total non-current liabilities</b>		<b>444,364</b>	<b>347,140</b>	<b>5,497</b>	<b>255</b>
<b>Total liabilities</b>	2	<b>571,012</b>	<b>469,074</b>	<b>21,222</b>	<b>9,401</b>
<b>Net assets</b>		<b>81,964</b>	<b>124,714</b>	<b>88,132</b>	<b>79,400</b>
<b>Equity</b>					
Contributed equity		83,140	77,356	83,140	77,356
Outside equity interest		-	44,128	-	-
(Accumulated losses)/Retained profits		(1,176)	3,230	4,992	2,044
<b>Total equity</b>		<b>81,964</b>	<b>124,714</b>	<b>88,132</b>	<b>79,400</b>

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

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Consolidated Statements of Cash Flows

For the year ended 30 June 2005

	Consolidated		Parent entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Cash flows from operating activities</b>				
Cash receipts in the course of operations	119,908	131,894	26,283	20,646
Cash payments in the course of operations	(222,921)	(150,275)	(20,946)	(27,868)
Dividends/distributions received	8,959	16,418	24,457	4,372
Interest received	487	582	60	61
Borrowing costs paid	(33,757)	(27,000)	(6)	(40)
Income taxes (paid) refunded	(1,752)	(9,140)	1,547	(1,505)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(129,076)</b>	<b>(37,521)</b>	<b>31,395</b>	<b>(4,334)</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(730)	(581)	(277)	(437)
Payments for investments	(64,280)	-	-	-
Payments for capital expenditure	(367)	(5,260)	-	-
Proceeds from sales of investments	88,378	72,797	-	14,129
Proceeds from sales of plant and equipment	9	32	-	-
Investments in controlled entities	-	-	(59,128)	-
Loans to employees	(4,444)	(2,780)	372	1,846
<b>Net cash inflow/(outflow) from investing activities</b>	<b>18,566</b>	<b>64,208</b>	<b>(59,033)</b>	<b>15,538</b>
<b>Cash flows from financing activities</b>				
Proceeds from issues of shares	-	1,650	-	1,650
Proceeds from borrowings from related entity	287,020	154,942	26,486	-
Proceeds from borrowings	-	11,000	-	-
Repayments of borrowings	-	(67,600)	-	-
Repayments of borrowings from related entity	(176,830)	(119,481)	4,198	(6,777)
Cost of issue of shares	(8)	(150)	(8)	(150)
Dividends paid	(3,044)	(8,017)	(3,044)	(5,763)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>107,138</b>	<b>(27,656)</b>	<b>27,632</b>	<b>(11,040)</b>
<b>Net (decrease)/increase in cash held</b>	<b>(3,372)</b>	<b>(969)</b>	<b>(6)</b>	<b>164</b>
Cash at the beginning of the financial year	4,491	5,460	277	113
<b>Cash at the end of the financial year</b>	<b>1,119</b>	<b>4,491</b>	<b>271</b>	<b>277</b>

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

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2005

### Note 1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the requirements of Accounting Standard AASB1039 Concise Financial Reports, applicable Urgent Issues Group Consensus Views and the Corporations Act 2001.

The financial statements and specific disclosures included in the concise financial report have been derived from the consolidated entity's full financial report for the financial period. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Investa Properties Limited as the full financial report.

The accounting policies adopted are consistent with those of the previous year unless otherwise stated.

### Note 2. Segment information

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

#### Services

Investa Properties Limited is the Responsible Entity for Investa Property Trust and for eleven registered schemes. Annual management fees and establishment fees are earned. The consolidated entity also provides asset, property and facilities management services to properties managed by Investa Property Group.

#### Property development

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

#### Short-term investments

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

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 2. Segment information (continued)

30 June 2005	Services	Property Development	Short-term Investments	Unallocated <sup>2</sup>	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from ordinary activities					
- Operating revenue	34,986	64,600	20,012	-	119,598
- Sale of property	-	-	89,392	-	89,392
	<b>34,986</b>	<b>64,600</b>	<b>109,404</b>	<b>-</b>	<b>208,990</b>
EBITDA <sup>1</sup>					
- Consolidated	22,325	27,275	16,885	(36,500)	29,985
- Less Outside Equity Interest	-	-	(1,205)	-	(1,205)
- Attributable to securityholders of Investa Property Group	22,325	27,275	15,680	(36,500)	28,780
Net profit after tax	14,770	12,359	(1,750)	(28,292)	(2,913)
Segment assets	3,222	432,542	205,152	12,060	652,976
Segment liabilities	2,819	351,183	198,676	18,334	571,012
Depreciation and amortisation	957	1,120	-	-	2,077
Acquisition of property, plant and equipment	651	79	367	-	1,097

