

Commentary on Results, Developments and Future Expectations

The Directors of CVC Property Managers Limited, the Manager and Responsible Entity, report a loss of \$4,375,081 (2009: loss \$2,225,757) for the year ended 30 June 2010 for CVC Property Fund (ASX: CJT). The loss was primarily a result of the revaluation of investment properties which included the impairment of acquisition costs in accordance with accounting standards of the two properties purchased during the year and a reduction in the value of the Belrose development site to \$6.8 million. The total revaluation of investment properties included in the financial results for the year is \$3,989,012 (2009: \$1,943,363).

Investment Properties

During the year the Fund acquired two properties, one industrial in Victoria and one commercial in New South Wales, for a combined acquisition price of \$43 million. The acquisitions have had a positive impact on the operational position of the Fund with an improvement in the tenancy and lease income exposure and weighted average lease expiry increasing to 7.6 years (2009: 4.4 years).

Renegotiation of loan facilities

The loan facility provided by National Australia Bank that was due to mature in October 2010 was renegotiated at the time the Fund acquired the two new properties and are due to expire on 31 October 2012.

Following the end of the financial year the Fund completed a restructure of its debt facilities provided by CVC Limited with the issue of 662.2 million units. This has resulted in the reduction of CVC Limited debt of \$12.4 million to \$18.9 million.

Belrose development site

The relocation of soil and plants from the 1 Narabang Way Belrose to the new council owned site has been completed in accordance with the Development Approval. The Fund is now assessing the options regarding the development of the site.

Distributions

Due to the significant impact on the accounting results with the write-down of properties, the Fund will not be in a position to undertake a distribution for the year ended June 2010.

Alexander Beard
Director
31 August 2010

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Appendix 4E

Preliminary Final Report Results for announcement to the market

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under (ASX) Listing Rule 4.3A.

CVC Property Fund		
ABN	Financial Year ended (‘Reporting Period’)	Previous Financial Year ended (‘Corresponding period’)
32 224 732 497	30 June 2010	30 June 2009

Results

Income	up	65%	to	3,031,602
Loss attributable to unitholders	up	97%	to	4,375,081

Distributions

	Amount per security	Franked amount per security
Final Distribution	- ¢	- ¢

Net tangible asset per security

	Year ended 30 June 2010	Year ended 30 June 2009
Net tangible asset backing per unit	2.58	5.445

The preliminary final report is based on accounts that have been audited

Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

FINANCIAL REPORT

ARSN 107 276 184
ABN 32 224 732 497

For the financial year ended
30 June 2010

The financial report was authorised for issue by the Directors of the Responsible Entity on 31 August 2010. The Responsible Entity has the power to amend and reissue the financial report.

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CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

COMPANY PARTICULARS

CVC Property Fund

ARSN 107 276 184
ABN 32 224 732 497

RESPONSIBLE ENTITY

CVC Property Managers Limited
Level 42, 259 George St
Sydney NSW 2000
ACN 066 092 028
ABN 72 066 092 028

REGISTERED OFFICE

Level 42, 259 George St
Sydney NSW 2000
Telephone: (02) 9087 8000
Facsimile: (02) 9087 8088

DIRECTORS OF THE RESPONSIBLE ENTITY

Vanda Russell Gould (Chairman and Executive Director)
Alexander Damien Beard (Executive Director)
Kim Warren McGrath (Non-Executive Director)
John Tak Ching Lau (Non-Executive Director)

COMPLIANCE COMMITTEE

Gordon Quah-Smith (Chairperson)
Russell Wheeler
Peter Kalantzis

COMPANY SECRETARY

John Andrew Hunter

UNIT REGISTRY

Gould Ralph Services Pty Limited
Share Registry Division
Level 42, 259 George Street
SYDNEY, NSW 2000, AUSTRALIA
Telephone: (02) 9032 3000
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STOCK EXCHANGE LISTING

Australian Stock Exchange Limited

CUSTODIAN

Trust Company Limited
Level 4, 35 Clarence Street
Sydney NSW 2001
ACN 113 947 309
Telephone: (02) 8295 8800
Facsimile: (02) 8295 8675

SOLICITORS TO RESPONSIBLE ENTITY

DLA Phillips Fox
Waterfront Place
1 Eagle Street
Brisbane QLD 4000
Telephone: (07) 3246 4000
Facsimile: (07) 3229 4077

AUDITORS TO THE FUND

HLB Mann Judd
Chartered Accountants
Level 19, 207 Kent Street
SYDNEY, NSW 2000, AUSTRALIA
Telephone: (02) 9020 4000
Facsimile: (02) 9020 4191

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

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CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of CVC Property Managers Limited (ACN 066 092 028), (the "Responsible Entity"), submit herewith the financial report of CVC Property Fund and its controlled entities ("the Group") for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Directors of the Responsible Entity during or since the end of the financial year and their qualifications are:

Vanda Russell Gould (Chairman and Executive Director)

B.Com (Uni. of NSW), M.Com (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia; Fellow of the CPA Australia; Fellow of the Australian Institute of Management; Australian Financial Services Licence holder.

