IOF

INVESTA OFFICE FUND

Annual Report
30 June 2011

INVESTA

What's inside

ANNUAL REVIEW

GOVERNANCE

OTHER INFORMATION

Guide to the entities as defined within the Annual Review and Governance sections of this Annual Report:

AJO Fund:	Armstrong Jones Office Fund (ARSN 090 242 229)
DOF:	Dutch Office Fund is a stapled security of which IOF has a 13.5% interest. DOF was launched in 1998 and is an investment fund that is focused solely on Dutch office real estate
ILFML:	Investa Listed Funds Management Limited, which became the responsible entity of IOF on 8 July 2011 (ABN 37 149 175 655)
IML:	ING Management Limited, which was the responsible entity of IOF prior to 7 July 2011 (ABN 15 006 065 032)
Investa:	Investa Property Group Holdings Pty Limited (ACN 125 612 419) and its related bodies corporate, including ILFML and Investa Properties Pty Limited (which is the parent of ILFML)
IOF *or* the Fund:	Investa Office Fund, previously known as ING Office Fund, which comprises the AJO Fund and the PCP Trust
PCP Trust:	Prime Credit Property Trust (ARSN 089 849 196)

Notes pertaining to this Annual Report:

– All dollar figures are in Australian dollars unless otherwise stated
– Figures may be subject to rounding

investa.com.au/IOF

COVER: 20 BOND STREET, SYDNEY

IOF

Investa Office Fund ("IOF" or "Fund"), previously known as ING Office Fund, is an ASX-listed real estate investment trust ("A-REIT") and is included in the S&P/ASX100 index. The Fund is a leading owner of investment grade office buildings and receives rental income from a tenant register comprising predominantly Government and blue chip tenants.

IOF has total assets under management of A$2.6 billion with investments located in core CBD markets throughout Australia and select offshore markets in the US and Europe. IOF's strategy is to reposition the portfolio with a domestic only focus.

93%
Portfolio occupancy

4.8yrs
Weighted average lease expiry

20.5%
Gearing

$0.73
Net tangible assets per unit

02

Letter from the Chairman

Introduction

"The change in responsible entity comes with the introduction of enhanced corporate governance initiatives and importantly, the Board is now dedicated entirely to IOF."

347 KENT STREET, SYDNEY

Deborah Page,
Chairman

Dear Unitholder

On behalf of the Board of the Responsible Entity of IOF, I am pleased to present the 2011 Annual Report.

Change in Management

In March 2011, it was announced that Investa Property Group ("Investa") would assume the management rights of IOF and in April the management team transitioned to Investa and the name of the Fund was changed from ING Office Fund to Investa Office Fund.

In July 2011, Unitholders voted in favour of a change in responsible entity to Investa Listed Funds Management Limited ("ILFML"), a wholly owned subsidiary of Investa. The new management structure ensures IOF is supported and complemented by Investa's integrated Australian property platform and highly experienced team to deliver better portfolio performance and thus enhance value.

As a result, there is a new Board in place for IOF comprising a majority of independent directors including Peter Rowe, Peter Dodd and myself, along with executive directors Scott MacDonald and Ming Long. Together we bring a breadth and depth of Board and management experience across the real estate, financial and legal sectors. The change in responsible entity comes with the introduction of enhanced corporate governance initiatives and importantly, the Board is now dedicated entirely to IOF.

Unitholders have also approved new responsible entity fee arrangements. The fee is fixed at $8.6 million per annum to 30 June 2012, and thereafter will be 0.55% per annum of IOF's average market capitalisation to be paid quarterly, where the fee for a quarter cannot change by more or less than 2.5% from the prior quarter. The introduction of a responsible entity fee based on market capitalisation rather than the value of assets under management, is a market leading initiative and a positive for investors, providing better alignment of interests between the manager and Unitholders.

In August 2011, the Fund was pleased to announce the refinance of its syndicated debt facility and the intention to undertake an on-market buyback of up to 10% of issued units. The Board and management believe the current unit price does not fully reflect the underlying value of IOF's portfolio and considers a buyback an attractive capital management initiative.

Distributions and Outlook

In June 2011, IOF announced a distribution of 0.975 cents per unit for the quarter to 30 June 2011. This brought the total distribution for FY2011 to 3.9 cents per unit.

IOF's policy, subject to the terms of the Constitution, is to pay out 70-80% of operating income or 100% of taxable income, whichever is greater. 2012 earnings are expected to be impacted by the timing and quantum of the buyback and the progress of offshore asset sales. Management therefore anticipates earnings will be broadly in line with 2011 and distributions will remain at 3.9 cents per unit, subject to prevailing market conditions.

Heading into 2012, the Board is confident that the governance and management changes implemented for IOF will provide a stable platform from which to pursue the Fund's core strategy to be Australia's pre-eminent CBD office fund.

On behalf of the Board I would like to thank you for your support. I look forward to leading the Board in 2012 and reporting on our progress to you next year.

Deborah Page AM
Chairman, Investa Listed Funds Management Limited

Letter from the Fund Manager

Year in review

"The strategy is to reposition IOF as Australia's pre-eminent CBD office Fund with a diverse portfolio of high performing investment grade office assets."

111 PACIFIC HIGHWAY, NORTH SYDNEY

Tino Tanfara,
Fund Manager

Dear Unitholder,

For the financial year ended 30 June 2011, IOF delivered a net profit of $143.9 million compared with $42.5 million for the previous financial year. This was primarily the result of improving property values across IOF's office portfolio.

From an operating perspective, which excludes fair value movements and other non-operating items, the Fund's operating income was $135.6 million, compared with $151.2 million for the previous financial year, predominantly as a result of the ongoing repositioning of the Fund's portfolio.

Operationally, and in line with our strategy of repositioning the Fund's portfolio to focus on the Australian CBD office markets, the past 12 months have been focused on improving occupancy, delivering on our redevelopments and reducing the Fund's offshore and suburban office exposure.

Portfolio Update

In Australia, the Fund leased over 48,500sqm, with the majority of the leasing occurring at the recently re-developed 10-20 Bond Street building in Sydney. Approximately 28,000sqm of the asset was leased, taking the total leasing commitments to 81%, well ahead of management's expectation of 40% by 30 June 2011.

In the US over 201,000sqft was leased during the year improving US portfolio occupancy to 89% from 81% 12 months ago. In Europe, portfolio occupancy reduced slightly to 90% from 92% 12 months ago, as a result of higher vacancy levels from the Fund's investment in the Dutch Office Fund ("DOF").

Overall, the IOF portfolio ended the year with an occupancy level of 93%, up from 92% a year ago and a weighted average lease expiry of 4.8 years, providing the Fund with a reliable income stream to support future earnings. Management will continue to focus on managing lease expiries and further improving occupancy over the year ahead, in an Australian office sector showing clear signs of improvement.

Valuations and Net Tangible Assets

Valuations across the Australian and US portfolios continued to improve over the year. In Europe, as a result of the limited current investment demand for the Fund's investment in DOF, management has fair valued this investment lower at 30 June 2011. This, together with a material appreciation in the Australian dollar over the year, resulted in a slight reduction in the Fund's Net Tangible Asset ("NTA") backing per unit from $0.74 at 30 June 2010 to $0.73 at 30 June 2011.

Divestments and Offshore Asset Sale Update

Over the past year, the Fund finalised the sale of three assets in line with its strategy of focusing on the Australian CBD office markets. Two assets in the US were disposed of for a total consideration of US$92.7million, leaving only three assets remaining in the US. In addition, the Fund disposed of one suburban office building in Victoria, reducing its Australian suburban office market weighting to 3.6% of portfolio value.

Management continues to move forward with the sale process for the remaining assets in the US and Europe and expects that the majority of the remaining offshore assets, excluding the Fund's investment in DOF, to be completed by 30 June 2012.

Balance Sheet

The Fund's balance sheet is strong with gearing at 20.5%, which is below its targeted gearing range of 25% to 35%, providing it with sufficient liquidity and capacity to execute its strategy.

In August 2011, the Fund entered into a new three year corporate debt facility with a limit of $552 million, replacing its existing debt facility which was due to expire in June 2012. As part of securing the new facility, the Fund announced an on-market buyback of up to 10% of issued units.

Year Ahead

The Fund has a number of key strategies for FY2012 which are detailed on the following pages. The management team will be working towards executing these over the year ahead to reposition the portfolio, stabilise earnings for growth and enhance Unitholder value.

On behalf of the entire management team, I would like to thank Unitholders for their support over 2011 and look forward to your continued support throughout 2012.

Yours sincerely,

Tino Tanfara
Fund Manager

06

Strategy

Key strategies for 2012

232 ADELAIDE STREET
BRISBANE

628 BOURKE STREET
MELBOURNE

111 PACIFIC HIGHWAY
NORTH SYDNEY

To deliver enhanced Unitholder returns, the strategy is to focus on the Fund's A-grade assets in core Australian office markets where it can actively enhance returns via proactive asset management and by repositioning or upgrading assets through the market cycle. Investa's overarching strategy is to reposition IOF as Australia's pre-eminent CBD office fund with a diverse portfolio of high performing investment grade office assets.

Having assumed the management of IOF in April 2011 Investa will continue to execute its stated strategy for IOF, together with a range of new initiatives that aim to create future value for Unitholders over time including:

Optimise investment returns via capital management initiatives

On 15 August 2011, the Fund announced the intention to undertake an on-market buyback of up to 10% of issued units. The Board and management of IOF determined the prevailing unit price did not fully reflect the underlying value of IOF's portfolio and therefore consider a buyback an attractive capital management initiative to enhance Unitholder value. The ability to undertake the buyback is in effect until August 2012.

Exit offshore assets and reinvest proceeds into quality Australian office properties in core CBD markets

The Fund currently has assets in key North American and European markets, but in line with strategy is undertaking a withdrawal from these offshore markets. Where the opportunity arises, proceeds from these sales will be redeployed into Australian CBD office markets. Management will focus on the sale of assets in the US, France and Belgium, while the divestment of DOF in the Netherlands is expected to occur beyond financial year 2012.

In the interim, these offshore assets will be actively managed by locally based asset managers in conjunction with key executives in Australia.

Deliver enhanced returns through proactive management and by repositioning or, upgrading assets through market cycles

To achieve this, the management team is focused on strengthening relationships with tenants to ensure an understanding of tenant needs as they grow and evolve. This approach will assist in delivering strong levels of occupancy and tenant retention across the portfolio and continue to optimise rental review structures to maximise income growth.

Using Investa's development capability the Fund will be able to analyse, then activate major refurbishments or re-developments, with a view to enhancing financial and environmental performance.

FOCUS

Priorities

- Optimise returns via capital management initiatives
- Exit the offshore assets
- Proactive asset management
- Leverage Investa's integrated management platform
- Assume an industry leadership position on sustainability
- Maintain market leading governance

Leverage Investa's integrated management platform and market-leading position to enhance portfolio returns

As one of Australia's largest owners and managers of commercial office property, Investa has the in-house capabilities to deliver and manage premium and A-grade office buildings.

Investa's office ownership and management platform incorporates:

> Portfolio and Asset Management Services
> Property Services
> Development
> Sustainability and Safety

This integrated, commercial real estate business model allows Investa to manage office buildings more productively. The benefit of having people on the ground in each market enables Investa to optimise performance, refurbish or redevelop sites, and collaborate with tenants to deliver their property requirements.

Assume an industry leadership position on environmental sustainability

In recent years the Fund has made significant progress in addressing and identifying opportunities to improve both its environmental and investment performance. Now part of Investa, there is an opportunity to significantly improve this performance. Investa is globally recognised for its sustainability initiatives; this in-house capability will be introduced to the IOF portfolio with a focus on reducing electricity and water usage, in line with Investa's managed portfolios.

Maintain market leading governance

Given the change in responsible entity in July 2011, the new Board is dedicated entirely to IOF. The Board has an independent Chairman, and comprises a majority of independent directors. Unitholders will have the opportunity to ratify or approve the appointment of independent directors, commencing in 2012. In addition, Unitholders approved a new responsible entity fee for the Fund, to be based on market capitalisation rather than assets under management. This is a market leading initiative that delivers greater alignment of interest between the manager and Unitholders.

The Board remains committed to maintaining the highest standards of corporate governance and ethical conduct.

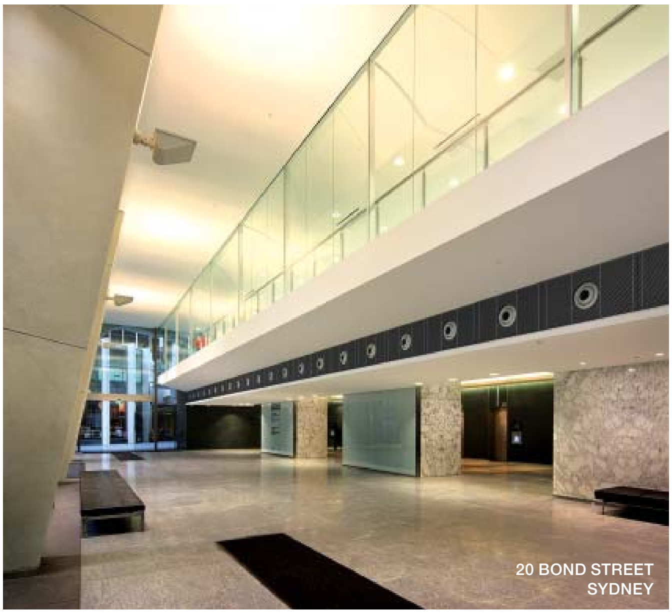
"Investa is committed to delivering on this range of initiatives. We expect to be judged on our performance and believe that consistently delivering on our stated objectives should be a key measure of our progress."

SCOTT MACDONALD, CHAIRMAN & CEO, INVESTA PROPERTY GROUP

08

Financial Highlights

Financial results


20 BOND STREET
SYDNEY


383 LA TROBE STREET
MELBOURNE

RESULTS

Financial position FY2011

	30 June 2011	30 June 2010
Total assets	**$2,504.8m**	$2,553.1m
Total liabilities	**$488.0m**	$506.7m
Gearing (balance sheet)	**14.6%**	15.8%
Gearing (look-through)	**20.5%**	23.2%
Number of units on issue	**2,729m**	2,729m
Net tangible assets per unit	**$0.73**	$0.74
Market Capitalisation	**$1,760m**	$1,583m

RESULTS

Financial performance in FY2011

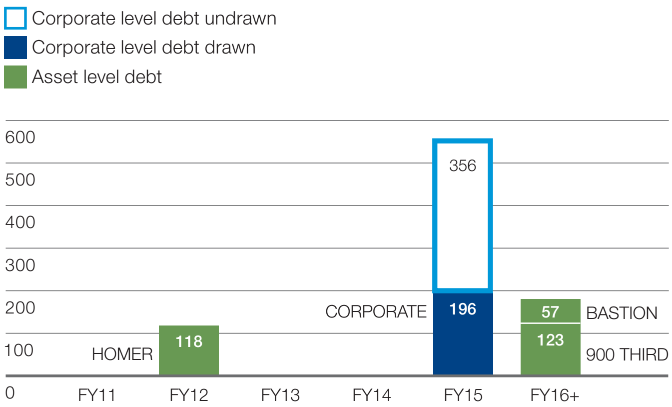
	30 June 2011	30 June 2010
Net profit (statutory)	$143.9m	$42.5m
Operating income	$135.6m	$151.2m
Operating income per unit	5.0c	5.6c
Distributions per unit	3.9c	3.9c
Tax deferred component	61.6%	80.6%

> "The past 12 months have been focused on improving occupancy, delivering on our redevelopments and reducing the Fund's offshore and suburban office exposure."

TINO TANFARA, FUND MANAGER

Fund performance and review

Pro-forma Drawn Debt Maturity Profile ($m)[1]



Financial Performance

The Fund reported a net profit of $143.9 million compared with the prior corresponding period of $42.5 million with the improvement driven primarily by increasing property values across most markets.

After adjusting for fair value and other non-operating items, the Fund's operating income was $135.6 million compared with $151.2 million for the previous financial year. Operating income for the year was largely impacted by the ongoing repositioning of the portfolio, through asset sales, properties undergoing redevelopment and one-off capital transaction costs.

From an operational perspective over the past 12 months, management has focused on improving occupancy, and delivering on redevelopments. As a result, the Fund maintained high occupancy of 93% and its track record of high tenant retention. The Fund's weighted average lease expiry remained strong at 4.8 years across the portfolio and negotiations are underway for all near-term tenant expiries.

The Fund maintained a low gearing level of 20.5% on a look-through basis and a NTA value of $0.73 per unit.

The Fund paid a distribution of 3.9 cents per unit to Unitholders for FY2011 which was in line with guidance provided by management and with the prior year distribution. The Fund remains within its distribution policy payout range of distributing 70% to 80% of operating income or 100% of taxable income, whichever is greater.

Capital Management

As announced on 15 August 2011, a number of major capital management initiatives have recently been implemented, including a new unsecured corporate debt facility of $552 million to replace the previous unsecured syndicate debt facility, which was due to expire in June 2012. The new facility has a maturity of three years providing the Fund with sufficient liquidity and flexibility to execute its strategy.

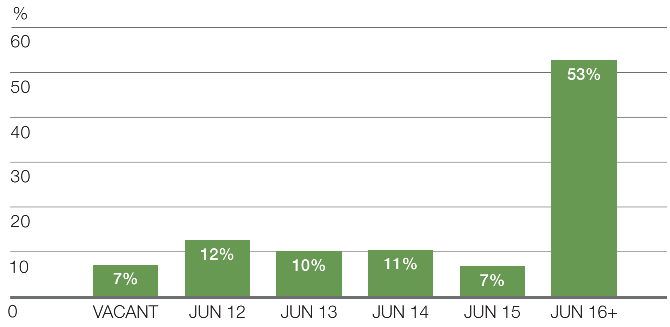
Importantly, the new facility allows the Fund to execute on one of its key initiatives, a unit buyback, which commenced on 29 August 2011, to further enhance value for IOF Unitholders. The on-market buyback of up to 10% of issued units will be in place over the next twelve months, unless the maximum number of units is acquired earlier.

Look-through gearing at 30 June 2011 was 20.5%, which is below the Fund's targeted gearing range of 25% to 35%. This provides sufficient flexibility for the Fund to complete the unit buyback through a combination of proceeds from offshore asset sales and debt, whilst remaining at the bottom end of the target gearing range.

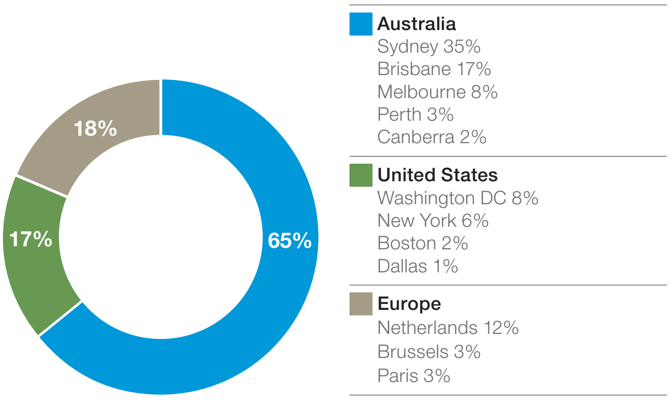
1 Pro-forma including new debt facility and on look-through basis including asset level debt, but excluding DOF fund level debt.

Lease Expiry Profile

By income



Geographic Diversity (by value)



Portfolio Update

	Australia	United States	Europe	Total Portfolio 30 Jun 2011	Total Portfolio 30 Jun 2010
Occupancy (by income)	95%	89%	90%	93%	92%
Retention	62%	39%	100%	61%	60%
Weighted average lease expiry (years)	4.8	4.4	5.3	4.8	5.1
Like-for-like NPI growth (local currency)	3.4%	(3.8%)	(11.1%)	(0.6%)	1.0%
Asset sales	1	1[2]	–	2	4
Net Lettable Area ("NLA") (sqm)[1]	300,605	96,609	140,067	537,281	560,440
No. of property investments	16	4	3	23	25
No. of tenancies	217	81	38	336	348
Book value ($/sqm)	1,662.4	431.5	474.6	2,568.5	2,675.4

The Fund manages $2.6 billion of property assets with nearly two-thirds of the portfolio located in Australia. Across a base of 23 property investments and 336 tenants, the Fund is able to maintain high tenant retention and occupancy by working in collaboration with the Fund's major tenants.

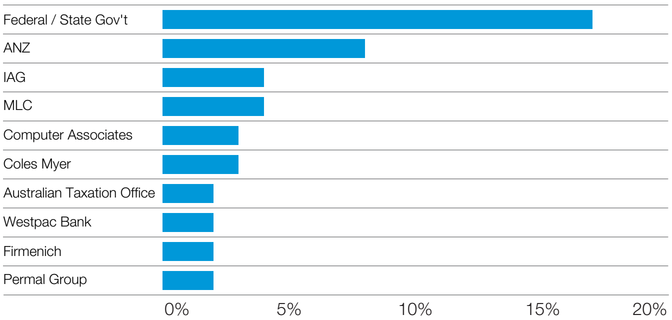
The portfolio continues to be underpinned by a strong tenant base with the majority being government and investment-grade tenants.

1 Based on IOF percentage ownership
2 Excludes Waltham Woods sale, which settled in August 2011

Fund Update (continued)

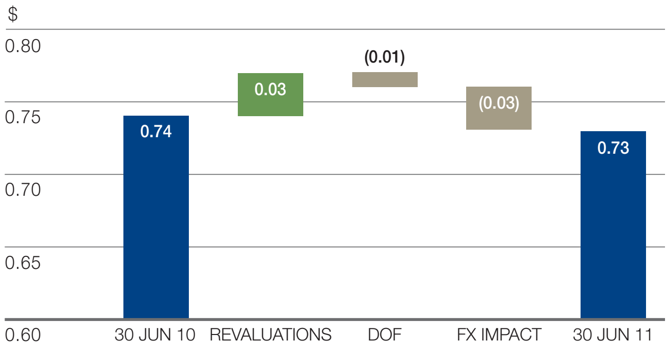
Tenant Profile

Major tenants



Valuations

Movement in NTA



Australia

During the year, the Fund successfully leased over 48,500sqm in Australia with the majority of activity in the Sydney and Brisbane markets. Significant leasing activity has been underway at the recently redeveloped 10-20 Bond Street building in Sydney. Approximately 28,000sqm was leased meaning the building is 81% committed which is well ahead of expectations, and net face rents are approximately 7% higher than anticipated. This is reflective of the quality of the extensive redevelopment as well as the asset's sought after location within the city's financial precinct.

In the Brisbane portfolio, approximately 12,800sqm was leased at both the Australian Government Centre and Hitachi Complex. The continued active asset management across all Brisbane assets has resulted in the Fund maintaining a high overall occupancy rate of 96% in Brisbane.

The Fund successfully retained 62% of the expiring leases and like-for-like net property income growth for the portfolio was 3.4%. There have been clear signs of improvement in office market fundamentals with prime vacancy rates tightening as tenants take advantage of higher incentives on offer to relocate to better quality accommodation.

Offshore Portfolio

In the US portfolio, over 201,000sqft was leased during the year. The majority of the leasing was completed at Waltham Woods in Boston where over 148,000sqft was leased.

Overall US portfolio occupancy increased to 89% from 81% and tenant retention during the year was 39%. Like-for-like net property income for the US portfolio was -3.8%, negatively impacted over the year by lower occupancy at 900 Third Avenue, New York and the remaining vacancy at Waltham Woods in Boston.

The European portfolio has been negatively influenced by the return from the Fund's 13.5% interest in DOF. Income from DOF declined as a result of lower occupancy, leasing costs and asset sales.

Overall, European portfolio occupancy was 90%, down slightly from 92%, reflective of the market environment, however, tenant retention remained high at 100%.

140 CREEK STREET, BRISBANE

105 MILLER STREET, NORTH SYDNEY

Revaluations and NTA per Unit

Independent valuations were completed for approximately 75% (by value) of the IOF portfolio over the year. The revaluations completed at 30 June 2011 resulted in an overall 0.8% valuation increase on book values for the Australian portfolio, a 0.4%[1] valuation increase on carrying values for the US assets and a -6.7%[1] valuation decrease on carrying values for the European assets. The overall portfolio average capitalisation rate firmed by 10 basis points to 7.2% and the Fund's NTA per unit decreased to $0.73 from $0.74 primarily driven by foreign exchange rate movements.

Australia

The Australian portfolio has seen positive valuation movements based on improving office market conditions particularly in Melbourne and Sydney which resulted in a 10 basis point firming in the weighted average capitalisation rate to 7.9%.

Recent transactions suggest investor demand for prime grade CBD assets remains strong supporting the potential for further firming in capitalisation rates and values.

Offshore Portfolio

The positive movement for the US portfolio was due to improved investment demand for assets in New York and Washington DC. The negative movement in Europe was predominantly a result of the accounting fair value treatment of the Fund's investment in DOF of which IOF has a 13.5% interest, reflecting the limited current investment demand for this investment.

Divestments and Offshore Asset Sales Update

Over the past 12 months, the Fund has finalised the sale of three assets in line with its strategy of repositioning its portfolio to focus on the Australian CBD office markets.

In the US, Park Tower in Washington DC, and Waltham Woods in Boston were sold for US$50.7 million and US$42.0 respectively, both assets were unencumbered. Management has also commenced the sale process for the three remaining assets which is expected to be completed over 2012.

In Europe, management has appointed brokers for the sale of the NVH Building in France, and is positioning its Belgian asset for sale, with the primary focus on increasing occupancy from the current level of 77%. In terms of exiting the Fund's European assets, management will focus on the sale of assets in France and Belgium, while the divestment of DOF is expected to occur beyond financial year 2012.

In Australia, the Fund also finalised the sale of 1230 Nepean Highway, Cheltenham, VIC for $21.5 million. This sale reduced the Fund's Australian suburban office market exposure to only 3.6%, consistent with its strategy of focusing on domestic CBD office markets.

