Investa Property Group

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

Combined Annual Report

30 June 2005

Contents

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

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

Directors' Report (continued)

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.

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

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.

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

Directors' Report (continued)

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

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

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.

Directors' Report (continued)

Company Secretary
The company secretary is B M 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.

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[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	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	-	-

[1] "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.

Directors' Report (continued)

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.

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
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.

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 [4]							Post - employment	Total $
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee [3]	Development Group Board	Asset Mngmt Board	Superannuation Contribution	
I K Payne [1]	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 [2]	-	-	-	-	-	-	-	-	**-**
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**
Total Non-executive directors	**538,333**	**28,334**	**25,000**	**15,000**	**17,038**	**25,000**	**10,000**	**52,568**	**711,273**

2004	Primary [4]							Post - employment	Total $
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee	Development Group Board	Asset Mngmt Board	Superannuation Contribution	
I K Payne[1]	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**
Total Non-executive directors	**498,575**	**15,000**	**25,000**	**10,000**	**8,656**	**25,000**	**10,000**	**53,301**	**645,532**

[1] 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.
[2] 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.
[3] 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.
[4] Limit of $1,000,000 per annum approved in October 2003.

Executive Director

For details of the principles and components of executive pay, refer to page 11.

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 11, 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**
Specified non-executive directors **Stapled Securities in Investa Property Group**			
I K Payne	28,278	10,000	38,278
J L Arthur	31,957	27,483	59,440
P D Campbell [1]	-	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

[1] 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.

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

[2] 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 12. 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 $	Imputed 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 $	Imputed 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.

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 dividend 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.

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.

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		
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**Total $**
D F Bromell	334,944	200,000	30,030	29,219	-	**594,193**
WW 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**
Total	**1,510,337**	**503,500**	**245,595**	**134,162**	**-**	**2,393,594**

2004	Primary			Post-employment		
	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**Total $**
DF 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**
Total	**1,346,110**	**440,000**	**193,978**	**121,150**	**-**	**2,101,238**

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)** [1]	**Balance at the end of the year**
Stapled Securities in Investa Property Group			
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

[1] The amounts purchased in the current year by each of the specified executives were pursuant to allocations under the Employee Share Acquisition Plan.

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 $	Imputed 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**
Total	**2,894,938**	**226,119**	**3,717,095**	**3,913,025**

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 $	Imputed 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
Total	2,306,204	173,794	2,894,938	3,078,404

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.

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.

Directors' Report (continued)

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 37 to the Combined Financial Statements.

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 17.

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 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[1]	**-**	54,580
Taxation advice in relation to the acquisition of DOF[1]	**-**	56,820
Advice in relation to the accounting for the acquisition of DOF[1]	**-**	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**	-
Total non audit services	**574,722**	244,400
Total auditor's remuneration	**1,235,872**	868,920

[1] PricewaterhouseCoopers Tax services were not used in 2005 year.

Directors' Report (continued)

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
3 August 2005

Directors' Report (continued)

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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.

JA Dunning
Partner
Sydney
3 August 2005

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW).

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

[1] Includes Unlisted Funds, Asset Management and CPS business units, and CPS contribution is net of recoverable overheads
[2] 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.

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
Total	**165**	

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, Bellevale Homes and Greenway Homes.

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.

Discussion and Analysis of the Combined Financial Statements (continued)

Combined Statements of Financial Performance (continued)

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
	487,520	**473,815**	**13,705**

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.

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.

Discussion and Analysis of the Combined Financial Statements (continued)

Combined Statements of Financial Performance (continued)

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.

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.

Discussion and Analysis of the Combined Financial Statements (continued)

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.

Combined Statements of Financial Performance
For the year ended 30 June 2005

	Notes	2005 $'000	2004 $'000
Revenue from ordinary activities			
Revenue from operating activities	2	**453,891**	450,723
Distributions from associates		**26,457**	20,196
Associate share of income		**2,679**	-
Other revenue from ordinary activities	3	**490,470**	168,456
Total revenue from ordinary activities		**973,497**	639,375
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	4	**(495,684)**	(172,757)
Profit from ordinary activities before income tax expense	5	**260,647**	222,612
Company income tax expense	8	**(2,232)**	(3,020)
Profit from ordinary activities after income tax expense		**258,415**	219,592
Net profit attributable to outside equity interest		**(24,544)**	(4,214)
Net profit after company tax attributable to stapled securityholders of Investa Property Group		**233,871**	215,378
Net increment/(decrement) in asset revaluations	23(a)	**10,189**	(15,098)
Total revenues, expenses and valuation adjustments attributable to stapled securityholders of Investa Property Group recognised directly in equity		**10,189**	(15,098)
Total changes in equity other than those resulting from transactions with stapled securityholders as owners		**244,060**	200,280
Distributions and dividends paid and payable	24	**243,793**	233,274
		Cents	Cents
Distributions and dividends paid and payable (cents per stapled security)	24	**16.50**	16.50
Basic and diluted earnings (cents per stapled security)	36	**15.94**	15.99
Basic and diluted earnings per stapled security (before revaluation)	36	**15.94**	15.99
Basic and diluted earnings per stapled security (before revaluation and before amortisation)	36	**16.51**	16.55

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

Combined Statements of Financial Position
As at 30 June 2005

	Notes	2005 $'000	2004 $'000
Current assets			
Cash assets	9	**7,346**	9,016
Receivables	10	**35,448**	31,742
Property development inventories	11	**62,355**	34,519
Other investments	12	**101,522**	111,654
Investment properties	16	**3,915**	24,132
Other assets	17	**28,095**	21,999
Total current assets		**238,681**	233,062
Non-current assets			
Deferred tax asset		**11,051**	5,358
Intangibles	13	**117,221**	125,153
Property, plant and equipment	14	**1,323**	1,029
Loans to employees	15	**16,455**	12,012
Other investments	12	**105,822**	248,513
Property development inventories	11	**239,385**	134,916
Investment properties	16	**4,108,749**	3,699,028
Total non-current assets		**4,600,006**	4,226,009
Total assets		**4,838,687**	4,459,071
Current liabilities			
Payables	18	**51,680**	51,355
Interest bearing liabilities	19	**-**	120,000
Provisions	20	**71,984**	65,060
Current tax liabilities		**22**	1,269
Total current liabilities		**123,686**	237,684
Non-current liabilities			
Interest bearing liabilities	19	**1,444,545**	1,498,500
Deferred tax liabilities		**13,494**	6,077
Total non-current liabilities		**1,458,039**	1,504,577
Total liabilities		**1,581,725**	1,742,261
Net assets		**3,256,962**	2,716,810
Equity			
Contributed equity	21	**2,758,132**	2,628,237
Outside equity interest in controlled entities	22	**443,581**	44,128
Reserves	23(a)	**45,965**	35,776
Amounts available for distribution	23(b)	**9,284**	8,669
Total equity		**3,256,962**	2,716,810

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

Combined Statements of Cash Flows
For the year ended 30 June 2005

	Notes	2005 $'000	2004 $'000
Cash flows from operating activities			
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)
Net cash inflow from operating activities	32	**130,292**	204,600
Cash flows from investing activities			
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	15	**(4,444)**	(2,780)
Net cash inflow/(outflow) from investing activities		**179,509**	(432,975)
Cash flows from financing activities			
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)
Net cash inflow/(outflow) from financing activities		**(311,471)**	227,452
Net decrease in cash held		**(1,670)**	(923)
Cash at the beginning of the financial year		**9,016**	9,939
Cash at the end of the financial year	9	**7,346**	9,016
Non-cash financing and investing activities	34		
Financing arrangements	19		

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

Notes to the Combined Financial Statements
For the year ended 30 June 2005

Note 1. Summary of significant accounting policies

(a) Basis of preparation of the Combined Financial Report
This general purpose financial report for the year ended 30 June 2005 has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. It is prepared on the going concern basis and historical cost conventions and has not been adjusted to take account of either changes in the general purchasing power of the dollar or changes in the values of specific assets, except to the extent that investments have been revalued. It is recommended that this report be read in conjunction with any public pronouncements made by the Group during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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.

(b) Principles of aggregation
The Combined Financial Statements incorporate the assets and liabilities of all entities controlled by Investa Properties Limited and Investa Property Trust as at 30 June 2005 and their results for the year ended 30 June 2005. Investa Properties Limited and its controlled entities and Investa Property Trust and its controlled entities are referred to in this financial report as the "Group". The effects of all transactions between entities in the Group are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the Combined Statement of Financial Performance and Statement of Financial Position respectively.

Where control of an entity is obtained during a financial year, its results are included in the Combined Statement of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Certain property investments are held via joint ownership arrangements (refer Note 28). These joint ownership arrangements include the ownership of units in unlisted Trusts over which the Group exercises significant influence but does not control ("Associates"). Investments in Associates are recorded at cost in the year of acquisition and at the net asset value of the Associate thereafter.

Investments in associates are accounted for in the combined financial statements using the equity method. Under this method, the combined entity's share of the post-acquisition profits or losses of associates is recognised in the Combined Statement of Financial Performance, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the combined entity exercises significant influence, but not control.

(c) Revenue recognition
Revenue is recognised for the major business activities as follows:

i) Rent and property management fees
Rent and property management fees are brought to account on an accruals basis and, if not received at balance date are reflected in the Combined Statement of Financial Position as a receivable.

ii) Interest and investment income
Interest and investment income is brought to account on an accruals basis and, if not received at balance date is reflected in the Combined Statement of Financial Position as a receivable.

iii) Development projects
Revenue is recognised on settlement of contract for sale.

Note 1. Summary of significant accounting policies (continued)

iv) Residential properties
Revenue is recognised on settlement of contract for sale.

v) Disposal of assets
The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of the disposal and the proceeds on disposal and is included in the Combined Statement of Financial Performance in the year of disposal. Any related revaluation increment remaining in the asset revaluation reserve at the time of the disposal is transferred to contributed equity.

vi) Construction Projects
Revenue is recognised based on the value of work performed using the percentage of completion method, which is measured by reference to actual costs to date as a percentage of total forecast costs for each contract.

(d) Expenses

Property expenses
Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of the Trust and are brought to account on an accruals basis.

