Investa Properties Limited

ABN 54 084 407 241

Annual Report

30 June 2005

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Contents

Directors' Report

The directors of Investa Properties Limited present their report on the consolidated entity consisting of Investa Properties Limited and the entities it controlled at the end of, or during the year ended 30 June 2005.

Directors

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

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

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

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

Principal activities

During the year the principal activities of the consolidated entity continued to consist of property and funds management; property development; and holding short term investments prior to syndication or disposal. All business segments operate in one geographical area, Australia. The consolidated entity had 254 employees at 30 June 2005 (2004: 190).

Dividends

Dividends paid to members during the financial year were as follows:

	2005 $'000
Final dividend for the year ended 30 June 2004 of 0.25 cents per share paid on 20 August 2004	**3,587**

The directors declared a final dividend on 21 June 2005 of 0.10 cents per share, or $1,493,000 to be paid on 22 August 2005.

Dividends paid and payable for the year ended 30 June 2005 were $1,493,000, representing 0.10 cents per share, decreasing 84.6% from 0.65 cents per share in 2004, or $9,166,000. All dividends were fully franked.

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

Directors' Report (continued)

Review of operations and significant changes in the state of affairs

A summary of the consolidated results is as follows:

	2005 $'000	2004 $'000
Total revenue from ordinary activities	**206,311**	217,344
Net (loss)/profit after tax	**(1,990)**	11,643
Profit attributable to outside equity interests[1]	**(923)**	(2,973)
(Loss)/profit attributable to members of Investa Properties Limited	**(2,913)**	8,670
Retained profits brought forward	**3,230**	3,726
Dividends paid and payable	**(1,493)**	(9,166)
(Accumulated Losses)/Retained profits at 30 June	**(1,176)**	3,230
Total assets at 30 June	**652,976**	593,788

[1] This represents the profit attributable to the outside equity interests in Investa Commercial Property fund during the period it was consolidated.

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

The net profit after tax for the consolidated entity was down $11,583,000 to a loss of $2,913,000 compared to a profit of $8,670,000 in the previous year. As a result, earnings per share have decreased from 0.64 cents per share in 2004 to a loss of 0.20 cents per share in the current year. The decrease in earnings has resulted in the dividend per share decreasing by 0.55 cents per share from 0.65 cents per share in 2004, to 0.1 cents per share in the current year. For details refer to the Discussion and Analysis of the Consolidated Financial Statements.

Directors' Report (continued)

Information on Directors

I K Payne M.Ec. Chairman – Non-Executive. Age 63.
Experience and expertise
Ian Payne was appointed Chairman of the Board on 1 June 1999. Previously he was Deputy Chief Executive and Executive Director of Commonwealth Bank of Australia from 1992 to 1997 and Chairman of Commonwealth Financial Services Limited. During this period he was a director of a number of subsidiaries and associated companies including Chairman of CBFC Limited. From 1996 until August 2002 he was Chairman of Export Finance and Insurance Corporation. Ian is also a Director of Zurich Financial Services.

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

Former listed company directorships in last 3 years
Nil

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

Interests in securities
38,278 stapled securities in Investa Property Group

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.

Directors' Report (continued)

J L Arthur LLB (Hons). Age 50.
Experience and expertise
John Arthur is a commercial lawyer with extensive experience in property development and construction, information technology, e-commerce and the financial sector. He is a partner at law firm Gilbert and Tobin and was previously a partner at Freehills. Prior to that, John was general counsel at the Lend Lease Group and was a director of the Manager of General Property Trust.

Other current listed company directorships
Rinker Group Limited – Non Executive Director (since 3 February 2003)

Former listed company directorships in last 3 years
CSR Limited – Non Executive Director (March 2001 to April 2003)

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

Interests in securities
59,440 stapled securities in Investa Property Group

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

Directors' Report (continued)

J I Messenger ANZIF Snr. Assoc. Age 59.
Experience and expertise
John Messenger has extensive international insurance broking and risk management experience. Between 1986 and 1995, John was the Managing Director of MLC Insurance Limited. From 1997 to 2001, he was the Chief Executive Officer, Corporate Risk Management for the Lend Lease Group. John is currently a Director of St John Ambulance Australia (NSW) Limited and related companies and of Territory Insurance Office, Darwin.

Other current listed company directorships
Nil

Former listed company directorships in last 3 years
Nil

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

Interests in securities
35,486 stapled securities in Investa Property Group.

J S Murray BA, FCIT, FAICD. Age 56.
Experience and expertise
Jock Murray was appointed to the Board on 1 November 2004. Jock is a former Director General of the New South Wales Department of Transport, where he initiated a number of major infrastructure and technology projects, and was Executive Director Transport for the Sydney 2000 Olympic Games, with responsibility for infrastructure, strategic and operational planning. Jock has significant strategic, organisational and operational experience in the areas of transport and major infrastructure. He is also a Non-executive Chairman of Central Ranges Pipelines Pty Limited and a Director of Terminals Australia Pty Limited.

Other current listed company directorships
Nil

Former listed company directorships in last 3 years
The Hills Motorway Limited – Non Executive Chairman and Non-Executive Director (November 2002 to June 2005)

Special responsibilities
Non Executive Director
Chairman of Investa Commercial Developments Pty Limited
Chairman of Sustainability, Safety, Health and Environment Committee
Member of Audit and Risk Management Committee
Member of Nominations Committee

Interests in securities
10,184 stapled securities in Investa Property Group

Directors' Report (continued)

D R Page B.Ec, FCA, MAICD. Age 46.
Experience and expertise
Deborah Page was appointed to the Board on 17 April 2002. Deborah is a chartered accountant and was a partner in Touche Ross/KPMG Peat Marwick from 1989 to 1992. Subsequently she held senior executive positions with the Lend Lease Group and the Commonwealth Bank. Deborah is the current Chair of the NSW Cancer Council and a Member of the Board of Management of the Internal Audit Bureau of NSW. She has also been on the Board of Macquarie Generation since March 2000.

Other current listed company directorships
Nil

Former listed company directorships in last 3 years
Nil

Special responsibilities
Non Executive Director
Director of Investa Residential Developments Pty Limited
Chairman of Audit and Risk Management Committee
Member of Nominations Committee
Member of Remuneration Committee

Interests in securities
31,615 stapled securities in Investa Property Group.

Company Secretary
The company secretary is B 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.

Directors' Report (continued)

Meetings of directors

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

	Board meeting		Audit & Risk Management Committee meeting		Due Diligence Committee meeting		Nominations & Remuneration Committee meeting		Sustainability Committee meeting	
	Held[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 (Refer to note 26). In July 2005, the responsibility for nominating the directors was given to the newly created Nominations Committee of which each director is a member and is chaired by J L Arthur.

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

Meetings of Subsidiary Boards

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

Directors' Report (continued)

Remuneration Report

Principles used to determine the nature and amount of remuneration
(a) Remuneration of directors
The maximum aggregate annual fees for non-executive directors are set by resolution of the security holders. The present limit of $1,000,000 was approved at the 2003 Annual General Meeting. Within that limit, fees for individual directors are set by the Board.

