APPENDIX 4E
PRELIMINARY FINAL REPORT

1. Company Details

Name of Entity:	**Rabinov Property Trust (RBV)**
ABN:	29 378 329 744
Reporting period:	**Year ended 30 June 2010**
Previous corresponding period:	Year ended 30 June 2009

2. Results for announcement to the market

Revenue from ordinary activities	down 2.8%	to	$21,463,701
Profit from ordinary activities after tax attributable to the unit holders of RBV	up 117.1%	to	$3,732,747
Profit for the period attributable to the unit holders of RBV	up 117.1%	to	$3,732,747
Distributions Two distributions were declared during the current financial year. Total for the year	up 123.5%	to	9.5 cents per unit

3. NTA backing

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	0.96 cents	0.97 cents

4. Control gained over entities

Name of entities (or group entities)	Not Applicable
Date control gained	
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period 9where material)	$
Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)	$

5. Loss of control over entities

Name of entities (or group entities)	Not Applicable
Date control lost	
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period 9where material)	$
Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)	$

6. Distributions

Current period
There were 9.50 cents in distributions declared during the current financial period

Previous corresponding period
There were 4.25 cents in distributions declared during the previous financial period

7. Dividend reinvestments plans

The following dividend or distribution plans are in operation:

Not Applicable

8. Details of associates and joint venture entities

Not Applicable

	Reporting entity's Percentage holding		Contribution to profit/(loss) (where material)	
Name of associates/joint venture:	Current period	Previous Corresponding Period	Current period	Previous Corresponding Period
Groups aggregate share of associates and joint venture entities' profit/(loss) (where material)			*$*	*$*
Profit(loss) from ordinary activities before income tax			*$*	*$*
Income tax on operating activities			*$*	*$*

9. Foreign entities

Details of origin of accounting standards used in compiling the report

Not Applicable

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts are in the process of being audited.

11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of the Rabinov Property Trust for the year ended 30 June 2010 is attached.

12. Signed

Signed: ______________________ Date: 31 August 2010

Ronald Serry
Managing Director
Melbourne

Rabinov Property Trust and Controlled Entities

PRELIMINARY FINANCIAL REPORT
for the year ended 30 June 2010

Responsible Entity of the Trust
Rabinov Property Management Limited
A.C.N. 004 672 815
A.R.S.N. 099 776 342
Level 6, 492 St Kilda Road
Melbourne VIC 3004
Telephone: (03) 9820 0455

Directors of the Responsible Entity
Raymond Schoer (Chairman)
Ronald Serry
Eric Cohen
David Harris

Secretary of the Responsible Entity
Andrew Metcalfe

Auditor of the Trust
Moore Stephens
Level 10, 530 Collins Street
Melbourne, VIC, 3000

Corporate Governance Statement

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

Rabinov Property Management Limited ACN 004 672 815 AFSL 239172 ("RPML") is committed to high standards of corporate governance.

RPML is the responsible entity of the Rabinov Property Trust (the "Trust"), which is listed on the ASX.

As the responsible entity of a listed entity, RPML is subject to the ASX Listing Rules and is required to disclose the extent to which it follows the ASX Corporate Governance Council's Corporate Governance and Recommendations ("Recommendations"). This statement details the corporate governance regime adopted by RPML in its capacity as the responsible entity of the Trust.

The Directors of RPML intend to regularly review, refine and make changes to this regime, taking into account regulatory requirements, market practices and stakeholder expectations.

1. Recommendation 1: Lay solid foundations for management and oversight

The Board of Directors of RPML ("Directors"), pursuant to its Charter, oversees the strategies and financial objectives for the Trusts. The Board monitors financial performance, compliance with relevant regulatory requirements and governance matters.

RPML assesses the performance of its Directors by using a tailored questionnaire to facilitate discussion and review of the Board's role, approval processes, quality of information and relationship with management. The process for assessing the performance of the Board as a whole and of Directors individually is undertaken by questionnaire and facilitated internally. Senior Executives have their performance reviewed on a yearly basis as part of the RPML performance management program and receive regular feedback from the Board on their performance.

The constitution of RPML sets out, amongst other things, the procedure for the appointment and removal of Directors; requirements for and conduct of both board and general meetings, terms of delegations to committees and management and directors remuneration.

RPML has internal procedures for monitoring management and ensuring appropriate oversight. These procedures include:

• the adoption by the Directors of the Board Charter which sets out the role and responsibilities of the Directors;
• written authorities and delegations to management;
• committees which report directly to the Board; and
• a compliance plan for the Trust which sets out the monitoring and governance requirements of RPML relevant to the Trust ("Compliance Plan").

Compliance personnel are responsible for reviewing and monitoring the efficiency of compliance systems on an ongoing basis, and ensuring appropriate compliance measures are in place. Compliance reporting is reviewed by the ARCC which reports to the Board. The Board is responsible for ensuring that the Trust complies with its Compliance Plan.

2. Recommendation 2: Structure the board to add value

The Directors of RPML are appointed by RPML and hold office, as per the Constitution, for three years. Ultimate responsibility for corporate governance matters rests with the Directors.

There are currently four Directors of RPML, two of whom are independent.

Details of their experience and qualifications are set out in the Director's Report. Mr Raymond Schoer, Chairman is also Chairman of the Audit Compliance and Risk Management Committee.

Board meetings are held approximately every eight weeks, with additional meetings held as required to effectively conduct the business of the Board.

Procedures, agreed by the Directors, are in place, whereby the Directors may seek independent professional advice, at the expense of RPML, to assist them in carrying out their duties as Directors.

Corporate Governance Statement

Board Independence

Two out of three current non-executive Directors have been assessed as Independent Directors. Should any non-executive Director be replaced it is RPML's intention to seek an Independent Director as a replacement and maintain a majority independent board. In determining that Directors are Independent, the Directors have taken into account:

• the specific disclosures, made in accordance with the Corporations Act 2001 (the “Act”), by each Director in respect of any material contract or relationship;
• where applicable, the related party dealings referable to each Director, noting that those dealings are not material under accounting standards. Under the accounting standards, a matter is considered to be material if it is equal to or greater than 10% of the appropriate base amount. Full details of related party dealings are set out in the notes to the Trust’s accounts as required by law;
• that the non-executive Directors are neither director nor is associated directly with, a substantial unitholder of the Trust or substantial shareholder of RPML;
• that the non-executive Directors have never been employed by RPML or any of its subsidiaries;
• that the non-executive Directors have not directly, or by association, been a supplier, professional adviser, consultant to or customer of RPML which is material under accounting standards; and
• that no such non-executive Director personally carries on any other role for RPML which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act as a director of RPML and in the best interests of unitholders.