Revaluations (at 30 June 2011)	Australia	United States	Europe	Portfolio
% Change	0.8%	0.4%[1]	(6.7%)[1]	(0.8%)
Weighted average capitalisation rate	7.9%	6.1%	5.8%	7.2%

1 Based on constant foreign exchange rates.

About Investa Property Group

Market leadership, proven performance

Investa Property Group, the owner of the Responsible Entity, ILFML, is one of Australia's largest owners and managers of quality real estate. Investa controls assets worth more than $9.6 billion across the commercial, industrial and residential sectors. An experienced property fund manager, Investa has more than $4.7[1] billion in funds under management in its listed and unlisted funds, managed on behalf of over 27,000[1] investors.

Investa has been internationally recognised for its leadership in sustainable property ownership, management and development. Our environmental initiatives have resulted in better performing assets, improved productivity and higher returns to our investors.

Investa has more than 240 employees, and is headquartered in its flagship Deutsche Bank Place development at 126 Phillip Street, Sydney, with offices in Melbourne, Brisbane and Perth.

Investa has two distinct, streamlined business lines – Commercial Property Investments (incorporating its commercial office and funds management business) and Investa Land.

Commercial Property Investments

Commercial Property Investments is the cornerstone of Investa's operation, incorporating more than 1.2 million sqm of institutional grade commercial office property, valued at more than $8.1 billion.

Investa's integrated commercial real estate platform covers the entire spectrum of office ownership and management incorporating funds management, portfolio and asset management services, property services, development and sustainability.

The full service nature of the platform delivers greater control, better efficiency and increased innovation. Investa's direct relationship with its tenants optimises retention and occupancy across the portfolio. In fact, Investa's own office portfolio, the Investa Property Trust, currently has 98% occupancy and 70% tenant retention (by number of tenants).

> "Investa's experience and expertise in the office sector will allow us to optimise the performance of each of the Fund's assets, delivering enhanced value to Unitholders over time."
>
> CAMPBELL HANAN, GROUP EXECUTIVE, HEAD OF COMMERCIAL PROPERTY INVESTMENTS

SUSTAINABILITY GREEN GLOBE AWARDS 2011 Winner

INNOVATION & EXCELLENCE AWARDS

BAULDERSTONE AWARD BEST SUSTAINABLE DEVELOPMENT NEW BUILDINGS 2011 WINNER

1 Including approximately $430m and circa 4,000 investors for the Investa Retail Funds, sold and to be settled by 30 September 2011.

Investa Land

Investa Land is a leading Australian land developer with projects across the residential and industrial sectors. Our development pipeline is valued at more than $2.7 billion incorporating more than 12,300 residential lots, and over 430 hectares of industrial land located around Australia.

Investa Land prides itself on an end-to-end service offering, which is tailored to the unique requirements of our development partners and end customers. As developers we are committed to delivering sustainable, community projects that are progressive and of high quality, located in key growth corridors across Australia which are well serviced by transport, infrastructure and amenity.

Investa's residential developments provide a mix of land, house and land and completed homes and are designed to cater to a range of home owners and investors.

The sustainability credentials of each land development are optimised by investing time during the planning phase to explore initiatives that encourage lower energy use, recycling and sustainable water use, the protection and enhancement of local ecology and engagement with the local community.

Sustainability

Investa was founded on a commitment to sustainability and takes a long term view of both its environmental and social impacts. Investa was the leading real estate company on the Dow Jones Sustainability World Index, prior to being privatised and delisted from the ASX in September 2007. Investa is also a signatory to the United Nations Principles for Responsible Investment, committing to a voluntary and aspirational framework for incorporating environmental, social and corporate governance issues into mainstream investment decision making and ownership practices.

Awards

Not only have Investa's practices set the standard for environmental performance targets amongst our peers, they have been consistently recognised by community, government and industry. At the 2011 Green Globe Awards, Investa received the prestigious 'Premier's Award for Sustainability Excellence,' the 'Built Environment Sustainability Award' and the 'Climate Change Leadership Award.' Investa was also recognised by the Property Council of Australia, with both the 2011 Innovation and Excellence Award for 'NSW Development of the Year' and 'Australia's Best New Sustainable Development of the Year' for its Ark/Coca-Cola Place development in North Sydney.

$9.6b

Commercial, industrial and residential assets owned or managed

1,200+

Total number of tenants in Investa buildings

The Investa platform

IOF management team with Investa senior management representatives.

Investa's competitive strength is as a specialist owner and manager of quality office buildings in core Australian CBD markets, operating on the principle that continued growth and performance is contingent on creating measurable value in our office assets at every level.

Investa's end-to-end office management platform covers the entire spectrum of office ownership and management, providing IOF with in-house portfolio and asset management services, property services, development, project management and sustainability. These functions are further supported by Investa's capability in research, capital transactions, property and trust accounting, finance, legal and marketing.

Underpinning this is a multi-layered team with the depth and breadth of experience that leads the industry in performance and innovative thinking, with each division actively working together to create efficiencies.

By leveraging our scale and broad spectrum expertise, relationships and experience, Investa is one of the best positioned property companies in Australia to drive performance and effectively re-position the IOF portfolio and deliver on the Fund's strategy.

> "IOF's dedicated team comprises committed industry professionals with experience including portfolio management, acquisitions, finance and communications. It is this experience that ensures a balanced and disciplined approach in managing the Fund for the long-term."
>
> TINO TANFARA, FUND MANAGER

IOF'S dedicated team, left to right: Ben Brayshaw, Angela Reade, Tino Tanfara, Ghazaleh Norgard

Tino Tanfara
Fund Manager

With over 20 years' experience in the property funds management and financial services industry, Tino has overall responsibility for the day-to-day management and performance of IOF and its strategy. His responsibilities include formulating and implementing the overall strategic objectives, executing investment and capital management strategies and stakeholder communications to ensure returns to investors are maximised. Tino holds a Bachelor of Business (Accounting) and is a member of the Australian Society of CPAs.

Ben Brayshaw
Portfolio Manager

Ben's role incorporates the day-to-day management of IOF's property portfolio. Ben is responsible for major lease negotiations, tenant relations, budgeting, forecasting, strategic analysis, management reporting and investor communications.

Ben also has extensive experience in fund management including capital management, acquisitions and disposals and strategic planning. Ben holds a Bachelor of Finance, a Bachelor of Business (Property) and an Australian Institute of Company Directors Diploma.

Angela Reade
Investor Relations and Communications Manager

Angela is responsible for all investor communications and managing the relationships and information flow with the investment community. Angela works with the Fund Manager in effectively communicating the strategy, operations and financial performance of the Fund to investors and analysts. Angela brings more than five years' investor relations experience covering a diverse range of real estate sectors. Angela holds a Bachelor of Mechanical Engineering and Bachelor of Commerce degree and is a member of the Chartered Institute of Management Accountants.

Ghazaleh Norgard
Financial Manager

Ghazaleh has over ten years' experience in finance, the last five of that within the property industry. Ghazaleh is responsible for the Fund's internal and external financial reporting requirements which incorporate accounting, tax and treasury functions. Ghazaleh holds a Bachelor of Commerce and is a member of the Institute of Chartered Accountants.

Performing responsibly

“Investa’s environmental initiatives result in better performing assets, improved productivity and over time, higher returns to our investors.”

CRAIG ROUSSAC, GENERAL MANAGER, SUSTAINABILITY, SAFETY & ENVIRONMENT

388 GEORGE STREET, SYDNEY
4.5 Star NABERS Energy Rating and 4 Star Green Star Office ‘As Built’ v2 rating

Investa's dedicated Sustainability team

Prior to Investa assuming management of IOF assets in July 2011, we worked with IOF management and contractors to evaluate performance, identify opportunities and strategies to reduce CO_2 emissions and reduce water, electricity and gas consumption.

Investa's commitment to making performance data available to stakeholders is demonstrated through our latest Annual Sustainability Report, www.investa.com.au/sustainability/2010

Key environmental indicators

Intensity Statistics[1]

IOF achieved significant improvements in key environmental indicators over the course of the year:

> Electricity consumption reduced from 158.1kWh/m² to 133.2kWh/m², a reduction of 16%.

> Natural gas consumption reduced from 256.2MJ/m² to 141.6MJ/m², a reduction of 45%.

> Greenhouse Gas Emissions reduced from 150.7kg. CO_2-e/m² to 125.0kg. CO_2-e/m², a reduction of 17%.

> Water consumption intensity reduced from 951.9L/m² to 783.8L/m², a reduction of 18%.

Footprint Statistics

IOF's greenhouse emissions footprint due to energy use (electricity and gas consumption) reduced from 54,693t.CO_2-e in 2010 to 49,915t.CO_2-e in 2011, a reduction of 9%.

IOF's water consumption footprint reduced from 322,030kL in 2010 to 268,753kL in 2011, a reduction of 17%.

16%
Reduction in electricity consumption

45%
Reduction in natural gas consumption

17%
Reduction in greenhouse gas emissions

18%
Reduction in water consumption

1 In compiling the intensity statistics the following assets were excluded in accordance with Investa's reporting rules: all offshore assets, 800 Toorak Rd, Melbourne and 383 La Trobe Street, Melbourne.

Sustainability (continued)


295 ANN STREET, BRISBANE

Capital Investments

A range of capital investment projects contributed to the significant improvement in the operating efficiency of IOF's Australian assets. At the majority of sites, these investments were monitored by detailed submetering systems that were installed between December 2008 and May 2010. Business cases were subsequently established, which included upgrades to chillers, cooling towers and Building Management Control Systems, variable speed drive installations, air quality monitoring systems and hot water improvements.

The philosophy of installing metering equipment prior to initiating more significant capital investments, or operational changes, is consistent with the approach successfully adopted by Investa since FY2004, and we anticipate the Fund following a similar, although much accelerated, trajectory drawing on Investa's in-house management experience. We have observed that investment returns are significantly enhanced when technological improvements are combined with training and development opportunities for building operators.

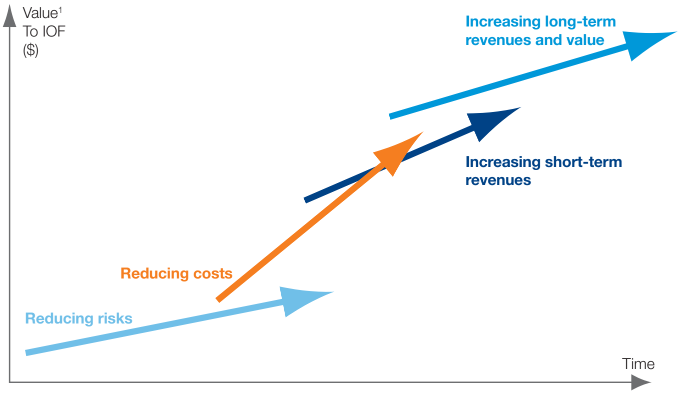
Investa's Approach

Investa's industry-leading sustainability platform has been built over many years. It started with a strong focus on addressing tangible issues, such as the risks and costs associated with operating buildings, a focus that is ongoing. From that solid base the focus has since shifted to enhancing investment returns through active management and by fostering strong tenant and stakeholder relationships. For IOF, our approach is to initially focus on reducing our risks and costs and will shift to revenue enhancing opportunities once we are satisfied we have a strong base upon which to build.

Safety

There were no significant safety incidents or breaches reported during the period and no communications with regulatory authorities. Investa's internal safety and environmental specialists visited all directly-managed assets prior to the transfer to Investa and while a range of improvement opportunities were identified, no matters considered to be of immediate material risk came to light.

Investa's Approach



Further information regarding Investa's sustainability principles, performance and achievements is available from the sustainability section of Investa's website at www.investa.com.au/sustainability

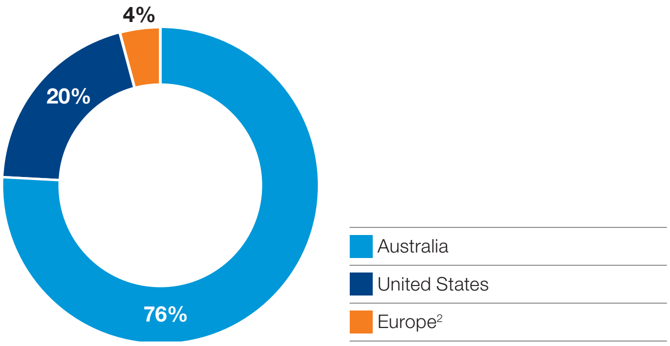
1 Adapted from DowseCSP building on PwC tangibles value hierarchy and McKinsey & Co intangibles generic model.

20 BOND STREET, SYDNEY


388 GEORGE STREET, SYDNEY

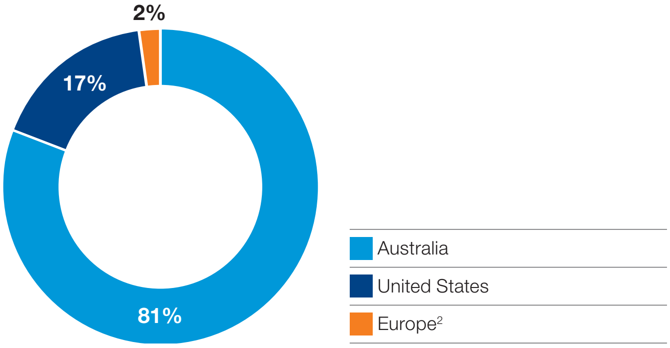
IOF's Greenhouse Gas Emission Footprint by Location

IOF's greenhouse emissions footprint reduced by 9% from 54,693t.CO_2-e in 2010 to 49,915t.CO_2-e in 2011.



IOF's Water Footprint by Location[1]

IOF's water consumption footprint reduced by 17% from 322,030kL in 2010 to 268,753kL in 2011.



Carbon Price

The Australian Government's proposal to put a price on greenhouse gas emissions will provide an incentive for businesses and households to move to lower emissions products. The scheme will require companies with any individual facility that emits >25,000 tonnes of carbon dioxide equivalent (CO_2-e) per year of 'Scope 1' emissions (which does not include emissions due to electricity consumption) to pay $23 per tonne of carbon. While IOF will not be directly liable to pay the carbon tax, it is expected that electricity and gas retailers will pass costs through to customers via increased electricity and gas rates.

An increase in the cost of electricity of approximately 7.6%, and a small rise in gas expenditure will result in a modest impact for IOF's operating costs of approximately 2.7%. A portion (approximately 16.9%) of this increase is expected to be passed through to tenants via outgoings (based on an analysis of net and gross leases).

All Australian properties will face higher expenditure directly proportional to the greenhouse gas emissions generated from their operation. The energy efficiency projects undertaken by IOF have reduced the Fund's emissions intensity. Consequently, IOF will pass on proportionally lower outgoings charges, making the portfolio more attractive to both existing and potential tenants.

The carbon price will also accelerate returns for energy efficiency projects, further improving the environmental performance of the assets. It is expected that complementary government measures will be put in place to support further 'green' retrofits. IOF's activities to reduce energy consumption, and its ongoing focus on technology and behaviour to drive savings will continue to enhance investor returns.

Sustainability Outlook

Despite the Fund's significant progress, we believe there is still room to improve in environmental and investment terms. Given that energy typically accounts for ~15% of the total operating cost of an office building, every 10% reduction in energy use has the potential to contribute a further ~1.5% reduction in building operating costs.

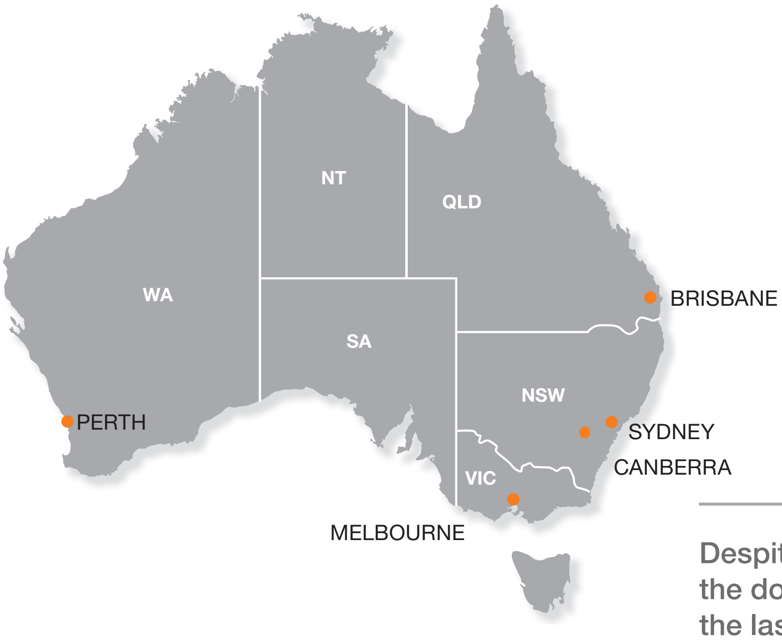
1 Water consumption is reported for all assets, however, in Europe it is common for tenants to be invoiced directly for water consumed in their premises (unlike Australia and US practice). This consumption is not included in the water footprint due to difficulties in accessing data.

2 Excluding DOF, The Netherlands.

Australia

"There is increasing evidence of a flight to quality, as tenant demand has been significantly stronger for prime space than for secondary stock."

BEN BRAYSHAW, PORTFOLIO MANAGER



Despite a challenging global environment, the domestic economy has been robust over the last 12 months. Increasingly strong links to developing Asian economies, which continue to grow at pace, have resulted in Australia enjoying a positive outlook for economic growth and employment. The Reserve Bank of Australia[1] estimates that the economy will expand by 1.75% over the course of FY2011. However, the rate of growth will escalate during FY2012, buoyed by recovering Queensland output to post 4% growth.

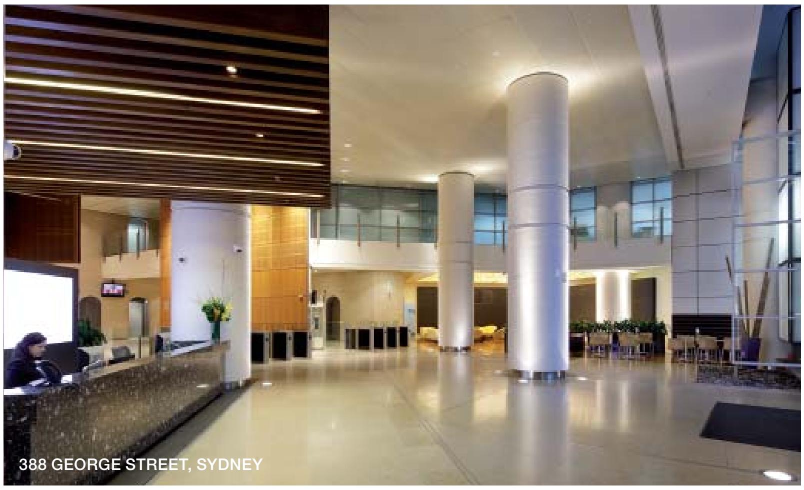
4%
Australian economy estimated growth during 2012

8.4%
Australian CBD vacancy rate

6.3%
Prime Australian CBD vacancy rate

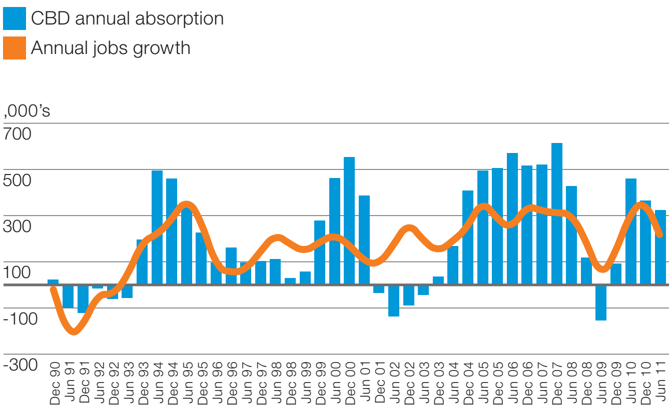
1 Source: Statements of Monetary Policy, August 2011

Note: All occupancy data sourced from the Property Council of Australia – Office Market Report July 2011. All other historic property data sourced from Jones Lang LaSalle Research.

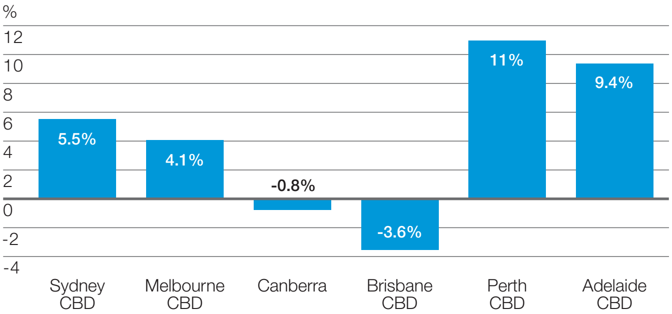

388 GEORGE STREET, SYDNEY


295 ANN STREET, BRISBANE

Employment Growth and Absorption[1]



Annual Prime Gross Effective Rental Growth[2]



Evidence of this underlying economic strength can be seen in improving office market conditions. Nearly 220,000 jobs were created during FY2011 and this employment growth has translated into strong office space demand. Australian CBD markets have enjoyed above average absorption over the course of the year, and this has seen the vacancy rate decrease from 9.1% to 8.4%. There is increasing evidence of a flight to quality, as tenant demand has been significantly stronger for prime space (Premium and A-grade) than for secondary stock. This has driven the overall CBD prime vacancy rate down to 6.3%, lower than the overall average.

These improving conditions have been conducive to rental growth in good quality assets. Gross effective rents have risen in all CBD markets, except for Brisbane and Canberra, which have seen market incentives increase. In particular, markets that have vacancy rates at or below historic averages have performed well (Sydney, Melbourne and Adelaide), whereas Perth has enjoyed strong growth on the back of high resource-driven tenant demand.

Increasing interest both from domestic and international buyers has led to continued tightening of investment yields. Markets showing signs of rental growth have been targeted by purchasers. As a result, yields have compressed particularly in Melbourne (50 basis points) and Sydney (25 basis points) over the last 12 months. Australian commercial property markets still lag compared to the global capital market recovery that has taken place since the financial crisis in 2008, despite a solid improvement in occupancy fundamentals. As a result, we expect further compression of yields, as markets continue to improve.

The outlook for future supply is positive for landlords. Supply under construction, particularly in Sydney and Melbourne, is very low compared to historic annual completion rates. Because of this, even if tenant demand moderates to trend levels, it is likely that the vacancy rate will continue to decrease over the medium term. Incentives are currently elevated, particularly in Sydney, which has not yet re-adjusted from the high levels that were a result of the financial crisis. However, incentives are beginning to decline and we predict this will continue during FY2012 as vacancy rates continue to fall.

1 Source: Property Council of Australia July 2011, Australian Bureau of Statistics June 2011 and Investa Research
2 Source: Jones Lang LaSalle Research July 2011 and Investa Research

Offshore Markets


NEUILLY VICTOR HUGO BUILDING, PARIS, FRANCE

HOMER BUILDING, WASHINGTON DC, USA

Europe

Across Europe, economic recovery softened to some degree during FY2011, however, there are large differences in economic conditions. Germany and France continue to perform well, but economies most vulnerable to the sovereign debt crisis are facing difficulties. These differences are also reflected in the European office markets.

Over the past 12 months, tenant demand across Europe has improved moderately, while developers are still risk-averse and face a lack of development finance causing new completions to decrease. Vacancy rates declined moderately but on average are still above 10%.

In several markets, prime space is scarce enabling prime rents to rise, albeit modestly during the past 12 months. Belgium and the Netherlands have shown minimal or flat rental growth. However, differences across markets are growing with the Paris office market being among the few positive exceptions. Due to the major uncertainties in the economies of Europe, we anticipate a modest recovery in office demand for the near term and measured prime rental growth.

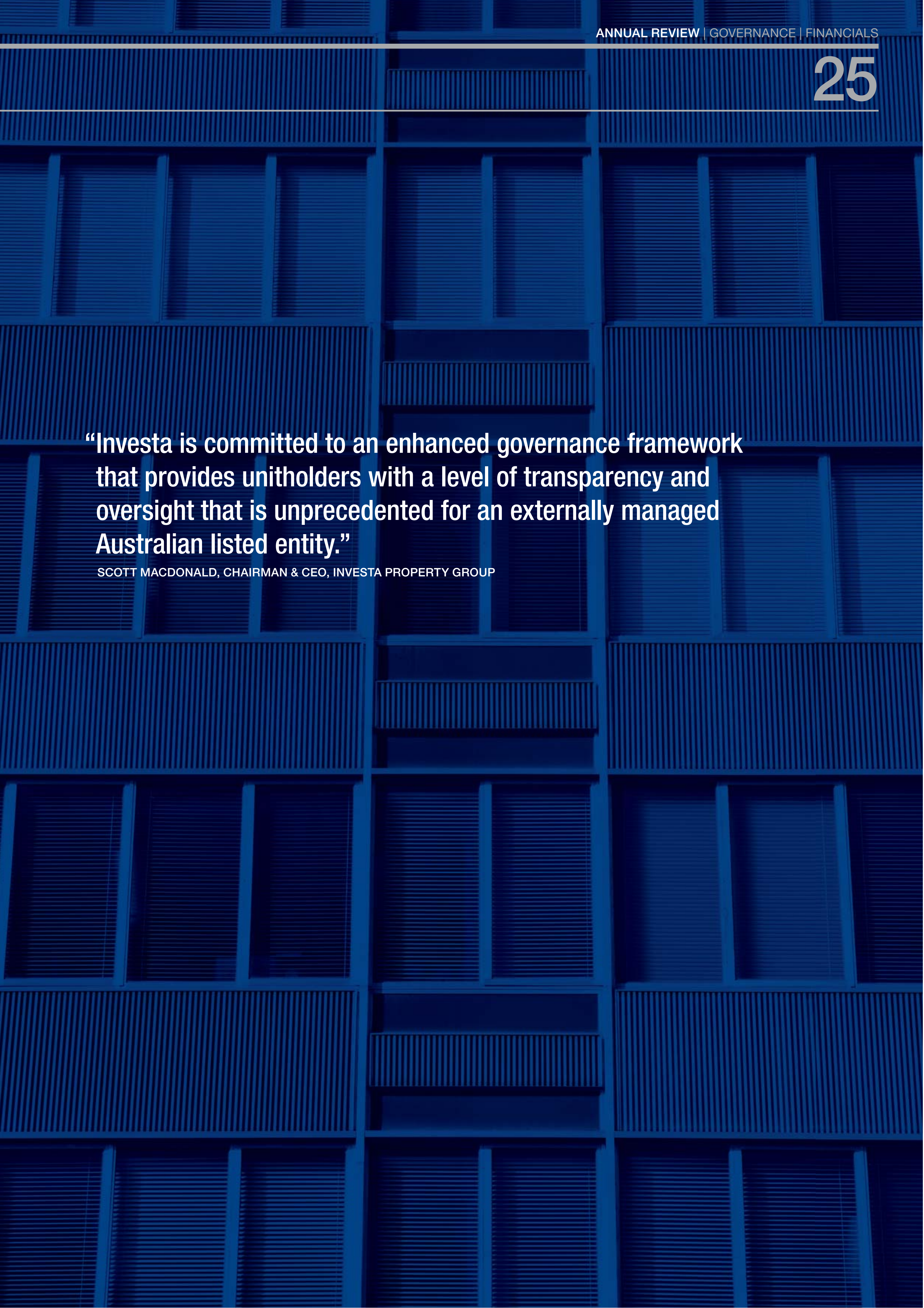
United States

The US office market showed signs of improvement with continued rental recovery and pricing growth across select markets. Prime and A-grade assets continue to significantly outperform and overall CBD rents nationally are up 1.6% since the end of 2010.