Borrowing costs
Borrowing costs include interest expense and the amortisation of other costs incurred in respect of obtaining finance except where they are included in the costs of qualifying assets in accordance with Note 1(k) or 1(n). Other costs incurred, including loan establishment fees in respect of obtaining finance, are deferred and written off over the term of the respective agreement.

(e) Maintenance and repairs

Plant of the Group is maintained on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised in accordance with Note 1(k). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(f) Depreciation of property, plant and equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life for property, plant and equipment is 5 to 10 years.

(g) Amortisation of intangible assets

Amortisation is calculated on a straight line basis to write off the net cost of each intangible asset over its expected useful life to the Group. An annual assessment of the appropriateness of the carrying value and remaining useful life is made for each intangible asset. The expected useful lives are as follows:

Corporate property services establishment costs	5 years
Payment for management rights	20 years
Goodwill (refer Note 1(o))	20 years

(h) Earnings per stapled security

Basic Earnings per stapled security
Basic earnings per stapled security is determined by dividing the net profit attributable to stapled securityholders of the Group by the weighted average number of securities outstanding during the period.

Note 1. Summary of significant accounting policies (continued)

Diluted Earnings per stapled security
Diluted earnings per stapled security adjusts the figures used in the determination of basic earnings per stapled security by taking into account amounts unpaid on securities and any reduction in earnings per security that will probably arise from the exercise of options outstanding during the period. Where there is no difference between basic earnings per stapled security and diluted earnings per stapled security, the term basic and diluted earnings per stapled security is used.

(i) Cash
For the purposes of the Combined Statement of Cash Flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(j) Receivables
Receivables to be settled within 30 days are carried at amounts due. The collectability of debts is reviewed on a regular basis and a specific provision is made for any doubtful debts.

(k) Investment properties
The Trust's Constitution requires that all Trust property investments are valued at intervals of not more than three years and that such valuations be reflected in the Financial Report of the Trust. It is the policy of the Responsible Entity to formally review the carrying value of each property within the Group through external valuers every three years, or earlier where the Responsible Entity believes there may be a material change in the carrying value of the property.

The basis of valuation of investment properties is fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each investment property does not differ materially from its fair value at the reporting date.

A revaluation increment is credited directly to the asset revaluation reserve, unless it is reversing a previous decrement charged as an expense in the Combined Statement of Financial Performance in respect of that same class of assets, in which case the increment is credited directly to the Combined Statement of Financial Performance.

A revaluation decrement is recognised directly as an expense in the Combined Statement of Financial Performance, unless it is reversing a revaluation increment previously credited to, and still included in the balance of, the asset revaluation reserve in respect of that same class of assets, in which case it is debited directly to the asset revaluation reserve.

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Combined Statement of Financial Performance in the year of disposal.

Land and buildings are an investment and are regarded as a composite asset. Accounting standards do not require investment properties to be depreciated. Accordingly, the building and any component thereof (including plant and equipment) are not depreciated. Expenses capitalised to properties may include the cost of acquisition, additions, refurbishment, redevelopment and fees incurred. Properties under development are held in investment property and, as qualifying assets, all costs of development are capitalised against those properties.

(l) Acquisitions of assets
The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 1. Summary of significant accounting policies (continued)

(m) Investments
Interests in unlisted securities, other than controlled entities and associates in the Combined Financial Statements, are brought to account at cost and distribution income is recognised in the Combined Statement of Financial Performance when receivable. Investments in associates are initially recorded at cost and subsequently at net asset backing.

(n) Inventory
(i) Valuation
Land held for development and resale is held at the lower of cost and net realisable value. Cost includes the cost of acquisition, development costs, holding costs, interest on funds borrowed, and is after crediting, where applicable, rental income relating to such projects during the development period. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the property. When a development is completed and ceases to be a qualifying asset, borrowing costs and other holding costs are expensed as incurred.

(ii) Classification
Amounts are disclosed as current where it is anticipated that the assets will be disposed of within 12 months after balance date.

(iii) Capitalisation of borrowing costs
Borrowing costs included in the carrying value of the property inventories are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for an extended period are recognised as expenses.
The capitalisation rate used to determine the amount of borrowing costs capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year, in this case 7.16% (2004 – 6.38%).

(o) Goodwill
Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any restructuring costs, is brought to account as goodwill. Goodwill is amortised over the lesser of estimated useful life and 20 years.

(p) Recoverable amount of non-current assets
The recoverable amount of an asset is the net amount expected to be recovered through net cash inflows arising from its continued use and subsequent disposal. Where the carrying amount of an individual non-current asset is greater than its recoverable amount, the asset is revalued to its recoverable amount. To the extent that the revaluation decrement reverses a revaluation increment previously credited to and still included in the balance of the asset revaluation reserve, the decrement is debited directly to that reserve. Otherwise, the decrement is recognised as an expense in the Combined Statement of Financial Performance.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market, risk-adjusted discount rate.

(q) Payables
These amounts represent liabilities for amounts owing by the Group at year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition and also include rent in advance and tenant security deposits.

(r) Employee entitlements
(i) Wages and salaries and annual leave
Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors and are measured at amounts expected to be paid when liabilities are settled.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 1. Summary of significant accounting policies (continued)

(ii) Long service leave
Long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields that match as closely as possible the estimated timing of future cash outflows.

(iii) Superannuation
The amount charged to the Combined Statements of Financial Performance in respect of superannuation is disclosed as employee benefits and includes the contributions made by the Group to the Investa Staff Superannuation Plan. The Superannuation Plan is an accumulation fund, and therefore no other liability arises for the employer except payment of monthly contributions. There are no contributions outstanding as at 30 June 2005.

(s) Interest bearing liabilities
Loans are carried at their principal amounts. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(t) Derivatives
The Group enters into interest rate and foreign exchange rate hedging contracts in order to minimise exposure to fluctuations in interest rates and exchange rates. Derivative financial instruments are not held for speculative purposes.

Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the statement of financial performance, as an adjustment to interest expense when the designated hedge transaction occurs.

(u) Dividends and distributions
Provision is made for the amount of any dividend and distribution declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

(v) Taxation
Under current legislation, the Trusts are not liable for income tax, provided that the taxable income and taxable realised gains are fully distributed to stapled securityholders each year.

The Company and IPG Finance Pty Ltd adopt tax effect accounting procedures whereby income tax expense in the Statement of Financial Performance is matched with the accounting profit after allowing for permanent differences. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates that are expected to apply when those timing differences reverse.

The Company continues to evaluate the commercial benefits of implementing the tax consolidation legislation. As at the date of this report, no decision regarding tax consolidation has been made.

(w) 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.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 2. Revenue from ordinary activities

	2005	2004
	$'000	$'000
Rent	**368,638**	348,332
Sale of property inventory	**60,042**	85,308
Management fees	**25,211**	17,083
	453,891	450,723

Note 3. Other revenue from ordinary activities

	2005	2004
	$'000	$'000
Other revenue from operating activities:		
Proceeds from the sale of investment property	**487,520**	161,098
Interest income	**2,005**	2,335
Other	**945**	5,023
	490,470	168,456

Note 4. Other expenses from ordinary activities

	2005	2004
	$'000	$'000
Carrying amount of investment property sold	**473,815**	156,728
Bad and doubtful debts	**(136)**	785
Other expenses	**22,005**	15,244
	495,684	172,757

Note 5. Operating profit

	2005	2004
	$'000	$'000
Profit from ordinary activities before income tax expense includes the following specific expenses:		
Depreciation – property, plant and equipment	**420**	536
Amortisation – intangibles	**8,269**	7,451
Borrowing costs:		
Gross Interest and finance charges paid/payable	**98,466**	92,801
Less: Interest and finance charges capitalised [1]	**(30,623)**	(13,282)
Interest and finance charges paid/payable	**67,843**	79,519
Rental expenses relating to operating leases:		
Lease payments – office rent	**1,707**	1,200
Computers & equipment	**341**	346

[1] The interest rate applied during the year was 7.16% (2004: 6.38%) and relates to qualifying assets.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 6. 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.

30 June 2005	Investment Portfolio $'000	Services $'000	Property Development $'000	Short-Term Investments $'000	Unallocated [2] $'000	Consolidated $'000
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 [1]						
- 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

[1] Earnings before borrowing costs, tax, depreciation and amortisation
[2] Relates to Group operating costs

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 6. Segment information (continued)

30 June 2004	Investment Portfolio $'000	Services $'000	Property Development $'000	Short-Term Investments $'000	Unallocated [2] $'000	Consolidated $'000
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 [1]						
- 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

[1] Earnings before borrowing costs, tax, depreciation and amortisation
[2] Relates to Group operating costs

Note 7. Remuneration of auditor

	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[1]	**-**	54,580
Taxation advice in relation to the acquisition of DOF[1]	**-**	56,820
Advice in relation to the accounting for the acquisition of DOF[1]	**-**	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**	-
Total non audit services	**574,722**	244,400
Total auditor's remuneration	**1,235,872**	868,920

[1] PricewaterhouseCoopers Tax services were not used in 2005 year.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 8. Company income tax

The income tax expense for the financial year differs from the amount calculated on the net profit. The differences are reconciled as follows:	**2005 $'000**	2004 $'000
Net profit from ordinary activities before income tax expense	**260,647**	222,612
Less: net profit attributable non-taxable entities	**(260,405)**	(207,950)
Company profit on ordinary activities before income tax expense	**242**	14,662
Income tax calculated @ 30%	**73**	4,398
Tax effect of permanent differences:		
Non-deductible amortisation of intangibles	**497**	497
Other permanent differences	**57**	23
Over provision in prior year	**(205)**	-
Capital gains on sale of ICPF units	**1,337**	-
Future income tax benefits not recognised	**1,276**	-
Tax impact of share of associates income	**(803)**	-
Benefit of prior year tax losses recouped	**-**	(1,898)
Income tax expense	**2,232**	3,020

Note 9. Cash Assets

	2005 $'000	2004 $'000
Cash at bank[1]	**4,205**	7,816
Deposits at call [2]	**3,141**	1,200
	7,346	9,016

[1] The weighted average interest rate earned on cash at bank was 4.92% during the 2005 year. (2004: 4.38%)
[2] The deposits are earning a floating interest rate of 5.45%. (2004: 5.15%)