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

Chairman	$190,000
Non-executive directors' base fee	$95,000
Chairman of Audit & Risk Management Committee	$20,000
Chairman of Due Diligence Committee	$25,000
Chairman of Nominations and Remuneration Committee	$15,000
Chairman of Sustainability Committee	$15,000
Committee Member Fees	
Audit & Risk Management Committee	$5,000
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	Superannua -tion 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	Superannua -tion 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 includes the remuneration for J L Arthur's tenure as Chairman from 12 May 2004 and the appointment of J S Murray as Chairman from 1 November 2004.
[4] Limit of $1,000,000 per annum approved in October 2003.

Directors' Report (continued)

Executive Director

For details of the principles and components of executive pay, refer to page 12.

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 13, 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.

Directors' Report (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 13. 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.

Directors' Report (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	Superannuati on	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**

Directors' Report (continued)

Short Term Incentives
For each short term incentive included in the above 2005 table, the percentage of the STI potential paid to D F Bromell was 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" by D F Bromell was 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**	**42,534**	**698,561**	**743,693**
G B Monk	**1,155,739**	**80,634**	**1,305,562**	**1,370,961**
Total	**2,894,938**	**226,117**	**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.

Directors' Report (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.

Matters subsequent to the end of the financial year

Unless otherwise disclosed, the directors of the consolidated entity have not become aware of any matter or circumstance that has significantly affected or may significantly affect the operations of the consolidated entity, the results of these operations, or the state of affairs in future financial years.

Environmental regulation

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

Indemnification and insurance of officers and auditors

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

Likely developments and expected results of operations

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

A summary of how the consolidated entity is managing this transition and what the likely impact will be, is contained in Note 34 to the consolidated financial statements.

Country of incorporation

Investa Properties Limited was incorporated in Australia on 12 November 1998.

Non-Audit Services

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

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

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

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

Directors' Report (continued)

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

	2005	2004
	$	$
Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity:		
Auditor of the parent entity – PricewaterhouseCoopers	**309,940**	247,563
Remuneration for other services		
Auditor of the parent entity – PricewaterhouseCoopers:		
IFRS Technical advice [1]	**125,597**	25,000
Real Estate procedures review	**-**	3,000
Investigating accountant's advice	**-**	70,000
Due Diligence relating to acquisitions	**220,000**	-
Audit of completion accounts in relation to acquisition of CPG	**229,125**	-
Total non audit services	**574,722**	98,000
Total auditor's remuneration	**884,662**	345,563

[1] This fee is in respect of all IFRS advice for the Investa Property Group.

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

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

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

I K Payne
Chairman
Sydney
3 August 2005

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Auditor's Independence Declaration

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

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

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 Consolidated Financial Statements

The following commentary will help shareholders when reviewing and interpreting the results of the Company for the year ended 30 June 2005.

Consolidated Statements of Financial Performance

The loss for the consolidated entity after tax and outside equity interests was $2,913,000 (2004: $8,670,000 profit). This decline in earnings reflects both reduced investment income, including lower profits from the sale of investments, and a mix of higher one-off and ongoing operating costs. These are discussed in more detail below.

The dividend for the year was 0.10 cents per share, down on the prior year's dividend of 0.65 cents per share.

The following summary highlights the key contributors to the performance of the company for the financial year.

	2005	2004
	$'000	$'000
Segment Contribution (EBITDA)		
- Property Development	27,275	28,155
- Services [1]	22,325	18,494
- Investments	15,680	25,131
	65,280	71,780
Operating Costs	(36,500)	(27,366)
EBITDA	**28,780**	**44,414**
Borrowing Costs [2]	(27,384)	(30,531)
Depreciation	(420)	(536)
Amortisation	(1,657)	(1,657)
Tax	(2,232)	(3,020)
Net (loss)/profit attributable to IPL members	**(2,913)**	**8,670**

1 - Includes Unlisted Funds, Asset Management and CPS business units, and CPS contribution is net of recoverable overheads
2 - Excludes Outside Equity Interest share of borrowing costs

1. Analysis of Segment Contribution

Overall the company's segment contribution declined by 9.1% from $71,780,000 to $65,280,000 driven by:

a. Property Development

Development revenue declined from $85,308,000 to $64,600,000 due primarily to lower commercial activity following the substantial completion of several projects in the prior year and reduced opportunities in the market. Commercial Division sales were lower in the current financial year from Eden Park (CPSA), North Ryde and Manly Shopping Centre, Brisbane. Despite this reduced revenue, the segment contribution only declined by $305,000 to $27,850,000 due to an equity accounted contribution of $2,679,000 (after tax) following the acquisition of 40% of CPG Australia Pty Limited, higher project margins at Mill Park Lakes, Victoria and Quinns Beach, Western Australia and residual land sales at Manly Shopping Centre, Brisbane.

Discussion and Analysis of the Consolidated Financial Statements (continued)

Consolidated Statements of Financial Performance (continued)

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

Project	**Lots**	
Mill Park Lakes, Victoria	138	@ $140,000/lot average
Quinns Beach, WA	25	@ $335,000/lot average
Hillary's, WA	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 sale of the residual land at Manly Shopping Centre, Brisbane.

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

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

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

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

b. Services

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

c. Investments

Investments include distribution income derived from units held directly by the company in syndicates managed by the Unlisted Funds division, profits derived from the sale of those investments and interest income.

The Investment segment contribution decreased from $25,131,000 to $15,680,000 due to lower profits from the sale of investments and a decline in short-term investment income following the company's sell down of its investments in Investa Commercial Property Fund and Martin Place Wholesale Fund to external parties. The average distribution yield on short-term investment income for the year was 7.1%.

Discussion and Analysis of the Consolidated Financial Statements (continued)

Consolidated Statements of Financial Performance (continued)

2. Analysis of Expenses

a. Operating Costs

Operating costs excluding one-off items increased by $4,552,000 to $36,500,000. The increase in the underlying operating cost is due to:

- Employee expenses, excluding CPS, which increased by $3,130,000 from $18,995,000 to $22,125,000, reflecting an increase in staff numbers from 146 to 184 primarily associated with the growth of asset management and development activities; and
- A general increase in other expenses of $1,422,000 or 5.2% following the expansion of the company's operating activities, including additional costs associated with corporate governance, a new internal audit function and IFRS implementation.

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

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

b. Borrowing Costs

Borrowing costs, which include interest expenses and line facility fees, decreased from the previous corresponding period by $3,147,000 to $27,384,000, primarily due to the reduction in debt following the sale of investments. Expenditure on qualifying development assets has increased total borrowings without any associated increase in borrowing cost expense, as these borrowing costs are capitalised to the carrying value of the qualifying development asset.

Combined Statements of Financial Position

Total assets increased by 10% from $593,788,000 at 30 June 2004 to $652,976,000 at 30 June 2005 following an increase in its property development inventory from $169,435,000 at 30 June 2004 to $304,015,000 at 30 June 2005 and the acquisition of a 40% interest in CPG Australia Pty Limited with an investment value of $103,504,000 at 30 June 2005. Offsetting this was the sale of investments held in Investa Commercial Property Fund and Martin Place Wholesale Fund.