Positive absorption was recorded in 85% of markets, strongest in the coastal regions and energy sectors. The institutional sales market has been divided; capitalisation rates continue to compress for high quality assets, while lenders continue to foreclose on assets facing mortgage repayment difficulties.

The development pipeline nationally stands at 18.9 million sqft, representing 0.1% of available stock which remains historically low as a result of the low risk tolerance of investors.

The US economy slowed in the first half of 2011 largely due to temporary factors such as high gasoline and commodity prices and concern over the federal deficit and debt ceiling. These factors are not expected to persist. Forecasts predict moderate to increased growth for the second half of the year as the federal government is committed to reduce spending.



"Investa is committed to an enhanced governance framework that provides unitholders with a level of transparency and oversight that is unprecedented for an externally managed Australian listed entity."

SCOTT MACDONALD, CHAIRMAN & CEO, INVESTA PROPERTY GROUP

Corporate Governance

Investa Property Group ("Investa") is committed to the highest standards of corporate governance and ethical conduct, recognising it as an essential component of our responsibility to investors. Through this commitment to transparency, Investa has developed a robust framework to ensure governance objectives are met, risk is monitored and assessed, and performance is optimised.

In maintaining this framework, our objective is to provide Unitholders with a level of transparency and oversight that is unprecedented for an Australian externally managed listed entity. Key to the governance framework is maintaining a Board with a majority of independent directors, including an independent Chairman, and providing Unitholders with the opportunity to ratify the appointment of independent directors at Unitholder meetings.

Responsible Entity of Investa Office Fund

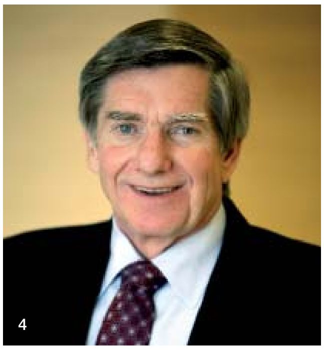
On 8 July 2011, ING Management Limited ("IML") ceased to be the Responsible Entity of Investa Office Fund ("IOF"), which comprises the Armstrong Jones Office Fund ("AJO Fund") and Prime Credit Property Trust ("PCP Trust").

The change in the Responsible Entity occurred as a result of a resolution passed at a meeting of Unitholders held on 7 July 2011. Since 8 July 2011, the new Responsible Entity of IOF is Investa Listed Funds Management Limited (ABN 37 149 175 655 and AFSL 401 414) ("ILFML" or the "Responsible Entity").


1


2


3


4


5

1. Deborah Page AM
2. Dr. Peter Dodd
3. Peter Rowe
4. Scott MacDonald
5. Ming Long

Director Information

Investa Listed Funds Management Limited

As at the date of this Report, the directors of ILFML are:

Deborah Page AM
Independent Director and Chairman
Appointed 14 June 2011

Deborah Page brings financial expertise developed from a diverse range of finance and operational executive roles and from her professional background in external audit and corporate advisory. Deborah was a partner in Touche Ross/KPMG Peat Marwick until 1992, and subsequently held senior executive positions with the Lend Lease Group, Allen Allen and Hemsley and the Commonwealth Bank. Deborah is a non-executive director of The Colonial Mutual Life Assurance Society Limited, Commonwealth Insurance Limited, Service Stream Limited and Macquarie Generation. She was formerly an independent director of Investa Funds Management Limited until July 2011.

Deborah is a Fellow of the Institute of Chartered Accountants, a Member of the Australia Institute of Company Directors and holds a Bachelor of Economics from the University of Sydney.

Dr. Peter Dodd
Independent Director
Appointed 14 June 2011

Dr Peter Dodd is an experienced non-executive director with extensive investment banking and financial industry experience. Peter has over 25 years of senior management experience in both the private sector and higher education institutions, and is currently the Deputy Vice-Chancellor and Chief Operating Officer at Macquarie University. Most recently Dr Dodd was Chief Financial Officer of North American Energy Partners, of which he remains a Director. Peter is a non-executive of Ausgrid (formerly Energy Australia), Macquarie University Hospital, the Centre for Independent Studies and Collgar Wind Farm.

Among previous positions held, Peter was Managing Director and Global Head of Finance for ABN Amro and Director of Strategy and Development at CSR Australia.

Peter holds a PhD from the University of Rochester and degrees from the Universities of Newcastle and Queensland.

Peter Rowe
Independent Director
Appointed 14 June 2011

Peter Rowe has over 30 years' experience in funds management both as a client, a partner at Freehills and now as a consultant to Freehills. Mr Rowe has also practiced extensively in the management and administration of trusts, securitisation and charity law.

Peter has also served as an Independent Member of Lend Lease Real Estate Investments Limited and Lend Lease Funds Management Limited Audit and Risk Management Committees for over 10 years. He is also a Director at the Centre for Volunteering.

Peter holds a Dip. Law (SAB).

Scott MacDonald
Director
Appointed 7 February 2011

Scott MacDonald is the Chairman and Chief Executive Officer of Investa and has worked in the real estate industry for more than 30 years, serving as CEO or President of five operating companies. He has developed specialised expertise in corporate management and leadership, as well as formulating and executing corporate repositioning. Scott also has vast experience in real estate development and has a long standing relationship with Morgan Stanley Real Estate.

Scott holds a Bachelor of Arts (Political Science) from Indiana University and a Masters degree in City and Regional Planning from the University of North Carolina.

Ming Long
Director
Appointed 7 February 2011

Ming Long is the Chief Financial Officer of Investa, responsible for financial strategy, treasury, debt and risk management, internal and external reporting and taxation. She also provides significant input to the strategic direction of Investa.

Prior to this role, Ming held the position of Investa's Group Financial Controller, joining the group in 2005. Prior to this she was Group Financial Controller at APN News & Media Limited.

Ming holds a Bachelor of Economics and a Bachelor of Laws from the University of Sydney. She also holds a Masters of Business Administration and is a Chartered Accountant.

This statement sets out the corporate governance practices that are currently in place for the Responsible Entity of IOF, comprising AJO Fund and PCP Trust and addresses the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, 2nd edition with 2010 Amendments ("ASX Recommendations").

The Board of the Responsible Entity endeavours to comply with all of the recommendations. A table summarising the Fund's compliance with the ASX Recommendations is provided at the end of this Corporate Governance statement. It is noted that the table is only in respect of the current arrangements and that a different corporate governance arrangement was implemented by IML, the former Responsible Entity of the Fund, prior to 7 July 2011.

Constitutions for the Investa Office Fund

The corporate governance structure adopted by ILFML reflects its role as the Responsible Entity of a listed real estate trust, which is different to the corporate governance structure adopted for a listed company. The Responsible Entity's primary responsibility is to operate the Fund and perform functions conferred on it by the Fund Constitution, ASX Listing Rules and Corporations Act 2001 (Cth) ("Corporations Act"). The Responsible Entity must ensure it acts in the best interests of Unitholders and ensure that the activities of the Fund are conducted in a proper and efficient manner.

IOF comprises two trusts, each with its own Constitution.

Constitution for Armstrong Jones Office Fund

The AJO Fund is governed by a Constitution dated 21 September 1984, as amended. The AJO Fund has been registered with the Australian Securities and Investments Commission ("ASIC") as a managed investment scheme under Chapter 5C of the Corporations Act.

The following is a summary of the key features of the Constitution of the AJO Fund.

Responsible Entity

The Responsible Entity of the AJO Fund is responsible to Unitholders for its operation and owes duties under Chapter 5C of the Corporations Act and also fiduciary duties as trustee of the AJO Fund. The Responsible Entity may retire as the Responsible Entity of the Fund as permitted by law, and must retire when required by law. Unitholders may remove the Responsible Entity by complying with the procedures set out in section 601FM of the Corporations Act.

Powers of the Responsible Entity

The Responsible Entity, has all the powers in respect of the AJO Fund that it is possible under the law to confer on a trustee as though it were the absolute owner of the assets of the Fund and acting in its personal capacity. The Responsible Entity may appoint a person, including an Associate of the Responsible Entity, as its delegate, attorney or agent to exercise its powers and perform its obligations.

Remuneration of the Responsible Entity

The Responsible Entity is entitled under the Constitution to receive fees for acting as the Responsible Entity of the AJO Fund and to be paid or reimbursed for certain expenses, out of the assets of the AJO Fund, incurred in the proper performance of its duties in relation to the AJO Fund.

Limitation on liability

Subject to the Corporations Act, the liability of the Responsible Entity to a Unitholder or any person in respect of the AJO Fund is limited to the Responsible Entity's ability to be indemnified from the assets of the AJO Fund.

Termination of the AJO Fund

The AJO Fund terminates on the earliest of:

> the date determined by the Responsible Entity in a notice given to Unitholders as the date on which the AJO Fund is to be terminated; or

> the date on which the AJO Fund is terminated in accordance with the Constitution or by law.

Beneficial interest in the AJO Fund

The beneficial interest in the AJO Fund is divided into units which may be fully or partly paid units.

Issue of units

The power to issue units in the AJO Fund is governed by the Corporations Act, the Constitution and the ASX Listing Rules.

Redemption

The Constitution does not provide for the redemption of units while the Fund is listed.

Transfer of units

Subject only to restrictions imposed by the Corporations Act, the Constitution and the ASX Listing Rules, units in the AJO Fund may be transferred.

Stapling

The Constitution provides for the stapling of a unit to a unit in another trust.

Distribution of income

The distributable income of the AJO Fund is determined by the Responsible Entity and allocated to Unitholders in accordance with the Constitution.

Meeting of Unitholders

Every Unitholder is entitled to receive notices of Unitholder meetings, to attend those meetings and subject to certain restrictions on voting by interested parties, to vote at those meetings.

Amendments

Subject to the Corporations Act, the Responsible Entity may by deed amend the Constitution.

Constitution for Prime Credit Property Trust

The PCP Trust is governed by a Constitution dated 12 October 1989, as amended. The rights and obligations of Unitholders and the Responsible Entity are governed by the Constitution and the Corporations Act. The Constitution has been lodged with ASIC and a copy may be obtained from the Responsible Entity upon request.

The terms of the PCP Trust are broadly similar to the terms of the Constitution of the AJO Fund.

Compliance Plan and Compliance Committee

In accordance with the Corporations Act requirements, the Responsible Entity has registered a Compliance Plan for each of the two managed investment schemes with ASIC. The Compliance Plan for the Fund describes the procedures that the Responsible Entity will apply in operating the Fund to ensure compliance with the Corporations Act and the Constitution.

An Audit and Compliance Committee has been established and is responsible for monitoring the Responsible Entity's compliance with the Compliance Plan and reporting on its findings to the Board. Further details in relation to this Committee are outlined below.

Role of Board and Management

1.1 Role of the Board

The current Responsible Entity, ILFML, is wholly owned by Investa. Prior to 8 July 2011, the Responsible Entity of the Fund was IML. IML is wholly owned by ING Bank NV and is not related to the current Responsible Entity of the Fund, ILFML.

Investa is currently responsible for providing the resources to enable the Responsible Entity to appropriately and adequately conduct its funds management operations and to administer its affairs.

The Board of the Responsible Entity oversees these activities and provides strategic guidance.

Key responsibilities of the Board include:

> reviewing the performance of management, including the Fund Manager and the adequacy of resources allocated to the Responsible Entity;

> providing input into and final approval of management's strategy and performance objectives for the Fund;

> reviewing and if appropriate approving significant transactions;

> overseeing the administration of the Responsible Entity, including risk and compliance monitoring functions;

> reviewing the appropriateness of management's risk management processes;

> reviewing the Fund's policies and procedures; and

> establishing formal committees to assist in discharging its responsibilities, for example, Audit and Compliance Committee.

1.2 Role of Management

Management is responsible for all matters not specifically the responsibility of the Board and for implementing the strategy and performance objectives and its day to day operations.

Board Structure

2.1 Structure of the Board of ILFML

The Constitution of ILFML provides for a minimum of three directors and a maximum of ten directors. When ILFML became the Responsible Entity of the Fund on 8 July 2011, the Board of ILFML comprised three independent directors and two executive directors. All independent directors have formal agreements governing the relationship and include the term of employment and the remuneration and indemnity arrangements.

The parent company of ILFML, Investa, has signed a deed poll dated 14 June 2011 under which it has committed to:

> maintain a majority of independent directors, including an independent Chairman, on the Board;

> provide Unitholders with the opportunity to ratify the appointment of independent directors commencing with the 2012 annual meeting of Unitholders; and

> ensure that each independent director has a term which will not extend beyond the conclusion of the general meeting held in the third year following the year of appointment (or in the case of one of the first independent directors, beyond the conclusion of the general meeting to be held in 2014) unless further 3 year terms are approved by an ordinary resolution of IOF Unitholders.

Directors' appointment and selection

The Board's policy and procedure for selection of directors is included in the Board Charter. Directors are appointed by Investa with the aim of ensuring the Board has:

> an appropriate blend of skills, experience and expertise;

> a thorough understanding of, and competence to understand, deal and provide responses to and reactions to the day-to-day operation of the Fund; and

> a majority of independent directors.

Board meetings

The Board meets regularly in scheduled Board meetings throughout the year.

2.2 Director Independence

Independent directors must satisfy the definition of *"external director"* as defined in section 601JA of the Corporations Act in order to be considered *"independent"*. As at the date of this Annual Report, three of the five directors of the ILFML Board are independent directors. To be an *"independent"* director under the Corporations Act, an individual must not:

> be (or have been at any time within the last two years) an employee or senior manager of the Responsible Entity or a related body corporate of the Responsible Entity;

> be (or have been at any time within the last two years) substantially involved in business dealings, or in a professional capacity, with the Responsible Entity or a related body corporate of the Responsible Entity or be a member of a partnership that has been involved in such business dealings; and

> have a material interest in the Responsible Entity or a related body corporate of the Responsible Entity or be a relative of any such person.

All independent directors satisfy the requirements of independence, and the parent of the ILFML has made this determination with reference with the Corporations Act as well as the ASX recommendations.

In relation to Mr Peter Rowe, it is noted that whilst Investa engaged Freehills to act on its behalf during the financial year, Mr. Rowe was not personally involved in work involving Investa for at least three years prior to his appointment to the Board. He has not acted for the Fund and he resigned from the Freehills partnership before becoming a director of ILFML.

To ensure that the Board remains independent, the Board has also adopted the following procedures for ensuring independence.

Annual performance reviews

The Board will at least once a year assess its performance over the course of that year. The Board may, if it elects, engage an independent consultant to conduct such a review. It is noted that a review was not conducted for FY2011 as ILFML only became the Responsible Entity of the Fund on 8 July 2011.

Disclosure of directors who are independent

The directors who are assessed to be independent are identified in the Corporate Governance section of the Annual Report. In the event an existing director is assessed to no longer be independent, ILFML, on behalf of the Fund will disclose this fact to the ASX as soon as practicable after the assessment has been made.

Independent decision making

Directors of the Board have, in appropriate circumstances, and subject to prior discussion with ILFML's Chairman the right to seek independent professional advice on matters relating to the Fund, including matters relating to the discharge of its obligations under a Fund's Constitution and the Law, the cost of which may be borne by ILFML or, where permitted, the Fund.

Conflicts of Interest

Directors owe a duty to avoid any conflicts of interest that may arise. A conflict may arise through a personal interest or a duty to a third party.

Therefore, if a possible conflict of interest arises i.e. a material personal interest in a matter, the director should make full disclosure to the directors meeting as soon as possible or contact the Company Secretary.

In the event a conflict or potential conflict situation exists, the conflicted director is absent from the meeting whilst the Board discusses the matter and may not vote on the matter, unless the other directors, who do not have a material personal interest in the matter are satisfied that the interest should not disqualify the director from voting or being present.

2.3 Role of the Chair

The Chairman is a non-executive director, who is elected by the Board from time to time.

The Chairman is responsible for the conduct of all Board meetings. This includes ensuring that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction approved by the Board.

2.4 Board Nomination, Remuneration and Evaluation of Performance

Nomination Committee

The existing size of the Board and the frequency of Board meetings are such that the parent of the responsible entity is able to determine the selection and appointment process of the directors in an efficient manner, without the need for a separate Nomination Committee. Furthermore, commencing with the 2012 annual meeting of Unitholders, Unitholders will have an opportunity to ratify the appointment of independent directors.

Details on the process of selection and appointment of directors are included in Section 2.1.

Remuneration Committee

The fees of the directors of ILFML and the remuneration of employees involved in the Fund are determined and paid for by Investa, and not by the Fund itself. For this reason, no Remuneration Committee has been established.

The remuneration of the Responsible Entity in its capacity as Responsible Entity during the year was regulated by the Fund's Constitution. The Responsible Entity has only a right to be paid a fee or reimbursed an expense from the Fund in relation to the proper performance of its duties.

Executive performance, evaluation and remuneration

As stated above, Investa, and not the Fund itself, is responsible for remuneration of the directors of ILFML and employees. However, the Board is responsible for reviewing the adequacy of the resources and for making any recommendations to Investa as necessary.

Whilst the Fund is not responsible for the remuneration of employees of Investa, Investa has an established process for setting and measuring the performance of all employees. This is conducted on an annual basis. All senior executives have defined objectives and have a discretionary element to their total remuneration, which is based achieving defined objectives. Furthermore, the management team of the Fund has performance based remuneration aligned to the performance of the Fund. Regular reviews are undertaken during the financial year to ensure that the agreed objectives are met during the year.

It is noted that associates of IML, the former Responsible Entity of the Fund, were entitled to fees for the provision of property management, development and project management services to the Fund's properties for the financial year (ended 30 June 2011). The fees paid for these services are set out in the Financial Report of the Fund.

2.5 Board education and performance evaluation

The Board will undertake a review of its performance annually. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction approved by the Board.

Directors also have the opportunity to visit the Fund's properties and to meet with management to gain a better understanding of the Fund's operations.

Promoting Responsible and Ethical Behaviour

3.1 Code of Conduct

Investa has established a Code of Conduct which outlines acceptable standards of behaviour and attitudes expected from staff to promote and maintain the confidence and trust of all those dealing with Investa. In addition to Investa's Code of Conduct, ILFML has also implemented a number of policies which supplement the Code of Conduct, which include:

> Continuous Disclosure Policy

> Employee Security Trading Policy

> Fund and Business Expense Policy

In accordance with the Investa Whistleblower Policy, employees are expected to report any serious issues which will be investigated fairly. Individuals who report serious issues in good faith are appropriately protected. A copy of Investa's Code of Conduct is available on the Investa website.

3.2 Employee Security Trading Policy

An Employee Security Trading Policy is in place setting out the approval procedures to be followed by all Investa employees and directors wishing to buy or sell units in the Fund and other unlisted real estate securities in order to satisfy the relevant legal requirements and protect the reputation and integrity of Investa.

Any director wishing to purchase or sell units in the Fund is required to notify the Company Secretary of ILFML prior to the trade taking place.

The Investa Employee Security Trading Policy is available on the governance section on the Investa website.

3.3 Equal Employment Opportunity Policy

Investa is committed to diversity in the workplace and has in place an Equal Employment Opportunity Policy to ensure that it develops a working environment and culture that is fair and enables all employees to make a valuable contribution to their role and the business operation. The Policy also ensures that any form of discrimination or harassment is eliminated from the workplace. Whilst Investa does not provide measurable objectives for achieving gender diversity, each employee of Investa is aware of the policy and is committed to ensuring that the policy is adhered to in the organisation.

It is noted that there are two women on the Board of ILFML and that the independent Chairman is a woman.

The policy is available upon request from the Company Secretary of ILFML.

Financial Reporting

4.1 Review and authorisation

In accordance with section 295A of the Corporations Act, the CEO and CFO of Investa have declared in writing to the Board that the financial records of the Fund for the financial year have been properly maintained in accordance with section 286 of the Corporations Act and the Fund's financial reports present a true and fair view of the Fund's financial position and performance and are in accordance with relevant accounting standards.

4.2 Board Audit and Compliance Committee and Charter

The Audit and Compliance Committee operates under a Board approved charter which is available in the governance section of the Investa website.

The purpose of the Board's Audit and Compliance Committee is to assist the Board in fulfilling its oversight responsibilities. The Committee will review, amongst other things, the financial reporting process, the system of internal control, the audit process, monitor and review the Compliance Plan, and ILFML's process for monitoring compliance with laws and regulations and Investa's Code of Conduct.

The Committee consists of at least three members and is required to meet a minimum of four times per year, or more frequently if required.

As at the date this Annual Report was issued, the members of the Committee are the three independent directors of ILFML and the Committee Chair is Dr Peter Dodd.

Continuous Disclosure

5.1 Continuous Disclosure

As the Responsible Entity of a listed fund, the Responsible Entity must comply with the continuous disclosure provisions of the ASX Listing Rules.

ILFML is required to immediately notify the ASX of any information concerning the Fund of which it is or becomes aware of, which a reasonable person would expect to have a material effect on the price or value of units in the Fund, subject to certain limited exceptions, including but not limited to confidential information.

ILFML has established a policy that deals with:

> information that needs to be disclosed to the market;

> responsibility for responding to market rumours or speculation;

> communications with analysts and major investors; and

> procedures for dealing with the media.

The Company Secretary has been appointed as the key person responsible for communicating with the ASX. This person is also responsible for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules.

Investor Communications

6.1 Unitholder meetings

ILFML may convene a Unitholder meeting during the financial year at a time and place that is considered convenient for the majority of its Unitholders.

The Fund will place a copy of the most recent notice of meeting and any accompanying explanatory memorandum on its website when released to the ASX.

The Chairman at the Unitholder meeting ensures that a reasonable opportunity exists for Unitholders to ask questions relating to the operations of the Fund and if applicable, the resolutions being voted on.

Unitholders are encouraged to attend all Unitholder meetings.

Auditor attendance at Unitholder meetings

If the Responsible Entity convenes a Unitholder meeting, the Company Secretary will request the external auditor or a qualified representative of the auditor to attend the Unitholder meeting and be available to answer any Unitholder questions about the conduct of the audit, the auditor's independence, accounting policies, and the preparation and content of the auditor's report.

6.2 Communication with Unitholders

The ASX Corporate Governance guidelines state that listed entities must respect the rights of Unitholders and facilitate the effective exercise of those rights.

This means the listed entity should have procedures in place for communicating with its Unitholders, give them access to balanced and understandable information about the listed entity and make it easy for them to participate in Unitholder meetings.

The Fund has procedures in place to ensure that all Unitholders and other interested stakeholders have access to balanced, understandable and timely information concerning the operations of the Fund.

The Company Secretary, in conjunction with the Fund Manager, the Investor Relations & Communications Manager and Marketing, is primarily responsible for ensuring communications with Unitholders are delivered in accordance with these procedures and the guidelines relating to continuous disclosure.

In addition to the formal requirements of half year and annual financial statements, the Fund aims to keep Unitholders informed about new developments within the Fund by making copies of all ASX Announcements and presentations available on the Investa website, circulating Fund updates and encouraging participation of Unitholders to attend Unitholder meetings.

The Investa website also provides information specific to each Fund managed by Investa, as well as information relevant to existing or prospective Unitholders.

This website is continually updated and contains recent announcements, presentations, past and current reports to Unitholders and answers to frequently asked questions.

The website also contains:

> a corporate overview on Investa;

> profiles of senior management and ILFML's Board; and

> other relevant corporate information.

Risk Management and Compliance Procedures

7.1 Risk management framework

The Board and management recognise that having a well-developed system in place for risk management is an integral part of good management practice. Investa actively promotes a culture of compliance and risk management awareness with the aim of ensuring all activities comply with laws, regulations, codes and in-house policies and procedures.

Investa regularly analyses its business operations to ensure that:

> key risks can be identified that could lead to an operational loss;

> assessments are made of the potential risks and potential exposures; and

> adequate mitigation measures are implemented to address potential risks in the business.

Management has designed and implemented a risk management and internal control system to manage the Fund's business risks and will report to the Board on whether those items are managed effectively on a regular basis. As Investa is the responsible entity of other managed investment schemes, there is a risk management and internal control system in place which has been adopted by the Fund. Nonetheless, as ILFML only became the Responsible Entity of the Fund on 8 July 2011, the Board has not yet received a report from management in relation to the risk management and internal control arrangements implemented by Investa.

Compliance Plan

Each of the AJO Fund and PCP Trust has a formal Compliance Plan in place which is lodged with ASIC. A new Compliance Plan was implemented by ILFML after it replaced IML as the Responsible Entity, and the modified Compliance Plans for AJO Fund and PCP Trust were lodged with ASIC within 14 days after the modification was made in accordance with section 601HE of the Corporations Act (Cth) 2001. The purpose of each Compliance Plan is to set out key processes, systems and measures the Responsible Entity will apply to ensure compliance with:

> the Corporations Act (Cth) 2001;

> Constitution of the relevant fund;

> industry practice standards relevant to the particular fund; and

> internal policies and procedures.

Each Compliance Plan describes the key obligations that must be met by the Responsible Entity under the Act and Constitution, the measures in place to comply with these obligations and how compliance with these measures will be monitored. In addition, each Compliance Plan details the risk of not complying with these obligations, and how breaches are to be reported and addressed.