Note 10. Receivables

	2005 $'000	2004 $'000
Rental trade debtors	**3,666**	7,681
Development trade debtors	**9,792**	8,810
Other trade debtors	**10,169**	4,395
Less: Provision for doubtful debts	**(157)**	(629)
	23,470	20,257
Distributions receivable from associates	**3,009**	3,819
Loan	**-**	3,610
Other receivables	**8,969**	4,056
Total receivables	**35,448**	31,742

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 11. Property development inventories

	2005 $'000	2004 $'000
Current - development projects		
Cost of acquisition	**32,526**	13,258
Development costs	**24,439**	18,984
Borrowing costs capitalised during development	**4,280**	1,394
Other costs	**1,110**	883
Total current – development projects	**62,355**	34,519
Non-current - development projects		
Cost of acquisition	**214,087**	122,025
Development costs	**10,899**	6,929
Borrowing costs capitalised during development	**7,124**	3,266
Other costs	**7,275**	2,696
Total non-current - development projects	**239,385**	134,916
Current – development projects		
At cost	**62,355**	34,519
Non-Current – development projects		
At cost	**232,174**	130,435
At net realisable value	**7,211**	4,481
	239,385	134,916

Note 12. Other investments

	2005 $'000	2004 $'000
Current		
Investments in property:		
Macarthur Central Shopping Centre, Brisbane	**101,522**	101,154
Investments in unlisted property trusts:		
Martin Place Trust	**-**	10,500
Total current	**101,522**	111,654

Current investments in properties and unlisted property trusts are recorded at cost.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 12. Other investments (continued)

	2005 $'000	2004 $'000
Non–current		
Investments in unlisted companies:		
CPG Australia Pty Limited [2]	**103,504**	-
Investments in property:		
Kings Row, Brisbane[1]	**-**	66,820
Investments in unlisted property trusts:		
231 Elizabeth Street Trust - 231 Elizabeth Street, Sydney[1]	**-**	116,915
Investa South Melbourne Trust - 209 Kingsway, Melbourne[1]	**-**	102,804
Sunpac Property Fund - 1 Market Street, Sydney[1]	**-**	215,576
Collins Property Trust	**2,318**	-
Total investments	**105,822**	502,115
Less: properties held in investment portfolio (refer to Note 16)	**-**	(253,602)
Total non–current	**105,822**	248,513

[1] At 30 June 2004, Investa Commercial Property Fund ("ICPF") was consolidated on the basis that the Group held a controlling interest of 76.3%. At 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 gross values of the 3 underlying properties are recorded as investment properties (refer Note 16) due to the intention to hold long term the combined interests.

[2] 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.

Note 13. Intangibles

	2005 $'000	2004 $'000
Corporate property services establishment costs	**3,500**	3,500
Less: accumulated amortisation	**(1,937)**	(1,310)
	1,563	2,190
Goodwill arising on acquisitions	**97,882**	97,882
Less: accumulated amortisation	**(11,990)**	(6,615)
	85,892	91,267
Payment for restructuring and management rights	**38,604**	38,604
Less: accumulated amortisation	**(8,838)**	(6,908)
	29,766	31,696
Total intangibles	**117,221**	125,153

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 14. Property, plant and equipment

	2005 $'000	2004 $'000
At cost	**3,393**	2,679
Less: accumulated depreciation	**(2,070)**	(1,650)
Total property, plant and equipment	**1,323**	1,029

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Fixtures & Fittings $'000
Carrying amount at 1 July 2004	**1,029**
Additions	**730**
Disposals	**(16)**
Depreciation	**(420)**
Carrying value at 30 June 2005	**1,323**

Note 15. Loans to employees

	2005 $'000	2004 $'000
Loans to employees	**16,455**	12,012

These are non-interest bearing non-recourse loans to employees, for the acquisition of Investa Property Group securities under the Investa Employee Share Acquisition Plan (ESAP). The securities were purchased on-market on behalf of employees in accordance with individual allocations approved by the Board and are held as security against the loan. Net distributions and dividends from the Investa Property Group securities, as received, are directed towards repayment of the loan. Under the terms of the ESAP any shortfall between the market value of the securities at the date of an employee leaving the Company and the value of the outstanding loan is borne by the Company. The market value of the securities held at 30 June 2005 was $18,487,036 (2004: $13,357,000). Securities acquired under the ESAP during the current year totalled $4,444,000 (2004: $2,780,000).

Note 16. Investment properties

	2005 $'000	2004 $'000
Current		
Investment property	**3,915**	24,132
Non -current		
Investment property	**4,108,749**	3,699,028

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 16. Investment properties (continued)

Property details

Current assets

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30/06/05 $'000	Consolidated book value 30/06/04 $'000
Investa Sixth Commercial Trust		-	(21/7/04)	-	-	-	-	**-**	6,949
73 Northbourne Avenue, Canberra, ACT	Offices 99 yr leasehold	-	(12/7/04)	-	-	-	-	**-**	17,183
Investa Diversified Office Fund		22%	1/6/05	3,915	-	-	-	**3,915**	-
Total current assets				3,915				**3,915**	24,132

Non-current assets

Properties held by Investa Property Trust

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30/06/05 $'000	Consolidated book value 30/06/04 $'000
55 Market Street, Sydney, NSW [3]	Offices/ Freehold	100%	31/07/98	128,042	30/06/05	142,000	D M Castles, AAPI Knight Frank	**142,000**	140,084
485 Latrobe Street, Melbourne, VIC [3]	Offices/ Freehold	100%	10/09/98	92,433	30/06/05	110,000	A Duguid, AAPI m3 Property	**110,000**	111,210
73 Miller Street, North Sydney, NSW [3]	Offices/ Freehold	100%	12/06/97	76,296	31/12/04	87,000	S Young, FAPI FPD Savills	**87,087**	90,592
Cathedral Square 410 Ann Street, Brisbane, QLD [3]	Offices/ Freehold 120 yr leasehold	100%	23/11/87	61,348	31/12/03	62,500	S Boyd, AAPI Jones Lang LaSalle	**63,640**	62,604
469 Latrobe Street, Melbourne. VIC [3]	Offices/ Freehold	100%	01/07/88	86,823	30/6/05	54,500	R Bowman, FAPI FPD Savills(Vic)	**54,500**	48,439
50-60 Talavera Road, North Ryde, NSW [3]	Offices/ Freehold	100%	01/11/99	32,969	30/06/03	32,000	D McGrath, AAPI FPD Savills	**32,226**	32,025
62 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	100%	26/02/88	28,908	30/06/05	26,200	P Harding, FAPI Knight Frank	**26,200**	27,568
420 St Kilda Road, Melbourne, VIC	Offices/ Freehold	100%	12/12/86	25,526	30/06/05	29,000	S Worth, AAPI Jones Lang LaSalle	**29,000**	27,842
109 St Georges Terrace, Perth, WA	Offices/ Freehold	100%	01/11/99	38,922	30/06/05	31,100	M Foster-Key, AAPI FPD Savills	**31,100**	19,963
64 Northbourne Avenue, Canberra, ACT	Offices 96 yr leasehold	-	(1/6/05)	-	-	-		**-**	16,266
Total Properties held by Investa Property Trust				571,267				**575,753**	576,593

Properties held by controlled entities

Investa Real Property Growth Trust

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions $'000	Independent valuation date	Independent valuation amount $'000	Independent valuer	Consolidated book value 30/06/05 $'000	Consolidated book value 30/06/04 $'000
BT Tower 1 Market Street, Sydney, NSW [3 & 8]	Offices/ Freehold	61%	31/01/96	210,518	31/12/04	213,500	S Kearney, AAPI, FPD Savills	**216,085**	110,334
State Law Building, 50 Ann Street, Brisbane, QLD [1]	Offices/ Freehold	100%	31/12/02	85,880	30/06/05	87,000	T Irving, AAPI & D Mohr AAPI CB Richard Ellis	**87,000**	83,000
The Octagon 110 George Street, Parramatta, NSW [3]	Offices/ Freehold	100%	02/10/97 15/12/98	71,007	30/06/05	69,400	R Lawrie, AAPI JLL Advisory	**69,400**	67,885
Kings Row, Brisbane, QLD [1]	Offices/ Freehold	61%	31/12/02	34,409	30/09/04	30,800	J Apted, AAPI, Colliers International	**31,774**	33,481
Total - Investa Real Property Growth Trust				401,814				**404,259**	294,700