In addition, the consolidated entity continues to hold other investments prior to syndication or disposal to third parties. These investments at 30 June 2005 include:

• a 21.2% interest in Investa Commercial Property Fund	$64,646,000
• a 100% interest in Macarthur Central Shopping Centre, Brisbane	$101,522,000
• a 22.24% interest in Investa Diversified Office Fund	$14,902,000
• a 10.35% investment in Collins Property Trust	$ 2,318,000

Total liabilities increased from $469,074,000 at 30 June 2004 to $571,012,000 at 30 June 2005 primarily due to an increase in debt outstanding at 30 June 2005 to $534,968,000, compared to $442,824,000 at 30 June 2004.

Discussion and analysis of the Consolidated Financial Statements (continued)

Consolidated Statements of Cash Flows

The Company held cash reserves of $1,119,000, down from $4,491,000 at 30 June 2004.

Cash outflows from operating activities increased by $91,555,000 from an outflow of $37,521,000 in the previous financial period to an outflow of $129,076,000, which is mainly attributable to:

- Increased payments of $76,123,000 mainly related to acquisition of property inventories and other development costs
- Reduced receipts from property sales of $16,875,000;
- Increased borrowing costs paid of $6,757,000;and
- Reduced distributions received of $7,459,000 reflecting the income derived from Macarthur Central and Investa Commercial Property Fund;

These decreases in cash outflows have been partially offset by a reduction in income taxes payable of $7,388,000.

Cash flows from investing activities resulted in a net inflow of $18,566,000 which was mainly as a result of the proceeds from the sale of investments totalling $88,378,000 offset by payments for investments of $64,280,000 including our 40% investment in CPG Australia Pty Limited and a 22.24% investment in Investa Diversified Office Fund.

Cash flows from financing activities resulted in a net inflow of $107,138,000 as a result of the net payment of loans from Investa Property Trust, a related entity, amounting to $110,190,000 offset by the payment of distribution of $3,044,000.

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

		Consolidated		Parent entity	
	Notes	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000
Revenue from ordinary activities	2	**206,311**	217,344	**37,655**	42,702
Associate share of income		**2,679**	-	**-**	-
Cost of development inventory sold		**(37,324)**	(58,222)	**-**	-
Property outgoings		**(2,631)**	(4,188)	**-**	-
Repairs and Maintenance		**(272)**	(322)	**-**	-
Employee expenses		**(30,718)**	(24,640)	**(17,520)**	(13,739)
Accommodation expenses		**(1,919)**	(1,480)	**(971)**	(728)
Purchased services		**(4,924)**	(3,127)	**(4,321)**	(2,726)
Depreciation and amortisation expenses		**(2,077)**	(2,193)	**(891)**	(931)
Borrowing costs		**(27,666)**	(31,308)	**(1,863)**	(1,180)
Other expenses from ordinary activities	3	**(101,217)**	(77,201)	**(11,891)**	(12,991)
Profit from ordinary activities before income tax expense	4	**242**	14,663	**198**	10,407
Income tax (expense)/credit	7	**(2,232)**	(3,020)	**4,243**	-
Net (loss)/profit after tax		**(1,990)**	11,643	**4,441**	10,407
Net profit attributable to outside equity interests		**(923)**	(2,973)	**-**	-
Net (loss)/profit attributable to members of Investa Properties Limited		**(2,913)**	8,670	**4,441**	10,407
Total changes in equity other than those resulting from transactions with owners as owners		**(2,913)**	8,670	**4,441**	**10,407**

		Cents	Cents
Basic and diluted earnings per share	30	**(0.20)**	0.64

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

Consolidated Statements of Financial Position
As at 30 June 2005

		Consolidated		Parent entity	
		2005	2004	**2005**	2004
	Notes	**$'000**	$'000	**$'000**	$'000
Current assets					
Cash assets	8	**1,119**	4,491	**271**	277
Receivables	9	**29,190**	22,072	**5,293**	24,571
Income tax receivable		**-**	-	**156**	-
Investments	10	**116,424**	111,654	**12,558**	12,558
Property development inventories	11	**62,355**	34,519	**-**	-
Total current assets		**209,088**	172,736	**18,278**	37,406
Non-current assets					
Investments in controlled entities	12	**-**	-	**84,466**	26,804
Loan to related entity	25	**-**	13,296	**-**	13,296
Deferred tax asset		**11,051**	5,358	**4,352**	1,047
Investments in property	10	**-**	33,338	**-**	-
Investments in associates	10	**170,469**	216,516	**-**	-
Property, plant and equipment	13	**1,323**	1,029	**695**	672
Property development inventories	11	**241,660**	134,916	**-**	-
Loans to employees	14	**16,455**	12,012	**-**	7,386
Intangible assets	15	**2,930**	4,587	**1,563**	2,190
Total non-current assets		**443,888**	421,052	**91,076**	51,395
Total assets		**652,976**	593,788	**109,354**	88,801
Current liabilities					
Payables	16	**13,780**	10,522	**9,258**	3,081
Interest and non-interest bearing liabilities	17	**105,535**	102,201	**-**	-
Income tax liability		**22**	1,269	**-**	-
Provisions	18	**7,311**	7,942	**6,467**	6,065
Total current liabilities		**126,648**	121,934	**15,725**	9,146
Non-current liabilities					
Interest and non-interest bearing liabilities	17	**429,433**	340,623	**-**	-
Loan to related entity	25	**-**	-	**4,360**	-
Deferred tax liabilities		**13,494**	6,077	**-**	37
Payables	16	**838**	-	**838**	-
Provisions	18	**599**	440	**299**	218
Total non-current liabilities		**444,364**	347,140	**5,497**	255
Total liabilities		**571,012**	469,074	**21,222**	9,401
Net assets		**81,964**	124,714	**88,132**	79,400
Equity					
Contributed equity	19(a)	**83,140**	77,356	**83,140**	77,356
Outside equity interest	20	**-**	44,128	**-**	-
(Accumulated losses)/Retained profits	21	**(1,176)**	3,230	**4,992**	2,044
Total equity	22	**81,964**	124,714	**88,132**	79,400

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

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

	Notes	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent entity 2005 $'000	Parent entity 2004 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		**119,908**	131,894	**26,283**	20,646
Cash payments in the course of operations		**(222,921)**	(150,275)	**(20,946)**	(27,868)
Dividends/distributions received		**8,959**	16,418	**24,457**	4,372
Interest received		**487**	582	**60**	61
Borrowing costs paid		**(33,757)**	(27,000)	**(6)**	(40)
Income taxes (paid) refunded		**(1,752)**	(9,140)	**1,547**	(1,505)
Net cash (outflow) /inflow from operating activities	29	**(129,076)**	(37,521)	**31,395**	(4,334)
Cash flows from investing activities					
Payments for property, plant and equipment		**(730)**	(581)	**(277)**	(437)
Payments for investments		**(64,280)**	-	**-**	-
Payments for capital expenditure		**(367)**	(5,260)	**-**	-
Proceeds from sales of investments		**88,378**	72,797	**-**	14,129
Proceeds from sales of plant and equipment		**9**	32	**-**	-
Investments in controlled entities		**-**	-	**(59,128)**	-
Loans to employees	14	**(4,444)**	(2,780)	**372**	1,846
Net cash inflow/(outflow) from investing activities		**18,566**	64,208	**(59,033)**	15,538
Cash flows from financing activities					
Proceeds from issues of shares		**-**	1,650	**-**	1,650
Proceeds from borrowings from related entity		**287,020**	154,942	**26,486**	-
Proceeds from borrowings		**-**	11,000	**-**	-
Repayments of borrowings		**-**	(67,600)	**-**	-
Repayments of borrowings from related entity		**(176,830)**	(119,481)	**4,198**	(6,777)
Cost of issue of shares		**(8)**	(150)	**(8)**	(150)
Dividends paid		**(3,044)**	(8,017)	**(3,044)**	(5,763)
Net cash inflow/(outflow) from financing activities		**107,138**	(27,656)	**27,632**	(11,040)
Net (decrease)/increase in cash held		**(3,372)**	(969)	**(6)**	164
Cash at the beginning of the financial year		**4,491**	5,460	**277**	113
Cash at the end of the financial year		**1,119**	4,491	**271**	277
Non-cash financing activities	19(a)				
Financing Arrangements	17				