During the past three years Mr Gould has also served as a Director and Chairman of CVC Limited, Cyclopharm Limited and Vita Life Sciences Limited, as well as numerous private and public companies including educational establishments.

Alexander Damien Beard (Executive Director)

B. Com. (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia; Member of Australian Institute of Company Directors.

During the past three years Mr Beard has also served as Chairman of Cellnet Limited and as Director of the following other listed companies: CVC Limited, Mnet Group Limited and Amadeus Energy Limited.

Kim Warren McGrath (Non-Executive Director)

BEc(Hons), LLB (ANU), Dip Fin Services (AFMA), Fin Analysis Cert (UTS), FAIT FAICD CPA and Practising Solicitor (England/Wales and Victoria), Adv Management Prog (Oxon) and ASIC PS146/164 compliant

During the past three years Mr McGrath has also served as a Director of the following other listed companies: Redbank Copper Limited, Oil Basins Limited and Strategic Energy Resources Limited.

John Tak Ching Lau (Non-Executive Director.)

MAppFin (Macq), BBus (UTS), Ad Dip Property (Valuation), Dip Bus (Real Estate Management), Cert IV in Ass & Workplace Training, ASIC PS146/164 compliant, LVal, LREA, PAAPI, Justice of Peace (NSW)

Mr Lau is currently a Director of a private company group with its main focus being in residential property development since the early 1990's.

The above named Directors held office during and since the end of the financial year unless otherwise stated.

COMPANY SECRETARY

John Andrew Hunter

B. Com. (ANU), M.B.A (MGSM)

Member of the Institute of Chartered Accountants in Australia.

PRINCIPAL ACTIVITIES

The Fund is a listed registered managed investment scheme domiciled in Australia.

The Fund's principal activity during the financial year was to hold a portfolio of property investments in accordance with the provisions of the Constitution. There has been no significant change in the activities of the Fund during the financial year. The Fund did not have any employees during the year.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

Results

The results of the operations of the Group are disclosed in the statement of comprehensive income of this financial report. The net loss attributable to unitholders for the year ended 30 June 2010 was \$4,375,081 (2009: loss of \$2,225,757).

On 31 March 2010, the Group purchased 357-373 Warringah Rd Frenchs Forest New South Wales for an acquisition price of \$14.2 million and 1464 Ferntree Gully Rd Knoxfield Victoria for an acquisition price of \$28.845 million.

An independent valuation obtained for the above properties and 8 Rodborough Road Frenchs Forest New South Wales identified that an impairment charge was required to be made against the carrying value of \$1.8 million during the year. In addition an impairment charge of \$2.2 million was made against the carrying value of the of the development property located at 1 Narabang Way Belrose New South Wales during the year.

As at 30 June 2010 unitholders approved the conversion of the balance of the secured loan facility provided by CVC Limited of \$7,082,110 into 220,261,651 units at a unit price of 3.22 cents. Subsequent to year end the Fund completed a rights issue of 1.5 units for each unit held at 1.2 cents. The total acceptances received amounted to \$5,303,284, which included CVC Limited of \$4,973,043, representing 441,940,365 units. Now that the restructure has been completed it is expected that the Fund will be in a position to generate positive cashflows from operations.

Distributions

No distribution has been declared during the financial year or since the end of the financial year (2009: nil).

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Fund other than that referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

On 6 August 2010 the Fund completed a rights issue of 1.5 units for each unit held at 1.2 cents. The total acceptances received amounted to \$5,303,284, which included CVC Limited of \$4,973,043, representing 441,940,365 units. Including CVC Limited, 89.4% of the units available to be issued under the rights issue were accepted by unitholders.

The terms of the facility with CVC Limited were finalised on 6 August 2010. Following the completion of the rights issue the remaining unsecured facility of \$18,963,448 has a maturity date of 31 October 2013.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years

LIKELY DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Fund in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Fund. Accordingly, this information has not been disclosed in this report.

OPTIONS GRANTED

No options were:

- (i) Granted over unissued units in the Fund during or since the end of the financial year; or
- (ii) Granted to the Responsible Entity.