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 16. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30/06/05	Consolidated book value 30/06/04
Properties held by controlled entities (Continued)									
Connect Property Trust									
242 Exhibition Street, Melbourne, Vic [1 & 3]	Offices/ Freehold	100%	19/08/02	277,516	31/12/04	282,500	R Bowman, AAPI FPD Savills	**283,311**	275,251
231 Elizabeth Street, Sydney, NSW [3 & 8]	Offices/ Freehold	61%	19/08/02	117,384	31/12/04	121,000	A Pannifex, AAPI FPD Savills	**121,290**	58,362
Total - Connect Property Trust				394,900				**404,601**	333,613
Lizabeth Trust									
255 Elizabeth Street, Sydney, NSW [3 & 7]	Offices/ Freehold	50% 10% 40%	21/09/94 11/12/98 01/11/99	176,781	30/06/03	152,000	D Castles, AAPI Landmark White	**156,171**	152,195
Total – Lizabeth Trust				176,781				**156,171**	152,195
Delta Office Fund									
400 George Street, Sydney [1 & 5]	Offices/ Freehold	59%	31/10/99	261,320	30/06/05	411,000	P Inglis, FAPI Knight Frank	**411,000**	386,697
120 Collins Street, Melbourne [1 & 3]	Offices/ Freehold	100%	31/1/94	318,095	31/12/03	320,000	D Gowing, FAPI CBRE	**323,200**	320,020
30% interest (as tenants-in-common) Grosvenor Place, 225-235 George Street, Sydney	Offices/ Leasehold	30%	31/5/88	308,455	30/09/04	234,600	A Pannifex, FAPI, FPD Savills	**236,876**	233,344
126 Phillip Street, Sydney – Development property [1 & 2]	Offices/ Freehold (Develop)	100%	31/12/96	394,483	-	-	Not Applicable	**394,353**	251,477
50% interest (as tenants-in-common) QV1, 250 St George's Terrace, Perth	Offices/ Freehold	50%	31/12/98	143,457	30/06/04	159,000	S Nuttall, AAPI & J Fenner, AAPI CBRE	**159,760**	159,000
St Martins Tower 31 Market Street, Sydney [1 & 7]	Offices/ Freehold	100%	30/9/00	110,694	31/12/03	125,000	S Fairfax, AAPI & L Tredwell, GAPI CBRE	**131,739**	126,440
50% interest (as tenants-in-common) Maritime Trade Towers, 201 Kent Street, Sydney [1]	Offices/ Leasehold	35%	31/12/00	97,727	30/06/05	115,000	D Hillier, AAPI, Colliers International	**115,000**	111,615
Centennial Plaza Tower C 300 Elizabeth Street, Sydney [1]	Offices/ Freehold	88%	30/9/00	90,798	30/06/05	100,000	S Kearney, AAPI FPD Savills	**100,000**	88,743
Centennial Plaza Tower B 270-280 Elizabeth Street, Sydney [1]	Offices/ Freehold	88%	30/9/00	75,055	30/06/05	76,000	S Kearney, AAPI FPD Savills	**76,000**	75,427
Centennial Plaza Tower A 260 Elizabeth Street, Sydney [1]	Offices/ Freehold	88%	30/9/00	56,669	30/06/05	62,500	S Kearney, AAPI FPD Savills	**62,500**	60,000
Kindersley House 33 Bligh & 20-26 O'Connell Streets, Sydney [1]	Offices/ Freehold	100%	31/12/01	78,286	31/12/03	60,000	S Fairfax, AAPI & L Tredwell, GAPI, CBRE	**62,433**	60,519
Customs House 414 Latrobe Street, Melbourne [1]	Offices/ Freehold	100%	31/7/97	46,350	30/06/03	44,800	R J Scrivener, FAPI, FRICS Urbis	**44,974**	44,800
Sydney CBD Floor Space [1 & 4]	Heritage Floor Space	100%	30/6/00	332	30/06/03	1,000	S Fairfax, AAPI & L Tredwell, GAPI CBRE	**622**	622
Total – Delta Office Fund				1,981,721				**2,118,457**	1,918,704

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 16. Investment properties (continued)

Property	Type	Ownership	Acquisition Date (Sold Date)	Cost including all additions	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 30/06/05	Consolidated book value 30/06/04
Properties held by controlled entities (Continued)									
Fawkner Trust									
441 St Kilda Road, Melbourne [3]	Offices/ Leasehold	100%	30/10/03	48,595	30/10/03	45,000	B Smith FAPI Knight Frank	**48,595**	47,691
310 Pitt Street, Sydney, NSW [1 & 9]	Offices/ Freehold	71%	30/11/02	131,986	31/03/05	132,800	R Higgins, FAPI & L Maroney, AAPI UrbisJHD	**138,893**	125,664
Total – Fawkner Trust				180,581				**187,488**	173,355
Investa South Melbourne Trust									
209 Kingsway, Melbourne, VIC	Offices/ Freehold	61%	31/01/02	102,800	31/12/04	105,000	G Longden, FAPI JLL Advisory	**105,000**	51,425
Total -Investa South Melbourne Trust				102,800				**105,000**	51,425
Total Properties held by Controlled Entities				3,238,597				**3,375,976**	2,923,992
Properties held by Associates									
60 Martin Place Unit Trust									
60 Martin Place, Sydney, NSW [6]	Offices/ Freehold	50%	01/11/99	93,144	30/09/04	95,000	A Pannifax, AAPI FPD Savills	**94,272**	93,144
80 Pacific Highway Trust									
80 Pacific Highway, North Sydney, NSW [6]	Offices/ Freehold	50%	04/05/01	45,745	30/06/04	44,000	MS Smallhorn, FAPI & D McGrath, Jones Lang LaSalle	**44,304**	44,304
589 Collins Trust									
589 Collins Street, Melbourne, VIC [6]	Offices/ Freehold	50%	28/2/03	28,526	30/06/05	33,000	S Worth, AAPI Jones Lang LaSalle	**30,970**	28,526
Penrhyn House Trust									
Penrhyn House, Woden, ACT [3 & 6]	Offices/ Freehold	50%	06/12/02	20,649	01/09/02	19,300	P Harding, FAPI Knight Frank	**20,649**	20,649
Total Properties held by Associates				188,064				**190,195**	186,623
Interests in associates - unlisted property securities									
Investa Diversified Office Fund		20%	1/6/05	3517				**3,517**	-
Investa Commercial Property Fund		21%	30/6/03	8,637				**8,637**	-
Investa Sixth Commercial Trust		-	(1/6/05)	-				**-**	7,000
Investa Brisbane Commercial Trust		-	(1/6/05)	-				**-**	4,820
Total interests in unlisted property securities				12,154				**12,154**	11,820
Share of associates liabilities				-				**(45,329)**	-
Total non-current investment				4,010,082				**4,108,749**	3,699,028

1 These properties are indirectly held through the ownership of units in unlisted property trusts.
2 The 126 Phillip Street property is under development and will only be independently valued on completion, which is expected to occur in September 2005.
3 These properties and units are used as security for the issue of a Commercial Mortgage Backed Security (CMBS) issue.
4 The carrying value of the Floor Space has been reduced since the last valuation due to a partial sale.
5 The property is recorded at its full value as at 30 June 2005 due to the consolidation of Beta Trust on the basis that the Trust holds a 55.1% controlling interest.
6 These properties are indirectly held through the ownership of a 50% interest in unlisted property trusts and the carrying value represents 50% of the net tangible assets of the relevant trust.
7 Significant capital expenditure programmes are in progress on these properties which are expected to translate into corresponding increases in valuation when complete.
8 These properties are indirectly held through the ownership of a 60.6% controlling interest in unlisted property trusts and are carried at 100% of their underlying value due to the consolidation of these trusts.
9 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.

Valuations

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

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 16. Investment properties (continued)

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 17. Other Assets

	2005	2004
	$'000	$'000
Prepayments	**14,868**	15,422
Other	**13,227**	6,577
	28,095	21,999

Note 18. Payables

	2005	2004
	$'000	$'000
Trade creditors	**43,088**	48,424
Rent in advance	**1,117**	793
Tenant deposits	**1,542**	1,140
Other creditors	**5,933**	998
Total payables	**51,680**	51,355

Note 19. Interest bearing liabilities

Consolidated Financing Arrangements

	Facility Amount as at 30 June 2005 $'000	**Drawn Amount as at 30 June 2005 $'000**	Facility Amount as at 30 June 2004 $'000	Drawn Amount as at 30 June 2004 $'000
Medium Term Unsecured Notes	**-**	**-**	120,000	120,000
Total current	**-**	**-**	120,000	120,000
CMBS Programme	**463,000**	**463,000**	463,000	463,000
Medium Term Unsecured Notes	**325,000**	**325,000**	150,000	150,000
US Private Placement	**325,545**	**325,545**	-	-
Unsecured Bank Debt [1]	**750,000**	**222,000**	950,000	822,500
Commercial Paper [1]	**-**	**109,000**	-	-
Secured Bank Debt	**-**	**-**	65,000	63,000
Total non-current	**1,863,545**	**1,444,545**	1,628,000	1,498,500
Total	**1,863,545**	**1,444,545**	1,748,000	1,618,500
Bank Guarantees	**-**	**4,383**	-	3,421
Available Facilities	**414,617**	**-**	126,079	-

[1] The Commercial Paper utilises part of the available unsecured bank debt facility as standby support.

Available facilities may be drawn upon immediately as required to meet working capital requirements or repay Commercial Paper facilities.

	2005 $'000	2004 $'000
Secured loans		
Secured notes - Commercial Mortgage Backed Securities (CMBS)		
AAA rated 6.00% fixed rate notes	**195,000**	195,000
AAA rated floating rate notes with a coupon of three month bank bills plus 0.43%	**235,000**	235,000
AA+ rated floating rate notes with a coupon of three month bank bills plus 0.53%	**33,000**	33,000
Total Secured Notes	**463,000**	463,000
Cash advance facility	**-**	63,000
Total secured loans	**463,000**	526,000

The secured notes (CMBS) are issued by Investa Properties Limited in its capacity as Responsible Entity for the Investa Property Trust (IPT). The notes are secured over a pool of interests in fourteen properties (refer Note 16) owned by the Trust and have a scheduled maturity of 28 November 2006.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 19. Interest bearing liabilities (continued)

	2005	2004
Unsecured loans	**$'000**	$'000
Bank Facilities [1]	**222,000**	822,500
Commercial Paper [1]	**109,000**	-
Medium Term Notes		
$120m 5.75% unsecured notes maturing September 2004	**-**	120,000
$150m 6.75% unsecured notes maturing November 2006	**150,000**	150,000
$175m 6.25% unsecured notes maturing September 2009 [1]	**175,000**	-
US$170m (A$246m) 6.03% unsecured notes maturing July 2014 [1]	**245,985**	-
$80m (floating rate) unsecured notes maturing July 2016 [1]	**79,560**	-
Total Medium Term Notes	**650,545**	270,000
Total Unsecured loans	**981,545**	1,092,500

[1] The obligations of IPG Finance Pty Limited (IPGF) under its loan arrangements have been guaranteed by Investa Properties Limited in its own capacity, and in its capacity as responsible entity of the Investa Property Trust and as responsible entity of DOF (Delta Office Fund, formerly Principal Office Fund). Lenders to IPGF have the benefit of those guarantees, and the benefit of a Master Negative Pledge that contains the financial covenants and other commercial terms of the loans.

The bank facilities provided to IPGF are fully revolving cash advance facilities and have terms of 364 days, with renewal every six months. The $150m of Medium Term Notes issued by DOF were issued prior to the acquisition of DOF by Investa in August 2003.

