

27 August 2012

Investa Office Fund (ASX: IOF) – Financial Results – 30 June 2012

Results for announcement to the market

Investa Office Fund (ASX:IOF) today releases its financial results for the year ended 30 June 2012.

The financial results pack includes:

- Appendix 4E;
- Financial Report;
- ASX Release;
- Results Presentation; and
- Property Portfolio.

A webcast of the Full Year Results presentation will be available from 9:30am AEST at investa.com.au/IOF

-ENDS-

APPENDIX 4E

Preliminary Final Report

Year ended 30 June 2012

Name of Entity: Investa Office Fund

ARSN: Investa Office Fund comprises Armstrong Jones Office Fund ARSN 090 242 229 and Prime Credit Trust ARSN 089 849 196

Results for announcement to the market

	\$m	
Revenues from ordinary activities	up 14% to 189.6	
Profit from ordinary activities after tax attributable to members	down 29% to 101.9	
Net profit for the period attributable to members	down 29% to 101.9	
Operating earnings ⁽ⁱ⁾	down 6% to 128.1	
Net tangible assets per unit	30 June 2012 \$3.14	30 June 2011⁽ⁱⁱ⁾ \$2.92

(i) Investa Office Fund (IOF) reports net profit attributed to unitholders in accordance Australian Accounting Standards (AAS). Investa Listed Funds Management Limited, the Responsible Entity of IOF, considers the non-AAS measure, operating earnings, an important indicator of underlying performance of IOF. To calculate operating earnings, Net Profit attributable to unitholders is adjusted for unrealised gains or losses, certain non-cash items, fair value gains or losses on investments and other amounts that are non-recurring or capital in nature. These adjustments may change from time to time, depending upon changes to AAS and/or the Responsible Entity's assessment of non-recurring or capital items. No adjustments have been made for amortisation of lease incentives or lease fees as the Responsible Entity considers these to be a component of rental income and/or property expenses.

(ii) The 30 June 2011 net tangible assets per unit has been recalculated for the unit consolidation which occurred during the year.

Distributions	Amount per unit (cents)	\$m
Interim - 30 September 2011	3.9	26.0
Interim - 31 December 2011	3.9	23.9
Final - 30 June 2012	7.8	47.9
Special - 30 June 2012	1.9	11.7
Total	17.5	109.5
Previous Corresponding Period⁽ⁱ⁾	15.6	106.4
Record date for determining entitlements to the final distribution		29 June 2012

Note : Franked amount per unit is not applicable

- (i) The 30 June 2011 distributions per unit has been recalculated for the unit consolidation which occurred during the year.

Other significant information and commentary on results

See attached ASX announcement

For all other information required by Appendix 4E, please refer to the following attached documents:

- Directors' report
- Audited financial report
- Results presentation and Media Release
- Property book



Dorothy Mioduszewska
Company Secretary

27 August 2012

Investa Office Fund

Annual Financial Report

30 June 2012

The Investa Office Fund comprises
Armstrong Jones Office Fund ARSN 090 242 229 and Prime Credit Property Trust ARSN 089 849 196

www.investa.com.au

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The Investa 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 27 August 2012. The Responsible Entity has the power to amend and reissue this financial report.

Directors' Report

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"). From 8 July 2011 the Responsible Entity for the Trusts is Investa Listed Funds Management Limited (ILFML), which now presents its Annual Report together with the Trusts' Financial Report for the year ended 30 June 2012. 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	Non-Executive - Chairman
P Dodd	Non-Executive
P Rowe	Non-Executive
S MacDonald	Executive
M Long	Executive

The Directors of ING Management Limited (which was the Responsible Entity until 8 July 2011) for the period 1 July 2011 up to and including 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

Except as stated, these persons were Directors of the relevant Responsible Entity during the whole of the financial period 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 year.

Review of operations, other financial information and significant changes in the state of affairs

A summary of the Group and Prime's results for the year is set out below:

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Net profit attributable to unitholders	101.9	143.9	11.4	77.2
Net profit from continuing operations	181.9	109.5	91.4	42.8
Operating earnings	128.1	135.6	65.2	60.7
Distributions paid and payable to unitholders	109.5	106.4	57.2	35.7
	cents	cents⁽¹⁾	cents	cents⁽¹⁾
Per stapled unit:				
Basic and diluted earnings per unit for net profit	16.0	21.1	na	na
Basic and diluted earnings per unit for net profit from continuing operations	28.6	16.0	na	na
Operating earnings per unit	20.1	19.9	na	na
Per unit of each Trust:				
Basic and diluted earnings per unit for net profit	14.2	9.8	1.8	11.3
Basic and diluted earnings per unit for net profit from continuing operations	14.2	9.8	14.4	6.3
Distributions per unit	17.5	15.6	9.2	5.2

⁽¹⁾ The 30 June 2011 basic and diluted earnings per stapled and trust unit and the distributions per unit have been recalculated for the unit consolidation which occurred during the year.

Directors' Report (continued)**Review of operations, other financial information and significant changes in the state of affairs (continued)**

Basic and diluted earnings per stapled unit for net profit, as calculated under applicable accounting standards for the year ended 30 June 2012 were 16.0 cents, compared to 21.1 cents for the previous year. This change was predominately as a result of the loss from the transfer of the US foreign currency translation reserve (included as a component of reserves) to the Consolidated Income Statement in the current year of \$131.1 million, revaluation increases for the Trust's investments of \$82.0 million and fewer units on issue after the completion of the 10% unit buyback. The 30 June 2011 figures have been restated to reflect the unit consolidation which occurred during the year. Refer to Note 17(d) for further details.

The Group and Prime reports net profit attributed to unitholders in accordance with Australian Accounting Standards (AAS). The Responsible Entity considers the non-AAS measure, operating earnings, an important indicator of underlying performance of the Group and Prime. To calculate operating earnings, Net Profit attributable to unitholders is adjusted for unrealised gains or losses, certain non-cash items, fair value gains or losses on investments and other amounts that are non-recurring or capital in nature. These adjustments may change, depending upon changes to AAS and/or the Responsible Entity's assessment of non-recurring or capital items. No adjustments have been made for amortisation of lease incentives or lease fees as the Responsible Entity considers these to be a component of rental income and/or property expenses. Operating earnings is also included in the Segment information note of the Consolidated Financial Statements, refer to Note 27.

Operating earnings for the year to 30 June 2012 decreased by 5.5% to \$128.1 million (30 June 2011: \$135.6 million) mainly due to:

- reduced net property income from the US portfolio of \$16.2 million, predominately as a result of the sale of US operations; and
- an increase in borrowing costs due to no further capitalisation of interest (30 June 2011: \$4.7million) for 10-20 Bond St, Sydney and Australian Government Centre, Brisbane.

The above decreases in operating earnings have being partly offset by:

- increased net property income from the acquisition of a 50% interest in 242 Exhibition St, Melbourne and a 25% interest in 126 Phillip St, Sydney in April 2012; and
- no capital transaction costs (30 June 2011: \$5.7 million), which were incurred to assist ING Management Limited, which was the Responsible Entity up to 8 July 2011, to consider strategic alternatives for the Group.

Operating earnings per unit has increased by 1.0% to 20.1 cents per unit (30 June 2011: 19.9 cents per unit). Operating earnings per unit have been impacted by lower operating earnings, which have been offset by the lower number of units due to the 10% unit buyback.

Distributions per unit have increased from 15.6 cents to 17.5 cents for the year ended 30 June 2012 due to the inclusion of a special distribution of 1.9 cents per unit. The special distribution was a consequence of divesting all the US assets, and repatriating those proceeds and associated earnings and is a one-off, non-recurring event.

Total assets decreased by \$2.2 million (0.1%) to \$2,502.6 million (2011: \$2,504.8 million), with gains in the value of the Trusts' Australian assets being partly offset by the falls in value of the Trusts' European assets.

Net tangible assets per unit increased by 22 cents (7.5%) to \$3.14 cents per unit (30 June 2011: \$2.92 per unit) mainly due to fewer units on issue after completion of the buyback.

Value of Assets

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Value of Assets	2,502.6	2,504.8	1,182.4	1,342.9

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

Directors' Report (continued)

Review of operations, other financial information and significant changes in the state of affairs (continued)

Operating earnings

Operating earnings for the year has been calculated as follows:

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Net profit attributable to unitholders	101.9	143.9	11.4	77.2
Adjusted for:				
Net (gain)/loss on change in fair value of:				
Investments ⁽¹⁾	(82.0)	(36.0)	(73.1)	(56.6)
Derivatives ⁽²⁾	22.5	(9.3)	14.2	(2.0)
Transfer of foreign currency reserve from disposed operations to profit and loss ⁽³⁾	131.1	-	131.1	-
Net (gain)/loss on disposal of investments	(6.1)	3.4	(8.0)	3.4
Net foreign exchange (gain)/loss ⁽⁴⁾	(19.9)	(8.7)	7.5	(0.5)
Other ⁽⁵⁾	(19.4)	42.3	(17.9)	39.2
Operating earnings	128.1	135.6	65.2	60.7

(1) Net gain on change in fair value of investments includes investment properties held by the Group and Prime, investment properties held by equity accounted investments, financial assets at fair value through profit or loss, external non-controlling interests' share of gain on change in fair value of investment properties and fair value loss of acquisition costs on equity accounted investments.

(2) Net (gain)/loss on change in fair value of derivatives includes derivatives held by the Group and Prime and derivatives held by equity accounted investments.

(3) Transfer of foreign currency reserve from disposed operations to profit and loss, represents the the transfer of the foreign currency translation reserve relating to US investments to the profit and loss.

(4) Net foreign exchange (gain)/loss includes the translation on foreign denominated assets and liabilities held within Australian functional currency entities.

(5) Other includes straight line lease revenue recognition and income tax (benefit)/expense.

Portfolio Update

Key metrics for the Australian portfolio during the year include:

- Occupancy of 98%;
- Tenant retention of 76%;
- Like-for-like net property income growth of +1.4%; and
- Weighted average lease expiry of 5.1 years.

Key metrics for the European portfolio during the year include:

- Occupancy of 86%;
- Tenant retention of 81%;
- Like-for-like net property income growth of -5.8%; and
- Weighted average lease expiry of 4.5 years.

The like-for-like for the European Portfolio was negatively impacted compared to prior year due to lower occupancy at Bastion Tower I NV.

Offshore asset sales update

During the year, the Group sold all of its US investments and one European investment. This is in line with the ILFML's strategy of focusing on core Australian office markets.

Details of the US asset sales are as follows:

- The Group's 50% interest in Waltham Woods in Boston was sold in August 2011 for a sales price of US\$42.0 million; net proceeds received were US\$41.1 million after transaction costs.
- Computer Associates Building in Plano, Texas was sold in December 2011 for a sales price of US\$36.8 million; net proceeds received were US\$34.1 million after transaction costs.
- The Group's 80% Partnership interest in the Homer Building in Washington DC was sold in January 2012 for a sales price of US\$315 million (based on 100% interest) with net proceeds of US\$116.5 million received after repayment of property level debt and transaction costs.
- In March 2012, the Group sold its 49% Partnership interest in 900 Third Avenue in New York for a sales price of US\$172.0 million (based on 100%) with net proceeds of US\$46.8 million received after adjustment for property level debt and transaction costs.

Directors' Report (continued)

Review of operations, other financial information and significant changes in the state of affairs (continued)

Offshore asset sales update (continued)

As a consequence of the US asset sales total tax paid and payable is estimated at US\$35.0 million.

In Europe, the sale of the 50% interest in the NVH Building, Paris was completed in February 2012 with a sales price of €137.8 million (based on 100% interest); net proceeds received were €67.0 million after transaction costs.

Australian acquisitions

In April 2012, the Group acquired a 25% interest in 126 Phillip Street, Sydney for \$176.3 million and a 50% interest in 242 Exhibition Street, Melbourne for \$217.1 million. The acquisitions were approved by unitholders on 27 March 2012.

Revaluations

Independent investment property valuations were completed for 91% (2011: 36%) of the Australian portfolio and for 100% (2011: 52%) of the European investment properties held by equity accounted investments by value at 30 June 2012. This resulted in an overall 4.7% (2011: 0.8%) valuation increase on book values for the Australian portfolio.

The Australian portfolio has seen modest positive valuation movements based primarily on the increases in property income and improving office market conditions. The weighted average capitalisation rate used by the external independent property valuers on a like for like basis at 30 June 2012 is 7.8% (2011: 7.9%).

A fair value decrease in the Group's interest in the Dutch Office Fund (DOF) of \$28.9 million (2011: \$36.2 million) has been recognised. The decrease is comprised of a decline in the underlying net asset value of DOF and the recognition of a further 5% discount to DOF's net asset value to reflect the continuing uncertainty in European markets. The total discount at 30 June 2012 applied to DOF's net asset value is 15% (2011: 10%).

Capital management

Debt Facilities

A new unsecured debt facility of \$552.0 million was entered into to replace the previous unsecured debt facility which was due to expire in June 2012. The new facility was signed on 15 August 2011 and had a maturity of 3 years. The facility was increased in April 2012 to a facility limit of \$702.0 million. In June 2012 the facility was updated to include separate tranches with specific expiries, currencies and limits. Under the updated loan agreement, \$150 million of the facility limit has an initial maturity date of 5 April 2013, but subject to certain conditions precedent, which are expected to be met and at the Group's discretion the facility can be extended to 5 April 2015. The remaining facility limit expires in August 2014. Refer to Note 15 of the Financial Statements for further details on the debt facilities.

Buyback of Units

In December 2011, the Group completed a buyback of 10% of its issued units. This resulted in the buyback of 272.9 million (pre-unit consolidation) units at an average price of \$0.61, for a total payment of \$165.9 million. \$89.1 million of this amount has been allocated to Prime based on Prime's share of the Group's unitholders' interest as at 30 June 2011. The number of units on issue after the buyback was a pre unit consolidation amount of 2,456.2 million.

Unit Consolidation

In April 2012, the Group undertook a 1-for-4 unit consolidation. This resulted in the number of units on issue decreasing from approximately 2,456.2 million to 614.1 million. This consolidation did not materially change the underlying value of a unitholders aggregate unitholding in the Group.

Small Parcel and Unitholding Sale Facilities

In April 2012, unitholders who held 188 or less IOF units (small parcels) and unitholders who held between 189 and 1,886 IOF units (small unitholdings) and had a registered address in Australia or New Zealand were offered the option to sell small parcels and unitholdings following the unit consolidation without brokerage costs. This reduced the number of unitholders from approximately 21,500 to 17,500.

Directors' Report (continued)

Events occurring after the reporting period

On 24 August 2012, the Group exchanged contracts to acquire 66 St Georges Terrace, Perth for a total purchase price of \$82.4 million.

Other than the matters described above, the Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial report that has significantly or may significantly affect the operations of the Group, the results of those operations, or state of the Group's affairs in future financial periods.

Likely developments, key strategies and expected results of operations

The fair value of investment properties and interests in investment properties, have been updated to reflect market conditions. While this represents best estimates as at the balance date, if investment properties or interests in investment properties are sold in the future, they will be sold at prices reflecting market conditions at that time. These prices may be higher or lower than the most recent valuation of the respective property or the carrying value of the property.

The key priorities of the Trusts are to:

- actively manage the Australian Portfolio; and
- sell remaining offshore assets and reinvest proceeds into core Australian CBD markets.

The Responsible Entity has been informed by the Australian Taxation Office (ATO) that the income tax returns for the financial years of 2009 and 2010 for the Fund and financial years of 2008, 2009 and 2010 for Prime are subject to an audit.

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 license 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

The officers of the Responsible Entity, are covered under an insurance policy maintained by Investa Property Group Holdings Pty Limited, on behalf of all its subsidiaries including the Responsible Entity. Premiums for the insurance policies relating to its officers are paid for by Investa Properties Pty Limited and then charged back to the Responsible Entity and not the Group. Furthermore, the Responsible Entity may indemnify, on a full indemnity basis and to the full extent permitted by the law, each officer against all losses or liabilities incurred by the person as an officer of the Responsible Entity.