Each year an auditor is appointed to conduct an Annual Compliance Plan audit and reports to ASIC on:

> whether the procedures and controls set out in the Compliance Plans sufficiently address the requirements of the Act; and

> if the controls and procedures described in the Compliance Plans have been in place and operating effectively over the year.

Risk management review and reporting to the Board and its Committees

The Audit and Compliance Committee will review the overall assurance framework in relation to internal controls and risk management, including assurance provided by the external auditor and other external advisers with respect to internal processes and controls and report on that review to the Board. The Audit and Compliance Committee is also responsible for reviewing the performance and effectiveness of the external auditors as well as ensuring that each of audit partner, review partner and the compliance plan audit partner is rotated every five years but not at the same time. At the time of rotation, the Audit and Compliance Committee should interview the proposed replacement partner, satisfy itself as to the experience and qualifications of those proposed, and make recommendations to the Board.

In accordance with the Fund's legal obligations, the CEO and the CFO of Investa confirmed in writing to the Board, at the time the financial statements were considered for approval by the Board, that, for the period from 4 April 2011, in all material respects:

> the financial statements present a true and fair view;

> that this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and

> that the Fund's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

Whilst this confirmation usually covers the period to the end of the financial year, Investa only became Manager of the Fund from 4 April 2011 and management is only able to provide the confirmation from 4 April 2011 to 30 June 2011.

Sustainability

8.1 Sustainability

Investa was founded with a commitment to sustainability and takes a long term view for its environmental and social impacts.

Investa has an enviable track record as a leader in the development and implementation of real estate sustainability initiatives and continues to apply best practice sustainability in the management of its assets. Investa is a recognised leader in responsible property investment and, up until its privatisation and delisting in late 2007, was rated number one on the Dow Jones Sustainability World Index in both the real estate sector and the financial services super-sector.

Investa sets out to improve the quality and therefore the investment returns of the properties it acquires and manages. Investa recognise the value of setting individual targets for each building, and continuously analyse the performance of the assets. Over time this analysis has demonstrated the effectiveness of the approach with major improvements generally being made within three years under Investa's management.

Investa became a signatory of the United Nations Principles for Responsible Investment in July 2007 ("Principles") and considers this framework to be aligned with its corporate philosophy. The Principles, developed under the auspices of the UN Secretary-General, are a voluntary and aspirational framework for incorporating environmental, social and corporate governance issues into mainstream investment decision-making and ownership practices. They are not prescriptive, but instead provide a menu of possible actions that investors can take. More information about the Principles can be found at www.unpri.org

9.1 Additional Documents

The following documents are available in the governance section of the Investa website:

> Board Charter

> Audit and Compliance Committee Charter

> Continuous Disclosure Policy

> Employee Security Trading Policy

> Valuation Policy

> Code of Conduct

> Complaints Policy.

Compliance with ASX Recommendations

The following information details ASX Recommendations with reference made to the relevant section in the Corporate Governance statement and subsequent compliance of ILFML.

Principles and Recommendations	Reference	Compliance
Principle 1 – Lay solid foundations for management and oversight		
Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	1.1, 1.2	√
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	2.4	√
Recommendation 1.3: Companies should provide the following information:		
> an explanation of any departure from Recommendation 1.1, 1.2 or 1.3	N/A	N/A
> whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.	2.4	√
> A statement of matters reserved for the Board, or the Board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	9.1	√
Principle 2 – Structure the Board to add value		
Recommendation 2.1: A majority of the Board should be independent directors.	2.1, 2.2	√
Recommendation 2.2: The chair should be an independent director.	2.3	√
Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	2.3	√
Recommendation 2.4: The Board should establish a nomination committee.		Refer to 2.4
Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	2.2	√
Recommendation 2.6: The following material should be included in the corporate governance statement in the Annual Report:		
> the skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report	Director Information	√
> the names of the directors considered by the Board to constitute independent directors and the company's materiality thresholds	Director Information	√
> the existence of any of the relationships listed in Box 2.1 and an explanation of why the Board considers a director to be independent, notwithstanding the existence of these relationships	2.2	√
> a statement as to whether there is a procedure agreed by the Board for directors to take independent professional advice at the expense of the company	2.2	√
> a statement as to the mix of skills and diversity for which the Board of directors is looking to achieve in membership of the Board	2.1	√
> the period of office held by each director in office at the date of the Annual Report	Director Information	√
> the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out	2.4	√
> whether a performance evaluation for the Board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed	2.2	√
> an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.	2.4	√

Principles and Recommendations	Reference	Compliance
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
> a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors	2.1	√
> the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee		Refer to 2.4
> the Board's policy for the nomination and appointment of directors.	2.1	√
Principle 3 – Promote ethical and responsible decision-making		
Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:		
> the practices necessary to maintain confidence in the company's integrity		
> the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders		
> the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	3.1, 9.1	√
Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	3.3	√
Recommendation 3.3: Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.		Refer to 3.3
Recommendation 3.4: Companies should disclose in each Annual Report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.		Refer to 3.3
Recommendation 3.5: Companies should provide the following information:		
> An explanation of any departure from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the Annual Report.	3.3	√
> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
> any applicable code of conduct or a summary		
> the diversity policy or a summary of its main provisions.	3.1, 3.3, 9.1	√
Principle 4 – Safeguard integrity in financial reporting		
Recommendation 4.1: The Board should establish an audit committee.	4.2, 7.1	√
Recommendation 4.2: The audit committee should be structured so that it:		
> consists only of non-executive directors		
> consists of a majority of independent directors		
> is chaired by an independent chair, who is not chair of the Board		
> has at least three members.	4.2	√
Recommendation 4.3: The audit committee should have a formal charter.	4.2, 9.1	√

Principles and Recommendations	Reference	Compliance
Recommendation 4.4: Companies should provide the following information:		
> The following material should be included in the corporate governance statement in the Annual Report:		
> the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a company does not have an audit committee, how the functions of an audit committee are carried out	4.2	√
> the number of meetings of the audit committee	4.2	√
> explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.	N/A	N/A
> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
> the audit committee charter		
> information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	7.1, 9.1	√
Principle 5 – Make timely and balanced disclosure		
Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	5.1	√
Recommendation 5.2: Companies should provide the following information:		
> An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the Annual Report.	N/A	N/A
> The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.	9.1	√
Principle 6 – Respect the rights of shareholders		
Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	5.1, 6.1, 6.2, 9.1	√
Recommendation 6.2: Companies should provide the following information:		
> Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the Annual Report.	5.1, 6.1, 6.2	√
> The company should describe how it will communicate with its shareholders publicly, ideally by posting the information on the company's website in a clearly marked corporate governance section.	9.1	√
Principle 7 – Recognise and manage risk		
Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	7.1	√
Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	7.1	√
Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	4.1, 7.1	√

Principles and Recommendations	Reference	Compliance
Recommendation 7.4: Companies should provide the following information:		
> The following material should be included in the corporate governance statement in the Annual Report:		
> explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4.	N/A	N/A
> whether the Board has received the report from management under Recommendation 7.2		Refer to 7.1
> whether the Board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.	4.1, 7.1	√
> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
> a summary of the company's policies on risk oversight and management of material business risks.	7.1	√
Principle 8 – Remunerate fairly and responsibly		
Recommendation 8.1: The Board should establish a remuneration committee.		Refer to Note 1 below
Recommendation 8.2: The remuneration committee should be structured so that it:		Refer to Note 1 below
> consists of a majority of independent directors		
> is chaired by an independent chair		
> has at least three members.		
Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.		Refer to Note 1 below
Recommendation 8.4: Companies should provide the following information:		Refer to Note 1 below
> The following material or a clear cross-reference to the location of the material should be included in the corporate governance statement in the Annual Report:		
> the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out		
> the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors		
> an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4		
> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
> the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee		
> a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.		

1 Please refer to the "Remuneration of the Responsible Entity" section in the "Constitutions for the Investa Office Fund" section and section 2.4 of the Governance Section. In summary and as outlined previously, the Responsible Entity only has a right to be paid a management fee and to be reimbursed an expense from the Fund in relation to the proper performance of its duties.

Financial Information

Contents

The Investa Office Fund (formerly ING Office Fund) has been formed by the stapling of the units in two Australian registered schemes, Armstrong Jones Office Fund (ARSN 090 242 229) and Prime Credit Property Trust (ARSN 089 849 196). Investa Listed Funds Management Limited (ABN 37 149 175 655; AFS licence number 401414) is the Responsible Entity of both schemes from 8 July 2011, and ING Management Limited (ABN 15 006 065 032; AFS licence number 237534), was the Responsible Entity up to 8 July 2011. The Responsible Entities of both schemes, are incorporated and domiciled in Australia. The registered office of Investa Listed Funds Management Limited is Level 6, Deutsche Bank Place, 126 Phillip Street, Sydney, New South Wales.

This report is not an offer or invitation to subscribe or purchase, or a recommendation of, securities. It does not take into account the investment objectives, financial situation and particular needs of the investor.

Before making an investment in Investa Office Fund, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

The responsibility for preparation of the financial statements and any financial information contained in this financial report rests solely with the Directors of the Responsible Entity. This financial report was authorised for issue by the Directors on 25 August 2011. The Responsible Entity has the power to amend and reissue this financial report.

Directors' Report – Year Ended 30 June 2011

The Investa Office Fund ("IOF" or the "Group") was formed by the stapling of the units in two trusts, Armstrong Jones Office Fund (the "Fund") and Prime Credit Property Trust ("Prime") (collectively the "Trusts"). The Responsible Entity for the Trusts from 8 July 2011 is Investa Listed Funds Management Limited (ILFML), which now presents its report together with the Trusts' financial report for the year ended 30 June 2011. The former responsible entity of both Trusts was ING Management Limited.

In accordance with Accounting Standard AASB 3 *Business Combinations*, the stapling arrangement referred to above is regarded as a business combination and the Fund has been identified as the parent for preparing consolidated financial reports.

The Directors' report is a combined Directors' report that covers both Trusts. The financial information for the Group is taken from the consolidated financial statements and notes.

Directors

The Directors of Investa Listed Funds Management Limited (Responsible Entity from 8 July 2011) are:

D Page AM	Chairman
P Dodd	
P Rowe	
S MacDonald	
M Long	

The Directors of ING Management Limited (which was the Responsible Entity until 8 July 2011) at any time during or up until 8 July 2011 were:

M Coleman	Chairman; appointed 1 July 2011
P Clark AM	
M Easson AM	
S MacDonald	Appointed 4 April 2011
H Brand	Appointed 1 June 2011
K McCann	Chairman appointed 23 September 2010; resigned 30 June 2011
P Scully	Resigned 30 June 2011
C Tanghe	Resigned 1 June 2011
R Colless AM	Resigned 22 September 2010

Except as stated, these persons were directors of the Responsible Entity during the whole of the financial year and up to the date of this report or change of responsible entity.

Principal activity

The principal activity of the Trusts is investment in commercial property either directly or indirectly through the ownership of interests in unlisted entities. There was no significant change in the nature of either Trust's activities during the financial year.

Directors' Report – Year Ended 30 June 2011 (continued)

Operating and financial review

A summary of the Group and Prime's results for the financial year is:

	Investa Office Fund		Prime Credit Property Trust	
	2011	**2010**	**2011**	**2010**
Net profit attributable to unitholders ($ million)	143.9	42.5	77.2	5.4
Operating income ($ million)	135.6	151.2	60.7	66.2
Distributions per unit (cents)	3.9	3.9	1.3	1.6
Per stapled unit:				
Operating income per unit (cents)	5.0	5.6	–	–
Basic and diluted earnings per unit (cents)	5.3	1.6	–	–
Per unit of each Trust:				
Basic and diluted earnings per unit (cents)	2.5	1.4	2.8	0.2

The Responsible Entity uses the Trusts' operating income as an additional performance indicator. Operating income does not take into account certain items recognised in the income statement including unrealised gains or losses on the revaluation of the Trust's properties and financial instruments.

Operating income for the 2011 financial year decreased by 10.3% to $135.6 million (30 June 2010: $151.2 million) mainly due to:

> a reduction in income from the property portfolio as a result of asset sales during the year; and

> capital transaction costs incurred during the 2011 financial year; partially offset by

> a reduction in finance costs.

As a result of this reduction, operating income per unit was down 10.7% to 5.0 cents per unit (30 June 2010: 5.6 cents per unit).

Earnings per unit as calculated under applicable accounting standards for the year ended 30 June 2011 were up 231% to 5.3 cents per unit (30 June 2010: 1.6 cents per unit) predominantly due to positive asset revaluations.

Operating income for the financial year has been calculated as follows:

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Net profit attributable to unitholders ($ million)	143.9	42.5	77.2	5.4
Adjusted for:				
Share of reserves for net loss on cash flow hedge transferred to profit and loss[1]	1.5	–	–	–
Distributions received from financial asset at fair value through profit or loss[1]	(5.1)	–	–	–
Operating income from DOF from 4 April 2011[1]	4.6	–	–	–
Straight line lease revenue recognition	(1.8)	(4.0)	(1.5)	(0.9)
Net foreign exchange gain	(8.7)	(25.9)	(0.5)	(1.6)
Net loss on disposal of investment properties	3.4	–	3.4	–
Net (gain)/loss on change in fair value of:				
Financial asset at fair value through profit or loss[1]	36.2	–	–	–
Investment properties	(55.6)	73.6	(40.0)	37.3
Derivative financial instruments	(6.1)	15.3	(1.3)	11.1
Items included in share of net profit/(loss) of equity accounted investments: – Investment properties	(25.1)	49.8	(25.1)	6.7
– Derivative financial instruments	(3.2)	6.7	(0.7)	5.4
External non-controlling interests' share of gain on change in fair value of investment properties	8.6	2.1	8.6	2.1
Income tax expense/(benefit)	43.0	(9.0)	40.6	0.7
Deferred income tax included in share of net profit/(loss) of equity accounted investments	–	0.1	–	–
Operating income	**135.6**	**151.2**	**60.7**	**66.2**

1 The investment in the Dutch Office Fund (DOF) changed from being an equity accounted investment to financial asset at fair value through profit or loss on 4 April 2011. The table above reflects this change, refer to Note 13 for details.

Operating income for the 2011 financial year includes leasing fee amortisation of $2.7 million, (30 June 2010: nil). If leasing fee amortisation had been included in the 2010 operating income, 2010 operating income would decrease by $2.2 million or 1.4%.

Total assets decreased by $48.3 million or 1.9% to $2,504.8 million over the year due to:

> the loss on financial asset at fair value through profit or loss of $36.2 million;

> disposals of $72.7 million (including disposals of property held in equity accounted investments); and

> movements due to exchange rate fluctuations; offset in part by

> gains on change in fair value of investment properties of $80.7 million (including share of equity accounted investments).

Directors' Report – Year Ended 30 June 2011 (continued)

Value of assets

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Value of assets at 30 June	2,504.8	2,553.1	1,342.9	1,354.2

The value of the Trusts' assets is derived using the basis set out in Note 1 of the financial statements.

Portfolio update

Key metrics for the Australian portfolio during the year include:

> Occupancy of 95%;

> Tenant retention of 62%;

> Like-for-like net property income growth of +3.4%; and

> Weighted average lease expiry of 4.8 years.

Key metrics for the US portfolio during the year include:

> Portfolio occupancy of 89%;

> Tenant retention of 39%;

> Like-for-like net property income growth of –3.8%; and

> Weighted average lease expiry of 4.4 years.

Like for like property income for the US portfolio was negatively impacted compared to the prior year due to lower occupancy at 900 Third Avenue New York and the remaining vacancy at Waltham Woods in Boston.

Key metrics for the European portfolio during the year include:

> Portfolio occupancy of 90%;

> Tenant retention (excluding DOF) of 100%;

> Like-for-like net property income growth of –11.1%; and

> Weighted average lease expiry of 5.3 years.

The European portfolio has been negatively influenced by the return from the Fund's 13.5% interest in the Dutch Office Fund (DOF).

Divestments and offshore asset sales update

Over the past 12 months, the sale of three assets has been finalised in line with the strategy of repositioning its portfolio to focus on the Australian CBD office markets.

In the US, Park Tower in Washington DC, and Waltham Woods in Boston were sold for US$50.7 million and US$42.0 million respectively, both assets were unencumbered and have resulted in only three assets remaining in the US. In line with the strategy of selling the remaining three US assets, Management has commenced a sale process with the sale of all three assets expected to be completed over 2012.

In Europe, subsequent to 30 June 2011, brokers have been appointed for the sale of the NVH Building in France, and the Belgian asset is being positioned for sale, with the primary focus being on increasing occupancy from the current level of 77%. In terms of exiting the Trusts' European assets, Management will focus will be on the sale of assets in France and Belgium, while the divestment of DOF is expected to occur beyond financial year 2012.

During the year the sale of 1230 Nepean Hwy, Cheltenham, Australia was finalised for $21.5 million. This sale reduced Australian suburban office market exposure to only 3.6%, in line with the strategy of focussing on domestic CBD office markets.

Revaluations

Independent valuations were completed for 36% of the Australian portfolio and for 52% of the offshore portfolio by value at 30 June 2011. This together with the internal valuations completed at 30 June 2011 resulted in an overall 0.8% valuation increase on book values for the Australian portfolio, a 0.6% valuation increase on carrying values for the US assets and a (6.7%) valuation decrease on carrying values for the European assets. The negative movement in Europe was primarily a result of the reduction in the fair value of the investment in DOF, given the limited current investment demand.

The Australian portfolio has seen positive valuation movements based on improving office market conditions particularly in Melbourne and Sydney and a 10 basis point firming in the weighted average capitalisation rate to 7.9%. Recent transactional evidence suggests that investor demand for prime grade CBD assets remains strong, supporting the potential for further firming in capitalisation rates and values.

Capital management

A number of major capital management initiatives have been implemented recently including entering into a new unsecured corporate debt facility of A$552.0 million to replace the previous unsecured corporate debt facility which was due to expire in June 2012. The new facility was signed on 15 August 2011 and has a maturity of 3 years providing sufficient liquidity and flexibility to execute its strategy.

Importantly, the new facility will allow the Fund to execute a unit buyback, a key initiative announced on 15 August. The buyback period is expected to commence on 29 August 2011 and further enhance value for Unitholders. The on-market buyback of up to 10% of issued units will be in place over the next twelve month period unless the maximum number of units are acquired earlier.

Look through gearing at 30 June 2011 was 20.5%. This is below the targeted gearing range of 25% to 35% and provides sufficient flexibility to complete the unit buyback and remain at the bottom end of the targeted gearing range, whilst executing offshore asset sales.

Distributions

Distributions totalling $106.4 million, which is equivalent to 3.9 cents per unit, were paid or payable by the Trusts during the year ended 30 June 2011 (30 June 2010: $106.4 million and 3.9 cents per unit).

More details of distributions are provided in Note 3 of the financial statements.

Significant changes in the state of affairs

On 4 April 2011, ING Real Estate Investment Management, the owner of ING Management Limited, transferred the management of IOF to Investa Property Group ("Investa"). On the same day Investa acquired the 2.5% stake in IOF owned by the ING entities. This resulted in a transitional management agreement where ING Management Limited remained the Responsible Entity and Investa replaced ING Real Estate Management Australia as the manager of IOF.

As a result of the transfer of management, the Directors have concluded that the Group no longer had significant influence over its investment in the Dutch Office Fund (DOF). Until 4 April 2011, the investment had been equity accounted and since that date, the investment has been accounted for as a financial asset at fair value through profit or loss.

In the opinion of the Directors of ILFML being the Responsible Entity, at the date of this report, there were no other significant changes in the state of affairs of the Group that occurred during the financial year.

Directors' Report – Year Ended 30 June 2011 (continued)

Events subsequent to reporting date

Investa Property Group assumed Australian property management from CBRE, effective 1 July 2011. Fees payable are based on market terms.

On 7 July 2011, the unitholders of IOF voted to replace ING Management Limited with ILFML as Responsible Entity of IOF. This change took effect on 8 July 2011. At the same time unitholders also voted to restructure the Responsible Entity fee from a percentage of assets under management to a percentage of market capitalisation with effect from 1 July 2012. The fee is fixed in the interim at $8.6 million per annum. The fee from 1 July 2012 will be 0.55% per annum of the Trusts' market capitalisation to be paid quarterly. The fee for a quarter cannot change by more or less than 2.5% from the previous quarter's fee.

On 9 August 2011, the Waltham Winter Street Group was sold for net sale proceeds of USD $41.1 million, which reflects the carrying value at 30 June 2011.

On 15 August 2011, an agreement was signed for a new 3 year bank facility with a limit of $552.0 million. The new debt facility will mature on 15 August 2014. The margins are higher than under the previous syndicated debt facility and are reflective of the current market. The Trusts are expected to continue to service their debt from operating cash flow and remain compliant with the loan covenants.

On 15 August 2011, ILFML announced its intention for the Trusts to undertake an on market buyback of up to 10% of issued units (or a maximum of 272.9 million units). The buyback period is expected to commence on 29 August 2011, and may continue for up to 12 months unless the maximum number of units are bought back, or ILFML decide to cease the buyback earlier. The total number of units purchased by the Trusts will depend on prevailing market conditions and will be funded by debt and proceeds from offshore asset sales.

Other than the matters discussed above, no matters or circumstances have arisen since 30 June 2011 that have significantly affected or may affect the Trusts' operations in future years, or the results of these operations in future financial years, or the Trusts' state of affairs in future financial years.

Likely developments, key strategies and expected results of operations

The key priorities of the Trusts are to:

> execute a unit buyback;

> withdraw from offshore markets;

> manage major upcoming lease expires;

> take advantage of Investa's integrated office platform;

> continue to drive operational performance across the existing portfolio;

> increase Australian CBD asset weighting through asset acquisition as opportunities arise; and

> complete the leasing of 10-20 Bond Street, Sydney.

Further information on likely developments in the operations of the Trusts and the expected results of operations has not been included in this report because the Directors believe it would result in unreasonable prejudice to the Trusts.

Environmental regulation

The Directors of the Responsible Entity are satisfied that adequate systems are in place for the management of the Trusts' environmental responsibility and compliance with 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 the auditor

No insurance premiums were paid for out of the assets of the Trusts for insurance cover provided for the Directors and officers of the Responsible Entity or the auditor of the Trusts. Directors and officers would be entitled to an indemnity from the Responsible Entity in relation to the proper performance of their duties, but would not be entitled where the indemnity would be illegal, void, unenforceable or not permitted by law. The auditor of the Trusts is Ernst & Young. The auditor of the Trusts is in no way indemnified out of the assets of the Trusts.

Interests in the Trusts

Movement in units during the year is set out below:

	Investa Office Fund		Prime Credit Property Trust	
	2011 millions	**2010 millions**	**2011 millions**	**2010 millions**
Units on issue at the beginning of the year	2,729.1	1,806.5	2,729.1	1,806.5
Units issued during the year	–	922.6	–	922.6
Units on issue at the end of the year	2,729.1	2,729.1	2,729.1	2,729.1

Interests of Directors of the Responsible Entity

Units in IOF held by Directors of IML Management Limited (as Responsible Entity of the Group until 8 July 2011) were:

	Number of units
P Scully	42,214

Units in IOF held by Directors of Investa Listed Funds Management Limited (as Responsible Entity of the Trusts from 8 July 2011) were:

	Number of units
D Page AM	16,500

The other Directors of the Responsible Entity did not hold any units in either Trust at that date.

Other information

Fees paid to the Responsible Entity and its associates and the number of units in the Trusts held by the Responsible Entity and its associates as at the end of the financial year are set out in Note 24 of the financial statements.

Auditor's independence and non-audit services

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 46.

The Directors of the Responsible Entity have adopted a policy governing Auditor Independence which specifies that the auditing firm should not provide services that are or could be perceived to be in conflict with the role of auditor. Each non-audit service is considered in the context of this policy. The Directors of the Responsible Entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of non-audit services provided by the auditor, Ernst & Young are set out in Note 23 of the financial statements.

Rounding of amounts

The Trusts are of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in this report and in the financial report. Amounts in these reports have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, the nearest thousand dollars.

Signed in accordance with a resolution of the Directors of the Responsible Entity.

D Page AM
Chairman
Sydney
25 August 2011

Auditor's Independence Declaration

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of Investa Listed Funds Management Limited as the Responsible Entity for the Armstrong Jones Office Fund and the Prime Credit Property Trust

In relation to our audit of the financial report of Investa Office Fund and its controlled entities and Prime Credit Property Trust and its controlled entities for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Chris Lawton
Partner
25 August 2011

Consolidated Income Statements – Year Ended 30 June 2011

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Revenue					
Rental income		167.8	180.7	94.9	99.8
Other property income		21.8	25.3	15.3	16.7
Distribution received from financial asset at fair value through profit or loss		5.1	–	–	–
Interest income		4.9	6.0	0.4	0.4
		199.6	**212.0**	**110.6**	**116.9**
Other income					
Net foreign exchange gain		13.8	28.7	1.6	1.6
Net loss on disposal of investment properties		(3.4)	–	(3.4)	–
Net gain/(loss) on change in fair value of: Investment properties		55.6	(71.9)	40.0	(36.1)
Derivative financial instruments		6.1	(15.3)	1.3	(11.1)
Loss on financial asset at fair value through profit or loss	13	(36.2)	–	–	–
Expenses					
Property expenses		(51.2)	(58.1)	(33.3)	(40.1)
Finance costs	5	(16.8)	(21.7)	(10.8)	(10.7)
Responsible Entity's fees		(8.5)	(8.4)	(3.9)	(3.7)
Capital transaction costs	5	(5.7)	–	(3.3)	–
Other		(3.2)	(3.1)	(1.6)	(1.5)
Share of net profit/(loss) of equity accounted investments	12	46.9	(23.0)	29.9	(6.8)
Profit before income tax		**197.0**	**39.2**	**127.1**	**8.5**
Income tax (expense)/benefit	6	(43.8)	6.5	(40.6)	0.1
Net profit for the year		**153.2**	**45.7**	**86.5**	**8.6**
Net profit attributable to external non-controlling interests		(9.3)	(3.2)	(9.3)	(3.2)
Net profit attributable to unitholders		**143.9**	**42.5**	**77.2**	**5.4**
Attributable to unit holders of: Armstrong Jones Office Fund		66.7	37.1	–	–
Prime Credit Property Trust		77.2	5.4	77.2	5.4
		143.9	**42.5**	**77.2**	**5.4**
Distributions per unit (cents)	3	3.9	3.9	1.3	1.6
Basic and diluted earnings per unit (cents) Per stapled unit	4	5.3	1.6	–	–
Per unit of each Trust	4	2.5	1.4	2.8	0.2

The above Consolidated Income Statements should be read in conjunction with the accompanying notes.