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

Note 1. Summary of significant accounting policies

(a) Basis of preparation of the Consolidated 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. It is recommended that this report be read in conjunction with any public pronouncements made by the consolidated entity and Investa Property 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 consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Investa Properties Limited ("parent entity") as at 30 June 2005 and the results of its controlled entities, for the year ended 30 June 2005. Investa Properties Limited and its controlled entities are referred to in this financial report as the "consolidated entity". The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated 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 consolidated 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.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated 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 consolidated 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 consolidated 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 consolidated statement of financial position as a receivable.

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

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

v) 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.

Note 1. Summary of significant accounting policies (continued)

(d) 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(m).

(e) Maintenance and repairs
Plant of the consolidated entity is required to be overhauled 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(m). 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 consolidated entity. 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 consolidated entity. 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(n))	20 years

(h) Earnings per share
Basic Earnings per share
Basic earnings per share is determined by dividing the net profit attributable to shareholders of the company by the weighted average number of shares outstanding during the period.

Diluted Earnings per stapled security
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on shares 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 share and diluted earnings per share, the term basic and diluted earnings per share is used.

(i) Cash
For the purposes of the consolidated 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) 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.

(l) Investments
Interests in unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and distribution income is recognised in the consolidated statement of financial performance when receivable. Investments in associates are initially recorded at cost and subsequently at net asset backing.

Note 1. Summary of significant accounting policies (continued)

(m) 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.

(n) 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.

(o) 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 consolidated 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.

(p) Payables

These amounts represent liabilities for amounts owing by the consolidated entity 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.

(q) 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.

(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.

Note 1. Summary of significant accounting policies (continued)

(iii) Superannuation
The amount charged to the consolidated statements of financial performance in respect of superannuation is disclosed as employee benefits and includes the contributions made by the consolidated entity 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.

(r) Interest bearing liabilities
Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(s) Derivatives
The consolidated entity enters into interest rate and 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 consolidated statement of financial performance, as an adjustment to interest expense when the designated hedge transaction occurs.

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

(u) Taxation
Tax effect accounting procedures whereby income tax expense in the Consolidated 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 consolidated entity 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.

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

Note 2. Revenue from ordinary activities

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Management fees	**33,822**	24,440	**19,655**	18,014
Sale of property inventory	**60,042**	85,308	**-**	-
Rental income	**12,298**	16,193	**-**	-
Dividend and distribution income	**9,038**	16,694	**14,864**	14,177
Proceeds from sale of investments	**89,392**	72,798	**-**	9,000
Other income	**1,227**	1,328	**3,075**	1,450
Interest	**492**	583	**61**	61
Revenue from ordinary activities	**206,311**	217,344	**37,655**	42,702

Note 3. Other expenses from ordinary activities

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Carrying amount of investments sold	**88,000**	70,475	**-**	8,603
Other expenses	**13,217**	6,726	11,891	4,388
	101,217	77,201	**11,891**	12,991

Note 4. Operating (loss) profit

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Profit from ordinary activities before income tax expense includes the following specific expenses:				
Depreciation – property, plant and equipment	**420**	536	**254**	304
Amortisation – intangibles	**1,657**	1,657	**627**	627
Borrowing costs:				
Gross Interest and finance charges paid/payable	**38,037**	33,823	**1,863**	1,180
Less: Interest and finance charges capitalised[1]	**(10,371)**	(2,515)	**-**	-
Interest and finance charges paid/payable	**27,666**	31,308	**1,863**	1,180
Rental expenses relating to operating leases:				
Lease payments – office rent	**1,707**	1,200	**842**	636
Computers & equipment	**341**	346	**341**	154

[1] The capitalisation rate applied during the year was 8.55% (2004: 7.55%) and relates to qualifying assets in the development group.

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

Note 5. Segment information

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

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

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

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

30 June 2005	**Services** $'000	**Property Development** $'000	**Short-term Investments** $'000	**Unallocated [2]** $'000	**Consolidated** $'000
Revenue from ordinary activities					
- Operating revenue	**34,986**	**64,600**	**20,012**	**-**	**119,598**
- Sale of property	**-**	**-**	**89,392**	**-**	**89,392**
	34,986	**64,600**	**109,404**	**-**	**208,990**
EBITDA [1]					
- Consolidated	**22,325**	**27,275**	**16,885**	**(36,500)**	**29,985**
- Less Outside Equity Interest	**-**	**-**	**(1,205)**	**-**	**(1,205)**
- Attributable to securityholders of Investa Property Group	**22,325**	**27,275**	**15,680**	**(36,500)**	**28,780**
Net profit after tax	**14,770**	**12,359**	**(1,750)**	**(28,292)**	**(2,913)**
Segment assets	**3,222**	**432,542**	**205,152**	**12,060**	**652,976**
Segment liabilities	**2,819**	**351,183**	**198,676**	**18,334**	**571,012**
Depreciation and amortisation	**957**	**1,120**	**-**	**-**	**2,077**
Acquisition of property, plant and equipment	**651**	**79**	**367**	**-**	**1,097**

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

Note 5. Segment information (continued)

30 June 2004	Services $'000	Property Development $'000	Short-term Investments $'000	Unallocated [2] $'000	Consolidated $'000
Revenue from ordinary activities					
- Operating revenue	25,541	85,308	33,697	-	144,546
- Sale of property	-	-	72,798	-	72,798
	25,541	85,308	106,495	-	217,344
EBITDA [1]					
- Consolidated	18,494	28,155	28,881	(27,366)	48,164
- Less Outside Equity Interest	-	-	(3,750)	-	(3,750)
- Attributable to securityholders of Investa Property Group	18,494	28,155	25,131	(27,366)	44,414
Net profit after tax	12,032	14,547	263	(18,172)	8,670
Segment assets	3,068	186,624	375,047	29,049	593,788
Segment liabilities	1,594	148,803	310,986	7,691	469,074
Depreciation and amortisation	1,038	1,155	-	-	2,193
Acquisition of property, plant and equipment	497	84	5,260	-	5,841

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

Note 6. Remuneration of auditor

	Consolidated 2005 $	Consolidated 2004 $	Parent entity 2005 $	Parent entity 2004 $
Remuneration for audit of the financial reports of the parent entity or any entity in the consolidated entity:				
Auditor of the parent entity – PricewaterhouseCoopers	**309,940**	247,563	**107,458**	102,090
Remuneration for other services:				
Auditor of the Group – PricewaterhouseCoopers:				
IFRS Technical advice [1]	**125,597**	25,000	**125,147**	25,000
Real Estate procedures review	**-**	3,000	**-**	-
Investigating accountant's advice	**-**	70,000	**-**	70,000
Due diligence relating to acquisitions	**220,000**	-	**-**	-
Audit of completion accounts in relation to acquisition of CPG	**229,125**	-	**-**	-
Total non audit services	**574,722**	98,000	**125,147**	95,000
Total Auditor's remuneration	**884,662**	345,563	**257,605**	197,090

[1] This fee is in respect of all IFRS advice for the Investa Property Group.