No unissued units in the Fund were under option as at the date on which this Report is made.

No units were issued in the Fund during or since the end of the financial year as a result of the exercise of an option over unissued units in the Fund.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

INDEMNIFICATION OF OFFICERS OF THE RESPONSIBLE ENTITY AND AUDITORS

During or since the financial year the Fund has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Fund or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Responsible Entity has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

AUDITOR'S INDEPENDENCE DECLARATION

During the financial year the auditor, HLB Mann Judd did not provide non-audit services to the Group. The auditor's independence declaration is included on page 5 of the financial report.

SCHEME INFORMATION IN THE DIRECTORS' REPORT

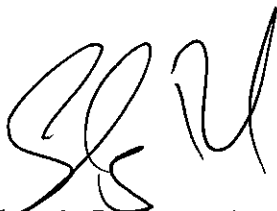
Fees paid to the Responsible Entity and its associates from the Fund during the financial year are disclosed in note 17 to the financial statements.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 17 to the financial statements.

The number of units issued by the Fund during the financial year and the number of units in the Fund at the end of the financial year are disclosed in note 11 to the financial statements.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Alexander Damien Beard
Director
CVC Property Managers Limited
31 August 2010

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

ARSN 107 276 184

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CVC Property Managers Limited:

As lead auditor for the audit of CVC Property Fund for the year ended 30 June 2010, 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 includes CVC Property Fund and the entities it controlled during the year.



**P B Meade
Partner**

**Sydney
31 August 2010**

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
INCOME			
Interest income		7,501	19,520
Rental income		2,606,680	1,566,336
Outgoings recovered		417,421	256,854
Total income	3(a)	<u>3,031,602</u>	<u>1,842,710</u>
EXPENSES			
Change in fair value of investment properties		3,989,012	1,943,363
Investment property-related expenses		432,959	285,905
Administrative expenses		421,153	306,837
Borrowing costs		2,563,559	1,532,362
Total expenses	3(b)	<u>7,406,683</u>	<u>4,068,467</u>
Net Loss attributable to unitholders		<u>(4,375,081)</u>	<u>(2,225,757)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(4,375,081)</u>	<u>(2,225,757)</u>
Basic and diluted earnings per unit (cents per unit)		<u>(4.14)</u>	<u>(2.11)</u>

Notes to the statement of comprehensive income are included on pages 10 to 23.

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Notes	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	14	61,352	396,385
Trade and other receivables	5	238,039	6,903
Current tax assets		17,887	17,887
Total current assets		<u>317,278</u>	<u>421,175</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	-	8,500,000
Investment properties	8	68,700,000	18,000,000
Total non-current assets		<u>68,700,000</u>	<u>26,500,000</u>
Total assets		<u>69,017,278</u>	<u>26,921,175</u>
CURRENT LIABILITIES			
Trade and other payables	9	436,156	195,258
Interest bearing liabilities	10	24,266,732	6,773,871
Total current liabilities		<u>24,702,888</u>	<u>6,969,129</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	10	35,900,000	14,200,000
Total non-current liabilities		<u>35,900,000</u>	<u>14,200,000</u>
Total liabilities		<u>60,602,888</u>	<u>21,169,129</u>
Net assets		<u>8,414,390</u>	<u>5,752,046</u>
Equity			
Contributed equity	11	27,196,248	20,158,823
Unallocated losses	12	(18,781,858)	(14,406,777)
Total unitholders' equity		<u>8,414,390</u>	<u>5,752,046</u>

Notes to the statement of financial position are included on pages 10 to 23.

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Contributed equity \$	Unallocated losses \$	Total \$
At 1 July 2009	20,158,823	(14,406,777)	5,752,046
Net loss for the year	-	(4,375,081)	(4,375,081)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(4,375,081)	(4,375,081)
Transactions with unitholders:			
Units issued	7,092,425	-	7,092,425
Transaction costs in relation to units issued	(55,000)	-	(55,000)
At 30 June 2010	27,196,248	(18,781,858)	8,414,390
At 1 July 2008	20,158,823	(12,181,020)	7,977,803
Net loss for the year	-	(2,225,757)	(2,225,757)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(2,225,757)	(2,225,757)
At 30 June 2009	20,158,823	(14,406,777)	5,752,046

Notes to the statement of changes in equity are included on pages 10 to 23.