Consolidated Statements of Comprehensive Income – Year Ended 30 June 2011

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Net profit for the year		153.2	45.7	86.5	8.6
Other comprehensive income:					
Exchange differences on translation of foreign operations: Unitholders	18	(73.3)	(103.0)	(43.8)	(20.5)
External non-controlling interests		(5.0)	(0.8)	(5.0)	(0.8)
Share of reserves for net loss on cash flow hedge transferred to profit and loss	18	1.5	–	–	–
Share of other comprehensive income of equity accounted investments	18	1.3	(0.1)	–	–
Total comprehensive income for the year		**77.7**	**(58.2)**	**37.7**	**(12.7)**
Total comprehensive income for the year is attributable to: Armstrong Jones Office Fund		40.0	(45.5)	–	–
Prime Credit Property Trust		33.4	(15.1)	33.4	(15.1)
External non-controlling interests		4.3	2.4	4.3	2.4
		77.7	**(58.2)**	**37.7**	**(12.7)**

The components of other comprehensive income shown above are presented net of related income tax effects.

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statements of Financial Position – As at 30 June 2011

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Current assets					
Cash and cash equivalents	7	22.8	28.8	10.9	18.5
Trade and other receivables	8	5.1	6.5	1.6	3.8
Assets classified as held for sale	9	38.4	–	38.4	–
Derivative financial instruments	10	6.0	3.4	1.3	0.6
		72.3	**38.7**	**52.2**	**22.9**
Non-current assets					
Receivables	8	68.2	73.4	231.8	198.6
Investment properties	11	1,982.4	1,923.8	1,032.8	1,033.3
Financial asset at fair value through profit or loss	13	301.4	–	–	–
Investments accounted for using the equity method	12	73.8	510.4	25.2	99.2
Derivative financial instruments	10	6.7	6.8	0.9	0.2
		2,432.5	**2,514.4**	**1,290.7**	**1,331.3**
Total assets		**2,504.8**	**2,553.1**	**1,342.9**	**1,354.2**
Current liabilities					
Trade and other payables	14	29.6	29.9	17.9	14.6
Borrowings	15	344.3	–	148.5	–
Derivative financial instruments	10	2.0	5.1	0.9	–
Distribution payable	3	26.6	26.6	–	26.6
		402.5	**61.6**	**167.3**	**41.2**
Non-current liabilities					
Borrowings	15	20.9	402.6	20.9	186.8
Derivative financial instruments	10	11.5	20.0	10.4	11.1
Deferred tax liabilities	16	53.1	22.5	50.6	22.5
		85.5	**445.1**	**81.9**	**220.4**
Total liabilities		**488.0**	**506.7**	**249.2**	**261.6**
Net assets		**2,016.8**	**2,046.4**	**1,093.7**	**1,092.6**

Consolidated Statements of Financial Position – As at 30 June 2011 (continued)

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Equity					
Contributed equity	17	2,308.2	2,308.2	1,282.9	1,282.9
Reserves	18	(222.5)	(152.0)	(138.5)	(94.7)
Accumulated losses	19	(92.5)	(130.0)	(74.3)	(115.8)
Unitholders interest		**1,993.2**	**2,026.2**	**1,070.1**	**1,072.4**
External non-controlling interests		23.6	20.2	23.6	20.2
Total equity		**2,016.8**	**2,046.4**	**1,093.7**	**1,092.6**
Attributable to unit holders of: Armstrong Jones Office Fund					
Contributed equity	17	1,025.3	1,025.3	–	–
Reserves	18	(84.0)	(57.3)	–	–
Accumulated losses	19	**(18.2)**	**(14.2)**	**–**	**–**
		923.1	953.8	–	–
Prime Credit Property Trust		1,070.1	1,072.4	1,070.1	1,072.4
External non-controlling interests		23.6	20.2	23.6	20.2
		2,016.8	**2,046.4**	**1,093.7**	**1,092.6**
Net tangible assets per unit		$0.73	$0.74	$0.39	$0.39

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

Consolidated Statements of Cash Flow – Year Ended 30 June 2011

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Cash flows from operating activities					
Rental and other property income (inclusive of GST)		204.3	221.8	117.1	124.9
Property and other expenses (inclusive of GST)		(81.6)	(80.4)	(44.5)	(48.6)
Proceeds from termination of derivatives		5.1	3.1	1.1	1.4
Payments on termination of derivatives		(8.5)	(56.8)	–	(20.2)
Distributions received from equity accounted investments		59.8	31.9	45.8	0.1
Distributions received from financial asset at fair value through profit or loss		5.1	–	–	–
Interest received		4.1	6.0	0.4	0.4
Borrowing costs paid		(18.4)	(23.6)	(10.7)	(11.1)
Net cash flow from operating activities	28	**169.9**	**102.0**	**109.2**	**46.9**
Cash flows from investing activities					
Additions to investment properties		(77.7)	(37.2)	(38.8)	(20.0)
Proceeds from sale of investment properties		21.0	164.8	21.0	164.8
Proceeds from sale of subsidiary, net of cash disposed		–	49.9	–	–
Loans to equity accounted investments		(2.2)	–	–	–
Repayment of loans to equity accounted investments		–	3.1	–	–
Loan to stapled entity		–	–	(33.3)	(209.5)
Net cash from investing activities		**(58.9)**	**180.6**	**(51.1)**	**(64.7)**
Cash flows from financing activities					
Proceeds from issue of units	17	–	415.2	–	207.6
Unit issue costs	17	–	(13.7)	–	(6.8)
Distributions to unitholders	3	(106.4)	(118.2)	(62.3)	(30.3)
Distributions to external non-controlling interests	3	(0.9)	(0.9)	(0.9)	(0.9)
Proceeds from borrowings		55.0	201.9	–	–
Repayment of borrowings		(62.0)	(751.8)	–	(139.0)
Net cash from financing activities		**(114.3)**	**(267.5)**	**(63.2)**	**30.6**
Net (decrease)/increase in cash		**(3.3)**	**15.1**	**(5.1)**	**12.8**
Cash at the beginning of the year		28.8	18.8	18.5	8.9
Effects of exchange rate changes on cash		(2.7)	(5.1)	(2.5)	(3.2)
Cash at the end of the year		**22.8**	**28.8**	**10.9**	**18.5**

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

Consolidated Statements of Changes in Equity – Year Ended 30 June 2011

	Note	Investa Office Fund					
		Attributable to unitholders					
		Contributed equity	Reserves	Accumulated Losses	Total	External non-controlling interests	Total Equity
		$m	$m	$m	$m	$m	$m
Balance at 1 July 2009		**1,906.7**	**(48.9)**	**(66.1)**	**1,791.7**	**18.7**	**1,810.4**
Net profit for the year		–	–	42.5	42.5	3.2	45.7
Other comprehensive income		–	(103.1)	–	(103.1)	(0.8)	(103.9)
Total comprehensive income for the year		–	**(103.1)**	**42.5**	**(60.6)**	**2.4**	**(58.2)**
Transactions with unitholders in their capacity as equity holders: Issue of units net of issue costs	17	401.5	–	–	401.5	–	401.5
Distributions paid or payable	3	–	–	(106.4)	(106.4)	(0.9)	(107.3)
		401.5	**–**	**(106.4)**	**295.1**	**(0.9)**	**294.2**
Balance at 30 June 2010		**2,308.2**	**(152.0)**	**(130.0)**	**2,026.2**	**20.2**	**2,046.4**
Net profit for the year		–	–	143.9	143.9	9.3	153.2
Other comprehensive income		–	(70.5)	–	(70.5)	(5.0)	(75.5)
Total comprehensive income for the year		**–**	**(70.5)**	**143.9**	**73.4**	**4.3**	**77.7**
Transactions with unitholders in their capacity as equity holders: Distributions paid or payable	3	–	–	(106.4)	(106.4)	(0.9)	(107.3)
		–	**–**	**(106.4)**	**(106.4)**	**(0.9)**	**(107.3)**
Balance at 30 June 2011		**2,308.2**	**(222.5)**	**(92.5)**	**1,993.2**	**23.6**	**2,016.8**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Note	Prime Credit Property Trust					
		Attributable to unitholders					
		Contributed equity	Reserves	Accumulated Losses	Total	External non-controlling interests	Total Equity
		$m	$m	$m	$m	$m	$m
Balance at 1 July 2009		**1,082.1**	**(74.2)**	**(76.2)**	**931.7**	**27.1**	**958.8**
Net profit for the year		–	–	5.4	5.4	3.2	8.6
Other comprehensive income		–	(20.5)	–	(20.5)	(0.8)	(21.3)
Total comprehensive income for the year		**–**	**(20.5)**	**5.4**	**(15.1)**	**2.4**	**(12.7)**
Transactions with unitholders in their capacity as equity holders: Issue of units net of issue costs	17	200.8	–	–	200.8	(8.4)	192.4
Distributions paid or payable	3	–	–	(45.0)	(45.0)	(0.9)	(45.9)
		200.8	**–**	**(45.0)**	**155.8**	**(9.3)**	**146.5**
Balance at 30 June 2010		**1,282.9**	**(94.7)**	**(115.8)**	**1,072.4**	**20.2**	**1,092.6**
Net profit for the year		–	–	77.2	77.2	9.3	86.5
Other comprehensive income		–	(43.8)	–	(43.8)	(5.0)	(48.8)
Total comprehensive income for the year		**–**	**(43.8)**	**77.2**	**33.4**	**4.3**	**37.7**
Transactions with unitholders in their capacity as equity holders: Distributions paid or payable	3	–	–	(35.7)	(35.7)	(0.9)	(36.6)
		–	**–**	**(35.7)**	**(35.7)**	**(0.9)**	**(36.6)**
Balance at 30 June 2011		**1,282.9**	**(138.5)**	**(74.3)**	**1,070.1**	**23.6**	**1,093.7**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements – Year Ended 30 June 2011

1. Summary of significant accounting policies

(a) The Group

The Investa Office Fund (formerly ING Office Fund) (the "Group") was formed on 1 January 2000 by the stapling of the units in two Australian registered schemes, Armstrong Jones Office Fund (the "Fund" or the "Parent") and Prime Credit Property Trust ("Prime"). The Fund and Prime were constituted on 23 September 1984 and 12 October 1989, respectively.

The Responsible Entity for the Fund and Prime during the financial year was ING Management Limited. ING Management Limited is an Australian domiciled company and is a wholly owned company within the ING Group NV group of companies. On 8 July 2011 Investa Listed Funds Management Limited replaced ING Management Limited as the Responsible Entity for the Fund and Prime, refer Note 29.

The accounting policies that have been adopted in respect of this Annual Financial Report are those of ILFML as Responsible Entity of the Fund and Prime.

The Fund and Prime have common business objectives and operate as an economic entity collectively known as Investa Office Fund. The accounting policies included in this note apply for the Group as well as the Fund and Prime, unless otherwise noted.

The stapling structure will cease to operate on the first to occur of:

(a) either members of the Fund or Prime resolving by special resolution in accordance with the relevant constitution to terminate the stapling provisions; or

(b) the commencement of the winding up of either of the Fund or Prime.

The Australian Securities Exchange reserves the right (but without limiting its absolute discretion) to remove the Fund or Prime, or both, from the official list if any of their units cease to be stapled together, or any equity securities are issued by the Fund or Prime which are not stapled to equivalent securities in the Fund or Prime.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Basis of preparation

In accordance with Accounting Standard AASB 3 Business Combinations, the stapling arrangement discussed above is regarded as a business combination and the Fund has been identified as the parent for preparing consolidated financial reports.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, this financial report is a combined financial report that presents the financial statements and accompanying notes of both the Investa Office Fund (being the consolidated financial statements and notes of the Fund) and Prime.

The financial report is presented in Australian dollars.

These general purposes financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

In preparing these financial statements the Directors of the Responsible Entity note that the Group is in a net current asset deficiency position due to the syndicated bank debt facility expiring in June 2012 of $195.8 million and other external debt of $147.1 million expiring January 2012. Further, the Directors of the Responsible Entity note that Prime is in a net current asset deficiency position due to other external debt of $147.1 million expiring January 2012. As a result the amount drawn of $342.9 million and $147.1 million have been classified as a current liability in the Group and $147.1 million in Prime. Refer Note 15.

On 15 August 2011, an agreement was signed for a new 3 year bank facility with a limit of $552.0 million. The new debt facility will mature on 15 August 2014. The margins are higher than under the previous syndicated debt facility and are reflective of the current market. The Trusts are expected to continue to service their debt from operating cash flow and remain compliant with the loan covenants.

(i) Compliance with IFRS

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended accounting standards adopted by the Responsible Entity

The Group has applied Accounting Standard AASB 2009-5 Further Amendments to Australian Accounting Standards Arising from the Annual Improvements Project that amended Accounting Standard AASB 117 Leases with effect from 1 July 2010. The amendment removed the specific guidance on the classification of leases of land by a leasee, leaving only the general guidance. The Group leases the land on which one of its investment properties is built. The lease had, as at 1 July 2010, a remaining term of 93 years and future minimum lease rentals payable as at 1 July 2010 of $147.5 million. Because of the amendment, the Group now classifies this lease as a finance lease, instead of an operating lease as previously.

As the Group does not have the information necessary to apply the amendment retrospectively, it has been applied prospectively from 1 July 2010. Accordingly, the adoption of the new policy has no effect on prior years.

The Group recognised at 1 July 2010 a borrowing for the finance lease payable, and an investment property, measured at the fair value of the land at that date of $23.4 million. The difference between the fair value of the finance lease payable and the minimum lease rentals will be recognised as interest expense over the remaining term of the lease.

(iii) Change in Accounting Policy

The Group has changed its accounting policy relating to leasing fee amortisation. Previously leasing fees were amortised through the net change in fair value of investment property in the income statement. From 1 July 2010 leasing fee amortisation has been disclosed in property expenses in the income statement. 2010 comparatives have been adjusted to reflect this change in accounting policy.

The change in classification of leasing fee amortisation does not impact net assets or net profit and is outlined below:

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Increase in net change in fair value of investment property	2.1	1.7	1.7	1.2
Increase in property expenses	(2.1)	(1.7)	(1.7)	(1.2)
Net profit	–	–	–	–

Other than this amendment, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(iv) Historical cost convention

These financial statements have been prepared on the going concern basis and historical cost conventions, as modified by financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss, and investment property.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(c) Principles of consolidation

(i) Subsidiaries

The Group's consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Armstrong Jones Office Fund (the Parent) and its subsidiaries (including Prime and its subsidiaries) as at 30 June 2011 and the results of all subsidiaries for the year then ended. Prime's consolidated financial statements comprise Prime and its subsidiaries as at 30 June 2011 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies and generally accompanies a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

1. Summary of significant accounting policies (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with accounting policies adopted by the Group.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors of the responsible entity.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains or losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group entities

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency (Australian dollar) are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold the cumulative exchange difference in relation to that foreign operation is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. Contingent rentals are recognised as income in the financial year that they are earned. Fixed rental increases that do not represent direct compensation for underlying cost increases or capital expenditures are recognised on a straight-line basis over the life of the lease.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Distributions

Distributions are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer Note 1(i).

(g) Income tax

(i) Australian income tax

Under current legislation, the Group is not liable for Australian income tax, provided that the distributable income calculated in accordance with the constitution of the trusts is fully distributed to unitholders each year.

(ii) Foreign income tax

The subsidiaries that hold the Group's foreign properties may be subject to corporate income tax and withholding tax in the countries in which they operate. Under current Australian income tax legislation, unitholders may be entitled to receive a foreign tax credit for this withholding tax.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liabilities in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where it is probable that the differences will reverse in the foreseeable future as a result of the planned sale of the offshore Investments.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Leases

Leases where the lessor retains substantially all the risk and benefits of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the term of the lease on the same basis as the lease income.

Notes to the Financial Statements – Year Ended 30 June 2011

1. Summary of significant accounting policies (continued)

Incentives may be provided to tenants to enter into an operating lease. These incentives may be in the form of cash, rent-free periods and lessee or lessor owned fit outs. The incentive is amortised over the term of the lease as a reduction to rental income. The carrying amount of the incentive is reflected in the carrying value of the investment property.

Operating lease payments, where the Group is lessee, are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

(i) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and in hand and short term deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (allowance for impairment loss of the receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(l) Assets classified as held for sale

Non-current assets which are held by the Group are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for investment property that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

(m) Business combinations

The acquisition method of accounting is used for all acquisitions of assets, including business combinations involving businesses, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(n) Financial assets and liabilities

Current and non-current financial assets and liabilities of the Group which are within the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as at fair value through profit or loss or loans and receivables. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value, plus directly attributable transaction costs unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method. Changes in fair values of financial assets and liabilities classified as fair value through profit or loss are recorded in the income statement.

The fair values of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For those with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(o) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are not held for speculative purposes and are recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair values depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(i) Share of the Group's investment in the Dutch Office Fund (DOF) cash flow hedge reserve

The DOF investment has a hedge which is classified as a cash flow hedge as it hedges a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions.

The movement in the Group's share of DOF's cash flow hedge reserve is shown in Note 18. As the DOF investment was reclassified to a financial asset held at fair value through profit or loss from 4 April 2011, the Group no longer recognises its share of DOF's cash flow hedge. The balance in the cash flow hedge reserve at that date was transferred to the profit and loss.

(ii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) Other derivatives

The Group's other derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(p) Investment properties

Land and buildings have the function of an investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated. Investment properties are carried at fair value.

Fair value represents the amount at which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. It is based on current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts, adjusted for any differences in the nature, location or condition of the property, or in the contractual terms of the leases and other contracts relating to the property. It is the Group's policy to have all investment properties externally valued at intervals of not more than three years and that such valuation be reflected in the financial reports of the Group. The fair value of each investment property is reviewed every six months and external valuations may be required whenever their carrying value differs materially to their fair values.

In the absence of current prices in an active market, information from a variety of sources, including current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences, recent prices of similar

Notes to the Financial Statements – Year Ended 30 June 2011

1. Summary of significant accounting policies (continued)

properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices, and discounted cash flow projections based on reliable estimates of future cash flows, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows, are considered.

In determining fair values, expected net cash flows are discounted to their present value using a market determined risk adjusted discount rate. The assessment of fair value of investment properties does not take into account potential capital gains tax assessable. Changes in the fair value of an investment property are recorded in the income statement.

(q) Trade and other payables

These represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Borrowings

Borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs associated with the borrowings. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums that are yield related are included as part of the carrying amount of the borrowing and amortised over its expected life.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs are expensed as incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. When this is the case, they are capitalised as part of the acquisition cost of that asset.

(s) Contributed equity

Issued units are classified as equity. Issued and paid up units are recognised at the fair value of the consideration received by the Group. Any transaction costs arising on issue of ordinary units are recognised directly in unitholders' interest as a reduction of the units proceeds received.

(t) Distributions

A liability for any distribution declared on or before the end of the reporting period is recognised on the statement of financial position in the reporting period to which the distribution pertains.

(u) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to unitholders of the Group divided by the weighted average number of issued units. As there are no potentially dilutive units on issue, diluted earnings per unit is the same as basic earnings per unit.

(v) Goods and services tax ("GST") and value added tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of GST and VAT to the extent that the GST and VAT is recoverable from the taxation authority. Where GST or VAT is not recoverable, it is recognised as part of the cost of the acquisition, or as part of the expense.

Receivables and payables are stated inclusive of GST and VAT. The net amount of GST and VAT recoverable from or payable to the tax authority is included in other receivables or payables in the statement of financial position as an asset or liability.

Cash flows are included in the cash flow statement on a gross basis. The GST and VAT components of cash flows arising from investing and financing activities, which are recoverable from or payable to the tax authorities, are classified as operating cash flows.

(w) Rounding of amounts

The Trust and the Fund are of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, the nearest thousand dollars.

(x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out on the following page.

AASB 9 *Financial Instruments* is currently applicable to annual reporting periods beginning on or after 1 January 2013. It includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement)*. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The Group has not early adopted this standard and is currently evaluating its impact on the Group's financial statements; any impact is not expected to be significant.

IFRS 10 *Consolidated Financial Statements* is applicable to annual reporting periods beginning on or after 1 January 2013. It broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. The Group has not early adopted this standard and is currently evaluating its impact on the Group's financial statements; any impact is not expected to be significant.

IFRS 12 *Disclosure of Interests in Other Entities* is applicable to annual reporting periods beginning on or after 1 January 2013. It includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group has not early adopted this standard and is currently evaluating its impact on the Group's financial statements; any impact is not expected to be significant.

IFRS 13 *Fair Value Measurement* is applicable to annual reporting periods beginning on or after 1 January 2013. It establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. It does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 11 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Group has not early adopted this standard and is currently evaluating its impact on the Group's financial statements; any impact is not expected to be significant.

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period. These are not expected to have any material impact on the Group's financial report in future reporting periods.

(y) Parent entity financial information

The financial information for the parent entity, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of the Parent. Distributions received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Responsible Entity to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Investment properties

The Group had investment properties with a carrying amount of $1,982.4 million (Prime Group: $1,032.9 million) (30 June 2010: Group $1,923.8 million; Prime Group $1,033.3 million) (refer Note 11), representing estimated fair value. In addition, the carrying amount of the Group's equity accounted investments of $73.8 million (Prime Group: $25.2 million) (30 June 2010: Group $510.4 million; Prime Group: $99.2 million) (refer Note 12(b)) also reflects investment properties carried at fair value. These carrying amounts reflect certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount

2. Critical accounting estimates and judgements (continued)

and capitalisation rates. In forming these assumptions, the Responsible Entity considered information about current and recent sales activity, current market rents, and discount and capitalisation rates, for properties similar to those owned by the Group, as well as independent valuations of the Group's property.

(ii) Financial asset at fair value through profit or loss

The Group had financial asset at fair value through profit or loss of $301.4 million (30 June 2010: nil). The fair value of this investment is determined by an assessment of the underlying assets, future maintainable earnings and specific circumstances pertaining to this investment. Refer Note 13.

(iii) Income taxes

The Group is subject to income taxes in jurisdictions where its foreign assets are domiciled. Judgement is required in determining the Group's provision for income taxes. There are certain calculations undertaken during the ordinary course of business for which the ultimate determination is uncertain in certain jurisdictions. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination was made.

(b) Critical judgements in applying the entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

3. Distributions

	Investa Office Fund		Prime Credit Property Trust	
	2011 Cents	2010 Cents	**2011 Cents**	2010 Cents
Distributions have been paid or are payable in respect of the following periods at the following rates (in cents per unit):				
Quarter ended 30 September	0.975	0.975	0.242	0.673
Quarter ended 31 December	0.975	0.975	0.630	–
Quarter ended 31 March	0.975	0.975	0.436	–
Quarter ended 30 June	0.975	0.975	–	0.975
	3.900	**3.900**	**1.308**	**1.648**
	$m	$m	$m	$m
The total amounts of these distributions were:				
Quarter ended 30 September	26.6	26.6	6.6	18.4
Quarter ended 31 December	26.6	26.6	17.2	–
Quarter ended 31 March	26.6	26.6	11.9	–
Quarter ended 30 June	26.6	26.6	–	26.6
	106.4	**106.4**	**35.7**	**45.0**
Distributions to external non-controlling interest	0.9	0.9	0.9	0.9
Total distributions paid or payable	**107.3**	**107.3**	**36.6**	**45.9**

The distribution for the quarter ended 30 June 2010 was recognised in the 2010 financial year and paid on 31 August 2010. The distribution for the quarter ended 30 June 2011 was recognised in the 2011 financial year and is scheduled to be paid on 31 August 2011.

4. Earnings per unit

	Investa Office Fund		Prime Credit Property Trust	
	2011	2010	2011	2010
(a) Per stapled unit				
Profit attributable to unitholders ($ million)	143.9	42.5	na	na
Weighted average number of units outstanding (millions)	2,729.1	2,707.0	na	na
Basic and diluted earnings per unit (cents)	5.3	1.6	na	na
(b) Per unit of each Trust				
Profit attributable to unitholders ($ million)	66.7	37.1	77.2	5.4
Weighted average number of units outstanding (millions)	2,729.1	2,707.0	2,729.1	2,707.0
Basic and diluted earning per unit (cents)	2.5	1.4	2.8	0.2

5. Expenses

Profit before income tax includes the following specific expenses:

(a) Finance costs

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Interest and finance charges paid/payable for financial liabilities	20.0	24.6	11.5	11.9
Share of reserves for net loss on cash flow hedge transferred to profit and loss	1.5	–	–	–
Amount capitalised to investment property[1]	(4.7)	(2.9)	(0.7)	(1.2)
	16.8	**21.7**	**10.8**	**10.7**

1 The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, in this case 4.5% (2010: 4.8%).

(b) Capital transaction costs

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Capital transaction costs invoiced[1]	6.8	–	3.3	–
Reimbursed from IML	(1.1)	–	–	–
Capital transaction cost incurred	**5.7**	**–**	**3.3**	**–**

1 Includes $0.6 million recharge for costs incurred by ING Real Estate Corporate Services Pty Ltd on behalf of the Group.

Capital transaction costs include costs incurred primarily to assist IML, which was the Responsible Entity up to 8 July 2011, to consider strategic alternatives for the Group. These costs include legal fees, investment banker fees and vendor due diligence fees. The majority of the costs were incurred prior to 4 April 2011.