Note 20. Provisions

	2005	2004
	$'000	$'000
Provision for dividend and distribution [1]	**65,567**	61,109
Employee entitlements:		
Long service leave	**599**	440
Other entitlements	**5,818**	3,485
Other	**-**	26
Total provisions	**71,984**	65,060

[1] This provision includes $3,990,000 payable to the outside equity interests at 30 June 2005 (2004: $844,000).

Movements in provisions
Movements in each class of provision during the financial year are set out below:

	Long service leave	* Other employee entitlements	Other provisions	Dividends	Total Provisions
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at start of year	440	3,485	26	61,109	65,060
Movement in the year					
Paid out during the year	(21)	(2,828)	-	(250,011)	(252,860)
Additional provisions recognised	180	5,161	(26)	254,469	259,784
Carrying amount at end of the year	**599**	**5,818**	**-**	**65,567**	**71,984**

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

The Group had 254 employees at 30 June 2005 (June 2004: 190).

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 21. Contributed equity

Paid up capital	No of securities '000	30 June 2005 $'000	No of securities '000	30 June 2004 $'000
Investa Property Trust	**1,492,738**	**2,674,992**	1,434,890	2,550,881
Investa Properties Limited	**1,492,738**	**83,140**	1,434,890	77,356
		2,758,132		2,628,237

		Investa Property Trust		Investa Properties Limited	
Reconciliation of contributed equity	**Date**	**No. of Units '000**	**$'000**	**No. of shares '000**	**$'000**
Opening balance	01/07/04	**1,434,890**	**2,550,881**	**1,434,890**	**77,356**
Distributions reinvested	20/08/04	**8,076**	**14,962**	**8,076**	**543**
Distributions reinvested	19/11/04	**9,632**	**18,683**	**9,632**	**678**
Placement of securities	21/12/04	**29,126**	**56,760**	**29,126**	**3,240**
Distributions reinvested	21/02/05	**11,014**	**23,339**	**11,014**	**1,332**
Cost for issue of shares		**-**	**-**	**-**	**(9)**
Transfer from asset revaluation reserve		**-**	**20,906**	**-**	**-**
Transfer to amounts available for distribution		**-**	**(10,537)**	**-**	**-**
Closing balance		**1,492,738**	**2,674,992**	**1,492,738**	**83,140**

Distribution reinvestment plan issues (DRP)
The Group has established a distribution reinvestment plan under which holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by being paid in cash. Under the stapled security structure, the capital raised under the distribution reinvestment plan can be attributed to either Investa Property Trust or the Company. In the year ended 30 June 2005, the Group issued 28,722,000 (2004: 25,011,000) securities under the DRP, and allocated 5.0% (2004: 3.3%) to the Company and 95.0% (2004: 96.7%) to the Trust.

Placement of securities
The Group issued 29,126,000 securities in 2005 (2004: 26,042,000), and allocated the proceeds using the same ratios as described above.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 22. Outside equity interest

	2005 $'000	2004 $'000
Interest in:		
Contributed Equity	**360,060**	44,044
Reserves	**83,521**	-
Retained Profits	**-**	84
	443,581	44,128

The outside equity interest represents external investors interest in:

- Beta Trust – 40.7% held by Prudential Properties Trusty Pty Limited and Investa Commercial Property Fund.
- Centennial Trust – 11.5% held by Investa Diversified Office Fund
- Maritime Trade Towers Trust – 31.4% held by Investa Commercial Property Fund.
- 310 Pitt Street Trust – 28.9% held by Investa Diversified Office Fund
- Sunpac Property Fund – 39.4% held by Investa Commercial Property Fund
- Investa South Melbourne Trust – 39.4% held by Investa Commercial Property Fund
- 231 Elizabeth Street Trust – 39.4% held by Investa Commercial Property Fund

The 2004 comparative represents the 23.68% held by external investors in Investa Commercial Property Fund.

Note 23. Reserves

	2005 $'000	2004 $'000
(a) Asset revaluation reserve		
Opening balance	**35,776**	50,874
Net (decrement)/increment on revaluation of investment properties	**31,095**	(15,098)
Transfer of net realised gain on sale of investment property to contributed equity	**(20,906)**	-
Closing balance	**45,965**	35,776

Note 23. Reserves (continued)

Nature and purpose of asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy Note 1(k).

	2005 $'000	2004 $'000
Increments/(decrements) on revaluation of investment properties		
410 Ann Street, Brisbane	**-**	(2,589)
50 Ann Street, Brisbane	**3,903**	(3,083)
Kings Row, Brisbane	**(2,635)**	-
469 Latrobe Street, Melbourne	**1,545**	(5,867)
420 St Kilda Road, Melbourne	**660**	-
485 Latrobe Street, Melbourne	**(2,375)**	-
589 Collins Street, Melbourne	**2,444**	-
209 Kingsway, Melbourne	**1,099**	-
109 St George's Terrace, Perth	**(96)**	(8,451)
64 Northbourne Avenue, Canberra	**(601)**	-
62 Northbourne Avenue, Canberra	**(1,464)**	-
73 Miller Street, North Sydney	**(3,726)**	-
231 Elizabeth Street, Sydney	**1,952**	5,364
Grosvenor Place, Sydney	**1,254**	-
242 Exhibition Street, Sydney	**5,795**	-
1 Market Street, Sydney	**(3,181)**	-
55 Market Street, Sydney	**(1,998)**	-
400 George Street, Sydney	**13,266**	-
310 Pitt Street, Sydney	**3,428**	-
201 Kent Street, Sydney	**1,579**	-
Centennial Plaza A, Sydney	**2,883**	-
Centennial Plaza B, Sydney	**128**	-
Centennial Plaza C, Sydney	**6,872**	-
110 George Street, Parramatta	**(762)**	-
Revaluation of investment in associates		
60 Martin Place Unit Trust	**1,125**	970
80 Pacific Highway Trust	**-**	(1,442)
Total (decrement)/increment on revaluation of investment properties	**31,095**	(15,098)
Less amounts transferred to equity	**(20,906)**	-
Net (decrement)/increment recognised directly in asset revaluation reserve	**10,189**	(15,098)

(b) 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 [1]	**10,537**	18,058
Dividends/distributions paid and payable	**(243,793)**	(233,274)
Closing balance	**9,284**	8,669

[1] This transfer represents $2,268,000 income support on unit placements and amortisation of intangibles of $8,269,000.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 24. Dividends and distributions

	2005 $'000	2005 Cents per stapled security	2004 $'000	2004 Cents per stapled security
Distributions and dividends				
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 [1]	**61,575**	**4.125**	60,265	4.20
	243,793	**16.50**	233,274	16.50

[1] 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 $'000	2004 $'000
Paid in cash	**182,946**	158,911
Satisfied by the issue of securities (refer note 34)	**59,537**	49,076
	242,483	207,987

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 25. Financial instruments

(a) Credit risk exposures

The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position.

The Group minimises credit risk in relation to trade receivables by verifying and monitoring the credit worthiness of tenants and by obtaining bank guarantees where appropriate. The Group mitigates credit risk exposure on derivative financial instruments by spreading its exposure across a range of major reputable financial institutions.

(b) Foreign exchange risk exposures

The Group has issued USD denominated bonds which exposes the Group to movements in exchange rates. The Group hedges its exposure to fluctuations in exchange rates by entering into derivatives which fix the exchange rates on its USD denominated bonds.

(c) Interest rate risk exposures

The Group is exposed to movements in interest rates on its interest bearing financial assets and liabilities. The Group hedges its exposure to fluctuations in interest rates by entering into derivatives which fix the interest rates on a portion of its borrowings. The Group does not enter into derivative transactions for speculative purposes. The Group's exposure to interest rate risk is set out in the following table:

Financial Assets and Liabilities

			Fixed interest maturing in:				
2005	**Notes**	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial assets							
Cash assets	9	**7,346**	**-**	**-**	**-**	**-**	**7,346**
Receivables	10, 17	**-**	**-**	**-**	**-**	**63,543**	**63,543**
Loans to employees	15	**-**	**-**	**-**	**-**	**16,455**	**16,455**
		7,346	**-**	**-**	**-**	**79,998**	**87,344**
Financial liabilities							
Payables	18	**-**	**-**	**-**	**-**	**51,680**	**51,680**
Interest bearing liabilities	19	**868,560**	**-**	**330,000**	**245,985**	**-**	**1,444,545**
		868,560	**-**	**330,000**	**245,985**	**51,680**	**1,496,225**
Net financial (liabilities)/assets		**(861,214)**	**-**	**(330,000)**	**(245,985)**	**28,318**	**(1,408,881)**

Note 25. Financial instruments (continued)

2004	Notes	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash assets	9	9,016	-	-	-	-	9,016
Receivables and other assets	10, 17	-	2,000	-	-	51,741	53,741
Loans to employees	15	-	-	-	-	12,012	12,012
		9,016	2,000	-	-	63,753	74,769
Financial liabilities							
Payables	18	-	-	-	-	51,355	51,355
Interest bearing liabilities	19	1,153,500	120,000	345,000	-	-	1,618,500
		1,153,500	120,000	345,000	-	51,355	1,669,855
Net financial (liabilities)/assets		(1,144,484)	(118,000)	(345,000)	-	12,398	(1,595,086)

(d) Off-balance sheet financial instruments

The Group uses a combination of fixed rate debt and interest rate derivatives to ensure that the rate of interest on debt is predominantly fixed. The Group's portfolio of fixed rate bonds and derivatives can be summarised as follows:

2005 Millions	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015
Swaps	466	583	540	423	373	202	86	54	(82)	28
Bonds	726	517	381	381	278	246	246	246	246	16
Total Fixed	**1,192**	**1,100**	**921**	**804**	**651**	**448**	**332**	**300**	**164**	**44**
Average Fixed Rate	5.88%	5.86%	5.86%	5.97%	5.98%	6.05%	6.07%	6.07%	6.01%	5.73%

2004 Millions	June 2005	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011	June 2012	June 2013	June 2014
Swaps	838	725	810	761	623	471	375	275	250	104
Bonds	365	345	115	-	-	-	-	-	-	-
Total Fixed	**1,203**	**1,070**	**925**	**761**	**623**	**471**	**375**	**275**	**250**	**104**
Average Fixed Rate	5.98%	6.00%	5.89%	5.86%	6.01%	6.04%	6.11%	6.13%	6.14%	6.14%

The table above depicts the notional principal of interest rate swaps, the average outstanding principal of fixed rate bonds, and the weighted average interest rate of those contracts in each financial year.