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		3,060,668	1,823,190
Cash payments in the course of operations		(801,784)	(609,238)
Interest received		7,501	22,116
Finance costs		(2,292,782)	(933,935)
Net cash (used in)/provided by operating activities	14(b)	(26,397)	302,133
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investment properties		(46,192,239)	(368,632)
Net cash used in investing activities		(46,192,239)	(368,632)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		46,365,548	1,050,000
Repayment of borrowings		(481,945)	(1,550,000)
Net cash provided by/(used in) financing activities		45,883,603	(500,000)
Net reduction in cash and cash equivalents held		(335,033)	(566,499)
Cash and cash equivalents at the beginning of the financial year		396,385	962,884
Cash and cash equivalents at the end of the financial year	14(a)	61,352	396,385

Notes to the statement of cash flows are included on pages 10 to 23.

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CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

Basis of Preparation

CVC Property Managers Limited ABN 72 066 092 028 is the Responsible Entity of the CVC Property Fund ("the Fund") and its controlled entities ("the Group"). The Responsible Entity's registered office is Level 42, 259 George St, Sydney, NSW 2000. The Fund commenced operations on 10 October 1980.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

Going Concern

The financial report has been prepared on a going concern basis despite the Group generating a loss during the financial year and there being a deficiency of current assets compared to current liabilities of \$24,385,610. The deficiency of net current assets arises due to the short term facility provided by CVC Limited. The terms of the facility were not able to be finalised until the completion of the rights issue, with the proceeds being used to reduce the loan facility with CVC Limited. The rights issue was completed on 6 August 2010 with short term debt facility with CVC Limited able to be reduced by \$5,303,284. The remaining facility of \$18,963,448 is unsecured and has a maturity date of 31 October 2013.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 6 (properties held).

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

The group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 January 2009:

AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101 effective 1 January 2009;

AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 effective 1 January 2009.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods:

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 which have been recently issued but is effective for reporting periods commencing on or after 1 January 2013. Application of the standard 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 financial report.

AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010) which has been recently issued but is effective for reporting periods commencing on or after 1 July 2010. Application of the standard will not affect any of the amounts recognised in the financial statements.

1.1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of the CVC Property Fund and its controlled entities during the year ended 30 June 2010. The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which the Fund has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In preparing the consolidated financial statements, all inter company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of controlled entities is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

Outgoings recovered

Recovery of outgoings in relation to the operating leases is recognised on a straight line basis over the term of the lease.

Investment Properties

Investment properties are stated at fair value, which reflects market conditions at balance sheet date. Gains and losses arising from changes in the fair values of investment properties are recognised on profit or loss in the year which they arise.

1.3 Cash and Cash Equivalents

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

1.4 Trade and Other Receivables

Receivables are recognised and carried at original invoice amount less a provision of impairment. Trade receivables are generally settled within 30 days.

A provision for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

1.5 Investments

Investments in controlled entities are initially recorded at cost. Following initial recognition investments are carried at cost less any accumulated impairment losses.

1.6 Investment Property

Investment properties are measured initially at cost, which includes transaction costs. After initial recognition, investment properties are measured at fair value. Changes in the fair value of investment properties are recognised in profit or loss in the period in which they arise.

1.7 Trade and Other Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.8 Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs consists of interest and other costs relating to the financing of the acquisition of investment properties, and are expensed in the period they occur.

1.9 Income Tax and Other Taxes

Under current income tax legislation the Group is not liable to pay income tax as income of the Group is fully distributed to unitholders.

Realised capital losses are not distributed to unitholders but retained to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.10 Distributions

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders by way of cash.

1.11 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.12 Impairment

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.

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 2: PARENT COMPANY INFORMATION

The salient financial information in relation to the parent entity, CVC Property Fund, is as follows:

	2010 \$	2009 \$
Current assets	40,147	51,944
Total assets	<u>10,210,144</u>	<u>8,259,845</u>
Current liabilities	97,517	57,778
Total liabilities	<u>1,795,754</u>	<u>2,507,799</u>
Net assets	<u>8,414,390</u>	<u>5,752,046</u>
Equity		
Contributed equity	27,196,248	20,158,823
Unallocated losses	<u>(18,781,858)</u>	<u>(14,406,777)</u>
	<u>8,414,390</u>	<u>5,752,046</u>
Net loss	<u>(4,375,081)</u>	<u>(2,225,757)</u>
Total comprehensive loss for the year	<u>(4,375,081)</u>	<u>(2,225,757)</u>