The auditor of the Group is PricewaterhouseCoopers and is not indemnified out of the assets of the Group.

Interests in the Trusts

Movement in units during the year is set out below:

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	millions	millions	millions	millions
Units on issue at the beginning of the year	682.3	682.3	682.3	682.3
Unit buyback	(68.2)	-	(68.2)	-
Units on issue at the end of the year	614.1	682.3	614.1	682.3

The units have been restated for the unit consolidation which occurred during the year. For further details refer to Note 17(d) of the Financial Statements.

Directors' Report (continued)

Interests of Directors of the Responsible Entity

Units in the Trusts held by Directors of Investa Listed Funds Management Limited (as Responsible Entity of the Trusts from 8 July 2011) as at 30 June 2012 were:

	Number of units
D Page AM	12,625
P Dodd	19,902
S MacDonald	59,450
M Long	10,000

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

Other information

Fees paid and payable to and the number of units in the Trusts held by the Responsible Entity and its associates at the end of the financial year are set out in Note 23 of the Financial Statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

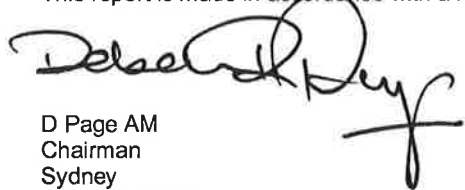
Audit and non-audit Fees

Details of the amounts paid or payable to the auditor (PwC) for audit and non-audit services provided are detailed in Note 24.

Rounding of amounts

The Trusts are of a kind of entity referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and in the Financial Statements. Amounts in the Directors' report and 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.

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



D Page AM
Chairman
Sydney
27 August 2012



Auditor's Independence Declaration

As lead auditor for the audit of Investa Office Fund and Prime Credit Property Trust for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Investa Office Fund and the entities it controlled during the period and Prime Credit Property Trust and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'S J Hadfield'.

S J Hadfield
Partner
PricewaterhouseCoopers

Sydney
27 August 2012

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Investa Office Fund

Consolidated Income Statements For the year ended 30 June 2012

		Investa Office Fund		Prime Credit Property Trust	
	Note	30 June 2012 \$m	30 June 2011 \$m	30 June 2012 \$m	30 June 2011 \$m
Revenue from continuing operations					
Rental and other property income		169.9	156.2	78.4	76.8
Distribution received from financial asset at fair value through profit or loss		16.0	5.1	-	-
Interest income		3.7	4.9	11.4	0.4
		189.6	166.2	89.8	77.2
Other Income					
Net foreign exchange gain/(loss)		25.8	13.8	(6.5)	1.6
Net gain/(loss) on change in fair value of:					
Investment properties		78.8	11.7	48.1	(3.9)
Derivative financial instruments		(11.3)	6.1	(1.2)	1.3
Loss on financial asset at fair value through profit or loss	10	(28.9)	(36.2)	-	-
Net (loss)/gain on disposal of investment property		(0.7)	(3.4)	0.3	(3.4)
Share of net profit of equity accounted investments	13	13.8	18.1	5.4	1.1
Total Income		267.1	176.3	135.9	73.9
Expenses					
Property expenses		(45.2)	(35.4)	(23.7)	(17.5)
Responsible Entity's fees		(8.6)	(8.5)	(4.7)	(3.9)
Finance costs	5	(15.7)	(5.9)	(2.8)	(0.1)
Capital transaction costs	5	-	(5.7)	-	(3.3)
Fair value loss of acquisition costs on equity accounted investments	13	(12.2)	-	(12.2)	-
Other expenses		(2.8)	(2.8)	(1.1)	(1.0)
Total Expenses		(84.5)	(58.3)	(44.5)	(25.8)
Profit before income tax		182.6	118.0	91.4	48.1
Income tax expense	7	(0.7)	(8.5)	-	(5.3)
Profit from continuing operations for the year		181.9	109.5	91.4	42.8
(Loss)/profit from discontinuing operations for the year	6	(73.4)	43.7	(73.4)	43.7
Profit for the year		108.5	153.2	18.0	86.5
Net profit attributable to external non-controlling interests		(6.6)	(9.3)	(6.6)	(9.3)
Net profit attributable to unitholders		101.9	143.9	11.4	77.2
Attributable to unitholders of:					
Armstrong Jones Office Fund		90.5	66.7	-	-
Prime Credit Property Trust		11.4	77.2	11.4	77.2
		101.9	143.9	11.4	77.2
Distributions and earnings per unit⁽¹⁾					
Distributions per unit	3	17.5	15.6	9.2	5.2
Basic and diluted earnings per unit from net profit from continuing operations ⁽¹⁾ :					
Per stapled unit	4	28.6	16.0	-	-
Per unit of each trust	4	14.2	9.8	14.4	6.3
Basic and diluted earnings per unit from net profit ⁽¹⁾ :					
Per stapled unit	4	16.0	21.1	-	-
Per unit of each trust	4	14.2	9.8	1.8	11.3

⁽¹⁾ The 30 June 2011 basic and diluted earnings per stapled and trust unit and the distributions per unit have been recalculated for the unit consolidation which occurred during the year.

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

Investa Office Fund

Consolidated Statements of Comprehensive Income For the year ended 30 June 2012

	Note	Investa Office Fund		Prime Credit Property Trust	
		30 June 2012 \$m	30 June 2011 \$m	30 June 2012 \$m	30 June 2011 \$m
Net profit for the year		108.5	153.2	18.0	86.5
Other comprehensive income:					
Exchange differences on translation of foreign operations:					
Unitholders	18	(24.0)	(73.3)	7.4	(43.8)
External non-controlling interests		-	(5.0)	-	(5.0)
Transfer of foreign currency translation reserve from disposed operations to profit and loss	18	131.1	-	131.1	-
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	-	-
Total comprehensive income for the year		215.6	77.7	156.5	37.7
Total comprehensive income for the year attributable to unitholders of:					
Armstrong Jones Office Fund		59.1	40.0	-	-
Prime Credit Property Trust		149.9	33.4	149.9	33.4
		209.0	73.4	149.9	33.4
External non-controlling interests		6.6	4.3	6.6	4.3
Total comprehensive income for the year		215.6	77.7	156.5	37.7
Total comprehensive income/(expense) for the year attributable to unitholders arising from:					
<u>Armstrong Jones Office Fund</u>					
Continuing operations		59.1	40.0	-	-
<u>Prime Credit Property Trust</u>					
Continuing operations		91.4	42.8	91.4	42.8
Discontinued operations	6	58.5	(9.4)	58.5	(9.4)
		149.9	33.4	149.9	33.4
<u>External non-controlling interests</u>					
Discontinued operations	6	6.6	4.3	6.6	4.3
		215.6	77.7	156.5	37.7

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.

Investa Office Fund

Consolidated Statements of Financial Position As at 30 June 2012

	Note	Investa Office Fund		Prime Credit Property Trust	
		30 June 2012 \$m	30 June 2011 \$m	30 June 2012 \$m	30 June 2011 \$m
Current assets					
Cash and cash equivalents	8	18.2	22.8	6.6	10.9
Trade and other receivables	9	2.6	5.1	2.1	1.6
Derivative financial instruments	11	5.0	6.0	1.0	1.3
		25.8	33.9	9.7	13.8
Assets classified as held for sale	6	26.2	38.4	5.0	38.4
		52.0	72.3	14.7	52.2
Non-current assets					
Trade and other receivables	9	3.0	68.2	3.0	231.8
Investment properties	12	1,770.7	1,982.4	770.4	1,032.8
Investments accounted for using the equity method	13	425.3	73.8	394.3	25.2
Financial asset at fair value through profit or loss	10	247.2	301.4	-	-
Derivative financial instruments	11	4.4	6.7	-	0.9
		2,450.6	2,432.5	1,167.7	1,290.7
Total assets		2,502.6	2,504.8	1,182.4	1,342.9
Current liabilities					
Trade and other payables	14	24.9	29.6	13.9	17.9
Borrowings	15	-	344.3	-	148.5
Derivative financial instruments	11	0.4	2.0	-	0.9
Distribution payable	3	59.6	26.6	24.6	-
		84.9	402.5	38.5	167.3
Liabilities directly associated with assets classified as held for sale	6	23.4	-	2.9	-
		108.3	402.5	41.4	167.3
Non-current liabilities					
Borrowings	15	457.8	20.9	67.3	20.9
Derivative financial instruments	11	9.5	11.5	-	10.4
Deferred tax liabilities	16	0.2	53.1	-	50.6
		467.5	85.5	67.3	81.9
Total liabilities		575.8	488.0	108.7	249.2
Net assets		1,926.8	2,016.8	1,073.7	1,093.7
Equity					
Contributed equity	17	2,142.3	2,308.2	1,193.8	1,282.9
Reserves	18	(115.4)	(222.5)	-	(138.5)
Accumulated losses	19	(100.1)	(92.5)	(120.1)	(74.3)
Unitholders interest		1,926.8	1,993.2	1,073.7	1,070.1
External non-controlling interests		-	23.6	-	23.6
Total equity		1,926.8	2,016.8	1,073.7	1,093.7
Attributable to unitholders of:					
Armstrong Jones Office Fund					
Contributed equity		948.5	1,025.3	-	-
Reserves		(115.4)	(84.0)	-	-
Retained profits/(Accumulated losses)		20.0	(18.2)	-	-
		853.1	923.1	-	-
Prime Credit Property Trust		1,073.7	1,070.1	1,073.7	1,070.1
External non-controlling interests		-	23.6	-	23.6
Total equity		1,926.8	2,016.8	1,073.7	1,093.7

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

Investa Office Fund

Consolidated Statements of Changes in Equity For the year ended 30 June 2012

	Note	Investa Office Fund				
		Attributable to unitholders			External non-controlling interests	Total Equity
		Contributed equity	Reserves	Accumulated Losses		
		\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2010		2,308.2	(152.0)	(130.0)	20.2	2,046.4
Net profit for the year		-	-	143.9	9.3	153.2
Other comprehensive income		-	(70.5)	-	(5.0)	(75.5)
Total comprehensive income for the year		-	(70.5)	143.9	4.3	77.7
Transactions with unitholders in their capacity as equity holders:						
Distributions paid or payable	3	-	-	(106.4)	(0.9)	(107.3)
		-	-	(106.4)	(0.9)	(107.3)
Balance at 30 June 2011		2,308.2	(222.5)	(92.5)	23.6	2,016.8
Balance at 1 July 2011		2,308.2	(222.5)	(92.5)	23.6	2,016.8
Net profit for the year		-	-	101.9	6.6	108.5
Other comprehensive income	18	-	107.1	-	-	107.1
Total comprehensive income for the year		-	107.1	101.9	6.6	215.6
Transactions with unitholders in their capacity as equity holders:						
Buyback of units	17	(165.9)	-	-	-	(165.9)
Non-controlling interest within disposal of subsidiary		-	-	-	(29.9)	(29.9)
Distributions paid or payable	3	-	-	(109.5)	(0.3)	(109.8)
		(165.9)	-	(109.5)	(30.2)	(305.6)
Balance at 30 June 2012		2,142.3	(115.4)	(100.1)	-	1,926.8

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

Investa Office Fund

Consolidated Statements of Changes in Equity For the year ended 30 June 2012

	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 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
Balance at 1 July 2011		1,282.9	(138.5)	(74.3)	1,070.1	23.6	1,093.7
Net profit for the year		-	-	11.4	11.4	6.6	18.0
Other comprehensive income	18	-	138.5	-	138.5	-	138.5
Total comprehensive income for the year		-	138.5	11.4	149.9	6.6	156.5
Transactions with unitholders in their capacity as equity holders:							
Buyback of units	17	(89.1)	-	-	(89.1)	-	(89.1)
Non-controlling interest within disposal of subsidiary		-	-	-	-	(29.9)	(29.9)
Distributions paid or payable	3	-	-	(57.2)	(57.2)	(0.3)	(57.5)
		(89.1)	-	(57.2)	(146.3)	(30.2)	(176.5)
Balance at 30 June 2012		1,193.8	-	(120.1)	1,073.7	-	1,073.7

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

Consolidated Statements of Cash Flows
For the year ended 30 June 2012

		Investa Office Fund		Prime Credit Property Trust	
		30 June 2012	30 June 2011	30 June 2012	30 June 2011
	Note	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Rental and other property income (inclusive of GST)		202.3	204.3	103.6	117.1
Property and other expenses (inclusive of GST)		(75.7)	(78.8)	(42.8)	(44.5)
Proceeds from derivatives		8.6	5.1	2.6	1.1
Payments for derivatives		(22.5)	(8.5)	(21.8)	-
Distributions received from financial asset at fair value through profit or loss		16.0	5.1	-	-
Distribution received from equity accounted investments		7.6	59.8	7.6	45.8
Interest received		3.7	4.1	11.4	0.4
Borrowing costs paid		(20.6)	(18.4)	(9.0)	(10.7)
Income taxes paid		(35.7)	(2.8)	(32.8)	-
Net cash inflow from operating activities	28	83.7	169.9	18.8	109.2
Cash flows from investing activities					
Additions to investment properties		(46.1)	(77.7)	(26.2)	(38.8)
Proceeds from sale of investment properties		-	21.0	-	21.0
Net proceeds from sale of disposal group		232.0	-	232.0	-
Cost of acquisitions of associates	13	(406.1)	-	(406.1)	-
Loans from/(to) equity accounted investments		84.5	(2.2)	-	-
Loans made to stapled entity		-	-	234.7	(33.3)
Net cash (outflow)/inflow from investing activities		(135.7)	(58.9)	34.4	(51.1)
Cash flows from financing activities					
Payment for buyback of units	17	(165.9)	-	(89.1)	-
Distributions to unitholders		(76.5)	(106.4)	(32.6)	(62.3)
Distributions to external non-controlling interests	3	(0.3)	(0.9)	(0.3)	(0.9)
Proceeds from borrowings		780.8	55.0	138.0	-
Repayment of borrowings		(485.7)	(62.0)	(70.0)	-
Net cash inflow/(outflow) from financing activities		52.4	(114.3)	(54.0)	(63.2)
Net increase/(decrease) in cash and cash equivalents					
		0.4	(3.3)	(0.8)	(5.1)
Cash and cash equivalents at the beginning of the year		22.8	28.8	10.9	18.5
Effects of exchange rate changes on cash and cash equivalents		(0.2)	(2.7)	1.3	(2.5)
Less cash balance classified as held for sale	6	(4.8)	-	(4.8)	-
Cash and cash equivalents at the end of the year	8	18.2	22.8	6.6	10.9

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

Notes to the Consolidated Financial Statements For the year ended 30 June 2012

Note 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") (collectively defined as "the Trusts"). The Fund and Prime were constituted on 23 September 1984 and 12 October 1989, respectively.

The Responsible Entity for the Fund and Prime for the period from 1 July 2011 to 8 July 2011 was ING Management Limited ("IML"). IML 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 ("ILFML") replaced IML as the Responsible Entity for the Fund and Prime.

The accounting policies that have been adopted in respect of this Annual Financial Report are those of ILFML as Responsible Entity for 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 to 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:

- (i) subject to approval by a special resolution of the members of the Fund and Prime, the date determined by the trustee of the Fund or Prime as the unstapling date; or
- (ii) the termination 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 Directors of the Responsible Entity have authorised the Annual Financial Report for issue and have the power to amend and reissue the Annual Financial Report.

(b) Basis of Preparation

These general purpose Financial Statements have been prepared in accordance with Accounting Standards and other pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Interpretations and the Corporations Act 2001. The Investa Office Fund is a for-profit entity for the purpose of preparing the Financial Statements.