The independence of the Independent Directors is reviewed on a regular basis and at least annually.

RPML notes Recommendation 2.2 that the Chairman should be an Independent Director. RPML considers it appropriate that Mr Raymond Schoer act as Chairman.

The Directors believe that membership of the Board should be, and is, comprised of Directors with an appropriate mix of skills, experience and expertise. All Directors will bring an independent judgment to bear in decision-making, and will seek independent professional advice when necessary.

The Directors have determined that a Nominations Committee is not necessary at this stage. This will be reconsidered as current directors reach their initial 2 year tender.

3. Recommendation 3: Promote ethical and responsible decision-making

The Directors have adopted a Charter which sets out their role and responsibilities. It is designed to promote integrity, responsibility and accountability in the conduct of the activities of the Directors.

Directors are subject to the key corporate governance policies adopted by RPML relating to employee and officer conduct, including in relation to:
• related party transactions;
• compliance arrangements; and
• insider trading.

The Directors are also required to conduct themselves in accordance with RPML’s Code of Conduct which sets out standards of professional behaviour in areas such as conflicts of interest, professional conduct and confidentiality, and applies to the Directors and all staff employed by RPML.

Under RPML's Securities Trading policy all RPML employees are prohibited from trading in securities when in possession of unpublished price sensitive information.

Each Director has agreed to provide notice to RPML of any dealings in securities in the Trust so that RPML can comply with its obligations to notify the ASX.

Corporate Governance Statement

4. Recommendation 4: Safeguard integrity in financial reporting

The Directors have established an Audit, Risk & Compliance Committee (ARCC, or the "Committee") comprised of 3 members, 2 of whom are Independent Directors.

The Committee has a Charter, approved by the Directors, which sets out the Committee's functions, duties, responsibilities, composition and proceedings including but not limited to the appointment and removal of the external auditor and assessment of their performance. The ARCC is also responsible for the review and conduct of any internal audit.

The Committee meets at least six times per year to consider the business of the Rabinov Property Trust ("Rabinov") with additional meetings being held as required with respect to this Trust. Minutes are kept of all meetings and tabled at the following Board meeting. An external compliance consultant is invited to attend, and participate in, at least two of these meetings.

At least once a year, the Committee chairman meets the external auditor. The Committee also meets separately with the external auditor independently of management.

Independence of Committee members has been assessed using the same criteria that apply to the Independent Non-executive Directors.

The Committee has access to all information relevant to RMPL's compliance with the Compliance Plan and the Act. Directors intend to regularly review the Compliance Plan taking into account changes in requirements.

Under the Act, the Committee, in carrying out its functions, may commission independent legal, accounting or other professional advice or assistance, at the reasonable expense of RPML. The Committee has a majority of Independent members. RPML considers that in light of the specialised skills of each Committee member, the Committee possesses the appropriate mix of skills, financial expertise and industry experience required to carry out its responsibilities.

5. Recommendation 5: Make timely and balanced disclosure

The Responsible Entity has a continuous disclosure policy in relation to the Trust designed specifically to identify matters requiring disclosure and to allow appropriate announcements to be made in a timely manner consistent with the ASX Listing Rules.
The officers of the Manager have a duty to promptly inform Directors of the Manager and Responsible Entity of any matter relevant to the Trust that could be reasonably expected to require disclosure to ASX.

The release of any price sensitive information is made first through the ASX before presentations to analysts, brokers and the media are conducted.

Upon confirmation by ASX of the release of information to the market, the announcement is posted to the website of the Trust to ensure accessibility to the widest audience.

6. Recommendation 6: Respect the rights of unitholders

The Directors of RPML are committed to open and effective communication, ensuring that unitholders are informed of all significant developments concerning the Trust.
Communication with unitholders is conducted through:
- regular communication material, e.g. annual reports, half-year reports;
- disclosures made to ASX; and
- the Trust's website, which contains all market announcements and current financial information relating to the Trust.

It should be noted that neither the Act, nor RMPL's or the Trust's constitutions require that an annual general meeting of members of the Trust be held.

Complaints will be dealt with in accordance with the Complaints Handling Policy of RPML.

Corporate Governance Statement

7. Recommendation 7: Recognise and manage risk

RPML is the holder of Australian Financial Services Licence 239172 and accordingly is required to have in place processes including compliance, risk management and internal controls appropriate to the nature, scale and complexity of its business to enable it to meet its obligations under the financial services laws.

With assistance from appropriately qualified service providers, the Responsible Entity takes steps to ensure that Trust assets are protected and all material risks are identified and appropriately managed. Risks identified include interest rate, credit, market, operational and other financial risks.

The ARCC has responsibility for overseeing the risk management procedures put in place and reporting on this to the Directors. Additionally, the officers of the Manager who perform functions equivalent to Chief Executive Officer and Chief Financial Officer confirm to the Directors in writing for the purposes of section 295A of the Act that the integrity of the Trust's financial statements is founded on a sound system of risk management and internal control.

RMPL will continue to monitor the environment in which it operates and adopt new policies in relation to risk as the need arises.

8. Recommendation 8: Remunerate fairly and responsibly

The Directors are remunerated by RPML. Director remuneration is not paid by the Trust.

It is RMPL's policy to set remuneration that is competitive so as to attract, motivate and retain high calibre executive staff.

There is no scheme to provide retirement benefits, for non executive Directors.