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
NOTE 3: INCOME AND EXPENSES		
Loss attributable to unit holders has been determined after:		
(a) Income		
Interest receipts – other entities	7,501	19,520
Rental income	2,606,680	1,566,336
Outgoings recovered	417,421	256,854
	3,031,602	1,842,710
(b) Expenses		
Audit	41,000	41,500
Borrowing Costs		
Related entities	1,372,601	598,427
Other entity	1,190,958	933,934
Change in fair value of investment properties	3,989,012	1,943,363
Land tax	185,784	87,802
Management fees	244,227	185,350
Other expenses	383,101	278,091
	7,406,683	4,068,467

NOTE 4: REMUNERATION OF AUDITORS

Amounts received or due and receivable by auditor of the Group:

Auditing or reviewing the financial report	36,000	35,000
Other audit services – compliance plan audit	5,000	6,500
	41,000	41,500

The auditor of the Group is HLB Mann Judd.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 5: TRADE AND OTHER RECEIVABLES		
Prepayments	216,147	6,903
Other receivables	21,892	-
	238,039	6,903
	238,039	6,903

NOTE 6: PROPERTIES HELD		
Property held for development (note 7)	-	8,500,000
Investment property (note 8)	68,700,000	18,000,000
	68,700,000	26,500,000
	68,700,000	26,500,000

Name	Notes	Ownership %	Acquisition Date	Acquisition Price (\$'million)	Total Cost including additions (\$'million)	Date of Latest External Valuation	Independent Valuer	Movement since Acquisition (\$'million)	Consolidated Book Value 30 June 2010 (\$'million)	Consolidated Book Value 30 June 2009 (\$'million)
1 Narabang Way, Belrose NSW (a)	7, 8	100%	Apr 2007	\$13.7	\$14.9	21 Oct 2008	Colliers International	(\$8.1)	\$6.8 (a)	\$8.5
8 Rodborough Rd Frenchs Forest NSW (b)	8	100%	Oct 2007	\$21.0	\$22.4	12 Mar 2010	CB Richard Ellis	(\$4.6)	\$17.8	\$18.0
357-373 Warringah Rd Frenchs Forest NSW (b)	8	100%	Mar 2010	\$14.2	\$15.2	2 Feb 2010	Colliers International	(\$0.1)	\$15.1	n/a
1464 Ferntree Gully Rd Knoxfield VIC (b)	8	100%	Mar 2010	\$28.8	\$30.5	5 Feb 2010	Jones Lang LaSalle	(\$1.5)	\$29.0	n/a

- (a) The fair value has been determined by Directors based on the unimproved land value assessed by the Office of State Revenue effective 1 January 2010. The basis of the valuation has been determined by using a direct comparison approach.
- (b) The fair value has been determined by independent valuation by using a combination of discounted cash flow, capitalisations of income and direct comparison approaches. The below table illustrates the key valuation assumptions used in the determination of the investment properties fair value.

	Weighted average	
	2010	2009
Capitalisation rate	9.4%	8.7%
Lease expiry	7.59 years	4.36 years
Occupancy	100%	100%

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Property held for development		
Gross carrying amount		
Opening balance	8,500,000	10,000,000
Additions	-	443,363
Impairment of property, plant and equipment	-	(1,943,363)
Reclassification to investment properties following change in accounting standard	(8,500,000)	-
	-	8,500,000
Closing balance	-	8,500,000
NOTE 8: INVESTMENT PROPERTIES		
Investment property	68,700,000	18,000,000
Gross carrying amount		
Opening balance	18,000,000	18,000,000
Reclassification from property, plant and equipment following change in accounting standard	8,500,000	-
Additions - acquisition of properties	45,673,604	-
Additions - capital expenditure	515,408	-
Fair value adjustment	(3,989,012)	-
	68,700,000	18,000,000
Closing balance	68,700,000	18,000,000
NOTE 9: TRADE AND OTHER PAYABLES		
Current		
Unsecured:		
Trade creditors	47,869	39,894
Accruals	211,918	117,075
Goods and services tax	139,803	38,289
Other payables	36,566	-
	436,156	195,258
	436,156	195,258

Payables are non-interest bearing and are normally settled within 30 days.

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CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 10: INTEREST BEARING LIABILITIES		
Current		
Unsecured:		
Related entities (a)	24,266,732	6,773,871
	<u> </u>	<u> </u>
Non-Current		
Secured:		
Unrelated entity (b)	35,900,000	14,200,000
	<u> </u>	<u> </u>

- (a) Borrowing from related party is an unsecured loan and the terms were not able to be finalised until the completion of the rights issue on 6 August 2010. The loan attract san interest rate of 10% per annum and has a maturity date of 31 October 2013.
- (b) Borrowings from the unrelated entity are from National Australia Bank, attracts a rate of interest of BBSY plus 1.85% per annum and are secured by first ranking mortgages over the properties at 8 Rodborough Road Frenchs Forest NSW, 1 Narabang Way, Belrose NSW, 357-373 Warringah Rd Frenchs Forest NSW and 1464 Ferntree Gully Rd Knoxfield VIC. The terms of the loan include the maintenance of loan valuation ratio of not more than 55% and an interest cover ratio of 1.5 times with the maturity of the facility at 31 October 2012.