In accordance with Accounting Standard AASB 3 Business Combinations, the stapling arrangement discussed above is regarded as a business combination and Armstrong Jones Office 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 Annual Financial Report is a combined financial report that presents the Consolidated Financial Statements and accompanying notes of both the Investa Office Fund (being the Consolidated Financial Statements and notes of the Group) and the Prime Credit Property Trust.

This Annual Financial Report is presented in Australian dollars unless otherwise stated.

(i) Compliance with IFRS

The Consolidated Financial Statements comply with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

(ii) Historical cost convention

These Financial Statements are prepared on the historical cost conventions, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) and investment property, which are measured at fair value.

(iii) Going Concern

These Consolidated Financial Statements are prepared on the going concern basis. In preparing these Consolidated Financial Statements the Directors note that the Group and Prime are in a net current asset deficiency position due to the provision for distribution and minimising cash and cash equivalents. It is the policy of the Group and Prime to use surplus cash to repay debt, and the Group and Prime have the ability to drawdown funds to pay the distribution on 31 August 2012. Refer to Note 15 for details of the Group's and Prime's borrowings.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012**

Note 1. Summary of significant accounting policies (continued)

(b) Basis of Preparation (continued)

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Responsible Entity to exercise their judgement in the process of applying the accounting policies adopted in this Annual Financial Report. 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.

(v) New and amended standards adopted by the Responsible Entity

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the disclosures and amounts recognised in the current period or any prior period and are not likely to affect future periods.

(vi) Early adoption of standards

The Responsible Entity has elected not to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(c) Principles of consolidation

(i) Subsidiaries

The Consolidated Financial Statements of Investa Office Fund 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 2012 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 2012 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a holding of greater 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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Income Statements, Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Financial Position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

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. Dividends or 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 the policies adopted by the Group.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012**

Note 1. Summary of significant accounting policies (continued)

(c) Principles of consolidation (continued)

(iii) Joint venture assets

The Group's proportionate interests in the assets, liabilities, revenues and expenses of a joint venture activity have been incorporated in the Financial Statements under the appropriate headings.

(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 Responsibility 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 presentational 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.

All other foreign exchange gains and losses are presented in the Consolidated Income Statements 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. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(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 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 Statement of Financial Position.
- 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 associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

Note 1. Summary of significant accounting policies (continued)

(f) Leases

Finance leases

Leases of property where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(g) 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 and other property income

Rental income from operating leases is recognised in income on a straight-line basis over the lease term. An asset is recognised to represent the portion of the operating lease revenue in a reporting period relating to fixed increases in operating lease rentals in future periods.

(ii) Disposal of assets

The gain or loss on disposal is recognised when title to the benefits and risks has effectively passed. The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of the disposal and the consideration received.

(iii) 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.

(iv) 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(q).

(h) Expenses

(i) Property Expenses

Property expenses include rates, leasing fees, taxes and other property outgoings incurred in relation to investment properties where such expenses are recognised as expenses on an accrual basis.

(ii) Finance costs

Finance costs include interest expense and the amortisation of other costs incurred in respect of obtaining finance. Other costs incurred, including loan establishment fees in respect of obtaining finance, are deferred and expensed over the term of the respective agreement.

(iii) Responsible Entity's fee

In accordance with the provisions of the Fund and Prime's Constitutions, the Responsible Entity is entitled to payment of a fee per annum as disclosed in Note 23. The fee is recognised in the Consolidated Income Statements on an accrual basis.

(iv) Other expenses

All other expenses are recognised in the Consolidated Income Statements on an accruals basis.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012**

Note 1. Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flow, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade and other receivables

Trade 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 assets unless collection is not expected for greater 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 (provision for impairment of trade 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 (greater 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. 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 in profit or loss.

(k) Assets and liabilities held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than 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 assets such as deferred tax assets and liabilities, financial assets and investment property that are carried at fair value.

An impairment loss is recognised for any initial impairment or subsequent write-down of the asset (or disposal group) 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 (or disposal group), 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 (or disposal group) is recognised at the date of derecognition.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statements of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statements of Financial Position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Income Statements. Comparatives are also adjusted to show the results of a discontinued operation separately in the Income Statements.

(l) Acquisition of assets and business combinations

The acquisition method of accounting is used to account for all acquisitions of assets, including business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value 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.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012**

Note 1. Summary of significant accounting policies (continued)

(l) Acquisition of assets and business combinations (continued)

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable 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.

(m) Investments and other financial instruments

Classification

The Group classifies its financial assets in the following categories: loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Receivables to be settled within 30 days are carried at amounts due.

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

As the Group's derivatives are not designated as hedges, they are classified as financial assets at fair value through profit or loss, refer to Note 1(n). Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

(iii) Financial assets at fair value through profit or loss (on initial recognition)

The Group classifies certain financial assets as financial assets at fair value through profit or loss on initial recognition as this group of financial assets are managed and its performance are evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided to the Trusts key management personnel. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend and distribution income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/ (losses).

Details of how the fair value of financial instruments is determined are disclosed in Note 2.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012**

Note 1. Summary of significant accounting policies (continued)

(m) Investments and other financial instruments (continued)

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

(n) Derivative financial instruments

Derivative financial assets and liabilities are classified as financial assets at fair value through profit or loss (held for trading). The Group uses derivative financial instruments such as foreign currency contracts and interest rate derivatives to hedge its risk 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 re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes 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 as recognised assets and liabilities and highly probable forecast transactions.

The movement in the Group's share of DOF cash flow hedge relating to the effective portion of the hedge 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 of the cash flow hedge reserve at that date was transferred to profit or 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 disposed (see Note 18).

(iii) *Other derivatives*

Certain 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.

(o) Investment properties

Investment property, principally comprising freehold office buildings, is held for long term rental yields and is not occupied by the Group. Investment property is measured initially at cost and subsequently carried at fair value.

The basis of valuation of investment properties is fair value, being the amount for which the assets could be exchanged between knowledgeable, willing parties in an arm's length transaction.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012**

Note 1. Summary of significant accounting policies (continued)

(o) Investment properties (continued)

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The Group also uses alternative valuation methods such as discounted cash flow projections; the capitalisation method and recent prices in less active markets. It is the policy of the Responsible Entity to formally review the carrying value of each property every 6 months to assess whether there may be a material change in the carrying value of the property. If there is a material change an external revaluation is obtained. External valuations are also made with sufficient regularity but at least every 2 years to ensure that the carrying amount of each investment property represents its fair value. Changes in fair values are recorded in the profit or loss.

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

Land and buildings are an investment and are regarded as a composite asset. Accounting standards do not require investment properties to be depreciated. Accordingly, the building and any component thereof (including plant and equipment) are not depreciated. Expenses capitalised to properties may include the cost of acquisition, additions, refurbishment, redevelopment and fees incurred.

(p) Lease incentives and leasing fees

Incentives such as cash, rent-free periods, lessee or lessor owned fit outs may be provided to lessees to enter into an operating lease. Leasing fees may also be paid for the negotiation of leases. These incentives and lease fees are capitalised to the investment property and are amortised on a straight-line basis over the term of the lease as a reduction of rental income or an increase in property expenses. The carrying amount of the lease incentives and leasing fees are reflected in the fair value of investment properties.

(q) 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 costs to sell and value in use. For the purposes of assessing impairment, assets are grouped by 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(r) Trade and other payables

These amounts represent liabilities for amounts owing by the Group at year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition and also include rent in advance. 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 fair value and subsequently measured at amortised cost using the effective interest rate method.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are deferred and expensed over the term of the respective agreement. Other borrowing costs are expensed. 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 reporting period.

(t) Contributed Equity

Units issued are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new units for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Distributions

Provision is made for the amount of any distribution declared on or before the end of the reporting period but not distributed at the end of the reporting period.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012**

Note 1. Summary of significant accounting policies (continued)

(v) Earnings per unit

(i) Basic and dilutive earnings per unit

Basic earnings per unit are calculated on 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.

(ii) Basic and dilutive earnings per unit from continuing operations

Basic earnings per unit from continuing operations are calculated on the profit from continuing operations 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 from continuing operations is the same as basic earnings per unit from continuing operations.

(iii) Basic and dilutive earnings per unit from discontinued operations

Basic earnings per unit from discontinued operations are calculated on the profit from discontinued operations 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 from discontinued operations is the same as basic earnings per unit from discontinued operations.

(w) 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 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 year is the tax payable on the current year's taxable income based on the applicable income tax for each jurisdiction, adjusted by 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. 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. The deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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 assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where 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.

Notes to the Consolidated Financial Statements For the year ended 30 June 2012

Note 1. Summary of significant accounting policies (continued)

(x) Goods and services tax (GST) and valued added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST and VAT, unless the GST or VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST and VAT receivable or payable. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statements of Financial Position.

Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(y) Rounding of amounts

The Fund and Prime are of a kind of entity referred to in Class Order 98/100 (as amended), 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, unless otherwise indicated.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ended 30 June 2012. The Responsible Entity's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective from 1 January 2015).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect the classification and measurement of financial assets and liabilities.

The Responsible Entity's preliminary assessment shows that the new standard will not have a significant impact on the composition of the Financial Statements and does not expect to adopt the new standard before the operative date.

- (ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013).

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, Consolidated Financial Statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships.

The Responsible Entity's preliminary assessment shows that the new standard will not have a significant impact on the composition of the Financial Statements and does not expect to adopt the new standard before the operative date.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2012

Note 1. Summary of significant accounting policies (continued)

(z) New accounting standards and interpretations (continued)

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

The Responsible Entity's preliminary assessment shows that the new standard will not have a significant impact on the composition of the Financial Statements and does not expect to adopt the new standard before the operative date.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the Financial Statements, but will impact the type of information disclosed in relation to the Group's investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate Financial Statements. Application of this standard by the Group will not affect any of the amounts recognised in the Financial Statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

The Responsible Entity's preliminary assessment shows that the new standard will not have a significant impact on the composition of the Financial Statements and does not expect to adopt the new standard before the operative date.

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards* arising from AASB 13 (effective 1 January 2013).

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the Financial Statements. However, application of the new standard will impact the type of information disclosed in the notes to the Financial Statements. The Group does not intend to adopt the new standard before its operative date.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012****Note 1. Summary of significant accounting policies (continued)****(aa) 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 investments accounted for using the equity methodChange in accounting policy

Investments in subsidiaries and investments accounted for using the equity method were previously accounted for at cost in the Financial Statements of the Parent. ILFML as the Responsible Entity of the Fund and Prime has changed this accounting policy such that, investments in subsidiaries and investments accounted for using the equity method are now accounted for at fair value in the Financial Statements. This is in line with the accounting policies for investment properties and financial assets which are held at fair value. Investment properties and financial assets are the substantial assets held by the subsidiaries and investments accounted for using the equity method. The disclosure below shows the retrospective impact of the change in accounting policy on the parent's disclosures.

The change in accounting policy has the following impact on the parent's disclosures in Note 25.

	Armstrong Jones Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Decrease in total assets	-	(235.0)	-	(23.4)
Decrease in opening retained earnings	-	(231.4)	-	(23.4)
Decrease in closing retained earnings	-	(235.0)	-	(23.4)
Decrease in net profit/(loss) attributable to unitholders	-	(3.6)	-	-

(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.

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2012****Note 2. Critical accounting estimates and judgements**

The preparation of the Consolidated Financial Statements requires the use of certain critical accounting estimates. It also requires ILFML as 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 where assumptions and estimates are significant to the Consolidated 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 Group and are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group is required in certain circumstances to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, 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) Estimated value of investments

Critical judgements are made by the Responsible Entity in respect of the fair values of investment properties (Note 12) and investment in associates (Note 13). These investments are reviewed regularly by reference to external independent property valuations and market conditions, using generally accepted market practices.

The key weighted average assumptions used by the external independent property valuers in the valuations used by the Responsible Entity for the Group's investment properties held directly or indirectly through investments in associates, and the weighted average total for all properties, including the weighted average lease expiry (WALE), are in the table below.

	Investment properties		Investment in associates		Total weighted average	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Capitalisation rate	7.8%	7.6%	6.6%	6.0%	7.6%	7.2%
Discount rate	9.3%	9.0%	8.8%	7.8%	9.2%	8.6%
Occupancy	95.7%	93.0%	96.4%	88.1%	95.8%	92.2%
WALE	5.1 years	4.8 years	6.0 years	6.0 years	5.3 years	5.0 years

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

The Group has a financial asset at fair value through profit or loss of \$247.2 million (30 June 2011: \$301.4 million). 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 to Note 10 and Note 22(d) for further details.

(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 Responsible Entity'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 significant judgements, apart from those involving estimations, that management has made in the process of applying the Responsible Entity's accounting policies that had a significant effect on the amounts recognised in the Financial Report.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 3. Distributions

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	Cents	Cents	Cents	Cents
(a) Rates and amounts of distributions				
Distributions paid or are payable in respect of the following periods at the following rates (in cents per unit):				
Quarter ended 30 September	3.9	3.9	1.3	1.0
Quarter ended 31 December	3.9	3.9	3.9	2.5
Quarter ended 31 March	-	3.9	-	1.7
Quarter ended 30 June	-	3.9	-	-
Half year ended 30 June ⁽¹⁾	9.7	-	4.0	-
	17.5	15.6	9.2	5.2
	\$m	\$m	\$m	\$m
The total amounts of these distributions were:				
Quarter ended 30 September	26.0	26.6	8.7	6.6
Quarter ended 31 December	23.9	26.6	23.9	17.2
Quarter ended 31 March	-	26.6	-	11.9
Quarter ended 30 June	-	26.6	-	-
Half year ended 30 June ⁽¹⁾	59.6	-	24.6	-
Total distributions paid and payable to unitholders	109.5	106.4	57.2	35.7
Distributions to external non-controlling interest	0.3	0.9	0.3	0.9
Total distributions paid or payable	109.8	107.3	57.5	36.6

⁽¹⁾ The distribution for the half year ended 30 June 2012, includes a one-off special distribution of 1.9 cents per stapled unit which amounts to \$11.7m. The special distribution is a consequence of divesting all US assets, and repatriating those proceeds and associated retained earnings.

The distribution for the quarter year ended 30 June 2011 was recognised in the 2011 financial year and paid on 31 August 2011. The distribution for the half year ended 30 June 2012 was recognised in the 2012 financial year and is scheduled to be paid on 31 August 2012.

The distributions per unit have been recalculated for the unit consolidation which occurred during the year.

(b) Distribution period

On 6 December 2011 unitholders approved a change of the distribution frequency from quarterly to half yearly, subsequent to the distribution for the quarter ended 31 December 2011.

Note 4. Earnings per unit
(a) Unit consolidation

In April 2012, the Group undertook a 1-for-4 unit consolidation. This resulted in the number of units on issue moving from 2,456.2 million to 614.1 million and a weighted average number of units from 2,545.8 million to 636.5 million. The basic and diluted earnings per stapled and trust unit have been recalculated for the unit consolidation which occurred during the year.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 4. Earnings per unit (continued)

	Investa Office Fund			
	30 June 2012	30 June 2011		
(b) Per stapled unit				
Weighted average number of units outstanding (millions)	636.5	682.3		
Profit from continuing operations attributable to unitholders (\$ millions)	181.9	109.5		
Basic and diluted earnings per unit from continuing operations (cents)	28.6	16.0		
(Loss)/profit from discontinued operations attributable to unitholders (\$ millions)	(80.0)	34.4		
Basic and diluted earnings per unit from discontinued operations (cents)	(12.6)	5.0		
Profit attributable to unitholders (\$ millions)	101.9	143.9		
Basic and diluted earnings per unit (cents)	16.0	21.1		
	Armstrong Jones Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
(c) Per unit of each Trust				
Weighted average number of units outstanding (millions)	636.5	682.3	636.5	682.3
Profit from continuing operations attributable to unitholders (\$ millions)	90.5	66.7	91.4	42.8
Basic and diluted earnings per unit from continuing operations (cents)	14.2	9.8	14.4	6.3
(Loss)/profit from discontinued operations attributable to unitholders (\$ millions)	na	na	(80.0)	34.4
Basic and diluted earnings per unit from discontinued operations (cents)	na	na	(12.6)	5.0
Profit attributable to unitholders (\$ millions)	90.5	66.7	11.4	77.2
Basic and diluted earnings per unit (cents)	14.2	9.8	1.8	11.3

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 5. Expenses

Net profit before income tax expense includes the following specific expenses:

(a) Finance costs

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Interest and finance charges paid/payable for financial liabilities	15.7	9.1	2.8	0.8
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)	-	(0.7)
	15.7	5.9	2.8	0.1

⁽¹⁾ The capitalisation rate used to determine the amount of borrowing costs to be capitalised was the weighted average interest rate applicable to the entity's outstanding borrowings during the year ended 30 June 2011, in this case 4.5%.