The net fair value of off-balance sheet financial instruments represents the estimated profit/loss) that could be made on cancellation of these instruments (net of transaction costs) at balance date, and is determined as the net present value of future interest cash flows. The net fair value of off-balance sheet financial instruments (excluding foreign exchange movements) at balance date is as follows:

	2005 $'000	2004 $'000
Financial liabilities		
Interest rate swaps	**14,548**	6,484

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 25. Financial instruments (continued)

(e) Foreign exchange contract
The consolidated entity has entered into a foreign exchange hedging contract, in respect of the USD170,000,000 denominated bonds. Refer to Note 19 for more details.

(f) Net fair value of financial assets and liabilities
The net fair value of financial assets and liabilities included in the Statement of Financial Position approximates their carrying value.

Note 26. Commitments for expenditure

	2005	2004
	$'000	$'000
Lease commitments – office premises		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**1,988**	1,575
Later than one year but not later than 5 years	**8,545**	1,824
Commitments not recognised in the financial statements	**10,533**	3,399
Representing:		
Non-cancellable operating leases	**10,533**	3,399
Operating leases – computer and office equipment		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**597**	508
Later than one year but not later than 5 years	**514**	479
Commitments not recognised in the financial statements	**1,111**	987
Commitments for expenditure on property inventories		
Within one year	**37,608**	29,511
Later than one year but not later than 5 years	**15,970**	-
Commitments not recognised in the financial statements	**53,398**	29,511
Capital commitments		
Commitments for capital expenditure on investment properties contracted for at the reporting date but not recognised as liabilities, payable within one year:		
Investment properties	**53,005**	42,267
126 Phillip Street Development	**96,480**	130,200
	149,485	172,467

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 27. Investments in controlled entities

Name of entity	Country of incorporation	Class of shares/units	**Equity Holding 2005 %**	Equity holding 2004 %
Lizabeth Trust	Australia	Ordinary	**100**	100
Investa Real Property Growth Trust	Australia	Ordinary	**100**	100
Investa Asset Management Pty Limited	Australia	Ordinary	**100**	100
Investa Asset Management (QLD) Pty Limited	Australia	Ordinary	**100**	100
Investa Development Holdings Pty Limited	Australia	Ordinary	**100**	100
Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited)	Australia	Ordinary	**100**	100
Investa Nominees Pty Limited	Australia	Ordinary	**100**	100
Investa Custodian Pty Limited	Australia	Ordinary	**100**	100
Investa Third Industrial Trust	Australia	Ordinary	**100**	100
Silverton Limited	Australia	Ordinary	**100**	100
Helensvale Estate Pty Limited	Australia	Ordinary	**100**	100
Triptec Pty Limited	Australia	Ordinary	**100**	100
Investa Commercial Developments Pty Limited (formerly Silverton Real Estate Pty Limited)	Australia	Ordinary	**100**	100
P.A Shingles Pty Limited	Australia	Ordinary	**100**	100
Whitfords Beach Pty Limited	Australia	Ordinary	**100**	100
Coombabah Square Pty Limited	Australia	Ordinary	**100**	100
Townsville Trust	Australia	Ordinary	**100**	100
Centennial Trust (formerly Cairns Trust)	Australia	Ordinary	**88**	100
Macarthur Central Trust	Australia	Ordinary	**100**	100
Connect Property Trust & controlled entities	Australia	Ordinary	**100**	100
Investa Sunlaw Trust	Australia	Ordinary	**100**	100
Delta Office Fund	Australia	Ordinary	**100**	100
Macquarie Street Trust	Australia	Ordinary	**100**	100
Macquarie Street Sub Trust	Australia	Ordinary	**100**	100
Phillip Street Trust	Australia	Ordinary	**100**	100
Phillip Street Sub Trust	Australia	Ordinary	**100**	100
Floor Space Trust	Australia	Ordinary	**100**	100
Central Trust	Australia	Ordinary	**100**	100
Maritime Trade Towers Trust	Australia	Ordinary	**69**	100
Beta Trust	Australia	Ordinary	**59**	100
Beta Sub Trust	Australia	Ordinary	**59**	100
Grosvenor Subsidiary Property Trust	Australia	Ordinary	**100**	100
O'Connell Holdings Trust	Australia	Ordinary	**100**	100
O'Connell FH Trust	Australia	Ordinary	**100**	100
O'Connell LH Trust	Australia	Ordinary	**100**	100
Fawkner Trust	Australia	Ordinary	**100**	100
Investa Custodian Two Pty Limited	Australia	Ordinary	**100**	100
IPG Finance Pty Limited	Australia	Ordinary	**100**	100
310 Pitt Street Trust	Australia	Ordinary	**71**	100
441 Trust	Australia	Ordinary	**100**	100
Investa Gamma Trust	Australia	Ordinary	**100**	100
242 Exhibition Street Trust	Australia	Ordinary	**100**	100
120 Collins Street Trust	Australia	Ordinary	**100**	100
120 Collins Street (L5- 21)Pty Limited	Australia	Ordinary	**100**	100
120 Collins Street Pty Limited	Australia	Ordinary	**100**	100
Principal Sydney Development Pty Limited	Australia	Ordinary	**100**	100
O'Connell Holdings Pty Limited	Australia	Ordinary	**100**	100
Project Ben Pty Limited	Australia	Ordinary	**100**	100

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 27. Investments in controlled entities (continued)

Name of entity	Country of incorporation	Class of shares/units	**Equity Holding 2005 %**	Equity holding 2004 %
Northern Site Pty Limited	Australia	Ordinary	**100**	100
Southern Site Pty Limited	Australia	Ordinary	**100**	100
Maritime Nominees Pty Limited	Australia	Ordinary	**100**	100
O'Connell FH Pty Limited	Australia	Ordinary	**100**	100
O'Connell LH Pty Limited	Australia	Ordinary	**100**	100
Investa Securities Pty Limited	Australia	Ordinary	**100**	-
Sunpac Property Fund	Australia	Ordinary	**61**	-
Investa South Melbourne Trust	Australia	Ordinary	**61**	-
231 Elizabeth Street Trust	Australia	Ordinary	**61**	-
Investa Commercial Property Fund [1]	Australia	Ordinary	**-**	76

[1] On 9 September 2004, Investa Properties Limited no longer consolidated Investa Commercial Property Fund (ICPF) following the sell down of its interest. Investa Properties Limited's interest as at 30 June 2005 is 21.2%.

Details of the fair value of the net assets of controlled entity at the date of sale were as follows:

	$'000
Investment properties	250,446
Receivables	1,257
Cash	141
Payables	(616)
Interest bearing loans	(63,000)
Provisions	(2,146)
	186,082
Less: outside equity interest	108,717
Net cash received from sale of controlled entity	77,365

The deconsolidation of ICPF does not, of itself, have any impact on the net profit attributable to security holders, and is not considered to be material to the full year financial results.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 28. Investments in associates

Investments in associates are carried at net asset value by the Group. Information relating to associates is set out below:

Name of Trust	**Ownership interest**	**Carrying amount of investment**	Ownership Interest	Carrying amount of investment
	2005	**2005**	2004	2004
	%	**$'000**	%	$'000
60 Martin Place Unit Trust	**50%**	**94,272**	50%	93,144
Investa South Melbourne Trust	**-**	**-**	50%	51,425
80 Pacific Highway Trust	**50%**	**44,304**	50%	44,304
589 Collins Trust	**50%**	**30,970**	50%	28,526
Penrhyn House Trust	**50%**	**20,649**	50%	20,649
Investa Commercial Property Fund [1]	**21%**	**8,637**	-	-
Investa Diversified Office Fund [2]	**42%**	**7,433**	-	-
CPG Australia Pty Limited	**40%**	**103,504**	-	-
Investa Brisbane Commercial Trust	**-**	**-**	20%	4,820
Investa Sixth Commercial Trust	**-**	**-**	28%	13,949
		309,769		256,817

[1] At 30 June 2004, Investa Commercial Property Fund ("ICPF") was consolidated on the basis that the Group held a controlling interest of 76.3%. At 30 June 2005, ICPF is no longer consolidated following the sell down of the Group's interest to 21.2%. The Group's investment in ICPF has been adjusted for the Group's indirect interest via ICPF in Beta Trust, Maritime Trade Towers Trust, Sunpac Property Fund, Investa South Melbourne Trust and 231 Elizabeth Street Trust.
[2] The Group's investment in Investa Diversified Office Fund ("IDOF") has been adjusted for the Group's indirect interest via IDOF in 310 Pitt Street Trust and Centennial Trust.

Movements in carrying amounts of investments in associates

	2005	2004
	$'000	$'000
Carrying amount at start of year	**256,817**	242,950
Additions	**119,574**	14,338
Disposals	**(70,194)**	-
Revaluation (decrements)/increments	**3,572**	(471)
Carrying amount at end of year	**309,769**	256,817

Share of results attributable to associates

	2005	2004
	$'000	$'000
Operating profits before income tax	**30,494**	20,196
Income tax expense	**(1,358)**	-
Operating profits after income tax expense	**29,136**	20,196
Less: Distributions received/receivable	**(26,457)**	(20,196)
Undistributed income attributable to associates' at the beginning of the financial year	**12**	12
Undistributed income attributable to associates' at the end of the financial year	**2,691**	12

Note 28. Investments in associates (continued)

Share of reserves attributable to associates

	2005 $'000	2004 $'000
Asset Revaluation Reserve		
Balance at the beginning of the financial year	**35,979**	35,003
Share of increment on revaluation of investment properties	**3,567**	976
Share of new associates	**7,177**	-
Associates no longer equity accounted	**(22,979)**	-
Balance at the end of the financial year	**23,744**	35,979

Share of associates' capital commitments

	2005 $'000	2004 $'000
Capital commitments	**3,979**	396

The principal activity of all associates is investment in commercial property.