NOTE 11: CONTRIBUTED EQUITY

Movements in unitholder's equity were as follows:

	2010		2009	
	Number	\$	Number	\$
Balance at the beginning of the year	105,648,188	20,158,823	105,648,188	20,158,823
Units issued	220,261,651	7,092,425	-	-
Transaction costs in relation to units issued	-	(55,000)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at the end of the year	325,909,839	27,196,248	105,648,188	20,158,823
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net tangible asset backing (cents per unit)		<u> 2.58 </u>		<u> 5.44 </u>

All units on issue were of the one class, namely fully paid ordinary voting units and carry the right to distributions. Each unitholder is entitled to one vote on a show of hands on any matter at a meeting of unitholders. On a poll, each member has one vote for each dollar of the value of the total interests they have in the Fund.

NOTE 12: UNALLOCATED LOSSES

	2010	2009
	\$	\$
Unallocated losses at the beginning of the year	(14,406,777)	(12,181,020)
Net loss attributable to unitholders	(4,375,081)	(2,225,757)
	<u> </u>	<u> </u>
Unallocated losses at the end of the year	(18,781,858)	(14,406,777)
	<u> </u>	<u> </u>

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 13: EARNINGS PER UNIT

	2010	2009
Basic and diluted earnings per unit (cents per unit)	<u>(4.14)</u>	<u>(2.11)</u>
Earnings used in the calculation of basic and diluted earnings per unit	<u>(4,375,081)</u>	<u>(2,225,757)</u>
Weighted average number of units used in the calculation of basic and diluted earnings per unit	<u>105,648,188</u>	<u>105,648,188</u>

NOTE 14: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents:

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

Cash and cash equivalents	<u>61,352</u>	<u>396,385</u>
---------------------------	---------------	----------------

(b) Reconciliation of cash flow from operating activities to loss for the period:

Net loss attributable to unitholders	(4,375,081)	(2,225,757)
<i>Non cash flows loss</i>		
Impairment of investment properties	3,989,012	1,943,363
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(129,622)	42,060
Increase in trade and other payables	489,294	542,467
Net cash (used in)/provided by operating activities	<u>(26,397)</u>	<u>302,133</u>

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CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15: FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and 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 different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and price risk.

The responsibility for operational risk management resides with the Directors of the Responsible Entity which seeks to manage the exposure of the Group. There have been no significant changes in the types of financial risks; or the Group's risk management program (including methods used to measure the risks) since the prior year.

(a) Interest rate risk

The Groups' exposure to interest rate risks of financial assets and liabilities, both recognised and unrecognised at the balance date are as follows:

	Note	Floating Interest Rate \$	Fixed Interest 1 Year or Less \$	1 to 5 Years \$	Non Interest Bearing \$	Total \$
2010:						
Financial Assets						
Cash and cash equivalents	14	26,052	35,300	-	-	61,352
Trade and other receivables	5	-	-	-	238,039	238,039
Financial Liabilities						
Trade and other payables	9	-	-	-	436,156	436,156
Interest bearing liabilities	10	35,900,000	24,266,732	-	-	60,166,732
2009:						
Financial Assets						
Cash and cash equivalents	14	396,385	-	-	-	396,385
Trade and other receivables	5	-	-	-	6,903	6,903
Financial Liabilities						
Trade and other payables	9	-	-	-	195,258	195,258
Interest bearing liabilities	10	14,200,000	6,773,871	-	-	20,973,871

The Group does not hold a significant amount of cash balances. The Group's exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk section below.

At reporting date, if interest rates had been 50 basis points higher (2009: 50 basis points higher) and the other variables were held constant, then the impact of the Group would be:

	Increase of 50 bp \$
2010	
Net loss	96,789
Equity decrease	96,789
2009	
Net loss	70,860
Equity decrease	70,860

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 15: FINANCIAL INSTRUMENTS (Cont.)

(b) Credit risk

Credit risk refers to the loss that the Group would incur if a debtor or a counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent the Group's maximum exposure to credit risk at reporting date. The Group seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them.

The Group's exposure to credit risk includes:

- (i) deposits held with financial institutions, which is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating; and
- (ii) Rental income generated from investment properties, which is mitigated by leasing the properties to high grade tenants and obtaining bank guarantees.