(b) Capital transaction costs

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Capital transaction costs invoiced ⁽¹⁾	-	6.8	-	3.3
Reimbursed from IML	-	(1.1)	-	-
Capital transaction cost incurred	-	5.7	-	3.3

⁽¹⁾ The capital transaction cost invoiced for the period ending 30 June 2011 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 Responsibility 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.

Note 6. Asset and liabilities classified as held for sale and discontinued operations
(a) Assets classified as held for sale

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Disposal group held for sale (discontinued operation – see (c) below)				
Cash and cash equivalents	4.8	-	4.8	-
Trade and other receivables	0.2	-	0.2	-
Total assets of disposal group held for sale	5.0	-	5.0	-
Non-current assets held for sale				
Investment in Neuilly Victor Hugo SCI ⁽¹⁾	21.2	-	-	-
Investment in Waltham Winter Street Group ⁽²⁾	-	38.4	-	38.4
	21.2	38.4	-	38.4
Total assets classified as held for sale	26.2	38.4	5.0	38.4

⁽¹⁾ The investment property held by this entity was sold in February 2012. This investment predominately comprises a receivable of \$20.5 million owed by the Group. This is disclosed as a payable in Note 6(b).

⁽²⁾ On 9 August 2011 this investment was sold for net proceeds of US\$41.1 million which reflected the carrying value at 30 June 2011.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 6. Asset and liabilities classified as held for sale and discontinued operations (continued)
(b) Liabilities directly associated with assets classified as held for sale

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Trade and other payables	0.4	-	0.4	-
Current income tax payable	2.5	-	2.5	-
Payable to equity accounted investment ⁽¹⁾	20.5	-	-	-
	23.4	-	2.9	-

⁽¹⁾ This payable to the associate relates to the Neuilly Victor Hugo SCI investment which is held for sale. Settlement of this balance will be completed prior to the liquidation of the Neuilly Victor Hugo SCI investment.

(c) Discontinued operations
(i) Description

All the remaining US assets and liabilities have been classified as held for sale at 30 June 2012, the US operations have been accounted for as a discontinued operation as at 30 June 2012. In August 2011, the Waltham Winter Street investment property was sold for a sales price of US\$41.1 million. In January 2012 both the Group's 80% interest in the Homer Building and the Computer Associates Plaza were sold for US\$116.5 million and US\$34.1 million respectively, net of selling costs and property level debt. The Group's share of the 49% partnership interest in 900 Third Avenue, New York, was sold for US\$46.8 million, net of selling costs, in March 2012. The remaining assets and liabilities will continue to be held as part of the disposal group held for sale. The financial performance and cash flow information of the US operations have been set out in (ii) below.

(ii) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year to 30 June 2012 and 30 June 2011.

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Rent and other property income	13.3	33.4	13.3	33.4
Net gain on change in fair value of investment properties	31.6	43.9	31.6	43.9
Net loss on change in fair value of derivatives	(7.2)	-	(7.2)	-
Share of net profits of equity accounted investments	7.3	28.8	7.3	28.8
Net gain on sale of disposal group	7.7	-	7.7	-
Transfer of foreign currency translation reserve from disposed operations to profit and loss	(131.1)	-	(131.1)	-
Property expenses	(8.2)	(15.8)	(8.2)	(15.8)
Finance costs	(5.6)	(10.9)	(5.6)	(10.9)
Other	(0.4)	(0.4)	(0.4)	(0.4)
(Loss)/profit before income tax	(92.6)	79.0	(92.6)	79.0
Income tax benefit/(expense)	19.2	(35.3)	19.2	(35.3)
(Loss)/profit after income tax of discontinued operation	(73.4)	43.7	(73.4)	43.7
Less net profit attributable to external non-controlling interests	(6.6)	(9.3)	(6.6)	(9.3)
(Loss)/profit after income tax of discontinued operation attributable to unitholders	(80.0)	34.4	(80.0)	34.4
Other Comprehensive Income:				
Exchange differences on translation of foreign operations	7.4	(43.8)	7.4	(43.8)
Transfer from foreign currency reserve to profit and loss	131.1	-	131.1	-
Total comprehensive income/(expense) for the year of discontinued operations	58.5	(9.4)	58.5	(9.4)
Net cash (outflow)/inflow from operating activities	(2.7)	53.7	(2.7)	53.7
Net cash inflow/(outflow) from investing activities	228.5	(1.3)	228.5	(1.3)
Net cash outflow from financing activities	-	(0.9)	-	(0.9)
Net increase in cash generated by the discontinued operation	225.8	51.5	225.8	51.5

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2012

Note 6. Asset and liabilities classified as held for sale and discontinued operations (continued)

(iii) Details of disposals during the year

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Cash consideration received or receivable	236.5	-	236.5	-
Carrying amount of net assets and liabilities ⁽¹⁾	228.8	-	228.8	-
Gain on disposal before income tax	7.7	-	7.7	-
Income tax benefit	19.2	-	19.2	-
Gain on disposal after income tax	26.9	-	26.9	-

⁽¹⁾ This balance includes minority share of assets and liabilities.

Note 7. Income tax expense

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(a) Income tax (benefit)/expense				
Current tax	38.2	6.1	35.3	5.3
Deferred tax	(56.7)	37.7	(54.5)	35.3
	(18.5)	43.8	(19.2)	40.6

Income tax (benefit)/expense is attributable to:

Profit from continuing operations	0.7	8.5	-	5.3
(Loss)/profit from discontinued operations	(19.2)	35.3	(19.2)	35.3
Total income tax (benefit)/expense	(18.5)	43.8	(19.2)	40.6

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	182.6	118.0	91.4	48.1
(Loss)/profit from discontinued operations before income tax expense	(92.6)	79.0	(92.6)	79.0
	90.0	197.0	(1.2)	127.1
Tax at the Australian tax rate of 30% (2011: 30%)	27.0	59.1	(0.4)	38.1
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Australian income	(57.2)	(33.5)	(24.0)	(9.1)
Other non-taxable income	(1.0)	3.6	-	-
Transfer from reserves – non-taxable	39.3	-	39.3	-
Foreign income not subject to income tax	(8.9)	(4.5)	(14.8)	(1.8)
Difference between Australian and foreign tax rates	4.0	9.4	2.4	3.4
Movement in deferred tax assets not recognised	-	(3.9)	-	(3.6)
Applied change in foreign tax rate	-	13.6	-	13.6
Previous unrecognised tax losses utilised	(21.7)	-	(21.7)	-
Income tax expense/(benefit)	(18.5)	43.8	(19.2)	40.6

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 8. Cash and cash equivalents

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Current Assets				
Cash at bank and on hand	18.2	22.8	6.6	10.9

Note 9. Trade and other receivables
(a) Trade and other receivables

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Current				
Rental and other amounts due ⁽¹⁾	1.4	3.6	0.9	1.7
Receivables from equity accounted investments	-	1.0	-	-
Allowance for impairment loss	(0.5)	(0.3)	(0.2)	(0.2)
Accrued income, prepayments and deposits	1.7	0.8	1.4	0.1
	2.6	5.1	2.1	1.6
Non-current				
Loan to equity accounted investments ⁽²⁾	-	68.2	-	-
Loan to stapled entity ⁽³⁾	-	-	-	231.8
Accrued income, prepayments and deposits	3.0	-	3.0	-
	3.0	68.2	3.0	231.8

(1) Rental and other amounts are receivable within 30 days.

(2) This loan to Neuilly Victor Hugo SCI was repaid in February 2012, following the sale of the NVH Building, Paris.

(3) This loan is to Armstrong Jones Office Fund, which is within the Group. This loan was interest bearing from 1 July 2011.

(b) Impaired trade receivables

The provision for impairment in trade receivables primarily represents rental income debts which are past due and considered to be impaired. The individually impaired receivables mainly relates to tenants which are in unexpectedly difficult economic situations.

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Movements in the provision for impairment of receivables are as follows:				
Balance at the beginning of the year	(0.3)	(0.3)	(0.2)	(0.2)
Provision for impairment recognised during the year	(0.2)	-	-	-
Balance at the end of the year	(0.5)	(0.3)	(0.2)	(0.2)

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where agreements allow. Collateral is not normally obtained.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 9. Trade and other receivables (continued)
(d) Past due but not impaired

At 30 June 2012, trade receivables of the Group of \$0.6 million (2011: \$1.0 million) and trade receivables of Prime nil (2011: \$0.3 million) were past due but not impaired. Those amounts which were past due but not impaired have been collected subsequent to reporting date or are expected to be collected without dispute or legal proceedings that would otherwise affect the recoverability of the amount.

(e) Ageing analysis

An ageing analysis of trade receivables is as follows:

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Current	0.8	2.6	0.9	1.4
0-30 days past due	0.1	0.3	-	0.1
31-60 days past due	0.1	0.2	-	-
60+ days past due	0.4	0.5	-	0.2
	1.4	3.6	0.9	1.7

(f) Risk exposure

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 22 for more information on the risk management policy of the Group.

Note 10. Financial assets at fair value through profit or loss

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Non-current financial assets at fair value through profit or loss				
Dutch Office Fund (14.2%) (30 June 2011: 13.5%)	247.2	301.4	-	-
Movement in carrying amount				
Balance at the beginning of the year	301.4	-	-	-
Transferred from investments accounted for using the equity method	-	342.1	-	-
Fair value loss	(28.9)	(36.2)	-	-
Effect of exchange rate movements	(25.3)	(4.5)	-	-
Balance at the end of the year	247.2	301.4	-	-

Changes in fair value of financial assets at fair value through profit or loss are recorded in profit or loss.

The above financial asset has been designated as financial asset at fair value through profit or loss from the date it ceased to be an investment 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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 11. Derivative financial instruments

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Current assets				
Forward foreign exchange contracts	4.9	6.0	1.0	1.3
Interest rate derivative contracts	0.1	-	-	-
	5.0	6.0	1.0	1.3
Non-current assets				
Forward foreign exchange contracts	4.2	6.7	-	0.9
Interest rate derivative contracts	0.2	-	-	-
	4.4	6.7	-	0.9
Current liabilities				
Forward foreign exchange contracts	-	0.1	-	0.1
Interest rate derivative contracts	0.4	1.9	-	0.8
	0.4	2.0	-	0.9
Non-current liabilities				
Forward foreign exchange contracts	-	-	-	-
Interest rate derivative contracts	9.5	11.5	-	10.4
	9.5	11.5	-	10.4

Risk exposures and fair value measurements

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial assets mentioned above.

Note 12. Investment properties

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(a) Investment properties at fair value	1,770.7	1,982.4	770.4	1,032.8
Less: Investment property liabilities:				
Current - finance lease payable	-	1.4	-	1.4
Non-current - finance lease payable	-	20.9	-	20.9
Total investment property liabilities ⁽¹⁾	-	22.3	-	22.3
Total property valuations	1,770.7	1,960.1	770.4	1,010.5

⁽¹⁾ The finance lease related to a long term ground lease on the Homer Building in Washington, DC, which was sold in December 2011. This lease was transferred as part of the sale agreement.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 12. Investment properties (continued)

(b) Details of investment properties

Non-current Armstrong Jones Office Fund	Type	Ownership	Acquisition date	Cost including all additions \$m	Independent valuation date	Independent valuation amount \$m	Independent Valuer	Book value 30 June 2012 \$m	Book value 30 June 2011 \$m
10-20 Bond St Sydney NSW	Freehold	50%	Jun 89	302.8	Dec 11	162.0	Colliers	169.5	127.1
Hitachi Complex Brisbane Qld	Freehold	100%	Jul 98	125.7	Dec 11	179.8	Knight Frank	180.4	177.5
347 Kent St Sydney NSW	Freehold	100%	Jan 99	190.6	Jun 12	254.0	Colliers	254.0	259.0
16-18 Mort St Canberra ACT	Leasehold	100%	Mar 01	60.1	Jun 12	37.0	Savills	37.0	41.5
628 Bourke St Melbourne Vic	Freehold	100%	Oct 01	86.7	Jun 12	96.0	Savills	96.0	88.2
Wellington Central Perth WA	Freehold	100%	Sep 07	82.9	Jun 12	73.0	Savills	73.0	66.3
388 George St Sydney NSW	Freehold	50%	Oct 02	156.1	Jun 11	190.0	Savills	190.4	190.0
Total owned by the Fund				1,004.9		991.8		1,000.3	949.6

Non-current Prime Credit Property Trust	Type	Ownership	Acquisition date	Cost including all additions \$m	Independent valuation date	Independent valuation amount \$m	Independent Valuer	Book value 30 June 2012 \$m	Book value 30 June 2011 \$m
383 La Trobe St Melbourne Vic	Freehold	100%	Feb 94	35.5	Dec 11	51.3	Savills	51.6	48.8
800 Toorak Rd Tooronga Vic	Freehold	50%	Jun 97	61.7	Dec 11	62.0	Colliers	61.5	60.0
Australian Government Centre Brisbane Qld	Freehold	100%	May 98	183.1	Jun 12	298.0	Knight Frank	298.0	276.0
105-151 Miller St North Sydney NSW	Freehold	100%	Dec 98	113.3	Dec 11	153.0	Knight Frank	154.8	140.0
151 Clarence St Sydney NSW	Freehold	100%	Nov 02	63.7	Dec 11	82.0	Savills	82.5	80.0
111 Pacific Hwy North Sydney NSW	Freehold	100%	May 04	111.4	Jun 12	122.0	Knight Frank	122.0	108.0
Computer Associates Plaza Plano Texas USA ⁽¹⁾	Freehold	100%	Aug 04	-	-	-	-	-	34.7
Homer Building 601 13 th St Washington DC USA ⁽²⁾	Leasehold	80%	May 05 / Nov 05	-	-	-	-	-	263.0
Total owned by Prime				568.7		768.3		770.4	1,010.5
Total owned by Group				1,573.6		1,760.1		1,770.7	1,960.1

(1) The Computer Associates Plaza was sold in January 2012.

(2) The Group owned 80% of the entity which owned 100% of the Investment property at 60 113th St Washington DC USA. This entity and the investment property were disposed of in January 2012. The amount included at 30 June 2011 for this Investment property was at 100% of the investment property value.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 12. Investment properties (continued)

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(c) Movement in carrying amounts				
Carrying amount at beginning of the year	1,982.4	1,923.8	1,032.8	1,033.3
Adjustment on change of accounting policy	-	23.4	-	23.4
Exchange rate fluctuations	17.4	(74.8)	17.4	(74.8)
Additions to existing investment property	45.3	81.8	22.2	41.1
Disposals	(369.5)	(21.0)	(369.5)	(21.0)
Amortisation of tenant incentives and leasing fees	(14.7)	(12.3)	(10.8)	(10.7)
Straight line lease revenue recognition	(0.6)	1.2	(1.4)	0.8
Capitalised interest	-	4.7	-	0.7
Net change in fair value	110.4	55.6	79.7	40.0
Carrying amount at the end of the year	1,770.7	1,982.4	770.4	1,032.8

(d) Tenant incentives and leasing commissions (included in the carrying amounts above)

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Cost	66.5	105.5	41.1	88.6
Accumulated Amortisation	(18.6)	(35.4)	(16.1)	(30.4)
	47.9	70.1	25.0	58.2

(e) Amounts recognised in the Income Statement for investment property

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Rental income and other property income	183.2	189.6	91.7	110.2
Direct operating expenses from property that generate rental income	(53.4)	(51.2)	(31.9)	(33.3)
	129.8	138.4	59.8	76.9

The above amounts include amounts from discontinued operations in Note 6(c).