Consolidated Statement of Comprehensive Income

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

	Note	30 June 2010	30 June 2009
		$	$
Revenue			
Revenue	4	21,463,701	22,078,388
Properties expense		(349,892)	(397,880)
Finance costs	5	(11,207,894)	(15,262,284)
Management fee		(1,703,042)	(1,980,186)
Other expenses		(662,476)	(572,714)
Revaluation decrement	10	(2,947,075)	(27,492,551)
(Loss)/profit on disposal of investment property	10	(860,575)	1,775,389
Profit/(loss) attributable to unitholders		3,732,747	(21,851,838)
Net Profit		3,732,747	(21,851,838)
Other comprehensive income			
Gain/(loss) on cash flow hedges taken to equity		706,367	(51,596)
Total other comprehensive income for the period		706,367	(51,596)
Total comprehensive income for the period		4,439,114	(21,903,434)
Earnings per unit			
Basic earnings/(loss) per unit	7	0.07	(0.42)
Diluted earnings/(loss) per unit		Note (a)	Note (a)

Note (a) - Diluted loss per unit was not disclosed as the amount did not materially reflect a less favourable result than basic loss per unit.

The financial statements are to be read in conjunction with the notes to and forming part of financial statements.

Consolidated Statement of Financial Position

Rabinov Property Trust and Controlled Entities
as at 30 June 2010

	Note	30 June 2010	30 June 2009	1 July 2008
		$	$	
Current assets				
Cash and cash equivalents	**18(a)**	1,232,824	4,462,922	804,397
Trade and other receivables	**8**	1,845,422	3,243,109	1,918,305
Other current assets	**9**	666,958	925,311	577,963
Interest rate swaps		654,771	-	-
Total current assets		4,399,976	8,631,342	3,300,665
Non-current assets				
Trade and other receivables	**8**	8,404,140	7,711,248	8,098,294
Investment properties	**10**	226,395,860	235,788,752	258,669,366
Other assets	**9**	-	266,817	-
Total non-current assets		234,800,000	243,766,817	266,767,660
Total assets		239,199,976	252,398,159	270,068,325
Current liabilities				
Financial liabilities	**12**	184,000,000	51,596	192,400,000
Trade and other payables	**11**	4,955,120	5,198,421	2,781,070
Total current liabilities		188,955,120	5,250,017	195,181,070
Non-current liabilities				
Financial liabilities	**12**	-	196,383,000	-
Total non-current liabilities		-	196,383,000	-
Total liabilities		188,955,120	201,633,017	195,181,070
Net assets		50,244,856	50,765,142	74,887,255
Equity				
Unit Capital		48,803,835	48,803,835	48,803,835
Reserves	**14**	654,771	(51,596)	-
Retained earnings	**15**	786,250	2,012,903	26,083,420
Total Equity		50,244,856	50,765,142	74,887,255

In response to the release of standard AASB 2008–2: Amendments to Australian Accounting Standards — Puttable Financial Instruments and Obligations arising on Liquidation, the Trust has reclassified its puttable financial instruments to equity.

The financial statements are to be read in conjunction with the notes to and forming part of financial statements.

Consolidated Statement of Changes in Equity

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

	Unit capital	Retained earnings	Hedging reserve	Total unit holder funds
	$	$	$	$
Balance as at 1 July 2008	48,803,835	26,083,420	-	74,887,255
Loss for the period	-	(21,851,838)	-	(21,851,838)
Distributions to unitholders	-	(2,218,679)	-	(2,218,679)
Loss on cash flow hedges	-	-	(51,596)	(51,596)
Balance as at 30 June 2009	48,803,835	2,012,903	(51,596)	50,765,142

	Unit capital	Retained earnings	Hedging reserve	Total unit holder funds
	$	$	$	$
Balance as at 1 July 2009	48,803,835	2,012,903	(51,596)	50,765,142
Profit for the period	-	3,732,747	-	3,732,747
Distributions to unitholders	-	(4,959,400)	-	(4,959,400)
Gain on cash flow hedges	-	-	706,367	706,367
Balance as at 30 June 2010	48,803,835	786,250	654,771	50,244,856

The financial statements are to be read in conjunction with the notes to and forming part of financial statements.

Consolidated Cash Flow Statement

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

	Note	30 June 2010	30 June 2009
		$	$
Cash Flows from operating activities			
Receipts from customers		21,549,315	22,438,192
Payments to suppliers		(2,902,867)	(3,939,553)
Interest received		146,440	399,146
Finance costs		(10,751,607)	(16,056,189)
Net cash provided by operating activities	**18(b)**	8,041,281	2,841,596
Cash Flows from investing activities			
Proceeds on sale of investment property		5,810,000	31,500,136
Payments for investment property		-	(34,336,684)
Net cash used in investing activities		5,810,000	(2,836,548)
Cash Flows from financing activities			
Proceeds from borrowings		-	78,082,260
Repayment of borrowings		(12,383,000)	(74,037,251)
Distributions paid		(4,698,379)	(391,532)
Net cash provided by financing activities		(17,081,379)	3,653,477
Net increase in cash and cash equivalents		(3,230,098)	3,658,525
Cash and cash equivalents at the beginning of the financial year		4,462,922	804,397
Cash and cash equivalents at the end of the financial year	**18(a)**	1,232,824	4,462,922

The financial statements are to be read in conjunction with the notes to and forming part of financial statements.

Notes to the Financial Statements

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

1. General Information

Rabinov Property Trust ("Rabinov" or the "Trust") is a property trust listed on the Australian Securities Exchange (ASX Code: RBV) registered and domiciled in Australia.

The registered office of the Trust is:
Level 6, 492 St Kilda Road
MELBOURNE VIC 3000

2. Significant accounting policies

2.1 Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*	AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard has required the presentation of a third statement of financial position at 1 July 2008, because the entity has applied new accounting policies retrospectively (see below).
AASB 2008-*2 Amendments to Australian Accounting Standards — Puttable Financial Instruments and Obligations Arising on Liquidation*	The revisions to AASB 132 *Financial Instruments: Presentation* amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
AASB 8 *Operating Segments*	AASB 8 is a disclosure Standard that has resulted in a redesignation of the Scheme's reportable segments (see note 17).
AASB 2009-2 *Amendments to Australian Accounting Standards — Improving Disclosures about Financial Instruments*	The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Scheme has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.
Amendments to AASB 107 *Statement of Cash Flows* (adopted in advance of effective date of 1 January 2010)	The amendments (part of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project)* specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

2. Significant accounting policies (continued)

2.2 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-8 *Amendments to Australian Accounting Standards– Eligible Hedged Items*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	In addition to the changes affecting amounts reported in the financial statements described at 2.1 above, the amendments have led to a number of changes in the detail of the Scheme's accounting policies — some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.
AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	The amendments have led to a number of changes in the detail of the Scheme's accounting policies — some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. Except as noted in 2.3 below, the changes in AASB 2009-5 have been adopted in advance of their effective dates of 1 January 2010.