At reporting date there are no overdue trade debtors.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash balances to meet commitments. Subsequent to the end of financial year the Fund completed the terms of the loan facility with CVC Limited with a maturity date of 31 October 2013.

The following table details the Group's contractual maturity for its financial assets and financial liabilities as at 30 June 2010:

	Less than 6 months	6 to 12 months	1 to 5 years	Total
		\$	\$	\$
2010				
Trade and other payables	436,156	-	-	436,156
Interest bearing liabilities	-	24,266,732	35,900,000	60,166,732
2009				
Trade and other payables	195,258	-	-	195,258
Interest bearing liabilities	-	6,773,871	14,200,000	20,973,871

The interest bearing liability due between 1 to 5 years has a maturity date of 31 October 2012.

(d) Net fair value

The fair values of the financial assets and liabilities of the Group are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

NOTE 16: SEGMENT REPORTING AND ADDITIONAL INFORMATION

The Group is a listed managed investment scheme, operating in Australia. There are no employees of the Group.

The Group operates predominantly in one industry being property investment and development and in one geographical location being Australia.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 17: RELATED PARTY DISCLOSURE

(a) Key management personnel

The names of the key management personnel of the Group during the financial year were:

- Vanda Russell Gould (Chairman and Executive Director)
- Alexander Damien Beard (Executive Director)
- Kim Warren McGrath (Non-Executive Director)
- John Tak Ching Lau (Non-Executive Director)

The positions noted above for the Group's key management personnel are the positions held within the Responsible Entity and not the Group itself.

(b) Compensation of key management personnel

No amounts were paid by the Group directly to key management personnel. The table below discloses the remuneration received by key management personnel from the Responsible Entity and related parties. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries. No share-based compensation or other benefits except as disclosed are granted to Directors.

		Short-term employee benefits		Post - employ't benefits	Equity Based	Other (c)	Total
		Base Salary	STI Bonus	Superannuation			
Vanda R. Gould(a)	2010	200,000	-	-	-	-	200,000
	2009	33,333	-	-	-	-	33,333
Geoffrey P. Leaver(b)	2010	-	-	-	-	-	-
	2009	4,000	-	12,132	-	1,232	17,364
Alexander D. Beard(b)	2010	229,357	20,000	20,642	-	3,375	273,374
	2009	220,183	50,000	19,816	-	2,506	292,505
Kim W. McGrath	2010	24,000	-	2,160	-	-	26,160
	2009	24,000	-	2,160	-	-	26,160
John T. K. Lau	2010	10,000	-	900	-	-	10,900
	2009	1,667	-	150	-	-	1,817
Total	2010	463,357	20,000	23,702	-	3,375	510,434
	2009	283,183	50,000	34,258	-	3,738	371,179

(a) Mr Gould is a Director of CVC Limited, a shareholder of the Responsible Entity. Mr Gould is not remunerated by the Responsible Entity. The amount disclosed is the remuneration paid by CVC Limited for the period that Mr Gould has been a Director of the Responsible Entity, as this can not be apportioned between his responsibilities as Director of the Responsible Entity and other unrelated duties.

(b) Mr Beard is an employee of CVC Managers Pty Limited, a subsidiary of CVC Limited. Mr Beard is not remunerated by the Responsible Entity. The amount disclosed is for the financial year and represents the total remuneration paid by CVC Managers Pty Limited as this can not be apportioned between his responsibilities as Director of the Responsible Entity and other unrelated duties.

(c) No other long-term employee benefits, termination benefits or share based payment have been received by key management personnel.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 17: RELATED PARTY DISCLOSURE (Cont.)

(c) Holdings of units by key management personnel and their related parties.

	Units held at 1 July 2009 No.	Movement in units held during year No.	Units held at 30 June 2010 No.
Vanda R. Gould	4,687,500	-	4,687,500
Alexander D. Beard	1,250,000	-	1,250,000
	5,937,500	-	5,937,500

(d) Responsible Entity, Manager and Custodian

The Responsible Entity of the Group is CVC Property Managers Limited ABN 72 066 092 028, AFSL 229 809.

CVC Property Managers Limited also acts as manager of the Group and Trust Company Australia Limited is the custodian.