(f) Valuation basis

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Refer to the accounting policy in Note 1(o).

At reporting date, the key weighted average assumptions used by the Group in determining fair value were capitalisation rate, discount rate, occupancy and weighted average lease expiry which are outlined in Note 2.

(g) Non-current assets pledged as security

At 30 June 2012 there were no investment properties pledged as security by the Group. At 30 June 2011, the Homer Building, 601 13th St., Washington DC, USA was pledged as security. Refer to Note 15.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 12. Investment properties (continued)
(h) Contractual obligations

Refer to Note 20 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements contracted but not provided at reporting date.

(i) Leasing arrangements

The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Within one year	177.1	149.7	93.0	77.7
Later than one year but not greater than five years	518.9	467.6	221.3	177.8
Later than five years	175.7	127.1	40.4	22.3
	871.7	744.4	354.7	277.8

Note 13. Investments accounted for using the equity method
(a) Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for in the Consolidated Financial Statements using the equity method of accounting, after initially being recognised at cost.

Name	Principal activity	Ownership interest		Investa Office Fund		Prime Credit Property Trust	
		30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
				\$m	\$m	\$m	\$m
Armstrong Jones Office Fund							
Bastion Tower I NV ⁽¹⁾	Real estate investment	50%	50%	31.0	34.9	-	-
Neuilly Victor Hugo SCI ⁽²⁾	Real estate investment	50%	50%	-	14.7	-	-
IOF Finance Pty Ltd ⁽³⁾	Financial Services	50%	50%	-	-	-	-
Prime Credit Property Trust							
2980 Fairview Park LLC	Real estate investment	50%	50%	-	1.4	-	1.4
900 Third Avenue LP ⁽⁴⁾	Real estate investment	-	49%	-	22.8	-	22.8
242 Exhibition Street Trust ⁽⁵⁾	Real estate investment	50%	-	217.6	-	217.6	-
Phillip Street Trust ⁽⁶⁾	Real estate investment	25%	-	96.8	-	96.8	-
Macquarie Street Trust ⁽⁶⁾	Real estate investment	25%	-	79.9	-	79.9	-
IOF Finance Pty Ltd ⁽³⁾	Financial Services	50%	50%	-	-	-	1.0
Total				425.3	73.8	394.3	25.2

⁽¹⁾ This entity was formerly known as ING Reboi SA.

⁽²⁾ The investment property held by Neuilly Victor Hugo was sold in February 2012. The remaining assets and liabilities held by Neuilly Victor Hugo have been disclosed as classified as held for sale at 30 June 2012. Refer to Note 6.

⁽³⁾ This investment is an associate of both Prime Credit Property Trust and Armstrong Jones Office Fund and is consolidated in the Group's Financial Report.

⁽⁴⁾ The interest held in 900 Third Avenue LP was sold in March 2012 for US\$46.8 million.

⁽⁵⁾ In April 2012 Prime Credit Property Trust purchased a 50% interest in the investment property located at 242 Exhibition Street, Melbourne through this Trust.

⁽⁶⁾ In April 2012 Prime Credit Property Trust purchased a 25% interest in the investment property located at 126 Phillip Street, Sydney through these two Trusts.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 13. Investments accounted for using the equity method (continued)

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(b) Movements in carrying amounts				
Balance at the beginning of the year	73.8	510.4	25.2	99.2
Acquisitions	406.1	-	406.1	-
Fair value loss of acquisition costs on equity accounted investments	(12.2)	-	(12.2)	-
Disposals	(30.4)	-	(30.4)	-
Share of profits after income tax	21.1	46.9	12.7	29.9
Distributions received	(7.6)	(59.8)	(7.6)	(45.8)
Movement in reserves	-	1.3	-	-
Transfer to assets classified as held for sale	(21.2)	(38.4)	-	(38.4)
Transfer to financial asset at fair value through profit or loss	-	(342.1)	-	-
Effect of exchange rate movements	(4.3)	(44.5)	0.5	(19.7)
Balance at the end of the year	425.3	73.8	394.3	25.2

(c) Summarised financial information of investments accounted for using the equity method

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Share of assets and liabilities				
Total assets	481.3	338.8	397.1	159.9
Total liabilities	(56.0)	(265.0)	(2.8)	(134.7)
Net assets	425.3	73.8	394.3	25.2

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Share of results				
Revenue	30.3	65.9	21.0	24.1
Gain/(loss) on change in fair value of:				
Investment properties	19.1	25.1	12.0	25.1
Derivative financial instruments	(4.0)	3.2	(5.8)	0.7
Loss on disposal of investment	(0.9)	-	-	-
Expenses	(23.4)	(47.3)	(14.5)	(20.0)
Profit before income tax	21.1	46.9	12.7	29.9
Income tax expense	-	-	-	-
Profit for the year	21.1	46.9	12.7	29.9
Profit for the year disclosed as:				
Profit from discontinued operations	7.3	28.8	7.3	28.8
Profit from continuing operations	13.8	18.1	5.4	1.1
Total profit for the year	21.1	46.9	12.7	29.9

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 13. Investments accounted for using the equity method (continued)

(d) Property details of investments accounted for using the equity method

The Group has interests in properties through its investments accounted for using the equity method. The carrying value of the investments accounted for using the equity method at reporting date is supported by the underlying property values as disclosed below:

Investment in associates – property details	Type	Ownership	Acquisition date	Cost including all additions \$m	Independent valuation date	Independent valuation amount \$m	Independent valuer	Book value 30 Jun 2012 \$m	Book value 30 Jun 2011 \$m
Bastion Tower I NV 1 Avenue des Artes Brussels Belgium	Freehold	50%	Nov-07	90.1	Jun-12	80.6	JLL	80.6	88.7
Neuilly Victor Hugo SCI 41/42 Rue de Villiers Neuilly-Sur-Seine Paris France	Freehold	50%	Aug-06	-	-	-	-	-	82.4
242 Exhibition Street Trust 242 Exhibition Street Vic	Freehold	50%	Apr-12	229.5	Feb-12	217.5	CBRE	217.5	-
Phillip Street Trust and Macquarie Street Trust Deutsche Bank Place 126 Phillip St Sydney NSW	Freehold	25%	Apr-12	176.3	Feb-12	176.3	CBRE	176.3	-
900 Third Avenue LP 900 Third Avenue, Manhattan New York USA	Freehold	49%	Aug-03	-	-	-	-	-	144.7
Total owned by Group				495.9		474.4		474.4	315.8

(e) Contingent liabilities of investments accounted using the equity method

The Group has no share of contingent liabilities in investments accounted using the equity method.

Note 14. Trade and other payables

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Current				
Trade payables	10.3	9.2	4.4	4.9
Loan from stapled entity ⁽¹⁾	-	-	2.9	-
Payables to equity accounted investments	3.2	3.4	-	-
Other payables	11.4	17.0	6.6	13.0
	24.9	29.6	13.9	17.9

⁽¹⁾ This loan is from Armstrong Jones Office Fund which is in the Group. This loan is interest bearing.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 15. Borrowings

	Note	Investa Office Fund		Prime Credit Property Trust	
		30 June 2012	30 June 2011	30 June 2012	30 June 2011
		\$m	\$m	\$m	\$m
Current liabilities					
Other external debt - secured	(i)	-	147.1	-	147.1
Syndicated bank debt - unsecured	(ii)	-	195.8	-	-
Finance leases - unsecured	(iii)	-	1.4	-	1.4
		-	344.3	-	148.5
Non-current liabilities					
Syndicated bank debt - unsecured	(ii)	457.8	-	67.3	-
Finance leases - unsecured	(iii)	-	20.9	-	20.9
		457.8	20.9	67.3	20.9

(i) Other external debt

This liability included the minority interest share and was denominated in United States dollars. The Homer Building in Washington, DC, which was sold in December 2011, had been pledged as security for this loan. This loan was transferred as part of the sale agreement.

(ii) Syndicated bank debt - unsecured

On 15 August 2011, an agreement was signed for a 3 year bank facility with a limit of \$552.0 million. The debt facility had a maturity date on 15 August 2014. The previous syndicated debt facility was terminated in August 2011. The margins are higher than under the previous syndicated debt facility and are reflective of the market at that time.

The above facility was amended during the period ended 30 June 2012 to a facility limit of \$702.0 million. At 30 June 2012 this facility had four tranches with specific maturities and limits as detailed below:

Facility A:	This multi-currency facility has a limit of \$353.1 million and will mature on 15 August 2014. At 30 June 2012, \$140.0 million was drawn down on this facility.
Facility B:	This Australian dollar denominated facility has a \$150.0 million facility limit. The facility has an initial maturity date of 5 April 2013, but subject to certain conditions precedent which are currently expected to be met and at the Group's discretion, the facility can be extended until 5 April 2015. Therefore the amounts drawn at reporting date have been disclosed as non-current. At 30 June 2012, \$128.0 million was drawn down on this facility.
Facility C:	This Euro denominated facility has a €150.0 million facility limit and will mature on 15 August 2014. At 30 June 2012, \$185.4 million (€150.0 million) was drawn down on this facility.
Facility D:	This Euro denominated facility has a €9.0 million facility limit and will mature on 15 August 2014. At 30 June 2012, \$5.7 million (€4.6 million) was drawn down on this facility.

The total borrowings by currency at reporting date excluding unamortised commitments and upfront fees capitalised are as follows:

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Borrowings (AUD\$)	268.0	20.0	68.0	-
Borrowings (€)	191.1	175.8	-	-
Capitalised commitments and upfront fees	(1.3)	-	(0.7)	-
Total	457.8	195.8	67.3	-

The facility has a number of market standard terms and conditions and undertakings that include the maintenance of the following financial ratios:

- (a) total look-through liabilities will not exceed 50% of look-through total tangible assets; and
- (b) earnings before borrowing costs and taxation will not be less than 2.5 times borrowing costs.

The Trusts complied with the syndicated debt facility financial ratios during the year. The Trusts are expected to remain compliant with the loan covenants.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 15. Borrowings (continued)
(iii) Finance leases – unsecured

The finance lease related to a long term ground lease on the Homer Building in Washington, DC, which was sold in December 2011. This lease was transferred as part of the sale agreement.

(iv) Risk exposure and Fair value disclosures

Refer to Note 22 for further details on the Group's exposure to risk arising from borrowings, the maturity profile and the fair value of borrowings.

Note 16. Non-current deferred tax liabilities

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Total deferred tax liabilities attributable to investment properties	0.2	53.1	-	50.6
Deferred tax (benefit)/expense recognised in the Income Statement in respect of deferred tax liabilities is attributable to temporary differences from investments	(56.7)	37.7	(54.5)	35.3
Deductible temporary differences for which no deferred tax asset has been recognised	-	39.9	-	39.9
Potential tax benefit	-	14.0	-	14.0

Note 17. Contributed Equity

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(a) Carrying amounts				
Balance at the beginning of year	2,308.2	2,308.2	1,282.9	1,282.9
Purchased during the year:				
Unit buyback	(165.9)	-	(89.1)	-
Balance at the end of the year	2,142.3	2,308.2	1,193.8	1,282.9

The balance at the end of the year is attributable to the unitholders of:

Armstrong Jones Office Fund	948.5	1,025.3	-	-
Prime Credit Property Trust	1,193.8	1,282.9	1,193.8	1,282.9
	2,142.3	2,308.2	1,193.8	1,282.9

(b) Number of issued units

	millions	millions	millions	millions
Balance at the beginning of the year	2,729.1	2,729.1	2,729.1	2,729.1
Purchased during the year:				
Unit buyback	(272.9)	-	(272.9)	-
Balance before unit consolidation	2,456.2	2,729.1	2,456.2	2,729.1
Unit consolidation	(1,842.1)	(2,046.8)	(1,842.1)	(2,046.8)
Balance at the end of the year	614.1	682.3	614.1	682.3

(c) Unit buyback

During the year, the Group completed a buyback for 10% of its issued units. This resulted in the buyback of 272.9 million (pre-unit consolidation) units at an average price of \$0.61, for a total payment of \$165.9 million. \$89.1 million of this amount has been allocated to Prime based on Prime's share of the Group unitholders' interest as at 30 June 2011. The number of units on issue after the buyback was 2,456.2 million (pre-unit consolidation). There is no current on-market buyback.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 17. Contributed Equity (continued)

(d) Unit Consolidation

In April 2012, the Group undertook a consolidation of its units on the basis of one new unit for every four pre-consolidation units. Where the consolidation of a holding resulted in a fractional unit, that fraction was rounded up to the next whole unit. This resulted in the number of units on issue moving from 2,456.2 million to 614.1 million with a corresponding increase in the unit price by approximately 4 times the pre-consolidation price. This consolidation did not materially change or decrease the underlying value of a unitholder's aggregate unitholding in the Group.

Prior year comparative information, where shown on a per unit basis, have been restated to a post unit consolidation basis, unless stated otherwise.

(e) 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.

(f) Capital risk management

Refer to Note 21 for the Capital Management strategy for the Group.

Note 18. Reserves

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Foreign currency translation				
Balance at the beginning of year	(222.5)	(149.2)	(138.5)	(94.7)
Translation differences arising during the year	(24.0)	(73.3)	7.4	(43.8)
Transfer to the profit and loss (discontinued operations)	(a)(i) 131.1	-	131.1	-
Balance at the end of the year	(115.4)	(222.5)	-	(138.5)
Share of reserve for net loss on cash flow hedge held by equity accounted investment				
Balance at the beginning of the year	-	(2.8)	-	-
Share of reserve movement	-	1.3	-	-
Transfer to profit and loss	-	1.5	-	-
Balance at the end of the year	-	-	-	-
Total reserves at the end of the year	(115.4)	(222.5)	-	(138.5)
The balance at the end of the year is attributable to the unitholders of:				
Armstrong Jones Office Fund	(115.4)	(84.0)	-	-
Prime Credit Property Trust	-	(138.5)	-	(138.5)
	(115.4)	(222.5)	-	(138.5)

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 entities 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 disposed of or sold. During the year ended 30 June 2012, the US operating investments were disposed and the cumulative balance that pertains to this investment has been reclassified to the income statement through discontinued operations. Refer to Note 6.

(ii) Net investment hedges

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

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 18. Reserves (continued)

(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(n). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Note 19. Accumulated Losses

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Balance at the beginning of the year	(92.5)	(130.0)	(74.3)	(115.8)
Net profit for the year	101.9	143.9	11.4	77.2
Distributions paid or payable	(109.5)	(106.4)	(57.2)	(35.7)
Balance at the end of the year	(100.1)	(92.5)	(120.1)	(74.3)
The balance at the end of the year attributable to the unitholders of:				
Armstrong Jones Office Fund	20.0	(18.2)	-	-
Prime Credit Property Trust	(120.1)	(74.3)	(120.1)	(74.3)
	(100.1)	(92.5)	(120.1)	(74.3)

Note 20. Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
Investment property	30.6	7.7	18.0	6.3

(b) Lease commitments – Finance lease

The Group had leased the land on which the Homer Building investment property was located. During the year the interest in the Homer Building investment property was sold. This lease was transferred as part of the sale agreement.

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$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

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 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 capital needs of its portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, 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, the potential for acceleration prior to maturity and the market in general.