Notes to the Financial Statements – Year Ended 30 June 2011

6. Income tax expense

	Note	Investa Office Fund 2011 $m	Investa Office Fund 2010 $m	Prime Credit Property Trust 2011 $m	Prime Credit Property Trust 2010 $m
(a) Income tax expense/(benefit)					
Current tax		6.1	2.5	5.3	(0.8)
Increase/(decrease) in deferred tax liabilities	16	37.7	(9.0)	35.3	0.7
		43.8	**(6.5)**	**40.6**	**(0.1)**
(b) Numerical reconciliation of income expense to prima facie tax payable					
Profit before income tax		**197.0**	**39.2**	**127.1**	**8.5**
Income tax at the Australian tax rate of 30% (2010: 30%)		59.1	11.8	38.1	2.6
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: Australian income		(33.5)	(14.6)	(9.1)	(0.8)
Other non-taxable income		3.6	(4.3)	–	(4.1)
Foreign income not subject to income tax		(4.5)	–	(1.8)	–
Difference between Australian and foreign tax rates		9.4	1.0	3.4	1.3
Movement in deferred tax assets not recognised		(3.9)	(0.4)	(3.6)	0.9
Applied change in foreign tax rate		13.6	–	13.6	–
Income tax expense/(benefit)		**43.8**	**(6.5)**	**40.6**	**(0.1)**

7. Cash and cash equivalents

	Note	Investa Office Fund 2011 $m	Investa Office Fund 2010 $m	Prime Credit Property Trust 2011 $m	Prime Credit Property Trust 2010 $m
(a) Cash and cash equivalents					
Cash at bank and in hand	22	22.8	26.0	10.9	17.7
Short term deposits	22	–	2.8	–	0.8
		22.8	**28.8**	**10.9**	**18.5**

(b) Risk exposure

The Groups exposure to interest rate risk is discussed in Note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8. Trade and other receivables

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Current	22				
Rental and other amounts due[1]		3.6	5.6	1.7	3.1
Receivables from equity accounted investments	24	1.0	0.9	–	0.7
Allowance for impairment loss		(0.3)	(0.3)	(0.2)	(0.2)
Accrued income, prepayments and deposits		0.8	0.3	0.1	0.2
		5.1	**6.5**	**1.6**	**3.8**
Non-current	22				
Loan to equity accounted investments	24	68.2	73.4	–	–
Loan to stapled entity[2]		–	–	231.8	198.6
		68.2	**73.4**	**231.8**	**198.6**

1 Rental and other amounts due are receivable within 30 days.
2 The loan to Armstrong Jones Office Fund is interest free and payable on demand. The loan is classified as non-current as repayment is not expected to be received within 12 months.

9. Assets classified as held for sale

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
(a) Assets classified as held for sale				
Investment in Waltham Winter Street Group[1]	38.4	–	38.4	–
	38.4	**–**	**38.4**	**–**
(b) Movement in carrying amount				
Balance at the beginning of the year	–	–	–	–
Transferred from investments accounted for using the equity method	38.4	–	38.4	–
Balance at the end of the year	**38.4**	**–**	**38.4**	**–**

1 At 30 June 2011 the 50% interest in Waltham Winter Street Group has been classified as an asset held for sale, as the investment was being actively marketed for sale. On 9 August 2011 this investment was sold for net sale proceeds of USD $41.1 million, which reflects the carrying value at 30 June 2011

Notes to the Financial Statements – Year Ended 30 June 2011

10. Derivative financial instruments

	Note	Investa Office Fund 2011 $m	Investa Office Fund 2010 $m	Prime Credit Property Trust 2011 $m	Prime Credit Property Trust 2010 $m
Current assets	22				
Forward foreign exchange contracts		**6.0**	**3.4**	**1.3**	**0.6**
Non-current assets	22				
Forward foreign exchange contracts		**6.7**	**6.8**	**0.9**	**0.2**
Current liabilities	22				
Forward foreign exchange contracts		0.1	–	0.1	–
Interest rate swap contracts		1.9	5.1	0.8	–
		2.0	**5.1**	**0.9**	**–**
Non-current liabilities	22				
Forward foreign exchange contracts		–	0.3	–	0.3
Interest rate swap contracts		11.5	19.7	10.4	10.8
		11.5	**20.0**	**10.4**	**11.1**

11. Investment properties

(a) Summary of carrying amounts

	Investa Office Fund 2011 $m	Investa Office Fund 2010 $m	Prime Credit Property Trust 2011 $m	Prime Credit Property Trust 2010 $m
Investment properties	**1,982.4**	**1,923.8**	**1,032.8**	**1,033.3**
Liabilities Current – finance lease payable[1]	1.4	–	1.4	–
Non-current – finance lease payable[1]	20.9	–	20.9	–
Total liabilities	**22.3**	**–**	**22.3**	**–**
Total property valuations	**1,960.1**	**1,923.8**	**1,010.5**	**1,033.3**

1 Refer Note 11(b)5.

(b) Individual valuations and carrying amounts

Property	Date of purchase	Cost to date	Latest external valuation		Carrying amount		Capitalisation rate		Discount rate	
		$m	Date	Valuation $m	2011 $m	2010 $m	2011 %	2010 %	2011 %	2010 %
Non-current Armstrong Jones Office Fund										
10-20 Bond St Sydney NSW[4]	Jun 89	290.0	Dec 09	85.0	127.1	96.5	7.5	7.5	9.3	9.3
Hitachi Complex Brisbane Qld	Jul 98	127.1	Jun 10	178.5	177.5	178.5	8.8	8.8	9.5	9.5
347 Kent St Sydney NSW	Jan 99	237.1	Jun 10	250.0	259.0	250.0	6.8	6.8	9.0	9.0
Times Square 16-18 Mort St Canberra ACT	Mar 01	58.8	Dec 10	42.0	41.5	45.4	9.3	9.0	9.8	9.8
QBE House 628 Bourke St Melbourne Vic	Oct 01	85.5	Dec 10	82.8	88.2	82.6	7.8	8.5	9.5	9.5
Wellington Central Perth WA	Sep 07	84.8	Jun 10	62.5	66.3	62.5	8.3	8.5	9.8	9.8
NRMA Centre 388 George St Sydney NSW	Oct 02	160.1	Jun 11	190.0	190.0	175.0	7.0	7.0	9.0	9.0
		1,043.4		**890.8**	**949.6**	**890.5**	**7.6**	**7.7**	**9.3**	**9.3**
Non-current Prime Credit Property Trust										
Royal Mint Centre 383 Latrobe St Melbourne Vic	Feb 94	35.3	Jun 10	47.5	48.8	47.5	8.3	9.5	9.8	9.8
1230 Nepean Hwy Cheltenham Vic	Jul 94	–	–	–	–	21.5	–	9.3	–	9.8
Coles Group Headquarters 800 Toorak Rd Tooronga Vic	Jun 97	61.7	Jun 10	60.0	60.0	60.0	9.3	8.8	9.5	9.3
Australian Government Centre Brisbane Qld	May 98	182.6	Jun 11	276.0	276.0	255.0	8.4	8.6	9.3	9.4
Campus MLC 105-151 Miller St North Sydney NSW	Dec 98	117.0	Jun 11	140.0	140.0	141.0	8.3	8.3	9.3	9.5
151 Clarence St Sydney NSW	Nov 02	61.0	Jun 10	76.5	80.0	76.5	7.8	8.0	9.3	9.3
111 Pacific Hwy North Sydney NSW	May 04	113.0	Dec 10	104.5	108.0	103.7	8.3	8.3	9.5	9.8
Computer Associates Plaza Plano Texas USA	Aug 04	52.3	Jun 09	39.0	34.7	42.1	8.3	8.5	9.0	9.0

Notes to the Financial Statements – Year Ended 30 June 2011

11. Investment properties (continued)

Property	Date of purchase	Cost to date	Latest external valuation		Carrying amount		Capitalisation rate		Discount rate	
		$m	Date	Valuation $m	2011 $m	2010 $m	2011 %	2010 %	2011 %	2010 %
Homer Building[5] 601 13th St Was DC USA	May 05[6]	241.6	Dec 10	263.0	263.0	286.0	5.4	7.1	7.3	8.0
Total investment properties[1 2 3]		864.5		1,006.5	1,010.5	1,033.3	7.6	8.1	8.8	9.1
		1,907.9		1,897.3	1,960.1	1,923.8	7.6	7.9	9.0	9.1

1 Investment property that has not been valued by external valuers at reporting date is carried at the Responsible Entity's estimate of fair value in accordance with the accounting policy detailed at Note 1(p). The cost of a property acquired during the year approximates its fair value.
2 Valuations made in a foreign currency have been converted at the rate of exchange ruling at reporting date.
3 Weighted average capitalisation and discount rates exclude properties for which no rate is cited.
4 Tenants occupying approximately 80% of 10-20 Bond Street vacated at the end of December 2009. Assumptions included in the determination of the fair value of this property include approximately 70% re-leased by December 2011 and 100% re-leased by June 2012.
5 The valuation and carrying amounts shown for the Homer Building are net of the related finance lease payable (being the long term ground lease for the property). This lease has been recorded separately in the statement of financial position; the amounts recognised are included in Note 11(a).
6 An additional 30% interest in the partnership owning this property was acquired in November 2005.

(c) Movements in carrying amounts

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Completed investment property					
Carrying amount at beginning of year		1,923.8	2,196.1	1,033.3	1,236.5
Exchange rate fluctuations		(74.8)	(22.9)	(74.8)	(21.8)
Additions to existing property		81.8	39.1	41.1	21.0
Capitalised Interest		4.7	2.9	0.7	1.2
Disposals		(21.0)	(214.7)	(21.0)	(161.3)
Adjustment on change of accounting policy	1(b)	23.4	–	23.4	–
Amortisation of tenant incentives and leasing fees	1(b)	(12.3)	(8.4)	(10.7)	(7.1)
Straight line lease revenue recognition		1.2	3.6	0.8	0.9
Net change in fair value		55.6	(71.9)	40.0	(36.1)
Carrying amount at end of year		**1,982.4**	**1,923.8**	**1,032.8**	**1,033.3**

(d) Tenant incentives and leasing commissions (included in the carrying amounts from previous page)

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Cost	105.5	64.0	88.6	54.8
Accumulated amortisation	(35.4)	(24.9)	(30.4)	(21.5)
	70.1	**39.1**	**58.2**	**33.3**

(e) Leasing arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Within one year	149.7	146.7	77.7	79.0
Later than one year but not later than five years	467.6	491.1	177.8	209.6
Later than five years	127.1	208.9	22.3	71.6
	744.4	**846.7**	**277.8**	**360.2**

(f) Non-current assets pledged as security.

Refer to Note 15 for information on non-current assets pledged as security by the Group.

(g) Amounts recognised in profit or loss for investment properties

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Rental income	167.8	180.7	94.9	99.8
Other property income	21.8	25.3	15.3	16.7
Direct operating expenses from property that generated rental income	(34.5)	(35.9)	(19.3)	(20.9)
Direct operating expenses from property that did not generate rental income	(16.7)	(22.2)	(14.0)	(19.2)
	138.4	**147.9**	**76.9**	**76.4**

(h) Contractual obligations

Refer to Note 20 for disclosure of commitments for capital expenditure on investment property contracted but not provided for at reporting date.

Notes to the Financial Statements – Year Ended 30 June 2011

12. Investments accounted for using the equity method

(a) Details of investments in associates

Name	Principal activity	Ownership interest % 2011	Ownership interest % 2010
Armstrong Jones Office Fund			
DOF Master Fund CV[1]	Real estate investment	–	13.46%
DOF Master Fund CVII[1]	Real estate investment	–	13.46%
DOF Development Fund CV[1]	Real estate investment	–	13.46%
ING Reboi SA	Real estate investment	50.00%	50.00%
Neuilly Victor Hugo	Real estate investment	50.00%	50.00%
Prime Credit Property Trust			
2980 Fairview Park LLC[2]	Real estate investment	50.00%	50.00%
900 Third Avenue LP	Real estate investment	49.00%	49.00%
Waltham Winter Street Group[3]	Real estate investment	–	50.00%
IOF Finance Pty Ltd[4]	Financial Services	50.00%	50.00%

1 On 4 April 2011, ING Real Estate Investment Management, the owner of ING Management Limited, transferred the management rights of the Group to Investa Property Group. The Directors concluded that the Group no longer had significant influence over the DOF investment subsequent to the transfer of management rights. Equity accounting has been applied until 4 April 2011. Post 4 April 2011 the investment in DOF has been accounted for as a financial asset at fair value through profit or loss. Refer Note 13.
2 The property held within this entity was sold during the year.
3 This investment has been classified as an asset held for sale at 30 June 2011, refer Note 9 for details.
4 This investment is an associate of Prime Credit Property Trust only and consolidated in the Group financial report.

	Investa Office Fund		Prime Credit Property Trust	
	2011	2010	2011	2010
(b) Share of assets and liabilities				
Total assets	338.8	910.3	159.9	274.2
Total liabilities	(265.0)	(399.9)	(134.7)	(175.0)
Net assets	**73.8**	**510.4**	**25.2**	**99.2**
(c) Share of results				
Revenue	65.9	88.5	24.1	29.1
Gain on change in fair value of: Investment properties	25.1	(49.3)	25.1	(6.2)
Derivative financial instruments	3.2	(6.7)	0.7	(5.4)
Expenses	(47.3)	(55.4)	(20.0)	(24.3)
Profit/(loss) before income tax	**46.9**	**(22.9)**	**29.9**	**(6.8)**
Income tax expense	–	(0.1)	–	–
Profit/(loss) for the year	**46.9**	**(23.0)**	**29.9**	**(6.8)**
(d) Movements in carrying amounts				
Balance at the beginning of the year	510.4	656.4	99.2	111.1
Share of profits after income tax	46.9	(23.0)	29.9	(6.8)
Distributions	(59.8)	(31.9)	(45.8)	(0.1)
Movement in reserves	1.3	(0.1)	–	–
Transfer to assets classified as held for sale	(38.4)	–	(38.4)	–
Transfer to financial asset at fair value through profit or loss	(342.1)	–	–	–
Effect of exchange rate movements	(44.5)	(91.0)	(19.7)	(5.0)
Balance at the end of the year	**73.8**	**510.4**	**25.2**	**99.2**

Notes to the Financial Statements – Year Ended 30 June 2011

13. Financial asset at fair value through profit or loss

	Investa Office Fund		Prime Credit Property Trust	
	2011	2010	2011	2010
(a) Non current financial assets at fair value through profit or loss				
Dutch Office Fund (13.5%)	301.4	–	–	–
	301.4	**–**	**–**	**–**
(b) Movement in carrying amount				
Balance at the beginning of the year	–	–	–	–
Transferred from investments accounted for using the equity method	342.1	–	–	–
Fair value loss	(36.2)	–	–	–
Effect of exchange rate movements	(4.5)	–	–	–
Balance at the end of the year	**301.4**	**–**	**–**	**–**

The above financial asset has been designated as financial asset at fair value through profit or loss from the date it ceased to be investments accounted for using the equity method. The fair value of this investment has been determined by applying a discount for liquidity, size of the investment and valuation risk to the reported net assets. Information about the Group's exposure to foreign exchange risk is provided in Note 22.

14. Trade and other payables

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Current liabilities					
Trade payables		9.2	17.6	4.9	12.0
Payables to equity accounted investments	24	3.4	5.9	–	–
Other payables		17.0	6.4	13.0	2.6
		29.6	**29.9**	**17.9**	**14.6**

Information about the Group's exposure to foreign exchange risk is provided in Note 22.

15. Borrowings

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	**2011 $m**	2010 $m
Current liabilities					
Other external debt – secured	(a)	147.1	–	147.1	–
Syndicated bank debt – unsecured	(b)	195.8	–	–	–
Finance leases – unsecured		1.4	–	1.4	–
		344.3	**–**	**148.5**	**–**
Non-current liabilities					
Other external debt – secured	(a)	–	186.8	–	186.8
Syndicated bank debt – unsecured	(b)	–	215.8	–	–
Finance leases – unsecured		20.9	–	20.9	–
		20.9	**402.6**	**20.9**	**186.8**

(a) Other external debt

This liability includes minority interest share and is denominated in United States dollars. The Homer Building in Washington, DC that is pledged as security for this loan which had a carrying amount at reporting date of $263.0 million (30 June 2010: $286.0 million), including minority interest share. This loan matures in January 2012.

(b) Bank debt

The syndicated bank debt has a limit of $855.0 million expiring in June 2012. The undrawn facility at 30 June 2011 was $659.2 million (30 June 2010: $638.8 million). The borrowing at reporting date was $20.0 million denominated in Australian dollars and $175.8 million denominated in Euros (30 June 2010: $26.6 million and $189.2 million respectively). Prime Group borrowings under the syndicated bank debt was nil at reporting date (30 June 2010: nil).The facility has a number of market standard terms and conditions including a negative pledge and undertakings that include the maintenance of the following financial ratios:

(i) total look-through liabilities will not exceed 50% of look-through total tangible assets; and

(ii) earnings before borrowing costs and taxation will not be less than 2.5 times borrowing costs.

The Group complied with the syndicate debt facility financial ratios and negative pledge during the year.

On 15 August 2011, an agreement was signed for a new 3 year bank facility with a limit of $552.0 million. The new debt facility will mature on 15 August 2014. The margins are higher than under the previous syndicated debt facility and are reflective of the current market. The Trusts are expected to continue to service their debt from operating cash flow and remain compliant with the loan covenants.

(c) Fair value disclosures

Information about the fair value of each of the borrowings is set out in Note 22.

(d) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 22.

Notes to the Financial Statements – Year Ended 30 June 2011

16. Non-current deferred tax liabilities

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
The balance comprises temporary differences attributable to investment properties	53.1	22.5	50.6	22.5
Deferred tax expense/(benefit) recognised in the income statement in respect of deferred tax liabilities is attributable to temporary differences arising from investment properties	37.7	(9.0)	35.3	0.7
Deductible temporary differences for which no deferred tax asset has been recognised	39.9	47.2	39.9	47.2
Potential tax benefit	14.0	7.1	14.0	7.1

17. Contributed equity

(a) Balances

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Balance at beginning of year	2,308.2	1,906.7	1,282.9	1,082.1
Issued during the year: Placements and rights issues	–	415.2	–	207.6
Unit issue costs	–	(13.7)	–	(6.8)
Balance at end of year	2,308.2	2,308.2	1,282.9	1,282.9
The closing balance is attributable to the unitholders of: Armstrong Jones Office Fund	1,025.3	1,025.3	–	–
Prime Credit Property Trust	1,282.9	1,282.9	1,282.9	1,282.9
	2,308.2	2,308.2	1,282.9	1,282.9

(b) Number of issued units	2011 millions	2010 millions	2011 millions	2010 millions
At beginning of year	2,729.1	1,806.5	2,729.1	1,806.5
Issued during the year: Placements and rights issues	–	922.6	–	922.6
At beginning and end of year	2,729.1	2,729.1	2,729.1	2,729.1

(c) Terms of units

All units are fully paid and rank equally with each other for all purposes. Each unit entitles the holder to one vote, in person or by proxy, at a meeting of unitholders.

(d) Capital risk management

Refer to Note 21 for the Group's Capital risk management strategy.

18. Reserves

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Foreign currency translation				
Balance at beginning of year	(149.2)	(46.2)	(94.7)	(74.2)
Translation differences arising during the year	(73.3)	(103.0)	(43.8)	(20.5)
Balance at end of year	**(222.5)**	**(149.2)**	**(138.5)**	**(94.7)**
Share of reserve for net loss on cash flow hedge held by equity accounted investment				
Balance at beginning of year	(2.8)	(2.7)	–	–
Share of reserve movement	1.3	(0.1)	–	–
Transfer to profit and loss	1.5	–	–	–
Balance at end of year	**–**	**(2.8)**	**–**	**–**
Total reserves at end of year	**(222.5)**	**(152.0)**	**(138.5)**	**(94.7)**
The closing balance is attributable to the unitholders of: Armstrong Jones Office Fund	(84.0)	(57.3)	–	–
Prime Credit Property Trust	(138.5)	(94.7)	(138.5)	(94.7)
	(222.5)	**(152.0)**	**(138.5)**	**(94.7)**

Nature and purpose of the reserves

(a) The foreign currency translation reserve includes:

(i) Translation of foreign controlled entities

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(e) and accumulated in a reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is partly disposed of or sold.

(ii) Net investment hedges

Hedges of net investments in foreign operations are accounted for as described in Note 1(o). Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(b) Share of reserve for net loss on cash flow hedge by equity accounted investment

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 1(o). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

19. Accumulated losses

Accumulated losses attributable to unitholders of the Group:

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $m	2010 $m	2011 $m	2010 $m
Balance at beginning of year		(130.0)	(66.1)	(115.8)	(76.2)
Net profit for the year		143.9	42.5	77.2	5.4
Distributions paid or payable	3	(106.4)	(106.4)	(35.7)	(45.0)
Balance at end of year		**(92.5)**	**(130.0)**	**(74.3)**	**(115.8)**
The closing balance is attributable to the unitholders of: Armstrong Jones Office Fund		(18.2)	(14.2)	–	–
Prime Credit Property Trust		(74.3)	(115.8)	(74.3)	(115.8)
		(92.5)	**(130.0)**	**(74.3)**	**(115.8)**

20. Commitments

Commitments for capital expenditure on investment property contracted but not provided for at reporting date were payable as follows:

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Within one year	7.7	56.3	6.3	29.8
Later than one year but not later than five years	–	10.7	–	10.7
Later than five years	–	–	–	–
	7.7	**67.0**	**6.3**	**40.5**

(a) Operating lease

The Group leases the land on which the Homer Building investment property is built. The lease has a remaining term of 93 years.

Future minimum rental payments under the non-cancellable operating lease at reporting date were:

	2011 $m	2010 $m
Within one year	–	1.6
Later than one year but not later than five years	–	6.3
Later than five years	–	139.6
	–	**147.5**

The Group now classifies this lease as a finance lease, with effect 1 July 2010. Refer Note 1(b)(ii) for disclosure of new and amended accounting standards adopted by the Responsible Entity and Note 20(b) for disclosure as a finance lease.

(b) Finance lease

The Group leases the land on which the Homer Building investment property is built. The lease has a remaining term of 93 years and a carrying amount at 30 June 2011 of $22.3million (30 June 2010: nil). Prior to 1 July 2010 this lease was classified as an operating lease and disclosed in Note 20 (a).

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	**2011 $m**	2010 $m
Commitments in relation to finance lease are payable as follows:				
Within one year	1.4	–	1.4	–
Later than one year but not later than five years	5.9	–	5.9	–
Later than five years	128.6	–	128.6	–
Minimum lease payments	**135.9**	**–**	**135.9**	**–**
Future finance charges not recognised as a liability	113.6	–	113.6	–
	22.3	**–**	**22.3**	**–**
The present value of finance lease liabilities is as follows:				
Within one year	1.4	–	1.4	–
Later than one year but not later than five years	4.7	–	4.7	–
Later than five years	16.2	–	16.2	–
Minimum lease payments	**22.3**	**–**	**22.3**	**–**

21. Capital management

The Group aims to meet its strategic objectives and operational needs and to maximise returns to unitholders through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels.

In determining the optimal capital structure, the Group takes into account a number of factors, including the views of investors and the market in general, the capital needs of its portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to interest rate movements, the liquidity risk of maturing debt facilities and the potential for acceleration prior to maturity.

In assessing this risk, the Group takes into account the relative security of its income flows, the predictability of its expenses, its debt profile, the degree of hedging and the overall level of debt as measured by gearing.

The actual capital structure at a point in time is the product of a number of factors, many of which are market driven and to various degrees outside of the control of the Group, particularly the impact of revaluations on gearing levels, the availability of new equity and the liquidity in real estate markets. While the Group periodically determines the optimal capital structure, the ability to achieve the optimal structure may be impacted by market conditions and the actual position may often differ from the optimal position. The Group's capital position is primarily monitored through its ratio of total liabilities to total assets ("Leverage Ratio"), calculated on a look-through basis, in which the Group's interest in its joint ventures and associates are proportionately consolidated based on the Group's ownership interest. The Group's medium term strategy is to maintain the Leverage Ratio in the range of 25% to 35%.

At 30 June 2011, the Leverage Ratio was 27.4% (30 June 2010: 28.8%), calculated as follows:

	Investa Office Fund	
	2011 $m	2010 $m
Total consolidated liabilities	488.0	506.7
Plus share of liabilities of financial asset at fair value through profit or loss	81.9	–
Plus share of liabilities of equity accounted investments	265.0	399.9
Plus share of liabilities of assets classified as held for sale	0.3	–
Less elimination of receivables from and payables to equity accounted investments	(72.6)	(80.2)
Total look-through liabilities	**762.6**	**826.4**
Total consolidated assets	2,504.8	2,553.1
Less financial asset at fair value through profit or loss	(301.4)	–
Less equity accounted investments	(73.8)	(510.4)
Less assets classified as held for sale	(38.4)	–
Plus share of assets of financial asset at fair value through profit or loss	383.3	–
Plus share of assets of equity accounted investments	338.8	910.3
Plus share of assets of assets classified as held for sale	38.7	–
Less elimination of receivables from and payables to equity accounted investments	(72.6)	(80.2)
Total look-through assets	**2,779.4**	**2,872.8**
Leverage ratio	**27.4%**	**28.8%**

The leveraged ratio is also used to determine compliance with the Group's syndicated bank debt facility as at 30 June 2011. Refer Note 15(b) for details.

In addition, the Group monitors the ratio of debt to total assets adjusted for minority interest ("Gearing Ratio"), calculated on a proportional consolidation basis. At 30 June 2011, the gearing ratio was 20.5% (30 June 2010: 23.2%), calculated as follows:

	Investa Office Fund	
	2011 $m	**2010 $m**
Total consolidated borrowings	365.2	402.6
Plus share of debt of equity accounted investments	178.0	289.3
Plus share of debt of financial asset at fair value through profit or loss	62.5	–
Less external non-controlling interest share of property level debt	(29.4)	(37.6)
Less finance lease liability	(22.3)	–
Net look-through debt	**554.0**	**654.3**
Total consolidated assets	2,504.8	2,553.1
Less financial asset at fair value through profit or loss	(301.4)	–
Less equity accounted investments	(73.8)	(510.4)
Less assets classified as held for sale	(38.4)	–
Plus share of assets of financial asset at fair value through profit or loss	383.3	–
Plus share of assets of equity accounted investments	338.8	910.3
Plus share of assets of assets classified as held for sale	38.7	–
Less external non-controlling interest in assets	(57.1)	(57.4)
Less elimination of receivables from and payables to equity accounted investments	(72.6)	(80.2)
Less finance lease liability	(22.3)	–
Total look-through assets (adjusted for minority interest)	**2,700.0**	**2,815.4**
Gearing ratio	**20.5%**	**23.2%**

As part of a stapled entity, the Prime Group's capital is not separately managed. Any capital changes for the Group may result in consequential changes for the Prime Group.