2. Significant accounting policies (continued)

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2010	30 June 2011
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions	1 January 2010	30 June 2011
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	1 February 2010	30 June 2011
AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards	1 January 2011	30 June 2012
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	30 June 2014
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	1 January 2011	30 June 2012
Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	30 June 2011

Notes to the Financial Statements

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

2. Significant accounting policies (continued)

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. Compliance with accounting standards ensures that the financial statements and notes of the Scheme comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 31 August 2010.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Adoption of revised accounting standards

AASB 132 Financial Instruments: Presentation and and AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132) is applicable for annual reporting periods beginning on or after 1 January 2009. Previously, unitholders funds were classified as a financial liability and presented as Net Assets Attributable to Unitholders, they are now treated as equity and presented as Unit Capital, Reserves and Retained Earnings in the Statement of Financial Position and the Statement of Changes in Equity.
The following table summarises the effect of change in accounting policy:

	30 June 2010			30 June 2009			1 July 2008		
	Previous Policy	Change	Revised Policy	Previous Policy	Change	Revised Policy	Previous Policy	Change	Revised Policy
Liabilities to unit holders	50,244,856	(50,244,856)	-	52,909,674	(52,909,674)	-	50,765,143	(50,765,143)	-
Unit holder funds	-	50,244,856	50,244,856	-	52,909,674	52,909,674	-	50,765,143	50,765,143

2. Significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of accounting standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010 and the comparative information presented in these financial statements.

The financial report covers the consolidated group of Rabinov and controlled entities, and Rabinov as an individual parent entity.

(a) Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and liabilities in the ordinary course of business.

Although the Trust incurred a profit attributable to unit holders of $3,732,747 in the current period this profit has been driven down by the revaluation decrement applied to the property portfolio of $2,947,075.

Action taken by management to ensure that the Trust continues as a going concern has included the following:

• Interest costs. An interest rate swap for $110 million of the Trust's total senior debt exposure ($130 million at 30 June 2009) is in place until the current facility expires on 31 March 2011. This has the effect of locking in a fixed rate of 4.02% (plus margin and line fee) for $110 million of the senior debt over this period.

• Interest Cover Ratio on Senior Debt ("ICR"). For the year ending 30 June 2010 the ICR was 2.38 times compared with 2.30 times for the six months ending 31 December 2009. The ICR covenant on senior debt is "must be greater than 1.25 times".

• Gearing. As at 30 June 2010 the Loan to Valuation Ratio (LVR) was 53% compared to 54% at 31 December 2009. The LVR covenant on senior debt is "must be less than 60%".

• Extension of debt facilities. Negotiations are currently underway with both the Trust's senior and subordinated lenders with regard to extension of current facilties. It is expected that senior debt facility will be extended until Sep'13 and subordinated debt facilties to Oct'14 giving the Trust certainty of funding for a further 3 years.

At the date of this report, and having considered the above factors, the directors are confident that the Trust will be able to continue as a going concern. The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Trust not continue as a going concern.

(b) Principles of consolidation

A controlled entity is any entity controlled by Rabinov whereby Rabinov has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in controlled entities are reflected at cost in the Parent Entity's financial statements.

All inter-Trust balances and transactions between entities in the Consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

If applicable, non-controlling interest (NCI) in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Notes to the Financial Statements

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

2. Significant accounting policies (continued)

(c) Investment properties

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers or director's valuation. Changes to fair value are taken to the Income Statement.

Investment properties comprise investment interests in land and buildings (including plant and equipment) held for the purpose of producing rental income.

Initially, investment properties are measured at cost including acquisition costs. Subsequent to initial recognition, the investment properties are then stated at fair value. Gains and losses arising from changes in the fair values of investment properties are included in the Income Statement in the period in which they arise. At each reporting date, the valuations of the investment properties are assessed by directors of the responsible entity with reference to independent valuation reports or through appropriate valuation techniques adopted by the directors.

The use of independent values is on a progressive basis over a three year period, or earlier, where the Manager believes there may be a material change in the fair value of the property. The carrying amount of investment properties recorded in the Statement of Financial Position includes components relating to lease incentives and leasing costs. As the fair value method has been adopted for investment properties, the buildings and any component thereof (including plant and equipment) are not depreciated. Taxation allowances for the depreciation of buildings and plant and equipment are claimed by the Trust and contribute to the tax deferred component of distributions.

(d) Revenue

Revenue from investment properties is recognised on a straight-line basis over the lease term. Where lease incentives are provided, the cost is recognised over the lease term on a straight-line basis as a reduction of rental income. Interest revenue is recognised on a time proportionate basis taking into account interest rates applicable to financial assets.

(e) Income tax

Under current income tax legislation no income tax is payable by Rabinov provided its taxable income is fully distributed to beneficiaries or the beneficiaries become presently entitled to all the taxable income.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

(g) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and Payables are stated with the amount of GST included. Amounts of GST recoverable from or payable to the ATO are included in receivables/payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

(h) Borrowing costs

Borrowing costs are expensed when incurred except to the extent that they relate to a qualifying asset. Qualifying assets are assets which take an extended period of time to get ready for their intended use or sale. Borrowings that are specifically used for the acquisition, construction or production of a qualifying asset are capitalised net of any interest earned on those borrowings. Borrowing costs are capitalised using a weighted average capitalisation rate.

(i) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Significant accounting policies (continued)

(j) Units on issue

The revisions to AASB 132 Financial Instruments: Presentation amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.

All costs related to the issue of new units are offset against the proceeds raised.

(k) Segment reporting

Rabinov operates predominantly in one business and geographical segment being property investment in Australia.

(l) Distributions

Distribution to unitholders is recognised as a liability in the Group's financial statements in the period in which the distributions are approved.