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 reviews 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, associates and financial assets at fair value through profit or loss 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 2012, the Leverage Ratio was 26.0% (30 June 2011: 27.4%), calculated as follows:

Look-through ratio of total liabilities to total assets

	Investa Office Fund	
	2012	2011
	\$m	\$m
Total consolidated liabilities	575.8	488.0
Plus share of liabilities of:		
Financial asset at fair value through profit or loss	67.9	81.9
Equity accounted investments	56.0	265.0
Assets classified as held for sale	-	0.3
Less elimination of receivables from and payables to equity accounted investments	(23.7)	(72.6)
Total look-through liabilities	676.0	762.6
Total consolidated assets	2,502.6	2,504.8
Less:		
Financial asset at fair value through profit or loss	(247.2)	(301.4)
Equity accounted investments	(425.3)	(73.8)
Equity accounted investments classified as held for sale	(21.2)	(38.4)
Plus share of assets of:		
Financial asset at fair value through profit or loss	315.1	383.3
Equity accounted investments	481.3	338.8
Equity accounted investments classified as held for sale	21.2	38.7
Less elimination of receivables from and payables to equity accounted investments	(23.7)	(72.6)
Total look-through assets	2,602.8	2,779.4
Leverage ratio	26.0%	27.4%

The leveraged ratio is also used to determine compliance with the Group's syndicated bank debt facility as at 30 June 2012. Refer to Note 15 for details.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 21. Capital management (continued)

In addition, the Group monitors the ratio of debt to total assets adjusted for minority interest ("Gearing Ratio"), calculated on a look-through basis. At 30 June 2012, the gearing ratio was 21.9% (30 June 2011: 20.5%), calculated as follows:

	Investa Office Fund	
	2012	2011
	\$m	\$m
Total consolidated borrowings	457.8	365.2
Plus share of debt of:		
Equity accounted investments	51.7	178.0
Financial asset at fair value through profit or loss	61.1	62.5
Less:		
External non-controlling interest share of property level debt	-	(29.4)
Finance lease liability	-	(22.3)
Net look-through debt	570.6	554.0
Total consolidated assets	2,502.6	2,504.8
Less:		
Financial asset at fair value through profit or loss	(247.2)	(301.4)
Equity accounted investments	(425.3)	(73.8)
Assets classified as held for sale	(21.2)	(38.4)
Plus share of assets of :		
Financial asset at fair value through profit or loss	315.1	383.3
Equity accounted investments	481.3	338.8
Equity accounted investments classified as held for sale	21.2	38.7
Less:		
External non-controlling interest in assets	-	(57.1)
Elimination of receivables from and payables to equity accounted investments	(23.7)	(72.6)
Finance lease liability	-	(22.3)
Total look-through assets (adjusted for minority interest)	2,602.8	2,700.0
Gearing ratio	21.9%	20.5%

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.

Note 22. Financial risk management

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 Group's activities expose it to a variety of financial risks:

- (a) Market risk;
- (b) Credit risk; and
- (c) Liquidity risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps, interest rate caps and foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, foreign exchange and other price risks and ageing analysis for credit risk.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(a) Market Risk

Market risk comprises of mainly three types of risk. They are:

- (i) Interest rate risk;
- (ii) Foreign exchange risk; and
- (iii) Price risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The primary objective of interest risk management is to manage the potential for financial loss measured in terms of impact on earnings arising from unfavourable movements in interest rates.

The Group's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk if the borrowings are carried at fair value. The Group's preference is to protect itself from large and rapid movements in financial markets, to achieve a less volatile exposure to movements in interest rates through prudent risk management techniques. The Group's policy is to hedge between 50% and 100% of its forecast borrowings over a five year time horizon using interest rate swaps and interest rate caps.

The Group analyses its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. The simulation is done on a regular basis to verify that the maximum loss potential is within limit established by the Responsible Entity.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using:

- floating-to-fixed interest rate swaps (or swaptions);
- interest rate caps.

Interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates or from fixed to floating. Generally, the Group raises borrowings some of which are at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate derivatives, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate caps are derivatives that provide the Group with an upper limit at which the Group will no longer be exposed to increases to floating interest rates.

The Group's interest rate risk from borrowings is summarised in the table on the following page.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(a) Market Risk (continued)

(i) Interest rate risk (continued)

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

30 June 2012	Weighted average interest rate (%pa)	Floating interest rate \$m	Fixed interest rate			Total \$m
			Less than 1 year \$m	1-5 years \$m	More than 5 years \$m	
Financial assets						
Cash and cash equivalents	2.2%	18.2	-	-	-	18.2
Cash classified as assets held for sale	0.3%	4.8	-	-	-	4.8
Total financial assets		23.0	-	-	-	23.0
Financial liabilities						
Borrowings:						
Denominated in AUD\$	4.9%	268.0	-	-	-	268.0
Denominated in €	2.2%	191.1	-	-	-	191.1
Total financial liabilities		459.1	-	-	-	459.1
Total net financial liabilities		(436.1)	-	-	-	(436.1)
Fixed interest rate derivatives (notional principal) at reporting date						
Denominated in AUD\$	4.2%	210.0				
Denominated in €	2.9%	105.0				
Net exposure at reporting date		(121.1)				

The Group's weighted average fixed rate derivatives (notional principal) held at reporting date can be summarised as follows:

	June 2013 \$m	June 2014 \$m	June 2015 \$m	June 2016 \$m	June 2017 \$m	June 2018 \$m
Denominated in AUD\$:						
Interest rate swaps	125.0	80.0	85.0	100.0	100.0	75.0
Interest rate caps	85.0	98.0	-	-	-	-
Total Fixed	210.0	178.0	85.0	100.0	100.0	75.0
Average Fixed Rate	4.2%	4.2%	4.3%	4.1%	4.1%	4.1%
Denominated in €						
Interest rate swaps	105.0	80.3	55.6	55.6	4.6	-
Interest rate caps	68.0	74.1	43.3	-	-	-
Total Fixed	173.0	154.4	98.9	55.6	4.6	-
Average Fixed Rate	2.6%	2.3%	2.0%	2.0%	2.0%	-

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(a) Market Risk (continued)

(i) Interest rate risk (continued)

Interest rate risk exposure (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

30 June 2011	Weighted average interest rate (%pa)	Floating interest rate \$m	Fixed interest rate			Total \$m
			Less than 1 year \$m	1-5 years \$m	More than 5 years \$m	
Financial assets						
Cash and cash equivalents	4.0%	22.8	-	-	-	22.8
Loans to equity accounted investment	6.0%	-	-	-	68.2	68.2
Total financial assets		22.8	-	-	68.2	91.0
Financial liabilities						
Borrowings:						
Denominated in AUD\$	5.2%	20.0	-	-	-	20.0
Denominated in €	1.3%	175.8	-	-	-	175.8
Denominated in US\$	5.4%	-	147.1	-	-	147.1
Finance leases	6.5%	-	1.4	4.7	16.2	22.3
Total financial liabilities		195.8	148.5	4.7	16.2	365.2
Total net financial (liabilities)/assets		(173.0)	(148.5)	(4.7)	52.0	(274.2)
Fixed interest rate derivatives (notional principal) at reporting date						
Denominated in €	3.9%	54.1				
Denominated in US\$	-	-				
Net exposure at reporting date		(118.9)				

The Group's weighted average fixed rate derivatives (notional principal) held at reporting date can be summarised as follows:

	June 2012 \$m	June 2013 \$m	June 2014 \$m	June 2015 \$m	June 2016 \$m	June 2017 \$m
Denominated in US\$:						
Interest rate swaps ⁽¹⁾	33.8	93.3	46.6	-	-	-
Average Fixed Rate	3.9%	3.9%	3.9%	-	-	-
Denominated in €						
Interest rate swaps	54.1	54.1	27.1	-	-	-
Average Fixed Rate	3.9%	3.9%	3.9%	-	-	-

⁽¹⁾ This forward start interest rate swap for US\$100 million was due to commence on 19 February 2012 for a term of five years at a fixed rate of 4.67%. This swap was terminated in February 2012.

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

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(a) Market Risk (continued)

(i) Interest rate risk (continued)

Interest rate risk exposure (continued)

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

30 June 2012	Weighted average interest rate (%pa)	Floating interest rate \$m	Fixed interest rate			Total \$m
			Less than 1 year \$m	1-5 years \$m	More than 5 years \$m	
Financial assets						
Cash and cash equivalents	2.5%	6.6	-	-	-	6.6
Cash classified as assets held for sale	0.3%	4.8	-	-	-	4.8
Total financial assets		11.4	-	-	-	11.4
Financial liabilities						
Loan from stapled entity	4.6%	2.9	-	-	-	2.9
Borrowings:						
Denominated in AUD\$	4.9%	68.0	-	-	-	68.0
Total financial liabilities		70.9	-	-	-	70.9
Total net financial liabilities		(59.5)	-	-	-	(59.5)
Fixed interest rate derivatives (notional principal) at reporting date		-				
Net exposure at reporting date		(59.5)				

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(a) Market Risk (continued)

(i) Interest rate risk (continued)

Interest rate risk exposure (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

30 June 2011	Weighted average interest rate (%pa)	Floating interest rate \$m	Fixed interest rate			Total \$m
			Less than 1 year \$m	1-5 years \$m	More than 5 years \$m	
Financial assets						
Cash and cash equivalents	4.6%	10.9	-	-	-	10.9
Total financial assets		10.9	-	-	-	10.9
Financial liabilities						
Finance leases	6.5%	-	1.4	4.7	16.2	22.3
Borrowings:						
Denominated in US\$	5.4%	-	147.1	-	-	147.1
Total financial liabilities		-	148.5	4.7	16.2	169.4
Total net financial liabilities		10.9	(148.5)	(4.7)	(16.2)	(158.5)
Fixed interest rate derivatives (notional principal) at reporting date		-				
Net exposure at reporting date		10.9				

Primes weighted average fixed rate derivatives (notional principal) held at reporting date can be summarised as follows:

	June 2012 \$m	June 2013 \$m	June 2014 \$m	June 2015 \$m	June 2016 \$m	June 2017 \$m
Denominated in US\$:						
Interest rate swaps ⁽¹⁾	33.8	93.3	46.6	-	-	-
Average Fixed Rate	3.9%	3.9%	3.9%	-	-	-

⁽¹⁾ This forward start interest rate swap for US\$100 million was due to commence on 19 February 2012 for a term of five years at a fixed rate of 4.67%. This swap was terminated in February 2012.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(a) Market Risk (continued)

(i) Interest rate risk (continued)

Interest rate sensitivity analysis

Sensitivity on net interest expense

The net impact on interest expense of a 100 basis point increase or decrease in market interest rates at reporting date is shown below. This analysis is based on the interest rate risk exposure in existence at reporting date. Interest expense is sensitive to movements in market interest rates on floating rate debt, not hedged by derivatives.

Sensitivity on changes in fair value of interest rate derivatives

The impact of changes in the fair value of interest rate derivatives for a 100 basis points increase or decrease in market interest rates at reporting date is shown below. The sensitivity on the fair value arises from the impact that changes in market rates will have on the mark-to-market valuation of the interest rate derivatives. The fair value of interest rate derivatives is calculated as the present value of estimated future cash flows for each derivative, based on the forward market interest rate curve. Gains or losses arising from changes in the fair value are reflected in the Consolidated Income Statements.

Investa Office Fund

	Sensitivity on net interest expense		Sensitivity on change in fair value of interest rate derivatives	
	Increase of 100bps \$m	Decrease of 100bps \$m	Increase of 100bps \$m	Decrease of 100bps \$m
30 June 2012				
Variable interest rates denominated in:				
Australian Dollars	(0.5)	1.2	4.9	(6.0)
Euros	(1.3)	1.3	3.4	(5.5)
United States Dollars	0.1	(0.1)	-	-
Total	(1.7)	2.4	8.3	(11.5)

30 June 2011

Variable interest rates denominated in:

Australian Dollars	(0.1)	0.1	-	-
Euros	(0.6)	0.6	1.3	(1.3)
United States dollars	-	-	3.0	(2.5)
Total	(0.7)	0.7	4.3	(3.8)

Prime Credit Property Trust

	Sensitivity on interest expense		Sensitivity on change in fair value of interest rate derivatives	
	Increase of 100bps \$m	Decrease of 100bps \$m	Increase of 100bps \$m	Decrease of 100bps \$m
30 June 2012				
Variable interest rates denominated in:				
Australian Dollars	(0.7)	0.7	-	-
United States dollars	0.1	(0.1)	-	-
Total	(0.6)	0.6	-	-

30 June 2011

Variable interest rates denominated in:

Australian Dollars	-	-	-	-
United States Dollars	-	-	3.0	(2.5)
Total	-	-	3.0	(2.5)

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 22. Financial risk management (continued)
(a) Market Risk (continued)
(ii) 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 investments, and may result in lower Australian dollar equivalent proceeds when an offshore investment is sold. In addition, foreign exchange rate movements may reduce the Australian dollar equivalent of the earnings from the offshore investments 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 investments by partly or wholly funding their acquisition using borrowings denominated in the particular offshore currency. The Group's financial risk management policy sets a target for maximum hedging of the carrying value of its offshore properties.

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 the equity value of the Group's offshore investments 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 investments is partly mitigated by the foreign denominated interest expense of its foreign denominated borrowings and any foreign exchange 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 financial risk management policy sets out targets of minimum and maximum hedging of its earnings from offshore investments 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.

The Group's exposure to foreign currency risk denominated in Australian dollars at the rate prevailing at the end of the reporting period was as follows:

Investa Office Fund

	Net foreign currency asset/(liability)			
	Euros		United States dollars	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Cash	6.5	7.8	2.2	8.3
Trade and other receivables	0.1	69.9	4.2	0.8
Assets classified as held for sale	21.2	-	5.0	38.4
Financial asset at fair value through profit or loss	247.2	301.4	-	-
Investment properties	-	-	-	320.0
Investments accounted using equity method	31.0	49.6	-	24.2
Derivative financial instruments	8.1	10.5	1.0	2.2
Total assets	314.1	439.2	12.4	393.9
Trade and other payables	4.7	4.5	-	4.2
Borrowings	191.1	175.8	-	169.4
Derivative financial instruments	5.8	2.0	-	11.3
Liabilities classified as held for sale	20.5	-	2.9	-
Deferred tax liabilities	-	1.5	-	50.6
Total liabilities	222.1	183.8	2.9	235.5
Net assets	92.0	255.4	9.5	158.4

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 22. Financial risk management (continued)
(a) Market Risk (continued)
(ii) Foreign exchange risk (continued)
Foreign exchange sensitivity analysis

The impact on profit after tax and equity 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 reporting date.

a. Effect of appreciation in Australian dollar of 10% on profit and loss and on equity:

	Effect on profit/(loss)			
	Investa Office Fund		Prime Credit Property Trust	
	Higher/(lower)		Higher/(lower)	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Foreign exchange risk exposures denominated in:				
Euros	1.5	13.7	-	-
United States dollars	(0.5)	0.7	(0.5)	0.7
	1.0	14.4	(0.5)	0.7

	Effect on equity			
	Investa Office Fund		Prime Credit Property Trust	
	Higher/(lower)		Higher/(lower)	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Foreign exchange risk exposures denominated in:				
Euros	(6.9)	(22.0)	-	-
United States dollars	(0.5)	(15.0)	(0.5)	(15.0)
	(7.4)	(37.0)	(0.5)	(15.0)

b. Effect of depreciation in Australian dollar of 10% on profit and loss and equity:

	Effect on profit/(loss)			
	Investa Office Fund		Prime Credit Property Trust	
	Higher/(lower)		Higher/(lower)	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Foreign exchange risk exposures denominated in:				
Euros	(1.5)	(14.3)	-	-
United States dollars	0.4	(0.8)	0.4	(0.8)
	(1.1)	(15.1)	0.4	(0.8)

	Effect on equity			
	Investa Office Fund		Prime Credit Property Trust	
	Higher/(lower)		Higher/(lower)	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Foreign exchange risk exposures denominated in:				
Euros	6.9	21.4	-	-
United States dollars	0.4	14.8	0.4	14.8
	7.3	36.2	0.4	14.8

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(a) Market Risk (continued)

(ii) Foreign exchange risk (continued)

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

Foreign exchange derivatives held

The following tables detail the forward exchange contracts, options and foreign exchange swaps outstanding at reporting date. These have been entered into to mitigate the effect of foreign exchange movements on the Financial Statements.