22. Financial risk management

(a) Introduction

The Group's principal financial instruments comprise receivables, payables, interest bearing liabilities, other financial liabilities, cash and short-term deposits, financial asset at fair value through profit or loss and derivative financial instruments.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Group manages its exposure to these risks primarily through its treasury policy. The policy sets out various targets aimed at governing the financial risk taken by the Group. Management reviews actual positions of the Group against these targets on a regular basis. If the target is not achieved, or a forecast is not to be achieved, a plan of action is, where appropriate, put in place with the aim of meeting the target within an agreed timeframe. Depending on the circumstances of the Group at a point in time, it may be that positions outside of the treasury policy are accepted and no plan of action is put in place to meet the treasury targets, because, for example, the risks associated with bringing the Group into compliance outweigh the benefits. The adequacy of the treasury policy in addressing the risks arising from the Group's financial instruments is reviewed on a regular basis.

While the Group aims to meet its treasury policy targets, many factors influence their performance, and it is probable that at any one time it will not meet all its targets. For example, the Group may be unable to negotiate the extension of bank facilities sufficiently ahead of time, so that it fails to achieve its liquidity target. When refinancing loans it may be unable to achieve the desired maturity profile or the desired level of flexibility of financial covenants, because of the cost of such terms or their unavailability. Hedging instruments may not be available, or their cost may outweigh the benefit of risk reduction or they may introduce other risks such as mark to market risk. Changes in market conditions may limit the Group's ability to raise capital through the issue of units or sale of properties.

The main risks arising from the Prime Group's financial instruments are interest rate risk, foreign exchange risk, credit risk and liquidity risk. As part of a stapled entity, these risks are not separately managed. Management of these risks for the Group may result in consequential changes for the Prime Group.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates arises primarily from their use of borrowings. The main consequence of adverse changes in market interest rates is higher interest costs, reducing the Group's profits. In addition, one or more of the Group's loan agreements may include minimum interest cover covenants. Higher interest costs resulting from increases in market interest rates may result in these covenants being breached, providing the lender the right to call in the loan or to increase the interest rate applied to the loan.

The Group manages the risk of changes in market interest rates by maintaining an appropriate mix of fixed and floating rate borrowings. Fixed rate debt is achieved either through fixed rate debt funding or through derivative financial instruments permitted under the treasury policy. The policy sets minimum and maximum levels of fixed rate exposure over a ten-year time horizon.

As part of a stapled entity, the Prime Group's interest rate risk is not separately managed. Management of this risk for the Group may result in consequential changes for the Prime Group.

At 30 June 2011, after taking into account the effect of interest rate swaps, approximately 78% of the Group's borrowings are at a fixed rate of interest (30 June 2010: 93%) (Prime Group: 100%; 30 June 2010: 100%).

Exposure to changes in market interest rates also arises from financial assets such as cash deposits and loan receivables subject to floating interest rate terms. Changes in market interest rates will also change the fair value of any interest rate hedges.

(c) Interest rate risk exposure

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date was:

		Investa Office Fund Fixed interest maturing in:			
30 June 2011	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $m					
Financial assets					
Cash at bank	22.8	–	–	–	22.8
Loans to equity accounted investments	–	–	–	68.2	68.2
Financial liabilities					
Bank debt denominated in AUD	20.0	–	–	–	20.0
Bank debt denominated in €	175.8	–	–	–	175.8
Finance leases	–	1.4	4.7	16.2	22.3
Other external debt denominated in USD	–	147.1	–	–	147.1
Interest rate swaps: denominated in USD; Group pays fixed rate[1]	(93.3)	–	93.3	–	–
denominated in €; Group pays fixed rate	(54.1)	–	54.1	–	–
Weighted average interest rates Financial assets					
Cash at bank	4.0%	–	–	–	na
Loans to equity accounted investments	–	–	–	6.0%	na
Financial liabilities					
Bank debt denominated in AUD	5.2%	–	–	–	na
Bank debt denominated in €	1.3%	–	–	–	na
Finance leases	–	6.5%	6.5%	6.5%	na
Other external debt denominated in USD	–	5.4%	–	–	na
Interest rate swaps: denominated in USD; Group pays fixed rate	0.2%	–	4.7%	–	na
denominated in €; Group pays fixed rate	1.5%	–	3.9%	–	na

1 This is a forward start interest rate swap for USD 100 million commencing on 19 February 2012 for a term of seven years at a fixed rate of 4.67%.

Other financial instruments of the Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Notes to the Financial Statements – Year Ended 30 June 2011

22. Financial risk management (continued)

The Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at the end of the previous financial year was:

		Investa Office Fund Fixed interest maturing in:			
30 June 2010	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $m					
Financial assets					
Cash at bank	26.0	–	–	–	26.0
Short term deposits	2.8	–	–	–	2.8
Loans to equity accounted investments	–	–	–	73.4	73.4
Financial liabilities					
Bank debt denominated in AUD	26.6	–	–	–	26.6
Bank debt denominated in €	189.2	–	–	–	189.2
Other external debt denominated in USD	–	–	186.8	–	186.8
Interest rate swaps: denominated in USD; Group pays fixed rate[1]	(118.9)	–	118.9	–	–
denominated in €; Group pays fixed rate	(189.9)	–	189.9	–	–
Weighted average interest rates					
Financial assets					
Cash at bank	3.5%	–	–	–	na
Short term deposits	4.5%	–	–	–	na
Loans to equity accounted investments	–	–	–	6.0%	na
Financial liabilities					
Bank debt denominated in AUD	5.3%	–	–	–	na
Bank debt denominated in €	1.3%	–	–	–	na
Other external debt denominated in USD	–	–	5.4%	–	na
Interest rate swaps: denominated in USD; Group pays fixed rate	0.5%	–	4.7%	–	na
denominated in €; Group pays fixed rate	0.8%	–	3.9%	–	na

1 This is a forward start interest rate swap for USD 100 million commencing on 19 February 2012 for a term of seven years at a fixed rate of 4.67%.

Other financial instruments of the Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

The Prime Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at reporting date was:

		Prime Credit Property Trust Fixed interest maturing in:			
30 June 2011	**Floating interest rate**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Principal amounts $m					
Financial assets					
Cash at bank	10.9	–	–	–	10.9
Financial liabilities					
Finance leases	–	1.4	4.7	16.2	22.3
Other external debt denominated in USD	–	147.1	–	–	147.1
Interest rate swaps: denominated in USD; Group pays fixed rate[1]	(93.3)	–	93.3	–	–
Weighted average interest rates					
Financial assets					
Cash at bank	4.6%	–	–	–	na
Financial liabilities					
Finance leases	–	6.5%	6.5%	6.5%	na
Other external debt denominated in USD	–	5.4%	–	–	na
Interest rate swaps: denominated in USD; Fund pays fixed rate	0.2%	–	4.7%	–	na

1 This is a forward start interest rate swap for USD100 million commencing on 19 February 2012 for a term of seven years at a fixed rate of 4.67%.

Other financial instruments of the consolidated Prime Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Notes to the Financial Statements – Year Ended 30 June 2011

22. Financial risk management (continued)

The Prime Group's exposure to interest rate risk and the effective interest rates on financial assets and liabilities at the end of the previous financial year was:

		Prime Credit Property Trust Fixed interest maturing in:			
30 June 2010	Floating interest rate	Less than 1 year	1 to 5 years	More than 5 years	Total
Principal amounts $m					
Financial assets					
Cash at bank	17.7	–	–	–	17.7
Short term deposits	0.8	–	–	–	0.8
Financial liabilities					
Other external debt denominated in USD	–	–	186.8	–	186.8
Interest rate swaps: denominated in USD; Group pays fixed rate[1]	(118.9)	–	118.9	–	–
Weighted average interest rates					
Financial assets					
Cash at bank	3.9%	–	–	–	na
Short term deposits	4.5%	–	–	–	na
Financial liabilities					
Other external debt denominated in USD	–	–	5.4%	–	na
Interest rate swaps: denominated in USD; Fund pays fixed rate	0.5%	–	4.7%	–	na

1 This is a forward start interest rate swap for USD 100 million commencing on 19 February 2012 for a term of seven years at a fixed rate of 4.67%.

Other financial instruments of the consolidated Prime Group not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

(d) Interest rate sensitivity analysis

The impact of an increase or decrease in average interest rates of 1% (100 basis points) at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the interest rate risk exposures in existence at statement of financial position date. As both Groups have no derivatives that meet the documentation requirements to qualify for hedge accounting, there would be no impact on unitholders' interest (apart from the effect on profit).

(i) Increase in average interest rates of 1%

The effect on net interest expense for one year would have been:

	Effect on profit after tax			
	Investa Office Fund		Prime Credit Property Trust	
	Higher / (lower)		Higher / (lower)	
	2011 $m	2010 $m	2011 $m	2010 $m
Variable interest rate instruments denominated in:				
Australian dollars	(0.1)	(0.1)	–	–
Euros	(0.6)	–	–	–
	(0.7)	**(0.1)**	**–**	**–**

The effect on change in fair value of derivatives would have been:

	2011 $m	2010 $m	2011 $m	2010 $m
Variable interest rate instruments denominated in:				
Euros	1.3	5.8	–	–
United States dollars	3.0	3.6	3.0	3.6
	4.3	**9.4**	**3.0**	**3.6**

(ii) Decrease in average interest rates of 1%

The effect on net interest expense for one year would have been:

	2011 $m	2010 $m	2011 $m	2010 $m
Variable interest rate instruments denominated in:				
Australian dollars	0.1	0.1	–	–
Euros	0.6	–	–	–
	0.7	**0.1**	**–**	**–**

The effect on change in fair value of derivatives would have been:

	2011 $m	2010 $m	2011 $m	2010 $m
Variable interest rate instruments denominated in:				
Euros	(1.3)	(6.2)	–	–
United States dollars	(2.5)	(3.8)	(2.5)	(3.8)
	(3.8)	**(10.0)**	**(2.5)**	**(3.8)**

(e) Foreign exchange risk

By owning assets in offshore markets, the Group is exposed to the risk of movements in foreign exchange rates. Foreign exchange rate movements may reduce the Australian dollar equivalent of the carrying value of the Group's offshore properties, and may result in lower Australian dollar equivalent proceeds when an offshore property is sold. In addition, foreign exchange rate movements may reduce the Australian dollar equivalent of the earnings from the offshore properties while they are owned by the Group.

The Group reduces its exposure to the foreign exchange risk inherent in the carrying value of their offshore properties and interests in offshore investments by partly or wholly funding their acquisition using borrowings denominated in the particular offshore currency, and by using derivatives. The Group's treasury policy sets a target for minimum and maximum hedging of the carrying value of its offshore properties.

Fully hedging the value of offshore properties and interests in offshore investments exposes the Group to the risk that foreign exchange rate movements cause the Group's Leverage Ratios to increase. The foreign exchange risk inherent in the carrying value of its offshore properties is hedged by the offshore liabilities of the Group and of its equity accounted investments, leaving

22. Financial risk management (continued)

the equity value of the Group's investments in Europe and the United States of America exposed to adverse movements in foreign exchange rates.

The Group's exposure to the impact of exchange rate movements on its earnings from its offshore properties is partly mitigated by the foreign denominated interest expense of its foreign denominated borrowings and any derivative hedges. The Group aims to reduce any residual exposure to its earnings arising because of its investment in offshore markets by using forward exchange contracts. The treasury policy sets out targets of minimum and maximum hedging of its earnings from offshore properties over a five-year time horizon.

As part of a stapled entity, the Prime Group's foreign exchange risk is not separately managed. Management of this risk for the Group may result in consequential changes for the Prime Group.

(f) Net foreign currency exposure

The Group's net foreign currency monetary exposure, after taking into account the effect of foreign exchange derivatives, as at reporting date is shown in the following table. The net foreign currency exposure reported is of foreign currencies held by entities whose functional currency is the Australian dollar. It excludes assets and liabilities of entities, including the Group's European and United States subsidiaries and equity accounted investments, whose functional currency is not the Australian dollar.

	Net foreign currency asset/(liability)			
	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Euros	(109.8)	(120.4)	–	–
United States dollars	0.2	0.2	0.2	0.2
	(109.6)	**(120.2)**	**0.2**	**0.2**

(g) Foreign exchange sensitivity analysis

The impact on profit after tax of an increase or decrease in average foreign exchange rates of 10% at reporting date, with all other variables held constant, is illustrated in the tables below. This analysis is based on the foreign exchange risk exposures in existence at statement of financial position date.

(i) Effect of appreciation in Australian dollar of 10%:

	Effect on profit after tax			
	Investa Office Fund		Prime Credit Property Trust	
	Higher / (lower)		Higher / (lower)	
	2011 $m	2010 $m	2011 $m	2010 $m
Foreign exchange risk exposures denominated in:				
Euros	13.7	15.9	–	–
United States dollars	0.7	1.1	0.7	1.1
	14.4	**17.0**	**0.7**	**1.1**

(ii) Effect of depreciation in Australian dollar of 10%:

Foreign exchange risk exposures denominated in:				
Euros	(14.3)	(16.8)	–	–
United States dollars	(0.8)	(1.3)	(0.8)	(1.3)
	(15.1)	**(18.1)**	**(0.8)**	**(1.3)**

The Responsible Entity believes that the reporting date risk exposures are representative of the risk exposure inherent in the Group's financial instruments.

(h) Foreign exchange derivatives held

The following tables detail the forward exchange contracts, options and foreign exchange swaps outstanding at reporting date. These have been taken out to mitigate the effect of foreign exchange movements on the financial statements.

At statement of financial position date, none of the following foreign exchange derivatives qualifies for hedge accounting and gains and losses arising from changes in fair value have been taken to the income statement. The consolidated gain for the year ended 30 June 2011 was $2.7 million (Prime Group $1.7 million gain) (30 June 2010: $13.0 million; Prime Group $0.2 million loss).

Forward foreign exchange contracts to receive Australian dollars and pay United States dollars were:

Maturing	Weighted average exchange rate		Principal amount			
	2011	2010	2011 AUD m	2011 USD m	2010 AUD m	2010 USD m
			Investa Office Fund			
Within one year	0.7757	0.6940	4.8	3.7	3.9	2.7
Later than one year but not later than five years	0.7995	0.7878	5.0	4.0	9.9	7.8
			9.8	**7.7**	**13.8**	**10.5**
			Prime Credit Property Trust			
Within one year	0.7757	0.6940	4.8	3.7	3.9	2.7
Later than one year but not later than five years	0.7995	0.7878	5.0	4.0	9.9	7.8
			9.8	**7.7**	**13.8**	**10.5**

Forward foreign exchange contracts to receive Australian dollars and pay Euros were:

Maturing	Weighted average exchange rate		Principal amount			
	2011	2010	2011 AUD m	2011 EUR m	2010 AUD m	2010 EUR m
			Investa Office Fund			
Within one year	0.5289	0.5551	17.9	9.5	16.6	9.2
Later than one year but not later than five years	0.5070	0.5164	24.1	12.2	41.8	21.6
			42.0	**21.7**	**58.4**	**30.8**

22. Financial risk management (continued)

(i) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in a financial loss to each Group.

The major credit risk for both Groups is default by tenants, resulting in a loss of rental income while a replacement tenant is secured and further loss if the rent level agreed with the replacement tenant is below that previously paid by the defaulting tenant.

Both Groups assess the credit risk of prospective tenants, the credit risk of in-place tenants when acquiring properties and the credit risk of existing tenants renewing upon expiry of their leases. Factors taken into account when assessing credit risk include the aggregate exposure the Groups may have to the prospective tenant if the counterparty is already a tenant in the portfolio; the strength of the prospective tenant's business; the level of its commitment to locating in the Groups' property; and any form of security, for example a rental bond, to be provided.

The decision to accept the credit risk associated with leasing space to a particular tenant is balanced against the risk of the potential financial loss of not leasing up vacant space.

Rent receivable balances are monitored on an ongoing basis and arrears actively followed up in order to reduce, where possible, the extent of any losses should the tenant subsequently default.

The Responsible Entity believes that both Groups' receivables that are neither past due nor impaired do not give rise to any significant credit risk.

Credit risk also arises from deposits placed with financial institutions and derivatives contracts that may have a positive value. Both Groups' Treasury Policy set target limits for credit risk exposure with financial institutions and minimum counterparty credit ratings. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to both Groups, after allowing for appropriate set offs which are legally enforceable.

Both Groups' maximum exposure to credit risk at reporting date in relation to each class of financial instrument is its carrying amount as reported in the statement of financial position.

(j) Liquidity risk

The main objective of liquidity risk management is to reduce the risk that the Group does not have the resources available to meet its financial obligations and working capital and committed capital expenditure requirements. The Group's treasury policy sets a target for the level of cash and available undrawn debt facilities to cover future committed expenditure in the next year, loan maturities within the next year and an allowance for unforeseen events such as tenant default.

The Group may also be exposed to contingent liquidity risk under its term loan facilities, where term loan facilities include covenants which if breached give the lender the right to call in the loan, thereby accelerating a cash flow which otherwise was scheduled for the loan maturity. The Group monitors adherence to loan covenants on a regular basis, and the treasury policy sets targets based on the ability to withstand adverse market movements and remain within loan covenant limits.

Refinance risk, also part of liquidity risk is the risk that the maturity profile of debt makes it difficult to refinance maturing debt, or that it creates an excessive exposure to potentially unfavourable market conditions at any given time.

The group is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Group manages this risk where appropriate, by refinancing borrowings in advance of the maturity of the borrowing and securing longer term facilities where appropriate and consistent with the Group's strategy.

As part of a stapled entity, the Prime Group's liquidity risk is not separately managed. Management of this risk for the Group may result in consequential changes for the Prime Group.

Non-derivative financial liabilities

The contractual maturities of the Group's non-derivative financial liabilities at reporting date are reflected in the following table. It shows the undiscounted contractual cash flows required to discharge the liabilities including interest at market rates. Foreign currencies have been converted at rates of exchange ruling at reporting date.

	Investa Office Fund 2011			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	$m	$m	$m	$m
Trade & other payables	29.6	–	–	29.6
Borrowings	353.1	5.9	128.6	487.6
Distribution payable	26.6	–	–	26.6
	409.3	**5.9**	**128.6**	**543.8**
	2010			
Trade & other payables	29.9	–	–	29.9
Borrowings	14.9	414.4	–	429.3
Distribution payable	26.6	–	–	26.6
	71.4	**414.4**	**–**	**485.8**

The contractual maturities of the Prime Group's non-derivative financial liabilities at reporting date, on the same basis, were:

	Prime Credit Property Trust 2011			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	$m	$m	$m	$m
Trade & other payables	17.9	–	–	17.9
Borrowings	153.1	5.9	128.6	287.6
	171.0	**5.9**	**128.6**	**305.5**
	2010			
Trade & other payables	14.6	–	–	14.6
Borrowings	10.3	193.4	–	203.7
Distribution payable	26.6	–	–	26.6
	51.5	**193.4**	**–**	**244.9**

22. Financial risk management (continued)

Derivative financial liabilities

The following tables show the undiscounted contractual cash flows required to discharge the groups derivative financial liabilities including interest at market rates. Foreign currencies have been converted at rates of exchange ruling at reporting date.

	Investa Office Fund 2011			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	$m	$m	$m	$m
Liabilities				
Interest rate swaps – net settled	(2.4)	(157.1)	–	(159.5)
Foreign Exchange – gross settled Outflows	(0.2)	–	–	(0.2)
Inflows	0.4	–	–	0.4
	(2.2)	**(157.1)**	**–**	**(159.3)**
Assets				
Foreign Exchange – gross settled Outflows	(16.5)	(20.2)	–	(36.7)
Inflows	23.1	29.0	–	52.1
	6.6	**8.8**	**–**	**15.4**

	Investa Office Fund 2010			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	$m	$m	$m	$m
Liabilities				
Interest rate swaps – net settled	(5.2)	(21.3)	(0.6)	(27.1)
Foreign Exchange – gross settled Outflows	–	(7.2)	–	(7.2)
Inflows	–	7.5	–	7.5
	(5.2)	**(21.0)**	**(0.6)**	**(26.8)**
Assets				
Derivative assets – gross settled Outflows	(16.6)	(33.5)	–	(50.1)
Inflows	20.4	44.2	–	64.6
	3.8	**10.7**	**–**	**14.5**

The contractual maturities of Prime Group's derivative financial liabilities at reporting date, on the same basis, were:

	Prime Credit Property Trust 2011			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	$m	$m	$m	$m
Liabilities				
Interest rate swaps – net settled	(1.3)	(101.9)	–	(103.2)
Foreign Exchange – gross settled Outflows	(0.2)	–	–	(0.2)
Inflows	0.4	–	–	0.4
	(1.1)	**(101.9)**	**–**	**(103.0)**
Assets				
Foreign Exchange – gross settled Outflows	(3.7)	(3.7)	–	(7.4)
Inflows	5.2	5.0	–	10.2
	1.5	**1.3**	**–**	**2.8**

	Prime Credit Property Trust 2010			
	Less than 1 year	1 to 5 years	More than 5 years	Total
	$m	$m	$m	$m
Liabilities				
Derivative liabilities – net settled	–	(9.1)	(0.6)	(9.7)
Derivative liabilities – gross settled Outflows	–	(7.2)	–	(7.2)
Inflows	–	7.5	–	7.5
	–	**(8.8)**	**(0.6)**	**(9.4)**
Assets				
Derivative assets – gross settled Outflows	(3.2)	(2.0)	–	(5.2)
Inflows	3.8	2.3	–	6.1
	0.6	**0.3**	**–**	**0.9**

(k) Fair value of financial assets and liabilities

The Group categorises fair value measurements using the following hierarchy:

Level 1: fair value is calculated using quoted prices in active markets;

Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

22. Financial risk management (continued)

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include forward foreign exchange contract and interest rate swaps.

The fair value of the level 3 investment has been determined by applying a discount for liquidity, size of the investment and valuation risk to the reported net assets. If the value of the investment was adjusted to be 5% higher or lower, the fair value would increase/decrease by $15.1 million.

The calculation of fair value of the Fund's level 3 financial asset includes a discount for the liquidity risk of the investment. This liquidity risk discount is not based on observable market data, and is therefore subject to significant judgement.

The following tables present both Groups' financial assets and liabilities that were measured and recognised at fair value at 30 June 2011.

	Investa Office Fund 2011			
	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Financial assets				
Financial asset at fair value through profit or loss	–	–	301.4	301.4
Derivative financial instruments	–	12.7	–	12.7
	–	**12.7**	**301.4**	**314.1**
Financial liabilities				
Derivative financial instruments	**–**	**(13.5)**	**–**	**(13.5)**

	Investa Office Fund 2010			
	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Financial assets				
Derivative financial instruments	–	10.2	–	10.2
Financial liabilities				
Derivative financial instruments	–	(25.1)	–	(25.1)

	Prime Credit Property Trust 2011			
	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Financial assets				
Derivative financial instruments	**–**	**2.2**	**–**	**2.2**
Financial liabilities				
Derivative financial instruments	**–**	**(11.3)**	**–**	**(11.3)**

	Prime Credit Property Trust 2010			
	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Financial assets				
Derivative financial instruments	–	0.8	–	0.8
Financial liabilities				
Derivative financial instruments	–	(11.1)	–	(11.1)

The carrying amounts of the Group's other financial instruments approximate their fair values, except for fixed rate debt as follows:

	Investa Office Fund			
	2011		2010	
	Fair value	Carrying amount	Fair value	Carrying amount
	$m	$m	$m	$m
Other external debt	151.7	147.1	200.7	186.8

	Prime Credit Property Trust			
	2011		2010	
	Fair value	Carrying amount	Fair value	Carrying amount
	$m	$m	$m	$m
Other external debt	151.7	147.1	200.7	186.8

These fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 1% to 3% (30 June 2010: 1% to 3%), depending on the type of borrowing.

23. Auditor's remuneration

	Investa Office Fund		Prime Credit Property Trust	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Amounts received or receivable by Ernst & Young for:				
Audit or review of financial reports of the Fund and any other entity in the Group	203	224	102	112
Other services – assurance related	13	8	7	4
Vendor due diligence	978	–	–	–
	1,194	232	109	116

The Directors of the Responsible Entity have adopted a policy governing Auditor Independence which specifies that the auditing firm should not provide services that are or could be perceived to be in conflict with the role of auditor. Each non-audit service is considered in the context of this policy. The Directors of the Responsible Entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Notes to the Financial Statements – Year Ended 30 June 2011

24. Related parties

(a) Responsible Entity

The Responsible Entity, until 8 July 2011, of the Trusts was ING Management Limited ("IML"), a member of the ING group of companies for which the ultimate holding company is ING Group NV, a company incorporated in the Netherlands.

(b) Fees of the Responsible Entity and its related parties

	Note	Investa Office Fund		Prime Credit Property Trust	
		2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
ING Management Limited:	(i)				
Responsible Entity's fees		8,521	8,420	3,858	3,691
Property management and leasing fees		209	429	88	227
ING Clarion Partners LLC:	(ii)				
Asset management fees		2,109	2,355	2,109	2,355
Asset disposition fee		257	403	257	403
Performance fee		106	343	106	343
Other ING subsidiaries:	(iii)				
Property management and leasing fees		1,408	1,437	–	–
		12,610	**13,387**	**6,418**	**7,019**

(i) From 1 July 2009 to 3 April 2011 IML received a base fee of 0.52% per annum of total Australian assets up to a value of $1.5 billion, together with 0.45% per annum of total Australian assets in excess of that amount. From 4 April to 30 June 2011 it received a fee of $2.1 million. In addition IML receives property management and leasing fees at commercial rates.

(ii) ING Clarion Partners LLC ("Clarion") receives a base fee of 0.45% of the fair value of United States properties and may receive property management and leasing fees at commercial rates. In addition, Clarion may receive income and capital performance fees if property performance exceeds nominated benchmarks.

(iii) ING Real Estate Investment Management France and ING Real Estate Investment Management Belgium receive a fee of 0.45% of the fair value of the respective properties they manage.