(m) Financial instruments (excluding derivative financial instruments)

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Trust commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or liability if measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the current initially recognised and the maturity amount calculation using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Trust does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and Receivables
Loans and receivables are non-derivatives financial assets that have fixed or determinable payments that are not quoted in an active market and subsequently measured at amortised cost.

Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transaction, reference to similar instruments and option pricing models.

2. Significant accounting policies (continued)

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

De-recognition
Financial instruments are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets assumed, is recognised in profit or loss.

(n) Derivative financial instruments

The Trust enters into interest rate swaps to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Trust designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The fair value of a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting
At the inception of the hedge relationship the Trust documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Trust documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in cash flow hedge reserve (part of 'Net assets attributable to unitholders'). The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in the reserve are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the Trust revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in the reserve at that time remains in the reserve and is recognised when the forecast transaction is ultimately recognised in 'Profit attributable to unitholders'. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in the reserve is recognised immediately in profit attributable to unitholders.

2. Significant accounting policies (continued)

(o) Critical accounting estimates and judgements

The directors of the responsible entity evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates – Impairment
The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets.

Key Estimates – Fair value of investment properties
The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Trust determines the amount within a range of reasonable fair value estimates. In making its judgement, the Trust considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the

If information on current or recent prices which form the basis of assumptions underlying the discounted cash flow approach investment properties are not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Trust uses assumptions that are mainly based on market conditions existing at each balance date.

The principle assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Trust and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Each investment property was re-valued at 30 June 2010 adopting independent valuations.

(p) Presentation currency

The financial report is presented in Australian dollars which is the entities' functional and presentation currency.

Notes to the Financial Statements

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

3. Distributions paid and payable

	Consolidated Group			
	2010		2009	
	cents per unit	$	cents per unit	$
Distribution paid during the period	4.75	2,479,700	-	-
Distribution payable	4.75	2,479,700	4.25	2,218,679
	9.50	4,959,400	4.25	2,218,679

4. Revenue

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Contractual rental income	21,317,261	21,810,670
Interest Income	143,129	187,002
Other Income	3,311	80,716
	21,463,701	22,078,388

5. Finance Costs

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Borrowings at amortised cost:		
- Related Parties*	3,536,482	1,540,943
- Non related parties	7,671,413	13,721,341
Total interest expense	11,207,894	15,262,284

* Anrose Nominees Pty Ltd and Genox Pty Ltd were related parties for the period 30 June 2009 to 30 June 2010. The borrowings at amortised cost for both parties have been included under the category of Related Parties.

6. Auditors Remuneration

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Auditing the Financial Report	62,000	65,000
Taxation services	26,379	39,900
Total	88,379	104,900

The auditor of the Trust is Moore Stephens

7. Earnings per unit (EPU)

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Basic (loss)/earnings per unit	0.07	(0.42)
Diluted (loss)/earnings per unit	*Note (a)*	*Note (a)*

Note (a) Diluted loss per unit was not disclosed as the amount did not materially reflect a less favourable result than basic loss per unit.

(a) Reconciliation of (Loss)/Earnings to Net Profit

Earnings used in the calculation of basic and diluted EPU:		
Profit/(loss) attributable to Unitholders	3,732,747	(21,851,838)
(b) Weighted average number of ordinary units outstanding during the year used in the calculation of basic EPU:	52,204,212	52,204,212
Weighted average number of options outstanding	-	-
Weighted average number of ordinary units outstanding during the year used in the calculation of diluted EPU	52,204,212	52,204,212

(c) The following securities have been classified as potential ordinary units and are included in the determination of dilutive EPU:

	Number of Options	
- options outstanding	-	-

8. Trade and other receivables

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Current		
Rental lease commitments receivables	1,845,422	3,243,109
Non Current		
Rental lease commitments receivables	8,404,140	7,711,248

The current rental lease receivables are invoiced and payable one month in advance. The non current rental leases are the future minimum lease payments receivable of the total amount owing over the life of the agreements.

The average credit period is 30 days. No interest is charged on trade receivables from the date of the invoice. No impairment has been recognised in respect of trade receivables past due as these balances are expected to be recovered in the normal course of business.

The fair value of the above loans and receivables are not considered to be materially different from their carrying values.

Ageing of past due but not impaired

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
31-60 days	8,149	1,103,990
61-90 days	14,971	34,067
91+ days	88,510	274,262
Total	111,630	1,412,319

9. Other Assets

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Current		
Prepayments	666,958	925,311
Non Current		
Prepayments	-	266,817
	-	266,817

10. Investment property

It is the Trust's policy to independently value its investment properties on a rolling basis over a three year period or earlier where the Manager believes there may be a material change in the fair value of the property.

Fair value of investment property is the price at which property could be exchanged between knowledgeable, willing parties, in an arm's length transaction. The best evidence of fair value is given by the current prices in an active market for similar property in a comparable location and condition.

The current lack of comparable market evidence to support key valuation assumptions creates less certainty in calculating valuations.

The fair value of investment property has been adjusted to reflect current market conditions at the end of the reporting period. While this valuation represents the best estimate of fair value at reporting date, the current market volatility and uncertainty means that if an investment property is sold in the future, the selling price may be higher or lower than the most recent valuation or than the carrying value recorded in the financial statements.

(a) Movements in carrying amounts for investment properties between the beginning and the end of the financial year

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Balance at beginning of year	235,788,752	258,669,366
Additions through subsequent expenditure	224,758	34,336,684
Disposals	(5,810,000)	(31,500,136)
(Loss)/profit on disposal of investment property	(860,575)	1,775,389
Loss on property revaluation	(2,947,075)	(27,492,551)
Balance at end of year	226,395,860	235,788,752

(b) Future Minimum Rental Lease Payments Receivable from Non-cancellable Operating Leases contracted for but not capitalised in the financial statements.

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Not later than 1 year	19,855,343	20,363,672
Later than 1 year and not later than 5 years	74,795,489	78,214,215
Later than 5 years	48,237,953	86,629,872
Total	142,888,785	185,207,759

Leasing arrangements are with tenants on our property investments.