Note 7. Income tax

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:				
Profit from ordinary activities before income tax expense	**242**	14,663	**198**	10,407
Income tax calculated @ 30%	**73**	4,399	**60**	3,122
Tax effect of permanent differences:				
Non-deductible amortisation of intangibles	**497**	497	**188**	188
Other permanent differences	**57**	22	**29**	18
Capital gain on sale of units	**1,337**	-	**-**	-
Benefit of prior year tax losses recouped	**-**	(1,898)	**-**	-
Future tax benefits not recognised	**1,276**	-	**-**	-
Tax impact of share of associates income	**(803)**	-	**-**	-
Prior year adjustments	**(205)**	-	**(320)**	
Rebateable dividends	**-**	-	**(4,200)**	(3,990)
Income tax adjusted for permanent differences	**2,232**	3,020	**(4,243)**	(662)
Benefit of current year tax loss not brought to account	**-**	-	**-**	662
Income tax expense/(credit)	**2,232**	3,020	**(4,243)**	-

Note 8. Cash assets

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Cash at bank[1]	**1,119**	4,491	**271**	277

[1] The weighted average interest rate earned on cash at bank was 4.92% during the year (2004: 4.38%).

Note 9. Receivables

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Trade debtors	**18,622**	13,800	**4,421**	3,363
Less: Provision for doubtful debts	**(110)**	(248)	**-**	-
	18,512	13,552	**4,421**	3,363
Distributions receivable from associates	**1,709**	969	**212**	305
Amount receivable from controlled entities	**-**	-	**-**	16,010
Other debtors	**8,969**	7,551	**660**	4,893
Total receivables	**29,190**	22,072	**5,293**	24,571

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

Note 10. Investments

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current Investments				
Investments in property:				
Macarthur Central Shopping Centre, Brisbane	**101,522**	101,154	**12,558**	12,558
Investa Diversified Office Fund	**14,902**	-	**-**	-
Investments in unlisted property trusts:				
Martin Place Trust	**-**	10,500	**-**	-
Total Current Investments	**116,424**	111,654	**12,558**	12,558
Non-Current Investments				
Investments in unlisted companies:				
CPG Australia Pty Limited [2]	**103,504**	-	**-**	-
Investments in property:				
Kings Row, Brisbane [1]	**-**	33,338	**-**	-
Investments in unlisted property trusts:				
SUNPAC Property Fund [1]	**-**	106,729	**-**	-
231 Elizabeth Street Trust [1]	**-**	58,362	**-**	-
Investa South Melbourne Trust [1]	**-**	51,425	**-**	-
Collins Property Trust	**2,318**	**-**	**-**	-
Investa Commercial Property Fund	**64,647**	**-**	**-**	-
Total Non-Current Investments	**170,469**	249,854	**-**	-

[1] These investments are held by Investa Commercial Property Fund ("ICPF"). At 30 June 2004, ICPF was consolidated on the basis that the consolidated entity had a controlling interest of 76.3%. At 30 June 2005, ICPF is no longer consolidated, but is recorded as a non-current investment on the basis that the consolidated entity's interest has fallen to 21.2%.

[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 exerciseable 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 11. Property development inventories

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'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 property development inventories	**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	**9,399**	3,266	**-**	-
Other costs	**7,275**	2,696	**-**	-
Total non-current property development inventories	**241,660**	134,916	**-**	-
Current – development projects				
At cost	**62,355**	34,519	**-**	**-**
Non-Current – development projects				
At cost	**234,449**	130,435	**-**	**-**
At net realisable value	**7,211**	4,481	**-**	**-**
	241,660	134,916	**-**	**-**

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

Note 12. Investments in controlled entities

Name of entity	Country of incorporation	Class of share/ unit	Equity 30 June 2005	Equity 30 June 2004
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 Nominees Pty Limited	Australia	Ordinary	100 %	100 %
Investa Residential Developments Pty Limited (formerly Investa Developments 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 %
Centennial Trust (formerly Cairns Trust)	Australia	Ordinary	-	55 %
Townsville Trust	Australia	Ordinary	55 %	55 %
Macarthur Central Trust	Australia	Ordinary	100 %	100 %
Investa Commercial Property Fund [1]	Australia	Ordinary	-	76 %
Investa Securities Pty Ltd	Australia	Ordinary	100%	-

[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 ICPF 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.

Note 13. Property, plant and equipment

	Consolidated		**Parent entity**	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Property, plant & equipment				
At cost	**3,393**	2,679	**1,544**	1,268
Less: Accumulated depreciation	**(2,070)**	(1,650)	**(849)**	(596)
Total property, plant and equipment	**1,323**	1,029	**695**	672

Note 13. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment for the financial year are set out below:

	Consolidated	Parent entity
	Fixtures & Fittings $'000	**Fixtures & Fittings $'000**
Carrying amount at 1 July 2004	**1,029**	**672**
Additions	**730**	**277**
Disposals	**(16)**	**-**
Depreciation	**(420)**	**(254)**
Carrying value at 30 June 2005	**1,323**	**695**

Note 14. Loans to employees

	Consolidated		Parent entity	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Loans to employees	**16,455**	12,012	**-**	7,386

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. During the year all ESAP holdings were transferred to Investa Nominees Pty Limited.
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 15. Intangible assets

	Consolidated		Parent entity	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Corporate property services establishment costs	**3,500**	3,500	**3,500**	3,500
Less: accumulated amortisation	**(1,937)**	(1,310)	**(1,937)**	(1,310)
	1,563	2,190	**1,563**	2,190
Goodwill – Silverton Limited	**5,148**	5,148	**-**	-
Less: accumulated amortisation	**(3,781)**	(2,751)	**-**	-
	1,367	2,397	**-**	-
	2,930	4,587	**1,563**	2,190

Note 16. Payables

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current payables				
Trade creditors	**8,289**	9,524	**5,110**	2,618
Other creditors	**5,491**	998	**4,148**	463
Total payables	**13,780**	10,522	**9,258**	3,081
Non-current payables				
Other creditors	**838**	-	**838**	-
Total payables	**14,618**	10,522	**10,096**	3,081

Note 17. Interest and non-interest bearing liabilities

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current interest and non-interest bearing liabilities				
Loans from related parties (refer to Note 25)	**105,535**	102,201	**-**	-
Total current	**105,535**	102,201	**-**	-
Non-current interest and non-interest bearing liabilities				
Loans from related parties (refer to Note 25)	**429,433**	277,623	**-**	-
Cash advance facilities	**-**	63,000	**-**	-
Total non-current	**429,433**	340,623	**-**	-
Total interest and non-interest bearing liabilities	**534,968**	442,824	**-**	-

Financing arrangements
Access was available at balance date to the following lines of credit:

Cash advance and contingent liability arrangements	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Total facilities:				
Related party loans [1]	**534,968**	379,824	**-**	-
Cash advance facilities (secured)[2]	**-**	65,000	**-**	-
	534,968	444,824	**-**	-
Used at balance date:				
Related party loans	**534,968**	379,824	**-**	-
Cash advance facilities (secured)	**-**	63,000	**-**	-
	534,968	442,824	**-**	-
Unused at balance date	**-**	2,000	**-**	-

[1]Investa Properties Limited and its subsidiaries have access to funding from Investa Property Trust at commercial interest rates and the loans are unsecured.
[2]The secured cash advance facility had a limit of $65,000,000 and was provided by Westpac Banking Corporation to the Investa Commercial Property Fund (ICPF). The facility was secured over the assets of ICPF.