Summary of the total performance and total financial position of associates. The aggregate 2005 total profits, and year end total assets and liabilities of associates attributable to all unitholders in those entities was as follows:	2005 $'000	2004 $'000
Profits from ordinary activities	**49,182**	64,302
Assets	**1,446,751**	865,312
Liabilities	**670,535**	42,312

Note 29. Related parties

Directors

The names of persons who were directors of Investa Properties Limited, the Responsible Entity at any time during the financial year were as follows: I K Payne; C J O'Donnell; J L Arthur; P D Campbell; J I Messenger; J S Murray and D R Page. J S Murray and P D Campbell were appointed on 1 November 2004 and 22 December 2004 respectively.

Remuneration benefits

Information on remuneration of directors is disclosed in Note 30.

Loans to directors

A non-interest bearing, non-recourse ESAP loan, of a kind referred to in Note 15, in the amount of $2,809,589 has been made to C J O'Donnell in respect of 1,750,000 stapled securities. During the year $195,427 has been repaid. The terms and conditions are set out in Note 15.

Note 29. Related parties (continued)

Transactions with directors
A director, J L Arthur and his spouse, are partners in the law firm Gilbert and Tobin. Gilbert and Tobin is a major Sydney based law firm with in excess of forty partners. Gilbert and Tobin has provided legal services to Investa Properties Limited, Investa Property Trust and certain of their controlled entities during the year, on normal commercial terms and conditions. The aggregate amount of legal fees for services provided by Gilbert and Tobin during the year was $325,550.

On 21 December 2004, Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited) acquired a 40% interest in CPG Australia Pty Limited. As a shareholder of CPG Australia Pty Limited, and prior to Peter Campbell becoming a director of the Group, he received $28,000,000 cash and 20,388,349 securities in Investa Property Group, due to the Group's initial acquisition of a 40% interest in CPG Australia Pty Limited. Mr Campbell's interest in CPG Australia Pty Limited after this initial acquisition is 42%. Due to the operation of the put and call options on the remaining CPG Australia Pty Limited business, Mr Campbell's remaining interest is expected to be acquired between August and September 2005. As part of the sale arrangements, the former owners of CPG Australia Pty Limited (who include Mr Campbell) may also receive an additional performance based earn out payment in 2007, if the financial performance of CPG Australia Pty Limited over the 3 years ending 30 September 2007 exceeds agreed targets.

There have been no other transactions with directors or entities related to directors at any time during the year ended 30 June 2005, unless otherwise stated.

Ownership interests in related parties
Interest held in the following classes of related parties are set out in the following notes:
(a) Controlled entities – Note 27
(b) Associates – Note 28

Responsible entity fees from other related parties
Investa Properties Limited is the Responsibly Entity for a number of related entities, and during the year received the following fees:

	2005	2004
	$'000	$'000
Collins Property Trust	**227**	237
Investa Brisbane Commercial Trust	**588**	380
Martin Place Trust	**201**	380
Investa North Sydney Property Trust	**314**	322
Investa First Industrial Trust	**186**	-
Investa Second Industrial Trust	**364**	471
Investa Commercial Property Fund	**1,101**	1,261
Investa Fourth Commercial Trust	**711**	780
Investa Fifth Commercial Trust	**1,024**	1,259
Investa Sixth Commercial Trust	**405**	1,254
Investa Diversified Office Fund	**1,809**	-

Custodian
The custodian of the Trust's assets is Investa Properties Limited. The fee for these services, charged at cost, is included in the responsible entity fee.

Conflict of interest
Other than as expressly disclosed, no director of Investa Properties Limited has become entitled to receive any benefits because of a contract made by the Trust or the Company with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 29. Related parties (continued)

Related party transactions
All related party transactions are conducted on normal commercial terms and conditions.

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 in which the group has a 21.2% interest:
- 39.8% interest in Maritime Trade Towers Trust for $46,901,000
- 19.9% interest in Beta Trust for $81,789,000
- 17% interest in Martin Place Trust for $11,600,000

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 $7,022,000 for the group.

Sale of Assets to Investa Diversified Office Fund
On 1 June 2005 the following assets were sold by the group to Investa Diversified Office Fund, an associated entity in which the group has a 42.2% 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 $4,899,000 for the group.

Guarantee Provided to Joint Venture Entity
On 19 May 2005 the Investa Property Group together with Brickworks Limited provided a joint and several guarantee to a loan facility obtained by Newthorpe Pty Limited, a 50/50 joint venture between CPG Developments Pty Limited (a wholly owned subsidiary of CPG Australia Pty Limited) and Austral Bricks Pty Ltd (a subsidiary of Brickworks Ltd). As consideration for Investa Property Group's guarantee on behalf of CPG Developments Pty Limited, CPG Developments Pty Limited has agreed to pay the Investa Property Group a guarantee fee until the loan facility is repaid in full. This fee has been charged on normal commercial arms-length terms and conditions. As at 30 June 2005 the amount payable by CPG Developments Pty Limited is $49,000.

Note 30. Director and executive disclosures

Details of specified directors

Specified directors

I K Payne	Chairman (non-executive)
C J O'Donnell	Managing Director
J L Arthur	Director (non-executive)
P D Campbell	Director (non-executive)
J I Messenger	Director (non-executive)
J S Murray	Director (non-executive)
D R Page	Director (non-executive)

J S Murray and P D Campbell were appointed directors on 1 November 2004 and 22 December 2004 respectively.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 30. Director and executive disclosures (continued)

Remuneration of specified directors and specified executives

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
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.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 30. Director and executive disclosures (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 [4]							Post - employment	
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee [3]	Development Group Board	Asset Mngmt Board	Superannuation Contribution	**Total $**
I K Payne [1]	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 [2]	-	-	-	-	-	-	-	-	**-**
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**
Total Non-executive directors	**538,333**	**28,334**	**25,000**	**15,000**	**17,038**	**25,000**	**10,000**	**52,568**	**711,273**

2004	Primary [4]							Post - employment	
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee	Development Group Board	Asset Mngmt Board	Superannuation Contribution	**Total $**
I K Payne [1]	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**
Total Non-executive directors	**498,575**	**15,000**	**25,000**	**10,000**	**8,656**	**25,000**	**10,000**	**53,301**	**645,532**

[1] 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.

[2] 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.

[3] 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.

[4] Limit of $1,000,000 per annum was approved in October 2003.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 30. Director and executive disclosures (continued)

Executive Director
For details of the principles and components of executive pay, refer to page 60.

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 60, 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
Specified non-executive directors **Stapled Securities in Investa Property Group**			
I K Payne	28,278	10,000	38,278
J L Arthur	31,957	27,483	59,440
P D Campbell [1]	-	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

[1] 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.

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

[2] The amount purchased in the current year was pursuant to an allocation under the Employee Share Acquisition Plan

Note 30. Director and executive disclosures (continued)

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 61. 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 $	Imputed 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 $	Imputed 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.

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 dividend 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).

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 30. Director and executive disclosures (continued)

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.

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.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 30. Director and executive disclosures (continued)

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.

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

	Primary			Post-employment		
2005	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**Total $**
D F Bromell	334,944	200,000	30,030	29,219	-	**594,193**
WW 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**
Total	**1,510,337**	**503,500**	**245,595**	**134,162**	**-**	**2,393,594**

	Primary			Post-employment		
2004	Cash salary and fees	Short-term incentives paid	Non-monetary benefits	Superannuation	Retirement benefits	**Total $**
DF 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**
Total	**1,346,110**	**440,000**	**193,978**	**121,150**	**-**	**2,101,238**

Note 30. Director and executive disclosures (continued)

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)** [1]	**Balance at the end of the year**
Stapled Securities in Investa Property Group			
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

[1] The amounts purchased in the current year by each of the specified executives were pursuant to allocations under the Employee Share Acquisition Plan.

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 $	Imputed 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**
Total	**2,894,938**	**226,119**	**3,717,095**	**3,913,025**

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 $	Imputed 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
Total	2,306,204	173,794	2,894,938	3,078,404

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

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 30. Director and executive disclosures (continued)

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.

Note 31. 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 32. Reconciliation of net profit to net cash inflow from operating activities

	2005 **$'000**	2004 $'000
Net profit after company tax attributed before outside equity interest	**258,415**	215,378
Amortisation of intangibles	**8,269**	7,451
Depreciation of assets	**419**	536
Net gain on sale of investment property	**(13,705)**	(4,370)
(Increase) in receivables	**(41,293)**	(16,551)
(Increase) in inventories	**(132,302)**	(35,949)
Increase in payables	**48,599**	41,497
Increase/(decrease) in provision for income tax payable	**1,890**	(3,392)
Net cash inflow from operating activities	**130,292**	204,600

Note 33. Capital expenditure payments in the year

	2005 **$'000**	2004 $'000
Capital expenditure payments in respect of the investment property portfolio	**76,900**	27,289
Capital expenditure payments in respect of the 126 Phillip Street development property	**143,006**	74,271
Total capital expenditure payments	**219,906**	101,560

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 34. Non-cash financing and investing activities

	2005 $'000	2004 $'000
Placement of securities [1]	**60,000**	968,849
Issuance of securities under Distribution Reinvestment Plan:		
Distributions reinvested – 23 August 2003	**-**	18,639
Distributions reinvested – 21 November 2003	**-**	8,796
Distributions reinvested – 20 February 2004	**-**	9,319
Distributions reinvested – 21 May 2004	**-**	12,322
Distributions reinvested – 20 August 2004	**15,505**	-
Distributions reinvested – 19 November 2004	**19,361**	-
Distributions reinvested – 21 February 2005	**24,671**	-
	119,537	1,017,925

[1] The placement of units in the current year relate to the acquisition of CPG Australia Pty Limited.
There was no distribution reinvestment for the March 2005 distribution.

Note 35. Contingent liabilities and contingent assets

The Group had contingent liabilities of $12,383,000 at 30 June 2005 (30 June 2004: $3,421,000) in the form of bank guarantees of $4,383,000 supporting rental obligations and development activities, and an $8,000,000 guarantee in respect of the loan obligations of Collins Property Trust ("CPT"), a scheme managed by the Company. The bank guarantees may give rise to liabilities if the Trust does not meet its obligations under the terms of the guarantees, although none are anticipated. The guarantee of the loan obligations of CPT may give rise to liabilities for the Trust if CPT does not meet its obligations under the loan agreement.