(e) Holdings of units by Responsible Entity and its Associates

The Responsible Entity does not hold, and has not held units in the Group. On 30 June 2010 CVC Limited acquired an additional 220,261,651 units in the Fund for the consideration of \$7,092,425 in exchange for a reduction in a loan facility provided for the same amount. The interests in the units issued by the Fund to related entities of the Responsible Entity during the financial are as follows

	Units held at 1 July 2009 No.	Movement in units held during year No.	Units held at 30 June 2010 No.
CVC Limited and its subsidiaries	55,558,512	220,261,651	275,820,163

(f) Loans to key management personnel

No loans were made by the Group to key management personnel or other related parties.

(g) Transactions with related parties

Transactions with related parties have taken place at arms length and in the ordinary course of business.

- (i) Management fees of \$244,227 (2009: \$185,350) were paid to CVC Property Managers Limited;
- (ii) The Directors of the Responsible Entity named in the foregoing Directors' Report each held office as a Director of the Responsible Entity throughout the year ended 30 June 2010;
- (iii) Custodian fees of \$22,046 (2009: \$15,742) were paid to Trust Company Australia Limited as Custodian of the Fund of which \$6,945 (2009: \$11,674) is included in accruals at year end;
- (iv) Trustee fees of \$66,172 (2009: nil) were paid to Trust Company Australia Limited as Trustee of Belrose Unit Trust No. 1, Belrose Unit Trust No. 2 and Belrose Unit Trust No. 3. The amount includes an accrual of \$5,322 at year end;
- (v) CVC Limited provided a loan to Frenchs Forest No. 1 Trust. Interest on the loan is payable monthly at an interest rate of 10%. On 30 June 2010 the loan of \$7,092,425 with CVC Limited was converted to 220,261,651 units in the Fund in accordance with the meeting of unitholders held on the same day. Total interest accrued on the loan for the year ended 30 June 2010 amounted to \$690,994 (2009: \$596,190). The balance of the outstanding loan plus unpaid interest at 30 June 2010 amounts to \$21,226 (2009: \$ 6,773,871);
- (vi) CVC Limited provided a short term loan to Frenchs Forest No. 2 Trust. Interest on the loan is payable monthly at an interest rate of 10%. Total interest accrued for the year ended 30 June 2010 amounted to \$269,795 (2009: nil). The balance of the outstanding loan plus unpaid interest at 30 June 2010 amounts to \$9,767,682 (2009: nil); and

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

NOTE 17: RELATED PARTY DISCLOSURE (Cont.)

(g) Transactions with related parties (Cont.)

- (vii) CVC Limited provided a short term loan to CVC Knoxfield Unit Trust No. 1. Interest on the loan is payable monthly at an interest rate of 10%. Total interest accrued for the year ended 30 June 2010 amounted to \$411,812 (2009: nil). The balance of the outstanding loan plus unpaid interest at 30 June 2010 amounts to \$14,477,823 (2009: nil).

NOTE 18: EVENTS SUBSEQUENT TO YEAR END

On 6 August 2010 the Fund completed a rights issue of 1.5 units for each unit held at 1.2 cents. The total acceptances received amounted to \$5,303,284, which included CVC Limited of \$4,973,043, representing 441,940,365 units. Including CVC Limited, 89.4% of the units available to be issued under the rights issue were accepted by unitholders.

The terms of the facility with CVC Limited were finalised on 6 August 2010. Following the completion of the rights issue the remaining unsecured facility of \$18,963,448 has a maturity date of 31 October 2013.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years.

NOTE 19: FINANCIAL ASSETS

Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

	Interest Held by Consolidated Entity	
	2010	2009
	%	%
CVC Property Fund		
Belrose Unit Trust No. 1	100	100
Belrose Unit Trust No. 2	100	100
Belrose Unit Trust No. 3	100	100
CVC Knoxfield Unit Trust No. 1	100	-
Frenchs Forest No. 1 Trust	100	100
Frenchs Forest No. 2 Trust	100	-
Lauden CVC Property Trust	100	100

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**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2010.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Alexander Damien Beard
Director
CVC Property Managers Limited
31 August 2010

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

ARSN 107 276 184

INDEPENDENT AUDITOR'S REPORT

To the unitholders of CVC Property Fund:

Report on the Financial Report

We have audited the accompanying financial report of CVC Property Fund ("the Fund") which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 6 to 24.

Directors' Responsibility for the Financial Report

The directors of CVC Property Managers Limited, the responsible entity for the Fund, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated 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 Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

ARSN 107 276 184

INDEPENDENT AUDITOR'S REPORT (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CVC Property Managers Limited as responsible entity for CVC Property Fund on 31 August 2010, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of CVC Property Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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 statements also comply with International Financial Reporting Standards as disclosed in Note 1.

**HLB MANN JUDD
Chartered Accountants**

**P B Meade
Partner**

**Sydney
31 August 2010**

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