Note 18. Provisions

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current – Provisions				
Employee entitlements	**5,818**	3,485	**4,974**	2,478
Other provisions	**-**	26	**-**	-
Dividends[1]	**1,493**	4,431	**1,493**	3,587
Total current provisions	**7,311**	7,942	**6,467**	6,065
Non-current - Provisions				
Long service leave	**599**	440	**299**	218
Total non-current provisions	**599**	440	**299**	218
Total provisions	**7,910**	8,382	**6,766**	6,283

[1] Includes $Nil (2004:$844,000) payable to outside equity interests.

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

Consolidated	**Long service leave $'000**	*** Other employee entitlements $'000**	**Other provisions $'000**	**Dividends $'000**	**Total Provisions $'000**
Carrying amount at start of year	**440**	**3,485**	**26**	**4,431**	**8,382**
Movement in the year					
Paid out during the year	**(21)**	**(2,828)**	**-**	**(4,431)**	**(7,280)**
Additional provisions recognised	**180**	**5,161**	**(26)**	**1,493**	**6,808**
Carrying amount at end of the year	**599**	**5,818**	**-**	**1,493**	**7,910**

Parent entity	**Long service leave $'000**	*** Other employee entitlements $'000**	**Other provisions $'000**	**Dividends $'000**	**Total Provisions $'000**
Carrying amount at start of year	**218**	**2,478**	**-**	**3,587**	**6,283**
Movement in the year					
Paid out during the year	**(4)**	**(1,874)**	**-**	**(3,587)**	**(5,465)**
Additional provisions Recognised	**85**	**4,370**	**-**	**1,493**	**5,948**
Carrying amount at end of the year	**299**	**4,974**	**-**	**1,493**	**6,766**

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

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

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

Note 19. Contributed equity

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
(a) Value of shares				
Opening balance	**77,356**	20,133	**77,356**	20,133
Issue of shares	**5,792**	57,373	**5,792**	57,373
Cost for issue of shares	**(8)**	(150)	**(8)**	(150)
Closing balance	**83,140**	77,356	**83,140**	77,356
Non-cash financing and investing activities:				
- Issue of securities for the acquisition of DOF	**-**	53,693	**-**	53,693
- Issue of securities for the acquisition of CPG	**3,240**	-	**3,240**	-
- Dividends satisfied by the issue of securities under the Group distribution reinvestment plan	**2,552**	2,030	**2,552**	2,030
Total non-cash financing and investing activities	**5,792**	55,723	**5,792**	55,723
Proceeds from share issue	**-**	1,650	**-**	1,650
Total issue of shares	**5,792**	57,373	**5,792**	57,373

(b) Number of shares

		Consolidated		Parent entity	
		2005	2004	**2005**	2004
		No.'000	No.'000	**No.'000**	No.'000
Opening balance		**1,434,890**	885,529	**1,434,890**	885,529
Unit issue DOF acquisition	- 29/07/03 @ $1.92	**-**	83,614	**-**	83,614
Dividends reinvested	- 22/08/03 @ $2.01	**-**	9,273	**-**	9,273
Unit issue DOF acquisition	- 06/08/03 @ $1.92	**-**	8,228	**-**	8,228
Unit issue DOF acquisition	- 14/08/03 @ $1.92	**-**	33,695	**-**	33,695
Unit issue DOF acquisition	- 20/08/03 @ $1.92	**-**	106,170	**-**	106,170
Unit issue DOF acquisition	- 27/08/03 @ $1.92	**-**	102,891	**-**	102,891
Unit issue DOF acquisition	- 02/09/03 @ $1.92	**-**	102,573	**-**	102,573
Unit issue DOF acquisition	- 09/09/03 @ $1.92	**-**	31,855	**-**	31,855
Unit issue DOF acquisition	- 11/09/03 @ $1.92	**-**	3,316	**-**	3,316
Unit issue DOF acquisition	- 14/10/03 @ $1.92	**-**	25,966	**-**	25,966
Dividends reinvested	- 21/11/03 @ $1.94	**-**	4,534	**-**	4,534
Placement of Units	- 20/02/04 @ $1.92	**-**	26,042	**-**	26,042
Dividends reinvested	- 20/02/04 @ $1.92	**-**	4,853	**-**	4,853
Dividends reinvested	- 21/05/04 @ $1.94	**-**	6,351	**-**	6,351
Dividends reinvested	- 20/08/04 @ $1.92	**8,076**	-	**8,076**	-
Dividends reinvested	- 19/11/04 @ $2.01	**9,632**	-	**9,632**	-
Placement of Units	- 21/12/04 @ $2.06	**29,126**	-	**29,126**	-
Dividends reinvested	- 21/02/05 @ $2.24	**11,014**	-	**11,014**	-
	Closing balance	**1,492,738**	1,434,890	**1,492,738**	1,434,890

Note 19. Contributed equity (continued)

Distribution reinvestment plan issues (DRP)
The parent entity has established a distribution reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares 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 parent entity. In the year ended 30 June 2005, the Investa Property Group issued 28,722,000 (2004: 25,011,000) shares under the DRP, and the allocated 5.0% to the parent entity (2004: 3.3%) and 95.0% to Investa Property Trust (2004: 96.7%).

Security purchase plan
The security purchase plan was established to provide an opportunity for all eligible securityholders to buy additional securities in Investa Property Group. No offers were made under this plan during the current financial year (2004: Nil).

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

Note 20. Outside equity interest

	Consolidated	
	2005	2004
	$'000	$'000
Interest in:		
Contributed equity	**-**	44,044
Retained Profits	**-**	84
Total outside equity interest	**-**	44,128

At 30 June 2004, ICPF was consolidated on the basis that the consolidated entity had a controlling interest of 76.3%. At 30 June 2005, ICPF is no longer consolidated, but is recorded as a non-current investment on the basis that the consolidated entity's interest has fallen to 21.2%.