10. Investment property (continued)

An asset sales program commenced in November 2008 to sell non-core assets of the Trust to in order to repay the bridge facility. During the year, $5.81 million of properties were disposed of, as follows:

Property	Original cost plus costs of sale	Sale Proceeds	Loss
	$	$	$
One Steel Dandenong	2,761,688	2,450,000	311,688
Beresfield, Newcastle	703,108	500,000	203,108
Centrelink, Elizabeth	3,205,779	2,860,000	345,779
Total	6,670,575	5,810,000	860,575

A directors' review of the valuation of the properties undertaken at 30 June 2010 concluded that there has been a decrease to the total portfolio of approximately $2.95 million from 30 June 2009 (excluding capitalised expenses and the revaluation decrement arising from recognition of lease incentives on a straight-line basis over the lease term).

11. Trade and other payables

	Consolidated Group	
	30 June 2010 $	**30 June 2009** $
Current		
Distribution Payable	2,479,700	2,218,679
Unearned Income	2,043,546	2,516,287
Trade Payables *(a)*	282,270	275,229
GST Payable	149,604	188,226
Total	4,955,120	5,198,421

(a) The average credit period is one month. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. This policy ensures that the group did not incur any interest liability on trade and other payables during the year.

(b) Amounts relate to intercompany loans.

The fair value of trade and other payables are not considered to be materially different from their carrying values.

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Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

12. Financial liabilities

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Current - at amortised cost		
Loan – Anrose Nominees Pty Ltd	18,000,000	-
Bank loan (secured)	125,000,000	-
Loan – Genox Pty Ltd (subordinated)	41,000,000	-
Interest rate swaps – at fair value	-	51,596
	184,000,000	51,596
Non Current		
Bank loan (secured) – at amortised cost	-	137,383,000
Loan – Anrose Nominees Pty Ltd (subordinated)	-	18,000,000
Loan – Genox Pty Ltd (subordinated)	-	41,000,000
	184,000,000	196,383,000

(i) Financing facilities

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Available at reporting date		
Loan – Anrose Nominees Pty Ltd	18,000,000	18,000,000
Loan – Genox Pty Ltd	41,000,000	41,000,000
Bank loan – secured	156,100,000	156,100,000
	215,100,000	215,100,000
Utilised at reporting date		
Loan – Anrose Nominees Pty Ltd	18,000,000	18,000,000
Loan – Genox Pty Ltd	41,000,000	41,000,000
Bank loan – secured	125,000,000	137,383,000
	184,000,000	196,383,000
Not utilised at reporting date		
Loan – Anrose Nominees Pty Ltd	-	-
Loan – Genox Pty Ltd	-	-
Bank loan – secured	31,100,000	18,717,000
	31,100,000	18,717,000

The fair value of financial liabilities carried at amortised cost is not considered to be materially different from their carrying value.

12. Financial liabilities (continued)

(ii) Financing arrangements

Bank loans

- The bank loans are secured by registered first mortgages over the freehold property and capital of the entity. The covenants within the bank borrowings require total bank debt not to exceed 60% of the total tangible assets, and interest coverage is not to fall below 1.35 times earnings before interest and tax divided by interest expenses.

- The carrying value of non-current assets pledged as security is the value of investments in note 10.

Other loans

- Genox Pty Ltd advanced a loan to the trust, with interest payable at a weighted average interest rate of 5.70% for the period (2009: 4.76%). The loan is subordinated to the ANZ loan and is due for repayment on 1 April 2011. The loan is not secured over any property of the trust.

- Anrose Nominees Pty Ltd continued to advance a loan to the trust. Interest is payable quarterly in advance at 7% (2009: 7%). The loan is not secured over any property of the trust. The loan is subordinated to the ANZ loan and therefore cannot be repaid any earlier than the expiry of the ANZ facility on 31 March 2011.

13. Unit Capital

	Consolidated Group	
	30 June 2010 Units	30 June 2009 Units
Units on issue		
On issue at the beginning of the year	52,204,212	52,204,212
Issue of fully paid units	-	-
Total	52,204,212	52,204,212

14. Reserves

	Consolidated Group		
	30 June 2010 $	30 June 2009 $	30 June 2008 $
Balance at beginning of financial year	(51,596)	-	-
Gain/(loss) recognised on cash flow hedges after tax	706,367	(51,596)	-
Balance at end of financial year	654,771	(51,596)	-

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow

Notes to the Financial Statements

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

15. Retained earnings

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Balance at beginning of financial year	2,012,903	26,083,420
Net profit/(loss) attributable to unitholders	3,732,747	(21,851,838)
Distributions paid and payable	(4,959,400)	(2,218,679)
Balance at end of year	786,250	2,012,903

16. Capital commitments

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Commitments contracted for but not recognised as a liability at reporting date:		
Investment properties		
Capital works on Botannica property (new building management system	-	42,790
Total	-	42,790
- Not longer than one year	-	42,790

17. Segment Reporting

The Rabinov Property Trust operates predominantly in one business and geographical segment being property investment in Australia.

Revenue of approximately $9.2 million (2008: $8.9 million), 45% of total revenue, is attributable to rental income earned from the Group's largest tenant occupying Office property in Victoria. Revenue of $2.5 million (2008: $2.4 million), 12% of total revenue, is attributable to the Group's second largest tenant occupying Office property in Tasmania.

18. Cash flow information

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated Group	
	30 June 2010 $	30 June 2009 $
Cash and cash equivalents	1,232,824	4,462,922

(b) Reconciliation of profit for the period to net cash provided by operating activities

	30 June 2010 $	30 June 2009 $
Net profit attributable to unitholders	3,732,747	(21,851,838)
Add/(less) noncash items:		
Net loss/(gains) on disposal of investments	860,575	(1,775,389)
Net lossess on revaluation of investments	2,947,075	27,879,597
Net cash used in operating activities before changes in assets and liabilities	7,540,397	4,252,370
Change in assets and liabilities:		
(Increase)/decrease in receivables	704,795	(1,324,867)
(Increase)/decrease in other assets	300,411	(614,163)
Increase/(decrease) in payables	(504,322)	528,256
Net cash provided by/(used in) operating activities	8,041,281	2,841,596

Notes to the Financial Statements

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

19. Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other related parties unless otherwise stated. Transactions relating to distributions and subscriptions for new ordinary units were on the same terms and conditions that applied to other unitholders.