At reporting 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 loss for the year ended 30 June 2012 was \$2.3 million (Prime Group \$1.2 million loss) (30 June 2011: \$2.7 million gain; Prime Group \$1.7 million gain).

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

Maturing	Weighted average exchange rate		Principal amount			
	2012	2011	2012 AUD\$ m	2012 US\$ m	2011 AUD\$ m	2011 US\$ m
Investa Office Fund						
Within one year	0.7995	0.7757	5.0	4.0	4.8	3.7
Later than one year but not later than five years	-	0.7995	-	-	5.0	4.0
			5.0	4.0	9.8	7.7
Prime Credit Property Trust						
Within one year	0.7995	0.7757	5.0	4.0	4.8	3.7
Later than one year but not later than five years	-	0.7995	-	-	5.0	4.0
			5.0	4.0	9.8	7.7

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

Maturing	Weighted average exchange rate		Principal amount			
	2012	2011	2012 AUD\$ m	2012 €m	2011 AUD\$ m	2011 €m
Investa Office Fund						
Within one year	0.5141	0.5289	11.4	5.9	17.9	9.5
Later than one year but not later than five years	0.5005	0.5070	12.5	6.3	24.1	12.2
			23.9	12.2	42.0	21.7

(iii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to price risk that arises from investments held by the Group and classified in the Statements of Financial Position as financial asset at fair value through profit or loss. The Responsible Entity monitors and evaluates the performance of the financial assets as at fair value through profit or loss on a regular basis. The Group is not exposed to commodity price risk.

Sensitivity analysis

The impact of an increase or decrease in price or valuation of financial assets at fair through profit or loss at reporting date, with all other variables held constant, has been outlined in Note 22 (d).

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 22. Financial risk management (continued)
(b) Credit risk

Credit risk refers to the risk that a counterparty is unable to pay amounts in full when due and defaults on its contractual obligations resulting in a financial loss to the Group. Credit risk for the Group and Prime arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Responsible Entity seeks to mitigate this risk for the Group and Prime through the setting of credit policies that include ensuring that investments, cash and derivative transactions are only undertaken with financial institutions with an appropriate credit rating. Receivables and other committed transactions are with a range of counterparties including corporates, individuals, government entities and semi government entities including wholly owned privatised government entities, retail and other property trade receivables. These counterparties have a range of credit ratings or in the case of individuals no credit rating. These counterparties are subject to active on-going monitoring including ensuring that transactions are only entered into with appropriate creditworthy counterparties, or that security remains with the Group or Prime until settlement. Where there is a concern on the credit worthiness, receivables relating to leasing contracts entered into in the normal course of business may be secured by rental deposits and / or other forms of security.

The Group's and Prime's exposure to credit risk consists of the following:

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Cash and cash equivalents ⁽¹⁾	18.2	22.8	6.6	10.9
Receivables ^{(1), (2)}	5.6	73.3	5.1	233.4
Financial assets included in assets held for sale	5.0	-	5.0	-
Derivative financial instruments ⁽¹⁾	9.4	12.7	1.0	2.2
Total financial assets	38.2	108.8	17.7	246.5

⁽¹⁾ The carrying amount of these assets included in the Consolidated Statements of Financial Position represents the consolidated entity's exposure to credit risk in relation to these assets.

⁽²⁾ An analysis of credit risk exposure for receivables is included in Note 9.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations, or other cash outflows, as they fall due, because of a lack of liquid assets or access to adequate committed credit facilities. Management of liquidity risk is carried out by the Responsible Entity and the Group's risk management 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 assesses the liquidity risk as its ability to meet its payment obligations to satisfy its external credit providers. The Group measures the risk by ascertaining its cash requirements regularly through cash flow forecasts. The Group's main objective is to ensure the continued ability to meet its financial liabilities.

Refinancing risk, also part of liquidity risk, is the risk that the maturity profile of debt makes it difficult to refinance (or rollover) 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. The Group also uses interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the Group's covenants and credit risk profile.

Refer to Note 15 for disclosure of finance facilities available to the Group.

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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 22. Financial risk management (continued)
(c) Liquidity risk (continued)
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	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2012				
Trade and other payables	24.9	-	-	24.9
Borrowings	-	459.1	-	459.1
Projected interest cost on borrowings ⁽¹⁾	16.0	22.9	-	38.9
Distribution payable	59.6	-	-	59.6
Liabilities directly associated with assets classified as held for sale	23.4	-	-	23.4
Total forecast undiscounted future cashflow	123.9	482.0	-	605.9

Investa Office Fund	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2011				
Trade and other payables	29.6	-	-	29.6
Borrowings	344.7	5.9	128.6	479.2
Projected interest cost on borrowings ⁽¹⁾	8.4	-	-	8.4
Distribution payable	26.6	-	-	26.6
Total forecast undiscounted future cashflow	409.3	5.9	128.6	543.8

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

Prime Credit Property Trust	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2012				
Trade and other payables	13.9	-	-	13.9
Borrowings	-	68.0	-	68.0
Projected interest cost on borrowings ⁽¹⁾	3.6	6.5	-	10.1
Distribution payable	24.6	-	-	24.6
Liabilities directly associated with assets classified as held for sale	2.9	-	-	2.9
Total forecast undiscounted future cashflow	45.0	74.5	-	119.5

Prime Credit Property Trust	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2011				
Trade and other payables	17.9	-	-	17.9
Borrowings	148.9	5.9	128.6	283.4
Projected interest cost on borrowings ⁽¹⁾	4.2	-	-	4.2
Total forecast undiscounted future cashflow	171.0	5.9	128.6	305.5

⁽¹⁾ Projection is based on the likely outcome of the facilities given the interest rates, margins, foreign exchange rates and interest rate forward curves as at the 30 June 2012 and 30 June 2011 up until the contractual maturity of the facilities. The projection is based on the undiscounted cash flows.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(c) Liquidity risk (continued)

Derivative financial liabilities

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

Investa Office Fund	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2012				
Liabilities				
Interest rate derivatives – net settled	(3.5)	(4.4)	(0.1)	(8.0)
Foreign exchanged – gross settled:				
Outflows	-	-	-	-
Inflows	-	-	-	-
	(3.5)	(4.4)	(0.1)	(8.0)
Assets				
Foreign exchanged – gross settled:				
Outflows	(11.2)	(7.7)	-	(18.9)
Inflows	16.5	12.5	-	29.0
	5.3	4.8	-	10.1
Investa Office Fund	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2011				
Liabilities				
Interest rate derivatives – net settled	(2.4)	(9.8)	-	(12.2)
Foreign exchanged – gross settled:				
Outflows	(0.2)	-	-	(0.2)
Inflows	0.4	-	-	0.4
	(2.2)	(9.8)	-	(12.0)
Assets				
Foreign exchanged – gross settled:				
Outflows	(16.5)	(20.2)	-	(36.7)
Inflows	23.1	29.0	-	52.1
	6.6	8.8	-	15.4

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 22. Financial risk management (continued)
(c) Liquidity risk (continued)

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

Prime Credit Property Trust	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2012				
Liabilities				
Interest rate derivatives – net settled	-	-	-	-
Foreign exchanged – gross settled:				
Outflows	-	-	-	-
Inflows	-	-	-	-
	-	-	-	-
Assets				
Foreign exchanged – gross settled:				
Outflows	(3.9)	-	-	(3.9)
Inflows	5.0	-	-	5.0
	1.1	-	-	1.1
Prime Credit Property Trust	Less than 1 year \$m	1-5 years \$m	Greater than 5 years \$m	Total \$m
2011				
Liabilities				
Interest rate derivatives – net settled	(1.3)	(8.6)	-	(9.9)
Foreign exchanged – gross settled:				
Outflows	(0.2)	-	-	(0.2)
Inflows	0.4	-	-	0.4
	(1.1)	(8.6)	-	(9.7)
Assets				
Foreign exchanged – gross settled:				
Outflows	(3.7)	(3.7)	-	(7.4)
Inflows	5.2	5.0	-	10.2
	1.5	1.3	-	2.8

(d) Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 22. Financial risk management (continued)

(d) Fair value of financial assets and liabilities (continued)

The following tables present both Groups' financial assets and liabilities that were measured and recognised at fair value at 30 June 2012.

Investa Office Fund

2012	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Assets				
Derivatives financial instruments	-	9.4	-	9.4
Investment in Dutch Office Fund	-	-	247.2	247.2
Total assets	-	9.4	247.2	256.6
Liabilities				
Derivatives financial instruments	-	9.9	-	9.9
Total Liabilities	-	9.9	-	9.9

Investa Office Fund

2011	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Assets				
Derivatives financial instruments	-	12.7	-	12.7
Investment in Dutch Office Fund	-	-	301.4	301.4
Total assets	-	12.7	301.4	314.1
Liabilities				
Derivatives financial instruments	-	13.5	-	13.5
Total Liabilities	-	13.5	-	13.5

The following tables present both Prime's financial assets and liabilities that were measured and recognised at fair value at 30 June 2012.

Prime Credit Property Trust

2012	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Assets				
Derivatives financial instruments	-	1.0	-	1.0
Total assets	-	1.0	-	1.0

Prime Credit Property Trust

2011	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Assets				
Derivatives financial instruments	-	2.2	-	2.2
Total assets	-	2.2	-	2.2
Liabilities				
Derivatives financial instruments	-	11.3	-	11.3
Total Liabilities	-	11.3	-	11.3

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012**Note 22. Financial risk management (continued)****(d) Fair value of financial assets and liabilities (continued)**

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, 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.

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 derivatives and are all included in level 2 above. Fair value of all derivative contracts has been confirmed with counterparties.

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 10% higher or lower, the fair value would increase/decrease by \$24.7 million (2011: \$30.1 million).

The calculation of the fair value of the Fund's level 3 financial assets includes a discount for the liquidity risk of the investment. The liquidity risk discount is not based on observable market data and therefore subject to significant judgement. The total discount applied to the reported net asset value of the level 3 investment is 15% (2011: 10%).

The following table presents the changes in level 3 instruments for the years ended 30 June 2012 and 30 June 2011:

	Investa Office Fund	
	30 June 2012	30 June 2011
	\$m	\$m
Balance at the beginning of the year	301.4	-
Transfer into level 3	-	342.1
Losses recognised in profit or loss	(28.9)	(36.2)
Effect of exchange rate movements	(25.3)	(4.5)
Balance at the end of the year	247.2	301.4

All losses included above that were recognised in other income relate to assets held at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 23. Related parties
(a) Responsible Entity and its related parties fees

On 7 July 2011, the unitholders of Investa Office Fund voted to replace ING Management Limited (IML) 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 for the year ended 30 June 2012 was fixed at \$8,600,000 per annum, with \$8,435,068 being paid and payable during the period. In addition ILFML received a management fee for the period from 1 July 2011 to 7 July 2011 of \$164,932 from IML. 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. This "cap and floor" of the Responsible Entity fee commences for the December 2012 quarter, after the first market capitalisation based fee has been established for the September 2012 quarter.

Investa Listed Funds Management Limited is the Responsible Entity of Investa Office Fund from 8 July 2011. During the period from 8 July 2011 to 30 June 2012 related entities of the Responsible Entity received or will receive the following fees:

		Investa Office Fund		Prime Credit Property Trust	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Investa Listed Funds Management Limited:					
Responsible Entity's fees		8,435	-	4,529	-
Investa Asset Management Pty Limited:	(i)				
Property management fees		1,888	-	1,656	-
Leasing fees		1,317	-	1,049	-
Investa Asset Management (Qld) Pty Limited:	(i)				
Property management fees		1,242	-	1,088	-
Leasing fees		47	-	33	-
Investa Properties Pty Limited:	(i)				
Project management services		227	-	155	-
		13,156	-	8,510	-

- (i) Investa Asset Management Pty Limited, Investa Asset Management (Qld) Pty Limited and Investa Properties Pty Limited earned fees for managing the property interests for the Group during the year. These fees were determined on normal commercial terms and conditions. In the prior period property and project management fees which amounted to \$3,052,105 were paid to other parties.

ING Management Limited was the Responsible Entity of Investa Office Fund from 1 July 2010 until 8 July 2011. During this period related entities of IML earned the following fees:

		Investa Office Fund		Prime Credit Property Trust	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
ING Management Limited:	(ii)				
Responsible Entity's fees		165	8,521	89	3,858
Property management and leasing fees		-	209	-	88
Clarion Partners LLC:	(iii)				
Asset management fees		25	2,109	25	2,109
Asset disposition fee		-	257	-	257
Performance fee		-	106	-	106
Other ING subsidiaries:	(iv)				
Property management and leasing fees		3	1,408	-	-
		193	12,610	114	6,418

- (ii) From 1 July 2009 to 7 July 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. In addition IML received property management and leasing fees at commercial rates.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 23. Related parties (continued)

(a) Responsible Entity and its related parties fees (continued)

- (iii) Clarion Partners LLC ("Clarion") received a base fee of 0.30% per annum (2011: 0.45% per annum) of the fair value of United States properties and received property management and leasing fees at commercial rates. In addition, Clarion received income and capital performance fees if property performance exceeded nominated benchmarks.
- (iv) ING Real Estate Investment Management France and ING Real Estate Investment Management Belgium received a fee of 0.45% per annum of the fair value of the respective properties they managed.

(b) ILFML management fee

From 1 July 2011 until 7 July 2011 ILFML received a management fee of \$164,932 (4 April 2011 – 30 June 2011: \$2,073,425) from IML.

(c) Other transactions with related parties of ILFML

The following transactions occurred during the year between the Group and the following related parties:

On 2 April 2012, the Group acquired a 50% interest in 242 Exhibition Street Trust from a related entity of ILFML. 242 Exhibition Street Trust owns the investment property at 242 Exhibition St, Melbourne, Vic. The net purchase price paid by the Group was \$217,113,607 comprising \$217,500,000 for the investment property less settlement adjustments of \$386,393.

On 2 April 2012, the Group acquired a 25% interest in each of Phillip Street Trust and Macquarie Street Trust from a related entity of ILFML. This resulted in the Group having a 25% interest in the investment property held at 126 Phillip St, Sydney, NSW. The net purchase price paid by the Group was \$176,238,910 comprising \$176,250,000 for the investment property less settlement adjustments of \$11,090.

(d) Loan to stapled entity

Prime recorded interest income of \$11,014,037 (2011: nil) on a loan to Armstrong Jones Office Fund which is within the Group. Prime incurred an interest expense of \$63,860 (2011: nil) on a loan from Armstrong Jones Office Fund.

(e) Other transactions with related parties of IML

The Group had borrowings at 8 July 2011, the date of transfer of the Responsible Entity, totalling \$17.2 million (Prime Group: nil) (30 June 2011: \$17.2 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 period from 1 July 2011 to 8 July 2011 was \$6,000 (Prime Group: nil) (30 June 2011: \$300,000; Prime Group: nil).