Note 21. (Accumulated losses)/Retained profits

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Retained profits at the beginning of the financial year	**3,230**	3,726	**2,044**	803
Net (loss)/ profit attributable to members of Investa Properties Limited	**(2,913)**	8,670	**4,441**	10,407
Dividends paid and payable	**(1,493)**	(9,166)	**(1,493)**	(9,166)
(Accumulated losses)/Retained profits at the end of the financial year	**(1,176)**	3,230	**4,992**	2,044

Note 22. Total equity

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent entity 2005 $'000	Parent entity 2004 $'000
Total equity at the beginning of the financial year	**124,714**	48,055	**79,400**	20,936
Total changes in equity recognised in the Statements of Financial Performance	**(2,913)**	8,670	**4,441**	10,407
Transactions with owners:				
Issue of shares	**5,784**	57,223	**5,784**	57,223
Dividends paid and payable	**(1,493)**	(9,166)	**(1,493)**	(9,166)
Outside equity interest (Refer note 20)	**(44,128)**	19,932	**-**	-
Total equity at the end of the financial year	**81,964**	124,714	**89,132**	79,400

Note 23. Dividends

	Consolidated 2005 $'000	Consolidated 2004 $'000
Ordinary shares		
Franked @30% - 0.25 cents per share – 30 September 2003	**-**	3,483
Franked @30% - 0.15 cents per share – 31 December 2003	**-**	2,096
Final dividend franked @30% - 0.25 cents per share – 30 June 2004	**-**	3,587
Final dividend franked @30% - 0.10 cents per share – 30 June 2005[1]	**1,493**	-
Total dividends paid and payable	**1,493**	9,166

[1] The 30 June 2005 dividend will be paid on 22 August 2005.

Franked dividends

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

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent entity 2005 $'000	Parent entity 2004 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	**10,225**	9,381	**7,355**	367

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

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

Note 24. Financial instruments

(a) Credit risk exposures

The consolidated entity'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 consolidated entity 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) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities of the consolidated entity approximates their carrying amounts, as recognised in the consolidated statement of financial position.

(c) Interest rate risk exposures

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

The consolidated entity's exposure to interest rate risk is set out in the following table:

			Fixed interest maturing in:				
2005		**Floating interest rate**	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Non-Interest Bearing**	**Total**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets							
Cash	8	**1,119**	**-**	**-**	**-**	**-**	**1,119**
Receivables	9	**-**	**-**	**-**	**-**	**29,190**	**29,190**
Loans to employees	14	**-**	**-**	**-**	**-**	**16,455**	**16,455**
		1,119	**-**	**-**	**-**	**45,645**	**46,764**
Financial liabilities							
Related party loans	25	**534,968**	**-**	**-**	**-**	**-**	**534,968**
Payables	16	**-**	**-**	**-**	**-**	**14,618**	**14,618**
		534,968	**-**	**-**	**-**	**14,618**	**549,586**
Net financial (liabilities)/assets		**(533,849)**	**-**	**-**	**-**	**31,027**	**(502,822)**

Note 24. Financial instruments (continued)

The consolidated entity's exposure to interest rate risk as at 30 June 2004 is set out in the following table:

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	8	4,491	-	-	-	-	4,491
Receivables	9	-	-	-	-	22,072	22,072
Loans to employees	14	-	-	-	-	12,012	12,012
		4,491	-	-	-	34,084	38,575
Financial liabilities							
Cash advance facility	17	63,000	-	-	-	-	63,000
Related party loans	25	379,824	-	-	-	-	379,824
Payables	16	-	-	-	-	9,524	9,524
		442,824	-	-	-	9,524	452,348
Net financial (liabilities)/assets		(438,333)	-	-	-	24,560	(413,773)

Note 25. Related parties

Directors
The names of persons who were directors of Investa Properties Limited, 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 and retirement benefits
Information on remuneration of directors is disclosed in the Directors Report.

Loans to directors
A non-interest bearing, non-recourse ESAP loan, of a kind referred to in note 14, 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 14.

Wholly-owned group
The wholly owned group consists of Investa Properties Limited and its wholly owned controlled entities, Investa Asset Management Pty Limited, Investa Nominees Pty Limited, Investa Third Industrial Trust, Macarthur Central Trust, Investa Asset Management (QLD) Pty Limited, Investa Commercial Developments Pty Limited (formerly Silverton Real Estate Pty Limited) and Investa Development Holdings Pty Limited and its controlled entities. Ownership interests in the controlled entity are set out in Note 12.

Transactions between Investa Properties Limited, Investa Asset Management Pty Limited and Investa Asset Management (Qld) Pty Limited, Investa Nominees Pty Limited, Macarthur Central Trust and Investa Development Holdings Pty Limited during the year consisted of the following:
(a) ESAP administration fee charged by Investa Nominees Pty Limited to Investa Properties Limited, Investa Asset Management Pty Limited, Investa Asset Management (Qld) Pty Limited and Investa Development Holdings Pty Limited;
(b) The declaration of dividends from Investa Development Holdings Pty Limited;
(c) Interest charged on inter company loan between Investa Nominees Pty Limited and Investa Properties Limited.

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

Note 25. Related parties (continued)

	2005 $'000	2004 $'000
Aggregate amounts included in the determination of profit from ordinary activities before income tax (but eliminated on consolidation) that resulted from transactions with :		
Investa Asset Management Pty Limited:		
Corporate expense recovery	**-**	563
Asset management fee	**-**	(1,049)
Investa Nominees Pty Limited:		
ESAP Administration fee	**808**	-
Interest on inter company loan	**447**	-
Investa Development Holdings Pty Limited:		
Dividend	**14,000**	13,300
Corporate expense recovery	**-**	1,079

Responsible entity fees and other income 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 $'000	2004 $'000
Investa Property Trust	**1,274**	2,321
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**	-

Related party loans

The following related party loans are (to)/from Investa Property Trust:

	2005 $'000	2004 $'000
Investa Properties Limited	**4,360**	(13,296)
Investa Nominees Pty Limited	**119,532**	177,833
Investa Development Holdings Pty Limited	**334,776**	126,191
Macarthur Central Trust	**76,300**	75,800
	534,968	366,528

During the year the total interest payable by the consolidated entity on the loans made by Investa Property Trust was $38,428,000 (2004: $25,397,000). The above loans from Investa Property Trust are unsecured and interest is charged at commercial rates.

Note 25. 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 have 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 Company, 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 a 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.

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 consolidated entity 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.

Sale of Assets to Investa Commercial Property Fund
On 23 May 2005, the consolidated entity sold to Investa Commercial Property Fund, an associated entity, in which the consolidated entity has a 21.2% interest, a 17% interest in Martin Place Trust for $11,572,000

Consideration for the sale of this asset was based on the prevailing net tangible asset at the time of sale, supported by an independent external valuation and the asset was sold on normal arms-length commercial terms and conditions. The sale of this asset generated an accounting profit of $1,073,000 for the consolidated entity.

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 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.

Guarantee Provided to IPG Finance Pty Limited
Investa Properties Limited, in its own capacity, in its capacity as Responsible Entity of the Investa Property Trust, and as Responsible Entity of DOF (Delta Office Fund, formerly Principal Office Fund), has guaranteed the obligations of IPG Finance Pty Limited (IPGF) under its loan arrangements. 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.

Note 26. 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.

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.

Note 26. 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	Total $
	Base Fee	Audit & Risk Mngmt Committee	Due Diligence Committee	Nom. & Rem. Committee	Sustainability Committee [3]	Development Group Board	Asset Mngmt Board	Superannua-tion 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	Superannua-tion 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.