The Group had a contingent asset of $572,014 at 30 June 2005 (30 June 2004: $906,396) in the form of a rental income guarantee relating to the property at 441 St Kilda Road, Melbourne, having claimed $427,986 to date (30 June 2004: $93,604) against the $1,000,000 guarantee amount. The remaining guarantee may give rise to an asset in the event that the rental yield on the property falls below a contractually agreed minimal rental yield.

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

The Group is entitled to management fees in respect of the 9 Syndicates and 2 Wholesale Schemes which it manages. In accordance with the terms of each scheme's product disclosure statement, a portion of the base management fees may be postponed for a period of time. The Group may be separately entitled to additional performance based fees if the performance of the scheme exceeds prospectus forecasts or if profits are generated in the scheme on the sale of properties. The Group has the right to recover the full amount of any fees postponed in previous periods, provided in any period where a recovery of fees is made, it shall not reduce that managed scheme's distribution for the period below the prospectus forecast. The total postponed fees as at 30 June 2005 were $5,003,000 (30 June 2004: $3,968,000).

The acquisition of a 40% interest in CPG Australia Pty Limited by Investa Residential Developments Pty Limited (formerly Investa Developments Pty Limited) on 21 December 2004 was accompanied by a put and call option over the remaining 60% of the business exercisable between July and September 2005 (at the date of this report, the options had not been exercised). The remaining consideration is expected to be $150,000,000 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.

Other than as disclosed above, no other contingent liabilities or assets existed as at 30 June 2005.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 36. 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.

Note 37. Impact of adopting AASB equivalent to IASB standards

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

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

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

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using A-IFRS are set out below. The expected financial effects of adopting A-IFRS are shown for each key difference between Australian Generally Accepted Accounting Principles (AGAAP) and A-IFRS with descriptions of the differences. No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the company prepares its first full A-IFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

Regulatory bodies that promulgate AGAAP and A-IFRS have significant ongoing projects that could affect the differences between AGAAP and A-IFRS described below. The Group's financial statements could be materially impacted by these changes in the future.

Note 37. Impact of adopting AASB equivalent to IASB standards (continued)

Changes applicable from 1 July 2004

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

On transition to A-IFRS, the balance of the asset revaluation reserve will be transferred to retained earnings. As at 1 July 2004, the balance of the asset revaluation reserve transferred to retained earnings is $35,776,000. If the policy required by AASB140 had been applied during the year ended 30 June 2005, the net profit after tax would have been $27,328,000 higher. $31,095,000 of this increase relates to current year revaluations. The difference arises as a result of revaluation adjustments in relation to lease incentives.

Lease incentives
All lease incentives, whether in the form of rent-free, cash or fitout contribution, will be capitalised and recognised as a reduction in rental income over the relevant lease term on a straight line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

On transition to A-IFRS, a separate asset of $8,582,000 representing fitout incentives previously capitalised against the carrying value of investment property will be separately identified as lease incentives and shown as part of the fair value of the investment property. For the year ended 30 June 2005, the additional fitout incentives capitalised is $15,500,000. An additional $4,062,000 in annual amortisation of lease incentives would have reduced income in the Statement of Financial Performance if A-IFRS was applied but would be offset by a notional fair value adjustment to bring the balance of Investment Property back to fair value.

In addition, on transition to A-IFRS, rent free incentives of $4,178,000, previously shown in other assets on the balance sheet will be reclassified and shown as a part of the fair value of the investment property. For the year ended 30 June 2005, an additional amount of $7,829,000 shown in other assets on the balance sheet will also be reclassified and shown as part of the fair value of the investment property.

Lease revenue recognition
AASB117 Leases, requires operating lease income to be recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the asset is diminished.

No material impact to the A-IFRS Statement of Financial Performance is expected for the year ended 30 June 2005.

Business combinations
Under AASB3 Business Combinations, amortisation of goodwill is prohibited, and is replaced by annual impairment testing focusing on the cash flows of the related cash generating unit. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years.

Under AASB138 Intangible Assets, intangible assets with a finite life will continue to be amortised over that useful life, however intangible assets with an indefinite life will not be amortised but will be subject to an annual impairment test.

The goodwill and intangible amortisation expense included in the Statement of Financial Performance for the period ending 30 June 2005 under AGAAP is $8,269,000 and would be $3,588,000 under A-IFRS. We continue to review the balance of goodwill and intangibles for impairment under A-IFRS and there is no impairment on transition at 1 July 2004 or at 30 June 2005.

Note 37. Impact of adopting AASB equivalent to IASB standards (continued)

Income tax

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

On implementation of A-IFRS, an opening adjustment increase to retained earnings of $572,000 will be required. No additional A-IFRS adjustments would be required for the year ended 30 June 2005.

The Company continues to evaluate the commercial benefits of implementing the tax consolidation legislation and the associated impact under A-IFRS. As at the date of this report, no decision regarding tax consolidation has been made.

Revenue disclosures in relation to the sale of non-current assets

Under A-IFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current AGAAP treatment under which the gross proceeds from the sale are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. The net impact on the Statement of Financial Performance is nil.

If the policy required under A-IFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would have been $487,520,000 lower with a corresponding reduction in expense for the year.

Rental Guarantees

Under A-IFRS, rental guarantees that are quantifiable and not contingent are required to be shown as a separate asset in the Statement of Financial Position. When rental guarantees are received, the amount of the asset is reduced and no income is recognised in the Statement of Financial Performance. This is in contrast to the current AGAAP treatment under which the amount is treated as a contingent asset and not recognised in the Statement of Financial Position. The income from the rental guarantee is then recognised as revenue when it is received.

On implementation of A-IFRS on 1 July 2004, a receivable of $1,750,000 would have been recognised in the Statement of Financial Position with a corresponding increase to retained earnings of the same amount. If the policy required under A-IFRS had been applied during the year ended 30 June 2005, the consolidated revenue from ordinary activities would not change.

Equity Based Compensation Benefits

Under AASB2 Share-Based Payment the accounting treatment of the Groups ESAP scheme described in Note 30 will result in the reclassification of ESAP loans from Receivables – Loans to employees to Equity under a new Equity account Treasury Stock Reserve. In addition, under AASB2 we will be required to recognise an Employee Remuneration Expense on the granting of any new ESAP issue, representing the fair value of the deemed option provided to the employees under the ESAP scheme, against a new Equity account. Based upon current valuation estimates this amount is considered immaterial.

On transition as at 1 July 2004 an amount of $12,012,000 would be required to be reclassified from Non-Current Loans to Employees to Treasury Stock Reserve. A further $4,443,000 would be required to be reclassified from Non-Current Loans to Employees to Treasury Stock Reserve in the year ended 30 June 2005. Based upon current valuation estimates, the fair value of the deemed option provided to the employees in the current year under the ESAP scheme is immaterial.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 37. Impact of adopting AASB equivalent to IASB standards (continued)

Summary Impact of A-IFRS for the Year Ended 30 June 2005

The following tables detailing the material changes under A-IFRS are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances. When the Group prepares its first full A-IFRS financial statements, the accompanying disclosures may have to be adjusted for amended or additional standards or interpretations which may be issued by the AASB and the IASB. It should be noted that the implementation of A-IFRS is not expected to have an impact on the Group's distribution capacity.

Summary Statement of Financial Performance for the Year Ended 30 June 2005

	$000
Net profit after company tax attributable to stapled security holders of Investa Property Group	233,871
A-IFRS Adjustments:	
Investment property	27,328
Lease incentives	(4,062)
Business combinations	4,681
Total A-IFRS adjustments	**27,947**
Total A-IFRS net profit after company tax attributable to stapled security holders of Investa Property Group for the year ended 30 June 2005	**261,818**

Summary Impact on Statement of Financial Position as at 30 June 2005

	$000
Total A-IFRS adjustments to equity for the year ended 30 June 2005:	
Investment property	(3,767)
Lease incentives	(4,062)
Business combinations	4,681
Equity based compensation benefit	(4,443)
Total increase to equity from A-IFRS adjustments	**(7,591)**

Changes applicable from 1 July 2005

Financial instruments

The group will be taking advantage of the exemption available under AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement only from 1 July 2005. This allows the group to apply AGAAP to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB139 Financial Instruments: Recognition and Measurement, all derivatives are recorded in the balance sheet at fair value, and subjected to rigorous hedge designation and effectiveness testing. Ineffectiveness precludes the use of hedge accounting, requiring gains or losses on derivatives to be recognised in the Statement of Financial Performance for the period.

The current standard does not require the recognition of unrealised interest rate swap contracts in the financial statements.

At this stage we do not plan to seek hedge effectiveness which may result in future unrealised earnings volatilities, without any associated volatility in distributions.

Notes to the Combined Financial Statements (continued)
For the year ended 30 June 2005

Note 37. Impact of adopting AASB equivalent to IASB standards (continued)

Disclosure and presentation of equity

AASB132 Financial Instruments: Disclosure and Presentation prescribes the criteria for recognising a financial instrument as either debt or equity. The directors have amended the Constitution of Investa Property Trust, under Class Order 05/566 issued by the Australian Securities and Investments Commission, in order to continue to treat unitholders' funds as equity.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 18 to 70 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the combined entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

(b) there are reasonable grounds to believe that the combined entity will be able to pay its debts as and when they become due and payable; and

(c) the combined entity has operated in accordance with the provisions of the Constitution dated 15 July 1977 (as amended), during the year ended 30 June 2005.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001.*

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

I K Payne
Chairman
Sydney
3 August 2005

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Independent audit report to the securityholders of Investa Property Group

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Investa Property Group (the group) for the financial year ended 30 June 2005 included on Investa Property Group's web site. The directors of Investa Properties Limited are responsible for the integrity of the Investa Property Group web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit opinion

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

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Investa Property Group as at 30 June 2005, and of its performance for the year ended on that date, and

- is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

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

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Investa Property Group (the group) comprising Investa Property Trust and Investa Properties Limited and the entities they controlled, for the year ended 30 June 2005.

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

Audit approach

We conducted an independent audit in order to express an opinion to the securityholders of the group. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

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

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

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

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

PricewaterhouseCoopers

JA Dunning
Partner
Sydney
3 August 2005