	Consolidated Group	
	30 June 2010 $	**30 June 2009 $**
Loans with other related parties:		
Anrose Nominees Pty Ltd	18,000,000	18,000,000
Genox Pty Ltd	41,000,000	41,000,000
	59,000,000	59,000,000

Genox Pty Ltd continued to advance a loan to the Trust with interest (including margin and line fee) payable monthly in arrears at a weighted average rate of 5.70% for the year (30 June 2009: 4.76%). The loan is unsecured and due for repayment on 1 April 2011. The loan is also subordinated to the ANZ loan and therefore cannot be repaid any earlier than expiry of the ANZ facility on 31 March 2011.

Anrose Nominess Pty Ltd continued to advance a loan to the Trust. Interest (including margin and line fee) is payable quarterly in advance at a rate of 7% (30 June 2009: 7%). The loan is unsecured and due for repayment on 1 April 2011. The loan is also subordinated to the ANZ loan and therefore cannot be repaid any earlier than expiry of the ANZ facility on 31 March 2011.

Aggregate interest expense included in the determination of profit before income tax resulting from transactions with additional related parties:

Anrose Nominees Pty Ltd	1,275,762	1,261,195
Genox Pty Ltd	2,260,720	382,173
	3,536,482	1,643,368

Aggregate amounts brought to account in relation to other transactions with other related parties

Distributions payable	2,181,144	2,218,679
Management fees	1,703,042	1,980,186

	Consolidated Group			
	30 June 2010 No.	**30 June 2009 No.**	**30 June 2010 %**	**30 June 2009 %**
Related party equity interest				
Unit Capital				
Rabinov Holdings Pty Ltd	33,644,732	33,644,732	64.45	64.45
CS Greensborough Pty Ltd	2,375,000	2,375,000	4.55	4.55
Sharon Investments Pty Ltd	9,900,000	9,900,000	18.96	18.96

Significant Influence
Sharon Investments Pty Ltd is a related party by virtue of its significant influence over the trust.

Ultimate Controlling Entity
Rabinov Holdings Pty Ltd is the ultimate controlling entity of the trust.

20. Key management personnel disclosure

(a) Key management personnel

The Parent entity does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage its activities.

Rabinov Property Management Limited

Mr R Serry	Director – Executive
Mr R Schoer	Director – Non Executive
Mr E Cohen	Director – Non Executive
Mr D Harris	Director – Non Executive
Mr A Beard	Chief Financial Officer

(b) Responsible entity

The Responsible entity for the Rabinov Property Trust is Rabinov Property Management Limited (ABN 38 004 672 815). The ultimate parent entity of the Responsible Entity is Sharon Investments P/L ATF The Niten Trust (ABN 45 009 403 678).

(c) Key management personnel compensation

The Trust pays a management fee to the Responsible Entity.

Key management personnel are then paid by the respective Responsible Entity for their services to Rabinov Property Management Limited. No separate payments are made by the Trust for the compensation of key management personnel.

(d) Units in the Trust held by Responsible Entity

No units were held by either Responsible Entity during the period (2009: Nil).

(e) Units in the Trust held by key management personnel

Mr Eric Cohen held an aggregate total of 14,874 units in the Trust directly and through related entities (2009: 14,874).

Mr Ronald Serry held an aggregate of 2,375,000 units in the trust beneficially via CS Greensborough Pty Ltd (2009: 2,375,000).

Mr Alastair Beard held an aggregate of 3,374 units in the Trust directly (2009: nil)

No units were held by any other key management personnel, including their director related entities, during the period (2009: Nil).

(d) Trust life

Rabinov Property Trust is a limited life entity.

21. Financial risk management objectives and policies

(a) Capital risk management

The Trust seeks to maximize value to unitholders while ensuring that it:

- Complies with capital and distribution requirements of its constituent documents and/or trust deeds;
- Continue to operate as a going concern.

The capital structure of the Trust consists of debt, which includes the borrowing disclosed in note 12, cash and cash equivalents and net assets attributable to unitholders of the parent, comprising unitholders funds, reserves and retained earnings as disclosed in notes 13, 14 and 15 respectively.

The trust operates within Australia, primarily through its parent entity in commercial property markets that are tenanted to various entities. Neither the Trust nor any of the entities it controls are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Trust's property assets, as well as to make the routine outflows of distributions and repayment of debt.

The Trust is able to alter its capital structure by issuing new units, activating a distribution reinvestment plan, adjusting the amount of distributions paid to unitholders and seeking additional financing facilities.

The Trust's overall strategy remains unchanged from 2009.

(b) Financial instruments

The Trust's principal financial assets and liabilities comprise cash and cash equivalents, receivables, payables, interest bearing liabilities.

The Trust's investment strategy exposes it to various types of risk that are associated with the financial instruments identified above and the markets in which it invests. The main risks arising from the Trusts' financial instruments are interest rate risk, credit risk and liquidity risk.

The Trust manages its exposure to key financial risks in accordance with its financial risk management objectives. The objectives are to support the delivery of financial targets whilst protecting future financial security.

In the current year, the Trust has utilised a variety of derivative instruments in addition to non-derivative financial instruments used in the prior year, as dictated by its investment strategy and risk management objectives, to minimize potential adverse effects on the financial performance of the Trust. Derivative transactions the Trust enters into are principally interest rate swaps. The purpose is to manage the interest rate risks arising from the Trusts' operations, its cash flows and its sources of finance. The Trust uses different methods to measure and manage the different types of risk to which it is exposed. This includes monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates.

The Trust only deals with creditworthy counterparties and these assessments are regularly reviewed along with ageing analysis for receivable counterparties. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

21. Financial risk management objectives and policies

(c) Market risks

The Trusts' activities expose it primarily to the financial risks of changes in interest rates. Market risk embodies the potential for both losses and gains. The Trust utilises interest rate swaps to manage its exposure to interest rate risk.

There has been no change in the current year to the manner in which the Trust manages and measures the market risk from the previous period with the Trust hedging 90% of its bank debt in the current year.