Note 26. Director and executive disclosures (continued)

Executive Director
For details of the principles and components of executive pay, refer to page 49.

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 50, 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 26. 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 50. 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).

Note 26. 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.

Note 26. 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 26. 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 to D F Bromell was 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" by D F Bromell was 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**	**42,534**	**698,561**	**743,693**
G B Monk	**1,155,739**	**80,634**	**1,305,562**	**1,370,961**
Total	**2,894,938**	**226,117**	**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.

Note 26. 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 27. Commitments for expenditure

	Consolidated		**Parent entity**	
	2005	2004	**2005**	2004
	$'000	$'000	**$'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	**1,572**	669
Later than one year but not later than 5 years	**8,545**	1,824	**7,859**	490
Commitments not recognised in the financial statements	**10,533**	3,399	**9,431**	1,159
Representing:				
Non - cancellable operating leases	**10,533**	2,730	**9,431**	1,159
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	**597**	508
Later than one year but not later than 5 years	**514**	479	**514**	479
Commitments not recognised in the financial statements	**1,111**	987	**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	**-**	-

Note 28. Economic dependency

The controlled entities, Investa Asset Management Pty Limited and Investa Asset Management (QLD) Pty Limited, depend for a significant volume of revenue on Investa Property Trust and its controlled entities as well as a number of Investa related property syndicates.

Note 29. Reconciliation of operating profit after income tax to net cash inflow from operating activities

	Consolidated		Parent entity	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Profit (loss) from ordinary activities after income tax	**(2,913)**	8,670	**4,441**	10,407
Depreciation	**420**	536	**254**	304
Amortisation	**1,657**	1,657	**627**	627
(Decrease)/ increase in provision for income tax payable	**1,450**	(3,392)	**(2,695)**	(2,196)
Increase/(decrease) in payables	**13,215**	7,924	**11,447**	1,871
Decrease /(increase) in inventories	**(134,577)**	(35,949)	**-**	-
Net gain on sale of non current assets	**(1,392)**	(2,323)	**-**	(397)
(Increase)/decrease in other assets	**(6,936)**	(14,644)	**17,321**	(14,950)
Net cash inflow(outflow) from operating activities	**(129,076)**	(37,521)	**31,395**	(4,334)

Note 30. Earnings per share

	2005	2004
	Cents	Cents
Basic and diluted earnings per share	**(0.20)**	0.64

	Number	Number
Weighted average number of shares used as the denominator	**'000**	'000
Weighted average number of ordinary shares used as the denominator in calculating earnings per share	**1,467,015**	1,346,650

Note 31. Investments in associates

	Ownership interest		Consolidated carrying amount	
	2005	2004	**2005**	2004
	%	%	**$'000**	$'000
Investa South Melbourne Trust	**-**	50.0%	**-**	51,425
231 Elizabeth Street Trust	**-**	50.0%	**-**	58,362
SUNPAC Property Fund	**-**	50.0%	**-**	106,729
Investa Commercial Property Fund	**21.2%**	76.3%	**64,647**	-
CPG Australia Pty Ltd	**40.0%**	-	**103,504**	-
Collins Property Trust	**10.4%**	-	**2,318**	-
Investa Diversified Office Fund	**22.2%**	-	**14,902**	-
			185,371	216,516

Movements in carrying amounts of investments in associates	**2005**	2004
	$'000	$'000
Carrying amount at start of year	**216,516**	212,416
Additions	**185,371**	4,100
Disposals	**(216,516)**	(4,100)
Carrying amount at end of year	**185,371**	216,516

Results attributable to associates	**2005**	2004
	$'000	$'000
Operating profits before income tax	**13,074**	15,158
Share of associates tax expense	**(1,357)**	-
Operating profits after income tax expense	**11,717**	15,158
Less: Distributions received/receivable	**(9,038)**	(15,158)
Undistributed income attributable to associates at the beginning of the financial year	-	-
Undistributed income attributable to associates at the end of the financial year	**2,679**	-

Reserves attributable to associates	**2005**	2004
	$'000	$'000
Asset Revaluation Reserve	**-**	-
Balance at the beginning of the financial year	**22,978**	22,978
Entity's no longer equity accounted	**(22,978)**	-
New associates equity accounted	**7,177**	-
Balance at the end of the financial year	**7,177**	22,978

Share of associate's capital commitments	**2005**	2004
	$'000	$'000
Capital commitments	**593**	381

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

Summary of the performance and financial position of associates	**2005**	2004
The aggregate 2005 profits, and year end assets and liabilities of associates attributable to all shareholders in those entities was as follows:	**$'000**	$'000
Profits from ordinary activities	**24,447**	30,316
Assets	**1,155,352**	431,088
Liabilities	**637,204**	2,155

Note 32. Events occurring after reporting date

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

Note 33. Contingent liabilities and contingent assets

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

Note 34. 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 consolidated 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 consolidated entity has established a Project Control Group (PCG) and Technical Review Committee comprising key internal staff and external advisers. The PCG has developed a comprehensive transition plan to identify, resolve and implement required accounting policy changes, and this plan is currently on schedule.

Note 34. Impact of adopting AASB equivalent to IASB standards (continued)

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 consolidated entity 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 consolidated entity's financial statements could be materially impacted by these changes in the future.

Changes applicable from 1 July 2004

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.

No material impact is expected on the statement of financial performance or the balance of investment property on transition to A-IFRS.

Lease revenue recognition
AASB 117 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.

There is not expected to be any material impact to the A-IFRS statement of financial performance for the year ended 30 June 2005.

Business combinations
Under AASB 3 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 AASB 138 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 $1,657,000 and would be the same 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 34. Impact of adopting AASB equivalent to IASB standards (continued)

Income tax
Under AASB 112 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. The additional A-IFRS deferred tax asset at 30 June 2005 is $ nil.

The consolidated entity 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 $89,392,000 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, no material impact is expected on the statement of financial position or the statement of financial performance.

Equity Based Compensation Benefits
Under AASB2 Share-Based Payment the accounting treatment of the consoldated entity's ESAP scheme described in Note 26 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.

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 $522,000.

Note 34. 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 consolidated entity 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 IFRS is not expected to have an impact on the company's dividend capacity.

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

	Consolidated $000
Net loss after income tax attributable to security holders	(2,913)
Equity based compensation benefits	(522)
Total A-IFRS net loss attributable to securityholders for the year ended 30 June 2005	**(3,435)**

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

	Consolidated $000
Total A-IFRS adjustments to equity for the year ended 30 June 2005:	
Income tax	-
Equity based compensation benefits	(4,443)
Total reduction in equity from A-IFRS adjustments	**(4,443)**

Changes applicable from 1 July 2005

Financial instruments
The consolidated entity 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 consolidated entity 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 AASB 139 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.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 23 to 59 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 company's and consolidated 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; and

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

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 members of Investa Properties Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Investa Properties Limited (the company) and the Investa Properties Limited Group (defined below) for the financial year ended 30 June 2005 included on Investa Property Group's web site. The company's directors 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 Properties Limited:

- gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Investa Properties Limited and the Investa Properties Limited Group (defined below) as at 30 June 2005, and of their 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 Consolidated Financial Statements, and the directors' declaration for both Investa Properties Limited (the Company) and the Investa Properties Limited Group (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

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

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