<sup>1</sup> Earnings before borrowing costs, tax, depreciation and amortisation

<sup>2</sup> Relates to Group operating costs

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 2. Segment information (continued)

30 June 2004	Services	Property Development	Short-term Investments	Unallocated <sup>2</sup>	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from ordinary activities					
- Operating revenue	25,541	85,308	33,697	-	144,546
- Sale of property	-	-	72,798	-	72,798
	25,541	85,308	106,495	-	217,344
EBITDA <sup>1</sup>					
- Consolidated	18,494	28,155	28,881	(27,366)	48,164
- Less Outside Equity Interest	-	-	(3,750)	-	(3,750)
- Attributable to securityholders of Investa Property Group	18,494	28,155	25,131	(27,366)	44,414
Net profit after tax	12,032	14,547	263	(18,172)	8,670
Segment assets	3,068	186,624	375,047	29,049	593,788
Segment liabilities	1,594	148,803	310,986	7,691	469,074
Depreciation and amortisation	1,038	1,155	-	-	2,193
Acquisition of property, plant and equipment	497	84	5,260	-	5,841

<sup>1</sup> Earnings before borrowing costs, tax, depreciation and amortisation

<sup>2</sup> Relates to Group operating costs

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 3. Dividends

	Consolidated	
	2005	2004
	\$'000	\$'000
<b>Ordinary shares</b>		
Franked @30% - 0.25 cents per share – 30 September 2003	-	3,483
Franked @30% - 0.15 cents per share – 31 December 2003	-	2,096
Final dividend franked @30% - 0.25 cents per share – 30 June 2004	-	3,587
Final dividend franked @30% - 0.10 cents per share – 30 June 2005	1,493	-
<b>Total dividends paid and payable</b>	<b>1,493</b>	<b>9,166</b>

<sup>1</sup> The 30 June 2005 dividend will be paid on 22 August 2005.

### Franked dividends

The dividends are fully franked from franking credits arising from the payment of income tax during the year.

	Consolidated		Parent entity	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	10,225	9,381	7,355	367

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

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

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

# ANNUAL CONCISE REPORT

Investa Properties Limited

## Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2005

### Note 4. Earnings per share

	2005 Cents	2004 Cents
Basic and diluted earnings per share	(0.20)	0.64
<b>Weighted average number of shares used as the denominator</b>	<b>Number '000</b>	<b>Number '000</b>
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	1,467,015	1,346,650

### Note 5. Events occurring after reporting date

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

### Note 6. Full financial report

Further financial information can be obtained from the full financial report which is available, free of charge, upon request. Please call 1 800 635 323 (freecall) and for international 612 8280 7182, and a copy will be forwarded to you. Alternatively, you can access both the combined full financial report and the combined concise report via the internet at: [www.investa.com.au](http://www.investa.com.au)

## ANNUAL CONCISE REPORT

Investa Properties Limited

### Directors' Declaration

The directors of Investa Properties Limited declare that in their opinion, the concise financial report, comprising Investa Properties Limited and its controlled entities for the year ended 30 June 2005 as set out on pages 158 to 165 complies with Accounting Standard AASB 1039 Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2005.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 6, is available upon request.

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



I K Payne  
Chairman  
Sydney  
18 August 2005



# ANNUAL CONCISE REPORT

Investa Properties Limited

PricewaterhouseCoopers

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

### Audit opinion

In our opinion, the concise financial report of Investa Properties Limited for the year ended 30 June 2005 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

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

### Scope

#### The concise financial report and directors' responsibility

The concise financial report comprises the consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and notes to the financial statements, and the directors' declaration for Investa Properties Limited (the company) for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

#### Audit approach

We conducted an independent audit of the concise 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 concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 June 2005. Our audit report on the full financial report was signed on 3 August 2005, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

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

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

### 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

18 August 2005



### Directory

#### Investa Properties Limited Registered Office

Level 17, 135 King Street  
Sydney NSW 2000  
Telephone (02) 8226 9300

### Directors

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

### Company Secretary

Brian V McGarry

### Auditors

PricewaterhouseCoopers  
Chartered Accountants  
201 Sussex Street  
Sydney NSW 1171

### Share Registry

ASX Perpetual Registrars Limited  
Locked Bag A14  
Sydney South NSW 1235  
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If you are interested in receiving details of opportunities to invest in property syndicates, please contact Investa Property Group on (02) 8226 9300

Website [www.investa.com.au](http://www.investa.com.au)



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Property Group