(c) ILFML management fee

From 4 April 2011 to 30 June 2011 ILFML received a management fee of $2.1 million from IML.

(d) Holdings of the Responsible Entity and its related parties

Holdings in each Trust of the Responsible Entity and its related parties (including managed investment schemes for which a related party is the Responsible Entity) as at 30 June 2011, and distributions receivable for the year then ended, were:

		Distributions Receivable	
	Number of units held	Investa Office Fund	Prime Credit Property Trust
	2011 000's	**2011 $'000**	**2011 $'000**
ING Australia Holdings Limited	–	293	131
CBRE Clarion Securities[1]	214,989	8,692	2,869
ING Investment Management Limited	10,002	267	55
ING New Zealand	–	16	4
ING Securities Investment and Trust	446	4	1
Investa Listed Funds Management Limited	68,060	664	–
Investa Securities Pty Limited	159	6	2
ING Real Estate International Investments III BV	–	1,240	556
ING Real Estate Co Investment Pty Limited	–	130	58
	293,656	**11,312**	**3,676**

Holdings of those parties as at 30 June 2010, and distributions received or receivable for the year then ended, were:

		Distributions Receivable	
	Number of units held	Investa Office Fund	Prime Credit Property Trust
	2010 000's	2010 $'000	2010 $'000
ING Australia Holdings Limited	15,000	646	193
ING Clarion	132,675	2,906	1,376
ING Fund Management Limited	10,800	489	152
ING Investment Management Limited	3,603	275	56
ING Life Limited	–	28	7
ING Real Estate International Investments III BV	63,611	1,371	683
ING Investment LLC	63,191	1,536	659
ING Luxembourg S.A.	2,775	67	29
ING Real Estate Co Investment Pty Limited	4,282	42	42
	295,937	**7,360**	**3,197**

1 Formerly ING Clarion

24. Related parties (continued)

(e) Other transactions with the Responsible Entity and its related parties

The Group has borrowings at reporting date totalling $17.2 million (Prime Group: nil) (30 June 2010: $13.8 million; Prime Group: nil) from ING Real Estate Finance, a division of ING, as part of the Group's syndicated bank facility. Interest expense on the borrowing for the financial year was $0.3 million (Prime Group: nil) (30 June 2010: $0.2 million; Prime Group: nil). Further details of the loan are given at Note 15. In addition, the Group has entered into an interest rate swap with ING Bank N.V, which had a negative fair value at reporting date of $2.2 million (30 June 2010: negative $14.1 million).

During the year, the Group was invoiced $6.8 million in capital transaction costs which include $0.6 million recharge for costs incurred by ING Real Estate Corporate Services Pty Ltd on behalf of the Group. IML reimbursed the Group $1.1 million for their costs. Therefore total capital transaction cost expense incurred by the Group was $5.7 million. Refer Note 5(b).

(f) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Responsible Entity.

The names of the Directors of the relevant Responsible Entity, and their dates of appointment or resignation if they were not Directors for all of the financial year, are:

The Directors of Investa Listed Funds Management Limited (Responsible Entity from 8 July 2011) are:

D Page AM	Chairman
P Dodd	
P Rowe	
S MacDonald	
M Long	

The Directors of ING Management Limited (which was the Responsible Entity until 8 July 2011) at any time during or up until 8 July 2011 were:

M Coleman	Chairman; appointed 1 July 2011
P Clark AM	
M Easson AM	
S MacDonald	Appointed 4 April 2011
H Brand	Appointed 1 June 2011
K McCann	Appointed 23 September 2010; resigned 30 June 2011
P Scully	Resigned 30 June 2011
C Tanghe	Appointed 1 September 2009; resigned 1 June 2011
R Colless AM	Resigned 22 September 2010

The names of other key management personnel, and their dates of appointment or resignation if they did not occupy their position for all of the financial year, are:

S MacDonald	Investa Chairman and Chief Executive Office; effective 4 April 2011
M Long	Investa Chief Financial Officer; effective 4 April 2011
V Tanfara	Fund Manager
D Hickey	IML Chief Executive Officer
D Agnoletto	IML Chief Financial Officer

Key management personnel do not receive any remuneration directly from the Group. They receive remuneration from the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Group does not pay any compensation as defined in Accounting Standard AASB 124 *Related Parties* to its key management personnel.

Units held directly, indirectly or beneficially in each Trust by each key management person, including their related parties, were:

	2011 000's	2010 000's
P Scully		
Held at the beginning of the financial year	42	31
Acquisitions	–	11
Held at the end of the financial year	**42**	**42**
P Redmond[1]		
Held at the beginning of the financial year	–	26
Acquisitions	–	10
Held at the date of cessation as a key management person	**–**	**36**
D Page AM		
Held at the date of appointment as a key management person	17	–
Held at the end of the financial year	**17**	**–**

Distributions received or receivable from the Trusts by each key management person were:

	Investa Office Fund		Prime Credit Property Trust	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
P Scully	2	2	1	1
P Redmond[1]	–	1	–	–
D Hunt[2]	–	2	–	1
D Page AM	–	–	–	–
	2	**5**	**1**	**2**

In addition to the above persons, key management personnel as defined in the Accounting Standards include the Responsible Entity. Details of the remuneration of the Responsible Entity are given at Note (b) above. Details of its holdings in the Fund are given at Note (c) above.

1 P Redmond resigned as a director 12 April 2010.
2 D Hunt ceased being a key management person from 31 December 2009.

Notes to the Financial Statements – Year Ended 30 June 2011

24. Related parties (continued)

(g) Transactions with equity accounted investments

The Group has lent to and borrowed from its equity accounted investments on normal commercial terms.
Amounts recognised were:

Loans to/(from) associates

	Investa Office Fund		Prime Credit Property Trust	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Amounts receivable at reporting date	69,231	74,316	–	652
Amounts payable at reporting date	(3,379)	(5,922)	–	–
Interest income	4,238	4,844	–	–
Interest expense	3,582	195	–	–
Loans from associates				
Balance at the beginning of the year	(5,922)	(4,426)	–	–
Loans advanced	–	(2,212)	–	–
Loan repayments made	2,224	–	–	–
Interest charged	(180)	(195)	–	–
Exchange rate fluctuations	499	912	–	–
Balance at the end of the year	**(3,379)**	**(5,922)**	**–**	**–**
Loans to associates				
Balance at the beginning of the year	74,316	89,378	652	679
Loan repayments made	(571)	(910)	(571)	–
Interest charged	4,238	4,844	–	–
Interest paid	(3,402)	(3,587)	–	–
Exchange rate fluctuations	(5,350)	(15,410)	(81)	(27)
Balance at the end of the year	**69,231**	**74,316**	**–**	**652**

(h) Transfer of management

On 4 April 2011, ING REIM, the owner of ING Management Limited transferred the management of the Group to Investa Property Group ("Investa"). On the same day, Investa acquired the 2.5% stake in the Group previously owned by the ING entities. This resulted in a transitional management agreement where ING Management Limited remained the Responsible Entity and Investa replaced ING Real Estate Management Australia as the manager of the Group.

The fees payable to Investa will be fixed at $8.6 million per annum for the first year and as a result of the unitholder vote on 7 July 2011 the responsible entity fee will then revert to 55 basis points of the Group's market capitalisation.

As part of this transaction, Investa granted the Group a call option over Investa's 50% stake in 242 Exhibition Street, Melbourne. The option may be exercised at any time prior to 30 September 2011 with an exercise price equal to fair market value, as supported by an independent valuation. Exercise of this option is subject to pre-emptive rights held by the existing co-owner not being exercised, approval by the majority of the Responsible Entity's Directors who are independent of Investa and unitholder approval.

IML previously acting as the Responsible Entity for the Group and Investa have entered into a non-binding memorandum of understanding which contemplates the granting to the Group of a call option over 50% of the Investa Office Management platform ("IOM"). This option may be exercised within 12 months of the date on which the Group's total Australian assets are valued at $3.5 billion subject to a number of conditions. The exercise price will be equal to fair market value, as supported by an independent valuation. If exercised, the Group will be granted a pre-emptive right to acquire the remaining 50% of IOM, should Investa elect to sell its remaining interest in the platform.

In addition, the memorandum of understanding grants a right of first offer to acquire 100% of IOM, should Investa elect to sell the platform prior to exercise of the call option.

25. Parent financial information

Summary financial information about the parent of each Group is:

	Armstrong Jones Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Current assets	90.5	75.7	302.5	272.9
Total assets	1,536.4	1,478.4	1,117.2	1,136.9
Current liabilities	347.1	19.0	13.4	33.1
Total liabilities	378.3	327.5	23.8	44.2
Equity:				
Issued units	1,025.3	1,025.3	1,282.8	1,282.9
Foreign currency translation reserve	–	–	(10.4)	(10.4)
Retained earnings/(accumulated losses)	132.8	125.6	(178.9)	(179.9)
Total equity	**1,158.1**	**1,150.9**	**1,093.5**	**1,092.6**
Net profit/(loss) attributable to unitholders	77.8	77.2	(36.4)	13.5
Total comprehensive income	77.8	77.2	(36.4)	13.5

Commitments for capital expenditure on investment property contracted for by the parent of each Group but not provided for at reporting date were payable as follows:

	Armstrong Jones Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Within one year	1.4	26.4	6.3	6.0
Later than one year but not later than five years	–	–	–	1.2
	1.4	**26.4**	**6.3**	**7.2**

Notes to the Financial Statements – Year Ended 30 June 2011

26. Subsidiaries

(a) Names of subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name	Country of residence	Ownership interest 2011 %	Ownership interest 2010 %
Subsidiaries of Armstrong Jones Office Fund			
Dutch Office Investments Subsidiary Trust	Australia	100	100
George Street Sydney Subsidiary Trust	Australia	100	100
George Street Sydney Trust	Australia	100	100
IOF Finance Pty Ltd	Australia	50	50
IOF European Trust No 1	Australia	100	100
IOF European Trust No 2	Australia	100	100
ING Reboi SA	Brussels	100	100
SCI IOF Holding	France	100	100
ING Office Real Estate France Sarl	Luxembourg	100	100
ING Office Real Estate Luxembourg Sarl	Luxembourg	100	100
ING Office Malta 1 Limited	Malta	100	100
ING Office Malta 2 Limited	Malta	100	100
Subsidiaries of Prime Credit Property Trust			
Clarence Street Sydney Subsidiary Trust	Australia	100	100
Clarence Street Sydney Trust	Australia	100	100
IOF Finance Pty Ltd	Australia	100	100
Miller Street North Sydney Trust	Australia	50	50
Prime Credit Subsidiary Property Trust No.2	Australia	100	100
Toorak Road Toorak Trust	Australia	100	100
2980 Fairview Park LLC	United States of America	100	100
601 Thirteenth Street NW Associates LP	United States of America	80	80
ING UOC 900 Third Avenue 1 LP LLC	United States of America	100	100
ING UOC 900 Third Avenue 2 GP LLC	United States of America	100	100
ING UOC Falls Church GP LLC	United States of America	100	100
ING UOC Falls Church LP	United States of America	–	100
ING UOC Homer GP LLC	United States of America	100	100
ING UOC Homer LP	United States of America	100	100
ING UOC Plano GP LLC	United States of America	100	100
ING UOC Plano LP	United States of America	100	100
ING UOC Waltham GP LLC	United States of America	100	100
ING UOC Waltham LP	United States of America	100	100
ING US Office Corporation	United States of America	100	100

The Group's voting interest in their subsidiaries is the same as their ownership interest.

27. Segment information

(a) Description of segments

The Group invests in office property located in Australia, United States of America and Europe, each of which leases the properties it owns. Both Groups have identified their operating segments as being these regions, based on internal reporting to the chief operating decision maker. The Group is organised around functions, but distinguishes these regions in its internal reporting. Other parts of the Group are neither an operating segment nor part of an operating segment. Assets that do not belong to an operating segment are described below as "unallocated".

Segment information provided to the Board of the Responsible Entity.

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	**2010 $m**	**2011 $m**	**2010 $m**
(b) Segment revenue				
Australia	156.2	164.0	76.8	75.7
United States	33.4	40.8	33.4	40.8
Europe	5.1	1.2	–	–
Segment revenue	**194.7**	**206.0**	**110.2**	**116.5**
Interest income	4.9	6.0	0.4	0.4
Total revenue	**199.6**	**212.0**	**110.6**	**116.9**
(c) Segment result				
Australia	119.9	124.7	56.4	56.9
United States	28.4	36.1	28.4	36.1
Europe	28.8	38.5	–	–
Segment result	**177.1**	**199.3**	**84.8**	**93.0**
Interest income	4.9	6.0	0.4	0.4
Finance costs	(29.3)	(39.1)	(19.1)	(20.0)
Responsible Entity's fees	(8.5)	(8.4)	(3.9)	(3.7)
Other expenses	(11.7)	(7.5)	(2.3)	(4.4)
Lease revenue recognition	1.8	4.0	1.9	0.9
Net foreign exchange gain	13.8	28.7	1.6	1.6
Net gain on disposal of investment properties	(3.4)	–	(3.4)	–
Loss on financial asset at fair value	(36.2)	–	–	–
Share of reserves for net loss on cash flow hedge transferred to profit and loss	(1.5)	–	–	–
Net loss on change in fair value of: Investment properties	55.6	(71.9)	40.0	(36.1)
Derivatives	6.1	(15.3)	1.3	(11.1)
Items included in share of net profit of equity accounted investments: Investment properties	25.1	(49.8)	25.1	(6.7)
Derivative financial instruments	3.2	(6.7)	0.7	(5.4)
Deferred income tax (benefit)/expense included in share of net profit of equity accounted investments	–	(0.1)	–	–
Profit before income tax	**197.0**	**39.2**	**127.1**	**8.5**

Notes to the Financial Statements – Year Ended 30 June 2011

27. Segment information (continued)

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
(d) Segment assets				
Australia	1,681.0	1,611.9	946.4	898.9
United States	383.4	436.0	383.4	436.0
Europe	404.9	466.2	–	–
Unallocated	35.5	39.0	13.1	19.3
Segment assets	**2,504.8**	**2,553.1**	**1,342.9**	**1,354.2**
(e) Other information				
Share of net profit of equity accounted investments: Australia	–	–	1.1	–
United States	28.8	(6.8)	28.8	(6.8)
Europe	18.1	(16.2)	–	–
	46.9	**(23.0)**	**29.9**	**(6.8)**
Net gain on change in fair value of investment property: Australia	11.7	(74.8)	(3.9)	(39.0)
United States	43.9	2.9	43.9	2.9
	55.6	**(71.9)**	**40.0**	**(36.1)**
Carrying amount of equity accounted investments: Australia	–	–	1.1	–
United States	24.1	99.2	24.1	99.2
Europe	49.7	411.2	–	–
	73.8	**510.4**	**25.2**	**99.2**
Additions to investment properties and equity accounted investments: Australia	85.3	41.5	41.6	21.7
United States	4.4	4.9	4.4	4.9
Europe	–	1.1	–	–
	89.7	**47.5**	**46.0**	**26.6**

28. Note to the cash flow statements

Reconciliation of profit to net cash flows from operations

	Investa Office Fund		Prime Credit Property Trust	
	2011 $m	2010 $m	2011 $m	2010 $m
Net profit for the year	**153.2**	**45.7**	**86.5**	**8.6**
Adjustments for: Straight line lease revenue recognition	(1.2)	(3.6)	(0.8)	(0.9)
Unrealised foreign exchange gain	(16.9)	(82.0)	(0.5)	(20.0)
Net (gain)/loss on change in fair value of: Investment properties	(55.6)	71.9	(40.0)	36.1
Derivatives	(6.1)	15.3	(1.3)	11.1
Loss on financial asset at fair value through profit or loss	36.2	–	–	–
Share of reserves for net loss on cash flow hedge transferred to profit and loss	1.5	–	–	–
Amortisation of tenant incentives	12.3	8.4	10.7	7.1
Excess of distributions received from equity accounted investments over share of profits	12.9	54.9	17.0	6.8
Deferred income tax (benefit)/expense	37.7	(9.0)	35.3	0.7
Other non-cash items	(6.1)	(4.3)	(2.2)	(1.6)
Operating profit for the year before changes in working capital	**167.9**	**97.3**	**104.7**	**47.9**
Changes in working capital: (Increase)/decrease in receivables	1.3	1.6	1.4	(0.2)
Decrease in interest payable	(0.8)	(0.2)	–	(0.2)
Increase/(decrease) in other payables	1.5	3.3	3.1	(0.6)
Net cash provided by operating activities	**169.9**	**102.0**	**109.2**	**46.9**

29. Events subsequent to reporting date

Investa Property Group assumed Australian property management from CBRE, effective 1 July 2011. Fees payable are based on market terms.

On 7 July 2011, the unitholders of IOF voted to replace ING Management Limited with ILFML as Responsible Entity of IOF. This change took effect on 8 July 2011. At the same time unitholders also voted to restructure the Responsible Entity fee from a percentage of assets under management to a percentage of market capitalisation with effect from 1 July 2012. The fee is fixed in the interim at $8.6 million per annum. The fee from 1 July 2012 will be 0.55% per annum of the Trusts' market capitalisation to be paid quarterly. The fee for a quarter cannot change by more or less than 2.5% from the previous quarter's fee.

On 9 August 2011, the Waltham Winter Street Group was sold for net sale proceeds of USD $41.1 million, which reflects the carrying value at 30 June 2011.

On 15 August 2011, an agreement was signed for a new 3 year bank facility with a limit of $552.0 million. The new debt facility will mature on 15 August 2014. The margins are higher than under the previous syndicated debt facility and are reflective of the current market. The Trusts are expected to continue to service their debt from operating cash flow and remain compliant with the loan covenants.

On 15 August 2011, ILFML announced its intention for the Trusts to undertake an on market buyback of up to 10% of issued units (or a maximum of 272.9 million units). The buyback period is expected to commence on 29 August 2011, and may continue for up to 12 months unless the maximum number of units are bought back, or ILFML decide to cease the buyback earlier. The total number of units purchased by the Trusts will depend on prevailing market conditions and will be funded by debt and proceeds from offshore asset sales.

Directors' Declaration – Year Ended 30 June 2011

In the opinion of the Directors of Investa Listed Funds Management Limited, as the Responsible Entity of Armstrong Jones Office Fund and Prime Credit Property Trust:

(a) the financial statements and notes set out on pages 10 to 74 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 each, the Group and Prime's financial position as at 30 June 2011 and of its performance for the year ended on that date.

(b) there are reasonable grounds to believe that each of Armstrong Jones Office Fund and Prime Credit Property Trust will be able to pay their debts as and when they become due and payable.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration has been made in accordance with a resolution of the Directors of Investa Listed Funds Management Limited as the Responsible Entity of Armstrong Jones Office Fund and Prime Credit Property Trust and after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with section 295A Corporations Act 2001 for the financial year ending 30 June 2011.

D Page AM
Chairman
Sydney
25 August 2011

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent auditor's report to the stapled security holders of Armstrong Jones Office Fund and Prime Credit Property Trust ("the Trusts")

Report on the Financial Report

We have audited the accompanying financial report which has been prepared in accordance with ASIC Class Order 05/642 and comprises:

- the balance sheet as at 30 June 2011, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated stapled entity (the "Group" or "Investa Office Fund"), comprising both Armstrong Jones Office Fund and the entities it controlled, and Prime Credit Property Trust and the entities it controlled year end or from time to time during the year.

- the balance sheet as at 30 June 2011, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of Prime Credit Property Trust, comprising both the Prime Credit Property Trust and the entities it controlled at the year end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of Investa Listed Funds Management Limited as Responsible Entity of the Trusts are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity of the Trusts a written Auditor's Independence Declaration, a copy of which follows the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of the Investa Office Fund and the Prime Credit Property Trust is in accordance with the *Corporations Act 2001*, including:

    i giving a true and fair view of the financial position of the Investa Office Fund and the Prime Credit Property Trust at 30 June 2011 and of their performance for the year ended on that date; and

    ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 1(b).

Ernst & Young

Ernst & Young

Chris Lawton
Partner
Sydney
25 August 2011

Top 20 Unitholders

Rank	Name	31 Aug 2011	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	869,323,324	31.85
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	441,603,276	16.18
3	NATIONAL NOMINEES LIMITED	319,327,129	11.70
4	CITICORP NOMINEES PTY LIMITED	136,396,625	5.00
5	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	105,382,282	3.86
6	INVESTA LISTED FUNDS MANAGEMENT LIMITED	68,060,130	2.49
7	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <APN A/C>	49,681,799	1.82
8	AMP LIFE LIMITED	43,650,168	1.60
9	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	39,694,911	1.45
10	EQUITY TRUSTEES LIMITED <EQT SGH PROPERTY INC FUND>	33,280,462	1.22
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	29,212,735	1.07
12	QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>	27,729,249	1.02
13	COGENT NOMINEES PTY LIMITED	26,694,214	0.98
14	BOND STREET CUSTODIANS LIMITED <ENH PROPERTY SECURITIES A/C>	13,122,745	0.48
15	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	10,819,200	0.40
16	COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	10,741,483	0.39
17	QUEENSLAND INVESTMENT CORPORATION	10,195,411	0.37
18	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <PISELECT A/C>	8,770,694	0.32
19	BOND STREET CUSTODIANS LIMITED <PROPERTY SECURITIES A/C>	8,206,200	0.30
20	UBS NOMINEES PTY LTD	7,407,987	0.27
	TOTAL	**2,259,300,024**	**82.79**
	Balance of Register	**469,771,188**	**17.21**
	Grand TOTAL	**2,729,071,212**	**100.00**

Holdings distribution

Range	Number of Holders	Number of Units	%
100,001 and Over	425	2,395,156,495	87.76
50,001 to 100,000	992	68,390,007	2.51
10,001 to 50,000	9,714	218,598,132	8.01
5,001 to 10,000	3,955	30,389,921	1.11
1,001 to 5,000	5,717	15,354,887	0.56
1 to 1,000	2,265	1,181,770	0.04
Total	**23,068**	**2,729,071,212**	**100.00**

Substantial Holder Notices

The table below gives details of the last notice for each substantial unitholder lodged with the Australian Securities Exchange to 31 August 2011

Effective Date	Name	Number of Units	%
25 February 2011	Commonwealth Bank Group	250,478,764	9.18%
1 July 2011	CBRE Clarion	248,605,347	9.11%
21 March 2011	The Vanguard Group Inc	165,726,018	6.07%

Investor Relations

investa.com.au/IOF

You can visit the Investa website to find useful information on the Fund, the property portfolio and unit price history. Recent annual reports along with all ASX and media announcements are also available. While visiting the site, unitholders can access their investment details including holding balance and payment history.

Distribution Payments and Annual Taxation Statements

Distributions are paid quarterly towards the end of October, February, April and August[1]. You can view your 2010/2011 Annual Taxation Statement by visiting www.investa.com.au/IOF and accessing 'My Unitholding' on the landing page.

Distribution Reinvestment Plan

The distribution reinvestment plan (DRP) is currently switched off. Should this change, an ASX announcement will be made to the market and participation forms will be sent to investors.

Annual Unitholder Meeting

The annual meeting for Unitholders is expected to be held in the last quarter of calendar year 2011 with a Notice of Meeting to be sent to investors approximately a month beforehand. Details of the time and location of the meeting and any potential resolutions for unitholder approval will be provided in the Notice of Meeting.

Investor Benefits

With the Fund now part of Investa Property Group, Investa Land, Investa's land development business, and Clarendon Homes, a sister company of Investa, have put together a land and home offer exclusively for IOF Unitholders. A $15,000 discount is available on the land only or a $30,000 discount on both land and one of a selection of Clarendon homes. The offer is only available for land purchases that settle by 31st December 2011 and product through this promotion is limited. For more information call 1300 920 797 or visit www.investa.com.au/IOFunitholderoffer

Complaints

Any unitholder wishing to register a complaint should direct it to the Compliance Manager in the first instance so that we can address your complaint.

Compliance Manager
Investa Listed Funds Management Limited
Level 6 Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000 Australia
Ph: +61 2 8226 9300 Fax: +61 2 9844 9300

Investa Listed Funds Management Limited is a member of an independent dispute resolution scheme, the Financial Ombudsman Service (FOS). If a unitholder believes that a complaint remains unresolved or wishes it to be investigated further, the FOS can be contacted as below:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Ph: 1300 780 808 Fax: +61 3 9613 8399
Email: info@fos.org.au

Investa Listed Funds Management Limited is committed to ensuring the confidentiality and security of your personal information.

1 These timings are indicative only and subject to change.

This page is intentionally left blank.

This page is intentionally left blank.

Corporate Directory

Investa Office Fund
(formerly ING Office Fund)

Armstrong Jones Office Fund
ARSN 090 242 229

Prime Credit Property Trust
ARSN 089 849 196

Responsible Entity

Investa Listed Funds Management Limited (ILFML)
ABN 37 149 175 655 AFSL 401414

Registered Office

Level 6 Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000 Australia
Ph: +61 2 8226 9300 Fax: +61 2 9844 9300
Email: investorrelations@investa.com.au
Website: www.investa.com.au/IOF

Directors of ILFML

Deborah Page AM (Chairman)
Peter Dodd
Peter Rowe
Scott MacDonald
Ming Long

IOF Fund Manager

Tino Tanfara

Company Secretary

Jonathan Callaghan

ASX Code: IOF

Unit Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235
Ph: 1300 851 394 (local call cost)
or: +61 2 8280 7912 (outside Australia)
Fax: +61 2 9287 0309
Email: investa@linkmarketservices.com.au

Auditors

Ernst & Young
680 George Street
Sydney NSW 2000

Disclaimer

For any questions Please contact us

Should you have any questions regarding the Fund, or this Annual Report please call Investor Relations on 1300 130 231 or email: **investorrelations@investa.com.au**

If you have any questions about your unitholding, distribution statements or any change of details, you may call the Unitholder information line on 1300 851 394 (within Australia) or +61 2 8280 7912 (outside Australia).

More information about the Fund can be accessed and downloaded at **investa.com.au/IOF**

investa.com.au

Investa Listed Funds Management Limited
Level 6 Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000 Australia
Phone: +61 2 8226 9300 Fax: +61 2 9844 9300

ABN 37 149 175 655 AFSL 401414

INVESTA