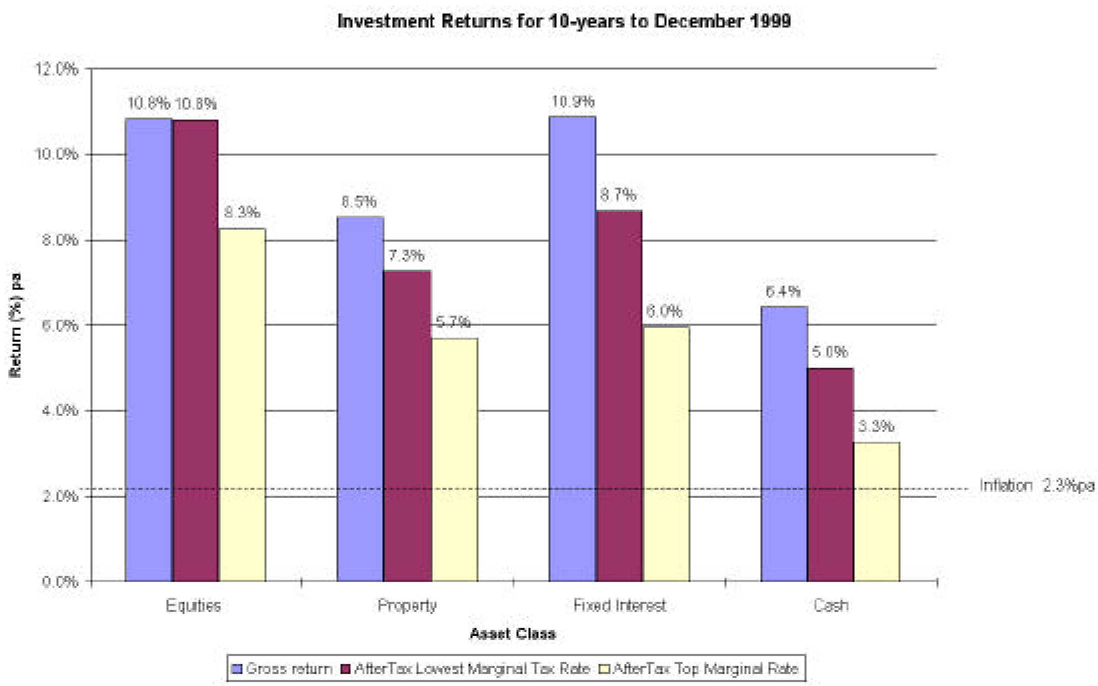
ASX INVESTMENTS REPORT

Investments Report December 1999

An investment sector performance report prepared for the Australian Stock Exchange by Towers Perrin.

Fair Comparison of Investment Performance

The Australian Stock Exchange has commissioned Towers Perrin to report on the performance of various investments on a consistent net basis (i.e. after all costs and taxation) over the ten year period ended 31 December 1999. Performance is calculated over a ten year period for two reasons: to assist those private investors who invest for the medium and longer term and to provide a reasonable comparison between investment sectors. Four of the major sectors are included - Australian equities, residential property, domestic fixed interest and domestic cash.



Results by Investment Sectors

After allowing for taxation (capital gains and income tax) and expenses, the chart shows that in the past ten years ordinary shares have outperformed all other investment sectors. In addition, the real returns have been particularly strong for shares and fixed interest investments over this period.

At the lower marginal tax rate, the after-tax returns of ordinary shares (10.8% pa), fixed interest (8.7% pa), property (7.3% pa) and cash (5.0% pa) have all exceeded the average rate of inflation (2.3% pa). At the top marginal tax rate, the after-tax return from shares was well above inflation. Returns from property and fixed interest assets were still considerable, whereas cash returns were more modest.

The impact of personal taxation has been diminished in comparison with previous years due to the capital gains tax regime changes following the Government's Tax Reform Plan. Changes have been announced to the calculation of capital gains and indexation has been frozen as at 30 September 1999. These changes are reflected in the calculation of the returns presented in this report. Against this background, at the top marginal tax rate the effective tax rate for shares is around 23%, property is around 33%, fixed interest is around 45% and cash is around 48%. The relatively low effective tax rate for shares can be attributed to the benefits of dividend imputation.

Performance Calculations

The ASX Investment Report has been prepared by Towers Perrin on the following basis:

- All investment returns are determined after taking into account expenses relating to the acquisition, management and disposal of the asset. Gross returns are calculated pre-tax but after expenses. Net returns allow for the taxation treatment of each investment over the period of analysis. This is the most realistic method of comparing the different asset classes for an investor.

- A compound return is calculated over the period from 1 January 1990 to 31 December 1999. This return is equivalent to the per annum compound return investors would have received for an investment in the particular asset class if they invested in an equivalent portfolio over this period.

- The lowest marginal tax rate is currently 21.5%. The top marginal tax rate is currently 48.5%. These rates have varied slightly over the ten years due to changes in taxation policy and the Medicare levy. These variations have been taken into account in the calculation of after-tax returns. Both bottom and top marginal rates include the Medicare levy of 1.5%.

- Generally, assets acquired on or after 20 September 1985 are subject to the capital gains tax provisions. As the portfolios are purchased after this date, capital gains tax is taken into account when calculating the after-tax returns. Capital gains tax is calculated on both the initial portfolio and any subsequent reinvestment of income. Cash (excluding foreign currency) is the only asset sector not subject to capital gains tax as all gains are taxed as income.

- The Government's Tax Reform Plan has included changes to the capital gains tax regime applying from 21 September 1999. Assets acquired prior to this date and held as at 31 December 1999 (as is the case with the returns calculated in this report) can be assessed for capital gains tax in one of two ways. Private investors can choose to pay capital gains tax (at their marginal tax rate) on either 100% of the capital gain (with indexation) or 50% of their capital gain (with no indexation). We have presented the after-tax returns in this report on the basis of the 50% discount on the assessable capital gain, with no indexation.

- The property measure is a population weighted average return across major capital cities. Increases in value are based on median house prices obtained from the Real Estate Institute of Australia. Data from the Australian Bureau of Statistics is used to make adjustments for capital improvements. Net rental income allows for vacancy rates, maintenance expenses, management fees, insurance and government charges. Acquisition and disposal costs include conveyancing, stamp duty and agents' fees.

- The cash measure covers investment in Treasury Notes, Certificates of Deposit, Bank Accepted Bills, fixed deposits, building society deposits and cash management trusts.

- The equity measure is based on investment in listed shares with price movement and dividend reinvestment consistent with the ASX All Ordinaries Accumulation Index. Allowance is made for brokerage and stamp duty on acquisition and disposal. Dividend franking is taken into account in determining the impact of tax on dividends.

- The fixed interest measure is based on investment in Government bonds. Price movement and interest income are derived from the Commonwealth Bank All Series All Maturities Index.

Disclaimer

While every care has been taken in the calculation of investment returns, neither the Australian Stock Exchange nor Towers Perrin warrants the accuracy of this information. No invitation is issued to any investor to rely upon this information or related comments and accordingly neither the Australian Stock Exchange nor Towers Perrin will be liable for any loss suffered in purported reliance of same. When comparing investment returns between asset sectors it may also be prudent to consider the volatility of those returns.

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