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

Holdings by ILFML and its related parties (including managed investment schemes for which a related party is the Responsible Entity) as at 30 June 2012, and distributions receivable for the year then ended, were:

30 June 2012

Name	Number of units held 2012 '000's	Distributions Received/Receivable	
		Investa Office Fund	Prime Credit Property Trust
		2012 \$'000	2012 \$'000
Investa Listed Funds Management Limited	17,055	2,981	1,568

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012**Note 23. Related parties (continued)****(f) Holdings of the Responsible Entity and its related parties (continued)**

Holdings by IML 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:

30 June 2011

Name	Number of units held 2011 '000s	Distributions Received/Receivable	
		Investa Office Fund 2011 \$'000	Prime Credit Property Trust 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

⁽¹⁾ Formerly ING Clarion

(g) 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	Resigned 30 June 2011
P Scully	Resigned 30 June 2011
C Tanghe	Resigned 1 June 2011
R Colless AM	Resigned 22 September 2010

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 23. Related parties (continued)
(g) Key management personnel (continued)

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:

M Long	Investa Group Chief Financial Officer; effective 4 April 2011
V Tanfara	Fund Manager; resigned 1 February 2012
T Phelps	Fund Manager; appointed 1 February 2012

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:

		2012 '000s	2011 '000s
D Page AM			
	Held at date of appointment as a key management personnel	4	-
	Acquisitions	9	-
	Held at the end of the financial year	13	-
P Dodd			
	Held at the beginning of the financial year	-	-
	Acquisitions	20	-
	Held at the end of the financial year	20	-
S MacDonald			
	Held at the beginning of the financial year	-	-
	Acquisitions	59	-
	Held at the end of the financial year	59	-
M Long			
	Held at the beginning of the financial year	-	-
	Acquisitions	10	-
	Held at the end of the financial year	10	-
T Phelps			
	Held at date of appointment as a key management personnel	-	-
	Acquisitions	4	-
	Held at the end of the financial year	4	-
P Scully			
	Held at the beginning of the financial year	-	11
	Held at the date of cessation as a key management personnel	-	11

The above units held by key management personnel have been recalculated for the unit consolidation which occurred during the year.

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

	Investa Office Fund		Prime Credit Property Trust	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
D Page AM	2	-	1	-
P Dodd	4	-	2	-
S MacDonald	9	-	4	-
M Long	1	-	1	-
T Phelps	-	-	-	-
P Scully	-	2	-	1
	16	2	8	1

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 23. Related parties (continued)
(h) Transactions with equity accounted investments
Payable (from)/to associates

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Amount of loan payable from Bastion Tower I NV at reporting date	(3,224)	(3,379)	-	-
Amounts (payable) /receivable to Neuilly Victor Hugo SCI at reporting date	(20,493)	69,231	-	-
Interest income	2,551	4,238	-	-
Interest expense	145	180	-	-

Payable from Bastion Tower I NV

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	(3,379)	(5,922)	-	-
Loans advanced	-	-	-	-
Loan repayments made	-	2,224	-	-
Interest charged	(145)	(180)	-	-
Exchange rate fluctuations	300	499	-	-
Balance at the end of the year	(3,224)	(3,379)	-	-

Payable (from)/to Neuilly Victor Hugo SCI

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	69,231	74,316	-	652
Loan repayments and loan advanced	(83,531)	(571)	-	(571)
Interest charged	2,551	4,238	-	-
Interest paid	(3,498)	(3,402)	-	-
Exchange rate fluctuations	(5,246)	(5,350)	-	(81)
Balance at the end of the year	(20,493)	69,231	-	-

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 24. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
PricewaterhouseCoopers Australia⁽¹⁾				
Audit or review of financial reports of the Fund and any other entity in the Group	200	-	111	-
Other services - assurance related	41	-	23	-
Total remuneration of PwC Australia	241	-	134	-
Ernst and Young Australia⁽¹⁾				
Audit or review of financial reports of the Fund and any other entity in the Group	-	203	-	102
Other services - assurance related	-	13	-	7
Other services – due diligence services	-	978	-	-
Total remuneration of Ernst and Young Australia	-	1,194	-	109

⁽¹⁾ In December 2011, PricewaterhouseCoopers Australia was appointed as auditors of the Fund and Prime, prior to this audit services were provided by Ernst and Young Australia.

Note 25. Parent financial information
(a) Summary financial information about the parent of each Group is:

	Armstrong Jones Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Current assets	5.2	90.5	6.9	302.5
Total assets	1,061.8	1,301.4	1,284.9	1,093.6
Current liabilities	46.9	347.1	33.0	13.4
Total liabilities	208.7	378.3	211.2	23.5
Equity:				
Issued units	948.5	1,025.3	1,193.8	1,282.9
Foreign currency translation reserve	-	-	-	(10.4)
Retained earnings/(accumulated losses)	(95.4)	(102.2)	(120.1)	(202.4)
Total equity	853.1	923.1	1,073.7	1,070.1
Net profit attributable to unitholders from:				
Continuing operations	59.1	40.0	182.7	(33.4)
Total comprehensive income	59.1	40.0	149.9	(33.4)

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

	Armstrong Jones Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Investment property	12.6	1.4	18.0	6.3

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 25. Parent financial information (continued)

(b) Change in accounting policy

During the year the parent changed its accounting policy for the carrying value of its investments in subsidiaries and investments accounted for using the equity method to fair value. As a result prior period disclosures have been restated. Refer to Note 1(aa) for further details.

Note 26. Subsidiaries

Names of subsidiaries	Country of residence	Ownership Interest	
		2012 %	2011 %
<i>Subsidiaries of Armstrong Jones Office Fund</i>			
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 ⁽¹⁾	Australia	50	50
IOF European Trust No 1	Australia	100	100
IOF European Trust No 2	Australia	100	100
IOF Holding France SCI	France	100	100
IOF Holding Belgium SA	Belgium	100	100
IOF Office Real Estate France Sarl	Luxembourg	100	100
IOF Office Real Estate Luxembourg Sarl	Luxembourg	100	100
IOF Malta 1 Limited	Malta	100	100
IOF Malta 2 Limited	Malta	100	100
<i>Subsidiaries of Prime Credit Property Trust</i>			
Belconnen Trust	Australia	100	100
Clarence Street Sydney Subsidiary Trust	Australia	100	100
Clarence Street Sydney Trust	Australia	100	100
IOF Finance Pty Ltd ⁽¹⁾	Australia	50	50
Miller Street North Sydney Trust	Australia	100	100
Prime Credit Subsidiary Property Trust No.2	Australia	100	100
Toorak Road Tooronga Trust	Australia	100	100
601 Thirteenth Street NW Associates LP ⁽²⁾	United States of America	-	80
IOF UOC 900 Third Avenue 1 LP LLC	United States of America	100	100
IOF UOC 900 Third Avenue 2 GP LLC	United States of America	100	100
IOF UOC Falls Church GP LLC	United States of America	-	100
IOF UOC Homer, Inc.	United States of America	100	100
IOF UOC Homer GP LLC	United States of America	100	100
IOF UOC Homer LP	United States of America	100	100
IOF UOC Plano GP LLC	United States of America	100	100
IOF UOC Plano LP	United States of America	100	100
IOF UOC Waltham GP LLC	United States of America	100	100
IOF UOC Waltham LP	United States of America	100	100
IOF US Office Corporation	United States of America	100	100

⁽¹⁾ Refer to Note 13(a) for details of this entity.

⁽²⁾ This subsidiary held the Homer Building which was disposed of during the year.

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

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 27. Segment information
(a) Description of segments

The Group invested in office property located in Australia, United States of America and Europe, each of which leased the properties it owned. During the year ended 30 June 2012, the United States operations were sold and its operations were classified as discontinued operations, as outlined in Note 6. The Group continues to invest in office property in Australia and Europe. 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	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(b) Segment assets				
Australia	2,166.3	1,681.0	1,165.6	946.4
United States	4.4	383.4	4.4	383.4
Europe	299.5	404.9	-	-
Unallocated	32.4	35.5	12.4	13.1
Segment assets	2,502.6	2,504.8	1,182.4	1,342.9

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(c) Segment revenue				
Australia	169.9	156.2	78.4	76.8
United States	13.3	33.4	13.3	33.4
Europe	16.0	5.1	-	-
Segment revenue	199.2	194.7	91.7	110.2
Interest income	3.7	4.9	11.4	0.4
Total revenue	202.9	199.6	103.1	110.6

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 27. Segment information (continued)

	Note	Investa Office Fund		Prime Credit Property Trust	
		30 June 2012	30 June 2011	30 June 2012	30 June 2011
		\$m	\$m	\$m	\$m
(d) Segment result					
Australia		130.3	119.9	61.3	56.4
United States		12.2	28.4	12.2	28.4
Europe		23.9	28.8	-	-
Segment result		166.4	177.1	73.5	84.8
Interest income		1.3	0.7	11.5	0.4
Other Income		-	-	-	3.0
Finance costs		(28.8)	(25.3)	(13.3)	(17.5)
Responsible Entity's fees		(8.6)	(8.5)	(4.7)	(3.9)
Capital transaction costs		-	(5.7)	-	(3.3)
Net foreign exchange gain		5.9	5.1	1.0	1.1
Foreign asset management fees		(1.4)	(3.1)	(0.8)	(2.2)
Other expenses		(3.7)	(3.3)	(1.9)	(1.0)
Current income tax expense		(2.9)	(0.7)	-	-
External non-controlling interests share of operating income		(0.1)	(0.7)	(0.1)	(0.7)
Operating earnings		128.1	135.6	65.2	60.7
Net gain/(loss) on change in fair value of:					
Investment properties	12	110.4	55.6	79.7	40.0
Derivatives		(18.5)	6.1	(8.4)	1.3
Items included in share of net profit of equity accounted investments:					
Investment properties	13	19.1	25.1	12.0	25.1
Derivative financial instruments	13	(4.0)	3.2	(5.8)	0.7
Loss on financial asset at fair value (DOF)	10	(28.9)	(36.2)	-	-
Fair value loss of acquisition costs on equity accounted investments	13	(12.2)	-	(12.2)	-
Net gain on disposal of investment properties		6.1	(3.4)	8.0	(3.4)
Transfer of foreign currency translation reserve from disposed operations to profit and loss	6	(131.1)	-	(131.1)	-
Net foreign exchange gain/(loss)		19.9	8.7	(7.5)	0.5
Distribution from financial asset at fair value through profit or loss		16.0	5.1	-	-
Operating income from DOF		(17.5)	(4.6)	-	-
Share of reserves for net loss on cash flow hedge transferred to profit and loss		-	(1.5)	-	-
Straight line lease revenue recognition		(0.4)	1.8	(1.2)	1.5
Income tax benefit/(expense)		21.4	(43.0)	19.2	(40.6)
External non-controlling interests share of operating income		0.1	0.7	0.1	0.7
Net profit for the year		108.5	153.2	18.0	86.5
Net profit attributable to external non-controlling interests		(6.6)	(9.3)	(6.6)	(9.3)
Net profit attributable to unitholders		101.9	143.9	11.4	77.2

The Group and Prime reports net profit attributed to unitholders in accordance Australian Accounting Standards (AAS). The Responsible Entity considers the non-AAS measure, operating earnings, an important indicator of underlying performance of the Group and Prime. To calculate operating earnings, Net Profit attributable to unitholders is adjusted for unrealised gains or losses, certain non-cash items, fair value gains or losses on investments and other amounts that are non-recurring or capital in nature. These adjustments may change from time to time, depending upon changes to AAS and/or the Responsible Entity's assessment of non-recurring or capital items. No adjustments have been made for amortisation of lease incentives or lease fees as the Responsible Entity considers these to be a component of rental income.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012

Note 27. Segment information (continued)

	Investa Office Fund		Prime Credit Property Trust	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$m	\$m	\$m	\$m
(e) Other information				
Share of net profit of equity accounted investments:				
Australia	6.6	-	5.4	1.1
United States	7.3	28.8	7.3	28.8
Europe	7.2	18.1	-	-
	21.1	46.9	12.7	29.9
Net gain on change in fair value of investment property				
Australia	78.8	11.7	48.1	(3.9)
United States	31.6	43.9	31.6	43.9
	110.4	55.6	79.7	40.0
Carrying amount of equity accounted investments:				
Australia	394.3	-	394.3	1.0
United States	-	24.2	-	24.2
Europe	31.0	49.6	-	-
	425.3	73.8	394.3	25.2
Additions to investment properties and equity accounted investments:				
Australia	443.9	85.3	424.0	41.6
United States	3.3	4.4	3.3	4.4
Europe	-	-	-	-
	447.2	89.7	427.3	46.0

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2012
Note 28. Note to Statements of Cash Flows

Reconciliation of profit to net cash flows from operations is as follows:

	Investa Office Fund		Prime Credit Property Trust	
	2012	2011	2012	2011
	\$m	\$m	\$m	\$m
Net profit for the year	108.5	153.2	18.0	86.5
Adjustments for:				
Straight line lease revenue recognition	0.6	(1.2)	1.4	(0.8)
Unrealised foreign exchange gain	(2.7)	(16.9)	4.3	(0.5)
Net gain on disposal of investments	(7.0)	-	(8.0)	-
Net gain on change in fair value of:				
Investment properties	(110.4)	(55.6)	(79.7)	(40.0)
Derivatives	(18.5)	(6.1)	(8.4)	(1.3)
Loss on financial asset at fair value through profit or loss	28.9	36.2	-	-
Share of reserves for net loss on cash flow hedge transferred to profit and loss	-	1.5	-	-
Transfer of foreign currency translation reserve from disposed operations to profit and loss	131.1	-	131.1	-
Fair value loss of acquisition costs on equity accounted investments	12.2	-	12.2	-
Amortisation of tenant incentives and leasing fees	14.7	12.3	10.8	10.7
Excess of distributions received from equity accounted investments over share of profits	(13.5)	12.9	(5.1)	17.0
Deferred income tax (benefit)/expense	(56.7)	37.7	(54.5)	35.3
Other non-cash items	(3.3)	(6.1)	(0.6)	(2.2)
Net cash provided by operating activities for the year before changes in working capital	83.9	167.9	21.5	104.7
Changes in working capital:				
Decrease in receivables	1.7	1.3	0.7	1.4
(Decrease)/increase in other payables	(1.9)	0.7	(3.4)	3.1
Net cash provided by operating activities from operations	83.7	169.9	18.8	109.2

Note 29. Events occurring after the reporting period

On 24 August 2012, the Group exchanged contracts to acquire 66 St Georges Terrace, Perth for a total purchase price of \$82.4 million.

Other than the matters described above, the Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in this report or the financial report that has significantly or may significantly affect the operations of the Group, the results of those operations, or state of the Group's affairs in future financial periods.

Directors' Declaration

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

- (a) the Consolidated Financial Statements and notes set out on pages 10 to 73 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of each of, the Group and Prime Credit Property Trust's consolidated financial position as at 30 June 2012 and of their 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 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 of the *Corporations Act 2001* for the year ending 30 June 2012.



D Page AM
Chairman
Sydney
27 August 2012



Independent auditor's report to the stapled unit holders of Investa Office Fund

Report on the financial report

We have audited the accompanying financial report which comprises:

- the Consolidated Statement of Financial Position as at 30 June 2012, and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for of Investa Office Fund, being the consolidated stapled entity (the "Group" or "Investa Office Fund"). The consolidated stapled entity, as described in Note 1 to the financial report, comprises the Armstrong Jones Office Fund and the entities it controlled at the year's end or from time to time during the financial year, and
- the Consolidated Statement of Financial Position as at 30 June 2012, and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for of Prime Credit Property Trust Group, being the consolidated entity (the "Prime Group"). The consolidated entity, comprises the Prime Credit Property Trust ("Prime") and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Investa Listed Funds Management Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1b, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. An audit also includes evaluating the appropriateness of accounting

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policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Investa Office Fund and Prime Credit Property Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Investa Office Fund and Prime Credit Property Trust's financial position as at 30 June 2012 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*; and
- (b) the consolidated financial report and notes also complies with International Financial Reporting Standards as disclosed in Note 1b.

PricewaterhouseCoopers

PricewaterhouseCoopers

S J Hadfield

S J Hadfield
Partner

27 August 2012