(i) Interest rate risk

Interest rate risk refers to the risk that unfavourable movements in interest rates will result in financial loss to the Trust, and arises from the interest bearing assets and liabilities of the Trust, comprising cash and cash equivalents and financial liabilities as disclosed in notes 18 and 12 respectively.

The Trust is exposed to interest rate movements on floating rate obligations. The risk is managed by the Trust through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different rate cycles.

The Trust's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis increase or decrease represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Trust's and consolidated entities:

• Net profit would increase/decrease by $273,836 respectively (2009: decrease/increase by $219,600 respectively). This is mainly attributable to the Trust's exposure to interest rates on variable rate borrowings.

• Cash flow hedge reserves would increase/decrease by $403,089 (2009: increase/decrease by $956,000) mainly as a result of the changes in the fair value of the interest rate swaps.

The Trust's and consolidated entities sensitivity to interest rates has decreased during the current period mainly due to the increase in interest rate swaps.

Interest rate swap contracts

Under interest rate swap contracts, the Trust agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Trust to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the Australian BBSY. The Trust will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Trust's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in the cash flow hedge reserve is recognised in the statement of comprehensive income over the period that the floating interest payments on debt impact the statement of comprehensive income.

21. Financial risk management objectives and policies

As at 30 June 2010, the Trust has an existing interest rate swap with a notional principal amount of $110 million with a fixed rate of 4.02%, maturing 31 March 2011. This represents 70% of the bank debt as hedged. The net fair value of these swaps is an assets of $654,771 (2009: $51,595 liability). A net fair value gain of $706,367 (2009: loss of $51,595) has been recognised in the cash flow hedging reserve (note 14)).

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust, and arises from the financial assets of the Trust, which comprise cash and cash equivalents, trade and other receivables, financial assets and derivative instruments. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Trust's maximum exposure to credit risk without taking into account any collateral obtained.

The Trust does not have any material credit risk exposure to any single debtor or group of debtors. The property portfolio is largely single tenanted by long-established, substantial entities where the risk of default is low due to the following:
• Tenants are blue chip companies
• There has been no bad credit history in respect of those tenants

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the financial statements represents the Trust's maximum exposure to credit risk.

(e) Liquidity risk management

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash reserves, banking facilities and committed reserve borrowing facilities. The Trust manages this risk through the following mechanisms:

• continuously monitoring forecast and actual cash flows
• matching the maturity profiles of financial assets and liabilities
• ensuring that the Trust has sufficient access to cash
• maintaining working capital
• maintaining access to other banking facilities

Included in note 12 is a listing of additional undrawn facilities that the Trust has at its disposal to further reduce liquidity risk.

Notes to the Financial Statements
Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

21. Financial risk management objectives and policies

Liquidity and interest risk tables
The following tables detail the Trust's and the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated	Weighted Average Effective Interest Rate	Less than 1 month $	1-3 months $	3 months - 1 year $	1- 5 years $	Total contractual cash flows $
2010						
Financial Liabilities due for payment:						
Borrowings	4.37%	670,514	2,011,542	186,011,542	-	188,023,083
Trade and other payables	-	4,955,120				4,955,120
Total		5,625,634	2,011,542	186,011,542	-	192,978,203
2009						
Financial Liabilities due for payment:						
Borrowings	3.79%	819,583	1,917,184	8,127,222	204,227,134	215,091,123
Trade and other payables	-	2,682,134	-	-	-	2,682,134
Total		3,501,717	1,917,184	8,127,222	204,227,134	217,773,257

21. Financial risk management objectives and policies

(f) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

• the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

• the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives

• the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

• the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices

The fair value of financial assets and liabilities are presented in the following table and can be compared to their carrying value in the balance sheet.

Consolidated	2010 Carrying value $	2010 Fair value $	2009 Carrying value $	2009 Fair value $
Financial assets				
Cash and cash equivalents*	1,232,824	1,232,824	4,462,922	4,462,922
Trade and other receivables	10,249,562	10,249,562	10,954,357	10,954,357
Interest rate swaps	654,771	654,771	-	-
Total financial assets	12,137,157	12,137,157	15,417,279	15,417,279
Financial liabilities				
Loans	184,000,000	184,000,000	196,383,000	196,383,000
Interest rate swaps	-	-	51,596	51,595
Trade and other payables	4,955,120	4,955,120	5,198,421	5,198,421
Total financial liabilities	188,955,120	188,955,120	201,633,017	201,633,016

*The weighted average interest rate on cash and cash equivalents was 3.5% (2009: 2.75%).

Refer to the liquidity table at 21(e) for the weighted average interest rate on the Trusts financial liabilities.

Notes to the Financial Statements

Rabinov Property Trust and Controlled Entities
for the year ended 30 June 2010

21. Financial risk management objectives and policies

(i) Fair value measurement recognised in the statement of finanical position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Analysis of financial instruments

2010	**Level 1**	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial assets at FVTPL				
Interest rate swap	-	654,771	-	654,771
Total				

22. Controlled entities

	Country of Incorporation	% owned 30 June 2010	% owned 30 June 2009
Parent Entity			
Rabinov Property Trust	Australia	-	-
Subsidiaries			
Rabinov Property Trust No.2	Australia	100	100
Rabinov Property Trust No.3	Australia	100	100

Voting power is in proportion to ownership.

23. Contingent assets and liabilities

There are no known contingent liabilities or assets as at 30 June 2010.

24. Parent entity information

Financial position	Parent Entity 30 June 2010	Parent Entity 30 June 2009
	$	**$**
Assets		
Current assets	4,453,666	30,670,240
Non-current assets	234,083,100	241,049,918
Total assets	238,536,766	271,720,158
Liabilities		
Current liabilities	202,048,553	37,424,018
Non-current liabilities	-	196,434,595
Total liabilities	202,048,553	233,858,613
Equity		
Issued capital	48,803,835	48,803,835
Retained earnings	(12,970,393)	(10,890,695)
Reserves	654,771	(51,595)
Total equity	36,488,213	37,861,545

Financial performance	30 June 2010	30 June 2009
	$	**$**
Profit for the year	2,079,698	23,975,747
Other comprehensive income	706,366	(51,596)
Total comprehensive income	2,786,065	23,924,151

25. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future years